Financial Statements

4Q23

Viver Incorporadora e Construtora S.A.

Contents

Viver Incorporadora e Construtora S.A.
Statements of Financial Position as at December 31, 2023 and 2022
(Expressed in thousands of reais - R$, unless otherwise stated)

		Parent Company		Consolidated	
Assets	**Notes**	**12/31/23**	**12/31/22**	**12/31/23**	**12/31/22**
			(Restated)		(Restated)
Current					
Cash and cash equivalents	6	3	3	14,097	38,974
Trade receivables	7	-	4,290	27,830	66,107
Inventories	8	1,056	375	76,789	82,189
Other receivables	9	386	522	21,166	11,176
Recoverable taxes	10	44	81	5,399	4,886
Unrecognized selling expenses		197	433	613	900
		1,686	5,704	145,894	204,232
Noncurrent					
Trade receivables	7	-	2	6,865	275
Inventories	8	-	1,170	128,729	128,485
Related parties	19	116,954	52,951	4,241	3,270
Other receivables	9	367	339	4,283	4,053
Recoverable taxes	10	40	40	14,885	14,083
Unrecognized selling expenses		32	-	339	1,051
		117,393	54,502	159,342	151,217
Investments	11	34,706	39,178	10,039	8,401
Property, plant and equipment, net		1,717	1,210	2,115	2,755
Intangible assets		124	166	124	166
		153,940	95,056	171,620	162,539
Total assets		155,626	100,760	317,514	366,771

		Parent Company		Consolidated	
Liabilities and equity	**Notes**	**12/31/23**	**12/31/22**	**12/31/23**	**12/31/22**
			(Restated)		(Restated)
Current					
Borrowings and financing	12	-	-	15,241	36,574
Debentures	12	-	233,462	-	233,462
Co-obligation in assignment of receivables	13	-	-	1,365	1,396
Trade payables	14	1,936	4,120	7,823	12,237
Payroll and taxes payable	18.1	4,679	3,437	37,582	34,283
Deferred taxes	18.2	-	257	204	829
Trade payables	15	4,607	5,704	52,383	58,572
Leases payable	15	-	121	-	484
Customer and other advances	16	-	-	7,219	2,528
Payables for committed properties	16	-	-	10,256	5,656
Related parties	17	91,718	9,735	2,987	11,396
Provisions for warranties	19	-	-	1,226	812
Allowance for loss on investments	11	34,653	18,442	850	809
		137,593	275,278	137,136	399,038
Noncurrent					
Borrowings and financing		-	-	25,447	-
Co-obligation in assignment of receivables	13	-	-	-	1
Payroll and taxes payable	18.1	617	935	903	2,256
Deferred taxes	18.2	-	-	274	1
Trade payables	15	-	-	1,461	1,499
Leases payable	15	553	153	553	612
Payables for committed properties	16	-	-	-	11,102
Provision for litigation	19	11,570	26,722	146,447	154,590
		12,740	27,810	175,085	170,061
Total liabilities		150,333	303,088	312,221	569,099
Equity (negative equity)					
Share capital	20	2,763,010	2,482,665	2,763,010	2,482,665
Share issue costs	20	(37,855)	(37,855)	(37,855)	(37,855)
Subscribed shares for cancellation	20	(45,244)	(45,244)	(45,244)	(45,244)
Accumulated losses	-	(2,674,618)	(2,601,894)	(2,674,618)	(2,601,894)
		5,293	(202,328)	5,293	(202,328)
Noncontrolling interests		-	-	-	-
Total equity (negative equity)		5,293	(202,328)	5,293	(202,328)
Total liabilities and equity (negative equity)		155,626	100,760	317,514	366,771

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

Viver Incorporadora e Construtora S.A.

Statements of Comprehensive Income for the Years Ended December 31, 2023 and 2022
(Expressed in thousands of reais - R$, unless otherwise stated)

	Notes	Parent Company		Consolidated	
		12/31/23	12/31/22 (Restated)	12/31/23	12/31/22 (Restated)
Net operating revenue	22	923	15,139	69,536	121,982
(-) Costs of properties sold	22	(396)	(5,121)	(51,725)	(83,091)
(=) Gross Profit		527	10,018	17,811	38,891
(-) Operating revenue (expenses)					
General and administrative expenses	23	(24,735)	(20,038)	(39,275)	(41,256)
Selling expenses	24	(148)	(269)	(8,297)	(6,566)
Other operating income (expenses)	26	(20,377)	(28,177)	(41,890)	(57,299)
Share of profit from equity accounted investments	11	(26,540)	(20,378)	(176)	(69)
(=) Operating loss before finance income (costs)		(71,273)	(58,844)	(71,827)	(66,299)
Finance costs	25	(1,458)	(1,755)	(3,912)	(2,762)
Finance income	25	7	33	3,523	9,924
(=) Finance income (costs), net		(1,451)	(1,722)	(389)	7,162
(=) Loss before income tax and social contribution		(72,724)	(60,566)	(72,216)	(59,137)
(-) Current income tax and social contribution expenses	21	-	-	(477)	(605)
(-) Deferred income tax and social contribution liabilities	21	-	26,516	(56)	26,503
(=) Loss for the year		(72,724)	(34,050)	(72,749)	(33,239)
Attributable to					
Owners of the Company				(72,724)	(34,050)
Noncontrolling interests				(25)	811
				(72,749)	(33,239)
Basic and diluted loss per share	21	(3.1254)	(0.2249)	-	-

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

(Expressed in thousands of reais - R$, unless otherwise stated)

	Parent		Consolidated	
	12/31/23	12/31/22 (Restated)	12/31/23	12/31/22 (Restated)
Loss for the year	(72,724)	(34,050)	(72,749)	(33,239)
Other comprehensive income	-	-	-	-
(=) Comprehensive income for the year	(72,724)	(34,050)	(72,749)	(33,239)
Attributable to				
Owners of the Company	(72,724)	(34,050)	(72,724)	(34,050)
Noncontrolling interests	-	-	(25)	811
	(72,724)	(34,050)	(72,749)	(33,239)

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

Viver Incorporadora e Construtora S.A.
Statement of Changes in Equity (Negative Equity) for the Years Ended December 31, 2023 and 2022
(Expressed in thousands of reais - R$, unless otherwise stated)

	Notes	Paid-in capital	Share issue costs	Subscribed shares for cancellation	Accumulated losses	Equity	Noncontrolling interests	Total consolidated equity
Balance at December 31, 2021		**2,449,892**	**(37,855)**	**(45,244)**	**(2,567,844)**	**(201,051)**	**-**	**(201,051)**
Capital increase by private subscription	20.1	32,773	-	-	-	32,773	-	32,773
Noncontrolling interests		-	-	-	-	-	(811)	(811)
Loss for the year			-	-	(34,050)	(34,050)	811	(33,239)
Balance at December 31, 2022 (restated)		**2,482,665**	**(37,855)**	**(45,244)**	**(2,601,894)**	**(202,328)**	**-**	**(202,328)**
Capital increase by private subscription	20.1	118	-	-	-	118	-	118
Capital increase, 5th issue of debentures	20.1	22,897	-	-	-	22,897	-	22,897
Capital increase, 7th tranche	20.1	218,167	-	-	-	218,167	-	218,167
Capital increase, 8th tranche	20.1	39,163	-	-	-	39,163	-	39,163
Profit distribution to noncontrolling interests		-	-	-	-	-	25	25
Loss for the year		-	-	-	(72,724)	(72,724)	(25)	(72,749)
Balance at December 31, 2023		2,763,010	(37,855)	(45,244)	(2,674,618)	5,293	-	5,293

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

Viver Incorporadora e Construtora S.A.
Statements of Cash Flows for the Years Ended December 31, 2023 and 2022
(Expressed in thousands of reais - R$, unless otherwise stated)

	Parent Company		Consolidated	
	12/31/23	12/31/22 (Restated)	12/31/23	12/31/22 (Restated)
Cash flows from operating activities				
Loss before income tax and social contribution	(72,724)	(60,566)	(72,216)	(59,137)
Adjustments for				
Depreciation and amortization	227	387	734	1,237
Allowance for asset impairment	948	2,078	(10,962)	(22,013)
Provision for litigation	31,731	11,122	39,154	32,700
Provisions for construction warranties	-	-	-	(634)
Deferred taxes	(257)	(354)	(352)	(1,764)
Borrowing costs	11	19	15	129
Share of profit from equity accounted investments	26,540	20,378	176	69
	(13,524)	**(26,936)**	**(43,451)**	**(49,413)**
Changes in assets and liabilities				
(Increase)/decrease in assets				
Trade receivables	2,923	(7,152)	42,480	(3,144)
Inventories	910	(375)	5,325	(25,354)
Recoverable taxes	37	214	(1,315)	(13,441)
Other receivables	108	(1,051)	(10,220)	6,792
Related parties	(68,137)	(25,374)	(1,008)	2,075
Current accounts with real estate project partners	-	1,354	-	1,347
Unrecognized selling expenses	204	(402)	999	(281)
Increase/(decrease) in liabilities				
Payroll and taxes payable	924	21,096	1,890	863
Trade payables	(2,184)	5,251	(4,414)	1,622
Trade payables	(1,097)	8,964	(6,259)	(7,787)
Leases payable	-	(133)	-	(470)
Related parties	81,983	574	(8,409)	2,845
Land payable	-	-	(6,502)	6,211
Advances from customers	-	-	4,691	3,403
Taxes paid	-	-	(477)	-
Net cash from operating activities	**2,147**	**(21,868)**	**(26,670)**	**(74,732)**
Cash flows from investing activities				
Transfers of SPE shares	-	(12,292)	-	(4,311)
Capital subscription	(1,731)	-	(1,711)	-
Capitalized interest	8	-	-	-
In property, plant and equipment/intangible assets	(692)	(902)	(52)	(1,370)
Net cash from/(used in) investing activities	**(2,415)**	**(13,194)**	**(1,763)**	**(5,681)**
Cash flows from financing activities				
Borrowings and financing, debentures, co-obligation in assignment of receivables	-	22,878	15,115	43,740
Repayments of borrowings and financing, debentures, co-obligation in assignment of receivables	(11)		(11,016)	
Lease payments for the right of use (principal and interest)	279	-	(543)	-
Capital increase	-	12,180	-	12,180
Net cash from financing activities	268	35,058	3,556	55,920
Cash and cash equivalents at the end of the year	**3**	**3**	**14,097**	**38,974**
Decrease in cash and cash equivalents	-	(4)	(24,877)	(24,493)
Cash and cash equivalents at the beginning of the year	3	7	38,974	63,467
Cash and cash equivalents at the end of the year	**3**	**3**	**14,097**	**38,974**

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

Viver Incorporadora e Construtora S.A.
Statements of Value Added for the Year Ended December 31, 2023 and 2022
(Expressed in thousands of reais - R$, unless otherwise stated)

	Parent Company		Consolidated	
	12/31/23	**12/31/22**	**12/31/23**	**12/31/22**
Revenue		(Restated)		(Restated)
Sales and services	(704)	18,707	80,948	83,962
	(704)	18,707	80,948	83,962
Inputs acquired from third parties				
Costs of products, goods and services	(388)	(5,121)	(48,750)	(83,091)
Supplies, power, outside services, and other operating costs	(1,655)	(1,402)	(4,295)	(3,984)
Other	(28,430)	(42,547)	(71,677)	(45,109)
	(30,473)	(49,070)	(124,722)	(132,184)
Gross value added	**(31,177)**	**(30,363)**	**(43,774)**	**(48,222)**
Depreciation, amortization and depletion, net	(227)	(387)	(734)	(1,237)
Wealth created by the Company	(31,404)	(30,750)	(44,508)	(49,459)
Wealth received in transfer				
Share of profit from equity accounted investments	(26,540)	(20,377)	(176)	(69)
Finance income	7	33	3,523	9,924
	(26,533)	(20,344)	3,347	9,855
Wealth for distribution	(57,937)	(51,094)	(41,161)	(39,604)
Wealth distributed				
Personnel				
Payroll and related taxes	13,380	7,122	20,819	14,973
Sales commissions	17	62	2,282	1,462
Taxes, fees and contributions				
Federal	(257)	(26,247)	1,092	(25,896)
Municipal	134	193	460	256
Lenders and lessors				
Interest	1,464	1,754	6,888	2,763
Leases	49	72	47	77
Shareholders				
Loss for the year	(72,724)	(34,050)	(72,724)	(34,050)
Noncontrolling interests			(25)	811
	(57,937)	(51,094)	(41,161)	(39,604)

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

1. Nature of operations

Viver Incorporadora e Construtora S.A. ("Company" or "Viver") is a publicly traded company with its head offices in São Paulo, State of São Paulo, the shares of which are traded on B3 S.A. under ticker symbol VIVR3, and there is no agreement between its shareholders to form a controlling block.

The Company, together with its subsidiaries and joint ventures, is primarily engaged in the development of real estate projects, in particular residential and commercial projects, by holding interest in the projects through special purpose entities, and partnerships, as well as the provision of services for management of the real estate projects.

1.1 Court-supervised reorganization (ended on December 17, 2021)

After the IPO in 2007, the Company adopted an expansionary strategy, following the industry trend, and later, because of the market downturn, started facing the consequences of this growth model, both due to market issues and the existing capital structure, which proved to be incompatible with the strategy adopted.

Starting 2012, the Brazilian macroeconomic scenario became challenging for the industry's expansion and cash generation prospects. Faced with this combination of adverse factors, in 2012, Viver reached a crisis. At the time, Viver posted extremely high fixed expenses, an organizational structure disproportionate to its operation, corporate debts with short-term maturities of over R$700 million, over 30 halted projects, and no prospects for obtaining funding to complete construction works.

Also in 2012, the Company elected to start restructuring its activities by changing its management team and conducting business guided by five pillars: (i) cost reduction and cash preservation; (ii) deleveraging/sale of assets; (iii) project delivery; (iv) strengthening of the capital structure; and (v) creating value.

The restructuring strategy was implemented as planned. There was a 75% decrease in overall and administrative costs, assets sold totaled approximately R$500 million, corporate debt was dropped by 62% (over R$400 million), in addition to the renegotiation of the other payables, over R$150 million were raised for the completion of construction works, and finally yet importantly, virtually every project under construction was delivered.

Notwithstanding all efforts and success in implementing the guiding pillars, the macroeconomic scenario had a major impact on the business model that was being implemented under the new management and resulted in the crisis faced by the Company at the time:

a) The expected price gain did not materialize, quite the contrary, the real estate market became drastically worse;

b) Sales velocity at levels well below the historical series;

c) Volume of fund transfer highly impacted by the macroeconomic prospects—banks were very restrictive in terms of loans to individuals;

d) Massive increase in returned units through contract cancellations from buyers;

e) Exponential increase in the number of lawsuits, especially regarding cancellations of commitments to buy real estate units, which affected and still affects the cash generation of the SPEs.

In 2016, the Company underwent a number of successful operational restructurings that allowed it to improve its structure and, as a result, the structure of its investees. These projects include: (i) a specific effort to sell and monetize assets; (ii) a project for monetizing complex, free cash assets, with low conversion of sales into cash; (iii) renegotiation of expenses on suppliers and lawyers; (iv) negotiation with financial creditors to close financial debt settlement transactions at a discount; (v) operating restructuring of key functions of the administrative structure, resulting in department reorganization and downsizings; (vi) raising funds, in particular to finance operations; and (vii) settlement of lawsuits to reduce contingent liabilities.

The Company, however, did not succeed in implementing the planned measures at the financial level, which resulted in the worsening of its financial crisis and the financial issues faced by its investees: (i) the attempts to renegotiate debts faced the resistance of main creditors to the proposed terms; and (ii) because it failed to reach agreements with its creditors, the Company was once again not in a position to attract in new capital. Several discussions for this purpose were dropped because there was no agreement with the banks. With insufficient funds, the Company started renegotiating the debt payment installments with banks and suppliers, which caused a reduction in the amount of credit available to the Company.

The Company was in a deterioration cycle of its value. In order to reverse this cycle, on September 16, 2016, the Court-supervised Reorganization was implemented as the most appropriate measure to preserve value for all the Viver Group stakeholders, and allow the settlement of liabilities, restore a relation of trust with the customers, suppliers, and banks, resume launches, and finally overcome its financial crisis.

On September 28, 2016, the Judge of the 2nd Bankruptcy and Court-supervised Reorganization Court of the Judicial District of the Capital of the State of São Paulo accepted the Company's application for its Court-supervised Reorganization, along with other companies of its corporate group, determining, among other measures: (i) exemption from submitting debt clearance certificates so that the Company may conduct its activities; (ii) suspension of lawsuits and collections against the Company and the other entities under reorganization during one hundred and eighty (180) business days, as determined by law; (iii) submission of statements of accounts, by the Company, by the 30th of every month, under penalty of removal of its controlling shareholders and management; (iv) submission of the restructuring plan within 60 business days; and (v) issue of a public notice, as required by Article 52, ¶1 of Law 11101/2005, granting a 15-business-day period for creditors that might not be listed in the petition for Court-supervised Reorganization to file their claims or objections.

KPMG Corporate Finance Ltda. ("KPMG") was appointed as the court-appointed trustee.

Court-supervised Reorganization Plan

The economic assumption of Company's Consolidated Court-supervised Reorganization Plan ("Plan"), among others, was the capitalization of pre-petition claims, through the issue of new Company shares, which caused the dilution of the equity interests of the shareholders who elected to not exercise their preemptive rights to the subscription of new shares.

The Plan's premise was to divide creditors into the following classes: (i) labor creditors; (ii) secured creditors; (iii) unsecured creditors; and (iv) micro and small business creditors.

For labor creditors, the Plan provided for a linear payment of R$12, limited to the claim amount, to all creditors, and the capitalization of the remaining balance through the issue of new Company shares.

Secured creditors are those who have claims secured by guarantees in rem (such as a collateral or a mortgage), limited to the value of the underlying asset. Secured claims can be capitalized through the issue of new Company shares. The capitalization of secured claims takes into account the claim face value on the date of the petition for Court-supervised Reorganization, without any reduction or discount, but also free from interest or adjustment for inflation from the petition date.

In turn, unsecured creditors were divided into two subclasses: (i) acquiring creditors; and (ii) other unsecured creditors.

a) Acquiring creditors are creditors that (i) own a real estate unit in any of the Company's projects; (ii) still have a balance payable to the Company due to the purchase and sale of the unit; (iii) the unit is still linked to the purchase and sale transaction; (iv) have filed a lawsuit against the Company.
In these cases, creditors are able to choose the following payment methods: (i) keep the unit, pay the remaining balance at a discount and withdraw the lawsuit; (ii) terminate the purchase and sale commitment by cancelling the contract, and receive back the amount paid to the Company and withdraw the lawsuit; or (iii) proceed with the lawsuit and receive the claimed amount, at a 50% discount, through capitalization, through the issue of new Company shares.

b) The claims of the other unsecured creditors, as well as the claims of the micro and small business creditors, are fully capitalized, through the issue of new Company shares. The Plan also includes basic premises about the issue of new shares to be subscribed by the pre-petition creditors.

The Plan also sets out basic assumptions about the issue of new shares to be subscribed by the creditors, and basically the issue price of the share was set at R$1.98 (one real and ninety-eight centavos) per share, which corresponded to the average closing price of the last thirty trading sessions before the filing of the Court-supervised Reorganization Plan, i.e., every creditor claim to be paid in shares should have as its issue price the value set in the plan regardless of when the shares are issued.

It is worth noting, however, that considering the reverse split approved at the Special Shareholders' Meeting held on April 12, 2019 (which reverse split the shares at the ratio of 1 share for every 10 shares), as well as the other reverse split approved at the Special Shareholders' Meeting on May 10, 2023 (which reverse split the shares at a ratio of 1 share for every 10 shares), the issue price of the Court-supervised Reorganization Plan is now R$198.00 (one hundred and ninety-eight reais) per share.

With regard to the issue of the new shares, the Company made available to the creditors a Commissioner, who may receive the new shares on behalf of the creditors that elect to do so, sell them at the price quoted at the time of the trading session, and deliver the net funds from the sale to each creditor.

