PATRIMAR

Mude para melhor

Earnings Release

1Q22

1Q22 Earnings Release

Belo Horizonte, May 10, 2022 - Patrimar S.A. ("Patrimar" or "Company"), one of the largest development and construction companies in Brazil, operating in the economic, middle-income, and high-income segments with luxury and high-luxury products, discloses its results for the first quarter of fiscal year 2022 ("1Q22"). Except where otherwise indicated, the information in this document is expressed in Brazilian Reais (R$) and shows the consolidated value (100%).

Highlights

- **Cash generation of R$ 7.1 million in 1Q22** (R$ 51.5 million LTM) continuing our track record of **five consecutive years of positive generation**;
- Net cash of R$ 39.8 million on March 31, 2022, with **negative net debt** (Net Debt / Shareholders' Equity) of -8.0%, **improving 5.1 p.p. compared to March 31, 2021** and 1.3 p.p. as of December 31, 2021;
- **Largest receivables portfolio of R$ 1.1 billion in the history** which, in addition to Cash, Cash Equivalents and TVM, gives us a **coverage of 1.6 times over construction liabilities** at the end of the quarter.

Investor Relations

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About Patrimar Group

The Company is a real estate developer and homebuilder based in the city of Belo Horizonte, state of Minas Gerais, on the Southeast region of Brazil with over 58 years of experience, being placed in the top best real estate companies of Brazil. Its business model is vertical, developing and constructing real estate projects, as well as marketing and selling real estate units.

The Company diversifies its operations in the residential real estate segment with a presence in the high-income real estate segment offering luxury and high-income developments through the Patrimar brand, in addition to a presence in the middle and low-income segments through the Novolar brand.

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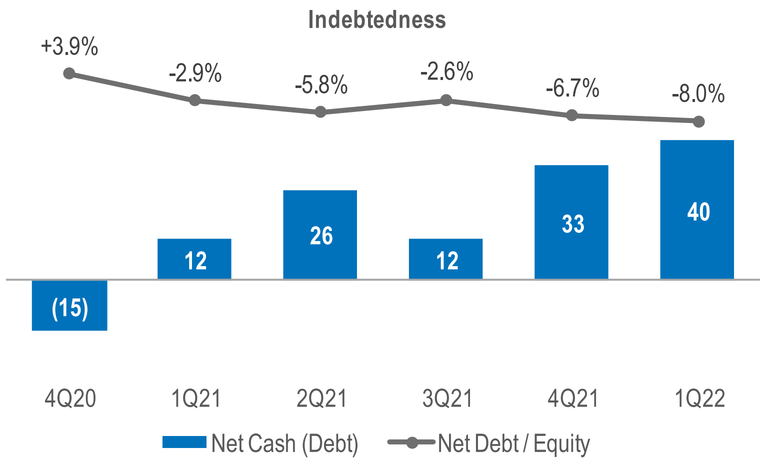
novolar
uma empresa do Grupo Patrimar

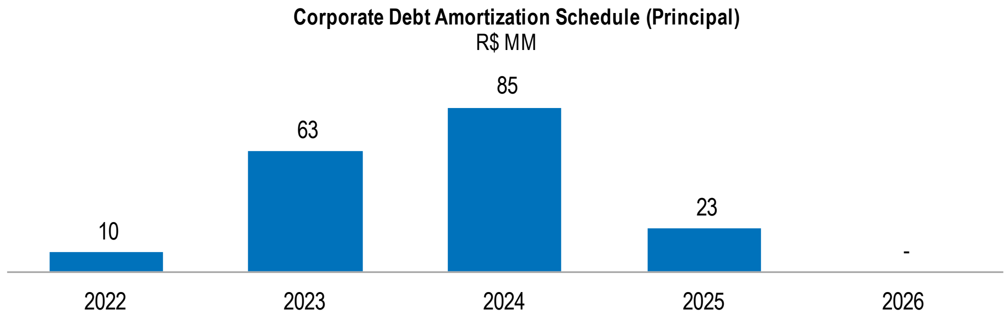
Message from the Management

We are pleased to present our operational and financial results for the first quarter of 2022. We are confident in our operation and quality of execution and we remain financially solid and excited about the growth prospects in our markets.

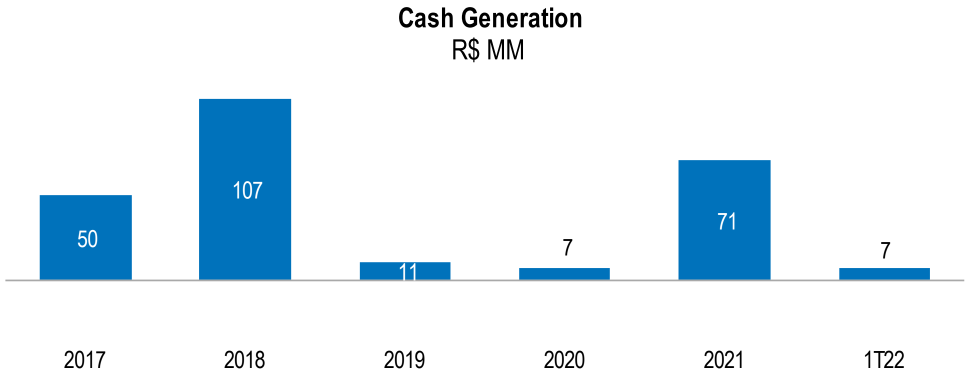
Capital Structure and Liquidity

Within our operating philosophy and strategy, we maintained our financial discipline with a low levarage capital structure, a long indebtedness profile and a volume of cash and accounts receivable appropriate to the structure of our operation.

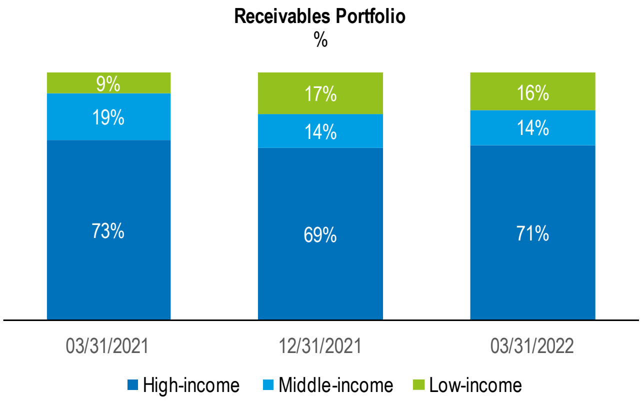


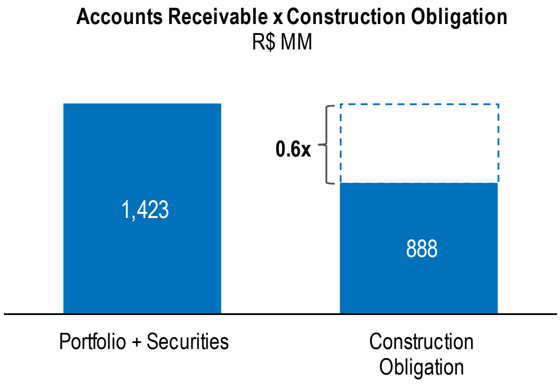


Strategically we anticipated our cash flows from customers with more voluminous entry profile sales and flow anticipations, aiming to carry more cash for better opportunities to purchase materials and take advantage of the occurred and expected increases in the SELIC rate.



We present a healthy receivables portfolio, with a large percentage of receivables linked to the high-income segment, with lower risk and protection against inflation.





We are prepared for a longer carry of accounts receivable, due to interest rate hikes, and we will adopt the best strategies for the Company aiming at greater profitability and protection of construction liabilities, without distancing ourselves from our financial discipline and capital structure.

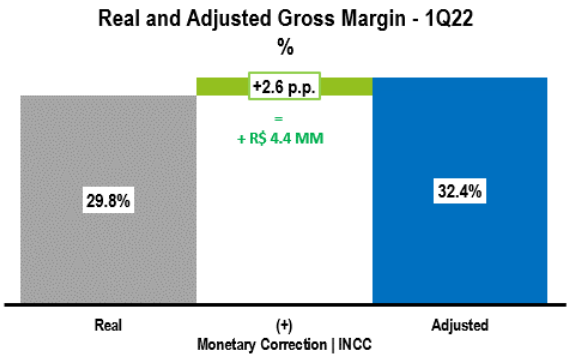
As of March 31, 2022, we have an undrawn construction financing balance of R$ 489.4 million, which adds to our liquidity position above for the purpose of meeting the construction liability. Of this amount, we have 47.2% at a fixed rate, 37.0% at Savings and the remainder linked to CDI.

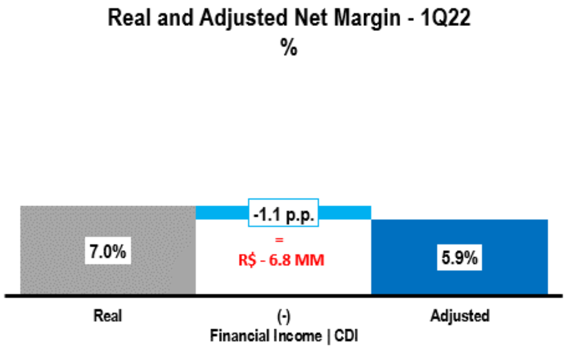
Profitability

The gross margin for the first quarter of 2022 was strongly impacted by several factors, which are listed below:

Bigger cash carry

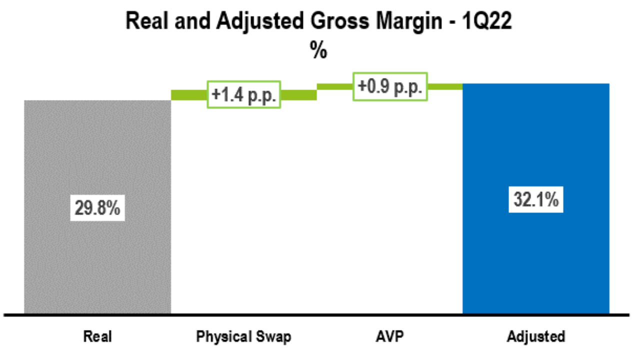
Since we have shortened the cycle of accounts receivable, the Company no longer has a greater exposure of its balance linked to INCC and, therefore, less monetary restatement linked to gross revenue. This factor generates, in a first analysis, mismatch of INCC in revenue and production cost, since the cost remains proportionally more exposed to inflation. However, due to the increases in SELIC, carrying a greater volume of cash today, applied in CDI, yields a better hedge for inflation in projects, however, it shifts the effect of financial income to the financial result, after EBITDA, bringing a better impact to the net margin, but a negative effect to the gross margin.



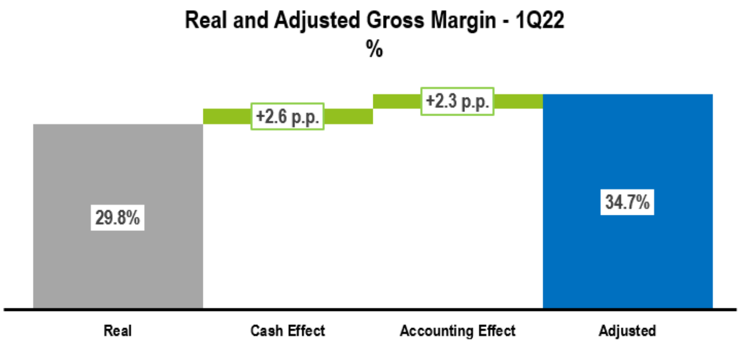


Accounting Effects

As in the previous period, despite the strategy of increasing cash and shortening accounts receivable, with the increase in sales volume due to the growth of the operation and the lengthening of sales profile by certain customers, the adjustment effect at present value – AVP, on sales made with long-term flows impacts gross revenue at the time of recognition, as required by Brazilian accounting standards.

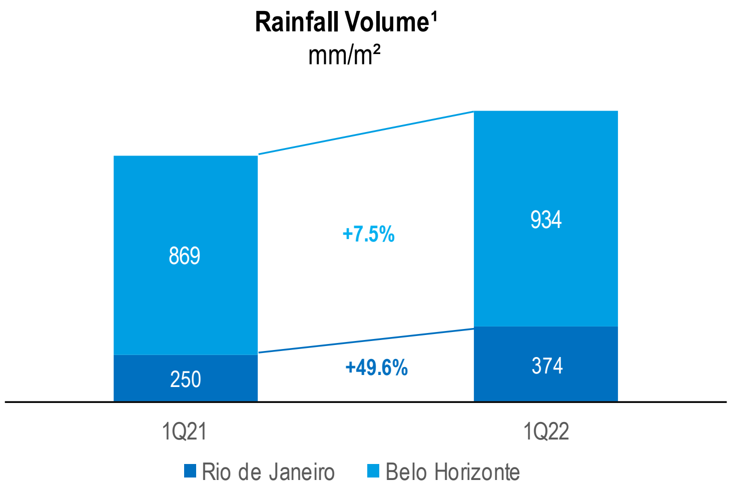


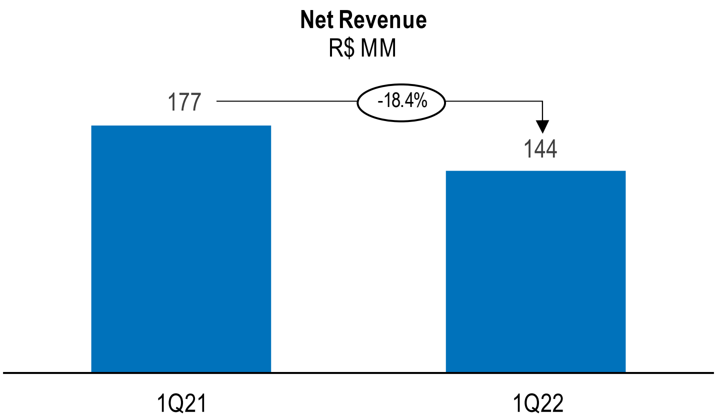
Adding both, the effect of carrying the largest cash and the accounting effects, both explained above, we would have a gross margin of 34.7%:



Climate Effects

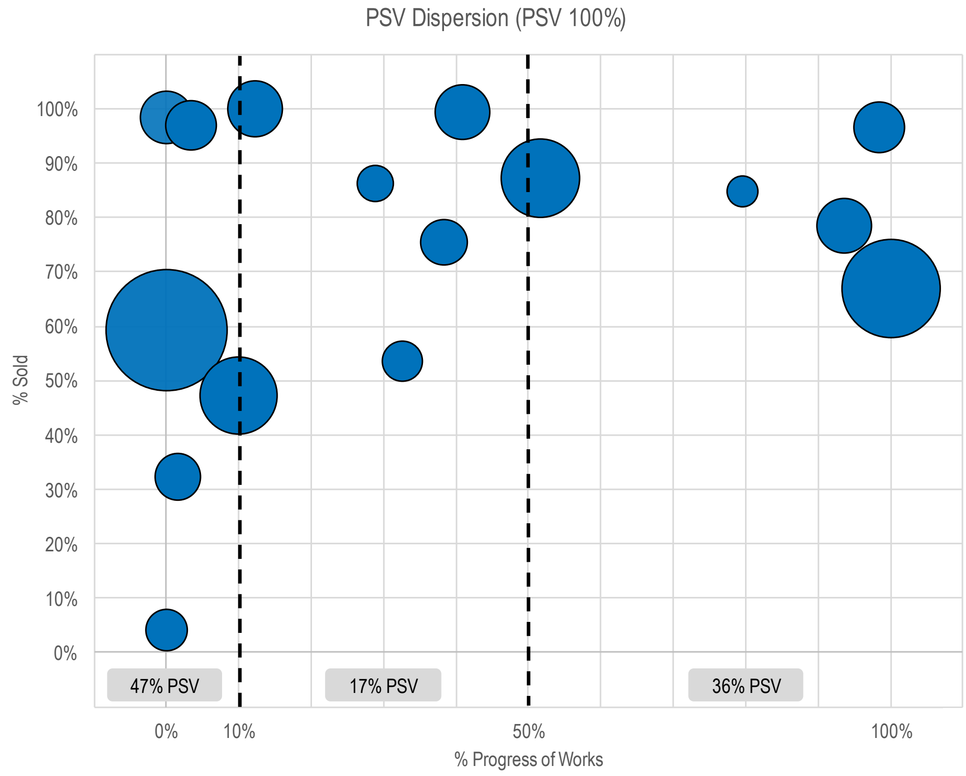
In addition to the factors described above regarding the gross margin, 1Q22 was a very rainy quarter in the markets we operate, significantly impacting production at our works.



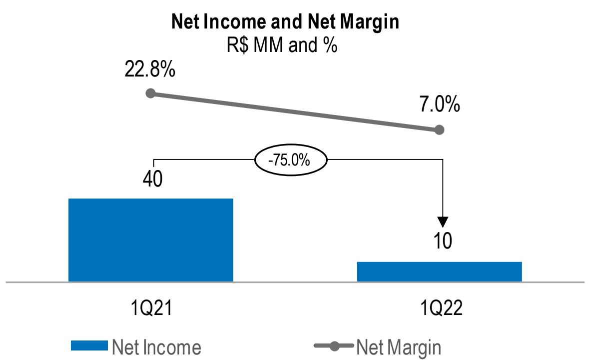


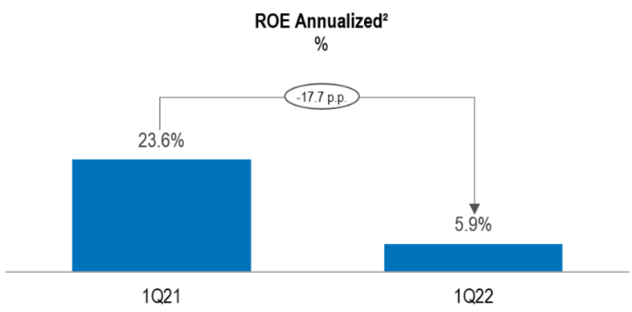
1 - For the volume of Rio de Janeiro, considers the Jacarepaguá station, while Belo Horizonte considers the average of two stations (Pampulha and Cercadinho) due to the proximity of our projects. Source: INMET.

Since our revenue is measured by the PoC, the lower production directly impacts the volume of recognized revenue. For the next quarters, we expect a recovery in production volumes, considering a shorter period of rain and the start of works in large projects that have a high percentage of sales, generating a greater volume of revenue appropriation. The total PSV sold in projects with less than 10% of works on March 31, 2022 was R$ 618.3 million.



Furthermore, the volume of pre-sales recorded in 1Q21 pulled the level of revenue compared to 1Q22. We remain focused on being one of the most profitable companies in the real estate development segment, with a consistent and above-average net margin over the quarters, reflecting a return on capital that is also above the industry average. These factors impacted our metrics this quarter, but we are confident that we will return to our profitability levels in the coming ones.





