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

SUGOI S.A.

Independent auditor's report

Individual and consolidated financial statements
As at December 31, 2022

SUGOI S.A.

Individual and consolidated financial statements
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Contents

Management Report – 2022

São Paulo, March 30, 2023 –SUGOI S/A is pleased to present to the market its Management Report and the Individual and Consolidated Financial Statements prepared in accordance with the International Financial Reporting Standards (IFRS) and based on Brazilian accounting practices and rules of the Brazilian Securities and Exchange Commission (CVM). The Company has adopted all standards and revisions of standards in effect for the financial statements as at December 31, 2022.

As herein presented, we emphasize the Company's positive results, with sales growth, improvement in the gross margin of businesses in relation to the first half of the year, control of general and administrative expenses which, together, led to a significant improvement in the EBITDA margin in relation to the first half of the year.

We continue with the financial challenge of debt reprofiling, with the aim of matching terms and rates, which, together with our operating results, will be fundamental to leverage the growth of SUGOI S/A for its land bank of R$ 4 billion.

HIGHLIGHTS

- Gross sales for the year totaled R$ 206.9 million;
- Net revenue for the year totaled R$ 164.7 million;
- The Company concluded 2022 with Gross Margin of 32%;
- Net income for the year was R$ 3.2 million;
- The Company's land bank reached a potential GSV of R$ 4 billion;

Comments on Covid-19

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

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

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

Faced with so many uncertainties and daily adjustments in government guidelines, we have considered the possible impacts on our operation, but we have made frequent guidelines in an attempt to anticipate problems in order to minimize them. We also believe that the future scenario is one of continuous and gradual improvement, without setbacks from lockdowns, as the population is being vaccinated.

Operating and financial performance

Launches and contracted sales

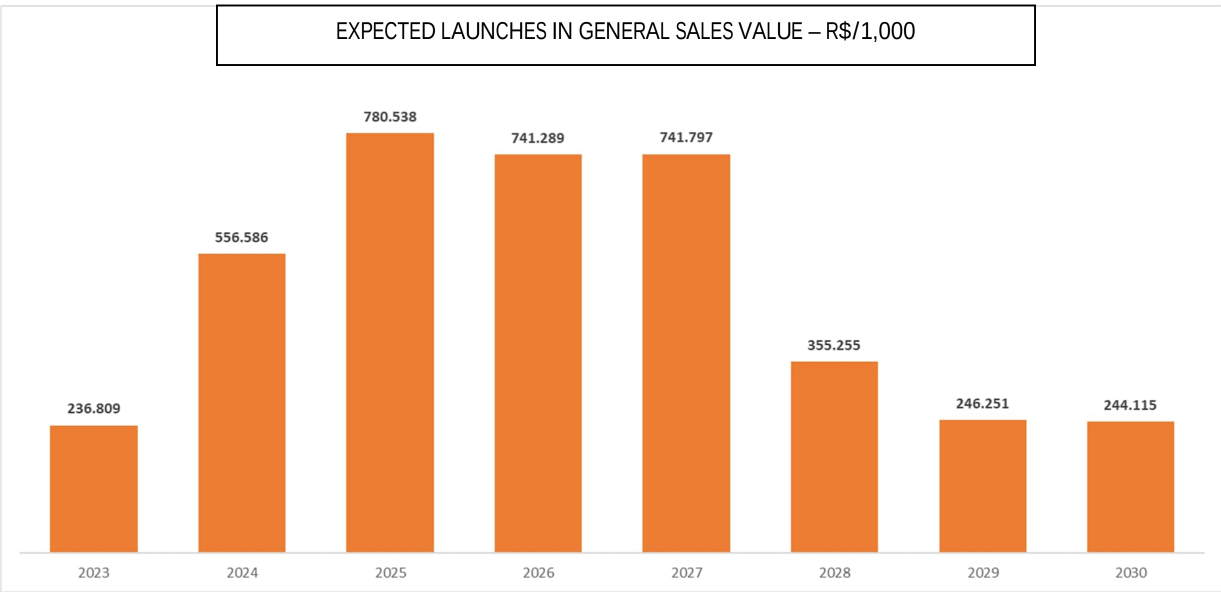
The Company carried out two launches in 2022: the venture Mirai Parque do Carmo – condominium 5, with a total of 246 units with a General Sales Value (VGV) of R$ 47 million, and the venture Vida & Alegria– condominium 12, with a total of 192 units, with a VGV of R$ 31 million.

The Company's gross sales totaled R$ 206.9 million in 2022, a decrease compared to 2021 when the Company earned R$ 241 million in gross sales.
This was due to the lower number of launches made by the Company.

In 2022, the Company transferred a total of 946 units to the financial agent, corresponding to a total financed amount of R$ 148 million.

Expected growth

The Company foresees growth over the next few years using its land bank contracted and under study, generating a total VGV of approximately R$ 4 billion. The Company presents its projected VGV until 2030.



Customers in default

The Company has been taking actions aimed at recovering the portfolio on a pro soluto basis, showing a significant improvement in the default rate. Currently, the portfolio on a pro soluto basis with receipts of up to 90 days overdue represents approximately 85% of the total portfolio. Compared to the first half of 2022, there was an improvement of 7 percentage points.

Finished projects and projects under construction

In 2022, the Company delivered the venture Residencial Vida & Alegria, condominiums 4, 5 and 6, and Sports Gardens da Amazônia, condominium 1 module 1, whose total number of units is 902 apartments, corresponding to a total VGV of R$ 150 million, a total of 648 units and a VGV of R$ 94 million. The Company currently has 14 construction works in progress, totaling almost three thousand units.

Indebtedness

Seeking to adjust financing rates and terms, the Company began the process of restructuring its debt with financial institutions.

Land bank

As at December 2022, the Company's land bank represented estimated VGV of R$ 4 billion, with expected launch in the next eight years.

Operating revenue

Net operating revenue for 2022 totaled R$ 164.7 million, a reduction of R$ 4.3 million (22%) compared to R$ 211 million in 2021. This was due to the reduction in launches by the Company and the consequent smaller number of construction sites, in addition to the advanced stage of construction works, whose revenue was mostly recognized in previous years.

Cost of real estate properties

In 2022, the cost of real estate totaled R$ 111 million, a reduction (67.4% Net Operating Revenue - ROL) compared to the costs of R$ 144.5 million (68.5% ROL) in 2021.

Selling, general and administrative expenses

In 2022, selling, marketing and commercial expenses totaled R$ 12.9 million (ROL – 7.8%), showing a reduction of R$ 5.6 million compared to the same period in 2021, where we had a total of R$ 18.5 million (ROL – 8.8%). These expenses mainly include: Appropriation of commissions and premiums on sales made, as well as Property Transfer Tax (ITBI) payments and fees for customer transfers, whose expenses are borne by the ventures at the time of the transfer. In addition to advertising and publicity for products that are being launched, sales stand, decorated apartments, Institutional Marketing and sponsorships, net general and administrative expenses totaled R$ 20 million (ROL – 12%) in 2022, a decrease compared to R$ 24 million (ROL – 11.4%) in relation to the same period of 2021. The reduction in administrative expenses is part of an optimization of the Company's processes.

EBITDA

In 2022, EBITDA was R$ 20.8 million with a margin of 12.6%, a margin increase of 3.4 percentage points compared to an EBITDA of R$ 19 million with a margin of 9.2% reported in 2021. This increase demonstrates OPEX control with G&A reductions, control of construction work costs, as well as sales recovery.

Income for the year

In 2022, we reported positive results of R$ 3.2 million, a reduction compared to the positive results of R$ 6.3 million in 2021. Yet, the Company still recovered from the negative results of R$ -5.6 million reported until the first half of 2022. This recovery arose from the Company's strategy of mitigating negative results, with a combination of sales recovery, cost improvement, with an increase in gross margin, as well as a reduction in G&A expenses, with a consequent improvement in the EBITDA margin.

Reinvestment of profits and distribution of dividends

The payment of dividends was not proposed, pursuant to article 189 of Law No. 6.404/76.

Independent auditors

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

São Paulo, March 30, 2023.

Investor relations

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

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

Opinion on the individual and consolidated financial statements

We have audited the individual and consolidated financial statements of Sugoi S.A. ("Company") and its controlled companies, identified as Parent company and Consolidated, respectively, which comprise the individual and consolidated statements of financial position as at December 31, 2022, and the respective individual and consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, as well as the corresponding notes to the financial statements, including a summary of main accounting policies.

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

In our opinion, the accompanying individual and consolidated financial statements present fairly, in all material respects, the Company's financial position as at December 31, 2022, its financial performance and its cash flows for the year then ended in accordance with Brazilian accounting practices.

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the Company's consolidated financial position as at December 31, 2022, its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the IFRS applicable to companies of real estate development in Brazil, registered with CVM.