Authorized capital increase for private subscription

The amounts paid with shares and cash disbursements were calculated based on the General List of Creditors submitted by the court-appointed trustee, which is published on the websites of Viver and the Brazilian Securities and Exchange Commission (CVM). Any inconsistencies between the amounts and the claims are still under analysis by the Reorganization Court and should be converted in the next tranches of the capital increase, which will generate the issue of new shares and decrease Viver's liabilities.

The capital increase is intended to ensure the strict compliance with the provisions of the Court-supervised Reorganization Plan approved by the Company's creditors and confirmed by the competent Court, as well as to strengthen the Company's capital structure and statement of financial position, aimed at developing, expanding and maintaining its business, within a more solid capital structure, with the resulting restructuring of a significant portion of the Company's group's debt, while ensuring the Company shareholders' preemptive rights for the subscription of new shares.

Since the Company shareholders are ensured preemptive rights pursuant to Article 171, ¶2, of the Brazilian Corporate Law, there will be no dilution of equity interest for shareholders who subscribe all the shares to which they are entitled. Only shareholders who elect not to exercise their preemptive rights, either in full or in part, will have their equity interests diluted. The issue price was set, without undue dilution of the current Company shareholders' interests, based on the share quotations on B3 prior to the submission of the first version of the plan, in order to eliminate any possibility of share prices being impacted by price fluctuations after the submission of the first version of the Court-supervised Reorganization Plan.

First Tranche of capital increase

The capital increase was approved on May 21, 2018, and the capital subscription amount reached R$571,243 , with the issue of 288,508,781 common shares, and, as referred to above, this increase was intended to ensure the strict compliance with the provisions of the Court-supervised Reorganization Plan.

Second Tranche of capital increase

On November 12, 2018, the Board of Directors confirmed the Company's capital increase, within the authorized capital, amounting to R$302,118, upon the issue of 152,584,772 new registered common shares without par value.

Third Tranche of capital increase

On March 8, 2019, the Board of Directors confirmed the Company's capital increase, within the authorized capital, amounting to R$35,196, upon the issue of 17,775,438 new registered common shares without par value.

Fourth Tranche of capital increase

On December 19, 2019, the Board of Directors confirmed the Company's capital increase, within the authorized capital, amounting to R$5,049, upon the issue of 255,001 new registered common shares without par value.

Fifth Tranche of capital increase

On November 6, 2020, the Board of Directors confirmed the Company's capital increase, within the authorized capital, amounting to R$36,850, upon the issue of 1,861,113 new registered common shares without par value.

Sixth Tranche of capital increase

On November 6, 2021, the Board of Directors confirmed the Company's capital increase, within the authorized capital, amounting to R$48,963, upon the issue of 2,472,901 new registered common shares without par value.

Seventh Tranche of capital increase

On March 21, 2023, the Board of Directors confirmed the Company's capital increase, within the authorized capital, amounting to R$218,226, upon the issue of 11,021,532 new registered common shares without par value.

Eighth Tranche of capital increase

On September 26, 2023, the Board of Directors confirmed the Company's capital increase, within the authorized capital, amounting to R$39,222, upon the issue of 198,094 new registered common shares without par value.

Termination of Court-supervised Reorganization

On December 17, 2021, a final and unappealable ruling was issued ordering the termination of the Company's Court-supervised Reorganization, in the records of Case No. 1103236-83.2016.8.26.0100, in progress at the Second Bankruptcy and Reorganization Court of São Paulo, and the judge's decision is final and indisputable. The remaining pre-petition claims, as well as all illiquid claims, referring to events prior to the filing of the petition for Court-supervised Reorganization, remain subject to the effects of the Court-supervised Reorganization Restructuring Plan, pursuant to the relevant statutes on amounts due.

1.2 Going concern

The financial statements for the year ended December 31, 2023 have been prepared based on the assumption that the Company will continue as a going concern and on projections and the management's assessment based on the termination of the court-supervised reorganization plan.

The Company reports accumulated losses of R$2,674,618 from its operations and loss of R$72,724 for the period ended December 31, 2023.

The Company maintains in place the following key measures, aiming at resuming its core business activities, ensuring the best capital structure, securing the investments required for its growth and the future generation of operating income, and as a result recovering its profitability:

(a) Continual negotiations with creditors to find solutions for the settlement of remaining pre-petition and post-petition debts, either by converting claims included of Court-supervised Reorganization or with the enforcement of guarantees;

(b) Focus on the transfer of customer funds process to generate free cash for the Company and negotiation with default customers with lawsuits;

(c) Sale of land that is not part of the Company's launch plans;

(d) The Viver Group created a new business unit named Solv, already operational, with the mission of resuming and completing halted real estate projects, currently with one construction work in progress, in addition to completed units acquired for resale.

(e) Acquire stakes in new real estate development projects, either as a partner or principal, with distressed operations (acquisition of halted projects to resume construction) or greenfield operations (acquisition of land, development, construction, and sale of the real estate units);

The Company is bound to arbitration at the Market Arbitration Chamber, pursuant to a binding clause contained in its bylaws.

2. Significant accounting policies

The significant accounting policies applied in the preparation of these financial statements are described below. These policies were applied consistently in all annual periods presented, unless otherwise stated.

2.1 Statement of compliance

2.1.1 Statement of compliance

The standalone financial statements have been prepared and are being presented in accordance with accounting practices adopted in Brazil, applicable to real estate development entities, registered with the Brazilian Securities and Exchange Commission (CVM).

The consolidated financial statements have been prepared and are being presented in accordance with accounting practices adopted in Brazil and in accordance with International Financial Reporting Standards (IFRSs), issued by the International Accounting Standard Board (IASB), applicable to real estate development entities, registered with the CVM. Aspects relating to the transfer of control in the sale of real estate units are in accordance with the Company's management understanding, which is consistent with CVM's understanding expressed in Circular Letter/CVM/SNC/SEP No. 02/2018 on the application of Brazilian Accounting Pronouncement CPC 47 (IFRS 15), and the revenue recognition basis is described in greater detail in Note 2.22.

The presentation of the standalone and consolidated statement of value added (DVA) is required by the Brazilian Corporate Law and by the accounting practices adopted in Brazil applicable to publicly-held companies and was prepared pursuant to CVM Resolution 557, of November 12, 2008, which approved NBC TG 09 'Statement of Value Added'. IFRSs applicable to real estate development entities in Brazil, registered with the Brazilian Securities and Exchange Commission (CVM), do not require the presentation of this statement. As a result, this statement is presented as supplemental information, without prejudice to the set of IFRS standalone and consolidated financial statements applicable to real estate development entities in Brazil, registered with the Brazilian Securities and Exchange Commission (CVM).

Management states and hereby confirms that all the relevant information pertaining to and stated in the standalone and consolidated financial statements, and only this information, is being disclosed and corresponds to the information used by Management to manage the Company.

2.1.2 Basis of preparation and statement of compliance

The financial statements have been prepared based on the historical cost, except for certain financial assets and financial liabilities, which are measured at fair value. The preparation of financial statements requires the use of certain critical accounting estimates and also the Company's management to exercise its judgment in the process of applying the Company's accounting policies. Estimates are used for, among other things, determining the useful lives of property and equipment, provisions required for contingent liabilities, the allowance for expected credit losses and the allowance for sales cancellations, the allowance for asset impairment, and provisions for budgeted costs of projects, taxes, and other similar charges. Actual results may differ from those estimates.

The settlement of transactions involving these estimates may result in amounts materially different from those reported in the financial statements due to the uncertainty inherent in the estimation process. The Company reviews its estimates and assumptions periodically for periods not exceeding one year.

Issues that require a higher degree of judgment from the Company's management in the process of accounting policies and that have greater complexity, as well as those that require the use of key assumptions and estimates are significant to the financial statements, are disclosed in Note 2.5.
The Company's management states that all the relevant information pertaining to the financial statements, and only this information, is being disclosed and corresponds to the information used by Management to manage the Company.

(a) Individual financial statements

The parent company's standalone financial statements have been prepared in accordance with accounting practices adopted in Brazil issued by the Accounting Pronouncements Committee (CPC) and approved by the Brazilian Securities Commission (CVM), and are issued together with the consolidated financial statements.

In the standalone financial statements, the Company's subsidiaries and joint ventures are accounted for under the equity method. The same adjustments are made to both the standalone financial statements and the consolidated financial statements to obtain at the same result and equity attributable to the owners of the Company. The borrowings costs incurred on certain borrowings and financing and debentures, the proceeds of which were used by the parent company to acquire land and build the projects of subsidiaries and joint ventures, were capitalized and are presented in the standalone financial statements in line item 'Investments' to obtain the same results and equity attributable to the owners of the parent company as stated in the consolidated financial statements. This adjustment, corresponding to the financial charges appropriated to the unsold units of the projects under construction in the consolidated financial statements and are presented in the line item 'Inventories' and are transferred to the line item 'Costs of units sold' as the corresponding units are sold. The realization of borrowing costs in the consolidated financial statements is recognized in the standalone financial statements, using the equity method of accounting.

For equity accounting purposes, the financial statements of subsidiaries and joint venture are prepared for the same reporting period as the Company's and, when necessary, adjustments are made so that the accounting policies are in line with those adopted by the Company.

The share of the profit or loss of the subsidiaries and joint venture is stated in the parent company's statement of profit or loss as 'Share of profits from equity accounted investments', representing the profit or loss attributable to the owner of the Parent.

After applying the equity method of accounting for purposes of the Company's financial statements, the Company determines whether it is necessary to recognize additional impairment losses on the Company's investment in its subsidiary or joint venture. At the end of each reporting period, the Company determines whether there is objective evidence that investments in subsidiaries are impaired. If yes, the Company calculates the amount of the impairment loss as the difference between the recoverable amount of the subsidiary or joint venture and its carrying amount, and recognizes the amount in the parent company's statement of profit or loss.

(b) Consolidated financial statements

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

(i) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Company has control. The Company has the control over an entity when it is exposed or has rights to variable returns from its involvement with the entity and has ability to affect those returns through power over an entity.

Subsidiaries are consolidated from the date on which control is transferred to the Company and consolidation is discontinued from the date on which control ceases.

(ii) Transactions with noncontrolling interests

The Company treats transactions with noncontrolling interests as transactions with owners of assets. For acquisitions of noncontrolling interests, the difference between any consideration paid and the acquired portion of the carrying value of net assets of the subsidiary is recognized in equity. Gains or losses on sales to noncontrolling interests are also recognized directly in equity, in line item 'Accumulated losses'.

When the Company ceases to have control, any retained interest in the entity is remeasured at its fair value, with the change in carrying amount recognized in profit or loss. The fair value and the initial carrying amount for subsequent recognition of the interests retained in a joint venture or financial asset.

Noncontrolling interests are stated in equity.

(iii) Joint ventures

Investments in joint ventures are recognized using the equity method and are initially recognized at cost.

Unrealized gains from joint ventures are eliminated proportionately to the equity interests held. Unrealized losses are also eliminated unless a transaction provides evidence of an impairment of the transferred asset. The accounting policies of the joint ventures are changed to ensure their consistency with the Company accounting policies, when required.

2.2 Approval of the financial statements

The standalone and consolidated financial statements were approved by the Company´s Board of Directors and authorized for issue on March 26, 2024.

2.3 Segment reporting

The Company's and its subsidiaries' and joint ventures' main revenue is generated by real estate development operations. The main operations manager analyzes analytical information by project to decide on the allocation of resources and assess performance. The management of activities relating to strategic planning, finance, purchases, investment of funds, and performance assessment in the projects is centralized, and there is no segregation of management into groups by type of project (high-, medium- and low-end residential and commercial developments), which could be characterized as management by segment, or other factors that could identify groups of components as operating segments of the entity, and the information is presented to the Board of Directors analytically by project and also consolidated as a single operating segment.

As described in Note 1, the Company's core business is the development of real estate projects, working mainly with selected partners to develop construction activities linked to its real estate projects, which are the object of its development.

2.4 Functional currency

The functional currency of the Company and its subsidiaries and joint ventures is the Brazilian real and all amounts stated in the standalone and consolidated financial statements are expressed in thousands of Brazilian reais (presentation currency), unless expressly otherwise indicated.

There are no significant foreign currency-denominated transactions.

2.5 Estimates and critical accounting judgments

Accounting judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

2.5.1 Critical accounting estimates

Based on assumptions, the Company and its investees make forward-looking estimates. By definition, the resulting accounting estimates may differ from the respective actual results. The estimates and assumptions that present a significant risk and probably would cause a material adjustment to the carrying amounts of assets and liabilities for the next year are described below.

(a) Recognition of construction revenue and margin estimate

The Company and its subsidiaries and joint ventures use the Percentage-of-Completion (POC) method to account for their contracts to sell units in real estate development projects under construction. The use of the POC method requires the Company to estimate the costs to be incurred up to the completion of construction and delivery of the keys to the real estate units included in each real estate development project in order to calculate their ratio to the costs already incurred.

Total budgeted costs, consisting of costs incurred and costs expected to be incurred at the end of construction, are regularly reviewed as construction progresses, and adjustments based on this review are reflected in the Company's profit or loss according to the accounting method used.

(b) Contingencies

In the normal course of business, the Company and its subsidiaries and joint ventures are subject to investigations, audits, lawsuits, and administrative proceedings with respect to civil, tax, labor, environmental, corporate, consumer rights, and other matters. Depending on the purpose of the investigations, lawsuits or administrative proceedings might be filed against the Company and its subsidiaries and joint ventures, which could adversely affect the Company and its subsidiaries and joint ventures regardless of the final outcome of such proceedings.

The Company and its subsidiaries and joint ventures may periodically be inspected by different authorities, including tax, labor, social security, environmental, and health authorities. It is not possible to guarantee that these authorities will not fine the Company and its subsidiaries and joint ventures or that these infractions will not be converted into administrative and, later, court proceedings, nor the final outcome of both the administrative or judicial proceedings.

The Company recognizes a provision for tax, civil, and labor contingencies. The likelihood of loss is assessed based on the available evidence, the hierarchy of laws, available case rulings, most recent court decisions and their relevance within the legal system, and the assessment made by the outside legal counsel. Provisions are reviewed and adjusted to take into account changes in circumstances, such as the applicable statutes of limitation, completion of tax audits or additional exposures identified based on new issues or court decisions.

2.5.2 Judgments for the adoption of an accounting policy

(a) Revenue recognition

For purposes of applying the revenue recognition accounting policy, Management follows guideline described in Note 2.22, which are applicable to real estate development entities in Brazil and are consistent with the standards issued by the Accounting Pronouncements Committee (CPC) and approved by the Brazilian Securities and Exchange Commission (CVM) and the Federal Accounting Council (CFC).

Based on these standards and management's judgment, revenue from real estate development projects under construction is recognized using the construction percentage-of-completion (POC) method.

(b) Revenue recognition - responsibility for contracting and paying the brokerage fee

Sales commissions are usually charged to the property buyer and are not added back to the sales price set in the contracts entered into with property buyers and the corresponding revenue is recognized by the Company. However, when these charges are paid by a real estate development entity, the expenses incurred are recognized as prepayments ('unrecognized selling expenses'), which are expensed in line item 'Selling expenses', according to the same recognition criteria used for profit or loss on real estate development and sales, described in Note 2.22 to the annual financial statements.

(c) Expected losses – indemnities arising from the late delivery of real estate units

Law 4591 of December 16, 1964, which governs real estate developments and the sale contracts of real estate units, grants a 180-day grace period on top of the delivery period established in such contracts of the units under construction sold. However, contracts entered into up to mid-2011 do not establish any fine or any other penalty on the Company and its subsidiaries and joint ventures for delays exceeding such grace period. Contracts entered into as of the second half of 2011 provide for a penalty equivalent to 2% of the amounts received, adjusted using the National Cost of Construction Index (INCC) and, after completion of the construction and delivery of the units sold, late deliveries are adjusted using the General Market Price Index (IGP-M) plus 0.5% per month of delay after the 180-day grace period (Note 7).

The Company and its subsidiaries and joint ventures have been monitoring, along with their legal counsel, the lawsuits filed by each buyer who has received their unit purchased during the construction in a period exceeding the grace period, claiming such indemnity, as well as compensation for pain and suffering and damages. The Company determines specific losses for these cases based on individual analyses of the lawsuits (Note 19 (b)).

(d) Adoption of accounting policies

As disclosed in Note 1, Management has been taking actions to manage its debt and raise the funds needed to complete the development of its current projects and to return to profitability by reducing costs and expenses and resume the construction pace of the current projects, thus maintaining the continuity of the Company's and its investees' operations, and believes that these actions will be sufficient to improve the Company's capital structure and generate the cash needed to continue as going concerns.

As a result, Management prepared this interim financial information using accounting policies on a going-concern basis, which do not consider any adjustments arising from uncertainties about their ability to operate on a going-concern basis.

2.6 Cash and cash equivalents

Include cash, banks, and other highly liquid short-term investments, redeemable within 90 days of the dates of the transactions, and with an insignificant risk of change in their market value. The short-term investments included in cash equivalents are mostly classified in the category 'Financial assets at fair value through profit or loss'.

2.7 Financial assets

2.7.1 Classification

The Company classifies its financial assets, upon initial recognition, under the following categories: measured at fair value through profit or loss and loans and receivables. Classification depends on the purpose for which financial assets were acquired.

Except for the financial assets at fair value (Note 6), other financial assets are classified as 'Loans and receivables' and liabilities as 'Other financial liabilities '.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are held for trading. A financial asset is classified as held for trading if it is acquired with the purpose being sold in the short term. Assets in this category are classified in current assets.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These are stated as current assets, except for maturities greater than twelve months after the statement of financial position issue date (in which case they are classified as noncurrent assets). The Company's loans and receivables comprise 'Trade receivables', 'Recoverable taxes and contributions', 'Current accounts with real estate project partners', 'Related parties', and 'Other assets'.

2.7.2 Recognition and measurement

Purchases and sales of financial assets are usually recognized on the trade date. Investments are initially recognized at fair value plus transaction costs for all financial assets not classified at fair value through profit or loss. Financial assets at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed. Financial assets are derecognized when the rights to receive cash flows have expired or have been transferred; in the latter case, provided that the Company and its subsidiaries and joint ventures have transferred substantially all risks and rewards of ownership. Financial liabilities at fair value through profit or loss are subsequently measured at fair value. Loans and receivables are measured at amortized cost using the effective interest method.

Gains or losses arising from changes in the fair value of financial assets measured at fair value through profit or loss are presented in the statement of profit or loss in line item 'Finance income' in the period in which they occur.

2.7.3 Offset of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position when, and only when, the Company has a legally enforceable right to set off recognized amounts and the intention to either settle them on a net basis or recognize the asset and settle the liability simultaneously.

2.7.4 Impairment of financial assets

The Company assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events occurred after initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.
The criteria that the Company and its subsidiaries and joint ventures use to determine whether there is objective evidence of an impairment loss include:

(i) significant financial hardship of the issuer or debtor;

(ii) a breach of contract, such as default or delinquency in interest or principal payments;

(iii) the Company, for economic or legal reasons relating to the borrower's financial difficulty, grants to the borrower a concession that the usually lender would not otherwise consider;

(iv) it becomes probable that the borrower will enter bankruptcy or other financial reorganization;

(v) the disappearance of an active market for that financial asset because of financial hardship; or

(vi) observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including:

- adverse changes in the payment status of borrowers in the group;
- national or local economic conditions that correlate with defaults on the assets in the group.

The amount of the impairment loss is measured as the difference between the carrying amount of the asset and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the original effective interest rate of the financial asset. The carrying amounts is written down to the loss and recognized in the statement of profit or loss. If a held-to-maturity loan or investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, Management may measure impairment based on the fair value of an instrument using an observable market price.

If, in the subsequent period, the impairment loss is reduced and the reduction can be objectively related to an event that occurred after the impairment was recognized (an improvement in the debtor's credit classification), the reversal of the previously recognized impairment will be recognized in the statement of profit or loss.

