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

ENVIRONMENTAL ESG PARTICIPAÇÕES S.A.

Independent Auditors' Report

Individual and consolidated financial statements
As at December 31, 2021

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As at December 31, 2021

Contents

4Q21 RESULTS

MESSAGE FROM THE MANAGEMENT

In 2021, several acquisitions were made, according to the growth plan that had been stipulated by Ambipar. The focus of the acquisitions were companies that add value to the platform of the growth verticals, increase the group's know-how in new technologies and services.

In 4Q21, the company showed a mostly organic growth with increased margin. Among the factors that influenced this growth is the capture of commercial, operational, and administrative synergies of acquisitions made throughout the year, with the expansion of services offered leveraged by cross-selling efforts of the client portfolio and optimization in the acquisition of insums.

In 4Q21, 6 acquisitions were announced:

I. Brasil Coleta: For more than 24 years in the Waste Management market, Brasil Coleta has in its DNA the specialization in the capture, valorization and commercialization of Industrial Waste and Recyclable Materials, including reverse logistics. Its industrial plants, located in the states of São Paulo and Amazonas, are designed for processing large volumes, which enables reduction of logistics and operational costs

II. BLEU: It works in the offer of asset tokenization solutions, digital portfolio management, development of smart contracts via blockchain, consulting and traceability of inputs in blockchain and development of own blockchains. With this acquisition, Ambipar acquires the expertise of developing technological solutions via blockchain, which will be used to track waste and its entire chain, from generation and movement, to valorization, thus following its trajectory within the circular economy and bringing transparency, governance, safety, compliance and reliability to the process, through the product "Genie Tracking"

III. MCZ Soluções Ambientais: It operates in waste management, exclusively in private operations. This acquisition expands the Company's presence in the Northeast region (AL) and strengthens the leadership position in the offer of solutions for total waste management and recovery

IV. Ecológica Resíduos Industriais: It is part of the Ecological Northeast group, a company acquired 100% by Ambipar in June 2021. This acquisition allows Ambipar: (i) to expand the scope of the contract for the supply of processed waste as raw material for cement cement plants; (ii) generate synergies in the recovery of waste; (iii) expand the Company's presence in the Northeast region and (iv) strengthen its leadership position in offering solutions for total waste management

V. WATU: VG through this acquisition seeks to maintain excellence in consulting solutions related to ESG pillars, such as: production of Sustainability Report, ESG Strategic Positioning design, Dialogued Sustainability Inclusion projects in the Management System, Stakeholder Engagement Planning projects, offer of ESG mentoring for higher leaderships, design of ESG Materiality Matrix, Vision 2030 design, Sustainability Maturity Analysis project, support on projects to the design of Sustainability Indexes, realization of Sector Benchmark and support to Sustainability Projects to meet Strategic Objectives.

VI. Ecotec: with 13 years since its foundation, Ecotec offers industrial waste management with operation in the state of Paraíba

Gross revenue reached R$501 million in 4Q21, a growth of 306% compared to 4Q20, due to acquisitions and new contracts for total waste management.

EBITDA in 4Q21 was R$112 million with an EBITDA margin of 26.3%, an increase of R$83 million compared to the same period in 2020.

Thank you all.

Thiago da Costa Silva
Chief Financial and Investor Relations Officer

FINANCIAL PERFORMANCE ENVIRONMENT

Income Statement (R$ Million)		4Q20	3Q21	4Q21	2020	2021	2021 pro forma[1]
Receita bruta	Gross Revenue	123,6	446,4	501,0	391,4	1.276,8	2.004,2
Gestão total de resíduos	Total Waste Management	66,8	275,5	297,4	223,4	792,1	1.189,4
Brasil	Brazil	66,8	171,0	177,2	223,4	567,5	708,9
Internacional	International	-	104,5	120,1	-	224,6	480,5
Pós consumo	Post Comsumption	4,0	57,4	76,0	10,0	137,0	304,1
Crédito de Carbono	Carbon Credits	-	3,4	8,3	-	11,7	33,1
Outros	Others	52,8	110,1	119,4	158,0	336,0	477,5
Brasil	Brazil	52,8	59,4	70,6	158,0	236,6	282,6
Internacional	International	-	50,7	48,7	-	99,4	195,0
Deduções	Deductions	- 17,3	- 63,8	- 74,8	- 55,0	- 184,1	- 299,3
Receita líquida	Net Revenue	106,3	382,6	426,2	336,4	1.092,8	1.704,9
Custo do Serviço Prestado (Caixa)	Cash COGS	- 73,4	- 259,0	- 277,0	- 232,3	- 731,1	- 1.107,8
Pessoal	Personel	- 38,3	- 137,8	- 154,7	- 125,7	- 394,4	- 619,0
Terceiros	Third-party	- 10,7	- 49,7	- 53,9	- 27,6	- 131,0	- 215,7
Combustível	Fuel	- 4,5	- 11,8	- 15,1	- 16,6	- 40,9	- 60,4
Frete	Freight	- 4,9	- 6,8	- 5,2	- 18,0	- 23,3	- 20,6
Manutenção	Maintenance	- 4,1	- 30,3	- 27,6	- 14,8	- 72,9	- 110,5
Impostos	Taxes	- 1,0	- 3,1	- 1,4	- 3,6	- 7,6	- 5,8
Marketing	Marketing	- 0,5	- 4,1	- 2,7	- 1,4	- 9,1	- 10,9
Materiais	Materials	- 0,5	- 3,3	- 3,3	- 1,8	- 8,5	- 13,2
Telecomunicações	Telecommunications	- 0,4	- 0,6	- 0,7	- 1,4	- 2,2	- 2,8
Viagens	Trips	- 0,4	- 1,0	- 1,2	- 0,9	- 3,3	- 4,9
Aluguéis	Rent	0,2	- 1,6	- 1,9	- 0,2	- 4,6	- 7,4
Outros	Others	- 8,2	- 8,8	- 9,1	- 20,4	- 33,3	- 36,5
Despesas Gerais e Administrativas (Caixa)	Cash SG&A	- 4,0	- 29,8	- 37,2	- 12,2	- 77,1	- 149,0
EBITDA	EBITDA	28,9	93,8	112,0	91,9	284,6	448,0
Margem EBITDA (%)	EBITDA Margin (%)	27%	25%	26%	27%	26%	26%

[1] 4Q21 annualized results

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INDEPENDENT AUDITORS’ REPORT ON THE INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS

To the
Shareholders, Board of Directors and Management of
ENVIRONMENTAL ESG PARTICIPAÇÕES S.A.
Nova Odessa - SP

Opinion in the individual and consolidated financial statements

We have audited the individual and consolidated financial statements of Environmental ESG Participações S.A. (“Company”), identified as company and consolidated, respectively, which comprise the individual and consolidated statements of financial position as at December 31, 2021 and the respective individual and consolidated statements of income, comprehensive income, changes in shareholders’ equity and cash flows for the year then ended, as well as the corresponding notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the abovementioned individual and consolidated financial statements present fairly, in all material respects, the individual and consolidated financial position of Environmental ESG Participações S.A. as at December 31, 2021, the individual and consolidated performance of its operations and cash flows for the year then ended according to Brazilian practices and International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board (IASB).

Basis for opinion on the individual and consolidated financial statements

Our audit was conducted in accordance with Brazilian and international auditing standards. Our responsibilities, in accordance with these standards, are described in the section below entitled “Auditor's responsibilities for the audit of the individual and consolidated financial statements”. We are independent in relation to the Company and its subsidiaries, in accordance with the relevant ethical principles set out in the Accountant's Code of Professional Ethics and in the professional standards issued by the Federal Accounting Council, and we comply with other ethical responsibilities in accordance with these standards. We believe that the audit evidence obtained is sufficient and appropriate to support our opinion.

Key audit matters

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

Intangible asset impairment assessment, especially for those with an indefinite useful life	Audit response on this matter
As disclosed in note Nº 9 to the individual and consolidated financial statements, the Company has intangible assets in the amount of R$ 1,327,185 thousand (consolidated) as of December 31, 2021. Most of the rights involved are related to its business operations and include goodwill paid by expected future profitability, whose recoverable amount must be assessed annually, as required by Technical Pronouncement CPC 01(R1)/IAS36 – Reduction to the Recoverable Value of Assets. As mentioned in the aforementioned explanatory note, the Company performs an impairment test, which involves a high degree of judgment of estimates by the Management, based on the discounted cash flow method, which takes into account several assumptions, such as: discount, inflation projection, economic growth, among others. Therefore, this matter was considered by the audit as a risk area due to the uncertainties inherent in the process of determining the estimates and judgments involved in the preparation of future cash flows discounted to present value, such as market demand projections, operating margins and discount rates that could significantly change the expected realization of said assets.	Our audit procedures included, among others: ▪ Assessment of internal or external signs that could bring evidence of the occurrence of devaluation of assets; ▪ Use of specialized professionals to assist in reviewing the impairment test of assets, evaluating the assumptions and methodology used by the Company's Management together with its external experts hired to prepare the analysis reports; ▪ Ongoing challenge of assumptions used by Management, aiming to corroborate if there would be inconsistent assumptions and/or that should be revised, such as: revenue growth, costs and expenses, and several other inflation and price indicators; and ▪ Assess whether the required disclosures in the individual and consolidated financial statements were appropriate; Based on the procedures performed, we consider that the assumptions and methodologies used by the Company to assess the recoverable amount of said assets are reasonable, as well as the due disclosures, are adequate, in the context of the individual and consolidated financial statements taken as a whole.

Business combinations

As disclosed in Notes Nº 2.23 and Nº 7.1, in 2021, some companies was acquired, which includes goodwill with expected future profitability, in the amount of R$ 917,411 thousand (consolidated). The process of valuation and measurement of assets acquired and liabilities assumed at fair values and the determination of the acquisition price was carried out by the Company's Management and also involved the hiring of external specialist appraisers. We consider this matter as one of the main audit matters due to the inherent complexity of business combination processes, which involve determining the acquisition date, as well as identifying and determining the fair values of acquired assets, assumed liabilities and goodwill arising from negotiations.