2 – Annualized ROE of the Controler: Annualized Net Income divided by Adjusted Shareholders' Equity

Main Indicators

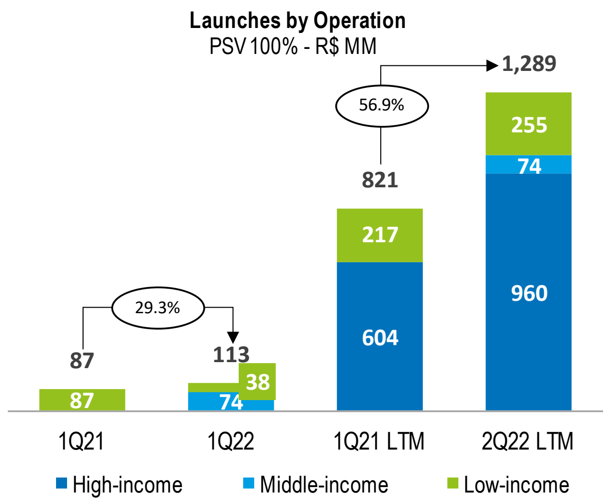
Financial Indicators (R$ '000)	1Q22 (a)	1Q21 (b)	Δ % (a/b)
Net Operational Revenue	144,477	177,143	-18.4%
Gross Profit	43,105	67,788	-36.4%
% Gross Margin	**29.8%**	**38.3%**	**-8.4 p.p.**
EBITDA	16,138	44,200	-63.5%
% EBITDA Margin	**11.2%**	**25.0%**	**-13.8 p.p.**
EBITDA Ajustado	22,260	45,924	-51.5%
% Adjusted EBITDA Margin	**15.4%**	**25.9%**	**-10.5 p.p.**
Net Income	10,087	40,422	-75.0%
% Net Margin	**7.0%**	**22.8%**	**-15.8 p.p.**

Launches by Income Levels (R$ '000)	1Q22 (a)	1Q21 (b)	Δ % (a/b)
PSV 100%	**112,782**	**87,241**	**29.3%**
Low-income	38,284	87,241	-56.1%
Middle-income	74,498	-	n/a
High-income	-	-	n/a
PSV % Patrimar	**107,272**	**307,736**	**-65.1%**
Low-income	38,284	65,872	-41.9%
Middle-income	68,988	-	n/a
High-income	-	-	n/a
Units	**316**	**400**	**-21.0%**
Low-income	220	400	-45.0%
Middle-income	96	-	n/a
High-income	-	-	n/a

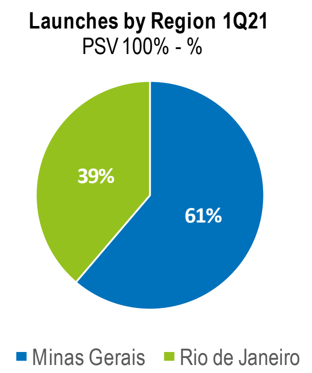
Net Contracted Sales (R$ '000)	1Q22 (a)	1Q21 (b)	Δ % (a/b)
PSV 100%	**152,975**	**251,743**	**-39.2%**
Low-income	59,067	58,944	0.2%
Middle-income	5,425	8,826	-38.5%
High-income	88,483	183,973	-51.9%
PSV % Patrimar	**132,905**	**150,871**	**-11.9%**
Low-income	58,396	48,453	20.5%
Middle-income	4,737	6,178	-23.3%
High-income	69,773	96,240	-27.5%
Units	**266**	**349**	**-23.8%**
Low-income	230	281	-18.1%
Middle-income	11	22	-50.0%
High-income	25	46	-45.7%
Average Price	**575**	**721**	**-20.3%**
Low-income	257	210	22.4%
Middle-income	493	401	22.9%
High-income	3,539	3,999	-11.5%

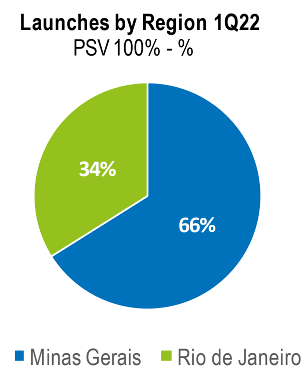
Launches

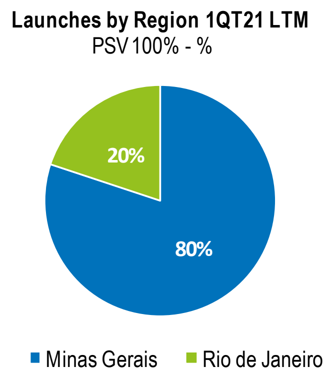
In the first quarter of 2022, we launched medium-income projects, which had not happened since April 2019. The strong volume of launches in the last quarter of 2021 and inventory management impacted launches in 1Q22, but we are confident about launches in the coming quarters of the year, depending on the economic and demand scenario. The Company's average share of launches in 1Q22 was 95.1% (75.5% in 1Q21).

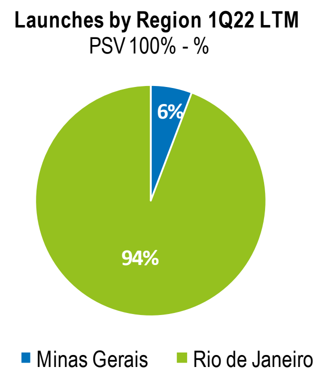


We continue to operate in well-known regions where we have great absorption capacity in the markets, due to the strength of our brands.



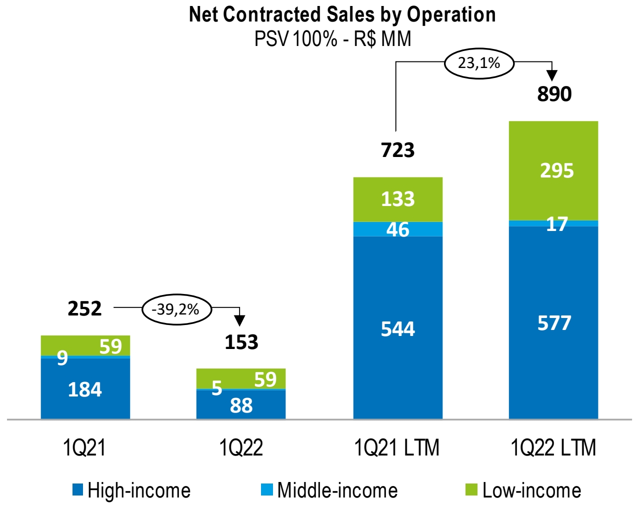




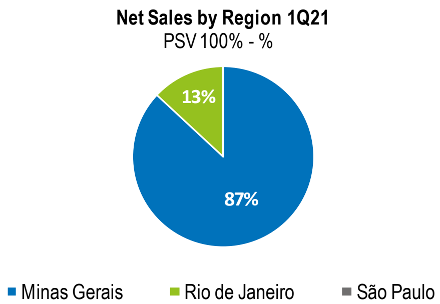


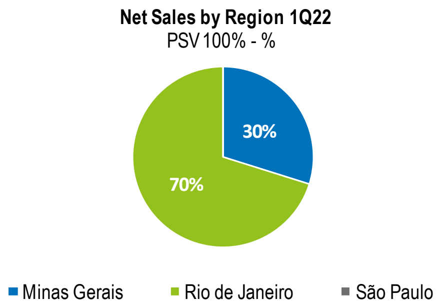
Contracted Sales

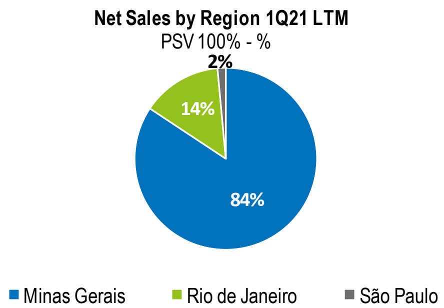
In 1Q22, 266 housing units were sold (349 units in 1Q21). The drop in sales reflects the strong sales volume in the previous quarter (4Q21) and a lower volume of launches scheduled for management and focus on reducing inventories. Our expectation is that the volume will pick up in the following quarters. The average share of the company in net contracted sales was 86.9% in 1Q22 against 59.9% in 1Q21.

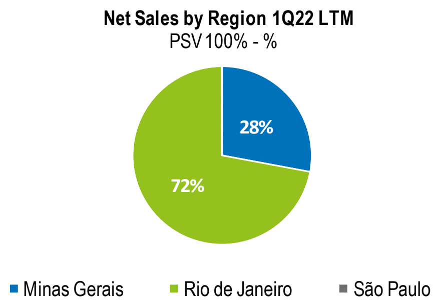


Our operations are still focused on the states of Rio de Janeiro and Minas Gerais. We are already acquiring plots of land in São Paulo's upstate to have greater balance of regional exposure and, thus, obtain better results with the combination of markets and products.









The table below provides more information about sales.

Net Contracted Sales (R$ '000)	1Q22 (a)	1Q21 (b)	Δ % (a/b)
PSV 100%	**152,975**	**251,743**	**-39.2%**
Low-income	59,067	58,944	0.2%
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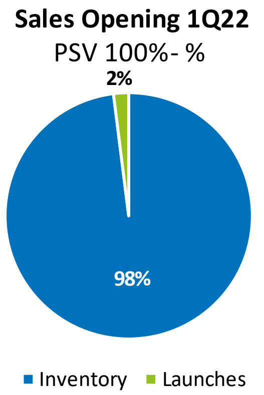
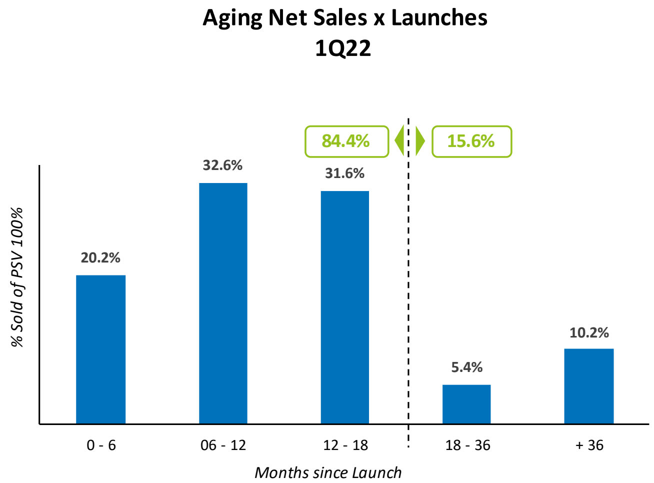
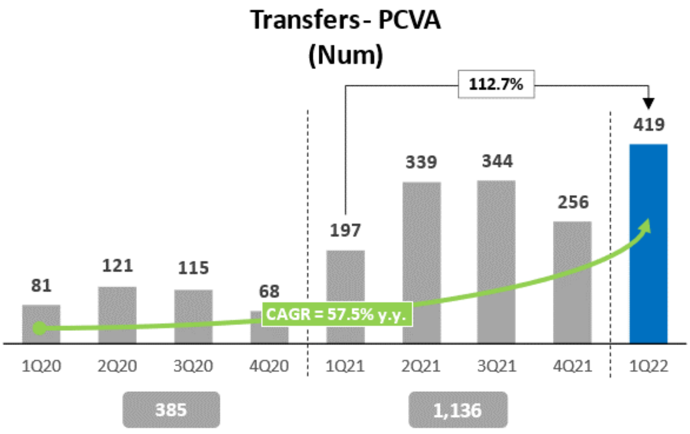
In line with our strategy of focusing on inventories, our sales were concentrated in projects launched prior to 1Q22, with a large part of these sales being projects with up to 18 months of launch, reinforcing the strength of our sales team, the quality of our products and market knowledge. We have approximately 80% of our projects launched with more than 50% of the total PSV sold.



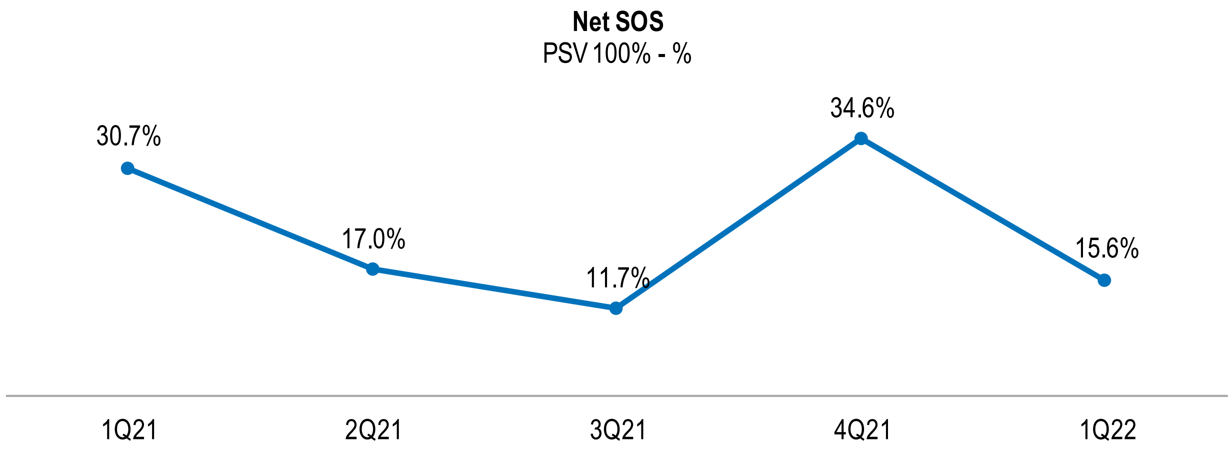


We continue to increase our PCVA operation, mainly, and our flux of transfers has evolved satisfactorily. The units transferred in 1Q22 represent R$ 91.3 million that certainly impact our cash cycle in a positive way this quarter and in the following periods. In comparative terms, the transferred units in 1Q22 already account for 36.9% of what we accomplished throughout 2021 and more than what was accomplished in 2020.



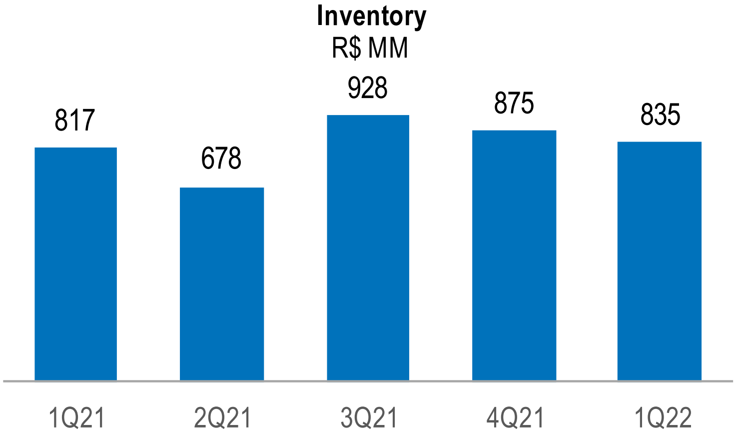
SOS (Sales Speed) – Sales over Supply

Net sales speed in 1Q22, measured by the net SOS indicator (Net Sales over Supply), was 19 p.p. lower than the immediately preceding quarter and 15.1 p.p. lower than the same period of 2021. The first quarter is seasonally weaker in SOS due to the strong launches in last year's fourth quarter and the vacations in this period. This quarter we focused our efforts on reducing inventories, especially of projects that are in completion stage, where we achieved a good result for this period considering the lower number of available products.

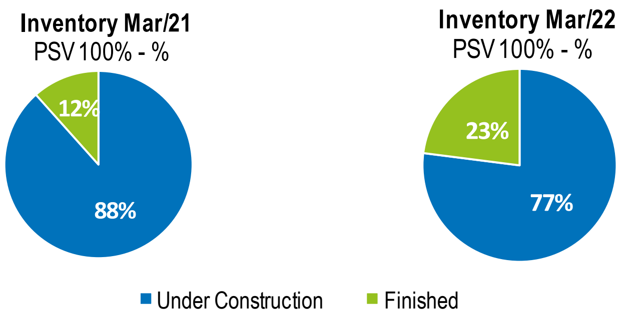


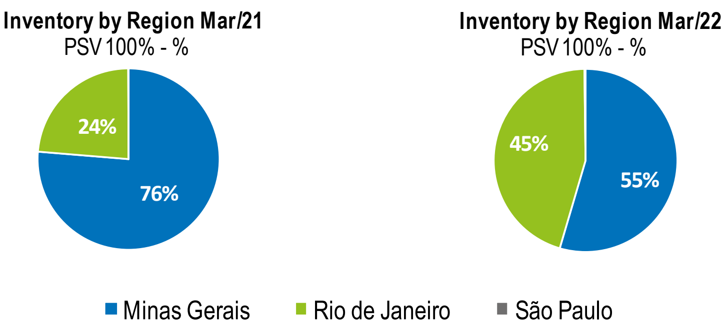
Inventory

As was mentioned before, we focused on reducing inventories and directed our sales force to products that are concluded or close to conclusion. Our efforts already created results in 1Q22, however we expect better results in the following quarters, mainly due to units' prices. The position on March 31 of 2022 closed 4.6% lower than at the end of last year and practically in line with the previous year.



The inventory profile remains increasingly comfortable and balanced. Our inventories positions focused mainly on buildings under construction, allows us to carry lower costs of maintenance with low idle inventory. The finished inventory in 1Q22 was reduced 11.4 p.p. in comparison to 1Q21.





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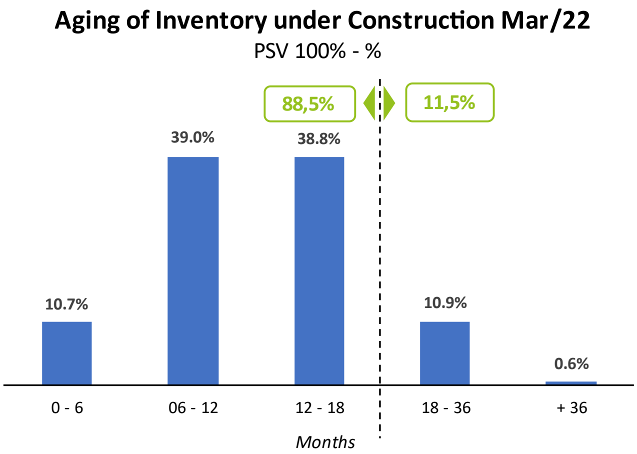
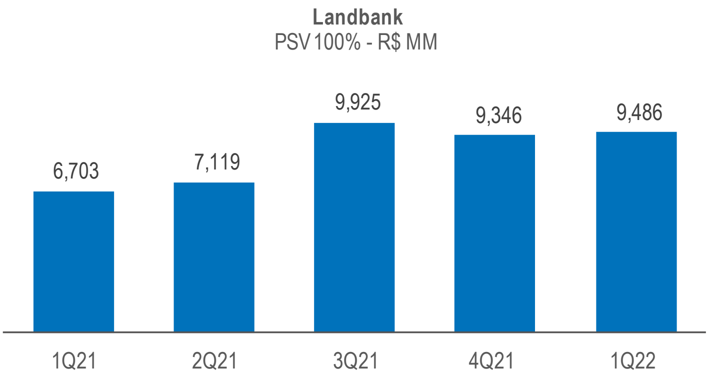
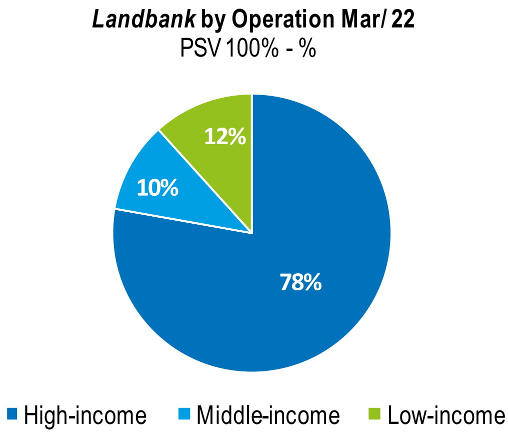
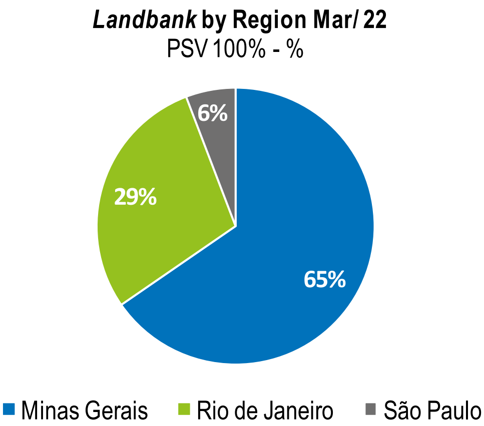
Most of the inventory under construction is related to recent launches within the last 18 months, which shows our abilities to sell at launch and not carry finished inventories over time.



Landbank







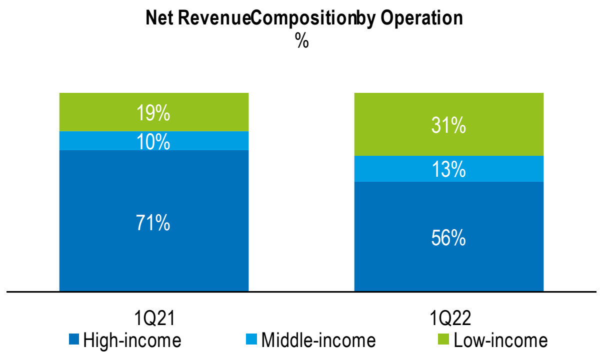
Our Land bank has 11,752 units and our average share is 68%. The Land bank increase in March 2022, is due to the recomposition of lands considering our future growth plan, the PX2. We bought 1 plot of land in 1Q22, in São Paulo, totaling a potential PSV of R$ 151.8 million or 288 units. We finished the first quarter with approximately R$ 1.7 billion in projects already approved for launch.

Financial Performance

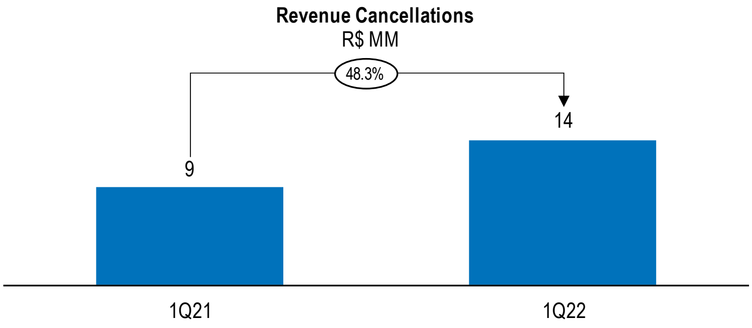
Net Income

Net Operating Revenue (R$ '000)	1Q22	1Q21	Δ %
Gross revenue from properties sales	159,642	185,712	-14.0%
Service revenue	406	2,207	-81.6%
Gross Revenue	**160,048**	**187,919**	**-14.8%**
AVP - Adjustment to present value	1,991	2,600	-23.4%
Canceled sales	(14,065)	(9,485)	48.3%
Deduction and taxes	(3,497)	(3,891)	-10.1%
Net Revenue	**144,477**	**177,143**	**-18.4%**

In this first quarter of 2022, the drop in Net Revenue compared to 1Q21 is mainly justified by the accounting effect of POC in the period which, impacted by heavy rains in the municipalities where we operate, recorded a smaller advance leading to a lower appropriation of revenue, in addition to the lower PSV sold in the quarter. The drop in Revenue from Services, which follows the accrual basis of recognition as opposed to Gross Revenue from Sales, was due to the completion of customizations in high-end operation, still last year, and there was no equivalent yet this year.