2.8 Derivative financial instruments and hedging activities

Derivatives are recognized at fair value on the date the contract is executed and are subsequently remeasured at fair value. Since the Company does not adopt hedge accounting as its accounting policy, changes in the fair value of any of these derivative instruments are recognized immediately in profit or loss, in the finance income or costs.

There are no derivative financial investment transactions or hedging activities outstanding at December 31, 2023 and 2022.

2.9 Trade receivables

Trade receivables consist basically by the sale of real estate units under construction and completed units.

Trade receivables, when arising from the sale real estate units under construction, are calculated by applying the percentage-of-completion method (POC) to the revenue from the units sold, adjusted according to the terms of the sales contracts, while deducting the installments received.

If the amount of the installments received is higher than the recognized accumulated revenue, the balance is classified as an advance from customers, in liabilities.

When construction is completed, the entire trade receivables are recognized in accounts, plus interest and inflation adjustment thereon, allocated to the finance income when earned, on an accrual basis.

In the case of sales of completed units in installments, total trade receivables are recognized at the time the sale is made, regardless of how long it takes to receive the contractual amount.

Trade receivables are classified as current assets, taking into account the amount comprising all receivables due and that will be due within one year and management's expectation of their realization over time. The excess amount is shown in noncurrent assets.

Trade receivables are initially recognized at fair value and subsequently measured at their amortized cost using the effective interest method, less the allowance for expected credit losses. As regards the trade receivables existing as at December 31, 2023, management recognized expected credit losses in an amount sufficient to cover the expected losses on the collection of the trade receivables from old sales that are not collateral assignment by the units sold (Note 7). For the trade receivables from the most recent sales, Management considers that there is no objective evidence for recognizing expected loss since, under the current contracts, a property's ownership by a customer is only effective if the customer is fulfilling all contractual obligations and, in cases of delivery of keys to sales financed by the Company, the contracts are signed with the collateral assignment of the corresponding properties.

Trade receivables are also deducted from the allowance for sales cancellations (Note 7), in accordance with the measurement and recording criteria described in Note 2.22.1.

2.10 Inventories

Ready to sell properties are stated at construction cost, which does not exceed their net realizable value. In the case of properties under construction, the portion in inventories corresponds to the cost incurred on units not yet sold.

The cost includes the acquisition of the land, contracting construction and other related costs, including the finance cost of the capital invested (borrowing costs on mortgage loans incurred during the construction period and interest on other financing facilities, including debentures), which are allocated to total costs of construction works and expensed proportionately to the undivided interest in the units sold, in line item 'Cost of sales'.

The net realizable value is the estimated sale price in the normal course of business, less the estimated completion costs and selling expenses.

Land is stated at acquisition cost plus, if it is used for a project development, capitalized borrowing costs, net of estimated impairment losses.

In the case of land bartered for apartments not yet built, the price of the land acquired by the Company and its subsidiaries and joint ventures is calculated at fair value, measured as the cash sale price of the real estate units to be delivered. The fair value of the land is recognized as a component of the inventories of land of properties for sale as a contra entry to advances from customers in liabilities, at the time the transaction's private agreement or contract is executed. Revenues and costs arising from exchange transactions are recognized in the income statement over the construction period of the projects according to the criteria described in Note 2.22.

The costs of real estate units eligible for sales cancellation and the related trade receivables are reversed to profit or loss and disclosed in a specific line item 'Allowance for sales cancellations'.

2.11 Unrecognized selling expenses

Sales expenses to be allocated are consist primarily of expenses on sales commission, which are expensed using the same criteria adopted in the recognition of revenue from units sold (note 2.22.1).

2.12 Property, plant and equipment

The headquarters of the Company and its subsidiaries and joint ventures are located in properties rented from third parties.

Property, plant and equipment is recognized at the purchase cost, net of accumulated depreciation, calculated on a straight-line basis, using the rates determined based on the estimated useful lives of assets. Considering that historically the Company does not dispose of its property, plant and equipment items, the residual value of the assets is considered to be zero. The estimated useful lives of the assets is reviewed and adjusted, if necessary, at the end of each reporting period.

Expenses incurred on the construction of sales booths and decorated apartments are subject to periodic impairment tests, and only those whose estimated useful life at the date of construction was greater than one year have been capitalized.

A property, plant and equipment item is written off when sold or when no future economic benefit is expected from its use or sale. Any gain or loss resulting from the write off of an asset (calculated as the difference between its net sales value and the carrying amount of the asset) is included in the statement of profit or loss in the year in which the asset is written-off.

2.13 Intangible assets

Software licenses purchased were recognized as capital expenditures at the costs incurred to purchase the software and make it ready for use. These costs are amortized over their estimated useful life of three to five years. Costs associated with software maintenance are expensed as incurred.

2.14 Impairment of nonfinancial assets

Assets subject to depreciation and amortization and properties for sale are tested for impairment and whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. An impairment loss is recognized at the amount by which the carrying amount of an asset exceeds its estimated recoverable amount. The latter is the higher of an asset's fair value less costs to sell and its value in use. Impaired nonfinancial assets are subsequently tested for a possible reversal of the impairment loss at the end of the reporting period.

2.15 Trade payables, payables for committed properties, and other payables

Trade payables are obligations payable for goods or services that have been purchased from suppliers in the normal course of business. Payables for the acquisition of properties are related to the acquisition of land for the implementation of real estate development projects. Trade payables and payables for committed properties are classified as current liabilities if payment is due within one year; otherwise, they are stated as noncurrent liabilities. Other payables include basically cancellations payable, common area maintenance fees, and taxes on real estate units in inventory or under litigation, and commissions payable.

They are initially recognized at fair value and subsequently measured at their amortized cost under the effective interest method. In practice, they are usually recognized at the amount of the corresponding invoice/contract plus the borrowing costs incurred and the respective derecognitions when obligations are discharged.

Payables for the acquisition of real estate are initially recognized at the amounts corresponding to the contractual obligations assumed and are stated plus borrowing costs incurred, when applicable.

2.16 Borrowings, financing and debentures

Borrowings, financing and debentures are initially recognized at fair value, less transaction costs incurred, and subsequently stated at amortized cost. Any difference between the amounts raised (less transaction costs) and the settlement amount is recognized over the period borrowings, financing and debentures are outstanding, using the effective interest method, as a supplementary portion of the project cost (qualifying asset under construction) or in the statement of profit or loss .

Borrowings are classified as current liabilities, unless the Company and its subsidiaries and joint ventures have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period.

2.17 Provisions

Provisions are recognized when the Company and its subsidiaries and joint ventures have a present or constructive obligation as a result of past events, it is probable that an outflow of funds will be required to settle the obligation, and the amount can be estimated reliably.

In case of a series of similar obligations, the likelihood of settling them is determined taking into consideration the class of obligations as a whole. A provision is recognized even if the likelihood of settlement related to any individual item included in the same class of obligations is small.

Provisions are measured at the present value of the expenditures required to settle the obligation, using a pretax rate that reflects current market assessments of the time value of money and the obligation-specific risks. The increase in the obligation due to the passage of time is recognized as finance costs.

(a) Tax, civil and labor risks

The Company is a party to several judicial and administrative proceedings. Provisions are recognized for all contingencies arising from lawsuits for which it is probable that an outflow of funds will be required to settle the contingency/obligation and a reliable estimate can be made. The likelihood of loss is assessed based on the available evidence, the hierarchy of laws, available case rulings, most recent court decisions and their relevance within the legal system, and the assessment made by the outside legal counsel. Provisions are reviewed and adjusted to take into account changes in circumstances, such as the applicable statutes of limitation, completion of tax audits or additional exposures identified based on new issues or court decisions.

(b) Warranties

Limited warranties are provided for a period of up to five years, covering structural defects in real estate developments sold.

The Company and its subsidiaries and joint ventures hire specialized construction companies to build the projects to be sold, which grant a five-year warranty period. The contracts entered into with the construction companies warrant that they are accountable for any claims, which is why certain service performance warranties (liabilities and costs) are usually fulfilled by subcontractors. The amounts to be disbursed are estimated to be nonsignificant, and the Company recognizes the best estimate to cover future claims.

(c) Delays in project deliveries

Law 4591 of December 16, 1964, which governs real estate developments and the sale contracts of real estate units, grants a 180-day grace period on top of the delivery period established in such contracts of the units under construction sold. However, contracts entered into up to mid-2011 do not establish any fine or any other penalty on the Company and its subsidiaries and joint ventures for delays exceeding such grace period.

The Company and its subsidiaries and joint ventures have been monitoring, along with their legal counsel, the lawsuits filed by each buyer who has received their unit purchased during the construction in a period exceeding the grace period, claiming such indemnity, as well as compensation for pain and suffering and damages. As mentioned above, project construction s hired out to specialized construction companies, that warrant they are liable for any claims for compensation from customers who have received their units after the established deadline. The company recognized a provision in an amount that corresponds to the estimated warranties not covered by the construction companies.

(d) Onerous contracts

As part of the budget review, the Company reviewed the projects in order to assess whether the costs budgeted for completing the projects exceed their net recoverable amount, regardless of the current percentage of completion. The Company did not identify any significant losses that would require recognizing a specific allowance.

2.18 Current and deferred income tax and social contribution

Income tax and social contribution expenses for the year comprise current and deferred taxes on income, both recognized in the statement of profit or loss.

The current and deferred income tax and social contribution charges are calculated based on the tax laws enacted or substantially enacted at the end of the reporting period. Management periodically reviews the positions assumed by the Company and its subsidiaries and joint ventures in the income tax returns in cases where the applicable tax regulation gives rise to different interpretations. Where appropriate, Management recognizes provisions based on the estimated amounts payable to tax authorities.

In companies taxed on under the actual taxable income system, income tax and social contribution are calculated at the regular tax rates of 15% plus a surtax of 10% for income tax and 9% for social contribution, on the accounting profit for the year, adjusted according to the criteria set by the current tax law.

As permitted by tax law, certain subsidiaries and joint ventures, whose annual billed revenue for the previous year was less than R$78,000, have elected to pay income tax on deemed income. The income tax and social contribution tax bases are 8% and 12%, respectively, of 32% of gross revenue from services rendered and 100% of finance income, on which the regular tax rates of the respective tax on income are levied.

Some of the Company's subsidiaries and associates elected the segregated assets system. As such, income taxes are paid under the Special Taxation Regime (RET), where operating revenue from the sale of real estate units is subject to a tax rate of 4%, broken down into 1.92% for income tax and social contribution and 2.08% for PIS and COFINS, as established by Law 12844/13.

Deferred income tax and social contribution are recognized using the liability method on temporary differences arising from differences between asset and liability tax basis and their carrying amounts in the financial statements (Note 18.2(a)). One of the main differences corresponds to the criterion for calculating revenues under the tax regime (cash basis) and the corporate regime (Note 2.21.1(b) POC).

Deferred income tax and social contribution assets are recognized only to the extent that it is probable that future taxable income will be available, against which tax loss carryforwards and temporary differences can be offset.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxing authority on the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.19 Employee and officer benefits

The benefits granted to the Company's employees and officers include, in addition to fixed compensation (salaries and social security contributions (INSS), vacations pay, and 13^{th} salary), medical care, allowances, life insurance, meals, an internal training program, transport vouchers and parking, as well as variable compensation such as profit sharing (bonuses). These benefits are recognized in profit or loss when the Company has an obligation on an accrual basis, as they are incurred.

The Company does not have any private pension plans for its employees, but makes monthly contributions based on payroll to official retirement and social security funds, which are expensed on an accrual basis.

(a) Employee and officer variable compensation (bonuses)

The variable compensation policy is based on performance indicators. The main performance indicators are as follows: improving the capital structure, reducing litigation liabilities, debts renegotiation, generating revenue for Solv, collection of debts, and the performance assessment based on individual targets.

2.20 Share capital and IPO expenses

Represented exclusively by common shares, classified as equity.
The incremental costs attributable to the share issue at the time of the IPO are shown as a reduction of share capital in equity, in accordance with CPC 08 'Transaction Costs and Premiums on the Issue of Securities' (IAS 39).

2.21 Dividends

In the years ended December 31, 2023 and 2022, the Company reported losses and there were no dividends to be distributed. Under the Corporate Law, when profits are generated, their primary destination is offsetting accumulated losses.

2.22 Revenue recognition

2.22.1 Calculation and recognition real estate development and property sales revenue and expenses

(a) Completed units and land

In the case of sales in installments of completed units and land, revenue and expenses are recognized at the time that the most significant risks and rewards inherent to ownership are transferred, regardless of how long it takes to receive the contractual amount.

Fixed interest and inflation adjustment are recognized on daily pro rata basis in profit or loss, in line item 'Finance income', on an accrual basis, regardless of when they are received.

(b) Units under construction

In the case of sales of uncompleted units, the transfer of control in the sale of real estate units and satisfaction of the performance obligation comply with the understanding of the Company's management, as established by Circular Letter/CVM/SNC/SEP No. 02/2018 of December 2018, which regulates the application of Accounting Pronouncement NBC TG 47 (IFRS 15) to Brazilian Real Estate Development Entities.

Under CPC 47, the recognition of revenue from contracts with customers has a new regulatory framework, based on the transfer of control of the promised good or service, which can be at a point in time or over time, according to the satisfaction or not of the so-called contractual performance obligations. Revenue is measured at the amount that reflects the consideration to which the Company expects to be entitled and is based on a five-step model detailed below: (1) identifying the contract; (2) identifying the performance obligations; (3) determining the transaction price; (4) allocating the transaction price to the performance obligations; and (5) recognizing revenue.

The Company's business model is predominantly based on real estate purchase and sale contracts with "the outstanding balance of each real estate unit financed by a private bank, after the construction project has been completed." Under this model, a developer finances the borrower during the construction stage of a project, using its own funds and/or obtaining financing (SFH) from financial institutions. After the contract is executed, the borrower undertakes to pay up to 30% of the price of the real estate unit directly to the developer, who bears all the credit risk during the construction stage. <Once the project is completed, the borrower must pay the outstanding balance with own funds (including the use of the FGTS balance) and/or obtain the necessary financing from a financial institution (IF) to pay the outstanding balance to the developer, which is around 70% of the price of the real estate unit (the completed real estate unit is then pledged as collateral in the form of a collateral assignment to the IF). The market risk of the real estate unit, from the moment it is sold, is fully assumed by the borrower, who can benefit from any increases in price and realize them through the onerous transfer of the contract to third parties, with the developer's consent, or incur any price drops (at which point some borrowers force a cancellation).

Therefore, the policies adopted to calculate and allocate revenue and expenses, and recognize the amounts in the accounts real estate development revenue, inventories, trade receivables for real estate development, and advances received from customers follow the procedures described above and detailed below:

- In sales of uncompleted units, revenue and expenses are recognized based on the following criteria:

(i) Sales revenue is allocated to profit or loss as construction progresses, since the transfer of control occurs continuously. As a result, the Company adopts the so-called POC (percentage of completion) method for each project. The POC method uses the ratio of the cost incurred to the total budgeted cost of the respective projects and the revenue is calculated by multiplying this percentage (POC) by the contracted sales. The total budgeted cost of the projects is estimated initially when they are launched and reviewed regularly; any adjustments identified in this estimate based on these reviews are reflected in the Company's profit or loss. Land and construction costs inherent in the related developments of the units sold are expensed as incurred.

(ii) The calculated sales revenues, as referred in (i), measured at fair value, including inflation adjustment, net of the installments already paid, are recognized as trade receivable or as advances from customers, depending on the relationship between the recognized revenues and the amounts received;

- Inflation adjustments and discounts to present value are recognized in profit or loss, in line item 'Revenue from real estate development', in the period prior to the delivery of the key. Inflation adjustment and fixed interest are recognized on daily pro rata basis in profit or loss, in the period after to the delivery of the key, on an accrual basis, regardless of when they are received.

- Revenue from bartered real estate units are recognized as construction progresses until the delivery of the completed units, pursuant to the contracts.

Pursuant to the guidelines of Circular Letter CVM/SNC/SEP No. 02/2018, the Company prepared a study to assess the need to recognize timely, predictive adjustments related to cancellations of contracts for the purchase and sale of real estate units completed and under construction (allowance for sales cancellations). The analysis considered the identification of the uncertainty of cash inflows and the objective evidence of conditions that already existed at the end of the reporting period, in order to recognize the allowance for sales cancellations and consequently, the Company recognized an allowance for sales cancellations for customers who were not sure that y would maintain their contractual relationships and doubtful debts.

If commitments to purchase and sell real estate units are cancelled, the revenue and expenses recognized in profit or loss are reversed using the following criteria:

- Reversal of the cost and increase in inventories;
- Reversal of revenue and decrease of trade receivables; and
- The Company also recognizes, as a result of a cancellation, a liability for the return of advances from customers and the related gain or loss is immediately recognized in profit or loss.

(c) Barter transactions

Land barters for the delivery of real estate to be built are calculated based on the fair value of the real estate units to be delivered. The fair value of the land is recognized as a component of the inventories of land of properties for sale as a contra entry to advances from customers in liabilities, at the time possible resolutive clauses of the transaction's private agreement or contract is executed are no longer in effect.

The cost of the land is added back to the cost of the corresponding real estate development project.

Advances from customers arising from exchange transactions are allocated to profit or loss using the POC method. The unallocated portion is classified as current or noncurrent liabilities, taking into account the expected completion date of the project.

2.22.2 Finance income

Finance income is recognized according to the period elapsed, under the effective interest method.

2.23 Basic and diluted earnings (loss) per share

Basic and diluted earnings per share are calculated by dividing the profit or loss for the period attributable to the owners of the Company by the weighted average number of common shares outstanding during the reporting period. The Company does not have any transactions that would influence the calculation of diluted earnings (losses), so diluted earnings (losses) per share are equal to basic earnings (losses) per share, as per Note 21.

2.24 Statements of cash flows

The statements of cash flows are prepared using the indirect method and are presented in accordance with Accounting Pronouncement CPC 03 (R2) (IAS 7) 'Statements of Cash Flows', issued by the CPC.

(Expressed in thousands of reais - R$, unless otherwise stated)

2.25 Statements of value added

The statements of value added are prepared and presented in accordance with Accounting Pronouncement CPC 09 'Statement of Added Value', issued by the CPC.

3. Restatement of the standalone and consolidated financial statements for the year ended December 31, 2022

The individual and consolidated financial statements for the year ended December 31, 2022 are being restated in order to reflect the contingency proceedings approved in the 7th and 8th tranche of the capital increase, which were excluded from the provision basis and were considered terminated proceedings, generating an undue reversal of the provision in 2022. These contingencies were effectively settled when the 7th and 8th capital increase tranches was confirmed, in March 2023 and September 2023, respectively. As a result, the balances are being restated to reflect the recognition of a provision for litigation as at December 31, 2022.