Audit response on this matter

Our audit procedures included, among others:

- Reading of the contract and meeting minutes related to the acquisition, as well as obtaining evidence that supported the determination of the date of acquisition of control by the Company;
- Involvement of our specialists in business valuation to analyze the methodology used by external appraisers hired by the Company, to measure the fair value of acquired assets and assumed liabilities and assess the reasonableness of the assumptions used and calculations made comparing them, when available, with market information;
- Assessment of opening balances on the date control is acquired, as to whether the accounting practices adopted by the acquired company are consistent with accounting practices adopted in Brazil and the international financial reporting standards (IFRS) issued by the International Accounting Standards Board (IASB);
- Review of the calculation to determine the final goodwill calculated on the transactions;
- Assessing the proper disclosure of information in the explanatory notes to the individual and consolidated financial statements.

Based on the result of the audit procedures on the business combination, which is consistent with the assessment made, we consider that the judgments and assumptions used by Management in the process of identifying and measuring the fair value of assets acquired and liabilities assumed in the business combination and the determination of goodwill with expectation of future recovery, are acceptable, as well as the respective disclosures in the explanatory notes, are adequate, in the context of the individual and consolidated financial statements taken as a whole.

Other matters

Individual and consolidated statements of value added – additional information

The individual and consolidated statements of value added (DVA) for the year ended December 31, 2021, prepared under the responsibility of the Company's Management, and presented as supplementary information for IFRS purposes, were submitted to audit procedures performed together with the audit of the Company's individual and consolidated financial statements. To form our opinion, we assessed whether these statements are reconciled with the individual and consolidated financial statements and accounting records, as applicable, and whether their form and content are in accordance with the criteria defined in Technical Pronouncement CPC 09 - Statement of Value Added. In our opinion, these individual and consolidated statements of added value have been duly prepared, in all material respects, in accordance with the criteria defined in this Technical Pronouncement and are consistent with the individual and consolidated financial statements taken as a whole.

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

The Company's management is responsible for these others information, which comprise the Management Report.

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

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

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

Management is responsible for the preparation and fair presentation of the individual and consolidated financial statements in accordance with Brazilian accounting practices and with International Financial Reporting Standards (IFRS), issued by International Accounting Standards Board (IASB), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance in the Company and in its controlled companies are responsible for overseeing the Company’s financial reporting process that comprehend the Board of the Company and its controlled companies.

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

Our objectives are to obtain reasonable assurance about whether the individual and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Brazilian and International standards on auditing 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 individual and consolidated 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 individual and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- 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 controlled companies' 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 and its controlled companies’ ability to continue as a going concern. 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 individual and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company and its controlled companies to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the individual and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Campinas, March 23, 2022.

BDO RCS Auditores Independentes SS
CRC 2 SP 031522/F

Esmir de Oliveira
Accountant CRC 1 SP 109628/O-0

ENVIRONMENTAL ESG PARTICIPAÇÕES S.A.

Individual and consolidated balance sheets
As of December 31, 2021 and 2020
(Values expressed in thousands of Reais)

Assets		Parenty Company		Consolidated	
	Note	2021	2020	2021	2020
Current					
Cash and cash equivalents	4	52,771	-	397,636	368
Accounts receivable	5	-	-	303,454	3,168
Recoverable taxes	6	1,405	319	31,099	917
Dividends Receivable	15	3,480	-	-	-
Other accounts receivable		13,161	277	58,805	417 #
		70,817	596	790,994	4,870
Noncurrent					
Related-party	15	37,656	41	16,845	41
Accounts receivable	5	-	-	9,129	-
Recoverable taxes	6	-	3	9,386	3
Deferred income tax and social contribution	20	458	457	23,889	457
Court deposits	14	-	-	2,010	4
Other accounts receivable		-	-	5,626	-
Investments in controlled companies	7	1,977,334	36,913	-	-
Fixed assets	8	6,103	216	975,433	666
Intangible assets	9	1	5	1,327,185	36,918
		2,021,552	37,635	2,369,503	38,089
Total assets		2,092,369	38,231	3,160,497	42,959

Liabilities and net equity		Parenty Company		Consolidated	
	Note	2021	2020	2021	2020
Current					
Loans and financing	10	-	-	189,851	346
Debêntures	11	60,000	-	60,000	-
Trade accounts payable	12	1,062	-	53,281	339
Payroll and social charges payable		456	-	45,330	1,928
Dividends Payable	15	2,536	-	4,116	-
Taxes payable		480	-	43,240	1,624
Obligations due to investment acquisition	7	110,067	8,000	119,245	8,000
Lease liability	13	-	-	20,492	-
Others accounts payable		-	-	-	1,055
		174,601	8,000	535,555	13,292
Noncurrent					
Loans and financing	10	443,923	-	925,463	748
Debentures	11	824,648	-	824,648	-
Taxes payable		-	-	4,774	2,000
Related-party	15	604,273	1,284	574,261	3,108
Provision for loss on investments	7	18,344	5,151	-	-
Deferred income tax and social contribution	20	-	-	130,082	-
Obligations on account of investment acquisition	7	10,065	8,000	16,812	8,000
Provision for contingencies	14	2	10	2,146	10
Lease liability	13	-	-	24,481	-
		1,901,255	14,445	2,502,667	13,866
Net equity	16				
Share capital		18,000	2,000	18,000	2,000
Advance for Future Capital Increase		-	16,000	-	16,000
Profit Reserves		8,142	-	8,142	-
Cumulative Conversion Adjustment		(9,629)	-	(9,629)	-
Acumulated results		-	(2,214)	-	(2,214)
Attributable to controlling interest		16,513	15,786	16,513	15,786
Non-controlling interest		-	-	105,762	15
		16,513	15,786	122,275	15,801
Total liabilities and equity		2,092,369	38,231	3,160,497	42,959

Management's explanatory notes are an integral part of the individual and consolidated financial statements

ENVIRONMENTAL ESG PARTICIPAÇÕES S.A.

Individual and consolidated income statements
Years ended December 31, 2021 and 2020
(Amounts expressed in thousands of Brazilian Reais, except earnings per share)

		Parenty Company		Consolidated	
	Note	2021	2020	2021	2020
Net operating revenue	17	-	30	1,092,768	4,086
Cost of services rendered	18	-	(48)	(867,175)	(4,178)
Gross Profit		-	(18)	225,593	(92)
Operating (expenses)/revenues					
General, administrative and selling	18	(2,823)	(268)	(77,054)	(268)
Equity in earnings of controlled companies	7	71,433	(239)	-	-
Other operating revenues/(expenses), net	18	74	1	4,070	450
		68,684	(506)	(72,984)	182
Operating income before financial income		68,684	(524)	152,609	90
Financial results					
Financial expenses	19	(59,195)	(46)	(116,715)	(663)
Financial income	19	3,403	2	10,970	5
		(55,792)	(44)	(105,745)	(658)
Net income before income and social contribution taxes		12,892	(568)	46,864	(568)
Current income tax and social contribution	20	-	-	(23,282)	-
Deferred income tax and social contribution	20	-	3	7,235	3
Income for the year		12,892	(565)	30,817	(565)
Attributable to					
Controlling interest		12,892	(565)	12,892	(565)
Non-controlling interest		-	-	17,925	-
Number of shares at period end		216,000,000	2,000,000		
Earnings per share (basic and diluted) at the end of the period (in R$)		0.06	(0.28)		

Management's explanatory notes are an integral part of the individual and consolidated financial statements.

ENVIRONMENTAL ESG PARTICIPAÇÕES S.A.

Individual and consolidated statements of comprehensive income
Years ended December 31, 2021 and 2020
(Values expressed in thousands of Reais)

	Parenty Company		Consolidated	
	2021	2020	2021	2020
Income for the year	12,892	(565)	30,817	(565)
Items that may affect results in subsequent periods:				
Accumulated conversion adjustment (note 7.3)	6,478	-	6,478	-
Exchange Variation on Goodwill on foreign investee	(16,107)	-	(16,107)	-
Total comprehensive income for the year	3,263	(565)	21,188	(565)
Attributable to:				
Controlling interest	3,263	(565)	3,263	(565)
Non-controlling interest	-	-	17,925	-

Management's explanatory notes are an integral part of the individual and consolidated financial statements

ENVIRONMENTAL ESG PARTICIPAÇÕES S.A.

Demonstrações das mutações do patrimônio líquido individuais e consolidadas
(Values expressed in thousands of Reais)

			Profit reserves						
	Share capital	Advance for Future Capital Increase	Legal reserve	Unrealized profit reserve	Cumulative Conversion Adjustment	Acumulated results	Total attributable to controlling interest	Non-controlling interest	Total
Balances on January 1, 2020	2,000	-	-	-		(1,649)	351	-	351
					#				
Net income for the period	-	-	-	-	-	(565)	(565)	-	(565)
Advance for future capital increase	-	16,000	-	-	-	-	16,000	-	16,000
Participation of non-controllers	-	-	-	-	-	-	-	15	15
				-					
On December 31, 2020	2,000	16,000	-	-		(2,214)	15,786	15	15,801
Balances on January 1, 2021	2,000	16,000	-	-	-	(2,214)	15,786	15	15,801
					#				
Capital increase	16,000	(16,000)	-	-	-	-	-	-	-
Accumulated Conversion Adjustment	-	-	-	-	(9,629)	-	(9,629)	-	(9,629)
Non-controlling participation	-	-	-	-	-	-	-	87,822	87,822
Income for the year	-	-	-	-	-	12,892	12,892	17,925	30,817
Profit destination									
Legal Reserve	-	-	534	-	-	(534)	-	-	-
Mandatory minimum dividends	-	-	-	-	-	(2,536)	(2,536)	-	(2,536)
Unrealized profit reserve	-	-	-	7,608	-	(7,608)	-	-	-
On December 31, 2021	18,000	-	534	7,608	(9,629)	-	16,513	105,762	122,275

Management's explanatory notes are an integral part of the individual and consolidated financial statements.

ENVIRONMENTAL ESG PARTICIPAÇÕES S.A.