Basis for opinion on the individual and consolidated financial statements

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

Emphasis

Revenue recognition

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

Key audit matters

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

Recognition of the results of real estate development	Audit response
As mentioned in Note 2.13, the Company recognizes income (loss) arising from real estate development during the progress of the construction work, based on the Percentage of Completion ("POC") method, in accordance with the understanding expressed by CVM in CVM/SNC/SEP Circular Letter No. 02/2018 on the application of NBC TG 47 (IFRS 15). This method is adopted using the ratio of cost incurred in relation to total budgeted cost of the respective ventures and the revenue is calculated by multiplying this percentage by the contracted sales. Costs of land and of construction work inherent to the respective development of the units sold are recognized in income (loss) when incurred. This matter was considered significant to our audit because the process of revenue recognition involves judgment from Management.	Our audit procedures included: ▪ Evaluation of the internal control environment with respect to the budgetary process adopted by the Company; ▪ Evaluation of the accuracy and completeness of the information used in the calculations presented by the Company; ▪ Tests on documentation, on a sample basis, related to the basis of sales, contract cancellations and costs incurred; ▪ Verification of legal requirements for launching ventures; and ▪ Evaluation of the disclosure of information in the notes. During our audit, we identified adjustments to these transactions and disclosures, fully made by the Company. Based on the evidence obtained, we determined that the estimates used to recognize revenue are adequate, as are their respective disclosures, in the context of the financial statements taken as a whole.

Going concern	Audit response
The individual and consolidated financial statements were prepared using the going concern basis, based on the fact that the Company and its controlled companies are active and will remain in operation. This premise takes into account the assumption that Management does not intend to liquidate the entity or cease operations, or has no other realistic alternative but to do so. The individual and consolidated financial statements consider the following topics that could have a significant impact on the Company's going concern: ▪ Restructuring of the directors and management of main departments, with the main objective of reversing negative results and the drop in sales of units under construction and completed; ▪ As mentioned in Notes 10 and 15, the Company has loan and financing balances and Real Estate Receivables Certificates (CRI) totaling R$ 85,341 thousand in the parent company and R$ 114,984 thousand in consolidated companies. Liabilities with financial institutions are one of the Company's most significant debts, and the success or not in the renegotiations or settlements will significantly affect the action plan structured by Management for the Company to reverse its operational and financial situation; and ▪ As mentioned in Note 5, the Company has recorded a balance of plots of land for development totaling R$ 8,033 thousand in the parent company and R$ 254,330 thousand in consolidated companies. The plots of land are classified for launch and the Company is expected to generate sufficient cash for this purpose. This matter was considered significant for our audit in view of the relevance of the events and their possible impacts on the Company's going concern.	Our audit procedures included: ▪ Analyzing the financial and operational assessment prepared by the Company regarding the plan to resume land acquisition and secondary analysis of projects; ▪ Periodic meetings with Management to understand future launches in 12 months and how projects would be financed; ▪ Meeting with Management to understand how debts are being renegotiated and potential impacts on the Company's liquidity and solvency; ▪ Reading of the new Bank Credit Note (CCB) agreement subsequently entered into on March 20, 2023, in accordance with Note 24 (b) and (c) which addresses the settlement of part of the financial debt, and validation of records and disclosures made in the individual and consolidated financial statements; ▪ Obtaining confirmation of outstanding balances from financial institutions (confirmation letter); and ▪ Reviewing land valuation reports and validation of records and disclosures made in the financial statements. During our audit, we did not identify adjustments to these transactions, nor the disclosure of said adjustments in the individual and consolidated financial statements. Based on the evidence obtained, we consider that the going concern assumption used by the Company is adequate in the preparation and disclosure of the individual and consolidated financial statements taken as a whole.

Other matters

Statements of value added

The individual and consolidated statements of value added, prepared under the responsibility of the Company's Management for the year ended December 31, 2022, and presented as supplementary information for IFRS purposes, were submitted to the same audit procedures followed for the audit of the Company's financial statements. In order to form an opinion, we have checked whether these statements are reconciled with the financial statements and accounting records, as applicable, and whether its form and contents meet the criteria established in CPC 09 - Statement of Value Added. In our opinion, the statements of value added were properly prepared, in all material respects, in accordance with the criteria established in that Technical Pronouncement and are consistent with the individual and consolidated financial statements taken as a whole.

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

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

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

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

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

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

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

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

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

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

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

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and its controlled companies' internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude about the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether there is material uncertainty related to events or conditions that may cast significant doubt on the Company's and its controlled companies' ability to continue as a going concern. If we conclude that material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the individual and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion.Our conclusions are based on the audit evidence obtained up to the date of our auditor's report.However, future events or conditions may cause the Company and its controlled companies to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the individual and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

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

São Paulo, March 30, 2023.

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

Julian Clemente
Accountant CRC 1 SP 197232/O-6

Sugoi S.A.

Statements of financial position as at December 31, 2022

(In thousands of Brazilian Reais)

ASSETS

Assets	Note	Parent company 12/31/2022	Parent company 12/31/2021	Consolidated 12/31/2022	Consolidated 12/31/2021
Current assets					
Cash and cash equivalents	3	11,159	19,278	19,254	29,385
Accounts receivable	4	-	-	41,537	44,021
Properties for sale	5	-	6,741	47,959	33,756
Sundry receivables	6	4,470	2,914	12,034	6,631
Taxes and contributions to offset		411	306	710	506
Prepaid expenses		143	332	5,207	7,191
		16,183	29,571	126,701	121,490
Noncurrent assets					
Accounts receivable	4	-	-	35,700	25,465
Properties for sale	5	8,033	1,212	232,923	234,180
Sundry receivables	6	-	-	4,142	4,142
Related-party transactions	9	84,078	69,383	7,105	15,852
Taxes and contributions to offset	-	-	22	-	22
		92,111	70,617	279,870	279,661
Investments	7	192,795	166,062	-	3,574
Fixed assets	8	340	278	1,422	1,442
Intangible assets	8	656	1,005	656	1,005
		285,902	237,962	281,948	285,682
Total assets		302,085	267,533	408,649	407,172

The accompanying notes are an integral part of the individual and consolidated financial statements.

Sugoi S.A.
Statements of financial position as at December 31, 2022
(In thousands of Brazilian Reais)

LIABILITIES

Liabilities	Note	Parent company 12/31/2022	Parent company 12/31/2021	Consolidated 12/31/2022	Consolidated 12/31/2021
Current					
Loans and financing	10	14,550	11,697	33,479	30,434
Certificates of real estate receivables	15	11,725	10,000	11,725	10,000
Trade accounts payable	11	541	815	17,529	29,569
Labor and tax liabilities	12	1,186	1,462	16,208	9,969
Accounts payable	13	1,535	1,350	1,662	1,493
Advances from clients and others	14	-	5,998	9,036	22,314
Related-party transactions	9	138,811	112,971	995	458
		168,348	144,293	90,634	104,237
Noncurrent					
Loans and financing	10	21,548	9,741	32,262	17,769
Certificates of real estate receivables	15	37,518	49,167	37,518	49,167
Intercompany account with Silent Partnerships (SCPs)		1,405	1,405	1,405	1,405
Labor and tax liabilities	12	-	-	1,564	2,646
Accounts payable	13	164	656	665	1,362
Advances from clients and others	14	4,592	-	175,022	165,559
Provisions	16	-	-	4,766	3,712
Provisions for losses on investments	7	17,371	12,751	3,833	3,745
		82,598	73,720	257,035	245,365
Total liabilities		250,946	218,013	347,669	349,602
Equity	17				
Capital stock		1,000	1,000	1,000	1,000
Statutory reserve		200	200	200	200
Income reserve		49,939	48,134	49,938	48,134
Cumulative translation adjustment		-	186	-	186
		51,139	49,520	51,138	49,520
Noncontrolling interest		-	-	9,842	8,050
Total equity		51,139	49,520	60,980	57,570
Total liabilities and equity		302,085	267,533	408,649	407,172

The accompanying notes are an integral part of the individual and consolidated financial statements.

Sugoi S.A.
Statements of income for the year ended December 31, 2022
(In thousands of Brazilian Reais)

	Note	Parent company 12/31/2022	Parent company 31/12/2021	Consolidated 12/31/2022	Consolidated 31/12/2021
Net revenue	18	-	-	164,723	211,276
Cost of sales	18	-	-	(111,210)	(144,592)
Gross profit	18	-	-	53,513	66,684
Operating revenues (expenses)					
General and administrative expenses	19	(14,299)	(18,149)	(20,085)	(24,051)
Selling expenses	19	-	(1,683)	(12,906)	(18,570)
Other operating revenues (expenses), net		(1,397)	729	(123)	(3,635)
Equity in earnings (losses) of controlled companies	7	25,772	28,579	-	(1,205)
		10,076	9,476	(33,114)	(47,461)
Income before financial income (loss)		10,076	9,476	20,399	19,223
Financial expenses	20	(9,940)	(4,785)	(16,106)	(9,257)
Financial revenues	20	1,669	7	1,931	179
Net financial income (loss)		(8,271)	(4,778)	(14,175)	(9,078)
Income before Income and Social Contribution taxes		1,805	4,698	6,224	10,145
Current Income and Social Contribution taxes	12	-	-	(3,073)	(3,573)
Deferred Income and Social Contribution taxes	12	-	-	-	(235)
Net income for the year		1,805	4,698	3,151	6,337
Attributable to					
Controlling shareholders of the Company				1,805	4,698
Noncontrolling interest				1,346	1,639
Basic and diluted earnings per share	17 c	1.805	4.698		

The accompanying notes are an integral part of the individual and consolidated financial statements.

Sugoi S.A.
Statements of comprehensive income for the years ended December 31, 2022
(In thousands of Brazilian Reais)

	Parent company		Consolidated	
	12/31/2022	31/12/2021	12/31/2022	31/12/2021
Net income for the year	1,805	4,698	3,151	6,337
Translation adjustment in controlled companies	-	186	-	186
(=) Comprehensive income for the year	1,805	4,884	3,151	6,523
Attributable to				
Controlling shareholders of the Company			1,805	4,884
Noncontrolling interest			1,346	1,639
	-	-	3,151	6,523

The accompanying notes are an integral part of the individual and consolidated financial statements.