3.1 Statement of Financial Position as at December 31, 2022

	Parent Company			Consolidated		
Assets	**12/31/22 Published**	**Adjustments**	**12/31/22 Restated**	**12/31/22 Published**	**Adjustments**	**12/31/22 Restated**
Current						
Cash and cash equivalents	3	-	3	38,974	-	38,974
Trade receivables	4,290	-	4,290	66,107	-	66,107
Inventories	375	-	375	82,189	-	82,189
Other receivables	522	-	522	11,176	-	11,176
Recoverable taxes	81	-	81	4,886	-	4,886
Unrecognized selling expenses	433	-	433	900	-	900
	5,704	-	5,704	204,232	-	204,232
Noncurrent						
Trade receivables	2	-	2	275	-	275
Inventories	1,170	-	1,170	128,485	-	128,485
Related parties	52,951	-	52,951	3,270	-	3,270
Other receivables	339	-	339	4,053	-	4,053
Recoverable taxes	40	-	40	14,083	-	14,083
Unrecognized selling expenses	-	-	-	1,051	-	1,051
	54,502	-	54,502	151,217		151,217
Investments	44,322	(5,144)	39,178	8,401	-	8,401
Property, plant and equipment, net	1,210	-	1,210	2,755	-	2,755
Intangible assets	166	-	166	166	-	166
	100,200	(5,144)	95,056	162,539	-	162,539
Total assets	105,904	(5,144)	100,760	366,771	-	366,771

(Expressed in thousands of reais - R$, unless otherwise stated)

	Parent			Consolidated		
Liabilities and equity	**12/31/22 Published**	**Adjustments**	**12/31/22 Restated**	**12/31/22 Published**	**Adjustments**	**12/31/22 Restated**
Current						
Borrowings and financing	-	-	-	36,574	-	36,574
Debentures	233,462	-	233,462	233,462	-	233,462
Co-obligation in assignment of receivables	-	-	-	1,396	-	1,396
Trade payables	4,120	-	4,120	12,237	-	12,237
Payroll and taxes payable	3,437	-	3,437	34,283	-	34,283
Deferred taxes	257	-	257	829	-	829
Trade payables	5,704	-	5,704	58,572	-	58,572
Leases payable	121	-	121	484	-	484
Customer and other advances	-	-	-	2,528	-	2,528
Payables for committed properties	-	-	-	5,656	-	5,656
Related parties	9,735	-	9,735	11,396	-	11,396
Provisions for warranties	-	-	-	812	-	812
Allowance for loss on investments	15,655	2,787	18,442	809	-	809
	272,491	2,787	275,278	399,038		399,038
Noncurrent						
Co-obligation in assignment of receivables	-	-	-	1	-	1
Payroll and taxes payable	935	-	935	2,256	-	2,256
Deferred taxes	-	-	-	1	-	1
Trade payables	-	-	-	1,499	-	1,499
Leases payable	153	-	153	612	-	612
Payables for committed properties	-	-	-	11,102	-	11,102
Provision for litigation	13,938	12,784	26,722	133,875	20,715	154,590
	15,026	12,784	27,810	149,346	20,715	170,061
Total liabilities	287,517	15,571	303,088	548,384	20,715	569,099
Equity (negative equity)						
Share capital	2,482,665	-	2,482,665	2,482,665	-	2,482,665
Share issue costs	(37,855)	-	(37,855)	(37,855)	-	(37,855)
Subscribed shares for cancellation	(45,244)	-	(45,244)	(45,244)	-	(45,244)
Accumulated losses	(2,581,179)	(20,715)	(2,601,894)	(2,581,179)	(20,715)	(2,601,894)
	(181,613)	(20,715)	(202,328)	(181,613)	(20,715)	(202,328)
Noncontrolling interests	-		-	-		-
Total equity (negative equity)	(181,613)	(20,715)	(202,328)	(181,613)	(20,715)	(202,328)
Total liabilities and equity (negative equity)	105,904	(5,144)	100,760	366,771	(20,715)	366,771

(Expressed in thousands of reais - R$, unless otherwise stated)

3.2 Statement of Profit or Loss for the Year Ended December 31, 2022

	Parent			Consolidated		
	12/31/22 Published	Adjustments	12/31/22 Restated	12/31/22 Published	Adjustments	12/31/22 Restated
Net operating revenue	15,139	-	15,139	121,982	-	121,982
(-) Costs of properties sold	(5,121)	-	(5,121)	(83,091)	-	(83,091)
(=) Gross Profit	10,018	-	10,018	38,891	-	38,891
(-) Operating revenue (expenses)						
General and administrative expenses	(20,038)	-	(20,038)	(41,256)	-	(41,256)
Selling expenses	(269)	-	(269)	(6,566)	-	(6,566)
Other operating income (expenses)	(15,393)	(12,784)	(28,177)	(36,584)	(20,715)	(57,299)
Share of profit from equity accounted investments	(12,447)	(7,931)	(20,378)	(69)	-	(69)
(=) Operating loss before finance income (costs)	(38,129)	(20,715)	(58,844)	(45,854)	(20,715)	(66,299)
Finance costs	(1,755)	-	(1,755)	(2,762)	-	(2,762)
Finance income	33	-	33	9,924	-	9,924
(=) Finance income (costs), net	(1,722)	-	(1,722)	7,162	-	7,162
(=) Loss before income tax and social contribution	(39,851)	(20,715)	(60,566)	(38,422)	(20,715)	(59,137)
(-) Current income tax and social contribution expenses	-	-	-	(605)	-	(605)
(-) Deferred income tax and social contribution liabilities	26,516	-	26,516	26,503	-	26,503
(=) Loss for the year	(13,335)	(20,715)	(34,050)	(12,524)	(20,715)	(33,239)
Attributable to						
Owners of the Company				(13,335)	-	(34,050)
Noncontrolling interests				811	-	811
				(12,524)	(20,715)	(33,239)
Basic and diluted loss per share	(0.0881)		(0.0881)	-		-

(Expressed in thousands of reais - R$, unless otherwise stated)

3.3 Statement of Cash Flows for the Years Ended December 31, 2022 and 2022

	Parent			Consolidated		
	12/31/22 Published	Adjustments	12/31/22 Restated	12/31/22 Published	Adjustments	12/31/22 Restated
Cash flows from operating activities						
Loss before income tax and social contribution	(39,851)	(20,715)	(60,566)	(38,422)	(20,715)	(59,137)
Adjustments for						
Depreciation and amortization	387	-	387	1,237	-	1,237
Allowance for asset impairment	2,078	-	2,078	(22,013)	-	(22,013)
Provision for litigation	(1,662)	12,784	11,122	11,985	20,715	32,700
Provisions for construction warranties	-	-	-	(634)	-	(634)
Deferred taxes	(354)	-	(354)	(1,764)	-	(1,764)
Borrowing costs	19	-	19	129	-	129
Share of profit from equity accounted investments	12,447	7,931	20,378	69	-	69
	(26,936)	**-**	**(26,936)**	**(49,413)**	**-**	**(49,413)**
Changes in assets and liabilities						
(Increase)/Decrease in assets	**5,068**	-	5,068	(25,319)	-	(25,319)
Net cash from operating activities	**(21,868)**	**-**	**(21,868)**	**(74,732)**	**-**	**(74,732)**
Net cash from/(used in) investing activities	**(13,194)**	**-**	**(13,194)**	**(5,681)**	**-**	**(5,681)**
Net cash from financing activities	35,058	-	35,058	55,920	-	55,920
Cash and cash equivalents at the end of the year	**3**	**-**	**3**	**38,974**	**-**	**38,974**
Decrease in cash and cash equivalents	(4)	-	(4)	(24,493)	-	(24,493)
Cash and cash equivalents at the beginning of the year	7	-	7	63,467	-	63,467
Cash and cash equivalents at the end of the year	**3**	**-**	**3**	**38,974**	**-**	**38,974**

(Expressed in thousands of reais - R$, unless otherwise stated)

3.4 Statements of Changes in Value Added for the Year Ended December 31, 2022

	Parent Company			Consolidated		
	12/31/22 Published	Adjustments	12/31/22 Restated	12/31/22 Published	Adjustments	12/31/22 Restated
Revenue	18,707	-	18,707	83,962	-	83,962
Inputs acquired from third parties						
Costs of products, goods and services	(5,121)	-	(5,121)	(83,091)	-	(83,091)
Supplies, power, outside services, and other operating costs	(1,402)	-	(1,402)	(3,984)	-	(3,984)
Other	(29,762)	(12,785)	(42,547)	(24,394)	(20,715)	(45,109)
	(36,285)	(12,785)	(49,070)	(111,469)	(20,715)	(132,184)
Gross value added	**(17,578)**	**(12,785)**	**(30,363)**	**(27,507)**	**(20,715)**	**(48,222)**
Depreciation, amortization and depletion, net	(387)	-	(387)	(1,237)	-	(1,237)
Wealth created by the Company	(17,965)	(12,785)	(30,750)	(28,744)	(20,715)	(49,459)
Wealth received in transfer						
Share of profit from equity accounted investments	(12,447)	(7,930)	(20,377)	(69)	-	(69)
Finance income	33	-	33	9,924	-	9,924
	(12,414)	(7,930)	(20,344)	9,855	-	9,855
Wealth for distribution	(30,379)	(20,715)	(51,094)	(18,889)	(20,715)	(39,604)
Wealth distributed						
Personnel	7,184	-	7,184	16,435	-	16,435
Taxes, fees and contributions	(26,054)	-	(26,054)	(25,640)	-	(25,640)
Lenders and lessors	1,826	-	1,826	2,840	-	2,840
Shareholders						
Loss for the year	(13,335)	(20,715)	(34,050)	(13,335)	(20,715)	(34,050)
Noncontrolling interests	-	-	-	811	-	811
	(30,379)	(20,715)	(51,094)	(18,889)	(20,715)	(39,604)

Except for the change in profit for the year, the statement of comprehensive income for the year ended December 31, 2022, originally presented, did not change as a result of the adjustments made.

4. New and revised standards and interpretations

- **Revised standards adopted starting January 1, 2023**

The Company has applied for the first time certain standards and amendments to standards effective for annual periods beginning on or after January 1, 2023 (unless otherwise indicated). The Company decided not to early any other standard, interpretation, or amendment thereto that have been issued but are not yet effective

IFRS 17 'Insurance Contracts'

IFRS 17 (equivalent to CPC 50) is a new accounting standard on insurance contracts, covering recognition and measurement, presentation and disclosure. IFRS 17 (CPC 50) repeals IFRS 4 'Insurance Contracts' (equivalent to CPC 11).

IFRS 17 (CPC 50) applies to all types of insurance contracts (such as life, casualty, direct insurance, and reinsurance), regardless of the type of entity that issues them, as well as certain guarantees and financial instruments with discretionary interest characteristics; some scope exceptions will apply. The overall goal of IFRS 17 (CPC 50) is to provide a comprehensive accounting model for insurance contracts that is more useful and consistent for insurers, covering all material accounting aspects. IFRS 17 (CPC 50) is based on a general model, supplemented by:

A specific adaptation for contracts with direct interest features (variable rate approach); and A simplified approach (premium allocation approach) primarily for short-term contracts.

The new standard had no impact on the Company's consolidated financial statements.

Definition of accounting estimates – Amendments to IAS 8
The amendments to IAS 8 (equivalent to CPC 23 'Accounting Policies, Changes in Estimates and Errors') clarify the difference between changes in accounting estimates, changes in accounting policies, and correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments had no impact on the Company's consolidated financial statements.

Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2
The amendments to IAS 1 (equivalent to CPC 26 (R1) 'Presentation of Financial Statements') and IFRS Practice Statement 2 provide guidance and examples to help entities apply materiality judgments to accounting policy disclosures. The amendments aim to help entities to provide more useful accounting policy disclosures by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality when making decisions about accounting policy disclosures.

The amendments had an impact on the Company's accounting policy disclosures, but not on the measurement, recognition or presentation of items in its financial statements.

Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction – Amendments to IAS 12
The amendments to IAS 12 'Income Taxes' (equivalent to CPC 32) narrow the scope of the initial recognition exception, so that it no longer applies to transactions that generate equal taxable and deductible temporary differences, such as leases and decommissioning liabilities.

The amendments had no impact on the Company's consolidated financial statements.

CPC 26/IAS 1 and CPC 23/IAS 8 – Classification of Liabilities as Current or Non-current
The amendments are not expected to have a material impact on the Company's financial statements.

International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12
The amendments to IAS 12 (equivalent to CPC 32 'Income Taxes') were introduced in response to the OECD's Pillar Two rules on BEPS and include:

A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and disclosure requirements for affected entities to help users of financial statements better understand an entity's exposure to Pillar Two income taxes arising from this legislation, especially before the effective date. The mandatory temporary exception – the use of which must be disclosed – is effectively immediately.

The remaining disclosure requirements apply to annual reporting periods beginning on or after January 1, 2023 but not to any interim period ending on or before December 31, 2023.
The amendments had no impact on the Company's consolidated financial statements since the Company is not subject to the Pillar Two model rules since its revenue is less than €750 million per year.

Tax Reform in Brazil
On December 20, 2023, Constitutional Amendment No. 132 was enacted, establishing the Tax Reform ("Reform") on consumption. Several issues, including the rates of the new taxes, are still pending regulation by Supplementary Laws , which must be submitted for review by the National Congress within 180 days. The Reform model is based on a split VAT ("dual VAT") with two jurisdictions, one federal (Contribution on Goods and Services, or CBS) and one sub-national (Tax on Goods and Services, or IBS), which will replace the taxes PIS, COFINS, ICMS and ISS. A Selective Tax ("IS") was created – with federal jurisdiction, which will be levied

on the production, extraction, sale, or import of goods and services harmful to the health and the environment, under the terms of the Supplementary Laws.

The Company is in the process of assessing the potential impacts of the aforementioned tax reform.

- **New and revised standards and interpretations issued and not yet effective at December 31, 2023**

New and revised standards and interpretations issued but not yet effective at the date of issue of the Company's financial statements are described below. The Company intends to adopt these new and revised standards and interpretations, if applicable, when they become effective.

Amendments to IFRS 16: Lease Liability in a Sale and Leaseback
In September 2022, the IASB issued amendments to IFRS 16 (equivalent to CPC 06 'Leases') to specify the requirements that a seller-lessee uses to measure the lease liability arising from a sale and leaseback transaction, in order to ensure that the seller-lessee does not recognize any gain or loss relating to the right of use that such seller-lessee retains.

The amendments are effective for annual periods beginning on or after January 1, 2024 and must be applied retrospectively to *sale* and *leaseback* transactions entered into after the date of initial application of IFRS 16 (CPC 06). Early application is permitted and this fact must be disclosed.

The amendments are not expected to have a material impact on the Company's financial statements.

Amendments to IAS 1 – Classification of Liabilities as Current or Non-current
In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 (equivalent to CPC 26 (R1) 'Presentation of Financial Statements') to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by the right to postpone settlement?
- That the right to defer should exist at the end of the reporting period.
- That the classification is not affected by the likelihood of an entity exercising its right to postpone.
- That only if a derivative embedded in a convertible liability is itself an equity instrument would the terms of a liability not affect its classification.

In addition, a disclosure requirement has been introduced where a liability arising from a loan agreement is classified as noncurrent and the entity's right to postpone settlement is contingent on the fulfilment of future covenants within twelve months.

The amendments are effective for annual periods beginning on or after January 1, 2024 and must be applied retrospectively.

The Company is currently assessing the impact the amendments will have on the current policy and whether existing loan agreements may require renegotiation.

Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7
In May 2023, the IASB issued amendments to IAS 7 (equivalent to CPC 03 (R2) 'Statement of Cash Flows') and IFRS 7 (equivalent to CPC 40 (R1) 'Financial Instruments: Disclosures') to clarify the characteristics of supplier finance arrangements and require additional disclosures of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's obligations, cash flows, and exposure to liquidity risk.

The amendments are effective for annual periods beginning on or after January 1, 2024. Early adoption is permitted and this fact must be disclosed.

The amendments are not expected to have a material impact on the Company's financial statements.

Amendments to IFRS 10/CPC 36 (R3) and IAS 28/CPC 18 (R2)
The amendments are not expected to have a material impact on the Company's financial statements.

Amendments to IAS 21/CPC 02

Lack of exchangeability. The amendments are not expected to have a material impact on the Company's financial statements.

There are no other standards, amendments and interpretations of standards issued by the IASB and the CPC that have not yet been adopted that may, in the opinion of management, have a significant impact on the financial statements disclosed by the Company and its subsidiaries.

5. Financial risk management

The activities of the Company and its subsidiaries and joint ventures exposed them to several financial risks: market risk (including interest rate on mortgage loans, cash flow interest rate risk, and price risk of certain assets valued at fair value), credit risk, and liquidity risk. The risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Company and its subsidiaries and joint ventures. It is not a policy of the Company and its subsidiaries and joint ventures to use derivative financial instruments to hedge against risk exposures.

Risk management is carried out by the Company's central treasury department, which identifies, assesses, and hedges the Company against possible financial risks in cooperation with its subsidiaries and joint ventures.

(a) Market risk

(i) Foreign exchange risk

Considered virtually inexistent because the Company and its subsidiaries and joint ventures do not have foreign currency-denominated assets or liabilities, and do not depend significantly on imported materials for their production chain. In addition, the Company and its subsidiaries and joint ventures do not carry out sales indexed to foreign currency.

(ii) Interest rate risk

As mentioned in Note 7, receivables for completed properties bear interest of up to 12% per year. Interest rates contracted on short-term investments are disclosed in Note 6.

Interest rates on borrowings and financing, debentures, and certificates of real estate receivables are disclosed in Note 12.
In addition, as mentioned in Note 17, balances with related parties are not subject to financial charges.

The Company reviews its exposure to interest rates on a dynamic basis. Several scenarios are simulated taking into account refinancing, renewal of existing positions, and funding. Based on these scenarios, the Company defines a reasonable change in the interest rate and calculates the impact on finance income, as detailed in item (d), where assets and liabilities subject to variable interest rates are also broken down.

(b) Credit risk

Credit risk is managed at the corporate level. Credit risk arises from trade receivable, bank deposits, and financial assets at fair value through profit or loss.

With regard to the credit risk of trade receivable, these risks are managed using specific credit review rules at the time of each sale. In general, risk is considered to virtually inexistent since (i) all sales are conducted with the collateral assignment of the goods sold; (ii) property ownership is granted only when bank funding is transferred to its buyer. In the case of units where the buyer is directly financed by the Company or its subsidiaries and joint ventures, the collateral assignment of the assets sold provides the necessary security to mitigate credit risks.

(Expressed in thousands of reais - R$, unless otherwise stated)

The Company and its subsidiaries and joint ventures retain a substantial portion of the available cash and cash equivalents and short-term investments (Note 6) in certificates of bank deposit and prime financial conglomerate papers.

(c) Liquidity risk

In the context described in Note 1, the Company has prioritized efforts to increase the efficiency of fund transfers by securing working capital financing facilities and commitments to its construction works and obtaining funds from its shareholders. The liquidity risk consists of the possibility of the Company and its subsidiaries and joint ventures not having sufficient funds to meet their commitments due to a mismatch in the settlement terms of their rights and obligations.

Cash flow forecasts are prepared by project and aggregated by the Finance department. This department monitors ongoing forecasts of the Company's and its subsidiaries' and joint ventures' liquidity requirements to ensure that they have sufficient cash to meet operating needs.

The table below analyzes the Company's non-derivative financial liabilities per maturity brackets, corresponding to the remaining period of the statements of financial position until the contractual maturity date. The amounts disclosed in the table are the balances as at December 31, 2023.