Individual and consolidated statements of cash flows
Years ended December 31, 2021 and 2020
(Values expressed in thousands of Reais)

	Parenty Company		Consolidated	
	2021	2020	2021	2020
Cash flows from operating activities				
Income for the year	12,892	(565)	30,817	(565)
Adjustments to reconcile income to cash from (applied to) operations:				
Depreciation and amortization	22	44	131,969	44
Allowance for doubtful accounts	-	-	1,440	-
Residual value of disposed fixed and intangible assets	-	8	59,059	(79)
Provision for contingencies	(8)	10	(160)	10
Income tax and social contribution - Deferred	-	3	7,235	3
Equity in earnings of controlled companies	(71,433)	239	-	-
Interest on loans and financing and exchange rate gains (losses)	55,719	-	89,333	(474)
Changes in assets and liabilities				
Accounts receivable	-	300	(40,424)	55
Recoverable taxes	(1,083)	(4)	(26,638)	(96)
Other accounts receivable	(12,884)	17	(69,325)	87
Court deposits	-	-	5,601	-
Trade accounts payable	1,062	(135)	(72,270)	(165)
Payroll and social charges	456	(82)	13,458	905
Taxes payable	479	(7)	5,489	(1,268)
Other accounts payable	-	-	33,945	8
Cash from (invested in) operations	(14,778)	(172)	169,529	(1,535)
Interest paid on loans and financing	(16,119)	-	(42,548)	(15)
Interest paid on debentures	(39,733)	-	(39,733)	-
Interest paid on leasing	-	-	(1,570)	-
Paid income tax and social contribution	-	-	(23,282)	-
Net cash from (invested in) operating activities	(70,630)	(172)	62,396	(1,550)
Cash flows from investing activities				
Cash spent on business acquisitions, net of cash received	(1,206,649)	(16,000)	(1,057,102)	(15,455)
Payment of obligations on account of acquisition of investments	(197,851)	-	(187,192)	-
Acquisition of property, plant and equipment and intangible assets	(5,904)	-	(159,751)	-
Net cash invested in investment activities	(1,410,404)	(16,000)	(1,404,045)	(15,455)
Cash flows from financing activities				
Attributed to shareholders				
Increase in minority interest	-	16,000	-	16,000
Assigned to financing				
Borrowing and financing	450,000	-	610,844	-
Funding of debentures	900,000	-	900,000	-
Payment of costs on issuance of debentures	(15,352)	-	(15,352)	-
Payment of costs on borrowing	(6,076)	-	(6,076)	-
lease payments	-	-	(12,442)	-
Loan and financing payments	-	-	(50,639)	(371)
debenture payments	-	-	(13,149)	-
Related parts	205,233	172	325,731	1,744
Net cash from (invested in) financing activities	1,533,805	16,172	1,738,917	17,373
Net Increase in cash and cash equivalents	52,771	-	397,268	368
Cash and cash equivalents at beginning of period	-	-	368	-
Cash and cash equivalents at end of period	52,771	-	397,636	368

The accompanying notes are an integral part of these individual and consolidated interim financial information.

ENVIRONMENTAL ESG PARTICIPAÇÕES S.A.

Individual and consolidated statements of added value
Years ended December 31, 2021 and 2020
(Values expressed in thousands of Reais)

	Parenty Company		Consolidated	
	2021	2020	2021	2020
Revenues				
Sales of products, goods and services	-	-	1,258,945	4,345
Other revenues	-	30	17,899	30
Allowance for doubtful debts - reversal / (constitution)	-	-	(1,440)	-
	-	30	1,275,404	4,375
Inputs acquired from third parties				
Costs of products, goods and services sold,				
plus materials, energy, third party services and other	(1,582)	(211)	(424,820)	(1,857)
	(1,582)	(211)	(424,820)	(1,857)
Net value added generated	(1,582)	(181)	850,584	2,518
Depreciation, amortization and depletion, net	(22)	(44)	(131,969)	(44)
Net value added generated by the Company	(1,604)	(225)	718,615	2,474
Value added received in transfer				
Equity in earnings	71,433	(239)	-	-
Other revenues/recovery	-	-	5,611	670
Financial revenues, exchange rate gains (losses) and monetary changes	3,403	2	10,970	5
	74,836	(237)	16,581	675
Total value added to be distributed	73,232	(462)	735,196	3,149
Value added distribution				
Payroll, charges and benefits				
Direct compensation	412	55	281,721	2,108
Benefits	9	-	57,065	232
FGTS (Severance Pay Fund)	25	-	13,569	146
Taxes, fees and contributions				
Federal	719	(3)	196,561	425
State	-	5	23,562	5
Municipal	-	-	19,703	139
Return on debt capital				
Financial expenses, exchange rate gains (losses) and monetary changes	59,175	46	112,198	659
Return on equity capital				
Retained earnings for the period	12,892	(565)	12,892	(565)
Non-controlling interest in retained earnings	-	-	17,925	-
	73,232	(462)	735,196	3,149

The accompanying notes are an integral part of these individual and consolidated interim financial information.

1. General Information

Environmental ESG Participações SA ("Company") is a privately held corporation headquartered in the city of Nova Odessa, at KM 120, Galpão 05. It was created on April 18, 2008 and its objective is to act as a holding company, controlling shareholdings. Formed by reference segment in the environmental management market “Environment”, it has in its DNA the commitment to sustainable issues, working on the ESG (“Environment, Social and Governance”) pillars within its businesses and supporting its customers.

With several environmental solutions developed through the RD&I (Research, Development and Innovation) sector, it has registered patents for sustainable products, promotes circular economy and assists companies with the correct disposal of their waste.

Environmental ESG Participações S.A, is a direct subsidiary of Ambipar Participações e Empreendimentos S.A. (“Ambipar Participações”). Ambipar Participações went public on July 13, 2020. It was the first environmental management company to join B3, the Brazilian stock exchange, starting to trade its shares in the Novo Mercado corporate governance segment with stock ticker code AMBP3.

1.1. Ownership interest

The Company and its subsidiary (jointly called “Environmental ESG Group”) operate in the following business segment:

- Environment: pioneers in the entire chain of environmental services, from waste planning, management and recovery to project execution. Experienced in the development of technologies and constant innovation for the protection of the environment. Its operations are triple certified, according to environmental quality and occupational health and safety standards. In addition, it has in its portfolio consultancy and environmental audit, quality, health and safety services with the development of management software, ensuring effective compliance to its customers, relying on technology and artificial intelligence. The Environment segment comprehends the company listed in the table in note 2.3.

As of December 31, 2021, the Company's shareholdings and their respective areas of operation are shown in note 2.3 "Basis of Consolidation".

1.2. Authorization to issue this individual and consolidated financial statements

The issuance of these individual and consolidated financial statements was approved by Board of directors on March 23, 2022.

2. Summary of main accounting policies

2.1. Basis of preparation

The rules adopted by the individuals included in the Law, guidelines and recommendations were prepared and are organized by the CPC, rules issued by the Shares, the Companies Committee, guidelines and amendments proposed by the CPC, rules issued by the CPC Securities Commission, and as rules (IFRS), International Accounting Standards (IASB) reports are all relevant financial information, and only they are financial, and only they are financial, and only they are considered to be used by management accounting in its management. Consolidated parent identified as consolidated parent and recognized as consolidated parent and identified as “consolidated parent”.

The Company's individual and consolidated financial statements expressed in thousands of reais (“R$ as disclosures of amounts in other currencies, when necessary, were also made in thousands. Items disclosed in reais are informed when applicable.

The preparation of the Company's individual and approved accounting estimates requires that the estimates, use estimates and preconized assumptions that the presented amounts of income, expenses, expenses and predispositions, including contingent liabilities. However, the uncertainty in these judgments, assumptions and estimates may lead to significant results in the carrying amount of assets and adjustments in future years.

The Company's Management fully declares and confirms that all financial statements are individual and consolidated being used by the Management Company and that they are used by Management in its management.

The financial and consolidated statements were prepared considering the history as individuals based on value and certain assets and liabilities measured at fair value.

The policies adopted and the calculation methods used in the preparation of the methods adopted on 31 were adopted the 2020 calculation methods found in the Company in December 2020.

2.2. New standards, reviews and interpretations issued that were not yet in force on December 31, 2021

a) Reform of the Reference Interest Rate – IBOR "phase 2" (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

Amendment to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (Reform of the Reference Interest Rate – IBOR "phase 2") - The amendments are mandatory for periods beginning on or after January 1, 2021, and clarify aspects related to the definition of the reference interest rate for application in these rules. No significant impact was assessed by the Company.

b) Impacts of COVID-19 on rental concessions (Amendments to IFRS 16)

As of June 1, 2020 (with further change to as of June 1, 2021), IFRS 16 has been amended to provide a practical expedient for lessees accounting for rental concessions received as a direct consequence of the COVID pandemic. -19 and satisfy all of the following conditions:

i. The change in lease payments results in revised consideration for the lease that is substantially equal to or less than the consideration for the lease immediately prior to the change;
ii. Any reduction in lease payments affects only payments originally due on or before June 30, 2021 (with the amendment extending this assessment to June 30, 2022) (for example, a benefit granted under a lease would meet this condition if it resulted in on reduced lease payments on or before June 30, 2021 and on increased lease payments extending after June 30, 2021 (with the amendment extended the analysis to June 30, 2022));
iii. There is no material change to other terms and conditions of the lease.

Lease concessions that satisfy these criteria may be accounted for on a practical basis, which means that the lessee does not assess whether the lease concession meets the definition of a lease modification.

We have chosen not to use the practical expedient for all rental concessions that meet these criteria.

Notes 8 (e) and 13 present the new information and breakdown of balances as required by the new standard.

The discount rate used is 8% p.a. and corresponds to the average market cost of indebtedness in the form of asset acquisition, at the time.