Sugoi S.A.

Statements of changes in equity as at December 31, 2022

(In thousands of Brazilian Reais)

	Attributable to controlling shareholders of the Company						
	Paid-in capital stock	Statutory reserve	Income reserves	Cumulative translation adjustment	Total	Noncontrolling interest	Consolidated equity
Balance as at January 01, 2021	1,000	200	43,438	48	44,686	6,456	51,142
Profit distribution	-	-	-	-	-	(45)	(45)
Translation adjustment in controlled companies	-	-	-	138	138	-	138
Net income for the year	-	-	4,696	-	4,696	1,639	6,335
Balances as at December 31, 2021	1,000	200	48,134	186	49,520	8,050	57,570
Translation adjustment in controlled companies	-	-	-	(186)	(186)		(186)
Capital increase	-	-	-	-	-	445	445
Net income for the year	-	-	1,805	-	1,805	1,346	3,151
Balances as at December 31, 2022	1,000	200	49,939	-	51,139	9,841	60,980
					-		-

The accompanying notes are an integral part of the individual and consolidated financial statements.

Sugoi S.A.

Statements of cash flows for the year ended December 31, 2022

(In thousands of Brazilian Reais)

	Note	Parent company 12/31/2022	Parent company 12/31/2021	Consolidated 12/31/2022	Consolidated 12/31/2021
From operating activities					
Net income for the year	18c	1,805	4,698	3,151	6,337
Adjustments to reconcile income with cash and					
and cash equivalents from operating activities					
Depreciation	8	47	44	62	234
Amortization		349	-	349	-
Provision for construction warranty and contingencies	16	-	-	1,011	711
Deferred taxes	12	-	-	-	235
Charges on loans, financing and others	10	5,730	3,745	8,486	6,376
Charges on Real Estate Receivables Certificates (CRI)	15	10,057	7,922	10,057	7,922
Charges on debentures	15	-	123	-	123
Allowance for doubtful accounts	4	-	-	223	-
Discount to present value	4	-	-	2,423	1,953
Asset and liability translation adjustment		(187)	136	(187)	138
Equity in earnings (losses) of controlled companies	7	(25,772)	(28,579)	-	1,205
		(7,971)	(11,911)	25,575	25,234
Changes in assets and liabilities					
(Increase)/decrease in asset accounts					
Accounts receivable	4	-	-	(10,397)	(30,079)
Properties for sale	5	(80)	(44)	(12,946)	(745)
Taxes and contributions to offset		(83)	(78)	(182)	(9)
Sundry receivables	6	(1,556)	(1,069)	(5,403)	261
Unrecognized selling expenses		189	124	1,984	704
Increase/(decrease) in liability accounts					
Labor and tax liabilities	12	(276)	593	5,740	8,394
Trade accounts payable	11	(274)	624	(12,040)	12,940
Accounts payable	13	(307)	(2,027)	(485)	(3,544)
Advances from customers	14	(1,406)	(479)	(3,815)	(31,689)
		(11,764)	(14,267)	(11,969)	(18,533)
Paid Income and Social Contribution taxes		-	-	(582)	(1,931)
Payment of interest on loans, financing and others	10 and 15	(16,518)	(8,813)	(19,253)	(10,793)
Net cash from operating activities		(28,282)	(23,080)	(31,804)	(31,257)
From investing activities					
(Increase)/decrease in capital of controlled companies, net	7	3,659	(1,379)	4,107	(1,760)
In fixed assets	8	(109)	749	(42)	44
In intangible assets		-	(1,005)	-	(1,005)
Net cash from investing activities		3,550	(1,635)	4,065	(2,721)
From financing activities					
Raising of loans, financing and others	10	22,201	44,055	40,173	72,756
Payment of loans, financing and others	10 and 15	(16,733)	(26,537)	(31,849)	(47,786)
Related-party transactions	9	11,145	2,796	9,284	(5,637)
Dividends paid		-	-	-	(48)
Net cash from financing activities		16,613	20,314	17,608	19,285
Decrease in cash and cash equivalents		(8,119)	(4,401)	(10,131)	(14,693)
Cash and cash equivalents balance at beginning of year		19,278	23,679	29,385	44,078
Cash and cash equivalents balance at end of year		11,159	19,278	19,254	29,385
Decrease in cash and cash equivalents		(8,119)	(4,401)	(10,131)	(14,693)

The accompanying notes are an integral part of the individual and consolidated financial statements.

Sugoi S.A.
Statements of value added for the year ended December 31, 2022
(In thousands of Brazilian Reais)

	Parent company		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Revenue				
Sales and services	-	-	168,052	216,297
Other revenues	-	-	(123)	(3,635)
	-	-	167,929	212,662
Inputs acquired from third parties				
Cost of goods, merchandise and services sold	-	-	(111,211)	(144,593)
Materials, energy, third-party and other operating services	(9,721)	(12,941)	(22,412)	(28,114)
Others	(1,397)	729	-	-
	(11,118)	(12,212)	(133,623)	(172,707)
Gross value added	(11,118)	(12,212)	34,306	39,955
Depreciation, amortization and depletion, net	(47)	(44)	(62)	(234)
Net value added generated by the Company	(11,165)	(12,256)	34,244	39,721
Value added received through transfer				
Equity in earnings (losses) of controlled companies	25,772	28,579	-	(1,205)
Financial revenue	1,669	7	1,932	180
	27,441	28,586	1,932	(1,025)
Total value added to be distributed	16,276	16,330	36,176	38,696
Distribution of value added				
Personnel				
Payroll and charges	3,890	5,952	3,890	6,188
Commissions on sales	-	-	5,591	7,190
Management fees	6	85	6	85
Taxes, fees and contributions				
Federal	-	-	6,402	8,829
Return on debt capital				
Interest	9,940	4,785	16,106	9,257
Rent	635	810	1,030	810
Return on equity capital				
Net income for the year	1,805	4,698	1,805	4,698
Noncontrolling interest in retained earnings	-	-	1,346	1,639
	16,276	16,330	36,176	38,696

The accompanying notes are an integral part of the individual and consolidated financial statements.

1 Operations

Sugoi S.A. and its controlled companies ("Company") are primarily engaged in managing the Company's assets; developing and constructing real estate , as well as 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 Nações Unidas, nº 11.633, 8º andar, 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.

The Company's projects are present in the cities of São Paulo, Francisco Morato, Campinas, Paulínia, São José do Rio Preto, Mauá, Franco da Rocha, Caçapava, Sumaré, Santo André, and Rio Branco, in the states of São Paulo and Acre, with approximately 24,000 units under development, execution and concluded.

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

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

On July 19, 2016, the Company was registered with the Brazilian Securities and Exchange Commission (CVM), falling into Category A, with private ownership control. This process is particularly important to the Company and reinforces Management's commitment to good practices and corporate governance.

2 Summary of main accounting policies

The main accounting policies applied in preparing this individual and consolidated financial statements are presented below. These policies were applied consistently in relation to the previous year, unless otherwise stated.

2.1 Statement of compliance

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

The consolidated financial statements were prepared and presented according to Brazilian accounting practices applicable to companies of real estate development registered with CVM and to the International Financial Reporting Standards (IFRS), considering the guidance included in CVM/SNC/SEP Circular Letter No. 02/2018 on the adoption of NBC TG 47 (IFRS 15) applicable to real estate entities in Brazil in regard to aspects of transfer of control upon sale of real estate units.

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

The individual and consolidated financial statements were approved by the Company's Management on March 29, 2023.

2.2 Basis of preparation

The individual and consolidated financial statements were prepared using historical cost as basis, except for the valuation of certain assets and liabilities as those arising from business combinations and certain financial instruments, which are measured at fair value. The Company operates in Brazil, and the Brazilian Real (R$) is its functional and presentation currency.

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

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

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

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

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

2.2.1 Individual financial statements

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

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

(In thousands of Brazilian Reais, unless otherwise stated)

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

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

2.2.2 Consolidation

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

(a) Controlled companies

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

	Percentage of ownership interest	
Directly controlled and jointly-controlled companies	**12/31/2022**	**12/31/2021**
Vista Cantareira Empreendimentos Imobiliários Ltda.	95%	95%
Condomínio Varandas Jardim do Lago Ltda.	95%	95%
Residencial Monte Serrat SPE Ltda.	95%	95%
Haifa Investimentos e Participações Ltda.	100%	100%
Residencial São Mateus SPE Ltda.	95%	95%
Residencial Colina Francisco Morato SPE Ltda	95%	95%
Residencial Bom Retiro SPE Ltda	95%	95%
Residencial Jacú-Pessego II SPE Ltda	95%	95%
Residencial Colina Guarapiranga SPE Ltda	95%	95%
Residencial Paulínia I SPE Ltda	99%	95%
Residencial Parque do Carmo SPE Ltda.	95%	95%
Residencial Idemori SPE Ltda	95%	95%
Sugoi Projeto SPE Ltda	95%	95%
Residencial Sports Gardens da Amazônia Ltda.	95%	95%
Sugoi N Empreendimentos Imobiliários Ltda	50%	50%
Residencial Portal do Belo Horizonte SPE Ltda	95%	95%
Residencial Barcelona SPE Ltda.	95%	95%
Condomínio Varandas Jardim do Lago II SPE Ltda.	95%	95%
Residencial Isabel Ferrari SPE Ltda.	95%	95%