				Consolidated
Description	**Less than one year**	**One to two years**	**Two to five years**	**Total**
Borrowings and financing	15,241	-	25,447	40,688
Co-obligation in assignment of receivables	1,365	-	-	1,365
Payables for committed properties	5,210	-	-	5,210
At December 31, 2023	21,816	-	25,447	47,263
Borrowings and financing	36,574	-	-	36,574
Debentures	233,462	-		233,462
Co-obligation in assignment of receivables	1,396	-	-	1,396
Payables for committed properties	5,313	4,827	-	10,140
At December 31, 2022	276,745	4,827	-	281,572

(d) Sensitivity analysis to changes in interest rates and other indices of financial assets and financial liabilities

In order to check the sensitivity of financial assets and financial liabilities pegged to different indices (CDI, IPCA, IGP-M, and TR), which make up the interest rate risk factor, the Company defined three different scenarios. Based on projections released by financial institutions in Brazil as at December 31, 2023, except for TR (benchmark rate), for which a zero rate per year was assumed, the following was defined:

(Expressed in thousands of reais - R$, unless otherwise stated)

			Percentage
Scenario	**Probable (expected)**	**Possible, stressed by 25%**	**Remote, stressed by 50%**
CDI reduction	10.03	7.52	5.02
CDI increase	10.03	12.54	15.05
IGP-M reduction	4.07	3.05	2.04
IGP-M increase	4.07	5.09	6.11
INCC	3.23	2.42	1.62
TR	0.00	0.00	0.00
IPCA	3.93	4.91	5.90

The Company seeks to avoid mismatches in terms of currencies and interest rates. Obligations are mainly linked to inflation (CDI or TR). There are no foreign currency-denominated assets or liabilities and there is no significant dependence on imported materials in the production chain. The Company seeks to maintain a balance between indices of liabilities and assets by investing cash in investment pegged to CDI (interbank deposit rate) to balance financial obligations and receivables indexed to the INCC in the long leg, and balance the construction cost to be incurred (Commitments assumed - Note 27)

	12/31/23		12/31/2022			Amount for 2023		
Consolidated data	**Assets**	**Liabilities**	**Assets**	**Liabilities**	**Risk**	**Probable**	**25%**	**50%**
Short-term investments (Note 6) (i)	12,400		38,574					
100% to 140% of CDI	12,400		38,574		CDI reduction	1,962	1,471	981
Trade receivables (Note 7)	33,331		66,153					
IGP-M	4,900		27,860		IGP-M reduction	199	150	100
INCC	28,431		38,293		INCC reduction	918	689	459
Borrowings and financing (Note 12)		40,688		36,574				
IPCA		40,688		36,574	IPCA increase	(1,599)	(1,999)	(2,399)
Debentures (Note 12)		-		233,462				
TR		-		210,566	TR increase	-	-	-
CDI		-		22,896	CDI increase	-	-	-
Leases payable (Note 15)		1,096		1,096				
IGP-M		1,096		1,096	IGP-M increase	(45)	(56)	(67)
Debentures (Note 12)		1,365						
CDI		124			CDI increase	(12)	(16)	(19)
IGP-M		1,241			IGP-M increase	(51)	(63)	(76)

(i) Fixed-income short-term investments, which have fixed yields, have not been considered to determine stress scenarios.

(e) Capital Management

The goals of the Company and its investees when managing their capital are to safeguard their ability to continue as going concerns and strengthening their credit rating with financial institutions, in order to support business and reduce this costs.

In line with other industry companies, the Company monitors capital based on a ratio calculated as its net debt to total capital. In turn, net debt corresponds to total borrowings (including both short- and long-term borrowings and debentures, as shown in the consolidated statement of financial position), minus cash and cash equivalents, financial assets valued at the fair value through profit or loss, and restricted accounts. Total capital is calculated by adding equity, disclosed in the consolidated statement of financial position, to net debt.

According to the consolidated financial information, these ratios are summarized as follows:

(Expressed in thousands of reais - R$, unless otherwise stated)

	Parent Company		Consolidated	
Description	**12/31/23**	**12/31/22**	**12/31/23**	**12/31/22**
Borrowings and financing	-	-	40,688	36,574
Debentures	-	233,462	-	233,462
Co-obligation receivables	-	-	1,365	1,396
	-	233,462	42,053	271,432
Cash and cash equivalents	(3)	(3)	(14,097)	(38,974)
Net debt/(cash surplus)	(3)	233,459	27,956	232,458
Equity	5,293	(181,613)	5,293	(181,613)
Equity and net debt	5,290	51,846	33,249	50,845
Percentage	N.A.	450.29%	84.08%	457.19%

(f) Fair Value Estimation

The fair value of e financial assets and financial liabilities is included in the amount for which the instrument could be exchanged in a current transaction between willing parties and not in a forced sale or liquidation. The following methods and assumptions were used to estimate fair value:

- Short-term investments linked to the CDI are recognized at market value, according to quotations disclosed by the respective financial institutions and the others refer mostly to certificates of bank deposits and repurchase agreements, therefore the recognized amount of these securities presents no difference from their market values.

- Cash and cash equivalents, trade receivables, trade payables, and other short-term payables approximate their respective carrying amounts mostly due to the short-term maturity of these instruments; the same assumption is valid for financial liabilities.

The Company applies CPC 40 (R1)/IFRS 7 for financial instruments measured in the statement of financial position at fair value, which requires disclosure of fair value measurements at the level of the following fair value hierarchy:

- Prices quoted (unadjusted) in active markets for identical assets or liabilities (level 1).

- Inputs, in addition to quoted prices included in level 1, that are adopted by the market for the related asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (level 2).

- Inputs for assets or liabilities that are not based on inputs adopted by the market (i.e., unobservable inputs) (level 3).

Level 2 of the fair value hierarchy is that used by the Company and its subsidiaries and jointly controlled entities for financial instruments measured at fair value through profit or loss, which comprise the short-term investments mentioned in Note 6. The Company and its subsidiaries and jointly controlled entities did not have financial assets measured in Level 3.

The fair value of financial instruments that are not traded on active markets (for example, certificates of deposit) is determined using the data provided by the financial institution where available, and rely as little as possible on entity-specific estimates. If all material inputs required for to measure an instrument's fair value are adopted by the market, the instrument is included in Level 2.

Due to the petition for court-supervised reorganization in September 2016, pre-petition debts are not being adjusted using their related contractual indices, and the Plan was approved by creditors at the Creditors'

(Expressed in thousands of reais - R$, unless otherwise stated)

General Meeting on November 29, 2017 and confirmed by the Court-supervised Reorganization Court on December 14, 2017. The final and unappealable decision, which decreed the termination of the court-supervised reorganization was certified on December 17, 2021. Debts will be paid through the delivery of Company shares and there is no set deadline for this to occur.

(g) Credit quality of the financial assets

The credit quality of the other financial assets can be assessed by reference to the corresponding collaterals:

	Parent Company		Consolidated	
Description	**12/31/23**	**12/31/22**	**12/31/23**	**12/31/22**
Units delivered				
With collateral assignment	-	4,292	29,090	57,624
Without collateral assignment	210	3,457	1,292	1,292
	210	7,749	30,382	58,916
Units under construction	-	-		
With collateral assignment	-	-	29,156	38,942
Trade receivables	210	7,749	59,538	97,858
Expected credit losses and allowance for cancellations	(210)	(3,457)	(26,207)	(31,705)
Trade receivables	-	4,292	33,331	66,153

From total trade receivables from completed units, approximately R$23,394 (R$28,917 at December 31, 2022) are past due, mainly due to unresolved lawsuits and delays in the transfer of funds from financial institutions to committed buyers, who do not take ownership of the property until the price has been settled based on the financing obtained.

As a result, the highest risk in this portfolio corresponds to the cancellation of the sale made, with the return of the unit to the inventory available for sale (Note 8). Based on past experience and the sale speed of each project, the Company analyzed the potential cases that may generate losses or cancellations and recognized an allowance for losses and cancellations, as shown in Note 7.

6. Cash and cash equivalents

	Parent Company		Consolidated	
Description	**12/31/23**	**12/31/22**	**12/31/23**	**12/31/22**
Cash and banks	3	3	1,697	400
Investment funds	-	-	3,388	334
Certificates of Bank Deposits	-	-	9,012	38,240
Total cash and cash equivalents	3	3	14,097	38,974

Short-term investments are highly liquid and classified as cash equivalents, as described in CPC 3 (R2) (IAS 7). Short-term investments basically yield interest equivalent to 100% of the Certificate of Interbank Deposits Rate (CDI).

(Expressed in thousands of reais - R$, unless otherwise stated)

7. Trade receivables

	Parent Company		Consolidated	
Description	**12/31/23**	**12/31/22**	**12/31/23**	**12/31/22**
Balance receivable from completed projects	210	7,749	30,382	58,916
Expected credit losses and allowance for cancellations	(210)	(3,457)	(25,482)	(31,056)
Net balance receivable from completed projects	-	4,292	4,900	27,860
Total receivable portfolio from projects under construction	-	-	43,131	44,764
Expected credit losses and allowance for cancellations	-	-	(725)	(649)
(+) Installments received	-	-	34,942	10,003
(=) Adjusted contracted sales	-	-	77,348	54,118
(-) Unrecognized contracted sales	-	-	(19,078)	(5,441)
(+) Portion classified in advances from customers	-	-	6,287	786
(=) Unrecognized revenue	-	-	64,557	49,463
(-) Adjustment to present value	-	-	(1,184)	(1,167)
(-) Installments received	-	-	(34,942)	(10,003)
Net balance receivable from projects under construction	-	-	28,431	38,293
Receivables from recognized sales (completed and under construction)	-	4,292	33,331	66,153
Other receivables and service receivables	10,303	10,304	11,667	10,533
Expected credit losses	(10,303)	(10,304)	(10,303)	(10,304)
Receivables from other transactions	-	-	1,364	229
Total receivables	-	4,292	34,695	66,382
Current	-	4,290	27,830	66,107
Noncurrent	-	2	6,865	275

Amounts are adjusted as set out in contractual clauses, as follows:

- up to the time the keys of the properties sold are delivered, using the National Cost of Construction Index (INCC);
- after the keys of the properties sold are delivered, using the General Market Price Index (IGP-M), plus interest of 12% per year, calculate on a prorated basis and recognized as finance income in the statement of profit or loss for the financial year.

Receivables from uncompleted properties were measured at the fair value of the installments receivable, taking into consideration the Company's weighted average borrowing cost, disregarding the effect of inflation during the period (expected IGP-M fluctuation for the following twelve months – smoothed, released in the Focus Report of the Central Bank of Brazil). However, if the yield rate of NTN-Bs (National Treasury Notes, series B) is higher, the higher rate is used.

The interest rate charged on receivables from completed properties is considered identical to the usual market rates, which is why they are presented at their fair values. The contra entry to the reversal of the fair value are recorded until the date the keys are delivered, and are thus reversed in as a contra entry to revenue from real estate development.

Aging list of the total receivables portfolio (earned revenues plus unrecognized revenues), minus expected credit losses and the adjustment at present value, per year:

(Expressed in thousands of reais - R$, unless otherwise stated)

				Consolidated
		Properties	12/31/23	12/31/22
Year - description	**Completed**	**Under construction**	**Total**	**Total**
Past due	2,483	18,446	20,929	23,685
Current				
2023	-	-	-	48,019
2024	2,415	4,504	6,919	190
2025	1	19,108	19,109	81
2026 and thereafter	1	348	349	-
	4,900	42,406	47,306	71,975

The Company owns completed projects for which customers are in the process of obtaining financing for the intended property from financial institutions at more attractive rates than those established in the sales contracts entered into with the Company (in general, these are subject to IGP-M fluctuation, plus a 12% interest per year).

As mentioned in Note 5 (g), the Company has active customers who filed lawsuits.
The Company breaks down expected credit losses by group of financial accounts and thus, the adjustments made are added to trade receivables, inventories, and cancellations payable. To cover the risks of this portfolio not being realized and the sale being canceled, Management recognized expected credit losses for transaction that it expects to be cancelled, and returned unit costs to the inventories of properties for sale (Note 8). This estimate is based on an analysis of historical information and ongoing lawsuits. Expected credit losses recognized on transactions that might be cancelled total R$19,836 (R$25,952 at December 31, 2022).

Expected credit losses and the allowance for cancellation recognized in trade receivable are broken down as follows:

		Parent Company		Consolidated
Description	**12/31/23**	**12/31/22**	**12/31/23**	**12/31/22**
Allowance for losses	10,513	10,513	16,674	16,057
Allowance for sales cancellations	-	3,248	19,836	25,952
	10,513	13,761	36,510	42,009
Completed projects	210	3,457	25,482	31,056
Projects under construction	-	-	725	649
Other receivables	10,303	10,304	10,303	10,304
	10,513	13,761	36,510	42,009

The table below shows the movements in expected credit losses:

Description	**Parent Company**	**Consolidated**
At December 31, 2021	(10,513)	(78,243)
Reversal of allowance for cancellations	(3,248)	31,722
Reversal/(increase) of allowance for expected credit losses	-	4,512
At December 31, 2022	(13,761)	(42,009)
Reversal/(increase) of allowance for cancellations	3,248	6,117
Reversal of expected credit losses	-	(618)
At December 31, 2023	(10,513)	(36,510)

(Expressed in thousands of reais - R$, unless otherwise stated)

The Company has active customers who filed lawsuits that do not necessarily require the cancellation of their contracts, so the Company seeks to settle ongoing lawsuits, together with its legal counsel and its customers, and receive the outstanding balances. The table below shows the balance of trade receivables under litigation:

Description	Completed	Under construction	Total
Past due	17,022	-	17,022
Current	86	-	86
	17,108	-	17,108

As described in Note 19 (b), as at December 31, 2023, the Company recognizes a provision of R$124,806 (R$126,536) at December 31, 2022) for the probable payment of damages to customers who have filed lawsuits.

8. Inventories

		Parent Company		Consolidated
Description	12/31/23	12/31/22	12/31/23	12/31/22
Land for real estate development	3,726	2,670	171,690	176,534
Properties under construction	-	-	21,905	24,207
Completed properties (ii)	1,056	375	23,569	27,194
Allowance for cancellations - completed units (i)	-	1,170	12,866	15,445
Allowance for cancellations of properties under construction (i)	-	-	97	561
	4,782	4,215	230,127	243,941
(-) Impairment of land (ii)	(3,726)	(2,670)	(21,050)	(23,969)
(-) Impairment of properties under construction (ii)	-	-	(912)	(849)
(-) Impairment of completed properties (ii)	-	-	(1,992)	(4,748)
(-) Impairment of contracts to be cancelled (ii)	-	-	(655)	(3,701)
	(3,726)	(2,670)	(24,609)	(33,267)
	1,056	1,545	205,518	210,674
Current	1,056	375	76,789	82,189
Noncurrent	-	1,170	128,729	128,485

(i) As mentioned in Note 7, the Company recognized estimated losses on cancellations based on the analysis of the litigated sales contracts, and returned the cost of the related units to the inventory of properties for sale;

(ii) As a result of the market prices and the strategies adopted by the Company regarding inventories repricing and land valuations at sales price or economic feasibility;

(iii) From total completed properties, R$17,518 refer to units blocked for sale, mostly due to legal proceedings.

The table below shows the breakdown of costs incurred on projects under construction:

	Parent Company	Consolidated
Description	12/31/23	12/31/22
Accumulated cost incurred	80,951	60,010
Cost allocated to units sold	(61,677)	(41,938)
Capitalized interest	22,658	18,300
Capitalized interest allocated to units sold	(20,027)	(12,165)
At the end of the year	21,905	24,207

The movements in and the balance of the capitalized interest in inventories are shown in Note 12.

Chácara Europa land

In November 2020, the Department of Parks and Green Areas approved the revalidation of the Environmental Commitment Term Sheet entered into with the City of São Paulo, regarding the land located at Rua Visconde de Porto Seguro in Chácara Flora. The licensing of a future project, as well as the felling of vegetation required to implement it, were the subject of administrative proceedings that were regularly processed before the City of São Paulo and other competent bodies in 2004. In a decision rendered in September 2017, the São Paulo Court of Justice upheld the Company's appeal, recognizing the regularity of all administrative procedures taken by the Company, the lack of any damage to the environment, and the validity of the license for the development of real estate projects.

In light of the São Paulo Court of Justice ruling, as well as after the revalidation of the Environmental Commitment Term Sheet, the Company initiated the vegetation felling procedures. In December 2020, the City Green and Environment Department of São Paulo issued Notice of Infraction No. 044346 (without penalty) which ordered the suspension of the construction works (which were not being performed at the time) until the presentation of a fauna report. This report, although not mandatory, had already been prepared by the Company before the beginning of the vegetation felling and, thus, it was submitted by the Company, when the Company also requested the revision of said suspension (still pending resolution). Notwithstanding the legality of all actions taken by the Company, as well as the right to build the mentioned project, the Company has temporarily ceased activities in the area.

On November 21, 2021, the judge of the 8th São Paulo State Finance Court issued a decision ordering the City not to create new barriers to the development under penalty of a daily fine of one hundred thousand Brazilian reais (R$100,000.00), capped at ten million Brazilian reais (R$10,000,000.00). This decision was the subject of interlocutory appeals filed by the Public Prosecutor's Office under No. 2273731-79.2021.8,26.0000 and the City of São Paulo under No. 2281730-83.2021.8,26.0000, in which they obtained suspensive effect and were later provided to amend the decision rendered by the floor court

On October 26, 2022, an action to nullity administrative act No. 1063175-20.2022.8.26.0053 was filed, under which JMT requests the nullification of Tax Assessment Notice No. 044346 be nullified, as well as the decision of provisional listing as heritage site by Conpresp, on which a judgment was issued on June 13, 2023, partially ordering the City to review the defense arguments submitted by the Company against Tax Assessment Notice No. 044346, under penalty of a daily penalty limited to R$1.000.000,00 (one million reais), against which both parties filed appeals with the Court of Justice of São Paulo.

On November 6, 2023, the Company started to comply with a court order to pay R$1,036,232.80 (one million and thirty-six thousand reais and eighty centavos), related to the collection of the penalty set by the courts, and so far the City has not made any pay or challenged the court order.

Concurrently with the litigation, on December 21, 2023, the City enacted a decree (Decree 63066/2023), declaring the land in question to be of public interest for future expropriation and construction of a city park.

As at December 31, 2023, the amount recognized in noncurrent assets, net of an impairment allowance, amounts to R$68,021.

(Expressed in thousands of reais - R$, unless otherwise stated)

9. Other receivables

	Parent Company		Consolidated	
Description	**12/31/23**	**12/31/22**	**12/31/23**	**12/31/22**
Advances to suppliers	239	339	1,680	3,672
Escrow deposits	367	339	4,283	4,053
Transfers on undue financing (i)	-	-	476	476
Advances to employees	18	19	22	26
Habitasec Securitizadora (ii)	-	-	4,437	6,444
Canal Securitizadora (iii)	-	-	14,309	-
Other	129	388	242	1,251
Expected losses on other receivables	-	(224)	-	(693)
	753	861	25,449	15,229
Current	386	522	21,166	11,176
Noncurrent	367	339	4,283	4,053

(i) Amortization made by the banks that funded some projects following the petition for court-supervised reorganization; however, the Company went to court to have the amounts returned.
(ii) Amount of CCB to be disbursed, disclosed in Note 12.
(iii) Amount of the CRI disclosed in Note 12.

The movements in expected credit losses are as follows:

Description	**Parent Company**	**Consolidated**
At December 31, 2022	(224)	(693)
Allowances recognized in the year	224	693
At December 31, 2023	-	-

10. Recoverable taxes

The Company and its subsidiaries and joint ventures have recoverable taxes (federal taxes) in the amounts described below, which will be offset against future taxes due and/or refunded and offset against taxes in installments, as provided for in the prevailing tax law:

	Parent Company		Consolidated	
Description	**12/31/23**	**12/31/22**	**12/31/23**	**12/31/22**
Tax on revenue (PIS)	60	60	1,657	1,597
Tax on revenue (COFINS)	142	142	8,076	7,791
Social contribution (CSLL)	65	65	159	161
Corporate income tax (IRPJ) (ii)	45	45	13,203	12,765
Withholding income tax (IRRF) on short-term investments	-	-	1,424	935
Other	(26)	10	119	75
Expected losses on recoverable taxes (i)	(202)	(202)	(4,354)	(4,354)
	84	120	20,284	18,970
Current	44	81	5,399	4,886
Noncurrent	40	40	14,885	14,083

(i) The Company estimated a loss of R$4,354 on the utilization of PIS and COFINS tax credits (Law 10833/03) on the costs of real estate units sold, as there is no estimate for their utilization within the statute of limitations period.
(ii) The Company filed Writ of Mandamus No. 5002232-78.2018.4.03.6100 which granted the recognition of the debts restructuring registered with General Attorney's Office of the National Treasury (PGFN) and paid in installments under the Special Tax Compliance Program (PERT), thus allowing the use of Company tax loss carryforwards to settle the tax debts of its subsidiaries, and the probable refund of previously paid amounts, which will be the subject of specific requests.