2.3. New standards, revisions and interpretations issued that were not yet effective as of December 31, 2021

a) Onerous contracts – Cost of fulfilling the contract (Amendments to IAS 37)

They apply to annual periods beginning on or after January 1, 2022 for contracts existing on the date the changes are first applied. The change specifically determines which costs should be considered when calculating the cost of fulfilling a contract. The Company does not expect significant impacts upon the adoption of this standard.

b) Other standards

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

- Amendment to IAS 16, Property, plant and equipment – Classification of income generated before the property, plant and equipment is in projected conditions of use. Clarifies aspects to be considered for the classification of items produced before the property, plant and equipment is in the projected conditions of use. This rule change is effective for years beginning on or after January 1, 2022;
- Annual improvements to IFRS 2018-2020 effective for periods beginning on or after January 1, 2022. Makes changes to IFRS 1, addressing aspects of first adoption in a subsidiary; IFRS 9, addressing the 10% test criterion for the reversal of financial liabilities; IFRS 16, addressing illustrative examples of leasing and IAS 41, addressing aspects of fair value measurement. These rule changes are effective for years beginning on or after January 1, 2022;
- Amendment to IFRS 3 – includes conceptual alignments of this standard with the conceptual framework of IFRS. Amendments to IFRS 3 are effective for periods beginning on or after 1 January 2022;
- Amendment to IAS 8 – changes the definition of accounting estimates, which are now considered as “monetary values in the financial statements subject to measurement uncertainty”, effective for periods beginning on or after 01/01/2023;
- Amendment to IAS 12 – brings an additional exception to the exemption from the initial recognition of deferred tax related to assets and liabilities resulting from a single transaction, effective for periods beginning on or after 01/01/2023;
- Amendment to IFRS 17 – includes clarification of aspects related to insurance contracts. Amendment to IFRS 17 effective for periods beginning on or after 1 January 2023; and

- Amendment to IAS 1 - Classification of liabilities as Current or Non-current. This amendment clarifies aspects to be considered for the classification of liabilities as current and non-current. Amendment to IAS 1 effective for periods beginning on or after 1 January 2023. In January 2020, the IASB issued amendments to IAS 1, which clarify the criteria used to determine whether a liability is classified as current or non-current. These amendments clarify that the current classification is based on whether an entity has the right at the end of the reporting period to defer settlement of liability for at least twelve months after the reporting period. The amendments also clarify that the "agreement" includes the transfer of cash, goods, services or equity instruments, unless the obligation to transfer cash, goods, services or equity instruments arises from a conversion facility classified as an equity instrument. separately from the liability component of a compound financial instrument. The changes were originally effective for annual reports beginning on or after January 1, 2022. However, in May 2020, the effective date was deferred for annual reporting periods beginning on January 1, 2023.

The Company is currently evaluating the impact of these new accounting standards and changes. The Company will assess the impact of the final amendments to IAS 1 on the classification of its liabilities as they are issued by the IASB. The Group does not believe that the amendments to IAS 1, in its current form, will have a significant impact on the classification of its liabilities, as the conversion facility in its convertible debt instruments is classified as an equity instrument and, therefore, is not affects the classification of your convertible debt as a non-current liability.

Other pronouncements and interpretatios

There are no other standards, amendments to standards and interpretation that are not in force that the Company and its subsidiaries expect to have a material impact from their application in their individual and consolidated financial statements.

2.4. Consolidation basis

Subsidiary is an entity, including an entity not constituted in the form of a company such as a partnership, in which the controlling company, directly or through other subsidiaries, holds shareholder rights that permanently ensure preponderance in corporate resolutions and the power to elect a majority of administrators.

(In thousands of Brazilian Reais, unless otherwise stated)

The consolidated financial statements cover the following companies and companies:

				31.12.2021		31.12.2020	
Environment Segment Company	Short Name	Countries	Activity	Directly	Indirect	Directly	Indirect
Ambipar Compliance Solutions S.A.	Ambipar Compliance	Brazil	Environmental consulting and auditing, and management software development.	95,25%	-	-	-
Ambipar Coprocessing Ltda.	Ambipar Coprocessing	Brazil	Total waste management and specialized environmental services.	100,00%	-	-	-
Ambipar Eco Products S.A.	Ambipar Eco Products	Brazil	Manufacture of Products for Environmental Protection.	100,00%	-	-	-
Ambipar Environmental Nordeste S.A.	Environmental Nordeste	Brazil	Total waste management and specialized environmental services.	50,00%	-	-	-
Ambipar Environmental Solutions - Soluções Ambientais Ltda.	Ambipar Environment	Brazil	Total waste management and specialized environmental services.	100,00%	-	-	-
Ambipar Environment Reverse Manufacturing S.A.	Ambipar Environment Reverse Manufacturing	Brazil	Reverse manufacturing service.	-	65,00%	-	-
Ambipar Environment Waste Logistics Ltda.	Ambipar Environment Waste Logistics	Brazil	Automotive Waste Management.	100,00%	-	-	-
Ambipar Facilities Ltda.	Ambipar Facilities	Brazil	Outsourcing of recyclable waste handling	100,00%	-	-	-
Ambipar Green Tech Ltda.	Green Tech	Brazil	Environmental consulting and auditing, and management software development.	100,00%	-	100%	-
Ambify Ltda	Ambify	Brazil	Franchise Licensing Consulting.	100,00%	-	-	80%
Ambipar Logistics Ltda.	Ambipar Logistics	Brazil	Conveyor specializing in chemical products.	100,00%	-	-	-
Ambipar R&D Pesquisa e Desenvolvimento Ltda.	Ambipar R&D	Brazil	Research and development of new products.	-	100,00%	-	-
Ambipar Workforce Solution Mão de Obra Temp. Ltda.	Ambipar Workforce	Brazil	Total waste management and specialized environmental services.	100,00%	-	-	-
Boomera Ambipar Gestão Ambiental S.A.	Boomera Ambipar	Brazil	Post-consumer waste management.	50,00%	-	-	-
Boomera Ambipar Environmental Paraná Ltda	Boomera Paraná	Brazil	Post-consumer waste management.	-	50%	-	-
Boomera Lar Ind. e Com. de Plásticos Ltda.	Boomera Lar	Brazil	Post-consumer waste management.	-	25%	-	-
Ambipar Environmental Centroeste S.A.	Ambipar Centroeste	Brazil	Management and treatment of hazardous, non-hazardous, recyclable waste and composting.	70,00%	-	-	-
Disal Ambiental Holding S.A.	Disal Ambiental	Chile	Total management of industrial waste.	100,00%	-	-	-
Ambipar Environmental Mining Ltda.	Ambipar Mining	Brazil	Management, handling and treatment of waste, loading and transport in the mining sector.	100,00%	-	-	-
Amazon Resíduos Ltda.	Amazon Resíduos	Brazil	Management and treatment of hazardous, non-hazardous, recyclable waste and composting.	70,00%	-	-	-
Biofílica Ambipar Environmental Investments S.A.	Biofílica	Brazil	Environmental services and forest carbon project development.	53,57%	-	-	-
Ambipar Boomera Environmental Machines S.A.	Boomera Machines	Brazil	Post-consumer waste management.	51,00%	9,00%	-	-
Drypol Ambipar Environmental Pet Solutions S.A.	Drypol	Brazil	Post-consumer waste management.	51,00%	4,00%	-	-
Ambipar Environmental Suprema Industrial Solutions S.A.	Suprema	Brazil	Total waste management and specialized environmental services.	70,00%	-	-	-
SIR Ambiente Inteligência Ambiental Ltda.	SIR	Brazil	Reverse manufacturing service.	65,00%	-	-	-
Brasil Coleta Gerenciamento de Resíduos Ltda.	Brasil Coleta Gerenciamento	Brazil	Total management of industrial waste.	51,00%	-	-	-
Brasil Coleta Indústria e Tratamento de Resíduos Ltda.	Brasil Coleta Indústria	Brazil	Total management of industrial waste.	-	51,00%	-	-
Ambipar Certification Ltda	Ambipar Certification	Brazil	Environmental audit service.	-	95,25%	-	-
Excelência Sustentabilidade Ltda	Excelência	Brazil	Consulting on sustainability issues.	-	100,00%	-	-
Others	Outros Environment	Brazil	Total waste management and specialized environmental services.	-	37,5% a 50,00%	-	-

2.5. Currency translation

(a) Funcional and reporting currency

Items included in the Company's individual and consolidated financial statements are measured using the currency of the main economic environment in which the Group's companies operate, as the functional currency. The individual and consolidated financial statements are presented in Reais (R$). All financial information disclosed has been rounded to the nearest thousand, unless otherwise indicated.

(b) Foreign currency

Transactions in foreign currency are translated into the functional currency at the exchange rates in effect on the dates of the transactions or valuation, when the items are measured. Exchange rate gains and losses resulting from the settlement of those transactions and from the translation at the year-end exchange rates, referring to monetary assets and liabilities in foreign currency, are recognized in the statement of income. Exchange rate gains and losses related to trade accounts receivable and payables and to loans are recognized in the statement of income as financial income or expenses.

(c) Use of estimates and assumptions

The preparation of the individual and consolidated financial statements in accordance with Brazilian accounting practices requires management to apply its best judgment to determine and report its accounting estimates. The settlement of transactions involving these estimates may result in amounts different from those estimated, due to inaccuracies inherent in the process of their determination.

Estimates and assumptions are continuously reviewed. Reviews of accounting estimates are recognized in the year in which the estimates are reviewed and in any future years affected.

Information on critical assumptions related to the adopted accounting practices that affect the values recognized in the individual and consolidated financial statements is included in the following notes:

- Note nº 2.13 – Impairment of non-financial assets;
- Note nº 2.16 – Provision for landfill restructuring;
- Note nº 5 – Expected Loss for Doubtful Accounts (PECLD);
- Note nº 8 – Residual value and estimated useful life of property, plant and equipment;
- Note nº 14 – Provision for contingencies; and
- Note nº 21 – Insurance.

2.6. Caixa e equivalentes de caixa

Cash and cash equivalents include cash, bank deposits, highly liquid short-term investments, redeemable in up to three months or less, with an insignificant risk of change in fair value and with the objective of meeting short-term commitments.

2.7. Financial assets and liabilities

2.7.1. Financial assets

Classification

Upon initial recognition, a financial asset is classified as measured at: (i) amortized cost; (ii) fair value through other comprehensive income ("FVOCI"); or (iii) fair value through profit or loss ("FVTPL").

A financial asset is measured at amortized cost if it satisfies both of the following conditions: (i) the asset is maintained within a business model in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset give rise, on specific dates, to cash flows that are only payments of principal and interest on the principal amount outstanding.

A financial asset is measured at FVOCI only if it satisfies both of the following conditions: (i) the asset is maintained within a business model whose objective is achieved both by collecting contractual cash flows and by selling financial assets; and (ii) the contractual terms of the financial asset give rise, on specific dates, to cash flows that represent payments of principal and interest on the principal amount outstanding. All other financial assets are classified as measured at fair value through profit or loss.