	Percentage of ownership interest	
Directly controlled and jointly-controlled companies	**12/31/2022**	**12/31/2021**
Residencial São Jose SPE Ltda.	95%	95%
Residencial Jacú-Pessego I SPE Ltda.	95%	95%
Sugoi Residencial I SPE Ltda.	95%	95%
Sugoi Residencial II SPE Ltda.	95%	95%
Sugoi Residencial III SPE Ltda.	95%	95%
Residencial Via Verde SPE Ltda	95%	95%
Sugoi Residencial IV SPE Ltda.	95%	95%
Sugoi Residencial V SPE Ltda.	95%	95%
Sugoi Residencial VI SPE Ltda.	95%	95%
Sugoi Residencial VII SPE Ltda	50%	50%
Sugoi Residencial VIII SPE Ltda	95%	95%

	Percentage of ownership interest	
Directly controlled and jointly-controlled companies	**12/31/2022**	**12/31/2021**
Sugoi Residencial IX SPE Ltda	95%	95%
Sugoi Development USA, LLC(I)	-	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%

(In thousands of Brazilian Reais, unless otherwise stated)

	Percentage of ownership interest	
Directly controlled and jointly-controlled companies	**12/31/2022**	**12/31/2021**
Sugoi Residencial XV SPE Ltda.	95%	95%
Sugoi Residencial XVI SPE Ltda.	95%	95%
Sugoi Residencial XVII SPE Ltda.	95%	95%
Sugoi Residencial XVIII SPE Ltda	95%	95%
Sugoi Residencial XIX SPE Ltda	95%	95%
Sugoi Residencial XX SPE Ltda	95%	95%
Sugoi Residencial XXI Ltda	95%	95%
Sugoi Residencial XXII SPE Ltda	95%	95%
Sugoi Residencial XXIII SPE Ltda	95%	95%
Sugoi Residencial XXIV SPE Ltda	95%	95%
Residencial Vila União SPE Ltda.	50%	50%
Residencial Atibaia SPE Ltda.	50%	50%
Residencial Bragança SPE Ltda.	50%	50%
Sugoi Residencial XXVII SPE Ltda	95%	95%
Sugoi Residencial XXVIII SPE Ltda	95%	95%
Sugoi Residencial XXIX SPE Ltda	95%	95%
Sugoi Residencial XXX SPE Ltda	95%	95%
Sugoi Residencial XXXI SPE Ltda	95%	95%
Sugoi Residencial XXXII SPE Ltda	95%	95%
Sugoi Residencial XXXIII SPE Ltda	95%	95%
Sugoi Residencial XXXIV SPE Ltda	95%	95%
Sugoi Residencial XXXV SPE Ltda	95%	95%
Sugoi Residencial XXVI SPE Ltda	95%	95%
HTG Infraestrutura e Participações Ltda	33.33%	33.33%

(i) According to the minutes of the Board of Directors' meeting held on March 03, 2022, Sugoi concluded the sale of Sugoi Development USA LLC, a wholly-owned controlled company of the Company, whose purpose was to invest in the American real estate market. With this sale, the Company concludes this investment and concentrates its efforts on developing projects in the domestic market.

(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 financial statements.

2.5 Financial instruments

Classification and measurement of financial assets and liabilities

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

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

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

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

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

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

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

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

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

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

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

Impairment

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

2.6 Accounts receivable

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

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

If the accumulated amount of revenue recognized, less received installments, is lower than the expected amount receivable from the total receivables portfolio in a year or less, it is recorded under current assets. Otherwise, the exceeding portion is recorded under noncurrent assets.

2.7 Properties for sale

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

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

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

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

2.8 Fixed assets

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

2.9 Impairment of nonfinancial assets

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

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

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

	Taxable income	**Deemed income**	**RET**
Basis	Income	Gross revenue	Gross revenue
Income Tax	15% + 10% (surtax)	15% + 10% (surtax)	1,26%
Social Contribution Tax	9%	9%	0.66%
Tax on Sales (PIS)	1.65%	0.65%	0.37%
Tax on Sales (COFINS)	7.60%	3.00%	1.71%

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

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

(In thousands of Brazilian Reais, unless otherwise stated)

2.13 Recognition of revenues, costs and expenses

(a) Revenue recognition process

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

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

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

Amounts paid directly to the real estate developer (item (i) above) represent approximately 20% to 25% 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.

(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 temporary difference in revenue;

- Other expenses, including advertising and publicity, are recorded in income (loss) when incurred.

2.14 Basic and diluted earnings per share

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

2.15 New pronouncements issued

For the following standards or amendments, Management has not yet determined whether there will be significant impacts on the Company's financial statements, namely:

a) Amendment to IAS 8/CPC 23 – This amendment changes the definition of accounting estimate, which started being considered "monetary values in the financial statements subject to measurement uncertainty". It is effective for periods beginning on or after January 01, 2023;

b) Amendment to IAS 12/CPC 32 – This amendment adds an exception to the exemption from initial recognition of deferred taxes related to assets and liabilities resulting from a single transaction, and it is effective for periods beginning on or after January 01, 2023;

c) Amendment to IFRS 17/CPC 50 – This amendment elucidates aspects related to insurance contracts. It is effective for periods beginning on or after January 01, 2023;

d) Amendment to Standard IFRS 16/CPC 06 – It addresses liabilities incurred in a leaseback, effective for periods beginning on or after January 1, 2024;

(In thousands of Brazilian Reais, unless otherwise stated)

e) Amendment to Standard IAS 1/CPC 26:

a. Classification of Liabilities as Current or Non-current - It elucidates aspects to be considered for the classification of liabilities as current or non-current. It is effective for periods beginning on or after 01/01/2024.

In January 2020, IASB issued amendments to IAS 1, which elucidate the criteria used to determine if a liability is classified as current or non-current. These amendments explain that the current classification is based on whether an entity has a right, at the end of a reporting period, to postpone the settlement of the liability for at least twelve months after the reporting period. They also explain that “settlement” includes transfer of cash, assets, services or equity instruments, unless the obligation of transferring cash, assets, services or equity instruments arises from a translation resource classified as equity instrument separately from the liability component of a compound financial instrument. The amendments were originally effective for annual reports beginning on or after January 01, 2023. However, due to the impacts of COVID-19, the effective date was postponed for annual reporting periods beginning on or after January 01, 2024;

b. Amendment to disclosure of accounting policies. It is effective for years beginning on or after January 01, 2023.

In February 2021, IASB released amendments to IAS 1, which change the disclosure requirements with regard to accounting policies by replacing the term “significant accounting policies” with “material information on accounting policies”. The amendments provide guidance on when it is likely that information on accounting policies should be considered material. This amendment to IAS 1 shall be applied to annual reporting periods beginning on or after January 01, 2023, with early adoption permitted.

The Company does not believe that the amendments to IAS 1, as they currently are, will have a significant impact on the classification of its liabilities, as the conversion resource used in its convertible debt instruments is classified as an equity instrument and, therefore, does not affect the classification of convertible debt as a noncurrent liability.

3 Cash and cash equivalents

	Parent company		Consolidated	
Description	**December 31, 2022**	**December 31, 2021**	**December 31, 2022**	**December 31, 2021**
Cash and banks	2,382	2,733	10,328	12,711
Bank Certificates of Deposit (CDB)	8,777	16,545	8,926	16,674
Total	**11,159**	**19,278**	**19,254**	**29,385**

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

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

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

(In thousands of Brazilian Reais, unless otherwise stated)

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

		Parent company		
Balance	**Risk of increase in interest rate**	**11% p.a. Probable**	**10% p.a. Possible**	**9% p.a. Remote**
11,159	Accounting effect (cost/expense)	1,227	1,116	1,004

		Consolidated		
Balance	**Risk of increase in interest rate**	**11% p.a. Probable**	**10% p.a. Possible**	**9% p.a. Remote**
19,254	Accounting effect (cost/expense)	2,118	1,925	1,733

4 Accounts receivable

		Consolidated
Description	**December 31, 2022**	**December 31, 2021**
Recognized sales revenue	870,760	705,775
Discount to present value	(5,534)	(3,111)
Allowance for doubtful accounts	(2,876)	(2,653)
(-) Amount received	(787,216)	(631,403)
	75,134	**68,608**
Other accounts receivable	2,103	878
Current amounts	41,537	44,021
Noncurrent amounts	35,700	25,465

Discount to present value was calculated at the rate of 5.26% in 2022 (5.26% as at December 31, 2021).