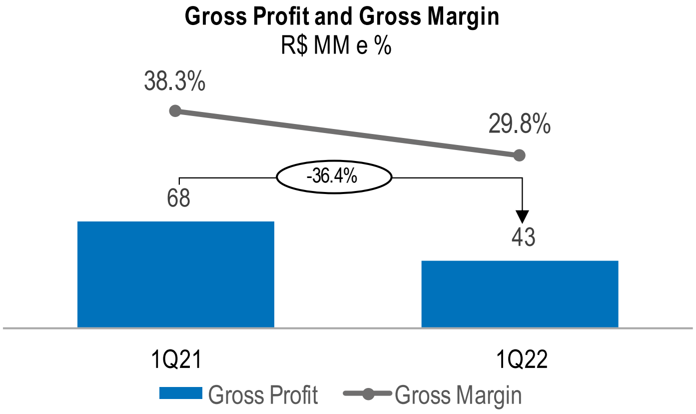


Notwithstanding, we had an unusual volume of cancellations this quarter: more than 40% of the registered volume was due to the exchange of units within the same projects (mainly upgrades) and will be reflected as revenues in the coming quarters.



Gross Profit and Gross Margin

As explained in our message from management, when comparing 1Q22 against 1Q21, our gross margin remains impacted by the accounting effect generated by the AVP, by the effect of the rains on revenue recognition and, also, by the strategy of carrying more cash at this moment, shifting part of the monetary revenue corrected by the INCC that goes in the gross profit to be corrected by the CDI in the financial result line.



Operational Expenses

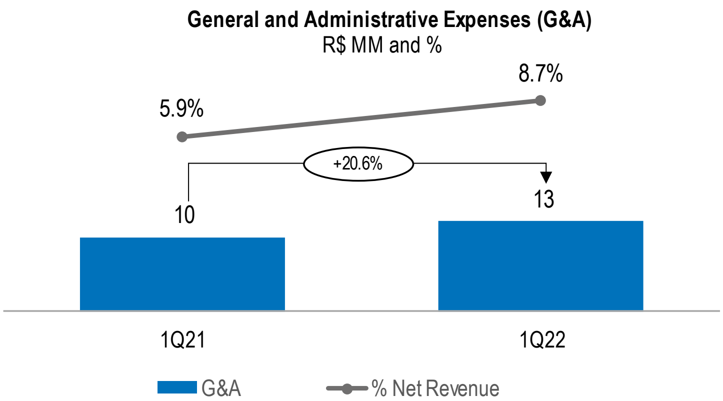
Operating Expenses (R$ '000)	1Q22	1Q21	Δ %
General and administrative expenses	12,572	10,422	20.6%
Selling expenses	16,299	9,227	76.6%
Other operating revenue (expenses)	867	(698)	-224.2%
Total	**29,738**	**18,951**	**56.9%**

General and Administrative Expenses (G&A)

General and Administrative Expenses (R$ '000)	1Q22	1Q21	Δ %
Personnel expenses	7,992	4,830	65.5%
Depreciation and amortization	1,879	1,812	3.7%
Third-party services	1,732	2,835	-38.9%
General administrative expenses	969	945	2.5%
Total	**12,572**	**10,422**	**20.6%**

As described in our previous earnings reports, the growth of the G&A is explained by the greater investment in personnel in strategic areas, aiming to support the Company's growth cycle. In this quarter, we concluded, for example, in the administrative structure, the creation of an executive board exclusively focused on new businesses and real estate development. In addition, we are also strengthening our tactical teams, with changes in our management and technical staff, being that on 03/31/2022 we ended our administrative staff with 174 employees, an increase of about 10% compared to 03/31/2021.

These changes aimed to strengthen our team of people, associated with the lower level of revenue appropriation in the quarter, led to an increase in the proportion of G&A in Net Revenue of 2.8 p.p in 1Q22 compared to 1Q21. However, with the progress of the launched works, which have a high percentage of sales, and the new growth cycle for new launches to be carried out, the operational leverage added to the company's diligence in managing expenses will enable productivity gains for our teams, so we expect this proportion to return the operation to its historical levels.

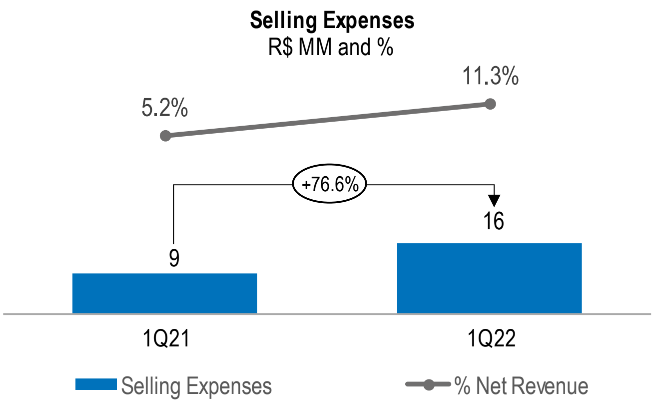


Commercial Expenses

Commercial Expenses (R$ '000)	1Q22	1Q21	Δ %
Commissions and brokerages	4,726	2,654	78.1%
Advertising	4,078	2,885	41.4%
Other commercial expenses	5,477	2,424	125.9%
Personnel expenses	1,864	1,130	65.0%
Sales stands / decorated apartments	154	134	14.9%
Total	**16,299**	**9,227**	**76.6%**

The increase in commercial expenses is explained by commission and brokerage expenses, generated due to the result of sales success, as well as by the progress of construction on projects already very well sold, which generate commission expenses as the work progresses. The increase in other selling expenses is largely explained by depreciation of sales stand, which follows the sales success.

In addition to the commissions, the increase in commercial expenses explains the strategic investments we have made in Marketing and Advertising in the markets in which we have sought to develop an even more significant performance (as is the case of the Rio de Janeiro market), as well as the investments in people that we mentioned in the administrative expenses but that also apply to our own commercial teams. At this point, it is even worth mentioning that we created a Commercial Department exclusively focused on the Rio de Janeiro region. We remain very confident that the product availability in the region, added to an even more structured sales force, will bring us more sales in order to dilute the investments made in selling expenses.



Other Operational Expenses (Income)

Other Operating Expenses (Revenues) (R$ '000) [3]	1Q22	1Q21	Δ %
Real estate loan expenses	5	193	-97.4%
Tax expenses	8	7	14.3%
Provision for contingencies	(2,102)	(1,245)	68.8%
Eventual losses	117	0	0.0%
Other operating income and expenses	2,839	347	718.2%
Total	**867**	**(698)**	**-224.2%**

The increase in other net operating expenses in 1Q22 compared to the same period of the previous year is basically explained by a greater reversal of the provision for legal contingencies, since relevant lawsuits became final and their loss recognized in 1Q22, in the line of other expenses and operating income.

Financial Result

When analyzing 1Q22 versus 1Q21, the variation in financial income, due to the 1,184.8% increase in interest on financial investments, demonstrates the higher yield resulting from the strategy of carrying more cash than receivables, increasing exposure to CDI instead of INCC, in view of the increase in the CDI projection in the periods. However, this higher yield was not enough to offset the higher interest payments on loans that are basically linked to the CDI. The lower volume in the monetary adjustment and contractual interest line in 1Q22 compared to 1Q21 is explained by the strategy of anticipating our cash flows from customers with bulkier entry profile sales and cash advances.

Financial Result	1Q22	1Q21	Δ %
Monetary adjustment and contractual interest	1,010	3,593	-71.9%
Interest on financial investments	6,758	526	1184.8%
Swap Creditor Result	-	-	n/a
Other Financial Results	52	17	205.9%
Total	**7,820**	**4,136**	**89.1%**
Financial Expenses	**1Q22**	**1Q21**	**Δ %**
Interest on loans and financing	(5,858)	(1,165)	402.8%
Debits from bank charges and fees	(262)	(177)	48.0%
Financing Expenses	-	(1)	-100.0%
Swap debtor result	-	-	n/a
Other Financial Expenses	(2)	(21)	-90.5%
Total	**(6,122)**	**(1,364)**	**348.8%**
Financial Result	**1,698**	**2,772**	**-38.7%**

3 – The negative number of Other Operating Expenses / Revenues is a reductor of the total expenses

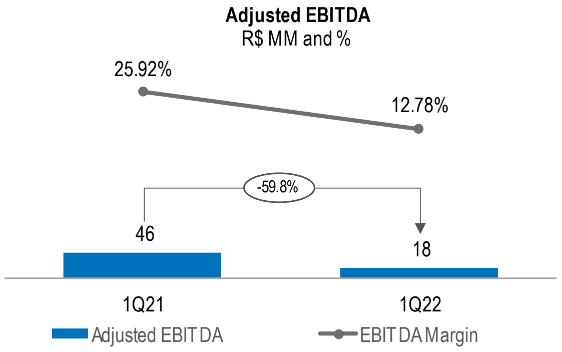
Equity Result

Equity Result	1Q22	1Q21	Δ %
Equity Result	(597)	(7,120)	-92%

The equity result has been impacted by a legacy of old projects carried out in partnership, mainly in the low income segment, for which certain contingencies have been recognized due to discussions of constructive issues, delays of works and other matters. These projects, for the most part, were completed more than 5 years ago and their legal effects will still impact our results for some quarters, although, as our results show over the quarters, in smaller and smaller installments.

EBITDA and Ajusted EBITDA

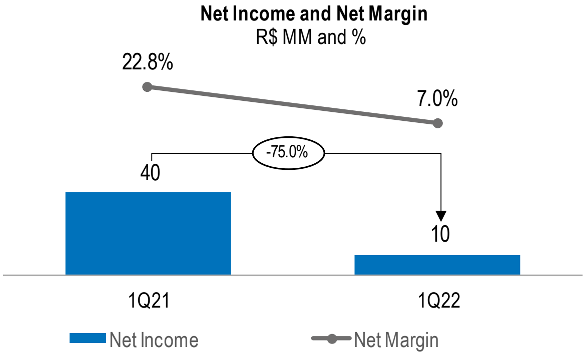
The reduction in EBITDA and Adjusted EBITDA in the first quarter of this year compared to the first quarter of the last one are explained by the reduction in gross profit and the increase in general administrative expenses as detailed above, but which were not offset by the reversal of non-operating results with Equity and Capitalized Financial Expenses. With a lower revenue level, EBITDA and Adjusted EBITDA margins also decreased. We expect, however, with the progress of operations, higher volume of revenue and lower volume of extraordinary events as occurred in the quarter that our margins will return to normalized levels.



EBITDA (R$ '000)	1Q22	1Q21	Δ %
Net Income	**10,087**	**40,422**	**-75.0%**
(+) Income Tax and Social Contribution	4,381	4,067	7.7%
(+) Financial Results	(1,698)	(2,772)	-38.7%
(+) Depreciation andf Amortiation	3,311	2,483	33.3%
EBITDA	**16,081**	**44,200**	**-63.6%**
EBITDA Margin (%)	**11.13%**	**24.95%**	**-55.4%**
Capitalized Interest Expense	2,379	1,724	38.0%
Adjusted EBITDA	**18,460**	**45,924**	**-59.8%**
Adjusted EBITDA Margin (%)	**12.78%**	**25.92%**	**-50.7%**

Net Profit and Net Margin

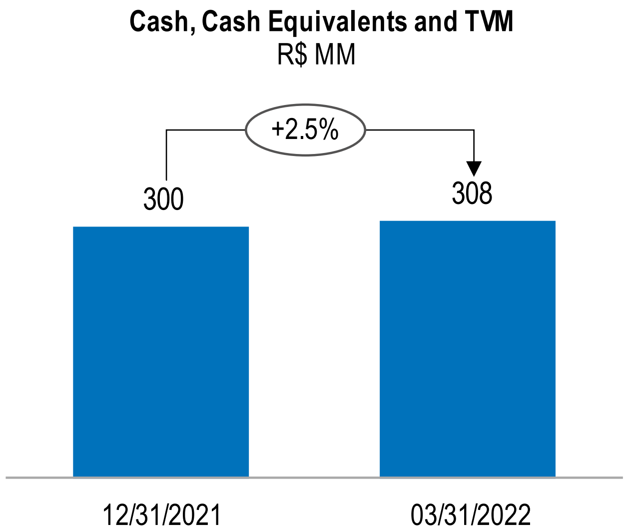
The lower net income and lower net margin in 1Q22 compared to 1Q21 is impacted by the drop in gross margin as widely commented, but also by the choices we made to maintain our investments in personnel and marketing relying on our long-term strategy, while preserving our cash.



Balance Sheet Highlights

Cash, Cash Equivalents and TVM

In line with our strategy of carrying more cash due to the increase in the CDI rate and better protection against inflation, our cash balance has been steadily increasing, still supported by cash generation in the period. For the next quarters, we can take advantage of good negotiations with suppliers and anticipate purchases of materials, aiming to guarantee better prices and conditions, which may impact our cash position.



Accounts Receivable

The growth in Accounts Receivable is mainly explained by the progress of works, by the recognition of balance sheet balances and by a marginal increase in our revenue from services, which was partially offset by a decrease in accounts receivable from completed units (receipts and advances) in addition to a higher provision for cancellations.

Accounts Receivable (R$ '000)	03/31/2022	12/31/2021	Δ %
Completed units	40,777	43,270	-5.8%
Units under construction	425,315	405,895	4.8%
Management services	15,543	15,138	2.7%
Provision for canceled sales / losses / PVA	(21,079)	(17,376)	21.3%
Total	**460,556**	**446,927**	**3.0%**

According to current accounting rules, the recognition of Accounts Receivable is proportional to the rate of execution of the respective works (Percentage of Completion - PoC). Therefore, the portfolio balance of units sold for development and those not yet built is not fully reflected in the Financial Statements. The total balance of accounts receivable from sales exceeded, for the first time, the R$ 1.1 billion mark, reflecting the accumulated sales volume and our portfolio management strategies.

Accounts Receivable (R$ '000)	03/31/2022	12/31/2021
Due within 1 year	351,024	408,462
Due 1 to 2 years	395,027	326,937
Due 2 to 3 years	159,917	172,679
Due 3 to 4 years	182,651	127,183
Due over 4 years	4,032	41,662
	1,092,651	**1,076,923**
Expired up to 1 year	19,931	14,182
Expired between 1 to 2 years	1,326	1,164
Expired between 2 to 3 years	824	765
Expired between 3 to 4 years	470	371
Expired over 4 years	64	34
	22,615	**16,516**
Total	**1,115,266**	**1,093,439**

The profile of our portfolio has become increasingly healthy and aligned with the cycle of works, with a greater concentration in the next two years – around 68.3% of the total (63.3% on March 31, 2021). We are aligned with the financial strategy of combining financing for production and the financial cycle of sales and construction, aiming to increase the return on our projects.

We are always attentive to the dynamics between inflation and interest to obtain the best return on our monetary assets, whether carrying a greater balance of accounts receivable obtaining a hedge against inflation via the INCC or greater cash focusing on the return of financial investments with higher CDI, as we did this month.

Real Estate for Sale

The significant volume of Properties under Construction is explained by the recognition of the start of the construction of the launched projects.

Properties for Sales (R$ '000)	03/31/2022	12/31/2021	Δ %
Inventories of land	144,432	144,598	-0.1%
Properties under construction	270,158	273,874	-1.4%
Completed properties	7,374	7,792	-5.4%
Provision for canceled sales	1,918	747	156.8%
Total	**423,882**	**427,011**	**-0.7%**

Advances from Costumers

The variation in the balance of advances from customers basically refers to the swaps of projects that were launched and later on are being consumed by the construction activity.

Advances from Customers (R$ '000)	03/31/2022	12/31/2021	Δ %
Advances from customers and barters made for construction in progress	281,146	280,142	0.4%
Advances from customers for customized units	48,320	47,435	1.9%
Barters made for land - not launched developments	40,897	45,590	-10.3%
Total	**370,363**	**373,167**	**-0.8%**

Suppliers

The variation in the suppliers account in this first quarter is explained by the work we are doing to extend payment terms in order to improve the financial cycle of the works, in addition to a greater volume of works in progress, which also explains the increase in Technical Retentions:

Trade Payables (R$ '000)	03/31/2022	12/31/2021	Δ %
Trade Payables	43,980	37,775	16.4%
Technical Retentions	7,387	6,627	11.5%
Total	**51,367**	**44,402**	**15.7%**

Real Estate Purchase Obligations

The reduction in the balance of unincorporated land is mainly explained by the transfer of the balance of properties to lands that have been incorporated as a result of launches carried out and the settlement of part of the incorporated lands due to the schedule of these obligations.

Real estate purchase obligations (R$ '000)	03/31/2022	12/31/2021	Δ %
Land developed	43,823	44,609	-1.8%
Land not developed	21,356	23,334	-8.5%
Total	**65,179**	**67,943**	**-4.1%**

Indebtness

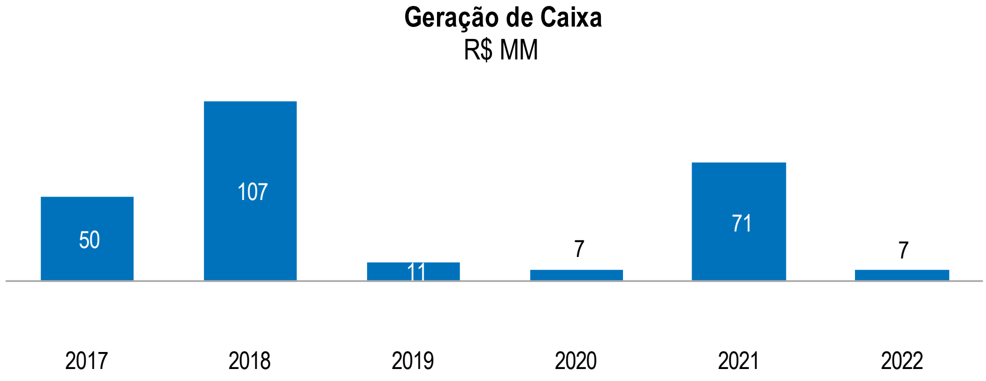
About 32.8% of our debt liabilities are linked to our production financed works and we still have a volume of financing to be disbursed of R$ 489.4 million, which together with the volume of Accounts Receivable from the units already sold, offer us great comfort to withstand both a more adverse scenario and the growth targeted for the operation in the coming years.

Net Debt / Equity (R$ '000)	03/31/2022	12/31/2021
(+) Loans and Financing	268,034	267,650
(-) Cash and Cash Equivalent	307,864	300,341
(=) Net Debt	(39,830)	(32,691)
(=) Equity	499,323	487,282
Net Debt/ Equity	**-8.0%**	**-6.7%**

We remain having an unleveraged capital structure, with room for growth, but within our concepts of financial discipline and profitability.

Cash Generation (*Cash Burn*)

In this quarter, we kept a positive cash generation, in line with our track record of five consecutive years of cash generation. Financial management and accounts receivable strategy have helped in this cash generation.



Our cash position and healthy leverage allow us to evaluate alternatives for acquiring materials in advance, at more attractive commercial conditions, which contribute to a better result of our operation. Such factor may lead to a greater cash burn in the following quarters.