(Expressed in thousands of reais - R$, unless otherwise stated)

The movements in expected losses on recoverable taxes are as follows:

Description	Consolidated
At December 31, 2022	(4,354)
Increase of expected losses	-
At December 31, 2023	(4,354)

11. Investments and provision for negative equity

	Parent Company		Consolidated	
Description	12/31/23	12/31/22 (Restated)	12/31/23	12/31/22
Investments in subsidiaries and jointly controlled entities	32,851	37,315	10,039	8,401
Allowance for losses on investments (b)	(34,653)	(18,442)	(850)	(809)
Investment (a)	(1,802)	18,873	9,189	7,592
Reclassification to liabilities	34,653	18,442	850	809
Borrowing costs recognized (*)	1,855	1,863	-	-
	34,706	39,178	10,039	8,401

(*) The Company raised interest-bearing funds, which were invested in the subsidiaries and jointly controlled entities to fund their real estate projects. The financial charges on these funds raised by the Company and related to the real estate units in the inventories of company subsidiaries and jointly controlled entities are stated in this line item. In the consolidated statement of financial position, they were reclassified to line item 'Inventories', the movements of which are shown in Note 12.

(Expressed in thousands of reais - R$, unless otherwise stated)

(a) Movements in investments

Subsidiary	% interest	Balance at 12/31/21	Capital subscription	Capital increase	Derecognition	Equity accounting	Balance at 12/31/22 (Restated)	Capital subscription	Share transfer	Equity accounting	Balance at 12/31/23
Viver Desenvolv. Imob. Ltda.(i)	-	(16,119)	-	11,006	-	(6,552)	(11,665)	-	14,503	(2,838)	-
Viver Empreend. Ltda. (i)	-	40,120	-	198	-	(8,858)	31,460	-	(31,460)	-	-
Viver Participações Ltda.	100%	(27)	-	(535)	-	(7,524)	(8,086)	-	17	(20,150)	(28,219)
LIV Holding Empreendimentos e Neg. Imobiliários	100%	-	-	-	-	-	-	-	18,115	(3,566)	14,549
Solv Real Estate Distressed Gestão Imobiliária II Ltda	100%	-	-	-	-	-	-	10	-	-	10
Inpar Particip. e Assoc. Ltda. (i)	-	(1,611)	-	-	1,668	(57)	-	-	-	-	
Viver Desenvolv. e Constr. Imob. Ltda. (i)	-	1	-	-	-	(14)	(13)	-	13	-	-
Inpar Projeto 126 SPE Ltda. (i)	-	(594)	-	-	-	(2)	(596)	-	597	(1)	-
Inpar Projeto 50 SPE Ltda. (i)	-	(2,582)	-	-	-	(297)	(2,879)	-	2,879	-	-
Inpar Projeto 76 SPE Ltda	100%	-	-	-	-	-	-	-	1,545	7,571	9,116
LNR Empreendimentos Imobiliários Ltda	100%	-	-	-	-	-	-	-	(56)	(6,322)	(6,378)
Vila Madalena Empreend. Imob. Ltda (i)	-	4,517	-	-	(4,517)	-	-	-	-	-	-
F5 Crédito e Intermediação de Negócios Ltda (i)	-	44	-	-	-	3	47	-	(46)	(1)	-
F5 Intermediação de Negócios Ltda (i)	-	10	-	-	-	(14)	(4)	-	4	-	-
F5 Assessoria de Crédito Participações Ltda. (i)	-	-	1	-	-	-	1	-	(1)	-	-
LIV Real Distressed Gestão Imob. Ltda. (i)	-	-	1	-	-	3,089	3,090	-	(3,129)	39	-
LIV Greenfield Empreend. e Negócios Ltda. (i)	-	-	10	-	-	(83)	(73)	-	1,169	(1,096)	-
LIV Assessoria Imobiliária Ltda.	100%	-	-	-	-	-	-	10	-	-	10
Subsidiaries		23,759	12	10,669	(2,849)	(20,309)	11,282	20	4,150	(26,364)	(10,912)
Joint ventures of Viver Empreend. Ltda.	33% - 46%	12	-	535	-	(48)	499	-	(17)	(71)	411
Inpar Proj. 33 SPE Ltda.	1%	52	-	-	-	(1)	51	-	-	(2)	49
Inpar Proj. 107 SPE Ltda.	70%	76	-	(85)	-	-	(9)	-	-	-	(9)
Inpar Proj. 110 SPE Ltda.	70%	2,944	-	-	-	(1)	2,943	-	-	(1)	2,942
Tibério - Inpar Proj. 133 SPE Ltda.	1%	47	-	-	-	1	48	-	-	-	48
Tibério - Inpar Proj. Res. Guarulhos SPE Ltda.	20%	142	-	-	-	(9)	133	-	-	(6)	127
Tibério - Inpar Proj. Res. ER-Barueri SPE Ltda. (iv)	70%	(158)	-	-	-	1	(157)	-	-	1	(156)
Tibério - Inpar Proj. Res. Ernesto Igel SPE Ltda	35%	(194)	-	-	-	(12)	(206)	-	-	(17)	(223)
SCP AF Lapa III (vi)	100%	300	-	-	-	-	300	-	-	-	300
SCP VI-Revflo Jose dos Reis (v)	100%	178	289	-	-	-	467	-	-	(1)	466
SCP VI-Revflo Criciumal (ii)	100%	5	1,170	-	-	-	1,175	766	-	-	1,941
SCP VI-Revflo Herval (iii)	100%	100	2,248	-	-	-	2,348	945	-	-	3,293
Equity accounting of merged SPEs		-	-	-	-	-	-	-	-	(79)	(79)
Joint ventures		3,504	3,707	450	-	(69)	7,592	1,711	(17)	(176)	9,110
Total		**27,263**	**3,719**	**11,119**	**(2,849)**	**(20,378)**	**18,873**	**1,731**	**4,133**	**(26,540)**	**(1,802)**

(i) Share transfers refer to shares transferred from Viver S.A. to the Group's SPEs due to the corporate restructuring, without involving cash, as the acquisition of shares was settled with balance from related parties and there was no change in the ultimate controlling shareholder of the investees;

(Expressed in thousands of reais - R$, unless otherwise stated)

(ii) The Company holds a stake in project Criciumal through a silent partnership (SCP), which is guaranteed 25% of the profit of the project and is currently in progress with a percentage of completion of 32.51%;

(iii) The Company holds a stake in project Herval through an SCP, which is guaranteed 25% of the profit of the project and is currently in progress with a percentage of completion of 24.13%;

(iv) SPE Inpar Proj. Res. ER-Barueri SPE Ltda. is jointly controlled by partner Tibério and is not consolidated in the financial statements, thus being recognized only in equity accounting;

(v) The Company holds a stake in the project Revflo Jose dos Reis through a silent partnership, and is guaranteed 10% of the project's profit that is not currently under construction;

(vi) The Company holds a stake in the project AF Lapa III through SCP, and is guaranteed the distribution of fixed and predetermined dividends equivalent to an IRR of 1.55%; at the time the project is not under construction.

(b) Allowance for losses on investments

The Company assumes the obligations related to its subsidiaries and jointly controlled entities and, as a result, it recognized as current liabilities an allowance for losses on the following investments:

	Parent Company			Consolidated		
Companies	**12/31/22 (Restated)**	**Increase/ (decrease)**	**12/31/23**	**12/31/22**	**Increase/ (decrease)**	**12/31/23**
Viver Desenvolvimento Imobiliário Ltda.	14,443	(14,443)	-	-	-	-
Viver Desenvolvimento e Construção Imobiliária Ltda	13	(13)	-	-	-	-
Inpar Projeto 126 SPE Ltda.	2,879	(2,879)	-	-	-	-
Viver Participações Ltda.	596	27,291	27,887	-	-	-
LNR Empreendimentos	62	6,316	6,378	-	-	-
F5 Intermediação de Negócios Ltda	4	(4)	-	-	-	-
LIV Greenfield Empreend. e Negócios Ltda.	73	(73)	-	-	-	-
Inpar Projeto 107 SPE Ltda	9	-	9	9	-	9
Tibério - Inpar Projeto Residencial ER-Barueri SPE Ltda.	157	(1)	156	157	(1)	156
Tibério - Inpar Projeto Residencial Ernesto Igel SPE Ltda.	206	17	223	206	17	223
Acanto Incorporadora Ltda	-	-	-	366	25	391
PMCS Participações	-	-	-	71	-	71
Allowance for losses on investments	18,442	18,971	34,653	809	41	850

(Expressed in thousands of reais - R$, unless otherwise stated)

12. Borrowings, financing and debentures

Breakdown of borrowings, financing and debentures, net of transaction costs:

			Consolidated	
Type	**Index**	**Interest rate and annual commissions**	**12/31/23**	**12/31/22**
Borrowings and financing				
Projects – CCB (a)	IPCA	Up to 13%	15,115	36,574
Projects – CRI (b) and (c)	IPCA	12.68%	25,573	-
			40,688	36,574
Debentures				
January 18, 2011 issue	TR	8.77%	-	210,566
September 1, 2022 issue	DI	7.50%	-	22,896
			-	233,462
Total debt			40,688	270,036
Current			15,241	270,036
Noncurrent			25,447	-

The Company's borrowings, financing and debentures are collateralized by collateral assignment of rights to purchase properties, collateral assignment of ownership interest rights in the capital of subsidiaries and jointly controlled entities, collateral assignment of properties, pledge of purchase rights over properties, and chattel mortgage of the investees' shares.

(a) September 1, 2021 issue

The Company contracted a Bank Credit Note (CCB) totaling R$35,000, divided into four tranches, the first in amounting to R$15,000, the second amounting to R$12,000, the third amounting to R$2,500, and the fourth amounting to R$5,500. This financing was raised for the Nova Fama project, located in the municipality of Goiânia.

(b) October 5, 2023 issue

The Company contracted a Certificate of Real Estate Receivables (CRI) totaling R$36,000, divided in four (4) tranches, as follows:

(i) 1st series: R$8,000
(ii) 2nd series: R$7,700
(iii) 3rd series: R$9,100
(iv) 4th series: R$7,000
(v) 5th series: R$4,200

This financing was raised for investment in the Station project, located in the municipality of São Paulo, the amount will be adjusted using the Broad Consumer Price Index (IPCA) plus 12.68% per year and the maturity is scheduled for October 2027.

(c) November 17, 2023 issue

The Company contracted a CRI totaling R$30,000, divided in four (4) tranches, as follows:

(vi) 1st series: R$17,625
(vii) 2nd series: R$6,920
(viii) 3rd series: R$4,660
(ix) 4th series: R$295
(x) 5th series: R$1,000

(Expressed in thousands of reais - R$, unless otherwise stated)

This financing was raised for investment in the Domum project, located in the municipality of Diadema, the amount will be adjusted using the Broad Consumer Price Index (IPCA) plus 12.68% per year and the maturity is scheduled for November 2027.

Capitalized borrowing costs

Borrowing costs arising from borrowings, financing and debentures, with funds allocated to the project construction, are capitalized in the cost of each project, as the funds are used by subsidiaries and joint ventures, and expensed proportionally to the units sold, as shown below. All borrowing costs are expensed in the year they are incurred.

	Parent Company		Consolidated	
	12/31/23	12/31/22	12/31/23	12/31/22
Borrowing costs incurred	1,312	1,600	5,755	8,076
Capitalized borrowing costs (*)	(7)	-	(4,365)	(6,009)
Borrowing costs recognized as finance costs (Note 25)	1,305	1,600	1,390	2,067

		Parent		Consolidated
Borrowing costs allocated to line item 'Inventories'	**12/31/23**	**12/31/22**	**12/31/23**	**12/31/22**
Opening balance	1,862	1,548	6,135	7,984
Capitalized borrowing costs	-	-	4,365	6,009
Expensed borrowing costs (Note 22)	(7)	315	(7,869)	(7,858)
Closing balance (Notes 8 and 11)	1,855	1,863	2,631	6,135

(*) Capitalized borrowing costs arise from loans obtained through the Housing Finance System (SFH) and other funding lines such as the issue of debentures, used to purchase land for real estate development, and funding for the project construction. As a result of the measures that are being taken by the Company's management referred to in Note 1, certain land no longer have a defined date for the launch of the related projects and, as a result, interest is no longer capitalized, and is directly expensed as finance costs.

13. Co-obligation in assignment of receivables

Receivables assignment transactions through the issuance of Real Estate Credit Notes (CCIs), in which the Company retains the risks and liabilities for the assigned receivables, with the obligation to repurchase defaulted real estate receivables (co-obligation), are classified in liabilities and their balances consists of collaterals and interest:

			Consolidated
Collateral	**Discount rate - %**	**12/31/23**	**12/31/22**
Unsecured	12.00%	1,303	1,290
Unsecured guarantee/Collateral Assignment	11.25%	50	94
Unsecured	10.95%	12	13
		1,365	1,397
Current		1,365	1,396
Noncurrent		-	1

(Expressed in thousands of reais - R$, unless otherwise stated)

14. Trade payables

Certain past-due balances of transactions with suppliers have been negotiated and the remaining pre-petition claims will be subject to the court-supervised reorganization, of which the total amount of R$2,639 is subject to the court-supervised reorganization plan. The table below shows the aging list of the balance of trade payables, considering the renegotiated due dates:

	Parent Company		Consolidated	
Maturity	**12/31/23**	**12/31/22**	**12/31/23**	**12/31/22**
Past due	1,458	2,951	6,855	10,072
Falling due within 30 days	370	276	840	595
Falling due from 31 to 60 days	70	140	76	141
Falling due from 61 to 90 days	6	620	12	1,152
Falling due from 91 to 120 days	32	91	38	136
Falling due from 121 to 180 days	-	40	0	41
Falling due after 180 days	-	2	2	100
	478	1,169	968	2,165
	1,936	4,120	7,823	12,237

15. Accounts and leases payable

(a) Accounts payables

	Parent Company		Consolidated	
Description	**12/31/23**	**12/31/22**	**12/31/23**	**12/31/22**
Commissions payable (i)	5	5	1,857	1,948
Cancellations payable (IV)	-	695	40,848	43,862
Policy Adjustment Commitment (ii)	3,355	3,355	3,355	3,355
CAM fees of completed units payable (iii)	-	-	5,624	8,214
Other payables	1,247	1,649	2,160	2,692
	4,607	5,704	53,844	60,071
Current	4,607	5,704	52,383	58,572
Noncurrent	-	-	1,461	1,499

(i) Refers to the sales of real estate units, by land prospection or partners for the development of real estate projects;
(ii) Estimated amount to be spent on Policy Adjustment Commitments (TAC) entered into with the Cities of Nova Lima and Porto Alegre;
(iii) The amount of common area maintenance (CAM) fees payable includes the debts of the completed properties disputed in lawsuits with possible likelihood of cancellation, which would be returned to the inventory of properties for sale;
(iv) This balance refers to cancelled sales, the payment of which will be made at the time of resale of the units or within 60 months of the date of cancellation, whichever occurs first, and with the share assignment transaction carried out in January 2024, the balance will decrease by R$29,879, leaving an outstanding balance of R$10,958.

(b) Leases payable

The Company is a party to only one lease contract, dated November 2023, for the lease of its current headquarters.

The lease term is 60 months, starting November 23, 2023 and ending November 23, 2028. The contract price shall be adjusted annually by the positive percentage variance of the IGP-M.

The lease liability was recognized at present value, taking into consideration a projected future IGP-M rate of 4% per year, and discounted at a nominal rate of 8.5% per year. Interest thereon is recognized in the profit or loss as finance costs on an accrual basis and according to the payment flows.

(Expressed in thousands of reais - R$, unless otherwise stated)

Description	Parent Company 12/31/23	Parent Company 12/31/22	Consolidated 12/31/23	Consolidated 12/31/22
Lease payable - right of use of the property	712	376	712	1,503
(-) Unrecognized financial charges	(159)	(102)	(159)	(407)
	553	274	553	1,096
Current	-	121	-	484
Noncurrent	553	153	553	612

Noncurrent payments are broken down as follows:

Description	Parent Company 12/31/23	Parent Company 12/31/22	Consolidated 12/31/23	Consolidated 12/31/22
2023	-	10	-	39
2024	-	115	-	462
2025	157	28	157	111
2026	144	-	144	-
2027	142	-	142	-
2028	110	-	110	-
	553	153	553	612

16. Customer and other advances

(a) Advances from customers

Description	Consolidated 12/31/23	Consolidated 12/31/22
Proceeds from customers exceeding earned revenue (i)	6,506	924
Other advances	713	1,604
	7,219	2,528
Current	7,219	2,528

(i) Proceeds from customers exceeding balances of receivables arising from the sale of properties are recognized as advances from customers in current liabilities, of which R$4,700 refers to proceeds from the Domun project, which is under a standstill clause.

(b) Payables for committed properties

Description	Consolidated 12/31/23	Consolidated 12/31/22
Payables for committed properties	5,210	10,140
Physical barters (i)	5,046	6,618
	10,256	16,758
Current	10,256	5,656
Noncurrent	-	11,102

(i) In certain land acquisition transactions, the Company made physical barters for units to be built. These physical barters are recognized at fair value as a land bank for real estate development, as a contra entry to advances from customers, considering the estimated cash price of the real estate units to be delivered in lieu of payment, considering that these barters are allocated to profit or loss under the same assumptions used to recognize the sales of real estate units.

(Expressed in thousands of reais - R$, unless otherwise stated)

17. Related parties

(a) Intragroup loans and borrowings

Description (noncurrent assets)	Parent Company 12/31/23	Parent Company 12/31/22	Consolidated 12/31/23	Consolidated 12/31/22
Viver Desenv. e Constr. Imob. Ltda.	-	5	-	-
Viver Empreend. Ltda.	-	37,470	-	21
LR Empreendimentos Imobiliários Ltda	63,544	51	-	-
Inpar Projeto 126 Spe Ltda.	-	11	-	-
LIV Holding Empreendimentos Ltda	27,414		-	-
Inpar Projeto 44 Spe Ltda	180	-	-	-
Inpar Projeto 127 Spe Ltda	3	-	-	-
Lnr Empreendimentos Imobiliários Ltda.	25,608	-	265	
LIV Real Estate Distressed Gestão Imob. Ltda	-	556	-	-
LIV Greenfield Empreend. e Negócios Ltda	-	4,506	-	-
Inpar Proj 71 SPE Ltda	-	10,147	-	3,044
Inpar Projeto 86 Spe Ltda	-	-	2,839	-
Inpar Projeto 87 Spe Ltda	-	-	4	-
Inpar Projeto 90 Spe Ltda	-	-	59	-
Inpar Projeto Residencial Rio Claro Village Spe 67 Ltda	-	-	505	-
Inpar Projeto 109 Spe Ltda	-	-	365	-
Agre API Empreend. Imob. S.A. (i)	-	-	3,369	3,344
Tiberio Inpar Proj. Res. Er-Barueri Spe Ltda.	153	153	153	153
Inpar Projeto 110 SPE Ltda.	52	52	52	52
Estimated losses on related parties (i)	-	-	(3,369)	(3,344)
	116,954	52,951	4,241	3,270

(i) The Company estimated a loss of R$3,734 on transactions with related party Agre API Empreendimentos Imobiliários S.A., based on the return valuation on jointly controlled entities.

Description (current liabilities)	Parent Company 12/31/23	Parent Company 12/31/22	Consolidated 12/31/23	Consolidated 12/31/22
Solv Real Estate Distressed Gestão Imobiliária Ii Ltda.	10	-	-	-
Inpar project Lagoa Dos Ingleses Spe Ltda	38,079	-	-	-
Projeto Imobiliário Spe 46 Ltda	17,686	-	-	-
Projeto Imobiliário Altos Do Umarizal Spe 64 Ltda	105	-	-	-
Inpar Projeto 71 Spe Ltda	27,897	-	-	-
Inpar Projeto 94 Spe Ltda	839	-	-	-
Projeto Imobiliario Residencial Linea Spe 96 Ltda	6,992	-	-	-
Viver Desenv. Imob. Ltda.	-	-	-	1,654
LIV Assessoria Imobiliária Ltda.	10	-	-	-
Jive Asset Gestão de Recursos Ltda (i)	-	9,634	-	9,634
Lr Empreendimentos Imobiliários Ltda.	-		2,345	-
Inpar Projeto 86 Spe Ltda	-		32	-
Inpar Projeto 105 Spe Ltda	-		387	-
Lnr Empreendimentos Imobiliários Ltda.	-		41	-
Inpar Projeto 105 Spe Ltda	-		75	-
Menin Incorporadora Ltda	-	-	7	7
Inpar Projeto 33 SPE Ltda.	44	45	44	45
Tiberio - Inpar Projeto 133 SPE Ltda	46	46	46	46
Tiberio - Inpar Projeto 107 SPE Ltda	10	10	10	10
	91,718	9,735	2,987	11,396

(i) The balance payable to Fundo de Liquidação Financeira – Fundo de Investimento em Direitos Creditórios Não Padronizados, under management of Jive Asset Gestão de Recursos Ltda. results from the acquisition via endorsement made by Gaia Cred III Companhia Securitizadora de Créditos Financeiros, which became the creditor of bank credit notes (CCBs), which were converted into the 1st tranche of capital increase under the court-supervised reorganization plan. Settled in October 2023.