(a) Net portfolio receivable

		Consolidated
	December 31, 2022	**December 31, 2021**
Accounts receivable from sales recognized	870,760	705,775
Total received	(787,216)	(631,403)
Unrecognized sales revenue (*)	117,211	104,414
Total accounts receivable	200,755	178,786
Advances from clients	(536)	(7,057)
Total net portfolio receivable	**200,219**	**171,729**

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

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

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

(In thousands of Brazilian Reais, unless otherwise stated)

b) Changes in discount to present value

	Consolidated	
	December 31, 2022	December 31, 2021
Initial balance	(3,111)	(1,135)
Additions	(3,787)	(2,072)
Reversals	1,364	96
Final balance	**(5,534)**	**(3,111)**

c) Changes in allowance for doubtful accounts

	Consolidated	
	December 31, 2022	December 31, 2021
Initial balance	(2,653)	-
Additions	(2,781)	(2,653)
Reversals	2,558	-
Final balance	**(2,876)**	**(2,653)**

5 Properties for sale

	Parent company		Consolidated	
Description	**December 31, 2022**	**December 31, 2021**	**December 31, 2022**	**December 31, 2021**
Land for development (i)	8,033	7,953	254,330	233,871
Properties under construction	-	-	19,071	31,577
Capitalized interest	-	-	6,153	789
Finished properties	-	-	1,328	1,699
Total	**8,033**	**7,953**	**280,882**	**267,936**
Current portion	-	6,741	47,959	33,756
Noncurrent portion	8,033	1,212	232,923	234,180

(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.

a) Cost of real estate units for sale

	Consolidated	
	December 31, 2022	December 31, 2021
Total cost incurred	607,602	505,405
Recognized cost of units sold	(581,050)	(471,340)
Cost of real estate units for sale	26,552	34,065

(In thousands of Brazilian Reais, unless otherwise stated)

6 Sundry receivables

	Parent company		Consolidated	
Description	**December 31, 2022**	**December 31, 2021**	**December 31, 2022**	**December 31, 2021**
Advances to suppliers	2,188	2,025	10,142	5,741
Brasinco Incorporações Ltda. (i)	831	831	831	831
Willian Gadelha (ii)	-	-	4,142	4,142
Brasinco Incorporações Ltda. (iii)	10,612	8,620	10,612	8,620
Others	289	889	484	889
Allowance for doubtful accounts	(9,450)	(9,450)	(10,035)	(9,450)
Total	**4,470**	**2,914**	**16,176**	**10,773**
Current amounts	4,470	2,914	12,034	6,631
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.

a) Changes in allowance for doubtful accounts

		Consolidated
	December 31, 2022	**December 31, 2021**
Initial balance	(9,450)	(9,450)
Additions	(1,848)	-
Reversals	1,263	-
Final balance	**(10,035)**	**(9,450)**

7 Investments

		Parent company
Description	**December 31, 2022**	**December 31, 2021**
Investments in controlled and jointly-controlled companies	175,423	153,311
Provision for unsecured liabilities (b)	17,372	12,751
Investments (a)	192,795	166,062
Reclassification as liabilities (b)	(17,372)	(12,751)
Total	**175,423**	**153,311**

(In thousands of Brazilian Reais, unless otherwise stated)

(a) Changes in investments

Controlled company	December 31, 2021	Equity in earnings (losses) of controlled companies	Increase (decrease) in investments	December 31, 2022
Vista Cantareira Empreendimentos Imobiliários Ltda	6,174	(699)	-	5,475
Condomínio Varandas Jardim do Lago Ltda	12,281	424	-	12,705
Residencial Monte Serrat SPE Ltda	1,550	(5)	-	1,545
Haifa Investimentos e Participações Ltda	(23)	(1)	-	(24)
Residencial São Mateus SPE Ltda	66,576	14,189	-	80,765
Residencial Colina Francisco Morato SPE Ltda	(413)	(50)	-	(463)
Residencial Bom Retiro SPE Ltda	39,858	879	-	40,738
Residencial Jacú-Pessego II SPE Ltda.	(216)	(1)	-	(217)
Residencial Colina Guarapiranga SPE Ltda	(44)	(3)	-	(47)
Residencial Paulínia I SPE Ltda	(139)	(2)	-	(141)
Residencial Parque do Carmo SPE Ltda	25,979	18,391	-	43,834
Residencial Idemori SPE Ltda	(548)	(11)	-	(559)
Sugoi Projeto SPE Ltda	(86)	(1)	-	(87)
Residencial Sports Gardens da Amazônia Ltda	9,625	(2,864)	-	6,761
Sugoi Inovare Empreendimentos Imobiliários Ltda.	(8)	-	-	(8)
Residencial Portal do Belo Horizonte SPE Ltda.	(35)	(1)	-	(36)
Residencial Barcelona SPE Ltda.	(2,567)	(7)	-	(2,574)
Condomínio Varandas Jardim do Lago II SPE Ltda.	(1,251)	(2,750)	-	(4,001)
Residencial Isabel Ferrari SPE Ltda.	(35)	(2)	-	(37)
Residencial São Jose SPE Ltda	(1,667)	(529)	-	(2,196)
Residencial Jacú-Pessego I SPE Ltda.	(27)	(1)	-	(28)
Sugoi Residencial I SPE Ltda	(22)	(1)	-	(23)
Sugoi Residencial II SPE Ltda	(13)	(6)	-	(19)
Sugoi Residencial III SPE Ltda	(10)	(1)	-	(11)
Residencial Via Verde SPE Ltda	(1)	(1)	-	(2)
Sugoi Residencial IV SPE Ltda.	(5)	(65)	-	(70)
Sugoi Residencial V SPE Ltda.	(554)	(522)	-	(1,075)
Sugoi Residencial VI SPE Ltda.	(195)	(103)	-	(298)

Controlled company	December 31, 2021	Equity in earnings (losses) of controlled companies	Increase (decrease) in investments	December 31, 2022
Sugoi Residencial VII SPE Ltda	(2)	(1)	-	(3)
Sugoi Residencial VIII SPE Ltda	(5)	(1)	-	(6)
Sugoi Residencial IX SPE Ltda	(502)	(310)	-	(812)
Sugoi Residencial XI SPE Ltda	(19)	(7)	-	(26)
Sugoi Residencial XIII SPE Ltda	(258)	(1)	-	(259)
Sugoi Residencial XIV SPE Ltda	(2)	(1)	-	(3)
Sugoi Residencial X SPE LTDA	(26)	(1)	-	(27)
Sugoi Residencial XII SPE LTDA	(6)	(18)	-	(24)
Sugoi Residencial XV SPE LTDA	(37)	-	-	(37)
Sugoi Residencial XVI SPE LTDA	(19)	(103)	-	(122)
Sugoi Residencial XVII SPE Ltda	(1)	(1)	-	(2)
Sugoi Residencial XVIII SPE Ltda	(21)	(2)	-	(23)
Sugoi Residencial XIX SPE Ltda	(2)	(1)	-	(3)
Sugoi Residencial XX SPE Ltda	(11)	(1)	-	(12)
Sugoi Residencial XXI SPE Ltda	(214)	(1)	-	(215)
Sugoi Residencial XXII SPE Ltda	(3)	(9)	-	(12)
Sugoi Residencial XXIII SPE Ltda	(1)	(11)	-	(12)

(In thousands of Brazilian Reais, unless otherwise stated)

Controlled company	December 31, 2021	Equity in earnings (losses) of controlled companies	Increase (decrease) in investments	December 31, 2022
Sugoi Residencial XXIV SPE Ltda	(1)	-	-	(1)
Residencial Vila União SPE LTDA	(1)	(3)	194	190
Residencial Atibaia SPE Ltda	(1)	(5)	250	244
Residencial Bragança SPE Ltda	(1)	(1)	-	(2)
Sugoi Residencial XXVII SPE Ltda	(1)	(1)	-	(2)
Sugoi Residencial XXVIII SPE Ltda	(1)	(1)	-	(2)
Sugoi Residencial XXIX SPE Ltda	(1)	(1)	-	(2)
Sugoi Residencial XXX SPE Ltda	(1)	(1)	-	(2)
Sugoi Residencial XXXI SPE Ltda	(1)	(1)	-	(2)
Sugoi Residencial XXXII SPE Ltda	(1)	(2)	-	(3)
Sugoi Residencial XXXIII SPE Ltda	(1)	(1)	-	(2)
Sugoi Residencial XXXIV SPE Ltda	(1)	(1)	-	(2)
Sugoi Residencial XXXV SPE Ltda	(1)	(1)	-	(2)
Sugoi Residencial XXVI SPE Ltda	(1)	(1)	-	(2)
HTG Infraestrutura e Participação Ltda.	(3,745)	(88)	-	(3,833)
Sugoi LLC	4,016	-	(4,016)	-
	153,311	**25,683**	**(3,572)**	**175,423**

8 Fixed assets

Description	Depreciation rate	Parent company December 31, 2022	Parent company December 31, 2021	Consolidated December 31, 2022	Consolidated December 31, 2021
Facilities	10% p.a.	44	43	44	43
Furniture and fixtures	10% p.a.	124	124	124	124
Machinery and equipment	20% p.a.	220	210	308	402
Improvements	20% p.a.	31	31	31	31
Vehicles	20% p.a.	11	-	864	735
Properties	4% p.a.	175	88	347	341
Right of use	10% p.a.	1,005	1,005	1,005	1,005
Total		**1,610**	**1,501**	**2,723**	**2,681**
Accumulated depreciation		(265)	(218)	(296)	(234)
Accumulated amortization		(349)	-	(349)	-
Total					
Description		**996**	**1,283**	**2,078**	**2,447**

(a) Changes in fixed assets

Description	Parent company December 31, 2021	Additions	Write-offs	December 31, 2022	Consolidated December 31, 2021	Additions	Write-offs	December 31, 2022
Facilities	43	1	-	44	43	1	-	44
Furniture and fixtures	124	-	-	124	124	-	-	124
Machinery and equipment	210	10	-	220	295	13	-	308
Improvements	31	-	-	31	31	-	-	31
Vehicles	-	11	-	11	735	184	(55)	864
Properties	88	88	(1)	175	447	172	(272)	347
Right of use	1,005	-	-	1,005	1,005	-	-	1,005
Total	**1,501**	**110**	**(1)**	**1,610**	**2,680**	**370**	**(328)**	**2,723**
Accumulated depreciation	(218)	-	(47)	(265)	(234)	-	(62)	(296)
Accumulated amortization	-	-	(349)	(349)	-	-	(349)	(349)
Total	**1,283**	**110**	**(397)**	**996**	**2,447**	**370**	**(739)**	**2,078**