Attachments

Consolidated Results Report

Income Statement (R$ '000)	1Q22	1Q21	Δ %
Net operating Revenue	144,477	177,143	-18.4%
Cost of properties sold	(101,372)	(109,355)	-7.3%
Gross profit	**43,105**	**67,788**	**-36.4%**
Gross profit margin	**29.8%**	**38.3%**	**-8.4 p.p.**
Operating income (expenses)	**(29,738)**	**(18,951)**	56.9%
General and administrative expenses	(12,572)	(10,422)	20.6%
Selling expenses	(16,299)	(9,227)	76.6%
Other operating income (expenses), net	(867)	698	-224.2%
Operating profit (loss)	**13,367**	**48,837**	**-72.6%**
Finance income	7,820	4,136	89.1%
Finance costs	(6,122)	(1,364)	348.8%
Finance income (costs), net	**1,698**	**2,772**	**-38.7%**
Equity in the results of investees	**(597)**	**(7,120)**	**-91.6%**
Profit (loss) before income tax and social contribution	**14,468**	**44,489**	**-67.5%**
Income tax and social contribution	(4,381)	(4,067)	7.7%
Profit (loss) for the period	**10,087**	**40,422**	**-75.0%**
Net Profit Margin	**7.0%**	**22.8%**	**-15.8 p.p.**
Attributable to:			
Owners of the company:	5,235	20,713	-74.7%
Non-controlling interests	4,852	19,709	-75.4%

Balance Sheet

Assets (R$ '000)	03/31/2022	12/31/2021	Δ %
Current assets			
Cash and cash equivalents	248,992	243,926	2.1%
Securities	58,872	56,415	0
Accounts receivable	185,286	201,174	-7.9%
Properties for sale	356,789	402,608	-11.4%
Taxes recoverable	10,029	9,270	8.2%
Prepaid expenses	23,221	22,011	5.5%
Other receivables	13,880	14,138	-1.8%
Total current assets	897,069	949,542	-5.5%
Non-current assets			
Financial investments	2,390	2,339	2.2%
Accounts receivable	275,270	245,753	12.0%
Properties for sale	67,093	24,403	174.9%
Judicial deposits	1,205	1,189	1.3%
Related parties	7,546	12,013	-37.2%
Long-term receivables	353,504	285,697	23.7%
Investments	29,641	27,697	7.0%
Property and equipment	38,047	36,087	5.4%
Right to use lease	4,689	5,102	-8.1%
Intangible assets	7,085	7,796	-9.1%
Total non-current assets	432,966	362,379	19.5%
Total assets	1,330,035	1,311,921	1.4%

Liabilities and Equity (R$ '000)	03/31/2022	12/31/2021	Δ %
Current liabilities			
Loans and financing	61,684	60,797	1.5%
Leases	2,361	2,362	0.0%
Trade payables	51,367	44,402	15.7%
Salaries and social charges	12,891	9,531	35.3%
Tax liabilities	27,867	26,197	6.4%
Real estate purchase obligations	23,740	35,942	-33.9%
Dividends payable	155	80	93.8%
Advances from customers	370,363	373,167	-0.8%
Provision for canceled sales	-	-	n/a
Deferred taxes	-	-	n/a
Other payables	2,321	1,963	18.2%
Provision for property maintenance	2,963	6,425	-53.9%
Total current liabilities	555,712	560,866	-0.9%
Non-current liabilities			
Loans and financing	206,350	206,853	-0.2%
Leases	2,461	2,874	-14.4%
Real estate purchase obligations	41,439	32,001	29.5%
Advances from customers	0	-	n/a
Provision for contingencies	4,525	6,626	-31.7%
Provision for real estate maintenance	10,438	6,358	64.2%
Related parties	5,080	4,268	19.0%
Provision for net capital deficiency	4,707	4,793	-1.8%
Total non-current liabilities	275,000	263,773	4.3%
Equity			
Capital	269,172	269,172	0.0%
Capital Reserve	259	259	0.0%
Revenue Reserves	80,213	74,978	7.0%
Retained earnings	-	-	n/a
	349,644	344,409	1.5%
Non-controlling interests	149,679	142,873	4.8%
Total equity	499,323	487,282	2.5%
Total liabilities and equity	1,330,035	1,311,921	1.4%

1Q22 Earnings Release

Cash Flow

Cash Flows (R$ '000)	03/31/2022	12/31/2021	Δ %
Cash flows from operating activities			
Profit for the year	**10,087**	**40,422**	**-75.0%**
Adjustments to reconcile profit with cash flows from operating activities			
Depreciation and amortization	3,311	2,557	29.5%
Present value adjustment of receivables	1,811	(2,027)	-189.3%
Equity in the results of investees	597	7,120	-91.6%
Provision for real estate maintenance	(447)	861	-151.9%
Provision for labor, civil, and tax contingencies	335	593	-43.5%
Provision for interest on loans and financing	8,071	2,690	200.0%
Income tax and social contribution	4,381	4,067	7.7%
Write-off of fixed assets	-	-	n/a
	28,146	**56,283**	**-50.0%**
Changes in working capital			
Increase (decrease) in assets and liabilities			
Accounts receivable	(15,441)	(48,406)	-68.1%
Properties for sale	3,186	(17,833)	-117.9%
Taxes recoverable	(759)	(595)	27.6%
Other assets	(967)	(2,765)	-65.0%
Trade payables	6,965	6,151	13.2%
Salaries and social charges	3,360	1,759	91.0%
Tax liabilities	(2,338)	1,921	-221.7%
Real estate purchase obligations	(2,764)	(2,974)	-7.1%
Advances from customers	(2,804)	52,342	-105.4%
Other liabilities	137	4,194	-96.7%
Amounts paid for civil, labor and tax contingencies	980	(1,838)	-153.3%
	(10,445)	(8,044)	29.8%
Interest paid	(2,373)	(2,616)	-9.3%
Income tax and social contribution paid	(2,336)	(2,336)	0.0%
Net cash provided by (used in) operating activities	**12,992**	**43,287**	**-70.0%**
Cash flows from investing activities			
Increase in securities	(2,457)	-	n/a
Changes in restricted financial investments	(51)	(9)	466.7%
Advances to related parties	5,279	(1,932)	-373.2%
Investment contributions (returns)	(2,627)	1,444	-281.9%
Net assets merged RPMV	-	(11,800)	-100.0%
Purchases of property and equipment and intangible assets	(4,524)	-	n/a
Additions to intangible assets	-	-	n/a
Net cash used in investing activities	**(4,380)**	**(12,297)**	**-64.4%**
Cash flows from financing activities			
New loans and financing	13,507	68,004	-80.1%
Repayment of loans and financing - principal	(19,007)	(23,462)	-19.0%
Dividends paid	-	(1,350)	-100.0%
Capital Reduction	-	(3,102)	-100.0%
Distributions to non-controlling interests, net	1,954	-	0.0%
Net cash provided by (used in) financing activities	**(3,546)**	**40,090**	**-108.8%**
Net increase in cash and cash equivalents	**5,066**	**71,080**	**-92.9%**
Cash changes			
Cash and cash equivalents at the beginning of the year	243,926	119,256	104.5%
Cash and cash equivalents at the end of the year	248,992	190,336	30.8%
Increase in cash and cash equivalents	**5,066**	**71,080**	**-92.9%**

Glossary

Land bank 100% - total PSV amount of all lands owned by the Company or which the Company has a stake.

Land bank % Patrimar – total PSV amount of all lands owned by the Company or which the Company has a stake, except for swap units and partners' participation, in other words, the net PSV of lands owned by the Company.

Launches 100% - total amount of the PSV for launched projects, at launching prices, considering eventual swaps of units and partners participation in these enterprises.

Launches % Patrimar – total PSV amount of projects already launched, at launching prices, not considering swap units and partners' participation, in other words, only considers the percentage of Net PSV belonging to the Company.

Contracted Sales - Value of contracts signed with customers, referring to the sale of finished units or for future delivery. Does not consider swap units. Contracted sales (100%) refer to all trading units within the period (except swap units) and %Patrimar contracted sales refer to the participation percentage of the Company in such sales, not considering partners participation.

Net Contracted Sales – Contracted Sales minus the value of the cancelations in the period.

Sales Speed – Sales Speed over Supply.

Gross Sales Speed – Gross Sales / (Initial Inventory of a Period + Period Launches)

Net Sales Speed – Net Sales / (Beginning Period Inventory + Period Launches)

PSV – Potential Sales Value

Percentage of Completion ("PoC") – According to IFRS, revenues, costs and expenses related to real estate costs are appropriated based on the Percentage of Completion ("PoC"), measuring the progress of work by actual costs incurred versus total budgeted costs for each enterprise phase.

EBITDA (Earnings Before Interests, Taxes, Depreciation and Amortization) - Net income before financial result, income tax and social contribution, and depreciation expenses;

Adjusted EBITDA - EBITDA adjusted by construction financing interest classified as cost of properties sold;

ROE - Return on Equity - ROE is defined as the quotient between net income attributed to majority shareholders and the average value of the shareholders' equity of controlling company for annualized periods;

ROE LTM- Return on Equity. ROE LTM is defined by the quotient between net income attributed to majority shareholders and average value of parent company's shareholders' equity for the period of last 12 months;

Cash Burn – Cash generation or (consumption) measured by change in net debt, excluding capital increases, repurchase of shares held in treasury and dividends paid, if any;

Portfolio - represented by receivables from sales of concluded or to be concluded residential real estate units and amounts receivable for services rendered;

Construction Liabilities – Construction cost to be incurred.

Disclaimer

The statements contained in this document relative to business perspectives, projections of operational and financial results and those relative to the growth projections of Patrimar are mere projections and as such, they are exclusively based on the expectations of the Board of Directors regarding the future of the business.
These expectations depend, substantially, on approvals and licenses necessary for ratifying projects, market conditions, Brazilian economy performance, the performance of the industry and of international markets and therefore, they are subject to changes without notice in advance.
This performance report includes non-accounting data, such as operational, financial and projection data based on the expectations of the Company's management. Non-accounting data such as quantitative information and values of Launches, Contracted Sales, values of the Casa Verde Amarela Program - CVA (formerly MCMV), market value inventory, Land bank, Results to appropriate, cash consumption and projections were not subject to review by the Company's independent auditors.
The EBITDA indicated in this report represents net earnings before financial results, financial charges in the cost of property sold title, income tax and social contribution, expenses due to depreciation and amortization and participation of non-controlling shareholders. Patrimar understands that the reversal of the adjustment to present value of accounts receivable from units sold and not delivered, registered as gross operating revenue is part of its operating activities and therefore, that revenue was not removed from the calculation of EBITDA. EBITDA is not a financial performance measurement according to Accounting Practices Adopted in Brazil and the IFRS, and it shall also not be considered in isolation, or as an alternative to net profit, as a measurement of operational performance, or as an alternative to operational cash flows, or as a measurement of liquidity. For not being considered in its calculation, the financial results, financial charges included in the title and the cost of property sold, income tax and social contribution, expenses with depreciation and amortization and participation of non-controlling shareholders, EBITDA works as an indicator of the general economic performance of Patrimar, not impacted by changes of the burden of income tax and social contribution or depreciation and amortization levels. EBITDA, however, presents limitations that negatively impact its use as a measurement of Patrimar's profitability, for not considering some cost incurred in Patrimar's businesses, which could significantly impact Patrimar's profits, such as financial results, taxes, depreciation and amortization, capital expenditures and other related cost.

Relationship with Independent Auditors

The Company's policy in contracting the services of independent auditors ensures there is no conflict of interests, loss of independence or objectivity. According to CVM Directive 381/03, we hereby inform our independent auditors - PricewaterhouseCoopers ("PWC") - have provided, in 2020, services other than those relative to external audit and other previously agreed services relative to the Initial Public Offer operation (IPO). In PWC's case, considering that the services and procedures were agreed beforehand, according to the contracting letter, were different and did not mix with the object and procedures of an audit or review of the Company's financial statements, according to the audit/review standards applicable in Brazil, PWC understands that the provision of previously agreed services does not impact the independence and objectivity necessary for performing external audit services

As of fiscal year 2022, the company contracted to provide auditing services to the Company was replaced. Ernst & Young Auditores Independentes was selected for these purposes.

(A free translation of the original in Portuguese)

Patrimar Engenharia S.A.

Parent company and consolidated financial statements at March 31, 2022 and independent auditor's report

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A free translation from Portuguese into English of Independent Auditor's Review Report on individual and consolidated quarterly information prepared in Brazilian currency in accordance with accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) applicable to Brazilian real estate development entities registered with the Brazilian Securities and Exchange Commission (CVM)

Independent auditor's review report on quarterly information

Shareholders, Board of Directors and Officers of
Patrimar Engenharia S.A.
Belo Horizonte - MG

Introduction

We have reviewed the accompanying individual and consolidated interim financial information, contained in the Quarterly Information Form (ITR) of Patrimar Engenharia S.A. for the quarter ended March 31, 2022, comprising the statement of financial position as of March 31, 2022 and the related statements of profit or loss, of comprehensive income, of changes in equity and of cash flows for the three-month period then ended, including the explanatory notes.

Management is responsible for preparation of the individual and consolidated interim financial information in accordance with Accounting Pronouncement NBC TG 21 – Interim Financial Reporting, and IAS 34 – Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), as well as for the fair presentation of this information in conformity with the rules issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of the Quarterly Information Form (ITR). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with Brazilian and international standards on review engagements (NBC TR 2410 and ISRE 2410 - Review of Interim Financial Information performed by the Independent Auditor of the Entity, respectively). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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

Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual and consolidated interim financial information included in the quarterly information referred to above is not prepared, in all material aspects, in accordance with NBC TG 21 and IAS 34 applicable to Brazilian real estate development entities registered with the Brazilian Securities and Exchange Commission (CVM), and presented consistently with the rules issued by the CVM applicable to the preparation of the Quarterly Information Form (ITR).

Emphasis of matter

Revenue recognition in purchase and sale contracts for real estate units under construction

As described in Note 2, the individual and consolidated interim financial information contained in the Quarterly Information Form (ITR) was prepared in accordance with NBC TG 21 and IAS 34, applicable to Brazilian real estate development entities registered with the CVM. Accordingly, the determination of the accounting policy adopted by the Company for recognition of revenue in contracts for the purchase and sale of unfinished real estate units on the aspects related to transfer of control follow the Company management's understanding as to application of NBC TG 47, aligned with CVM's determination expressed in Memorandum Circular CVM/SNC/SEP No. 02/2018. Our conclusion is not qualified in respect of this matter.

Other matters

Corresponding figures audited or reviewed by the previous auditor

The audit of the individual and consolidated balance sheet as at December 31, 2021 and the review of the individual and consolidated interim financial information for the period ended March 31, 2021, presented for comparison purposes, were conducted by another auditor, who issued an unqualified audit report and review report, dated March 09, 2022 and May 05, 2021, respectively.

Statements of value added

The above mentioned quarterly information include the individual and consolidated statement of value added (SVA) for the three-month period ended March 31, 2022, prepared under Company's Management responsibility and presented as supplementary information by IAS 34. These statements have been subject to review procedures performed together with the review of the quarterly information with the objective to conclude whether they are reconciled to the interim financial information and the accounting records, as applicable, and if its format and content are in accordance with the criteria set forth by NBC TG 09 – Statement of Value Added. Based on our review, nothing has come to our attention that causes us to believe that they were not prepared, in all material respects, consistently with the overall individual and consolidated interim financial information.

Belo Horizonte, May 10, 2022.

ERNST & YOUNG
Auditores Independentes S.S.
CRC-2SP015199/O-6

Rogério Xavier Magalhães
Contador CRC-1MG080613/O-1

Patrimar Engenharia S.A.

Balance sheet at March 31

All amounts in thousands of reais (A free translation of the original in Portuguese)

		Parent company		Consolidated	
	Note	**3/31/2022**	**12/31/2021**	**3/31/2022**	**12/31/2021**
Assets					
Current assets					
Cash and cash equivalents	6(a)	4,809	31,765	248,992	243,926
Marketable securities	6(b)	10,766	7,785	58,872	56,415
Trade receivables	7	21,349	26,661	185,286	201,174
Properties for sale	8	4,858	9,005	356,789	402,608
Taxes recoverable		1,811	1,574	10,029	9,270
Prepaid expenses	9	4,226	4,323	23,221	22,011
Other receivables		2,165	1,233	13,880	14,138
Total current assets		49,984	82,346	897,069	949,542
Non-current assets					
Long-term receivables					
Restricted financial investments	6(c)	2,390	2,339	2,390	2,339
Trade receivables	7	5,521	1,852	275,270	245,753
Properties for sale	8	14,749	12,504	67,093	24,403
Judicial deposits	20	79	86	1,205	1,189
Related parties	10	101,305	91,708	7,546	12,013
		124,044	108,489	353,504	285,697
Investments	11	370,574	349,432	29,641	27,697
Property and equipment	12	15,076	15,462	38,047	36,087
Intangible assets	13	6,815	7,494	7,085	7,796
Lease right-of-use		4,170	4,641	4,689	5,102
		396,635	377,029	79,462	76,682
Total non-current assets		520,679	485,518	432,966	362,379
Total assets		570,663	567,864	1,330,035	1,311,921

Patrimar Engenharia S.A.

Balance sheet at March 31

All amounts in thousands of reais **(continued)**

	Note	Parent company 3/31/2022	Parent company 12/31/2021	Consolidated 3/31/2022	Consolidated 12/31/2021
Liabilities and equity					
Current liabilities					
Borrowings and debentures	14	16,378	11,243	61,684	60,797
Leases	15	1,916	1,905	2,361	2,362
Trade payables	16	3,221	6,012	51,367	44,402
Salaries and social charges		7,363	5,146	12,891	9,531
Tax liabilities	17	1,474	1,610	27,867	26,197
Real estate purchase obligations	18	1,551	1,401	23,740	35,942
Dividends payable		80	80	155	80
Advances from customers	19	75	996	370,363	373,167
Other payables		14	21	2,321	1,963
Provision for real estate maintenance	21	531	769	2,963	6,425
Total current liabilities		32,603	29,183	555,712	560,866
Non-current liabilities					
Borrowings and debentures	14	163,833	168,828	206,350	206,853
Leases	15	2,391	2,874	2,461	2,874
Real estate purchase obligations	18	250	400	41,439	32,001
Provision for contingencies	20	1,571	1,542	4,525	6,626
Provision for real estate maintenance	21	743	583	10,438	6,358
Related parties	10	14,276	15,568	5,080	4,268
Provision for investees' net capital deficiency	11	5,352	4,477	4,707	4,793
Total non-current liabilities		188,416	194,272	275,000	263,773
Total liabilities		221,019	223,455	830,712	824,639
Equity	22				
Capital		269,172	269,172	269,172	269,172
Capital reserve		259	259	259	259
Revenue reserves		74,978	74,978	74,978	74,978
Retained earnings		5,235	-	5,235	-
		349,644	344,409	349,644	344,409
Non-controlling interests		-	-	149,679	142,873
Total equity		349,644	344,409	499,323	487,282
Total liabilities and equity		570,663	567,864	1,330,035	1,311,921

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

Patrimar Engenharia S.A.

Statement of income
Quarters ended March 31

All amounts in thousands of reais unless otherwise stated (A free translation of the original in Portuguese)

	Note	Parent company 2022	Parent company 2021	Consolidated 2022	Consolidated 2021
Net operating revenue	24	2,923	16,742	144,477	177,143
Cost of properties sold	25	(2,463)	(9,901)	(101,372)	(109,355)
Gross profit		460	6,841	43,105	67,788
Operating income (expenses)					
General and administrative	25	(7,261)	(8,502)	(12,572)	(10,422)
Selling	25	(2,880)	(1,467)	(16,299)	(9,227)
Equity in the results of investees	11	20,668	24,072	(597)	(7,120)
Other operating income (expenses), net	25	(959)	(104)	(867)	698
Operating profit		10,028	21,048	12,770	41,717
Finance income	27	1,089	985	7,820	4,136
Finance costs	27	(5,830)	(1,100)	(6,122)	(1,364)
Finance (costs) income, net		(4,741)	(115)	1,698	2,772
Profit before income tax and social contribution		5,287	20,933	14,468	44,489
Income tax and social contribution	28	(52)	(220)	(4,381)	(4,067)
Profit for the year		5,235	20,713	10,087	40,422
Attributable to:					
Owners of the parent				5,235	20,713
Non-controlling interests				4,852	19,709
				10,087	40,422
Basic earnings per share - R$	23			0,093439	0,369703
Diluted earnings per share - R$	23			0,093439	0,369703

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

Statement of comprehensive income
Quarters ended March 31

All amounts in thousands of reais unless otherwise stated (A free translation of the original in Portuguese)

	Parent company		Consolidated	
	2022	**2021**	**2022**	**2021**
Profit for the year	5,235	20,713	10,087	40,422
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	5,235	20,713	10,087	40,422
Attributable to:				
Owners of the parent			5,235	20,713
Non-controlling interests			4,852	19,709
			10,087	40,422

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

Patrimar Engenharia S.A.

Statement of changes in equity

All amounts in thousands of reais (A free translation of the original in Portuguese)

		Attributable to owners of the parent								
				Revenue reserves						
	Note	**Share capital**	**Capital reserve**	**Legal reserve**	**Retention reserve**	**Retained earnings (accumulated deficit)**	**Equity**	**Non-controlling interests**	**Total equity**
At December 31, 2020		269,172	259	2,819	22,878	-	295,128	77,187	372,315
Contributions to subsidiaries by non-controlling interests		-	-	-	-	-	-	(3,103)	(3,103)
Partial split-off		-	-	-	-	-	-	-	-
Profit for the year		-	-	-	-	20,713	20,713	19,709	40,422
At March 31, 2021		269,172	259	2,819	22,878	20,713	315,841	93,793	409,634
At December 31, 2021		269,172	259	6,802	68,176	-	344,409	142,873	487,282
Return of capital of subsidiaries		-	-	-	-	-	-	1,954	1,954
Profit for the year		-	-	-	-	5,235	5,235	4,852	10,087
At March 31, 2022		269,172	259	6,802	68,176	5,235	349,644	149,679	499,323

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

Patrimar Engenharia S.A.