The balances of accounts held with subsidiaries and jointly controlled entities refer to loan transactions in the form of interest-free current account loans, with no predefined maturity.

(Expressed in thousands of reais - R$, unless otherwise stated)

The balances receivable by the Company correspond to funds transferred to subsidiaries and jointly controlled entities, for the purpose of providing cash and developing these investees' real estate projects. The balances in liabilities correspond to the funds received from subsidiaries and jointly controlled entities, originated by payments from customers for the sale of the projects.

(b) Business transactions with subsidiaries and jointly controlled entities

The business transactions conducted with subsidiaries and jointly controlled entities are intended for real estate development and construction of projects. These transactions could have a different outcome for the Parent had they had been conducted with unrelated parties, without any impact on consolidated profit or loss.
The current business transactions with subsidiaries and jointly controlled entities include: (i) the execution of project construction agreements; (ii) project development or joint development agreements; (iii) cross-guarantee agreements, which are decided by management for all investments in subsidiaries, the activities of which are controlled by the Company.

(c) Compensation of directors, executive officers, and council members

The compensation of directors, executive officers and council members as at December 31, 2023 was R$4,800 (R$3,956 at December 31, 2022) and is recognized as 'General and administrative expenses', as shown below:

Description	Board of Directors	Executive Committee	Audit Committee	Total
Number of members (*)	5	3	3	11
Wages/management fees	960	1,245	180	2,385
Bonuses (Note 2.19)	-	2,400	-	2,400
Direct and indirect benefits	-	75	-	75
At December 31, 2023	960	3,720	180	4,860

Description	Board of Directors	Executive Committee	Supervisory Council	Audit Committee	Total
Number of members (*)	5	3	3	3	14
Wages/management fees	960	1,660	252	120	2,992
Bonuses	-	2,400	-	-	2,400
Direct and indirect benefits	-	100	-	-	100
Benefit Grant Plan	(384)	(1,152)			(1,536)
At December 31, 2022	576	3,008	252	120	3,956

(*) The number of members was calculated by weighing the period during which they worked at the Company.

The Annual Shareholders' Meeting held on April 28, 2023 set the annual overall compensation of the Company's key management personnel for 2023 at up to R$5,964.

Currently the Company does not have a share-based compensation plan.

(Expressed in thousands of reais - R$, unless otherwise stated)

18. Payroll and taxes payable and deferred taxes

18.1 Payroll and taxes payable

	Parent Company		Consolidated	
Description	**12/31/23**	**12/31/22**	**12/31/23**	**12/31/22**
Payroll taxes	852	793	933	911
Variable compensation - bonuses	3,102	2,023	5,198	5,100
	3,954	2,816	6,131	6,011
Taxes in installments	1,037	1,269	2,029	3,723
Taxes in installments - Law 12996/14	-	-	-	147
Property tax (IPTU) installment plan	-	-	-	566
Current taxes	305	287	2,252	2,508
IPTU payable (ii)	-	-	28,073	23,584
	1,342	1,556	32,354	30,528
Total	**5,296**	**4,372**	**38,485**	**36,539**
Current	4,679	3,437	37,582	34,283
Noncurrent	617	935	903	2,256

(i) On May 5, 2020, the Company filed Annulment Action No. 1025397-84.2020.8.26.0053 seeking the cancellation of the charges for the period 2012-2020, given that the market value of the properties, as a result of the constraints resulting from Class Civil Action No. 0114934-31.2008.8.26.0053, is zero and, therefore, the tax levied on the properties would be zero. It should be noted that this lawsuit is still pending judgment. In addition, it should be noted that on November 11, 2023, the Company filed a 2nd annulment action, No. 1078480-54.2023.8.26,0053, seeking the cancellation of the charges for the period 2021-2023, pursuant to the same arguments, but also based on the provisional registration, and is stated in this lawsuits, the prepayment request was granted, on December 20, 2023, to suspend the enforceability of property tax debts in 2021-2023. The latter case is still pending judgment on the merits.

The noncurrent amounts are broken down as follows, by maturity year:

	Parent Company		Consolidated	
Description	**12/31/23**	**12/31/22**	**12/31/23**	**12/31/22**
2023	-	155	-	417
2024	-	312	-	661
2025	421	312	669	659
2026	189	156	225	307
2027	7	-	9	95
2028 and thereafter	-	-	-	117
	617	935	903	2,256

18.2 Deferred taxes

	Parent Company		Consolidated	
Description	**12/31/23**	**12/31/22**	**12/31/23**	**12/31/22**
Deferred income tax and social contribution	-	-	201	148
Deferred taxes on revenue (PIS and COFINS)	-	257	277	680
Deferred taxes	-	257	478	830
Current	-	257	204	829
Noncurrent	-	-	274	1

(a) Deferred income tax, social contribution, PIS and COFINS

Deferred income tax, social contribution, PIS and COFINS are recognized to reflect future tax effects resulting from temporary differences between the tax base, determined by on a cash basis (SRF Regulatory Instruction 84/79), and the real estate profit accounting basis, calculated based on the criteria in Note 2.22.

(Expressed in thousands of reais - R$, unless otherwise stated)

		Consolidated
Description	**12/31/23**	**12/31/22**
At the beginning of the year	(148)	-
Adjustments	405	(26,355)
Expenses (income) in profit or loss	(56)	26,503
Deferred income tax and social contribution	201	148
Deferred taxes on revenue (PIS and COFINS)	277	680
Deferred taxes	478	828

As a result of the tax credits and taxes payable referred to above, the Company recognized the corresponding tax effects (deferred income tax and social contribution), as follows:

(b) Reconciliation of the consolidated income tax and the social contribution charge at the statutory and effective tax rates

		Parent Company		Consolidated
Description	**12/31/23**	**12/31/22 (Restated)**	**12/31/23**	**12/31/22 (Restated)**
Profit (loss) before income tax and social contribution	(72,724)	(60,566)	(72,216)	(59,137)
Share of results of investees	26,540	20,378	(176)	69
Tax base	(46,184)	(40,188)	(72,392)	(59,068)
Statutory tax rate - %	34	34	34	34
Statutory charge (credit)	(15,703)	(13,664)	(24,613)	(20,083)
Unrecognized tax assets on tax loss carryforwards	10,548	13,664	24,309	20,083
Temporary differences	5,155	-	(1,968)	-
Recognition of tax loss carryforwards				
Effect of subsidiaries and joint ventures taxed by deemed profit tax system and RET	-	26,516	1,739	25,898
Income tax and social contribution	-	26,516	(533)	25,898
Current	-	-	(477)	(605)
Deferred	-	26,516	(56)	26,503
Income tax and social contribution	-	26,516	(533)	25,898

19. Provisions

		Parent Company		Consolidated
Description	**12/31/23**	**12/31/22 (Restated)**	**12/31/23**	**12/31/22 (Restated)**
Provisions for construction warranties (a)	-	-	1,226	812
Provision for litigation (b)	11,570	26,722	146,447	154,590
	11,570	26,722	147,673	155,402
Current	-	-	1,226	812
Noncurrent	11,570	26,722	146,447	154,590

(Expressed in thousands of reais - R$, unless otherwise stated)

(a) Provisions for construction warranties

The movements in this provision were as follows:

	Consolidated	
	12/31/23	12/31/22
At the beginning of the year	812	1,628
Reversal/net provision	414	(816)
At the end of the year	1,226	812

The provision for construction warranties is recognized to cover any disbursements to cover expenses during the warranty period of the projects, which are not the responsibility or that possibly are not covered by the companies contracted to build the project.

(b) Provision for litigation

	Parent Company		Consolidated	
Description	12/31/23	12/31/22 (Restated)	12/31/23	12/31/22 (Restated)
Labor	2,066	5,025	4,795	9,252
Tax	1,137	-	7,039	4,090
Civil	1,643	1,482	9,505	14,442
Civil - indemnities, fines, and other losses on trade receivables	6,724	20,215	124,806	126,536
Criminal	-	-	302	270
Noncurrent	11,570	26,722	146,447	154,590

The movements in this provision shown in the table below:

	Parent Company		Consolidated	
	12/31/23	12/31/22 (Restated)	12/31/23	12/31/22 (Restated)
At the beginning of the year	26,722	15,600	154,590	121,707
Adjustments to equity interests (i)	-	-	3,829	-
Payment of litigation via capital increase	(19,378)	-	(45,588)	-
Increase (reversal) of provision (Note 26)	4,226	11,122	33,616	32,883
At the end of the year (ii)	11,570	26,722	146,447	154,590

(i) In December 2023, the Janga consortium, in which the Company's held a 70% stake, was extinguished by transferring 100% of its capital to SPE Inpar Project 71, which resulted in an increase of the provision of contingencies without affecting profit or loss for the current year.

(ii) $49,533 of the total provided for is subject to the court-supervised reorganization.

A significant portion of the provisions for civil litigation corresponds to lawsuits filed by customers claiming, among other things (i) fines for the delayed delivery of real estate units; (ii) early termination of contracts; (iii) interest charged on existing contracts; and (iv) lawsuits involving partners.

The Company and its subsidiaries and joint ventures have been monitoring, along with their legal counsel, the lawsuits filed by each buyer who has received their unit purchased during the construction in a period exceeding the 180- day grace period provided for by the Real Estate Development Law, claiming such indemnity, as well as compensation for pain and suffering and damages. The Company determines specific losses for these cases based on individual analyses of the lawsuits.

(Expressed in thousands of reais - R$, unless otherwise stated)

The Company also monitors the movements in the industry concerning this matter to continually reassess the impacts on its operations and consequent repercussions on the financial statements. All accounting provisions necessary to reflect the effects of the lawsuits with probable likelihood of loss were recognized in the financial statements.

No provision was recognized for ongoing lawsuits which management and its legal counsel consider as possible losses. The amounts of these lawsuits are as follows:

	Parent Company		Consolidated	
Description	**12/31/23**	**12/31/22**	**12/31/23**	**12/31/22**
Labor	2,698	4,674	3,455	5,769
Tax	34	32	3,224	583
Civil (i)	4,189	2,244	11,086	7,374
Civil - indemnities, fines, and other losses on trade receivables (i)	6,483	4,533	54,113	31,495
Total (Ii)	13,404	11,483	71,878	45,221

(i) There is a material increase in civil lawsuits with possible likelihood of loss due to new lawsuits and changes in the likelihood estimate from remote to possible.
(ii) R$27,912 of the amount disclosed is subject to the court-supervised reorganization plan.

20. Equity

20.1 Share capital

Description	**Number of shares**
Balance at December 31, 2021	**142,902,713**
Capital increase - September 19, 2022	21,506,752
Capital increase - November 19, 2022	27,987,940
Balance at December 31, 2022	**192,397,405**
Capital increase – January 2, 2023	31,365,555
Capital increase – March 21, 2023	11,021,532
Reverse share split – May 2, 2023	(211,306,043)
Capital increase – September 29, 2023	198,094
Balance at December 31, 2023	**23,676,543**

On September 16, 2022, the Company's Board of Directors approved the capital increase, within the authorized capital ceiling. A total of 21,506,752 new book-entry registered common shares without par value were subscribed and paid in, totaling R$15,699, at an issue price of R$0.73, including: (i) 352,459 registered common shares without par value, subscribed and paid in, in Brazilian currency, by the shareholders who exercised their preemptive rights, totaling R$257; (ii) 8,936 registered common shares without par value, subscribed and paid in, in Brazilian currency, by the shareholders that subscribed to the remaining shares of the capital increase, totaling R$6; (iii) 21,145,357 registered common shares without par value, subscribed and paid in, in Brazilian currency, by the creditors of Fundo de Liquidação Financeira Fundo de Investimento em Direitos Creditórios, debenture holders holding the remaining claim referring to the debt related to the simple, nonconvertible debentures issued on May 31, 2011 and the people eligible to participate in the 2nd and 3rd tranches of the Benefit Grant Program approved at the Board of Directors' Meeting held on January 14, 2021, totaling R$15,436.

On November 29, 2022, the Company's Board of Directors approved the capital increase, within the authorized capital ceiling. A total of 27,987,940 new book-entry registered common shares without par value were subscribed and paid in, totaling R$17,073, at an issue price of R$0.61, including: (i) 19,864,075 registered common shares without par value, subscribed and paid in, in Brazilian currency, by the shareholders who exercised their preemptive rights, totaling R$12,117; (ii) 102,953 registered common shares without par value, subscribed and paid in, in Brazilian currency, by the shareholders that subscribed to the remaining shares of the capital increase, totaling R$63; (iii) 8,020,912 registered common shares without par value, subscribed and paid in, in Brazilian currency, by the creditors (i) debenture holders holding the remaining claim referring to the debt related to the simple, nonconvertible debentures issued on May 31, 2011 and (ii) the people eligible to participate in the 1st and 4th tranches of the Benefit Grant Program approved at the Board of Directors' Meeting held on January 14, 2021 and ratified at the Special Shareholders' Meeting held on April 30, 2021, at an issue price of R$0.61 per share, totaling R$4,893.

On January 2, 2023, the Company's Board of Directors approved the capital increase, within the authorized capital ceiling, by converting 22,500 debentures under Series I of the 5th Issue Debentures into 31,365,555 registered common shares without par value, at an issue price of R$0.73 per share, totaling an increase of R$22,897. The Company's capital increased to R$2,505,561, represented 223,762,960 registered common shares without par value from R$2,482,665, represented by 192,397,405 registered common shares without par value.

On March 21, 2023, the Company's Board of Directors approved the capital increase, within the authorized capital ceiling. A total of 11,021,532 new registered common shares without par value were subscribed and paid in, totaling R$218,226, including: (i) 2,966 registered common shares without par value and paid in, in Brazilian currency, by the shareholders who exercised their preemptive rights, at an issue price of R$19.80 per share, totaling R$59, (ii) 15 registered common shares without par value , subscribed and paid in, in Brazilian currency, by the shareholders who subscribed to the remaining shares of the capital increase, at an issue price of R$19.80 per share, totaling R$297.00; and (iii) 11,018,553 registered common shares without par value, subscribed and paid in by the creditors whose claims were included in the Company's general list of creditors, as provided for in the Court-supervised Reorganization Plan of all the Viver Group companies, at the issue price of R$19.80 per share, totaling R$218,167. Of this amount, 10,634,629 registered common shares without par value, totaling R$210,566 were subscribed and paid in by the creditor Severance Pay Fund ("FGTS"), as per the settlement confirmed on November 5, 2022 by the judge of the 8th Federal Civil Court of the São Paulo/SP Judicial District.

On May 2, 2023, the Company's Board of Directors approved the reverse stock split of all the current 234,784,492 common shares issued by the Company at the ratio of ten (10) common shares to one (1) new common share ("Reverse Stock Split"), all registered, book-entry shares without par value, with no change in the issue capital. The purpose of the Reverse Stock Split is to set the price of the shares issued by the Company at an amount equal to or greater than R$1.00 (one Brazilian real) per share.

On September 26, 2023, the Company's Board of Directors approved the capital increase, within the authorized capital ceiling. A total of 198,094 new book-entry registered common shares without par value were subscribed and paid in, totaling R$39,222, at a price of R$198.00 per share. The Company's capital increased to R$2,763,010, represented by 23,478 registered common shares without par value from R$2,723,787, represented by 23,478 registered common shares without par value.

As at December 31, 2023, the Company's capital is R$2,763,010 represented by 23,676,543 registered common shares without par value (R$2,482,665 represented by 192,397,405 registered common shares without par value at December 31, 2022).

20.2 Share subscription costs

The amount of capital subscription costs, including bank commissions and financial, legal and market advisory services for the share subscription held in previous years totaled R$37,855.

20.3 Subscribed shares for cancellation

In March 2019, Banco Pan S.A was paid its claims totaling R$18,145 converted into the 3rd tranche of the capital increase in compliance with the Court-supervised Reorganization Plan. Banco Pan filed an interlocutory appeal with the São Paulo State Court of Justice against the decision that confirmed the Court-supervised Reorganization Plan of Projeto Residencial Marine Home Resort SPE Ltda., which is the guarantor of the credit notes issued by Inpar Projeto 45 SPE Ltda., an appeal filed under No. 2010112-33.2019.8.26.0000. As a result of the agreement entered into by the Company and NPL Brasil Gestão de Ativos Financeiros, which acquired the claims held by Banco Pan, the Company recognized a reduction in Equity of R$18,145, referring to the future cancellation of 916,407 shares converted on behalf of Banco Pan, according to the 3rd payment tranche provided for in the Court-supervised Reorganization Plan, which are deposited with the registry bank of the shares.

On July 16, 2019, Fundo de Liquidação Financeira – Fundo de Investimento em Direitos Creditórios Não Padronizados, under management of Jive Asset Gestão de Recursos Ltda. via endorsement made by Gaia Cred III Companhia Securitizadora de Créditos Financeiros, became a creditor of the bank credit notes (CCBs). The CCBs were included in the Court-supervised Reorganization as pre-petition claims paid under the terms of the Court-supervised Reorganization Plan, and the amount R$27,099 was converted into 1,387,2,44 Company common shares (taking into consideration the reverse split of shares at the ratio 10 to 1), through a capital increase. By virtue of the challenge decision repealed in the TJSP ruling, which granted the interlocutory appeal n. 2066365-75.2018.8.26.0000 by understanding that the CCB credit is a post-petition claim within the limit of the asset pledged in guarantee, it was requested to the Court-supervised Reorganization Judge the cancellation of the shares issued in a compulsory manner to Gaia Cred III. As a result of the agreement entered into by the Company and Fundo de Liquidação Financeira – Fundo de Investimento em Direitos Creditórios Não Padronizados, the Company recognized a reduction in Equity of R$27,099, referring to the future cancellation of 1,387,244 shares converted on behalf of Gaia Cred III, according to the 1st payment tranche provided for in the Court-supervised Reorganization Plan, which are deposited with the registry bank of the shares.

On August 9, 2022, the parties entered into a new agreement under which NPL released Viver from its debt, and as a result it was agreed with Banco Pan that the cancellation of the shares will be deliberated at the 2024 Annual Shareholders' Meeting.

20.4 Dividend policy

According to the Company's bylaws, 5% of the profit for the year is allocated to a legal reserve, limited to 20% of fully paid-in capital and minimum dividends of 25% on the profit, after offsetting accumulated losses. Due to the accumulated losses over the last years, the Company has not distributed dividends to its shareholders.

21. Loss per share

The basic calculation of loss per share is made by dividing the loss for the year, attributed to the holders of common shares of the Company by the weighted average number of common shares outstanding during the year.

Loss per share is calculated by dividing loss for the year attributed to holders of common shares of the Company by the weighted average number of common shares outstanding during the year plus the weighted average number of common shares that would be issued upon conversion of all potential common shares diluted into common shares.

The tables below show the profit or loss and share data used to calculate the weighted average number of outstanding common shares:

(Expressed in thousands of reais - R$, unless otherwise stated)

Date	Number of shares	Number of days/%	2023 Weighted average number of shares
January 2, 2023 (i)	19,239,741	2	105,423
March 22, 2023 (i)	22,376,296	79	4,843,089
September 26, 2023	23,478,449	188	12,093,009
December 31, 2023	23,676,543	96	6,227,255

(i) We have applied the effect of the reverse share split of May 2023 for the purpose of calculating the weighted average number of the shares.