(In thousands of Brazilian Reais, unless otherwise stated)

9 Related-party transactions

	Parent company		Consolidated	
Description	December 31, 2022	**December 31, 2021**	December 31, 2022	**December 31, 2021**
Noncurrent assets	84,078	69,383	7,105	15,852
Current liabilities	(138,811)	(112,971)	(995)	(458)
Total	**(54,733)**	**(43,588)**	**6,110**	**15,394**

	Parent company		Consolidated	
Description (Assets)	**December 31, 2022**	**December 31, 2021**	**December 31, 2022**	**December 31, 2021**
Haifa Investimentos e Participações Ltda	25	25	-	-
Dahab Brasil S.A	2,442	942	2,442	942
Vista Cantareira Empreendimentos Imobiliários Ltda	-	-	222	222
Dahab Participações Ltda	-	7	-	7
Residencial São Mateus SPE Ltda	-	-	1,740	1,739
Residencial Colina Francisco Morato SPE Ltda	1,743	1,626	-	-
Residencial Bom Retiro SPE Ltda	-	-	-	11,150
Residencial José Vigna Talhado SPE Ltda	833	624	-	-
Residencial Colina Guarapiranga SPE Ltda	1,191	1,085	-	-
Residencial Paulínia I SPE Ltda	143	141	-	-
Residencial Parque do Carmo SPE Ltda	-	-	-	164
Residencial Idemori SPE Ltda	589	586	-	-
Sugoi Projeto SPE Ltda	91	92	-	-
Residencial Sports Gardens da Amazônia Ltda.	16,700	20,171	-	-
Sugoi N Empreendimentos Imobiliários Ltda.	516	516	-	-
Residencial Portal do Belo Horizonte SPE Ltda	603	602	-	-
Residencial Barcelona SPE Ltda	2,709	2,701	-	-
Condomínio Varandas Jardim do Lago II	4,639	4,729	-	-
Residencial Isabel Ferrari SPE Ltda	274	269	-	-
Tsuri Brasil Ltda.	550	177	550	177
Residencial São José SPE Ltda.	5,624	4,086	-	-
Residencial Jacú-Pessego I SPE Ltda.	811	569	-	-
Sugoi Residencial I SPE Ltda	2,962	391	-	-
Sugoi Residencial II SPE Ltda	797	729	-	-
Sugoi Residencial III SPE Ltda	561	560	-	-
Sugoi Residencial Via Verde SPE Ltda	5	2	-	-
Sugoi Residencial IV SPE Ltda	74	73	-	-
Sugoi Residencial V SPE Ltda	647	777	-	-
Sugoi Residencial VI SPE Ltda	23,148	17,150	-	-
Sugoi Residencial VII SPE Ltda	3	3	-	-
Sugoi Residencial VIII SPE Ltda	811	810	-	-
Sugoi Residencial IX SPE Ltda	5,533	3,486	-	-
Tsuri Acre Ltda	16	16	16	16
Sugoi Residencial XI SPE Ltda	745	722	16	-
Sugoi Residencial XIII SPE Ltda	2,579	2,526	-	-
Sugoi Residencial XIV SPE Ltda	2	2	-	-
Sugoi Residencial X SPE Ltda	28	27	-	-
Sugoi Residencial XII SPE Ltda	25	25	-	-
Sugoi Residencial XVI SPE Ltda	128	121	-	-
Sugoi Residencial XV SPE Ltda	39	39	-	-
Residencial Guarapiranga SPE Ltda	364	18	364	18

(In thousands of Brazilian Reais, unless otherwise stated)

Description (Assets)	Parent company December 31, 2022	Parent company December 31, 2021	Consolidated December 31, 2022	Consolidated December 31, 2021
Sugoi Residencial XXIV SPE Ltda	2	2	-	-
Sugoi Residencial XXIII SPE Ltda	13	12	-	-
Sugoi Residencial XXII SPE Ltda	3,823	1,005	-	-
Sugoi Residencial XIX SPE Ltda	140	137	-	-
Sugoi Residencial XX SPE Ltda	51	49	-	-
Sugoi Residencial XXI Ltda	226	224	-	-
Sugoi Residencial XVII SPE Ltda	2	1	-	-
Sugoi Residencial XVIII SPE Ltda	495	472	-	-
Residencial Vila União SPE LTDA	-	65	175	-
Residencial Atibaia SPE Ltda	1	84	179	-
Residencial Bragança SPE Ltda	45	42	-	-
Sugoi Residencial XXVII Spe Ltda	418	-	-	-
Sugoi Residencial XXVIII Spe Ltda	2	-	-	-
Sugoi Residencial XXIX Spe Ltda	2	-	-	-
Sugoi Residencial XXX Spe Ltda	2	-	-	-
Sugoi Residencial XXXI Spe Ltda	2	-	-	-
Sugoi Residencial XXXII Spe Ltda	2	-	-	-
Sugoi Residencial XXXIII Spe Ltda	2	-	-	-
Sugoi Residencial XXXIV Spe Ltda	2	-	-	-
Sugoi Residencial XXXV Spe Ltda	2	-	-	-
Sugoi Residencial XXVI Spe Ltda	2	-	-	-

Description (Assets)	Parent company December 31, 2022	Parent company December 31, 2021	Consolidated December 31, 2022	Consolidated December 31, 2021
Thiago de Oliveira Andrade Pazinatto	419	419	419	419
Ronaldo Yoshio Akagui	446	446	446	446
Intercompany loan - Ricardo Aflalo (Varandas 03)	-	-	373	373
Intercompany loan - Fábio Benedicto Folco (Varandas 03)	-	-	179	179
Total	**84,078**	**69,383**	**7,105**	**15,852**

Description (Liabilities)	Parent company December 31, 2022	Parent company December 31, 2021	Consolidated December 31, 2022	Consolidated December 31, 2021
Condomínio Varandas Jardim do Lago	11,645	11,514	-	-
Vista Cantareira Empreendimentos Imobiliários Ltda	5,410	6,402	-	-
Residencial Monte Serrat Ltda	244	378	-	-
Residencial Parque do Carmo SPE Ltda	19,387	5,965	-	-
Residencial São Mateus SPE Ltda	57,923	57,353	-	-
Kibutz Administração e Participações Ltda	-	108	-	108
Residencial Bom Retiro SPE Ltda	44,202	31,131	931	-
Residencial Sports Gardens da Amazônia Ltda.	-	-	-	199
Residencial Colina Guarapiranga SPE Ltda	-	-	-	31
Residencial Bragança SPE Ltda	-	-	64	-
Montanha Vermelha Participações S.A.	-	120	-	120
Total	**138,811**	**112,971**	**995**	**458**
Current	138,811	112,971	995	458
Non-current	-	-	-	-

The balances of accounts held with controlled and jointly-controlled companies represent transactions involving bank accounts with no levy of finance charges and no previously defined maturity, since they will be recognized as capital increases in the future.

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.

(In thousands of Brazilian Reais, unless otherwise stated)

10 Loans and financing

Type	Financial institution	Guarantees	Type	Commissions and interest rate	Parent company December 31, 2022	Parent company December 31, 2021	Consolidated December 31, 2022	Consolidated December 31, 2021
Bank Credit Notes (CCB)	Caixa Econômica Federal	Pledge of property	Corporate	CDI + 3.91% p.a.	3,500	5,000	3,500	5,000
Housing Finance System (SFH)	Caixa Econômica Federal	None	Venture	Up to 11% p.a.	-	-	16,063	11,108
Machinery and Equipment Financing (FINAME)	Santander	None	Venture	SELIC + 5.54% p.a.	-	-	13,579	15,603
Bank Credit Notes (CCB)	Banco Daycoval	Investment Guarantee Fund (FGI) - BNDES	Corporate	14.02% p.a.	663	1,158	663	1,158
Bank Credit Notes (CCB)	Banco ABC	FGI BNDES	Corporate	CDI + 6.73% p.a.	5,735	7,681	5,735	7,681
Bank Credit Notes (CCB)	Banco Red Asset	Pledge of property	Corporate	SELIC + 16.82% p.a.	20,843	-	20,843	-
Bank Credit Notes (CCB)	Banco PINE	Pledge of property	Corporate	CDI + 8.02% p.a.	4,255	5,542	4,255	5,542
Overdraft protection	Caixa Econômica Federal	None	Corporate	8% p.m.	1,000	1,000	1,000	1,000
Overdraft protection	Banco PINE	None	Corporate	8% p.m.	102	28	102	82
Overdraft protection	Banco Santander	None	Corporate	8% p.m.	-	-	1	-
Overdraft protection	Banco ABC Brasil S.A.	None	Corporate	8% p.m.	-	1,029	-	1,029
					36,098	**21,438**	**65,741**	**48,203**
Current					14,550	11,697	33,479	30,434
Non-current					21,548	9,741	32,262	17,769

Changes in indebtedness:

Parent company

Institution	Type	December 31, 2021	Fund raising	Appropriation of charges	Payment of principal	Payment of interest	December 31, 2022
Caixa Econômica Federal	Working capital	5,000	-	613	(1,667)	(446)	3,500
Banco Pine	CCB	5,542	-	1,140	(1,174)	(1,253)	4,255
Banco Daycoval S.A.	CCB	1,158	-	121	(371)	(245)	663
Banco ABC Brasil S.A.	CCB	7,681	1,039	1,322	(3,010)	(1,297)	5,735
Banco Red Asset	CCB	-	20,743	2,536	(512)	(1,924)	20,843
Caixa Econômica Federal	Overdraft protection	1,000	17	-	-	(17)	1,000
Banco Itaú	Overdraft protection	28	-	-	-	(28)	-
Banco Pine	Overdraft protection	-	402	-	-	(300)	102
Banco ABC Brasil S.A.	Overdraft protection	1,029	2	-	-	(1,031)	-
		21,438	22,203	5,732	(6,734)	(6,541)	36,098

Consolidated

Institution	Type	December 31, 2021	Fund raising	Appropriation of charges	Payment of principal	Payment of interest	December 31, 2022
Caixa Econômica Federal	Working capital	**5,000**	**-**	**613**	**(1,667)**	**(446)**	**3,500**
Banco Pine	CCB	**5,542**	**-**	**1,140**	**(1,174)**	**(1,253)**	**4,255**
Banco Daycoval S.A.	CCB	**1,158**	**-**	**121**	**(371)**	**(245)**	**663**
Banco ABC Brasil S.A.	CCB	**7,681**	**1,039**	**1,322**	**(3,010)**	**(1,297)**	**5,735**
Banco Red Asset	CCB	-	20,743	2,534	(512)	(1,922)	20,843
Caixa Econômica Federal	SFH	**11,108**	**17,970**	**582**	**(12,573)**	**(1,024)**	**16,063**
Banco Santander	FINAME	**15,603**	**-**	**2,174**	**(2,543)**	**(1,655)**	**13,579**
Caixa Econômica Federal	Overdraft protection	**1,000**	**17**	**-**	**-**	**(17)**	**1,000**
Banco Itaú	Overdraft protection	**82**	**-**	**-**	**-**	**(82)**	**-**
Banco Pine	Overdraft protection	**-**	**402**	**-**	**-**	**(300)**	**102**
Banco Santander	Overdraft protection	**-**	**2**	**-**	**-**	**(1)**	**1**
Banco ABC Brasil S.A.	Overdraft protection	**1,029**	**1**	**-**	**-**	**(1,030)**	**-**
		48,203	**40,174**	**8,486**	**(21,850)**	**(9,272)**	**65,741**

(In thousands of Brazilian Reais, unless otherwise stated)

The balances by year of maturity are as follows:

	Parent company		Consolidated	
Year	**December 31, 2022**	**December 31, 2021**	**December 31, 2022**	**December 31, 2021**
2022	-	11,697	-	30,434
2023	14,550	6,275	39,784	14,302
2024	9,792	3,466	14,201	3,467
2025	4,442	-	4,442	-
2026	4,442	-	4,442	-
2027	2,872	-	2,872	-
	36,098	**21,438**	**65,741**	**48,203**

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

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

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

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

		Parent company		
Balance	**Risk of increase in interest rate**	**9% p.a. Probable**	**10% p.a. Possible**	**11% p.a. Remote**
36,098	Accounting effect (cost/ expense)	3,971	3,610	3,249

		Consolidated		
Balance	**Risk of increase in interest rate**	**9% p.a. Probable**	**10% p.a. Possible**	**11% p.a. Remote**
65,741	Accounting effect (cost/ expense)	7,232	6,574	5,917

11 Trade accounts payable

	Parent company		Consolidated	
Maturity	**December 31, 2022**	**December 31, 2021**	**December 31, 2022**	**December 31, 2021**
Overdue	80	647	626	16,333
Falling due in up to 30 days	277	167	10,692	9,930
Falling due between 31 and 60 days	56	1	1,297	1,342
Falling due between 61 and 90 days	128	-	273	181
Falling due between 91 and 120 days	-	-	36	21
Falling due between 121 and 180 days	-	-	7	1,120
Falling due after 180 days	-	-	4,598	642
Total falling due	461	168	16,903	13,236
Total	**541**	**815**	**17,529**	**29,569**

(In thousands of Brazilian Reais, unless otherwise stated)

12 Labor and tax liabilities

	Parent company		Consolidated	
Description	**December 31, 2022**	**December 31, 2021**	**December 31, 2022**	**December 31, 2021**
Tax liabilities	383	501	503	503
Labor liabilities	299	268	631	430
Taxes withheld at source	504	693	2,576	2,751
Special Tax Regime (RET) – Current amounts	-	-	10,828	6,339
RET – Deferred amounts	-	-	3,234	2,592
Total	**1,186**	**1,462**	**17,772**	**12,615**
Current amounts	1,186	1,462	16,208	9,969
Noncurrent amounts	-	-	1,564	2,646

13 Accounts payable

	Parent company		Consolidated	
Description	**December 31, 2022**	**December 31, 2021**	**December 31, 2022**	**December 31, 2021**
Acquisition of ownership interest	1,000	1,002	1,000	1,002
Commission on plots of land	-	-	500	500
Contract cancellations payable	-	-	127	65
Rents payable	699	1,004	699	1,005
Others	-	-	-	283
Total	**1,699**	**2,006**	**2,326**	**2,855**
Current amounts	1,535	1,350	1,663	1,493
Noncurrent amounts	164	656	663	1,362

14 Advances from clients and others

	Parent company		Consolidated	
Description	**December 31, 2022**	**December 31, 2021**	**December 31, 2022**	**December 31, 2021**
Advances from clients - Real estate development	-	-	848	7,033
Creditors from acquired properties	4,592	5,998	183,210	180,840
Total	**4,592**	**5,998**	**184,058**	**187,873**
Current amounts	-	5,998	9,036	22,314
Noncurrent amounts	4,592	-	175,022	165,559

(*) 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.

(In thousands of Brazilian Reais, unless otherwise stated)

15 Real Estate Receivables Certificates (CRI)

Financial institution	Type	Guarantee	Interest rate	Parent company December 31, 2022	Parent company December 31, 2021	Consolidated December 31, 2022	Consolidated December 31, 2021
Travessia Securitizadora	(CRI – 39th series)	AFI + CFR	DI + 7% p.a.	19,086	29,167	19,086	29,167
Travessia Securitizadora	(CRI – 60th series)	AFI + CFR	DI + 6.25 % p.a.	30,157	30,000	30,157	30,000
Total				**49.243**	**59.167**	**49.243**	**59,167**
Current				11,725	10,000	11,725	10,000
Noncurrent				37,518	49,167	37,518	49,167

Changes in CRI:

Financial institution	Type	December 31, 2021	Fund raising	Appropriation of charges	Payment of principal	Payment of interest	Consolidated December 31, 2022
Travessia Securitizadora	(CRI - 39th series)	29.167	-	4.575	(10.000)	(4.655)	19.087
Travessia Securitizadora	(CRI - 60th series)	30.000	-	5.482	-	(5.326)	30.156
Total		**59.167**	**-**	**10.057**	**(10.000)**	**(9.981)**	**49.243**

The payment schedule of CRI is as follows:

Year	Consolidated December 31, 2022	Consolidated December 31, 2021
2022	-	10,000
2023	18,736	18,571
2024	17,650	17,739
2025	8,571	8,571
2026	4,286	4,286
	49,243	**59,167**

Balance	Risk of increase in interest rate	9% p.a.	10% p.a.	11% p.a.
		Probable	Possible	Remote
49,243	Accounting effect (cost/expense)	4,432	4,924	5,417

CRIs are adjusted at CDI plus annual interest of 7% and 6.25% (respectively) charged on the nominal value, calculated on a business day pro rata basis, with monthly payments as from May 2022 and maturing in June 2026.

Real estate receivables certificates have binding covenants, and the CRI of the 39th series of the 1st issue of Travessia, clause 4.19.2, item "I" of the Debenture Indenture was not complied with. However, according to the Extraordinary General Meeting (AGE) dated 07/01/2022, the concession of a waiver was approved in relation to non-compliance with the ratio of consolidated debt to EBITDA, and such ratio must be observed in the Financial Statements for 2023.

(In thousands of Brazilian Reais, unless otherwise stated)

17 Provisions

Description		Consolidated
	December 31, 2022	December 31, 2021
Provision for guarantee (i)	4,625	3,515
Provision for contingencies (ii)	141	197
Total	**4,766**	**3,712**

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

(ii) In the ordinary course of conducting its business, the Company is involved in labor, civil and tax proceedings. Management, relying on its legal counselors' opinion or that of other experts, when applicable, evaluates the possible outcome of ongoing proceedings, and the need to set up provisions for contingencies arising from them. The provision recognized in the consolidated statements, in the amount of R$ 141 thousand (R$ 197 thousand as at December 31, 2021), 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$ 5,779 thousand in the Consolidated financial statements (R$ 1,988 thousand as at December 31, 2021) were not recognized, also arising from labor and civil lawsuits whose likelihood of loss was assessed by the Company's legal counselors as possible, which is the reason Management did not record this amount in the financial statements.