Statement of cash flows
Quarters ended March 31

All amounts in thousands of reais (A free translation of the original in Portuguese)

	Parent company		Consolidated	
	2022	**2021**	**2022**	**2021**
Cash flows from operating activities				
Profit for the year	5,235	20,713	10,087	40,422
Adjustments to reconcile profit with cash flows from operating activities				
Depreciation and amortization	1,768	1,661	3,311	2,557
Adjustment of trade receivables to present value	(1)	(876)	1,811	(2,027)
Equity in the results of investees	(20,668)	(24,072)	597	7,120
Provision for real estate maintenance	68	(68)	(447)	861
Provision for labor, civil, and tax contingencies	29	-	335	593
Provision for interest on borrowings	5,694	1,377	8,071	2,690
Deferred income tax and social contribution	52	220	4,381	4,067
	(7,823)	(1,045)	28,146	56,283
Changes in working capital				
Increase (decrease) in assets and liabilities				
Trade receivables	1,643	(4,324)	(15,441)	(48,406)
Properties for sale	1,895	5,444	3,186	(17,833)
Taxes recoverable	(237)	71	(759)	(595)
Other assets	(827)	2,162	(967)	(2,765)
Trade payables	(2,791)	1,891	6,965	6,151
Salaries and social charges	2,217	691	3,360	1,759
Tax liabilities	(142)	(59)	(2,338)	1,921
Real estate purchase obligations	-	-	(2,764)	(2,974)
Advances from customers	(921)	(794)	(2,804)	52,342
Other liabilities	(496)	5,380	137	4,194
Amounts paid for civil, labor, and tax contingencies	115	-	980	(1,838)
	456	10,462	(10,445)	(8,044)
Interest paid	-	(1,444)	(2,373)	(2,616)
Income tax and social contribution paid	(67)	(269)	(2,336)	(2,336)
Net cash provided by (used in) operating activities	(7.434)	7,704	12,992	43,287
Cash flows from investing activities				
Investment in marketable securities	(2,981)	-	(2,457)	-
Changes in restricted financial investments	(51)	(9)	(51)	(9)
Capital contributions in investments	684	(2,129)	(2,627)	1,444
Advances to related parties	(10,889)	3,480	5,279	(1,932)
Net assets RPMV Incorporation	-	-	-	(11,800)
Purchases of property and equipment and intangible assets	(632)	(6,261)	(4,524)	-
Purchases of intangible assets	-	-	-	-
Net cash provided by (used in) investing activities	(13,869)	(4,919)	(4,380)	(12,297)
Cash flows from financing activities				
New borrowings	-	51,391	13,507	68,004
Repayment of borrowings - principal amount	(5,653)	(17,229)	(19,007)	(23,462)
Dividends paid	-	(1,350)	-	(1,350)
Capital decrease	-	-	-	-
Distributions paid to non-controlling interests, net	-	-	1,954	(3,102)
Net cash provided by financing activities	(5,653)	32,812	(3,546)	40,090
Increase in cash and cash equivalents, net	(26,956)	35,597	5,066	71,080
Changes in cash and cash equivalents				
Cash and cash equivalents at the beginning of the year	31,765	11,095	243,926	119,256
Cash and cash equivalents at the end of the year	4,809	46,692	248,992	190,336
Net increase in cash and cash equivalents	(26,956)	35,597	5,066	71,080

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

Statement of value added
Quarters ended March 31

All amounts in thousands of reais (A free translation of the original in Portuguese)

	Parent company		Consolidated	
	2022	**2021**	**2022**	**2021**
Revenue:				
Revenue from sales and services	3,084	17,151	148,203	181,034
Provision for estimated impairment of trade receivables	-	-	-	-
	3,084	17,151	148,203	181,034
Inputs acquired from third parties:				
Cost of properties sold	(2,245)	(9,531)	(92,373)	(103,844)
Electricity, third-party services, and other expenses	186	(3,897)	(25,686)	(15,581)
	(2,059)	(13,428)	(118,059)	(119,425)
Gross value added	1,025	3,723	30,144	61,609
Retentions:				
Depreciation and amortization	(1,768)	(1,661)	(3,311)	(2,557)
Net value added generated by the entity	(743)	2,062	26,833	59,052
Value added received through transfers:				
Equity in the results of investees	20,668	24,072	(597)	(7,120)
Finance income	1,089	985	7,820	4,136
	21,757	25,057	7,223	(2,984)
Total value added to be distributed	21,014	27,119	34,056	56,068
Distribution of value added:				
Personnel				
Compensation	5,423	2,294	5,935	3,697
Charges	1,948	1,011	2,075	1,193
Benefits	2,280	1,342	1,846	1,070
	9,651	4,647	9,856	5,960
Taxes and contributions				
Federal	209	629	7,881	7,965
Municipal	89	30	110	357
	298	659	7,991	8,322
Remuneration of third-party capital:				
Finance costs	5,830	1,100	6,122	1,364
	5,830	1,100	6,122	1,364
Remuneration of own capital:				
Profit for the year	5,235	20,713	5,235	20,713
Non-controlling interests - retained earnings	-	-	4,852	19,709
	5,235	20,713	10,087	40,422
Value added distributed	21,014	27,119	34,056	56,068

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

1 Operations

1.1. General information

Patrimar Engenharia S.A. ("Patrimar" or the "Company") is an unlisted publicly-held company registered under category A with the Brazilian Securities Commission (CVM), and headquartered in the city of Belo Horizonte, State of Minas Gerais, Brazil, at Rodovia Stael Mary Bicalho Motta Magalhães, 521, 17th floor, Belvedere District.

Patrimar is a real-estate development and construction company founded in 1968 with a focus on residential developments. The Company primarily operates in the States of Minas Gerais, Rio de Janeiro and São Paulo. In 2000, Construtora Novolar Ltda. ("Novolar"), a wholly-owned subsidiary of Patrimar since October 1, 2019, was established to serve the middle-income sector, and currently operates in the development, construction, and sale of real estate developments in Minas Gerais, Rio de Janeiro, and São Paulo. Novolar was already a member of the Patrimar Group through the direct interest held by the same stockholders in PRMV Participações S.A.

The Company and its subsidiary Novolar perform development and construction activities through Special Partnerships (SCPs) and Special-Purpose Entities (SPEs) by forming partnerships to facilitate the individual monitoring of the undertakings, the raising of funds to finance production, and improve the financial and accounting control of the projects.

The Company and its subsidiaries are jointly referred to as the "Group". The SCPs and SPEs operate exclusively in the real estate sector and, in most cases, are associated with a specific venture.

The issue of these financial statements was authorized by the Company's management on March 9, 2022.

1.2. Impacts of COVID-19

The Coronavirus outbreak (COVID-19), which was officially declared a pandemic by the World Health Organization (WHO) on March 2, 2020, has affected Brazil and several countries worldwide, posing risks to public health and impacting the global economy.

The Group has been taking risk prevention and mitigation measures, in line with the guidelines provided by Brazilian and international health authorities, to minimize possible effects on the health and wellbeing of employees, their families, partners and communities, and in assuring the continuity of its operations and business. The measures taken by the Group to mitigate the impact of COVID-19 include:

(a) Analysis of estimated impairment of trade receivables

Management has reassessed the potential risk of default on its trade receivables portfolio. Each individual customer was contacted, and, based on credit analyses and reinforcement of guarantees, when appropriate negotiations were conducted made to lengthen payment terms, increasing efforts to assure collections. These results were favorable as they prevented an increase in defaults, secured customer retention and reduced the sales cancellation rate.

(b) Review of assumptions used to measure financial instruments

As the Group's business model for managing financial assets and the characteristics of the contractual cash flow of financial assets remained unchanged, there was no need to review the measurement assumptions.

(c) Analysis of fulfillment of contractual obligations with customers and suppliers

Management reviewed the main contracts with suppliers and customers, and concluded that the contractual obligations have been fulfilled and there was no evidence of insolvency or discontinuity in relation to these contracts.

(d) Analysis of compliance with debt covenants

The Group was in compliance with all the covenants, including the working capital contract (Note 14).

(e) Analysis of the Group's liquidity

Various actions were taken to preserve cash, such as the reassessment of strategic investment priorities, reduction of operational expenses, reduction of salary and working hours for certain employees, organizational restructuring, reduction of expenses with consulting firms and a strategic planning review.

These analyses did not identify any significant effects affecting these financial statements and related explanatory notes.

2 Financial statement presentation and summary of significant accounting policies

2.1. Information presentation

The Group's accounting information comprises:

The parent company and consolidated financial statements, prepared in accordance with accounting policies adopted in Brazil, including the pronouncements issued by the Brazilian Accounting Pronouncements Committee (CPC), as well as International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) applicable to real estate development entities in Brazil, as approved by the Brazilian Accounting Pronouncements Committee (CPC), the Brazilian Securities Commission (CVM) and the Federal Accounting Council (CFC), and disclose all the applicable information of significance to the financial statements, which is consistent with the information utilized by management in the performance of its duties.

Aspects related to the transfer of ownership in sales of real estate units are based on the understanding of the Company management, which is consistent with that expressed by the CVM Official Letter CVM/SNC/SEP/02/2018 on the adoption of the Technical Pronouncement CPC 47 (IFRS 15), in accordance with rules issued by the CVM, applicable to the preparation of the Quarterly Information – ITR.

The quarterly information have been prepared under the historical cost convention, which, for certain financial assets and liabilities, are adjusted to reflect measurement at fair value.

The accounting practices adopted by the subsidiaries are consistent with those adopted by the Company. Where applicable, all intercompany transactions, balances, revenue and expenses are fully eliminated in the accounting information. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the parent company and consolidated financial statements, are disclosed in Note 3.

In preparing this condensed interim financial information contained in the Quarterly Information Form - ITR, the principles, estimates, accounting practices, measurement methods and standards adopted are consistent with those presented in the financial statements of December 31, 2021, except when disclosed . Therefore, the interim financial information for the period ended March 31, 2022 should be read together with the Group's financial statements for the year ended December 31, 2021.

Considering that there were no relevant changes in relation to the composition and nature of the balances presented in the financial statements for the year ended December 31, 2021, the following Explanatory Notes are presented in a condensed form for the period ended March 31, 2022:

- Financial statement presentation and summary of significant accounting policies
- 22. Equity

The presentation of the parent company and consolidated statements of value added, is required by the Brazilian corporate legislation and the accounting practices adopted in Brazil for listed companies.
Under IFRS, the presentation of such statements is considered supplementary information. The condensed interim accounting information contained in the Group's Quarterly Information Form - ITRs for the period ended March 31, 2022 was approved at the Board of Directors' Meeting held on May 10, 2022.

2.2. New accounting pronouncements

In the period ended March 31, 2022, no new standards, amendments and interpretations of standards were issued.

3 Critical accounting estimates and judgments

The Group makes estimates concerning the future based on assumptions. The estimates will, by definition, seldom equal the actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

(i) Budgeted costs

Total budgeted costs, including costs incurred or expected to be incurred during the completion of the construction work, are regularly reviewed by reference to the percentage of completion of the works, and adjustments based on this review, if any, are reflected in the Group's results.

(ii) Recognition of revenue from real estate units under construction

The Group uses the Percentage of Completion (POC) method to account for its contracts for the sale of units in real estate development projects and provision of services. The use of the POC method requires the Group to estimate the costs to be incurred up to the completion of construction and the delivery of the real estate units of each real estate development unit to establish the proportion in relation to the costs already incurred. Revenue is calculated by multiplying this percentage (POC) by the fair value of the revenue from sales already contracted. Accordingly, revenue is recognized on a continuous basis throughout the construction of the real estate development. This determination requires the use of estimates and significant judgment by management.

(iii) Provision for contingencies

Provisions for civil, labor, and tax contingencies are recognized when the Company has a present legal or constructive obligation as a result of past events, the amounts can be reliably estimated, and it is probable that an outflow of resources will be required to settle the obligation.

The amount recognized as a provision is the best estimate of the amount required to settle the obligation at the end of each reporting period, taking into consideration the risks and uncertainties related to the obligation.

When some or all of the economic benefits required for the settlement of a provision are expected to be recovered from a third party, an asset is recognized if, and only if, the reimbursement is certain, and the amount can be reliably measured.

(iv) Provision for canceled sales

This provision is based on assumptions that consider the history and prospects of expected losses, and an individual review of sales contracts.

These assumptions are reviewed annually for any changes in circumstances and trends.

(v) Present value adjustment

Monetary assets and liabilities are adjusted to their present value upon the initial recognition of the transaction, taking into account the contractual cash flows, and the explicit (and in certain cases implicit) interest rate for the respective assets and liabilities, and the rates prevailing in the market for similar transactions. Subsequently, this interest is reallocated to profit or loss using the effective interest rate method in relation to the contractual cash flows.

For trade receivables, the discount rate used considers the weighted annual average of securities issued by the federal government (NTN-B), which have a maturity term similar to that of the receivables.

(vi) Provision for real estate maintenance

This provision is recorded during construction to cover expenses with repairs for developments completed and covered by an average warranty period of five years, as from the delivery date. Properties for which occupancy permit has already been issued and registered are considered completed real estate units.

4 Financial risk management

4.1. Financial risk factors

The Group's activities expose it to a variety of financial risks: credit risk, liquidity risk, and market risk. The Group's risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

Risk management is carried out by the Group's central treasury department, under policies approved by management. These policies are established to identify and analyze the risks to which the Group is exposed, to define risk limits and proper controls, and to monitor the risks and compliance with the defined limits.

Risk management policies and systems are regularly reviewed to reflect changes in market conditions and in the Group's activities. Through its training and management rules and procedures, the Group seeks to maintain an environment of discipline and control in which all employees are aware of their duties and obligations.

(a) Credit risk

Credit risk is the risk that the Group may incur losses arising from the failure of a customer or counterparty to a financial instrument to meet its contractual obligations, as well as from deposits with banks and other financial institutions. Individual risk limits are set based on internal or external ratings in accordance with limits approved by management. The credit analysis department assesses the credit quality of the customer, taking into account its financial position, past experience, and other factors.

The maximum exposure to credit risk is represented by the carrying amount of the financial assets.

The utilization of credit limits is regularly monitored by the Treasury department, and credit risk is managed on a Group basis. For investments in banks and other financial institutions, only securities from entities independently rated with a minimum rating of "Good", and with minimum risk of market exposure are accepted.

Individual risk limits are set based on internal or external ratings in accordance with limits set by management with the aim of minimizing risk concentration and, therefore, mitigating the risk of loss in the event of a potential bankruptcy of a counterparty.

Credit quality of financial assets

The Group presents a conservative investment profile, making use of private bonds issued by top-tier financial institutions, exclusive funds, and open-ended investment funds. These investments aim at earning interest from funds available at levels similar to the market, without exposure to relevant market risks (asset price fluctuations) or counterparty credit risk. The consolidated balances at March 31, 2022 of financial assets that comprised short-term investments are classified as follows, by rating:

Fitch Rating	Consolidated
AAA	229,346
AA	24,477
A	7,744
Other ratings	403
Open-end investment funds (i)	123
Total	262,093

(i) Open-end investment funds of conservative profile, administered by first-tier managers, with investments in government bonds, shares in other investment funds of the same profile, and private securities predominantly rated as AA+ or higher.

The investments made by the Group comply with risk rating limits defined in the Financial Executive Board's management guidelines.

All amounts in thousands of reais unless otherwise stated

Trade receivables

	Parent company		Consolidated	
	2022	2021	2022	2021
Completed units (Note 7)				
With statutory lien	4,988	6,378	30,172	37,481
Without statutory lien	-	-	10,605	5,789
	4,988	6,378	40,777	43,270
Units under construction (Note 7)				
With statutory lien	8,305	9,312	425,315	405,895
Administration services (Note 7)				
Without statutory lien	13,577	12,824	15,543	15,138
	26,870	28,514	481,635	464,303

No credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance by these counterparties in excess of the amount already accrued.

(b) Liquidity risk

Liquidity risk is the risk that the Group may have difficulty in meeting its obligations associated with financial liabilities that are settled in cash or other financial assets. The Group's approach to manage liquidity is to ensure that it always has sufficient liquidity to meet its obligations when they fall due, under normal and stress conditions, without causing unacceptable losses or adversely affecting the Group's reputation.

Cash flow forecasting is performed by the Group's Treasury department, which monitors rolling forecasts of liquidity requirements to ensure it has cash at an amount greater than the cash outflows required to settle financial liabilities (except for "Trade payables") for the following 30 days.

The current cash flows of financial liabilities based on the approximate date of settlement of the related obligations are as follows:

	Parent company				
	2022	2023	2024	2025	Total
At March 31, 2021					
Borrowings (Note 14)	11,034	62,472	84,416	22,289	180,211
Lease (Note 15)	1,433	1,948	926	-	4,307
Trade payables (Note 16)	3,221	-	-	-	3,221
Real estate purchase obligations (Note 18)	1,551	250	-	-	1,801

All amounts in thousands of reais unless otherwise stated

					Consolidated
	2022	2023	2024	2025	Total
At March 31, 2022					
Borrowings (Note 14)	50,393	107,450	87,902	22,289	268,034
Lease (Note 15)	1,825	2,071	926	926	4,822
Trade payables (Note 16)	51,367	-	-	-	51,367
Real estate purchase obligations (Note 18)	23,740	41,439	-	-	65,179

					Parent company
	2022	2023	2024	2025	Total
At March 31, 2021					
Borrowings (Note 14)	11,243	55,975	84,368	28,485	180,071
Lease (Note 15)	1,905	1,948	926	-	4,779
Trade payables (Note 16)	6,012	-	-	-	6,012
Real estate purchase obligations (Note 18)	1,401	400	-	-	1,801

					Consolidated
	2022	2023	2024	2025	Total
At December 31, 2021					
Borrowings (Note 14)	60,797	90,014	88,354	28,485	267,650
Lease (Note 15)	2,362	1,948	926	-	5,236
Trade payables (Note 16)	44,402	-	-	-	44,402
Real estate purchase obligations (Note 18)	35,942	32,001	-	-	67,943

The Group has financial assets (essentially represented by cash, cash equivalents, and trade receivables for real estate developments) that are considered sufficient to meet the commitments associated with its operations.

(c) Market risk

The Group is mainly engaged in the development, construction and sale of real-estate ventures. In addition to the risks that generally affect the real estate market, such as supply chain disruptions and volatility in the price of construction materials and equipment, changes in the supply and demand for real estate developments in certain regions, strikes, and environmental and zoning regulations, the activities of the Group are specifically affected by the following risks.

(i) Interest rate and foreign exchange risk exposure

The Group analyzes its interest rate exposure on a dynamic basis, performing simulations of various scenarios that consider refinancing, renewal of existing positions, and alternative financing. Based on these scenarios, the Group computes the effects on profit or loss from a defined change in interest rates.

The Group has financial investments, investments in an exclusive fund, and borrowings from third parties, with earnings linked to the Interbank Deposit Certificate (CDI, and interest linked to the CDI rate, the Reference Rate (TR), and savings account.

All amounts in thousands of reais unless otherwise stated

The balances of financial investments are exposed to fluctuations in interest rates (particularly the CDI rate). At March 31, 2022, the Group's management carried out a sensitivity analysis for a 12-month scenario, as required by CVM Instruction 475 of December 17, 2008. This analysis does not necessarily reflect the Group's expectations.

Under guidance of Circular Official Letter/CVM 01/2021, the Group considered a fluctuation of 25% and 50% on the balances, taking into account a decrease in financial assets and an increase in financial liabilities:

			Parent company				Consolidated			
Indicators	Index	Rate	03/31/2022	Scenario I - Probable	Scenario II (25%)	Scenario III (50%)	12/31/2021	Scenario I - Probable	Scenario II (25%)	Scenario III (50%)
Assets										
Financial investments	CDI	6.41%	7,131	457	343	229	203,221	13,026	9,770	6,513
Marketable securities	CDI	6,41%	10,766	690	518	345	58,872	3,774	2,831	1,887
Liabilities										
Borrowings for working capital (in Reais - R$)	CDI	6,41%	50,659	3,247	2,435	1,624	50,659	3,247	2,435	1,624
Construction financing (in Reais - R$)	CDI	6,41%	-	-	-	-	46,493	2,980	2,235	1,490
Debentures	CDI	6,41%	130,827	8,386	6,290	4,193	130,837	8,386	6,290	4,193

4.2 Capital management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for stockholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the Group's capital structure, management can make, or may propose to the stockholders when their approval is required, adjustments to the dividend payment policy, return capital to stockholders, pay for new shares, or sell assets to reduce, for example, debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio, which corresponds to net debt divided by total capitalization. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the balance sheet) less cash and cash equivalents and financial investments. Total capitalization is calculated as equity as shown in the balance sheet, plus net debt.

	Parent company		Consolidated	
	3/31/2022	12/31/2021	3/31/2022	12/31/2021
Total borrowings (Note 14)	180,211	180,071	268,034	267,650
Less: Cash and cash equivalents (Note 6(a))	(4,809)	(31,765)	(248,992)	(243,926)
Less: Marketable securities (Note 6(b))	(10,766)	(7,785)	(58,872)	(56,415)
Net debt	164,636	140,521	(39,830)	(32,691)
Total equity	349,644	344,409	499,323	487,282
Total capitalization	514,280	484,930	459,493	454,591
Gearing ratio - %	32%	29%	-9%	-7%

4.3 Fair value estimation

The Group measures its financial assets and liabilities at fair value. Fair value is measured at market value based on the assumptions adopted by the market to measure an asset or a liability. To increase consistency and comparability, the fair value hierarchy prioritizes the inputs used in valuation techniques into three broad levels, as follows:

- **Level 1. Active market:** Quoted market price - A financial instrument is considered to be quoted in an active market if the quoted prices are readily and regularly made available from an exchange or organized over-the-counter market, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent regularly occurring market transactions on an arm's length basis.