In addition, upon initial recognition, the Company may, irrevocably, designate a financial asset, which meets the requirements to be measured at amortized cost, FVOCI or even FVTPL. This designation has the objective of eliminating or significantly reducing a possible accounting mismatch resulting from the result produced by the respective asset.

Recognition and measurement

Purchases and sales of financial assets are recognized on the trade date. Investments are initially recognized at fair value, plus transaction costs for all financial assets not classified as at fair value recognized in profit or loss.

Financial assets at fair value recognized in the income statement are initially recognized at fair value, and the transaction costs are charged to the income statement in the period in which they occur.

The fair value of publicly quoted investments is based on the current purchase price. If the market for a financial asset is not active, the Company establishes fair value using valuation techniques. These techniques include the use of recent operations contracted with third parties, the reference to other instruments that are substantially similar, the analysis of discounted cash flows and the option pricing models, privileging market information and minimizing the use of information generated by Management.

Recoverable value (impairment) of financial assets – assets measured at amortized cost

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or Group of financial assets is impaired. The criteria used by the Company to determine whether there is objective evidence of an impairment loss include: (i) significant financial difficulty for the issuer or borrower; (ii) a breach of contract, such as default or delay in payment of interest or principal; (iii) probability that the debtor will declare bankruptcy or financial reorganization; and (iv) extinction of the active market for that financial asset due to financial problems.

Derecognition of financial assets

A financial asset (or, when applicable, a portion of a financial asset or part of a Group of similar financial assets) is written off mainly when: (i) the rights to receive cash flows from the asset have expired; and (ii) the Company transferred its rights to receive cash flows from the asset or assumed an obligation to pay the received cash flows in full, without significant delay, to a third party under a “pass-through” agreement; and (a) the Company transferred substantially all risks and benefits related to the asset; or (b) the Company did not transfer and did not substantially retain all risks and benefits related to the asset, but transferred control over that asset.

When the Company has transferred its rights to receive cash flows from an asset, or has executed a transfer agreement and has not transferred or retained substantially all the risks and benefits related to the asset, an asset is recognized to the extent of the Company's continued involvement with that asset.

2.7.2. Financial liabilities

Recognition and measurement

A financial liability is classified as measured at fair value through statement of income when it is designated as held for trading or designated as such at initial recognition. Transaction costs are recognized in statement of income as incurred. These financial liabilities are measured at fair value, and possible changes in fair value, including gains on interest and dividends, are recognized in statement of income for the year.

The Company's financial liabilities, which are initially recognized at fair value, include trade accounts payable and other accounts payable, loans and financing and debentures, are added the directly related transaction cost.

Subsequent measurement

After initial recognition, loans and financing, debentures, suppliers and accounts payable are subsequently measured at amortized cost, using the effective interest rate method.

Loan costs

Loan costs attributed to the acquisition, construction or production of an asset, necessarily requiring a significant amount of time to be ready for its intended use or sale, are capitalized as part of the cost of these assets.

Loan costs refer to interest and other costs incurred by the Company that are related to the raising of funds.

Derecognition of financial liabilities

A financial liability is written-off when the obligation is revoked, cancelled or expired. When an existing financial liability is replaced by another of the same lender with significantly different terms, or when the terms of an existing liability are significantly changed, this substitution or amendment is recognized as a write-off of the original liability and recognition of a new one, and the difference in their book values is recognized in the statement of income.

2.8. Trade accounts receivable

Trade accounts receivable consist of amounts receivable from customers for services rendered over the normal course of the Company's transactions. If the collection period is one year or less (or another period in line with the Company's operating cycle), accounts receivable are classified as current assets. Otherwise, they are stated in noncurrent assets.

Trade accounts receivable are firstly recognized at fair value and then measured at the amortized cost by using the effective interest rate method, less allowance for doubtful account (impairment). Actually, they are normally recognized at their billed amount, adjusted by impairment, if applicable.

2.9. Other accounts receivable (current and non-current)

They are initially recognized at their fair value and subsequently measured at their realizable value.

Expenses related to the acquisition of carbon credits that will be traded are also recorded under Other accounts receivable, at their acquisition cost value and subsequently measured, whichever is lower, between the fair value, net of costs to sell and the cost value recorded on the base date. The contra entry is recorded in income for the year, in accordance with IAS 02/CPC 16 R1.

2.10. Investments in subsidiaries

Investments held in subsidiaries are valued using the equity method (note 7). The subsidiaries' financial statements are adjusted, when applicable, to the Company's accounting practices.

Investments are initially recognized at cost and, subsequently, adjusted by the recognition of the interest attributed to the Company in the changes in the net assets of the investees, less provisions for reduction to the recoverable value, when applicable.

The financial statements of investments abroad are translated into the same accounting practices and presentation currency of the Company. Currency adjustments are classified under "Accumulated translation adjustment – equity". Realization occurs when there is write-off, disposal, receipt of dividends from these investments.

The Company assessed that the non-controlling interest is not material to the point of requiring the disclosure of summarized financial information of subsidiaries in these situations.

2.11. Intangible assets

Acquired software licenses are capitalized according to costs incurred to acquire the software and make it ready for use. These costs are amortized during their estimated useful lives.

Costs associated with software maintenance are recognized as an expense, as incurred. Development costs that are directly attributable to the design and testing of identifiable and exclusive software products, controlled by the Company, are recognized as intangible assets when the following criteria are met.

Other expenses on development that do not meet those criteria are recognized as expenses when incurred. Development costs previously recognized as expenses are not recognized as assets in a following period.

Software development costs recognized as assets are amortized during their estimated useful lives.

2.12. Property, plant and equipment

Sanitary Landfills are evalueted at the cost of areas and investments in preparation for operation. They are amortized according to the amount of waste deposited versus the total waste capacity. Plots of land and buildings mainly comprise warehouses and offices.

Property, plant and equipment are measured at historical cost, less accumulated depreciation. The historical cost includes expenses directly attributable to the acquisition of the items. The historical cost also includes financing costs related to the acquisition of qualifying assets.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow and when the item’s cost can be measured reliably.

The carrying amount of replaced items or parts is written off. All other repairs and maintenance are recognized in statement of income for the year, as incurred.

Plots of land is not depreciated. Depreciation of other assets is calculated using the straight-line method to allocate costs to residual values over the estimated useful life, except for sanitary landfills.

The residual values and useful lives of assets are reviewed and adjusted, if appropriate, at each year end.

The carrying value of an asset is immediately written down according to its recoverable amount if the carrying value of the asset is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the results with book value and are recognized under "Other operating revenues/ (expenses), net", in the statements of income.

2.13. Impairment of non-financial assets

Assets that are subject to depreciation and amortization are reviewed for impairment whenever events or changes in circumstances indicate that their carrying value may not be recoverable. An impairment loss is recognized to the extent the carrying amount of the asset exceeds its recoverable amount. The latter is the higher of the fair value of an asset less selling costs the its value in use.

For impairment testing purposes, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Non-financial assets, should they be impaired, are subsequently reviewed to analyze a possible reversal of impairment at the reporting date.

2.14. Trade accounts payable and Other accounts payable

Trade accounts payable and other accounts payable are obligations payable for assets or services acquired from suppliers in the ordinary course of business. They are classified as current liabilities if payment is due in a period of up to one year, otherwise, accounts payable are stated as non-current liabilities.

They are initially recognized at fair value and subsequently measured at amortized cost using the effective interest rate method. In fact, they are normally recognized at the corresponding billed amount.

2.15. Loan and financing

Loans and financing are initially recognized at fair value, net of costs incurred in the transaction, and are then stated at their amortized cost.

Any difference between amounts raised (net of transaction costs) and the settlement amount is recognized in the statement of income during the period in which loans are outstanding, using the effective interest rate method.

Loans and financing are classified as current liabilities, unless the Company has an unconditional right to defer the settlement of a liability for at least 12 months after the balance sheet date.

2.16. Provisions

Provisions for lawsuits (labor, civil and tax) are recognized when: the Company has a present or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the value has been reliably estimated. Provisions are not recognized in respect of future operating losses.

When there are a number of similar obligations, the probability of settling them is determined by taking into account the class of obligations as a whole. A provision is recognized even if the probability of settlement relating to any individual item included in the same class of obligations is small.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation, using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the obligation as a result of the passage of time is recognized as a financial expense.

The provision for the restructuring of landfills is initially recorded considering the estimated costs of remediation of the landfills in compliance with environmental legislation in Brazil, under “Other accounts payable” as a contra entry under “Property, plant and equipment”, in the Landfill class. Management keeps its studies up to date, considering monetary adjustments, third-party budgets to be contracted and internal costs, and its estimate is revisited in case of changes in the original budget.

2.17. Current and deferred income tax and social contribution

2.17.1. Current income tax and social contribution

Companies adopting the deemed profit regime

There are companies that have opted for taxation based on deemed profit. Current and deferred income tax and social contribution are calculated at the rates of 15%, plus a surtax of 10% on taxable income exceeding R$ 240 for income tax and 9% on taxable income for social contribution tax.

Companies adopting the actual profit regime

Current income tax and social contribution are calculated at the following rates: 15% plus a 10% surtax on taxable income in excess of R$ 240 thousand for income tax, and 9% on taxable income for social contribution tax, considering, if any, income tax and social contribution losses carry forwards, up to 30% of taxable income.

Companies on the national simple regime

Simples Nacional is a differentiated tax regime for micro and small companies that allows the collection of several federal, state and municipal taxes in a single guide. The rate is different, varying according to the billing, which is separated into billing ranges, up to the annual gross revenue of R$ 4.8 million.

The Company and most of its subsidiaries were taxed at taxable income, with the exception of:

Companies	Country	Taxation
Excelência e Sustentabilidade Ltda – WATU	Brazil	Simples Nacional
Ecológica Nordeste Eireli	Brazil	Presumido
Ecológica Resíduos Industriais S/A	Brazil	Simples Nacional
MCZ Soluções Ambientais Ltda	Brazil	Presumido
Amazon Resíduos Ltda	Brazil	Presumido
Boomera Lar Indústria e Comércio de Plásticos Ltda	Brazil	Presumido
Disal Ambiental Holding S.A.	Chile	Legislação do país
Biofílica Ambipar Environmental Investments S.A.	Brazil	Presumido
Ambipar Boomera Environmental Machines S.A.	Brazil	Simples Nacional
SIR Ambiente Inteligência Ambiental Ltda	Brazil	Presumido
Brasil Coleta Industria e Tratamento de Resíduos Ltda	Brazil	Presumido

2.17.2. Income Tax and Social Contribution and deferred

Deferred income tax and social contribution are recognized using the liability method on temporary differences arising from differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax and social contribution are not accounted for if it results from the initial recognition of an asset or liability in an operation that is not a business combination, which, at the time of the transaction, does not affect the accounting result or the taxable profit (tax loss). Deferred income tax and social contribution are determined using tax rates (and tax laws) enacted, or substantially enacted, on the balance sheet date, which must be applied when the related deferred tax asset is realized or when the deferred tax liability is liquidated.