Basic and diluted losses per share as of December 31, 2023 is R$3.1254 (basic and diluted losses per share of R$0.02249 at December 31, 2022).

	12/31/23	12/31/22 (Restated)
Profit (loss) attributable to Company shareholders	(72,724)	(34,050)
Weighted average number of outstanding common shares	23,268,777	151,425,479
Basic and diluted loss per share - R$	(3.1254)	(0.2249)

22. Gross profit

	Parent Company		Consolidated	
Description	**12/31/23**	**12/31/22**	**12/31/23**	**12/31/22**
Revenue from real estate	(704)	17,686	63,112	82,297
Reversal of/(allowance for) sales cancellations	1,370	(3,248)	6,954	33,624
Reversal of/(allowance) for expected credit losses	-	-	(618)	4,512
Revenue from services	-	1,021	707	1,664
Gross operating revenue	666	15,459	70,155	122,097
Taxes levied	257	(320)	(619)	(115)
Net operating revenue	923	15,139	69,536	121,982
Costs of land, real estate development, construction and services	32	(6,606)	(46,291)	(59,111)
Accrued/(reversal) of costs on units to be cancelled	(421)	1,170	(3,084)	(27,597)
Reversal of/(allowance) for inventory impairment	-	-	5,519	11,475
Borrowing costs (Note 12)	(7)	315	(7,869)	(7,858)
Costs of properties sold	(396)	(5,121)	(51,725)	(83,091)
Gross profit	527	10,018	17,811	38,891

(i) As mentioned in Note 7, the Company broke down the expected credit losses on trade receivables from customers who filed lawsuits, resulting in the reversal of trade receivables and the return unit costs to the inventory of properties for sale (Note 8);

23. General and administrative expenses

	Parent Company		Consolidated	
Description	**12/31/23**	**12/31/22**	**12/31/23**	**12/31/22**
Payroll and related taxes	(14,025)	(14,635)	(23,329)	(27,034)
Restricted-share grant plan	-	5,221	-	1,656
Advisory and consulting fees	(6,421)	(6,580)	(7,475)	(8,024)
Corporate expenses	(3,003)	(2,794)	(6,680)	(6,002)
Leases	(49)	(72)	(47)	(77)
Depreciation of right to use a property	(101)	(122)	(360)	(593)
	(23,599)	(18,982)	(37,891)	(40,074)
Restructuring expenses	(1,010)	(834)	(1,010)	(834)
Depreciation and amortization	(126)	(222)	(374)	(348)
	(1,136)	(1,056)	(1,384)	(1,182)
	(24,735)	(20,038)	(39,275)	(41,256)

(Expressed in thousands of reais - R$, unless otherwise stated)

24. Selling expenses

	Parent Company		Consolidated	
Description	**12/31/23**	**12/31/22**	**12/31/23**	**12/31/22**
Publicity and advertising	(130)	(162)	(5,279)	(3,579)
Depreciation of sales booths and decorated apartments	-	(43)	-	(295)
Commissions	(18)	(62)	(2,282)	(1,462)
Inventory and completed unit maintenance	-	(2)	(299)	(546)
Expenses on construction warranties	-	-	(437)	(684)
	(148)	(269)	(8,297)	(6,566)

25. Finance income (costs)

	Parent Company		Consolidated	
	12/31/23	**12/31/22**	**12/31/23**	**12/31/22**
Finance income				
Interest and inflation adjustment	7	33	523	7,104
Income from short-term investment	-	-	3,000	2,820
	7	33	3,523	9,924
Finance costs				
Charges on contracts (Note 12)	(1,305)	(1,600)	(1,390)	(2,067)
Fines	(1)	(50)	(17)	(90)
Interest	(147)	(97)	(353)	(508)
Discounts on/inflation adjustment to trade receivables	-	-	(1,817)	-
Other finance costs	(5)	(8)	(335)	(97)
	(1,458)	(1,755)	(3,912)	(2,762)
(=) Finance income (costs)	(1,451)	(1,722)	(389)	7,162

26. Other operating income (expenses)

	Parent Company		Consolidated	
Other operating income (expenses)	**12/31/23**	**12/31/22 (Restated)**	**12/31/23**	**12/31/22 (Restated)**
Reversal of/(recognition) provision for lawsuits (Note 19)	(4,226)	(11,122)	(33,616)	(32,883)
Estimated losses	222	(2,044)	11	(3,802)
IPTU and CAM fees of completed units in inventory	(8)	(12)	(5,081)	(3,252)
Payment of lawsuits	-	(15,951)	-	(26,305)
Other operating income (expenses)	(16,365)	952	(3,179)	8,943
	(20,377)	(28,177)	(41,890)	(57,298)

27. Commitments assumed in real estate development operations in progress

In order to complete the projects under construction, the Company expects to incur the following costs:

	Consolidated	
Description	**12/31/23**	**12/31/22**
Units sold under construction	12,752	4,149
Units in inventory under construction	14,591	1,779
Budgeted cost to be incurred (*)	27,343	5,928
Inventory of properties under construction, net of impairment (Note 8)	21,905	24,207
Total cost to be recognized in the future	49,248	30,135

(*) Construction commitments do not include borrowing costs and provision for collateral, which are recognized at the cost of the properties, proportionally to the real estate units sold, when incurred.

The margin to be recognized related to the units sold, taking into account the cost estimate to be incurred on the commitments assumed is as follows:

(Expressed in thousands of reais - R$, unless otherwise stated)

	Consolidated	
Description	**12/31/23**	**12/31/22**
Unrecognized contracted sales (Note 7)	19,078	5,441
Advances from customers and physical barter	-	786
Cost to be incurred on units sold (*)	(12,752)	(4,149)
	6,326	2,078
Percentage of unrecognized gross margin (*)	33.2%	33.4%
Estimated taxes (PIS and COFINS) (**)	(397)	(113)
	5,929	1,965
Percentage of unrecognized net margin (*)	31.1%	31.6%

(*) Construction commitments do not include borrowing costs and provision for collateral, which are recognized at the cost of the properties, proportionally to the real estate units sold, when incurred.

(**) Amount estimated at 2.08% as PIS and COFINS.

The unrecognized contracted sales are not adjusted to present value since it is only materialized for the recognized sales.

The table below shows the recognized revenue and expenses on the units sold of projects under construction:

	Consolidated	
Description	**12/31/23**	**12/31/22**
Recognized revenue from projects under construction	81,533	54,767
(-) Adjustment to present value (Note 7)	(1,184)	(1,167)
(-) Expected losses and provision for cancellations	(725)	(649)
(-) PIS and COFINS	(1,696)	(847)
Recognized cost on projects under construction (Note 8)	(64,391)	(41,938)
Total	13,537	10,166
Revenue and expenses recognized in prior years	(2,219)	9,482
Revenue and expenses recognized in the year	11,318	19,648
Borrowing costs recognized in profit or loss for the year	(7,688)	(7,947)
Gross profit from projects under construction	3,630	11,701
Gross profit from completed and other projects	14,181	27,190
Total gross profit	17,811	38,891

The difference from the expected and the realized margin is substantially represented by the allocation of the financial charges.

28. Insurance

The Company maintains insurance coverage in amounts considered sufficient by the Management to cover possible risks on its assets and/or liabilities, as follows:

(i) Administrative headquarters and branches – fire, lightning, explosion, theft, robbery civil liability and other risks: R$9,733;
(ii) Directors and officers liability insurance (D&O): R$25,000;
(iii) Engineering risks insurance – construction works in progress: R$48,700;
(iv) Real estate guarantee insurance for land sellers – construction works in progress: R$5,210.

The risk assumptions adopted and the related coverage, due to their nature, do not comprise the scope of the audit of the financial statements and, consequently, were not reviewed by our independent auditor.

29. Events after the reporting period

(a) Share assignment and acquisition agreement

On January 12, 2024, the Company's Board of Directors approved the execution of an Share Assignment and Acquisition Agreement and Other Covenants between the Company and Bellagio Fundo de Investimento em Participações MultiEstratégia Responsabilidade Limitada ("Bellagio Fund") ("Agreement"), which sets the terms and conditions for the acquisition, by the Bellagio Fund, of all the shares of a Special Purpose Entity owned by the Company ("Company"), and, indirectly, as a result, all the shares of more than 9 Special Purpose Entities (collectively "SPEs") and all the shares of a sub-holding company ("Sub-Holding Company"), totaling, therefore, 11 companies involved in this transaction, which hold liabilities at the carrying amount of R$121,125.

The base price paid as consideration for the assignment and transfer of all the shares held by the Company are subject to adjustment under the terms and conditions of the Agreement, in favor of the Company or the Bellagio Fund, based on the amount of the liabilities of the companies involved in the transaction described herein, to be determined in an audit to be conducted by independent third parties after the closing of this transaction, which under the Agreement is a guaranteed price adjustment.

Also, the claims currently held by the SPEs against the Company, which total R$119,896, will be extinguished without disbursement of any Company funds, given that:

(i) the amount corresponding to 15% of such claims will be capitalized in the Company, with the consequent issuance of Company shares in an amount corresponding to the amount described herein, so that the holders of such claims will be delivered (a) the new Company shares, issued in the context described herein; or (b) the proceeds arising from the exercise of the right of first refusal in the subscription of such new shares, pursuant to Article 171 of the Brazilian Corporate Law; and
(ii) the amount corresponding to 85% of such claims shall be paid upon the delivery, to the holders of such claims, of Subscription Warrants issued by the Company or together with the proceeds from the exercise of the right of first refusal in the subscription of such warrants, which shall be issued in the form of Certificates.

(b) Share and warrant issuance

On January 12, 2024, the Company's Board of Directors approved: (i) a capital increase, within the authorized capital threshold, amounting to R$17,984, through the issuance of 3,670,286 registered common shares without par value, at the issue price of R$4.90 per share ("Issue Price"), which will grant the same rights attributed to the Company's currently existing shares ("Capital Increase; and (ii) the issuance of 5,199,572 subscription warrants, each granting the right to subscribe for four (4) Company shares, based on the authorized capital, where each subscription warrant has a subscription/sale price of R$19.60, totaling R$101.912, always subject to the right of first refusal of the Company's shareholders, pursuant to the Notice to Shareholders disclosed on this date

The Company informs that there will be the right to purchase such warrants by the Company in certain situations and windows predefined within the scope of the Agreement and the Certificate to ensure this is a neutral transaction for purposes of equity interest dilution. Thus, if the average price of Company shares is higher than the issue price adjusted by CDI + 3% within certain windows, the Company may exercise the option to purchase all the warrants issued. The terms and conditions of the Company's option to purchase the warrants are duly outlined and detailed in the Notice to Shareholders released hereunder.

All information related to the capital increase and the subscription warrants, as well as the terms and conditions for the exercise of the respective rights of first refusal of the Company's shareholders, are duly outlined and detailed in the respective Notices to Shareholders duly disclosed on this date, pursuant to the applicable laws and regulations.

Independent Auditor’s Report

To the Shareholders and Management of
Viver Incorporadora e Construtora S.A.
São Paulo – SP

Opinion on Standalone and Consolidated Financial Statements Prepared in Accordance with the Accounting Practices Adopted in Brazil and the International Financial Reporting Standards (IFRSs), Applicable to Real Estate Development Entities in Brazil, Registered with the CVM

We have audited the standalone and consolidated financial statements of Viver Incorporadora e Construtora S.A. (“Company”), which comprise the statement of financial position as at December 31, 2023, and the statement of profit and loss, statement of comprehensive loss, statement of changes in equity, and statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying standalone and consolidated financial statements present fairly, in all material respects, the standalone and consolidated financial position of the Viver Incorporadora e Construtora S.A. as at December 31, 2023, and its standalone and consolidated financial performance and standalone and consolidated cash flows for the year then ended in accordance with accounting practices adopted in Brazil and the International Financial Reporting Standards (IFRSs) applicable to real estate development entities in Brazil, registered with the Brazilian Securities and Exchange Commission (CVM).

Basis for Opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Standalone and Consolidated Financial Statements* section of our report. We are independent of the Company and its subsidiaries within the meaning of relevant ethical requirements set forth in the Code of Ethics for Professional Accountants and the professional standards issued by the Federal Accounting Council and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

Recognition of revenue from real estate units not yet completed

As described in Notes 2.1.1 and 2.22.1 to the financial statements, the standalone and consolidated financial statements have been prepared in accordance with the accounting practices adopted in Brazil and the International Financial Reporting Standards (IFRSs), applicable to real estate development entities in Brazil, registered with the CVM. Therefore, the determination of the accounting policy adopted by the Company to recognize revenue from contracts relating to purchase and sale of uncomplete real estate units, and aspects relating to the transfer of control, is in accordance with the understanding regarding the application of Circular Letter/CVM/SNC/SEP No. 02/2018. Our opinion is not qualified in respect of this matter.

Material Uncertainty about Company’s Ability to Continue as a Going Concern

We draw attention to Note 1.2 to the financial statements, which indicates that the Company’s standalone and consolidated financial statements were prepared under the assumption that the Company will continue as a going concern. As at December 31, 2023, the Company and its subsidiaries incurred losses totaling R$72,245 thousand. Even with the court-supervised reorganization proceeding ended on December 17, 2021 and the capital increases made in 2023 (substantially paid in through debt conversion), these results, together with other matters mentioned in said Note, still indicate the existence of material uncertainty that may cast significant doubt on the Company’s ability to continue as a going concern. The plans and actions being developed by Management to reinstate the Company’s economic and financial balance and financial position are described in Note 1.2 to the financial statements. Our opinion is not qualified in respect of this matter.

Key Audit Matters

Key audit matters (KAM) are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the current year. These matters were addressed in the context of our audit of the individual and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty about Company’s Ability to Continue as a Going Concern* section, we have determined that the following matters are the key audit matters to be reported in our report.

Provision for litigation

As disclosed in Note 19.b to financial statements, the Company and its subsidiaries are parties to a material number of ongoing civil, labor and tax lawsuits that require a high degree of judgment from Management to assess and define the likelihood of unfavorable outcomes and enable a better estimate of the amounts involved. The adjustments resulting from these assessments have a material impact on profit or loss for year when the aforementioned lawsuits with a probable likelihood of loss are recognized. Therefore, this matter was considered in the current year audit as a key audit matter and an area of risk, due to the uncertainties inherent in the process of determining the estimates and judgments involved in determining the assumptions and estimates for measuring the provision for litigation, since the estimates involved and the likelihood of losses can significantly alter the amount of the provision for litigation.

How our audit approached this matter

With respect to noncurrent liabilities relating to the provision for litigation, our audit procedures included, among others: **(a)** understanding the process and main internal control activities used by Management to identify, review, measure, and disclose the Company's lawsuits; **(b)** assess, on a sample basis, the main lawsuits to which the Company is a party and their corresponding likelihood indicated by the Company's legal counsel; **(c)** mapping the ongoing lawsuits maintained in the Company's controls in order to identify and assess the timing the lawsuits with a likelihood of loss were recognized, as well as the disclosure in the notes to the financial statements; **(d)** checking, on a sample basis, the main changes in the estimation of amounts and likelihood of losses in order to identify the consistency with the replies from the legal counsel and the status of the corresponding lawsuits; **(e)** reviewing, on a sample basis, lawsuits and perform documentary tests to validate the support and control maintained by the Company; **(g)** obtaining formal representation from Management about the legal counsel responsible for handling the mentioned Company lawsuits and we verified the list of lawyers provided by Management containing the expenses incurred on legal services during fiscal year; **(h)** obtaining replies to request from the Company's legal advisors, in order to evaluate the lawsuits and lawsuits in progress, as well as their respective prognoses of loss in each lawsuit; **(i)** we reviewed the confirmation requests sent to the legal counsel by comparing the total number of lawsuits with a likelihood of probable loss with the carrying amount of the provision for litigation, as well as the total number of lawsuits with a likelihood of possible loss for disclosure in notes to the financial statements.

Based on the procedures performed, we have found deficiencies in the Company's internal control as a result of the identification of the adjustment of the provision for litigation as at December 31, 2022, which was corrected by the Company's management due to its materiality relative to the standalone and consolidated financial statements taken as a whole (as disclosed in Note 3 to the financial statements), which, in our opinion, resulted in a significant deficiency in the Company's internal control environment.

The significant deficiency in the design and operation of the internal control relating to the process of measuring the provision for litigation has changed our assessment of the nature, timing and extent of our substantive audit procedures designed to obtain sufficient appropriate audit evidence with respect to such provision. Our review of the design of the internal controls implemented by the Company's management to measure the provision for litigation provided the basis for changing the planned nature, timing and extent of our substantive audit procedures (since we have reviewed the restatement adjustments to the provision for litigation previously recognized as at December 31, 2022). The matter in question was assessed by us as a significant deficiency and reported to those charged with governance.

Based on the procedures performed (and the respective adjustments performed), we consider that the assumptions and methodologies used by the Company to measure the provision for litigation are reasonable, and the information presented in the standalone and consolidated financial statements is consistent with the information analyzed in our audit procedures in the context of those standalone and consolidated financial statements taken as a whole.

Other Matters

Restatement of the amounts corresponding to the prior year

The amounts corresponding to the year ended December 31, 2022, presented for purposes of comparison, were audited by another independent auditor, who issued an unqualified report thereon, dated March 18, 2023. Due to certain adjustments identified to correct an error regarding the provision for litigation recognized in the previously disclosed standalone and consolidated financial statements, the amounts corresponding to said standalone and consolidated financial statements for the year ended December 31, 2022 are being restated, pursuant to Brazilian Accounting Pronouncement CPC 23 (equivalent IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors', as disclosed in Note 3. As part of our review of the standalone and consolidated financial statements for the year ended December 31, 2023, we have also audited the adjustments described in Note 3 to the financial statements, which were made to adjust the provision for litigation for the year ended December 31, 2022. In our opinion, these adjustments are appropriate and have been appropriately made. We were not engaged to audit, review or apply any other procedures to the Company's standalone and consolidated financial statements for the year ended December 31, 2022 and, therefore, we do not express an opinion or any form of assurance on the 2022 e standalone and consolidated individual and consolidated financial statements taken as a whole.

Statements of value added

The standalone and consolidated statements of value added (SVA) for the year ended December 31, 2023, prepared under responsibility of Company's management, and presented as supplementary information for purposes of IFRSs, were submitted to audit procedures performed together with the audit of the Company's financial statements. To form our opinion we have evaluated whether these statements of value added have been reconciled against the financial statements and accounting records, as applicable, and whether their form and content comply with the criteria set out in NBC TG 9 'Statement of Value Added'.

In our opinion, these statements of value added have been fairly prepared, in all material respects, in accordance with the criteria defined in this Standard and are consistent with the standalone and consolidated financial statements taken as a whole.

Other Information Accompanying the Individual and Consolidated Financial Statements and Auditor's Report Thereon

The Company's management is responsible for the other information included in the management's report.

Our opinion on the standalone and consolidated financial statements does not cover the Management Report and we do not express any form of audit conclusion thereon.

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

Responsibility of Management and Those Charged with Governance for the Standalone and Consolidated Financial Statements

The Company's management is responsible for the preparation and fair presentation of these standalone and consolidated financial statements in accordance with accounting practices adopted in Brazil and International Financial Reporting Standards (IFRSs), and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance of the Company and its subsidiaries are those individuals responsible for overseeing the financial reporting process.

Auditor's Responsibility for the Audit of the Standalone and Consolidated Financial Statements

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

As part of an audit in accordance with Brazilian and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve the override of internal control, collusion, forgery, intentional omissions, or misrepresentations.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and its subsidiaries' internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue in operation. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern;

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

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit engagement and significant audit findings, including any significant deficiencies in internal control that we may have identified in the course of our audit.

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

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

São Paulo, March 26, 2024

Grant Thornton Auditores Independentes Ltda.
CRC 2SP-025.583/O-1

Maria Aparecida Regina Cozero Abdo
Accountant CRC 1SP-223.177/O-1