19 Equity

(a) Capital

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

	December 31, 2022	December 31, 2021
Number of shares		
Ronaldo Yoshio Akagui	500,000	500,000
Thiago de Oliveira Andrade Pazinatto	500,000	500,000
Total	1,000,000	1,000,000

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

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

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

(In thousands of Brazilian Reais, unless otherwise stated)

In accordance with the corporate restructuring of the Company carried out on November 29, 2021, “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 per share

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

		Consolidated
	12/31/2022	**12/31/2021**
Net income (loss) (in Brazilian Reais)	3,151,000	6,337,000
Number of shares	1,000,000	1,000,000
	3.151	6.337

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.

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.

19 Net revenue

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

		Consolidated
Description	December 31, 2022	**December 31, 2021**
Revenue from properties	168,620	217,620
Cancelled sales	(568)	(1,323)
Gross operating revenue	168,052	216,297
Taxes levied	(3,329)	(5,021)
Net operating revenue	**164,723**	**211,276**
Expenses on land, development and construction	(111,210)	(144,592)
Gross profit	53,513	66,684
Gross margin percentage - %	32.5%	31.6%

(In thousands of Brazilian Reais, unless otherwise stated)

20 Expenses by type

Description	Parent company December 31, 2022	Parent company December 31, 2021	Consolidated December 31, 2022	Consolidated December 31, 2021
Selling expenses				
Commissions	-	-	(6,126)	(7,189)
Advising and consulting	-	(1,052)	(83)	(721)
Advertising and publicity	-	(631)	(4,749)	(7,420)
Expenses on sales stands and show apartments	-	-	(1,435)	(1,114)
Rent expenses	-	-	(403)	(229)
Insurance	-	-	-	(1)
Other selling expenses	-	-	(110)	(1,896)
	-	(1,683)	(12,906)	(18,570)
General and administrative expenses				
Advising and consulting	(1,071)	(7,179)	(3,723)	(9,417)
Personnel expenses	(10,859)	(5,952)	(10,859)	(6,188)
Rent expenses	(635)	(810)	(639)	(810)
Expenses on office materials	-	(705)	-	(1,118)
Depreciation	(395)	(218)	(412)	(234)
Expenses on notary's office and registry	(331)	(161)	(2,730)	(517)
Insurance	(322)	-	(778)	(411)
Allowance for doubtful account	-	(3,124)	-	(3,581)
Other administrative expenses	(686)	-	(944)	(1,775)
	(14,299)	(18,149)	(20,085)	(24,051)
	(14,299)	(19,832)	(32,991)	(42,621)

21. Net financial income (loss)

Financial expenses	Parent company December 31, 2022	Parent company December 31, 2021	Consolidated December 31, 2022	Consolidated December 31, 2021
Discounts granted	-	-	-	(54)
Interest losses	(9,291)	(4,068)	(14,409)	(6,666)
Late payment fine	(6)	(163)	(142)	(1,206)
Bank fees	(643)	(554)	(1,555)	(1,331)
	(9,940)	**(4,785)**	**(16,106)**	**(9,257)**
Financial revenues				
Discounts obtained	3	7	150	179
Interest on financial investments	1,666	-	1,781	-
	1,669	**7**	**1,931**	**179**
	(8,271)	**(4,778)**	**(14,175)**	**(9,078)**

22 Real estate ventures under development

Description	Consolidated December 31, 2022	Consolidated December 31, 2021
Unrecognized sale contracted (Note 4)	117,211	104,414
Taxes on sales	(4,688)	(4,177)
	112,523	100,237
Cost to incur of units sold	(72,964)	(66,750)
	39,559	33,487
Percentage of unrecognized gross margin	35.2%	33.4%

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

(In thousands of Brazilian Reais, unless otherwise stated)

Consolidated

Description	December 31, 2022	December 31, 2021
Recognized revenue	870,760	705,775
Taxes on revenues	(34,830)	(28,231)
	835,930	677,544
Recognized cost	(581,050)	(471,342)
Gross profit	254,880	206,202
Recognized gross margin - %	30.49%	30.43%

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

Consolidated

Description	December 31, 2022	December 31, 2021
Units under construction sold	72,964	66,750
Units under construction not yet sold	34,139	39,270
Budgeted cost to be incurred	107,103	106,020
Inventory - Real estate under construction	19,071	31,577
Total cost to be recognized	126,174	137,597

23 Insurance

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

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

24 Management of risks and financial instruments

(a) Risk management

The Company has entered into transactions with financial instruments. These instruments are managed based on operating strategies and internal controls, aiming to ensure liquidity, profitability, and security. The engagement of financial instruments for hedging purposes is made by means of periodical analysis of the exposure to the risk intended to be hedged against by Management. The control policy consists of permanently crosschecking agreed conditions against market conditions in effect.

The Company does not invest in derivatives or any other risk instruments for speculation purposes.

(In thousands of Brazilian Reais, unless otherwise stated)

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

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

	Parent company		Consolidated		
	12/31/2022	12/31/2021	12/31/2022	12/31/2021	Classification
FINANCIAL ASSETS					
Cash and cash equivalents	11,159	19,278	19,254	29,385	Fair value through income (loss)
Trade accounts receivable	-	-	77,237	69,486	Amortized cost
Related-party transactions	84,078	69,383	7,105	15,852	Amortized cost
FINANCIAL LIABILITIES					
Trade accounts payable	541	815	17,529	29,569	Amortized cost
Loans, financing and debentures	85,341	80,605	114,984	107,370	Amortized cost
Plots of land payable	4,592	5,998	184,058	187,873	Amortized cost
Related-party transactions	138,811	112,971	995	458	Amortized cost

Credit risk

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

Book value		Consolidated	
		12/31/2022	12/31/2021
Trade accounts receivable	Note 4	77,237	69,486

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.

					Consolidated
Risk increase operation	Position as at 12/31/2021	Risk factor	Scenario I	Scenario II	Scenario III
Assets:					
Cash and cash equivalents	19,254	CDI	11.75%	8.81%	5.87%
Projected financial revenues	-	-	2,262	1,696	1,130
Liabilities:					
Loans and financing	114,984	CDI	11.75%	14.68%	17.62%
Projected financial expenses	-	-	13,511	16,880	20,260

Market risk

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

Liquidity risk

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

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

Operating risk

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

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

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

- 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.

(In thousands of Brazilian Reais, unless otherwise stated)

		Consolidated	
Book value	Note	12/31/2022	12/31/2021
Cash and cash equivalents	3	19,254	29,385
Accounts receivable	4	77,237	69,486
Total		96,491	98,871

(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 Subsequent events

(a) Supreme Court of Brazil (STF) changes understanding related to res judicata in tax matters

In the 1990s, some companies obtained favorable decisions from the Judiciary granting exemption to pay CSLL, based on the argument that, as it was calculated on the same tax base as IRPJ, there would be a possible double taxation and, therefore, its collection would be unconstitutional.

In the judgment of Unconstitutional Direct Action (“ADI”) 15, which took place in 2007, the STF affirmed the constitutionality of said tax and, consequently, entities’ obligation to pay it.

Since then, the judgment of Extraordinary Appeals (“RE”) Nos. 949.297 and 955.227 has been awaited, with general repercussions, in which the STF would assess the limit of res judicata in tax matters, which occurred on February 8, 2023. As a result, the STF determined that a final decision (final and unappealable decision), when attributed to taxes collected on a continuous basis, that is, those that are periodically repeated, loses its effects when the Court decides otherwise.

As the matter is based on the effects of the 2007 ADI, the SFT understands that there is nothing to talk about regarding adaptation effects as of 2023, retroacting its effects from the SFT decision until 2007.

Based on that decision, even after the final decision of a specific proceeding to remove the levy of a certain tax, in the event of a subsequent decision by the STF, in general repercussion or in concentrated control of constitutionality, negating the former decision, that is, by the legitimacy of the tax requirement, the taxpayer will be obliged to pay the tax as of the date of the STF decision. Furthermore, the res judicata likely to be addressed by this new STF decision are those of recurring nature in tax matters, that is , those taxes that are collected continuously, for example that are calculated and collected on a monthly, quarterly or annual basis.

Thus, the assumptions for the individually formed res judicata to cease to produce its effects become:

- The entity has a final and unappealable decision removing the obligation to pay a tax; and
- The STF defines, in general repercussion or in concentrated control, the constitutionality of the requirement removed by the individual decision obtained by the company at a time after the individual final and unappealable decision was issued, considering that it is not any decision of the STF that will cease the res judicata, but only those issued as general repercussion or concentrated control of constitutionality.

As a result of the above, the Company, together with its legal counselors, evaluated its history of tax proceedings, not limited to the matter addressed by ADI 15, but in search of others that may be affected by the STF's decision on February 08 2023 and, as a result of this assessment, in line with CPC 25/IAS 37 Provisions, Contingent Liabilities and Contingent Assets and CPC 24/IAS 10 Subsequent Events, it did not identify actions subject to the impacts of the STF's abovementioned decision and, therefore, concluded that there were no significant effects on its financial statements ended December 31, 2022.

(b) Reinforcement of cash through Bank Credit Notes (CCB)

On March 20, 2023, the Company held the Board of Directors' Meeting and to approve the contracting of a cash reinforcement operation through the Bank Credit Notes (CCB) with Banco Modal S.A. in the amount of R$ 55,000,000.00.

(c) Amortization and settlement of loans and Real Estate Receivables Certificates (CRI)

On March 23, 2023, the Company settled part of its debt with the financial institution Banco RED ASSET in the amount of R$ 14.4 million.

On March 24, 2023, the Company settled the 39th and 60th series of Real Estate Receivables Certificates (CRI) in the amount of R$ 38.3 million.