Deferred income tax and social contribution assets are recognized only in proportion to the probability that future taxable income will be available and against which the temporary differences can be used.

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

2.18. Employees's benefits

(a) Termination benefits

The Company does not have termination benefit plans for employees.

(b) Profit sharing and bonus

Profit sharing is usually recognized at year end, when the amount can be reliably measured by the Company.

2.19. Revenue recognition

Revenue is presented net of taxes, returns, rebates and discounts. Its recognition is in accordance with CPC 47 - Revenue from customer contracts, which establishes a five-step model to determine how and when it will be recognized, as well as its measurement, as long as revenues and costs can be safely measured. In addition, specific criteria for each of the Company's activities must be met, as described below:

a) Service rendered

The Company and its subsidiary provide services that comprise the complete environmental management chain (Environment).

Revenue from services rendered is recognized based on services performed during the period up to the balance sheet date.

b) Financial income

Financial income is recognized according to the elapsed time using the effective interest rate method.

2.20. Leases

All leases are accounted for by recognizing a right-of-use asset and a lease liability, except for:

- Leasing of low value assets; and
- Leases lasting less than 12 months.

Lease liabilities are measured at the present value of contractual payments due to the lessor over the lease term, with the discount rate implied in the contract, unless (as is usually the case) this is not easily determinable, in which case the incremental rate on the Company's loans at the beginning of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes that the variable element will remain unchanged throughout the term of the contract.

Other variable lease payments are spent in the period to which they are related.

At initial recognition, the carrying amount of the lease liability also includes:

- Amounts to be paid under any residual value guarantee;
- The exercise price of any call option granted in favor of the Company and its subsidiary, if it is reasonable to evaluate this option;
- Any penalties to be paid for terminating the lease, if the term of the lease has been estimated based on the termination option being exercised.

Right-of-use assets are initially measured at the value of the lease liability, less any incentives received, plus:

- Lease payments made up to the start date of the contract;
- Initial direct costs incurred; and
- The amount of any provision recognized when the Company and its subsidiary are contractually required to dismantle, remove or restore the underlying asset.

After the initial measurement, the lease liabilities increase as a result of interest charged at a constant rate on the outstanding balance and are reduced by the lease payments made. Use rights assets are amortized using the straight-line method over the remaining lease term or over the remaining economic life of the asset if, rarely, it is considered to be less than the lease term.

When the Company and its subsidiary revise their term estimates for any lease (because, for example, it reevaluates the probability that a lessee extension or termination option will be exercised), they adjust the carrying amount of the lease liability to reflect payments to do over the revised term, which are discounted using a revised discount rate. The carrying amount of lease liabilities is reviewed in a similar manner when the variable element of future lease payments dependent on a rate or index is reviewed, unless the discount rate remains unchanged. In both cases, an equivalent adjustment is made to the book value of the asset with the right to use, with the revised book value being amortized over the remaining (revised) lease term. If the carrying amount of the asset with the right to use is adjusted to zero, any additional reduction is recognized in the income statement.

When the Company and its subsidiary renegotiate the contractual terms of a lease with the lessor, the accounting depends on the nature of the change:

- If the renegotiation results in one or more additional assets being leased at an amount compatible with the individual price for the additional use rights obtained, the modification is accounted for as a separate lease in accordance with the above policy;
- In all other cases where the renegotiation increases the scope of the lease (either an extension of the lease term, or one or more additional assets being leased), the lease liability is reevaluated using the discount rate applicable on the date of the modification, with the right of use asset being adjusted by the same amount;
- If the renegotiation results in a reduction in the scope of the lease, both the carrying amount of the lease liability and the right-of-use asset are reduced by the same proportion to reflect the partial or total termination of the lease with any difference recognized in profit or prejudice. The lease liability is then adjusted to ensure that its book value reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the date of the modification. The right-to-use asset is adjusted by the same amount.

For contracts that convey the right to the Company and its subsidiary to use an identified asset and require services to be provided to the Company and its subsidiary by the lessor, the Company and its subsidiary have chosen to account for the entire agreement as a lease, that is, it does not allocate any amount of contractual payments, separately accounting for any services provided by the supplier as part of the contract.

2.21. Distribution of dividends and interest on equity capital

The distribution of dividends and interest on equity capital for the Company's shareholders is recognized as a liability in the Company's individual and consolidated financial statements at year end, based on the Company's bylaws.

Any amount above the minimum mandatory payout is only provided for at the date in which the said payout is approved by the shareholders.

The tax benefit of interest on equity capital is recognized in the statement of income.

2.22. Present value adjustment

Assets and liabilities arising from long-term transactions, or short-term ones when material, are discounted to present value using rates that reflect the best current market valuations according to the value of money over time and the specific risks of the asset and liability.

The Company’s management analyzed the amounts of assets and liabilities and has not identified balances and transactions for which the discount to present value is applicable and significant to the individual and consolidated financial statements.

2.23. Business Combination

Pursuant to CPC 15 (R1) - Business Combinations, business acquisitions are accounted for under the acquisition method. Consideration transferred on a business combination is measured at fair value, calculated by the sum of the fair values of the assets transferred, the liabilities incurred on the date of acquisition to the former controlling shareholders of the acquired company, and the shares issued in exchange for control over the acquired company. The costs related to the acquisition are normally recognized in the statements of income, when incurred.

Goodwill is measured as the excess of the aggregate of the fair value of consideration transferred plus the fair value of any non-controlling interest in the acquiree and the acquisition-date fair value of the acquirer's previously-held equity interest in the acquiree (if any) over the fair value of the net amount of identifiable assets acquired less liabilities assumed.

If, after assessment, the net amounts of assets acquired and liabilities assumed identifiable on the date of acquisition are higher than the sum of the consideration transferred, of the non-controlling interest in the acquiree and of the acquisition-date fair value of the acquirer's previously-held equity interest in the acquiree, the excess is immediately recognized as a gain in the statement of income.

If the initial accounting of a business combination is incomplete at the end of the year in which such combination occurred, the temporary amounts of the items whose accounting is incomplete are recognized. These temporary amounts are adjusted during the measurement period (which may not exceed one year as from the date of acquisition), or additional assets and liabilities are recognized to reflect the new information obtained in relation to facts and circumstances existing at the date of acquisition which, if known, would have affected the amounts recognized on that date.

2.24. Segment reporting disclosure

The segment reporting information are disclosed in a manner consistent with the decision-making process of the main operating decision maker. The main operating decision maker, responsible for the allocation of fund and evaluation the performance of operation segments, is the Company's management, responsible for make Company’s strategic decisions. The Company operates in a single business segment.

2.25. Earning per share – basic and diluted

The Company calculates basic earnings per share using the total average weighted number of outstanding common and preferred shares during the period corresponding to income (loss), in accordance with accounting pronouncement CPC 41/IAS 33.

2.26. Statement of added value – supplementary information to IFRS

The statement of added value is being prepared and disclosed, consistently with technical pronouncement CPC 09, in compliance with Brazilian corporate law for publicly traded companies and regulated by the Brazilian Securities and Exchange Commission.

3. Financial risk management

The Company and its subsidiary participate in transactions involving financial instruments in order to finance their activities or invest their available financial resources.

These risks are managed through the definition of conservative strategies, aiming at liquidity, profitability and security. The control policy consists of permanently monitoring contracted rates versus those in force in the market.
In the years ended December 31, 2021 and 2020, there were no transactions involving derivative financial instruments for speculative purposes and compound financial instruments with embedded derivatives.

Financial instruments are only recognized as from the date the Company becomes a party of the agreements of financial instruments. When recognized, they are initially recognized at fair value plus transactions costs directly attributable to its acquisition or issue (when applicable). Their later measurement happens at balance sheet date, according to the rules established for each type of classification of financial assets and liabilities.

(In thousands of Brazilian Reais, unless otherwise stated)

3.1. Financial risk factors

The activities of the Company expose it to several financial risks: market risk (including interest rate on fair value, interest rate on cash flow), price risk, credit risk and liquidity risk. The Company's risk management program focuses on the unpredictability of finance markets and aims to reduce possible adverse effects on the Company's financial performance.

Risk management is performed by the Company's senior management and according to policies approved by the shareholders. The Company's top management identifies, evaluates and hedges the Company against eventual financial risks.

(a) Market risk

(i) Interest rate risk

The interest rate risk arises from debt portion indexed at TJLP (Long-term Interest Rate) and financial investments indexed at CDI (Interbank Deposit Rate), which may affect the financial income or expenses in case of an unfavorable change in interest rates or inflation. Loans issued at variable rates expose the Company to cash flow interest rate risk.

Loans issued at fixed rates expose the Company and its subsidiary to the fair value risk associated with the interest rate. Considering that a substantial part of the loans of the Company and its subsidiary is linked to fixed rates, Management understands that the risk of significant changes in income and cash flows is low.

The Company defined 3 scenarios (probable, possible and remote) to be simulated. Probably, the rates defined by BM&F were defined by Management, and the possible and remote scenarios, a deterioration of 25% and 50%, respectively, in the variables. The calculation basis used is the amount presented in the notes to the cash and cash equivalents, loans and finance lease:

2021:

	Scenarios (Consolidated)			
Index risk	Basis	Probable	Possible	Remote
CDI – Financial Investiments	321,712	41,018	30,764	20,509
CDI – Debêntures	(884,648)	(112,793)	(84,595)	(56,397)
Net Exposure	(562,936)	(71,775)	(53,831)	(35,888)

2020:

	Scenarios (Consolidated)			
Index risk	Basis	Probable	Possible	Remote
CDI - Financial Investiments	59	8	6	4
Net Exposure	59	8	6	4

Due to the nature, complexity and isolation of a single variable rate, the presented estimates may not truly represent the amount of losses, should such rate have its depreciation disclosed. The calculation was made for a gain/loss scenario in the period of one month.