- **Level 2. No active market:** Valuation techniques - if the market for a financial instrument is not active, fair value is established by using valuation/pricing techniques. These techniques may include reference to the fair value of another instrument that is substantially the same, discounted cash flows and option pricing models. The objective of the valuation technique is to establish what that fair value would be in an arm's length transaction motivated by normal business considerations.

- **Level 3. No active market:** Equity instruments - fair value of investments in equity instruments that do not have a quoted price in an active market, and derivatives that are linked to and must be settled by delivery of such an equity instrument.

Borrowings are recognized at amortized cost. The Group does not have financial assets measured at Level 1 and 3.

Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk or any other indication that was not identified in the period.

All amounts in thousands of reais unless otherwise stated

5 Financial instruments by nature

	Parent company		Consolidated	
	3/31/2022	12/31/2021	3/31/2022	12/31/2021
Financial assets				
Measured at amortized cost				
Cash and bank accounts (Note 6(a))	68	546	48,161	30,267
Highly liquid financial investments (Note 6 (a))	4,741	31,219	200,831	213,659
Marketable securities (Note 6(b))	10,766	7,785	58,872	56,415
Restricted financial investments (Note 6(c))	2,390	2,339	2,390	2,339
Trade receivables (Note 7)	26,870	28,513	460,556	446,927
Judicial deposits (Note 20)	79	86	1,205	1,189
Related parties (Note 10)	101,305	91,708	7,546	12,013
	146,219	162,196	779,561	762,809
Financial liabilities				
Measured at amortized cost				
Borrowings and debentures (Note 14)	180,211	180,071	268,034	267,650
Lease (Note 15)	4,307	4,779	4,822	5,236
Trade payables (Note 16)	3,221	6,012	51,367	44,402
Real estate purchase obligations (Note 18)	1,801	1,801	65,179	67,943
Related parties (Note 10)	14,276	15,568	5,080	4,268
	203,816	208,231	394,482	389,499

6 Cash and cash equivalents and financial investments

(a) Cash and cash equivalents

	Parent company		Consolidated	
	3/31/2022	12/31/2021	3/31/2022	12/31/2021
Cash	26	26	43	43
Banks	42	520	48,118	30,224
Highly liquid financial investments	4,741	31,219	200,831	213,659
	4,809	31,765	248,992	243,926
Marketable securities (b)	10,465	7,785	58,143	56,415
	10,465	7,785	58,143	56,415

During the period ended March 31, 2022, interest income on financial investments were linked to bank deposits and other short-term highly liquid investments with immaterial risk of change in value, and ranged from 96% to 106% of the CDI rate (from 96% to 109% of the CDI rate at March 31, 2022).

The Company maintains the balance of cash, cash equivalents, and marketable securities for the strategic purpose of meeting short-term commitments and keeping an adequate liquidity level to seize investment opportunities.

All amounts in thousands of reais unless otherwise stated

(b) Marketable Securities

	Parent company		Consolidated	
	3/31/2022	12/31/2021	3/31/2022	12/31/2021
Cash	988	703	5,405	5,255
Financial treasury bill	3,199	2,411	17,491	17,530
CDB	505	467	2,762	2,966
Debentures	1,257	1,012	6,875	7,411
Financial bills - private	4,817	3,192	26,339	23,253
	10,766	7,785	58,872	56,415

The Group's exclusive investment fund portfolio, earning interest at 112% p.a. of the CDI rate at March 31, 2022, is shown above.

(c) Restricted financial investments

	Parent company		Consolidated	
	3/31/2022	12/31/2021	3/31/2022	12/31/2021
Restricted financial investments - non-current	2,390	2,339	2,390	2,339
	2,390	2,339	2,390	2,339

The Group's restricted financial investments in Bank Deposit Certificates (CDB) maturing in over one year have been pledged as collateral for financing the purchase of land. These investments earn 108% of the CDI rate (108% of the CDI rate at December 31, 2021) based on the nature and maturity of the instrument.

7 Trade receivables

	Parent company		Consolidated	
	3/31/2022	12/31/2021	3/31/2022	12/31/2021
Trade receivables from real estate developments				
Completed units	4,988	6,378	40,777	43,270
Units under construction	8,305	9,312	425,315	405,895
Administration services	13,577	12,824	15,543	15,138
	26,870	28,514	481,635	464,303
Provision for canceled sales	-	-	(3,133)	(1,470)
Provision for losses	-	-	(1,275)	(1,046)
Adjustments to present value	-	(1)	(16,671)	(14,860)
	-	(1)	(21,079)	(17,376)
	26,870	28,513	460,556	446,927
Current assets	21,349	26,661	185,286	201,174
Non-current assets	5,521	1,852	275,270	245,753

All amounts in thousands of reais unless otherwise stated

Receivables from the sale of units under construction is recognized by reference to the stage of completion of the works, net of already received installment.

Trade receivables from real estate sales are adjusted based on the National Civil Construction Index (INCC) up to the delivery of the units sold. After that, these amounts are restated based on the General Market Price Index (IGP-M) or Amplified Consumer Price Index (IPCA) and bear an average interest rate of 6% to 12% p.a.

Administration services refer to the administration fee and remuneration for the management and control of the works with other partners.

Maturity of trade receivables from real estate developments

The balance of the Group's trade receivables is presented below, not including the book balance of developments in progress, which are recorded based on the POC method.

	Parent company		Consolidated	
	3/31/2022	12/31/2021	3/31/2022	12/31/2021
Falling due in up to 1 year	24,143	25,790	351,024	408,462
Falling due from 1 to 2 years	760	756	395,027	326,937
Falling due from 2 to 3 years	760	756	159,917	172,679
Falling due from 3 to 4 years	127	315	182,651	127,183
Falling due in more than 4 years	-	-	4,032	41,662
	25,790	27,617	1,092,651	1,076,923
Overdue for up to 1 year	1,059	874	19,931	14,182
Overdue from 1 to 2 years	-	-	1,326	1,164
Overdue from 2 to 3 years	-	-	824	765
Overdue from 3 to 4 years	-	-	470	371
Overdue for more than 4 years	-	-	64	34
	1,059	874	22,615	16,516
	26,849	28,491	1,115,266	1,093,439
Trade receivables - accounting	26,870	28,513	460,556	446,927
Deferred revenue (Note 29)	10	7	914,777	909,278
Advances from customers (Note 19)	(31)	(30)	(281,146)	(280,142)
Present value adjustment	-	1	16,671	14,860
Provision for canceled sales	-	-	3,133	1,470
Provision for losses	-	-	1,275	1,046
	26,849	28,491	1,115,266	1,093,439

All amounts in thousands of reais unless otherwise stated

8 Properties for sale

This includes apartment units for sale, completed and under construction, and land for future developments. The land related to a venture is transferred to "Properties under construction" when the sales of the units are initiated.

	Parent company		Consolidated	
	3/31/2022	**12/31/2021**	**3/31/2022**	**12/31/2021**
Inventories of land	16,453	17,399	144,432	144,598
Units under construction	3,148	4,104	270,158	273,874
Completed units	6	6	7,374	7,792
Provision for canceled sales	-	-	1,918	747
	19,607	21,509	423,882	427,011
Current assets	4,858	9,005	356,789	402,608
Non-current assets	14,749	12,504	67,093	24,403

Capitalized interest

Interest paid on financing of production is accounted for as properties under construction, and charged to profit or loss when the property is sold. The rate used for interest capitalization is specific for each real estate development, ranging from 8.30% to 11.25% p.a. (from 8.3% to 11.25% p.a. at December 31, 2021).

At March 31, 2022, interest capitalized within real estate inventories totaled R$ 1,442 and R$ 119 in Consolidated and in the Parent company, respectively (R$ 1,336 and R$ 161, respectively, at December 31, 2021).

9 Prepaid expenses

	Parent company		Consolidated	
	3/31/2022	**12/31/2021**	**3/31/2022**	**12/31/2021**
Insurance	16	25	3,429	2,979
Commissions and brokerage	-	-	15,531	14,686
Sales promotions	-	-	49	49
Wave Project	3,982	3,982	3,983	3,982
Software maintenance	228	316	229	315
	4,226	4,323	23,221	22,011

Prepaid expenses are recognized in the statement of income on an accrual basis or allocated to the relevant accounts according to the nature of the expenses and expectation of future economic benefits.

All amounts in thousands of reais unless otherwise stated

10 Related parties

	Parent company		Consolidated	
	3/31/2022	12/31/2021	3/31/2022	12/31/2021
(a) Receivables from real estate developments	101,305	91,708	7,546	12,013
Construtora Novolar	52,277	25	-	-
Bernardo Vasconcelos	736	-	-	-
Jardinaves	3,593	-	11	30
Jota Patrimar Engefor	792	-	-	-
Mia Felicita	597	3	-	-
MRV Patrimar Galleria	1,957	-	3	3
Park Residences	246	280	-	-
Gasparini	-	177	-	-
Alta Vila	-	-	15	56
Jardinaves II	2,211	162	163	-
Rio de Janeiro Lourdes	1,715	88	9	35
Golf I	12,920	5,294	-	-
Golf II	5,634	-	-	-
MRV MRL Novolar I	-	-	1,721	1,651
Patrimar Engefor	323	2	-	-
Reality	-	-	724	671
Epic	1,585	-	1,585	1,586
Americas	4,129	10,308	-	1
Avenida de Ligação	553	-	553	1,004
Vale Dos Cristais	1,321	396	-	-
Riviera Do Sol	-	-	724	707
Residencial Inovatto	201	-	14	14
York I	132	-	67	9
Barbacena	104	297	103	4,354
Rua Campo	3,415	-	-	-
Priorato Residences	177	-	10	10
MRV MRL Novolar X	-	1,003	267	254
MRV MRL Novolar V	-	1	186	172
Paçuare	-	-	189	188
Rj 04 Oliveiras/Palmeiras	129	-	129	115
Avenida de Ligação 2	418	-	-	-
Avenida de Ligação 3	1,276	-	-	-
Colina Engefor	220	48,271	-	-
Axis Empreendimentos	43	4,354	30	30
Moinho	-	3,668	-	-
Masb	-	1,713	-	-
Jardim das Mangabeiras	-	3,349	2	3
Minas Brisa	-	1,585	-	-
Madison	560	1,772	-	-
Other developments	4,041	8,960	1,041	1,120
	101,305	91,708	7,546	12,013

All amounts in thousands of reais unless otherwise stated

	Parent company		Consolidated	
	3/31/2022	**12/31/2021**	**3/31/2022**	**12/31/2021**
			-	
(a) Payables for real estate developments	14,276	15,668	5,080	4,268
Alta Vila	3,376	3,391	-	-
Holiday Inn	2,198	2,210	-	-
Jardim Das Mangabeiras	552	1,390	671	-
Manhattan Square	4,655	4,805	-	-
Mrv Engenharia E Participações	-	-	-	1,493
Camargos	447	703	-	-
Belmart	-	4	32	117
Part. Masb	-	-	-	134
Quintas do Morro	1,575	1,623	-	-
Gasparini	59	59	-	-
Recreio dos Bandeirantes	662	1,099	-	-
Engefor Engenharia e Construções	-	-	-	597
Rhadan Consultoria	-	-	-	112
Alamo Patrimar	-	-	1,101	-
Novolar Greenport	-	-	1,675	-
Other developments	752	284	1,601	1,815
	14,276	15,568	5,080	4,268
(b) Related-party transactions with effects on profit or loss	(542)	(1,580)	25,972	24,026
Sales of apartments (i)	-	-	25,031	24,674
Indexation accruals of sales made (i)	-	-	1,483	1,350
Lease of the headquarters' building and Central Warehouse (ii)	(542)	(1,580)	(542)	(1,998)
Deferred revenue (i)	-	-	5,937	5,865

(a) Receivables from and payables for developments

These refer to:

(i) Contributions in a proportion different from that of the interest held by partners in the related SCPs and SPEs, which will be offset and capitalized upon a supplementary contribution to adjust the partners' interests.

(ii) Routine transactions carried out between the Parent company and SCPs and SPEs, mainly characterized by the payment of expenses that are either reimbursed or repaid later. Receivables from and payables for developments, referring exclusively to the development of the projects, are interest-free, and mature by the completion of the project.

(iii) Allocation of common expenses among group companies, performed monthly with objective criteria and based on expenses incurred.

(b) Receivables and related-party transactions with effects on profit or loss

(i) Sale of apartments

In June 2020, an apartment in the Apogée building, SPE Patrimar Somattos Jardim das Mangabeiras, was sold to Construtora Real for R$ 14,500 (R$ 15,737 - updated at March 31, 2022). The revenue recognized based on the POC method up to March 31, 2022, amounted to R$ 15,737, including indexation of trade receivables. The entire transaction was carried out at market value, which was obtained from the sales table adopted by the Company for the development.

In September 2020, an apartment unit in SPE High Line Empreendimentos Imobiliários was sold to Ronaldo Rabelo Leitão for R$ 405 (R$ 483 - updated at March 31, 2022). The POC revenue at March 31, 2022 amounted to R$ 365, including indexation of trade receivables. The entire transaction was carried out at market value, which was obtained from the sales table adopted by the Company for the development.

In May 2021, an apartment unit in the Unique building, SPE Jardinaves Empreendimentos Imobiliários, was sold to Patrícia Veiga for R$ 4,368 (R$ 4,628 - updated at March 31, 2022). The revenue recognized based on the POC method up to March 31, 2022, amounted to R$ 1,443, with the proportional monetary adjustment recognized in trade receivables. The entire transaction was carried out at market value, which was obtained from the sales table adopted by the Company for the development.

In October 2021, an apartment in the L'Essence building, SPE Patrimar Somattos Jardim das Mangabeiras, was sold to a partner of the partner company for R$ 7,535 (R$ 7,653 - updated at March 31, 2022). The revenue recognized based on the POC method up to March 31, 2022 amounted to R$ 7,653, including indexation of trade receivables. The entire transaction was carried out at market value, which was obtained from the sales table adopted by the Company for the development.

In November 2021, an apartment unit in SPE Golf 2 Empreendimentos Imobiliários was sold to Construtora Real for R$ 3,951 (R$ 3,951 - updated at March 31, 2022). The POC revenue at March 31, 2022 amounted to R$ 1,387, including indexation of trade receivables. The entire transaction was carried out at market value, which was obtained from the sales table adopted by the Company for the development.

(ii) Lease of the headquarters' building and Central Warehouse

Payment to Construtora Real related to the lease of the building where the headquarters and the central warehouse are located. Construtora Real is controlled by the same stockholders of the Company. The entire transaction was carried out at market value, using lease transactions of an equivalent nature.

Management's assessment of lease contracts for the adoption of CPC 06 (R2)/IFRS 16 identified that the contract met the requirements of the standard and, therefore, the net debt amount was recorded, discounted at the Company's incremental borrowing rate, within right-of-use assets with a corresponding entry to lease liabilities.

All amounts in thousands of reais unless otherwise stated

11 Investments and provision for investee's net capital deficiency

The Group's investments in companies that recorded investees' net capital deficiency are recognized in liabilities within the "Provision for investees' net capital deficiency" account.

	Parent company		Consolidated	
	3/31/2022	12/31/2021	3/31/2022	12/31/2021
Investments	370,574	349,432	29,641	27,697
Provision for investees' net capital deficiency	(5,352)	(4,477)	(4,707)	(4,793)
	365,222	344,955	24,934	22,904

All amounts in thousands of reais unless otherwise stated

(a) Balances of investments of the parent company at March 31, 2022:

Companies	Equity holding 2022	Profit (loss) for the year 2022	Equity 2022	Equity in the results of investees in the year 2022	Investment and investees' net capital deficiency 2022	Equity holding 2021	Investment and investees' net capital deficiency 2021
Subsidiaries							
Construtora Novolar	100%	11,139	159,379	11,139	159,433	100%	148,294
SPE Álamo Patrimar	98%	-	-	-	-	98%	-
SPE Patrimar Engefor Imóveis Ltda,	50%	(28)	(668)	(14)	(334)	50%	(320)
SPE Maura Valadares	50%	(20)	(40)	(10)	(20)	50%	(10)
SPE Engefor Patrimar V,S, Emp, Imob Ltda,	50%	(4)	(388)	(2)	(194)	50%	(192)
SCP Professor Danilo Ambrósio	95%	(4)	(25)	(4)	(23)	95%	(20)
SCP Jornalista Oswaldo Nobre	90%	(1)	(214)	(1)	(193)	90%	(192)
SCP Gioia dell Colle	90%	(3)	(40)	(3)	(36)	90%	(33)
SCP Manhattan Square	90%	(140)	5,750	(126)	5,175	90%	5,301
SCP Priorato Residences	90%	48	1,504	43	1,355	90%	1,311
SCP Holiday Inn	80%	545	19,963	436	15,970	80%	15,534
SCP Mayfair Offices	90%	-	151	-	136	90%	136
SCP Quintas do Morro	69%	1,093	2,955	752	2,032	69%	2,166
SCP Neuchatel	90%	-	429	-	386	90%	386
SPE MRV Galleria	50%	(352)	(2,893)	(176)	(1,446)	50%	(1,270)
SPE Jardinaves	50%	1,035	11,360	517	5,680	50%	5,163
SPE Jota Patrimar Engefor	50%	(7)	(1,288)	(3)	(644)	50%	(641)
SPE Colina Engefor Patrimar E, Imob Ltda,	50%	(24)	(158)	(12)	(79)	50%	(67)
SPE Patrimar Somattos Jardim das Mangabeiras	50%	(11,218)	84,377	(5,609)	42,188	50%	47,797
Antônio de Alb, SPE Ltda, (EPIC)	50%	4,504	43,631	2,264	21,822	50%	19,557
SPE DUO - Alameda do Morro	40%	7,236	77,420	2,894	30,968	40%	28,074
SPE Vale dos Cristais	50%	-	419	-	210	50%	210
SPE High Line	100%	6,684	32,996	6,684	32,996	100%	26,312
SPE 2300 Rio de Janeiro	50%	3,123	19,042	1,561	9,521	50%	7,960
SPE Le Terrace	43%	-	(16)	-	(7)	43%	(6)
SPE Golf I	100%	(542)	(1,440)	(542)	(1,440)	100%	(898)
SPE Golf II	100%	1,696	12,811	1,696	12,811	100%	11,114
SPE Das Americas 1	100%	-	(189)	-	(189)	100%	(189)
Vila Castela (Madson Square)	100%	-	-	-	-	100%	-
SPE Jardinaves II	50%	(48)	7,304	(24)	3,652	50%	3,676
Rua do Campo	100%	(114)	(362)	(114)	(362)	100%	(248)
SPE Avenida de Ligação 2	100%	(1)	(1)	(1)	(1)	100%	-
SPE Rio 2 Ltda	100%	(1)	(1)	(1)	(1)	100%	-
		24,596	471,768	21,344	339,366		318,905
Jointly-controlled investees							
Alba	9%	279	25,303	25	2,197	9%	2,314
SCP RJ 04	50%	60	570	30	285	50%	255
SPE Mirante do Ibituruna Ltda,	34%	-	8,015	-	2,705	34%	2,705
SCP Portal do Bosque	50%	-	143	1	72	50%	72
SCP Park Ritz	48%	7	909	3	436	48%	433
SCP Recanto das Águas	51%	(35)	104	(18)	53	51%	70
SCP MRV Belo Campo	50%	(21)	32	(15)	16	50%	31
SCP MRV Rec, Pássaros (Rouxinol)	40%	(136)	652	(98)	198	40%	230
SCP MRV Res, Beija Flor	40%	(14)	301	(12)	115	40%	110
SPE Padre Marinho	50%	(7)	5,125	(48)	2,133	50%	2,880
SCP Rívoli 1 e 2	40%	(4)	293	4	117	40%	95
SPE Acaba Mundo E, Imob Ltda,	50%	-	1,631	-	814	50%	814
SPE MRV Patrimar RJ IX Ltda, (Andorinhas) 1 e 2	40%	(1)	410	2	164	40%	155
SPE Barbacena Empr Imob, S,A,	50%	(156)	16,863	(78)	8,534	50%	8,612
SPE Patrimar Somattos Gasparini Ltda,	50%	110	12,233	54	6,161	50%	6,107
SPE Direcional Patrimar Maragogi	45%	(66)	544	(36)	176	45%	(13)
SPE Avenida de Ligação	50%	(17)	2,299	(201)	1,148	50%	624
SPE Somattos Patrimar quadra 40	50%	(8)	492	(3)	240	50%	243
		(9)	75,919	(390)	25,564		25,737

Equity holding	Profit (loss) for the year	Equity	Equity in the results of investees in the year	Investment and investees' net capital deficiency	Equity holding	Investment and investees' net capital deficiency

Companies	2022	2022	2022	2022	2022	2021	2021
Associates							
SCP Safira (Decaminada 10)	24%	(2)	(1,040)	1	(250)	24%	(249)
SCP João XXIII	24%	(19)	(30)	(5)	(7)	24%	(3)
SCP Palo Alto	10%	(73)	2,892	(7)	289	10%	296
SCP Park Residences	10%	(11)	1,795	(1)	179	10%	181
SPE Novo Lar Greenport	20%	(2)	(630)	-	(126)	20%	(126)
SPE Axis 1 Porto Fino	10%	90	2,072	9	207	10%	214
Other investments	100%	-	-	(283)	-	100%	-
		(17)	5,059	(286)	292		313
		24,570	552,746	20,668	365,222		344,955