The direct subsidiary Ambiental has a loan from Banco Bocom BBM SA Agência Nassau in the amount of USD 9,917 thousand (nine million, nine hundred and seventeen thousand US dollars), for this operation we contracted the SWAP instrument, considering rate, amount and term, exchanging the exposure exchange rate by the change in the fixed rate.

Hedge accounting

The purpose of the Company's hedging operation is to protect the cash flows denominated in US dollars arising from the foreign currency loan (see Note 10.2), since practically all the Company's operations are denominated in local currency.

Thus, the operation is classified as a cash flow hedge, applying accounting according to CPC 48 - Financial instruments.

The purpose of hedge accounting (understood as the hedge accounting policy adopted) is to affect the Company's results only by the local interest rates to which it is exposed, considering only the net effect of the contracted hedge.

The agreement in effect on December 31, 2021 is as follows:

Instrument	Type of financial instrument	Transaction	Notional value	Maturity	Protection index	Contracted rate
Swap Contract	Cash Flow Hedge	Swap USD X CDI	USD 9,917 thousand	6/2022	Exchange Variation + 2.91% p.a.	100% of CDI

The outstanding balances are shown below:

	Principal amount (notional) – In thousands of USD	Curve value	Fair value	Fair value adjustment gain (loss)
Description				
Swap contract				
Active tip:				
Dollar long position	9,917	55,380	55,418	38
Passive tip:				
Short position at fixed rate	(9,917)	(50,133)	(50,133)	-
Total net financial instrument	-	5,247	5,285	38

In accordance with applicable accounting practices, the adjustment to the fair value determined for the financial instrument was R$ 38 (R$ 25, net of tax effect) and is recorded in the income statement.

It is worth noting that the current hedge operation is fully linked, including contractually, to the loan contracted under the 4131 modality, and cannot be undone individually.

(ii) Foreign currency Exchange rate risk

The associated risk arises from the possibility that the Company may incur losses due to fluctuations in exchange rates, which reduce nominal amounts billed or increase amounts raised in the market. The Company periodically monitors the net exposure of assets and liabilities in foreign currency.

(iii) Risck of commodities price

The Company has no transactions quoted at commodities price; therefore, it is not exposed to risks of commodities prices.

(b) Credit risk

The credit risk asset of cash and cash equivalents, banks and financial institutions, as well as the credit asset of credit lines to customers. designated financial institutions only bonds from top-tier entities.

An analysis area evaluating the customer's creditworthiness, credit taking into account their financial position, experience and other factors.

Individual risks are determined based on internal or external rules in accordance with limits determined by Management. The use of credit limits is regularly monitored.

No credit limit was exceeded during the period and Management as a result of any default by these counterparties, in addition to the constancy not already constituted (Explanatory Note No. 5).

(c) Liquidity risk

The cash flow forecast is performed by the Company's Management. Management monitors rolling forecasts of the Company's liquidity requirements to ensure that it has sufficient cash to meet operating needs. This forecast takes into account the Company's debt financing plans, compliance with covenants, compliance with internal balance sheet ratio targets and, if applicable, external regulatory or legal requirements - for example, currency restrictions.

(In thousands of Brazilian Reais, unless otherwise stated)

The excess cash held by the Company, in addition to the balance required for working capital management, is invested in interest-bearing current accounts, time deposits and short-term deposits, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient margin as required. determined by the aforementioned forecasts. As of December 31, 2021, the Company had short-term invested funds of R$ 321,712 (R$59 as of December 31, 2020) (consolidated) that are expected to promptly generate cash inflows to manage liquidity risk.

The following table analyzes the non-derivative financial liabilities of the Company and its subsidiaries, by maturity ranges, corresponding to the remaining period in the balance sheet until the contractual maturity date:

	Less than one year	Between one two years	Between two and five years	Over five Years	Total
As at December 31, 2021 - Consolidated					
Loans and financing	189,851	275,285	609,473	40,704	1,115,314
Debentures	60,000	236,162	588,486	-	884,648
Leasing	20,492	11,610	12,871	-	44.973
Trade accounts payable and other accounts payable	53,281	-	-	-	53,281
	323,624	523.057	1,210,830	40,704	2.098.216
As at December 31, 2020 - Consolidated					
Loans and financing	346	557	191	-	1,094
Trade accounts payable and other accounts payable	1,394	-	-	-	1,394
	1,740	557	191	-	2,488

(d) Regulatory and environmental risks

The Company and its subsidiary are subject to laws and regulations in the countries in which they operate. The Company's management has established certified environmental policies and procedures to meet environmental laws.

Management carries out regular analyses to identify environmental risks and to ensure that the controls over operation are adequate and properly certified.

3.2. Capital management

The Company’s purposes in managing its capital are guaranteeing its going concern capacity in order to bring gains to shareholders and benefits to the other interested parties, in addition to keeping an ideal capital structure to reduce costs.

In order to keep or adjust its capital structure, the Company may review its policy on the payment of dividends, return capital to shareholders, or even sell assets in order to reduce indebtedness levels, for example.

(In thousands of Brazilian Reais, unless otherwise stated)

The Company monitors capital based on financial leverage indexes. This index corresponds to net debt divided by total capital. Net debt corresponds to total loans and financing (including short and long-term loans and financing, as shown in the statement of financial position), less the amount of cash and cash equivalents.

Total capital is calculated through the sum of the equity, as stated in the statement of financial position, with the net debt.

The financial leverage index as at December 31, 2021 and 2020 can be summarized as follows:

Consolidated financial statements	2021	2020
Total loans and financing and debêntures	1,999,962	1,094
Lesss: cash and cash equivalents	(397,636)	(368)
Net debt	1,602,326	726
Total net equity	122,275	15,801
Total capital	1,724,601	16,527
Financial leverage index (%)	92,9	4,4

3.3. Fair value estimation

It is assumed that the balances of trade accounts receivables and payables at their carrying amounts, less impairment, approximate their fair values, considering the realization and settlement of those balances from 30 to 60 days.

The fair value of financial liabilities for reporting purposes is estimated through the discount of future contractual cash flows at the effective interest rate in market, which is available to the Company for similar financial instruments. Interest rates in effect at balance sheet date are the regular ones in the market and their fair values approximate the balances in accounting records.

Financial investments, represented by investments in CDI (Note 4) and classified as, were evaluated based on the interest rate agreed with the respective financial institution, considered as the regular market rate.

Fair value is the value by which an asset may be changed, or a liability settled, between the parties on an arm's length basis. The fair value hierarchy has the following levels:

- Level 1: Prices quoted (not adjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices in active markets included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

(In thousands of Brazilian Reais, unless otherwise stated)

- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

3.4. Financial instruments by categoy

		Parent Company	
	Category	Book value	Fair value (*)
Financial assets			
Cash and banks	Amortized cost	-	-
Financial investiments	Fair value through profit or loss	52,771	52,771
Related parts	Amortized cost	37,656	37,656
Passivos financeiros			
Loan and Financing	Amortized cost	443,923	443,923
Debêntures	Amortized cost	884,648	884,648
Providers	Amortized cost	1,062	1,062
Related parts	Amortized cost	604.273	604.273

		Consolidated	
	Category	Book value	Fair value (*)
Financial assets			
Cash and banks	Amortized cost	75,924	75,924
Financial investiments	Fair value through profit or loss	321,712	321,712
Accounts receivable	Amortized cost	312,583	312,583
Related parts	Amortized cost	16,845	16,845
Financial liabilities			
Loan and Financing	Amortized cost	1,115,314	1,115,314
Debentures	Amortized cost	884,648	884,648
Providers	Amortized cost	53,281	53,281
Lease Liabilities	Amortized cost	44.973	44.973
Related parts	Amortized cost	574,261	574,261

(*) Fair value is measured at level 2 of the fair value hierarchy. The Company and its subsidiaries do not have any operations classified in the fair value hierarchy levels 1 and 3.

4. Cash and cash equivalents

	Parent Company		Consolidated	
	2021	2020	2021	2020
Cash and banks	-	-	75,924	309
Financial investiments	52,771	-	321,712	59
	52,771	-	397,636	368

Financial investments are mainly represented by Bank Deposit Certificates and Capitalization Bonds from first-tier financial institutions, with low credit risk, whose yield is linked to the variation of the Interbank Deposit Certificate (CDI) and have immediate liquidity and maturity. original up to 90 days, with an index rate of 105% of the CDI.

(In thousands of Brazilian Reais, unless otherwise stated)

5. Accounts receivable

	Consolidated	
	2021	2020
Notes receivable		
Private	319,057	3,168
Public	1,673	-
	320,730	3,168
Provision for expected losses on doubtful accounts	(8,147)	-
	312,583	3,168
Current	303,454	3,168
Non current	9,129	-

Abertura por vencimento dos valores vencidos e a vencer:

	Consolidated	
	2021	2020
Due	229,499	2,454
Overdue up to 30 days	37,790	470
Overdue from 31 to 90 days	23,241	100
Overdue from 91 to 180 days	5,506	37
Overdue from 181 to 360 days	5,691	22
Overdue for more than 361 days	19,003	85
	320,730	3,168

Statement of maintenance credits, to follow: from doubtful loans:

	Consolidated
(=) Balance on december 31, 2020	-
(+) Initial collection for the purchase	(6,707)
(+) Additions	(1,440)
(=) Balance on december 31, 2021	(8,147)

The allowance for expected losses on doubtful accounts is established when there is objective evidence that the Company and its Subsidiaries will not be able to collect all amounts due in accordance with the original terms of the accounts receivable.

It is constituted in an amount considered sufficient by Management to cover probable losses in the realization of credits based on: analysis of the default risk of each client, financial situation of the client compromised in the market, history of negotiations carried out, agreements signed are not fulfilled, mainly taking into account risk scenarios in which it has an observable behavior in the market, and with special attention to long-term overdue loans.

With respect to notes overdue for more than 181 days, collection processes and procedures and agreements, even if paid in installments, are in progress, with a relatively high probability of success.