(b) Changes in balances at December 31, 2021 and March 31, 2022 were as follows:

Companies	At December 31, 2021	Contributions	Dividend distribution	Equity in the results	Reversals	Investment write-offs	At March 31, 2022
Construtora Novolar	148,294	-	-	11,139	-	-	159,433
SPE Patrimar Engefor Imóveis Ltda,	(320)	-	-	(14)	-	-	(334)
SPE Maura Valadares	(10)	-	-	(10)	-	-	(20)
SPE Engefor Patrimar V,S, Emp, Imob Ltda,	(192)	-	-	(2)	-	-	(194)
SCP Professor Danilo Ambrósio	(20)	-	-	(4)	-	-	(24)
SCP Jornalista Oswaldo Nobre	(192)	-	-	(1)	-	-	(193)
SCP Gioia dell Colle	(33)	-	-	(3)	-	-	(36)
SCP Manhattan Square	5,301	-	-	(126)	-	-	5,175
SCP Priorato Residences	1,311	1	-	43	-	-	1,355
SCP Holiday Inn	15,534	-	-	436	-	-	15,970
SCP Mayfair Offices	136	-	-	-	-	-	136
SCP Quintas do Morro	2,169	-	(886)	752	-	-	2,035
SCP Neuchatel	386	-	-	-	-	-	386
SPE MRV Galleria	(1,271)	-	-	(176)	-	-	(1,447)
SPE Jardinaves	5,163	-	-	517	-	-	5,680
SPE Jota Patrimar Engefor	(642)	-	-	(3)	-	-	(645)
SPE Colina Engefor Patrimar E, Imob Ltda,	(66)	-	-	(12)	-	-	(78)
SPE Patrimar Somattos Jardim das Mangabeiras	47,797	-	-	(5,609)	-	-	42,188
Antônio de Alb, SPE Ltda, (EPIC)	19,557	-	-	2,264	-	-	21,821
SPE DUO - Alameda do Morro	28,073	-	-	2,894	-	-	30,967
SPE Vale dos Cristais	209	-	-	-	-	-	209
SPE High Line	26,312	-	-	6,401	283	-	32,996
SPE 2300 Rio de Janeiro	7,960	-	-	1,561	-	-	9,521
SPE Le Terrace	(6)	-	-	-	-	-	(6)
SPE Golf I	(898)	-	-	(542)	-	-	(1,440)
SPE Golf II	11,114	-	-	1,696	-	-	12,810
SPE Das Americas 1	(189)	-	-	-	-	-	(189)
SPE Jardinaves II	3,676	-	-	(24)	-	-	3,652
SPE Rua do Campo	(248)	-	-	(114)	-	-	(362)
SPE Avenida de Ligação 2	-	-	-	(1)	-	-	(1)
SPE Rio 2	-	-	-	(1)	-	-	(1)
	318,905	1	(886)	21,061	283	-	339,364

All amounts in thousands of reais unless otherwise stated

Companies	At December 31, 2021	Contributions	Dividend distribution	Equity in the results	Reversals	Investment write-offs	At March 31, 2022
Jointly-controlled investees							
ALBA	2,314	-	(129)	25	-	(13)	2,197
SCP RJ 04	255	-	-	30	-	-	285
SPE Mirante do Ibituruna Ltda,	2,704	-	-	-	-	-	2,704
SCP Portal do Bosque	73	-	-	1	-	-	74
SCP Park Ritz	433	-	-	3	-	-	436
SCP Recanto das Águas	71	-	-	(18)	-	-	53
SCP MRV Belo Campo	30	-	-	(15)	-	-	15
SCP MRV Rec, Pássaros (Rouxinol)	230	66	-	(98)	-	-	198
SCP MRV Res, Beija Flor	110	17	-	(12)	-	-	115
SPE Padre Marinho	2,880	-	(700)	(48)	-	-	2,132
SCP Rívoli 1 e 2	95	25	-	4	-	-	124
SPE Acaba Mundo E, Imob Ltda,	814	-	-	-	-	-	814
SPE MRV Patrimar RJ Ix Ltda, (Andorinhas) 1 e 2	155	1	-	2	-	-	158
SPE Barbacena Empr Imobiliários S/A	8,612	4,250	(4,250)	(78)	-	-	8,534
SPE Patrimar Somattos Gasparini Ltda,	6,107	-	-	54	-	-	6,161
SPE Direcional Patrimar Maragogi Ltda,	(13)	225	-	(36)	-	-	176
SPE Avenida de Ligação	624	725	-	(201)	-	-	1,148
SPE Somattos Patrimar Quadra 40	243	-	-	(3)	-	-	240
	25,737	5,309	(5,079)	(390)	-	(13)	25,564
Subsidiaries / associates							
SCP Safira (Decaminada 10)	(249)	-	-	1	-	-	(248)
SCP João XXIII	(3)	-	-	(5)	-	-	(8)
SCP Palo Alto	297	-	-	(7)	-	-	290
SCP Park Residences	181	-	-	(1)	-	-	180
SPE Novo Lar Greenport	(126)	-	-	-	-	-	(126)
SPE Axis 1 Porto Fino	213	-	(16)	9	-	-	206
	313	-	(16)	(3)	-	-	294
	344,955	5,310	(5,981)	20,668	283	(13)	365,222

(c) Balances of investments in Consolidated (unconsolidated companies) at March 31, 2022:

	Equity holding (%)		Profit (loss) for the year	Equity	Equity in the results of investees in the year	Investment and investees' net capital deficiency
Companies	**2022**	**2021**	**2022**	**2022**	**2022**	**2022**
Alba	9%	9%	279	25,303	23	2,197
SCP Manchete	40%	40%	(280)	2,516	(115)	996
SCP MRV Belo Campo	50%	50%	(21)	32	(15)	16
SCP MRV Rec, Pássaros (Rouxinol)	40%	40%	(136)	652	(98)	198
SCP MRV Res, Beija Flor	40%	40%	(14)	301	(12)	115
SCP Pacuare	50%	50%	(13)	(597)	(6)	(299)
SCP Park Ritz	48%	48%	7	909	(3)	436
SCP Park Rossete	51%	51%	73	2,221	37	1,133
SCP Parque Araras	50%	50%	18	25	8	12
SCP Parque Bem Te Vi	50%	50%	(17)	101	(9)	50
SCP Parque Gaivotas	50%	50%	(19)	8	(12)	(1)
SCP Parque Sabia	50%	50%	(6)	75	(3)	36
SCP Portal do Bosque	50%	50%	-	143	-	72
SCP Reality e Renovare	51%	51%	249	(1,696)	127	(865)
SCP Recanto das Águas	51%	51%	(35)	104	(18)	53
SCP Recanto do Tingui	35%	35%	(89)	(418)	(31)	(146)
SCP Riviera da Costa e Sol	48%	48%	(19)	(1,328)	(9)	(637)
SCP Rívoli 1 e 2	40%	40%	(4)	293	16	117
SCP RJ 04	50%	50%	60	570	30	285
SPE Acaba Mundo Emp, Imob Ltda,	50%	50%	-	1,631	-	814
SCP Andorinhas	40%	40%	(1)	410	4	164
SPE Barbacena Empr Imobiliários S,A,	50%	50%	(156)	16,863	(78)	8,534
SPE Direcional Patrimar Maragogi Ltda,	50%	50%	(66)	544	(36)	176
SPE Mirante do Ibituruna Ltda,	34%	34%	-	8,015	-	2,705
SPE Padre Marinho	50%	50%	(7)	5,125	(48)	2,133
SPE Park Riversul	35%	35%	(25)	(62)	(30)	(22)
SPE Patrimar Somattos Gasparini Ltda,	50%	50%	110	12,233	54	6,161

All amounts in thousands of reais unless otherwise stated

Companies	Equity holding (%) 2022	Equity holding (%) 2021	Profit (loss) for the year 2022	Equity 2022	Equity in the results of investees in the year 2022	Investment and investees' net capital deficiency 2022
SPE Recreio Bandeirantes	35%	35%	(26)	(1,158)	(10)	(407)
SPE Recreio Gaveas	35%	35%	(167)	5,126	(62)	1,790
SPE Recreio Pontal	35%	35%	(281)	(6,656)	(103)	(2,330)
SPE Avenida de Ligação	50%	50%	(17)	2,299	(201)	1,148
SPE Somattos Patrimar Quadra 40	50%	50%	(8)	492	3	240
Outros			-	-	-	60
			(611)	74,076	(597)	24,934

(d) At March 31, 2022, the balances of asset and liability accounts, net revenue and profit of unconsolidated entities were as follows:

Companies	Current assets 2022	Non-current assets 2022	Current liabilities 2022	Non-current liabilities 2022	Equity 2022	Profit (Loss) 2022	Net revenue 2022
Alba	26,763	-	1,460	-	25,303	279	282
SCP Manchete	681	2,466	88	543	2,516	(280)	9
SCP MRV Belo Campo	114	62	60	84	32	(21)	-
SCP MRV Rec, Pássaros (Rouxinol)	561	330	14	225	652	(136)	1
SCP MRV Res, Beija Flor	396	103	159	39	301	(14)	2
SCP Pacuare	24	(365)	7	249	(597)	(13)	-
SCP Park Ritz	1,107	(14)	88	96	909	7	-
SCP Park Rossete	2,439	(29)	167	22	2,221	73	(6)
SCP Parque Araras	111	6	21	71	25	18	3
SCP Parque Bem Te Vi	172	1	(14)	86	101	(17)	3
SCP Parque Gaivotas	102	9	41	62	8	(19)	3
SCP Parque Sabia	79	3	7	-	75	(6)	2
SCP Portal do Bosque	15	129	1	-	143	-	-
SCP Reality e Renovare	161	(1,288)	55	514	(1,696)	249	25
SCP Recanto das Águas	101	11	4	4	104	(35)	-
SCP Recanto do Tingui	(183)	(100)	(69)	204	(418)	(89)	(48)
SCP Riviera da Costa e Sol	435	(1,395)	14	354	(1,328)	(19)	(12)
SCP Rívoli 1 e 2	213	197	80	37	293	(4)	-
SCP RJ 04	782	(121)	58	33	570	60	13
SPE Acaba Mundo Emp, Imob Ltda,	1,631	-	-	-	1,631	-	-
SCP Andorinhas	182	291	33	30	410	(1)	2
SPE Barbacena Empr Imobiliários S,A,	18,586	65	1,549	239	16,863	(156)	3,852
SPE Direcional Patrimar Maragogi Ltda,	564	-	31	(11)	544	(66)	-
SCP Mirante do Ibituruna Ltda,	8,022	(5)	2	-	8,015	-	-
SPE Padre Marinho	6,174	-	1,049	-	5125	(7)	-
SPE Park Riversul	62	63	42	145	(62)	(25)	-
SPE Patrimar Somattos Gasparini Ltda,	12,630	18	414	1	12,233	110	197
SPE Recreio Bandeirantes	113	67	1,294	44	(1,158)	(26)	-
SPE Recreio Gaveas	1,415	214	(3,633)	136	5,126	(167)	68
SPE Recreio Pontal	411	165	6,278	954	(6,656)	(281)	101
SPE Avenida de Ligação	2,306	20	27	-	2,299	(17)	2
SPE Somattos Patrimar Quadra 40	493	-	1	-	492	(8)	13
	86,662	903	9,328	4,161	74,076	(611)	4,512

All amounts in thousands of reais unless otherwise stated

12 Property and equipment

Property and equipment items are depreciated as below:

	Annual depreciation rate
Sales stands and model apartments (i)	-
Leasehold improvements	20,00%
Machinery and equipment	10,00%
Vehicles	20,00%
Furniture and fittings	10,00%
IT equipment	20,00%

(i) Sales stands depreciated per estimated flow of sales of each project or written off in case of phase-out,

The balances of property and equipment at March 31, 2022 were as follows:

					Parent company					**Consolidated**
	Balance at 12/31/2021	**Additions**	**Write-offs**	**Transfers**	**Balance at 3/31/2022**	**Balance at 12/31/2021**	**Additions**	**Write-offs**	**Transfers**	**Balance at 3/31/2022**
Cost										
Leasehold improvements	8,027	-	-	-	8,027	8,027	-	-	-	8,027
Machinery and equipment	10,153	-	-	-	10,153	12,003	-	-	-	12,003
Vehicles	1,068	1	-	-	1,069	1,068	1	-	-	1,069
Furniture and fittings	2,257	277	-	-	2,534	2,257	277	-	-	2,534
Sales stands and model apartments	496	-	(496)	-	-	11,960	6	(605)	312	11,673
IT equipment	1,469	196	(6)	-	1,659	1,498	197	(6)	-	1,689
Construction in progress	2,116	158	(3)	-	2,271	11,524	4,043	-	(312)	15,255
Total cost	25,586	632	(505)	-	25,713	48,337	4,524	(611)	-	52,250
Depreciation										
Leasehold improvements	(5,100)	(339)	-	-	(5,439)	(5,096)	(344)	-	-	(5,440)
Machinery and equipment	(3,177)	(72)	-	-	(3,249)	(3,761)	(168)	-	-	(3,929)
Vehicles	(704)	(41)	-	-	(745)	(704)	(41)	-	-	(745)
Furniture and fittings	(807)	(67)	-	-	(874)	(807)	(66)	-	-	(873)
Sales stands and model apartments	(81)	(18)	99	-	-	(1,612)	(1,379)	121	-	(2,870)
IT equipment	(255)	(75)	-	-	(330)	(270)	(77)	1	-	(346)
Total depreciation	(10,124)	(612)	99	-	(10,637)	(12,250)	(2,075)	122	-	(14,203)
Total property and equipment, net	15,462	20	(406)	-	15,076	36,087	2,449	(489)	-	38,047

All amounts in thousands of reais unless otherwise stated

Reconciliation of depreciation and amortization for the purpose of preparing the statement of cash flows and the statement of income (including intangible assets and lease right-of-use):

	Parent company		Consolidated	
	03/31/2022	03/31/2021	03/31/2022	03/31/2021
Property and equipment (Note 12)	(612)	(2,308)	(2,075)	(4,474)
Amortization of intangible assets (Note 13)	(679)	(2,701)	(711)	(2,829)
Depreciation of right-of-use assets	(470)	(1,818)	(582)	(2,647)
Closing balance	(1,761)	(6,827)	(3,368)	(9,950)

13 Intangible assets

The balances of intangible assets at March 31, 2022 were as follows:

	Parent company					Consolidated				
	Balance at 12/31/2021	Additions	Write-offs	Transfers	Balance at 3/31/2022	Balance at 12/31/2021	Additions	Write-offs	Transfers	Balance at 3/31/2022
Cost										
Computer software license	13,364	-	-	-	13,364	14,008	-	-	-	14,008
Total cost	13,364	-	-	-	13,364	14,008	-	-	-	14,008
Amortization										
Computer software license	(5,870)	(679)	-	-	(6,549)	(6,212)	(711)	-	-	(6,923)
Total amortization	(5,870)	(679)	-	-	(6,549)	(6,212)	(711)	-	-	(6,923)
Total intangible assets, net	7,494	(679)	-	-	6,815	7,796	(711)	-	-	7,085

Computer software license is amortized at the rate of 20% p,a,

All amounts in thousands of reais unless otherwise stated

14 Borrowings and debentures

	Parent company		Consolidated	
	3/31/2022	12/31/2021	3/31/2022	12/31/2021
Construction financing (c(i))	-	-	87,823	87,579
Borrowings for working capital (in Reais - R$) (c(ii))	50,659	50,608	50,659	50,608
Debentures (c(iii))	130,827	130,837	130,827	130,837
Unamortized cost of debentures	(1,275)	(1,374)	(1,275)	(1,374)
	180,211	180,071	268,034	267,650
Current liabilities	16,378	11,243	61,684	60,797
Non-current liabilities	163,833	168,828	206,350	206,853

(a) Covenants

The Company has a working capital contract, which includes covenants that are tested on a quarterly basis and is committed to keep the net working debt below R$ 30 million until the full settlement of the contracted obligations, The commitments undertaken by the Company are being fulfilled as agreed,

(b) Changes

Changes in borrowings in the period was as follows:

	Parent company		Consolidated	
	2021	2020	2021	2020
Opening balance	180,070	82,660	267,650	133,886
Releases	-	133,982	13,507	260,709
Provision for interest payable	5,694	12,789	8,157	18,343
Repayments - interest	-	(1,034)	(2,373)	(6,008)
Repayments - principal	(5,653)	(46,963)	(19,007)	(137,917)
Funding costs	100	(1,363)	100	(1,363)
Closing balance	180,211	180,071	268,034	267,650

(c) Types

(i) **Construction financing:** This type of borrowing is designed to fund projects during the construction period, The applicable interest rates range from 3,5% to 13,23 % p,a,, depending on the operation, plus the Reference Rate (TR), CDI rate or savings rate (8,3% and 11,25% in December 2021), These financing arrangements are secured by real estate development/ideal fraction of future units to which it is related,

All amounts in thousands of reais unless otherwise stated

(ii) **Working capital:** This type of borrowing is designed to finance the Group's working capital requirements, The average interest rate applicable to this type of borrowing is the CDI rate+ 3,75% p,a, This borrowing is not backed by collateral,

(iii) **Debentures:** On March 18, 2021, the Company's Board of Directors approved the first placement of simple unsecured debentures, not convertible into shares, in a single series, for private placement by the Company, in the total amount of up to R$ 100 million, which were fully subscribed by ISEC Securitizadora S,A, ("ISEC") to back the 239th series of the 4th issue of Certificates of Real Estate Receivables (CRIs), to be distributed through a public offering with restricted placement efforts, pursuant to the terms of CVM 476/2009, The first tranche of R$ 50 million was closed on March 31, 2021, and the second, of R$ 30,1 million, on May 11, 2021, totaling R$ 80,1 million raised by the first issue of debentures, The remuneration will be 100% of the DI rate exponentially increased by a surcharge of 2,99%, maturing on March 26, 2025,

On May 24, 2021, the Company's Board of Directors approved the 2nd placement of simple unsecured debentures, not convertible into shares, in a single series, for private placement by the Company, in the total amount of up to R$ 50 million, to be distributed through a public offering with restricted placement efforts, pursuant to the terms of CVM 476/2009, On May 31, 2021, the total of R$ 50 million was raised, The remuneration will be 100% of the DI rate exponentially increased by a surcharge of 2,39%, maturing in four years from the issue date,

(d) Maturities

Amounts related to construction financing, recorded in current and non-current liabilities, mature as follows:

	Parent company			Consolidated
	2021	2020	2021	2020
2022	-	-	39,359	49,554
2023	-	-	44,978	34,039
2024	-	-	3,486	3,986
2025			-	-
	-	-	87,823	87,579

Amounts related to working capital, recorded in current and non-current liabilities, mature as follows:

	Parent company			Consolidated
	2021	2020	2021	2020
2022	10,494	10,608	10,494	10,608
2023	20,165	20,000	20,165	20,000
2024	20,000	20,000	20,000	20,000
2025				
	50,659	50,608	50,659	50,608

All amounts in thousands of reais unless otherwise stated

Amounts related to debentures, recorded in current and non-current liabilities, mature as follows:

	Parent company		Consolidated	
	3/31/2022	12/31/2021	3/31/2022	12/31/2021
2022	540	635	540	635
2023	42,307	35,975	42,307	35,975
2024	64,416	64,368	64,416	64,368
2025	22,289	28,485	22,289	28,485
	129,552	129,463	129,552	129,463

15 Leases

	Parent company		Consolidated	
	3/31/2022	12/31/2021	3/31/2022	12/31/2021
Leases	4,307	4,779	4,822	5,236
	4,307	4,779	4,822	5,236
Current liabilities	1,916	1,905	2,361	2,362
Non-current liabilities	2,391	2,874	2,461	2,874

Changes in leases were as follows:

	Parent company		Consolidated	
	3/31/2022	12/31/2021	3/31/2022	12/31/2021
Opening balance	4,779	1,715	5,236	3,869
Leases	-	4,823	281	5,566
Termination of lease contract	-	-	(105)	(1,577)
Repayments - lease - principal	(472)	(1,759)	(590)	(2,622)
Repayments - lease - interest	(26)	(141)	(27)	(207)
Financial charges - lease	26	141	27	207
Closing balance	4,307	4,779	4,822	5,236

Amounts recorded in current and non-current liabilities by maturity period are as follows:

	Parent company		Consolidated	
	3/31/2022	12/31/2021	3/31/2022	12/31/2021
2022	1,433	1,905	1,825	2,362
2023	1,948	1,948	2,071	1,948
2024	926	926	926	926
2025	-	-	-	-
	4,307	4,779	4,822	5,236

All amounts in thousands of reais unless otherwise stated

Leases:

Rental agreement related to administrative facilities (warehouse, headquarters, offices), with a remaining term of 26 to 30 months, discounted to present value at the rate of 2,31% p,a,

Rental agreement related to housing facilities for engineers, with a remaining term of one month, discounted to present value at the rate of 2,31% p,a,

Rental agreement related to commercial spaces (stores and sales stand), with a remaining term of nine months, discounted to present value at the rate of 2,31% p,a,

Lease agreement related to heavy equipment, with a remaining term of 1 to 12 months, discounted to present value at the rate of 2,31% p,a,

16 Trade payables

	Parent company		Consolidated	
	3/31/2022	12/31/2021	3/31/2022	12/31/2021
Trade payables	2,672	5,477	43,980	37,775
Technical retentions	549	535	7,387	6,627
	3,221	6,012	51,367	44,402

The balance of trade payables represents commitments assumed by the Group for acquisition of the inputs required to perform the services contracted, or purchase of equipment with own funds,

Technical retentions correspond to a contractual agreement, which has the purpose of_ensuring compliance with the construction contracts, Accordingly, a specific contractual percentage is withheld from the amounts payable to the contractor to cover any non-compliance with the contract provisions, At the end of the contract, once all requirements are met, the amount is refunded to the service provider,

17 Tax liabilities

The income tax, social contribution on net income, and PIS and COFINS are calculated on a cash basis, The balances of taxes payable are estimated on the accrual basis of accounting and are recorded as deferred taxes, as shown below, Balances of taxes payable according to the prevailing tax system:

All amounts in thousands of reais unless otherwise stated

	Parent company		Consolidated	
Taxes payable	**3/31/2022**	**12/31/2021**	**3/31/2022**	**12/31/2021**
Special Taxation Regime (RET)	76	7	2,181	138
National Institute for Social Security (INSS)	49	60	2,405	2,502
Services Tax (ISS)	153	168	643	925
Social Integration Program (PIS)	-	-	-	13
Other taxes withheld	410	448	567	363
	688	683	5,796	3,941
Deferred taxes				
Special Taxation Regime (RET)	465	606	20,624	20,975
Social Contribution on Revenues (COFINS)	265	321	645	668
Social Contribution on Net Income (CSLL)	-	-	525	399
Social Integration Program (PIS)	56	-	277	214
	786	927	22,071	22,256
	1,474	1,610	27,867	26,197

18 Real estate purchase obligations

Include amounts to be settled in cash related to the acquisition of land used in real estate developments,

	Parent company		Consolidated	
	3/31/2022	**12/31/2021**	**3/31/2022**	**12/31/2021**
Land developed	800	400	43,823	44,609
Land not developed	1,001	1,401	21,356	23,334
	1,801	1,801	65,179	67,943
Current liabilities	1,551	1,401	23,740	35,942
Non-current liabilities	250	400	41,439	32,001

All amounts in thousands of reais unless otherwise stated

19 Advances from customers

Relate to sales of real estate units and the commitment to deliver completed units arising from the acquisition of land for real estate development through a barter arrangement,

	Parent company		Consolidated	
	3/31/2022	12/31/2021	3/31/2022	12/31/2021
Advances from customers and barter transactions for construction in progress	31	30	281,146	280,142
Advances related to customized units	-	-	48,320	47,435
Barter transactions for land - developments not launched	44	966	40,897	45,590
	75	996	370,363	373,167
Current liabilities	75	996	370,363	373,167
Non-current liabilities	-	-	-	-

20 Provision for contingencies and judicial deposits

Provision for contingencies

	Parent company		Consolidated	
	3/31/2022	12/31/2021	3/31/2022	12/31/2021
Civil	121	115	2,384	3,924
Tax	1,427	1,427	1,466	1,453
Labor	23	-	675	1,249
	1,571	1,542	4,525	6,626

Judicial deposits

	Parent company		Consolidated	
	3/31/2022	12/31/2021	3/31/2022	12/31/2021
Civil	-	-	869	869
Labor	79	86	336	320
	79	86	1,205	1,189

All amounts in thousands of reais unless otherwise stated

Changes in the 3-month period ended March 31, 2022:

Contingencies

	Parent company	Consolidated
Opening balance	1,542	6,626
Additions	23	55
Write-offs	-	(2,436)
Update	6	280
Closing balance	1,571	4,525

Judicial deposits

	Parent company	Consolidated
Opening balance	86	1,189
Additions	-	23
Write-offs	-	(7)
Closing balance	(7)	-
	79	1,205

The Group companies are parties to tax, labor and civil disputes at the administrative and judicial levels, and, when applicable, are supported by judicial deposits,

The corresponding provisions for contingencies were set considering the estimate made by management under the advice of legal counsel for proceedings involving the risk of probable loss,

Possible risk of loss contingencies:

The Group companies are parties to other legal proceedings of a tax, civil and labor nature arising in the normal course of business, for which the likelihood of an unfavorable outcome is considered possible by management under the advice of legal counsel, The amounts are approximately R$ 3,047 (labor claims), R$ 41,614 (tax claims) and R$ 7,752 (civil claims), totaling R$ 52,413 (R$48,858 at December 31, 2021),

Accordingly, no provision was recorded for possible risk of loss, Judicial rulings are subject to appeals before the competent courts,

The most significant contingency relates to land exchange,

As part of the process for purchase and sale of properties, the Group acquires land to be developed based on the "land exchange" method, On September 4, 2014, the Federal Revenue Secretariat (SRF) issued Cosit Normative Opinion # 9, which changed the understanding of the income tax legislation with respect to the deemed profit (Decree 3,000 of March 26, 1999), requiring that revenue from physical exchange transactions recognized at fair value should be considered as the tax basis for calculation of IRPJ, CSLL, PIS and COFINS, Based on this understanding, in 2017 and 2018 tax assessment notices amounting to R$ 28,718 were served against the Group,

The Group, together with its legal counsel, has been discussing this matter at the administrative level, claiming that the assessment notice should be declared null and void on the grounds that the recognition of fair value arising from the execution of barter agreements cannot give rise to any effects on the calculation bases of the referred taxes, The likelihood of loss for this case has been classified as possible and the estimated risk involved at March 31, 2022, amounted to R$ 38,522 (R$ 37,369 at December 31, 2021), As the decisions already rendered, both within the scope of the Administrative Board of Tax Appeals (CARF) and the High Court of Justice (STJ), were favorable to taxpayers, no provision for contingencies with respect to this matter was recorded at March 31,2022,

All amounts in thousands of reais unless otherwise stated

21 Provision for real estate maintenance

The Group offers warranties to cover construction issues, as required by Brazilian legislation.

To support this commitment with no impact on future years and provide an adequate balance between revenues and costs for each project under construction, a provision of 1,5% of the estimated construction cost was recorded at March 31, 2022.

This estimate is based on historical averages and expectations of future outflows, according to analyses performed by the Group's engineering department, which are reviewed annually.

The provision is recorded as the work progresses by applying this percentage to actual costs incurred, Maintenance costs are charged to the provision in accordance with the contractual requirements for warranty coverage.

Changes in the provision for real-estate maintenance were as follows:

	Parent company		Consolidated	
	3/31/2022	12/31/2021	3/31/2022	12/31/2021
Opening balance	1,352	1,532	12,783	8,762
Additions	22	72	992	4,971
Write-offs	(100)	(252)	(374)	(950)
Closing balance	1,274	1,352	13,401	12,783

22 Equity

(a) Capital

At March 31, 2021, share capital of R$ 269,172 (R$ 269,172 at December 31, 2021) was represented by 56,025,501 common shares, At January 1, 2022, the Company's stockholding structure was as follows:

All amounts in thousands of reais unless otherwise stated

Stockholders	%	Common shares
PRMV Participações S,A,	63,92	35,804
Alexandre Araújo Elias Veiga	1,87	1,049
Heloísa Magalhães Martins Veiga	1,87	1,049
Renata Martins Veiga Couto	16,17	9,062
Patrícia Martins Veiga	16,17	9,062
	100%	56,026

(b) Legal reserve

This reserve is credited annually with 5% of the profit for the year in compliance with article 193 of Law 6,404/76, up to the limit of 20% of capital,

(c) Profit distribution policy

The Company's bylaws establish that 25% of the profit, after deducting the portion transferred to the legal reserve, will be distributed as mandatory minimum dividends, The retained portion of the profit will be subsequently allocated as determined by the stockholders,

23 Earnings per share

The table below presents the data on earnings and number of shares/quotas used in the calculation of basic and diluted earnings per share:

	3/31/2022	3/31/2021
Basic and diluted earnings per share:		
Profit for the period	5,235	20,713
Weighted average number of shares (in thousands)	56,026	56,026
Basic and diluted earnings per share - R$	0,093439	0,369703

24 Net operating revenue

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

	Parent company		Consolidated	
	03/31/2022	03/31/2021	03/31/2022	03/31/2021
Gross revenue from the sales of properties	2,371	17,384	159,642	185,712
Service revenue	754	470	406	2,207
Canceled sales	(41)	(1,579)	(14,065)	(9,485)
Changes in the provision for canceled sales	1	876	1,991	2,600
Present value adjustment (i)	(162)	(409)	(3,497)	(3,891)
Taxes on billings				
Net operating revenue	2,923	16,742	144,477	177,143

(i) As the financing facilities provided to its customers is inherent to its operations, the Company recognizes the reversals (accretion) of present value adjustments of trade receivables as operating revenue,

25 Costs and expenses by nature

	Parent company		Consolidated	
	03/31/2022	03/31/2021	03/31/2022	03/31/2021
Cost of properties sold				
Materials	(665)	(1,568)	(35,138)	(30,515)
Land	(229)	(3,715)	(21,138)	(44,518)
Completed units	(33)	(2,456)	(1,535)	(5,182)
Personnel expenses	(218)	(370)	(8,999)	(5,511)
Subcontractors	(973)	(1,250)	(23,669)	(17,263)
Housing loan costs	(41)	(436)	(2,379)	(1,724)
Other	(304)	(106)	(8,514)	(4,642)
	(2,463)	(9,901)	(101,372)	(109,355)

All amounts in thousands of reais unless otherwise stated

	Parent company		Consolidated	
	03/31/2022	03/31/2021	03/31/2022	03/31/2021
General and administrative expenses				
Personnel expenses	(3,451)	(4,052)	(7,992)	(4,830)
Administrative general expenses	(660)	(650)	(969)	(945)
Depreciation and amortization	(1,751)	(1,606)	(1,879)	(1,812)
Outsourced services	(1,399)	(2,194)	(1,732)	(2,835)
	(7,261)	(8,502)	(12,572)	(10,422)

	Parent company		Consolidated	
	03/31/2022	03/31/2021	03/31/2022	03/31/2021
Selling expenses				
Personnel expenses	(1,812)	(595)	(1,864)	(1,130)
Commissions and brokerage	(120)	(51)	(4,726)	(2,654)
Sales stands/model apartments	(2)	(2)	(154)	(134)
Advertising	(311)	(295)	(4,078)	(2,885)
Other selling expenses	(635)	(524)	(5,477)	(2,424)
	(2,880)	(1,467)	(16,299)	(9,227)

	Parent company		Consolidated	
Other operating income (expenses), net	03/31/2022	03/31/2021	03/31/2022	03/31/2021
Real estate financing expenses	(11)	(153)	(5)	(193)
Tax expenses	-	-	(8)	(7)
Provision for contingencies	(30)	-	2,102	1,245
Losses from insufficient guarantees and others (i)	(57)	-	(117)	-
Other operating income and expenses	(861)	257	(2,839)	(347)
	(959)	104	(867)	698

(i) Property received in guarantee at amounts below the corresponding debt balance and discontinued projects written off,

26 Management fees

Management compensation for the years ended December 31, 2021 and 2020 is shown below:

	03/31/2022	12/31/2021
Management fees	1,324	5,596
Welfare benefits	116	306
Charges	266	1,105

All amounts in thousands of reais unless otherwise stated

Based on the provisions of CPC 05, which address related-party disclosures, the Group considers that its key management include the members of the Board of Directors and all executive officers as per its bylaws, whose duties involve decision-making and control over the Group's activities,

27 Finance income (costs) net

	Parent company		Consolidated	
	03/31/2022	**03/31/2021**	**03/31/2022**	**03/31/2021**
Finance income				
Contractual indexation and interest accruals	338	929	1,010	3,593
Interest on financial investments	718	54	6,758	526
Swap gains	33	2	52	17
Other finance income				
	1,089	985	7,820	4,136
Finance costs	(5,711)	(1,061)	(5,858)	(1,165)
Interest on borrowings	(116)	(30)	(262)	(177)
Bank fees and charges	-	-	-	(1)
Financing expenses	-	(9)	-	(21)
Swap losses	(3)	-	(2)	-
Other finance costs				
	(5,830)	(1,100)	(6,122)	(1,364)
	(4,741)	(115)	1,698	2,772

All amounts in thousands of reais unless otherwise stated

28 Income tax and social contribution expense

Corporate income tax and social contribution on net income are calculated on an accrual basis, but paid on a cash basis, Therefore, the Company records them as deferred taxes through to date of payment,

Reconciliation of tax rate from statutory to effective rate:

	Parent company		Consolidated	
	03/31/2022	03/31/2021	03/31/2022	03/31/2021
Profit before IRPJ and CSLL	5,287	20,933	14,468	44,489
ate - 34%	(1,798)	(7,117)	(4,919)	(15,126)
Effect on exclusions (equity accounting)	7,027	8,184	(203)	(2,421)
Segregated asset structure (RET)	67	(49)	2,360	1,730
		(1,238)		11,750
Unrecognized tax losses (RET)	(5,348)		(1,619)	
IRPJ and CSLL expenses	(52)	(220)	(4,381)	(4,067)
Effective rate	0,98%	1,05%	30,28%	9,14%

Management believes that deferred tax assets from tax losses should not be recognized as projected taxable income, as a substantial part of the Group's operations is carried out through SPEs and SCPs under the Special Taxation Regime (RET) adopted for certain projects developed by the Group, Accordingly, tax losses, if any, are not carried forward.

All amounts in thousands of reais unless otherwise stated

29 Deferred revenue and deferred costs

Disclosure pursuant to Circular Official Letter 02/2018 of December 12, 2018, which addresses revenue recognition by Brazilian companies from agreements for the purchase and sale of uncompleted real estate units, The information mainly relates to deferred revenue and deferred costs of units under construction.

			Parent company	Consolidated
Developments under construction				
(i)		**Deferred revenue from units sold**		
	(a)	Developments under construction:	75,860	2,499,755
		Revenue from contracted sales	(79,443)	(1,636,617)
		Revenue from recognized sales	3,593	51,639
		Canceled sales - reversed revenue		
			(75,850)	(1,584,978)
	(b)	Revenue from recognized sales, net		
			10	914,777
		Deferred revenue (a+b)		
(ii)		**Budgeted deferred cost of units sold**		
	(a)	Developments under construction:		
		Budgeted costs	43,063	1,607,683
		Construction costs incurred	(43,063)	(969,596)
	(b)	Incurred costs, net	(43,063)	(969,596)
		Deferred costs of units sold (a+b)	-	638,087
(iii)		**Budgeted deferred costs of units in inventory**		
		Developments under construction:		
	(a)	Budgeted costs	2,976	458,626
	(b)	Incurred costs	(2,976)	(209,504)
		Deferred costs of units in inventory (a+b)	-	249,504

30 Commitments

(a) Commitments for purchase of land

The Group has undertaken commitments for purchases of land, which have not yet been reflected in the accounting records, as there are matters pending resolution by the sellers before the formalization of the deed and transfer of the related property title to the Company, its subsidiaries or partners, These commitments total R$ 746,746 (R$ 698,432 at December 31, 2021) of which: R$ 674,133 (R$ 628,034 at December 31, 2021) relate to exchanges for real estate units to be constructed and/or to the share of the proceeds from the sale of the related developments, and R$ 72,613 (R$ 70,398 at December 31, 2021) relate to balancing payments.

Land is accounted for when all resolutive clauses, or any other type of restriction, have been remedied, that is, when the entity has control of the economic resource.

(b) Lease commitments

At December 31, 2021, commitments related to the lease of large items of equipment and real estate totaled R$ 4,779 (R$ 1,715 in 2020) in the Parent company and R$ 5,236 (R$ 3,869 in 2020) in the Consolidated.

31 Segment reporting

The Group's main source of revenue derives from real estate development activities, The chief operating decision-maker analyzes information on each development for the purpose of allocating resources and assessing the performance, The management of activities concerning strategic planning, finance, purchases, investment of resources and assessment of the performance of developments is centralized, and there is no segregation by type of development (residential - high and middle income and commercial) that could establish segment-based management or other factors that could identify a set of components as operating segments of the entity.

32 Insurance

At December 31, 2021, the Group held the following insurance policies:

(a) Engineering risk insurance - civil works in progress: offers a coverage for all the risks involved in the construction of real estate, such as fire, theft and damage resulting from construction works, among others, This type of insurance permits additional coverage for risks inherent to construction works, including civil liability and cross liability insurance, special expenses, riots, employer's civil liability, and personal damages.

(b) Business risk insurance - coverage for sales stands and model apartments against damage caused by fire, theft, lightning and explosion, among others.

(c) Multiple peril insurance - coverage for electronic equipment against possible theft or electrical damage.

(d) Civil liability insurance (management).

All amounts in thousands of reais unless otherwise stated

At December 31, 2021, the insurance coverage was as follows:

Items	Type of coverage	Insured amount Consolidated
Contractor - Completion bond (SGTO)	Benefiting the financing agent in the event of technical and financial losses not met by the Company,	74,128
Civil liability (management)	Coverage for pain and suffering to the Company's managers (D&O)	15,000
Insurance - construction (engineering risk)/Civil liability	Indemnity for damage caused to the works during the construction period of the project, such as fire, lightning strike, theft, among other specific coverage for facilities and assemblies at the insured site, Indemnity, up to the policy's cap, of the amounts for which the Company may have civil liability related to repairs for involuntary personal and/or material damages caused to third parties,	1,428,395
Commercial multiple peril insurance	Indemnity for fire, lightning strike, and explosion, Also, coverage for windstorm, aircraft crashes, loss of rent, among others, In addition, they may include civil liability coverage (family insurance for the condominium, and/or condominium manager, material damages to third-party vehicles), medical/hospital/dental expenses for people etc,	13,702
Guarantee insurance - contractual obligations	For company and public agency fulfillment of contracts, by indemnifying the insured party for breaches of contracts (contractual obligations) of several types,	152,219
Post-completion bond - maintenance bond (SGPE)	For maintenance of units delivered for up to five years, for damages provided under the consumer protection code,	10,747
Equipment	Indemnity for losses directly from risks related to machinery, equipment and implements, of fixed or mobile types, for non-agricultural use,	190
Housing	Indemnity for damages caused by fire, lightning strike and explosion, in addition to other additional coverage that can be contracted, aiming at supplementing the insurance policy and protecting the property against other risks, including theft, collapse, vehicle crash, aircraft crash, windstorm, hurricane, cyclone, hailstorm, electrical damages etc,	450
Legal guarantee	As an alternative to judicial deposits and escrows for assets in cases of litigation, Widely accepted at the judicial level as a new guarantee or as a substitute for existing guarantees,	5,171
Contractor - Completion Bond - Infrastructure not included	For the execution of the external infrastructure works up ceiling for losses from failure to honor the obligations to complete the construction of related external infrastructure,	14,886

33 Transactions not involving cash or cash equivalents

	Parent company		Consolidated	
	03/31/2022	03/31/2021	03/31/2022	03/31/2021
Investing activities				
Transfers of property and equipment - Leases as per IFRS 16	(470)	197	(414)	377
Capitalized Interest	-	(104)	(86)	6

34 Events after the reporting period

On April 29, 2022, the 2021 management accounts and the additional dividend of R$ 5,976 to shareholders were approved at the Annual Shareholders' Meeting, holders of shares issued by the Company referring to April 29, 2022.

* * *

Opinions and Declarations of Officers on the Financial Statements

In compliance with the provisions of Article 25, paragraph 1, items V and VI of the CVM Instruction 480/09, of December 7, 2009, the Company's officers affirm that they have reviewed, discussed, and approved the parent company and consolidated financial statements (Parent company and Consolidated) for the year ended March 31, 2022.

Belo Horizonte,

Chief Executive Officer - ALEXANDRE ARAÚJO ELIAS VEIGA

Chief Financial Officer and Investor Relations Officer - FELIPE ENCK GONÇALVES

Opinions and Declarations of Officers on the Independent Auditor's Report

In compliance with the provisions of Article 25, paragraph 1, items V and VI of CVM Instruction 480/09, of December 7, 2009, the Company's officers affirm that they have reviewed, discussed and approved the opinion expressed in the Independent Auditor's Report dated March 9, 2022, on the parent company and consolidated financial statements for the year ended December 31, 2021.

Belo Horizonte, March 9, 2022,

Chief Executive Officer - ALEXANDRE ARAÚJO ELIAS VEIGA

Chief Financial Officer and Investor Relations Officer - FELIPE ENCK GONÇALVES

EXECUTIVE BOARD

ALEXANDRE ARAÚJO ELIAS VEIGA
Chief Executive Officer

FELIPE ENCK GONÇALVES
Chief Financial Officer and Investor Relations Officer

RESPONSIBLE ACCOUNTANT

ROGER TADEU VILELA FERREIRA
Contador