(In thousands of Brazilian Reais, unless otherwise stated)

6. Recoverable taxes

	Parent company		Consolidated	
	2021	2020	2021	2020
IRRF (Withholding income tax) to offset	1,086	-	13,192	1
Recoverable INSS (Social security tax) withheld	-	-	1,289	24
Recoverable PIS (Tax on sales)	57	57	1,171	57
Recoverable COFINS (Tax on sales)	262	262	5,490	263
Recoverable ICMS (goods circulation tax)	-	-	4,358	-
Prepaid Income tax and social contribution (IR/CS)	-	3	12,631	570
Other recoverable taxes	-	-	2,354	5
	1,405	322	40,485	920
Current	1,405	319	31,099	917
Non-current	-	3	9,386	3

7. Investments in subsidiáries

	Parent company	
	2021	2020
Investments in subsidiaries and capital gains *	996,129	-
Goodwill paid on the acquisition of investments due to expected future profitability (Note 7.4)	981,205	36,913
	1,977,334	36,913
Investment loss in subsidiary	(18,344)	(5,151)
	(18,344)	(5,151)

(*) As of December 31, 2021, the surplus value is R$340,327.

7.1. Business Combination

During the year ended December 31, 2021, the Environmental ESG Group carried out the following corporate movement:

(In thousands of Brazilian Reais, unless otherwise stated)

	Environment							
	Environmental Nordeste	Centro Oeste	Ambipar Mining	Boomera Ambipar	Disal	Ecológica Nordeste	Drypol	Suprema
Assets and liabilities acquired at fair value (*)								
Cash and Cash equivalentes	8,956	338	9,348	(88)	90,699	6	8,785	9,133
Other assets	35,710	24,171	101,880	35,504	396,646	2,897	56,144	49,749
Other liebilities	(37,337)	(48,063)	(54,873)	(15,730)	(232,836)	(1,402)	(17,958)	(37,375)
Separately Identified Intangibles	-	-	32,419	-	271,303	-	-	-
Added Value of Fixed Assets	-	-	15,784	-	30,164	-	-	-
(-) Deferred tax on capital gains	-	-	(16,389)		(102,499)			
Total identifiable net assets	7,329	(23,554)	88,169	19,686	453,477	1,501	46,971	21,507
Total amount of the consideration transferred	20,000	16,400	108,818	43,000	918,866	19,843	82,421	105,725
(-) Cash acquired	(8,956)	(338)	(9,348)	88	(90,699)	(6)	(8,785)	(9,133)
(-) Assumed value of the obligation to pay	-	(10,000)	(50,000)	(16,000)	-	(11,906)	(20,000)	(51,422)
Cash paid, net of cash received/receivable	11,044	6,062	49,470	27,088	828,167	7,931	53,636	45,170
Determination of goodwill (*)								
Total amount of consideration, net	20,000	16,400	108,818	43,000	918,866	19,843	82,421	105,725
Total identifiable net assets	(3,665)	16,488	(88,169)	(9,845)	(453,477)	(1,501)	(25,834)	(15,055)
Goodwill paid for expected future profitability	16,335	32,888	20,649	33,155	465,389	18,342	56,587	90,670
Month of Acquisition	01/20/2021	05/11/2021	05/14/2021	06/01/2021	06/28/2021	06/11/2021	07/30/2021	08/31/2021
Control start month	01/2021	05/2021	05/2021	05/2021	06/2021	06/2021	07/2021	08/2021
Company that acquired control	Enviromental ESG Participações S.A.	Enviromental ESG Participações S.A.	Enviromental ESG Participações S.A.	Enviromental ESG Participações S.A.	Enviromental ESG Participações S.A.	Ambipar Enviromental Nordeste Ltda.	Enviromental ESG Participações S.A. e Boomera Ambipar Gestão Ambiental S.A.	Enviromental ESG Participações S.A.
Acquisition Value	R$ 20.000	R$ 16.400	R$ 108.818	R$ 43.000	U$ 184.745	R$ 19.843	R$ 82.421	R$ 105.725
Percent purchased	50,000004%	70%	100%	50,01%	100,00%	100%	55%	70%

(In thousands of Brazilian Reais, unless otherwise stated)

	Environment						
	SIR	Biofílica	Boomera Machines	Brasil Coleta Gerenc.	MCZ Soluções	Ecológica Resíduos (**)	Excelência e Sustentabilidade
Assets and liabilities acquired at fair value (*)							
Cash and Cash equivalentes	202	2,689	153	6,142	3	2	134
Other assets	10,682	59,383	22,299	72.341	1,572	10,896	309
Other liebilities	(311)	(3,277)	(1,884)	(94,895)	(26)	(473)	(74)
Separately Identified Intangibles	-	-	-	-			
Added Value of Fixed Assets	-	-	-	-			
(-) Deferred tax on capital gains	10,573	58,795	20,568	(16,412)	1,549	10,425	369
Total identifiable net assets							
	21,771	90,000	25,805	85,450	3,163	6,120	1,600
Total amount of the consideration transferred	(202)	(2,689)	(153)	(6,142)	(3)	(2)	(134)
(-) Cash acquired	-	(29,000)	(15,700)	(85,450)	-	(2,520)	(800)
(-) Assumed value of the obligation to pay	21,569	58,311	9,952	(6,142)	3,160	3,598	666
Cash paid, net of cash received/receivable							
Determination of goodwill (*)	21,771	90,000	25,805	85,450	3,163	6,120	1,600
Total amount of consideration, net	(6,872)	(31,497)	(12,341)	8,370	(1,549)	(6,255)	(369)
Total identifiable net assets	14,899	58,503	13,464	93,820	1,614	(135)	1,231
Goodwill paid for expected future profitability							
	08/31/2021	07/07/2021	07/29/2021	09/29/2021	10/21/2021	10/29/2021	10/29/2021
Month of Acquisition	08/2021	07/2021	07/2021	09/2021	12/2021**	11/2021**	10/2021
Control start month	Enviromental ESG Participações S.A.	Enviromental ESG Participações S.A.	Enviromental ESG Participações S.A. e Boomera Ambipar Gestão Ambiental S.A.	Enviromental ESG Participações S.A.	Ambipar Environmental Nordeste Ltda	Ambipar Environmental Nordeste Ltda	Ambipar Green Tech Ltda
Company that acquired control	R$ 21.771	R$ 90.000	R$ 25.805	R$ 85.450	R$ 3.163	R$ 6.120	R$ 1.600
Acquisition Value	65%	53,57%	60%	51%	100%	60%	100%

(*) On the acquisition date, although the Company evaluates the base date of the acquired companies' initial balance sheet for purposes of determining the allocation of the purchase price and goodwill (negative goodwill), provided that there are no significant changes and transactions occurred between these two periods (date of acquisition and base date of the opening balance). These acquisitions have provisional reports, with the exception of the report of the subsidiary Ecológica Resíduos, which is provisional. The goodwill for expected future profitability calculated referring to these acquisitions in the year ended December 31, 2021 was R$917,411 (consolidated).

(**) The change of control took place after compliance with the contractual clauses determined

(In thousands of Brazilian Reais, unless otherwise stated)

The following is the payment schedule for obligations on account of investment acquisition:

Expiration year	Parent company	Consolidated
2022	110.067	119.245
2023	-	6.747
2024	3.000	3.000
2025	2.065	2.065
2026	5.000	5.000
	120.132	136.057

7.2. Subsidiaries' information

The Shareholders's equity of the subsidiaries are presented as follow:

	Net equity as at 2020	Net equity as at 2021	Percentage (%) 2021
Subsidiaries (Directs)			
Green Tech	(5,151)	1,057	100
Ambipar Environment	-	226,403	100
Ambipar Logistics	-	17,990	100
Ambipar Environment Waste Logistics	-	8,325	100
Ambipar Eco Products	-	13,063	100
Ambipar Workforce	-	2,657	100
Ambipar Coprocessing	-	5,595	100
Ambipar Facilities	-	2,976	100
Ambipar Compliance	-	11,657	95
Environmental Nordeste	-	43,986	50
Boomera Ambipar	-	19,489	50
Ambipar Centroeste	-	(21,875)	70
Amazon Resíduos	-	(4,330)	70
Disal Ambiental	-	464,551	100
Ambipar Mining	-	108,821	100
Biofílica	-	62,644	53,57
Boomera Machines	-	21,396	51
Drypol	-	53,279	51
Suprema	-	26,854	70
SIR	-	11,468	65
Brasil Coleta Gerenciamento	-	7,614	51
Ambify	-	73	100

(In thousands of Brazilian Reais, unless otherwise stated)

7.3. Changes in investments in subsidiaries

	Balance as at 2020							Balance as at 2021	
	Investments	Provision for investments losses	Investments transfers	Transferred consideration	Accumulated Conversion Adjustment	Dividends Receivable	Equity	Investment	Provision for investments losses
Subsidiaries									
Green Tech	-	(5,151)	-	-	-	-	6,208	1,057	-
Ambipar Environment (b)	-	-	220,541	-	-	-	5,862	226,403	-
Ambipar Logistics (c)	-	-	13,789	-	-	-	4,201	17,990	-
Ambipar Environment Reverse Manufacturing (d) (u)	-	-	582	-	-	-	(582)	-	-
Ambipar Environment Waste Logistics (e)	-	-	9,570	-	-	-	(1,245)	8,325	-
Ambipar Eco Products (f)	-	-	12,042	-	-	-	1,021	13,063	-
Ambipar Workforce (g)	-	-	1,932	-	-	-	725	2,657	-
Ambipar Coprocessing (h)	-	-	3,402	-	-	-	2,193	5,595	-
Ambipar Facilities (i)	-	-	2,135	-	-	-	841	2,976	-
Ambipar Compliance (j)	-	-	6,274	-	-	(507)	5,336	11,103	-
Environmental Nordeste (k)	-	-	-	23,665	-	-	(1,672)	21,993	-
Boomera Ambipar (l)	-	-	-	9,847	-	-	(101)	9,746	-
Ambipar Centroeste (m)	-	-	-	(14,585)	-	-	(728)	-	(15,313)
Amazon Resíduos (n)	-	-	-	(1,903)	-	-	(1,128)	-	(3,031)
Disal Ambiental (o)	-	-	-	453,477	6,476	-	4,596	464,549	-
Ambipar Mining (p)	-	-	-	88,168	-	-	20,653	108,821	-
Biofílica (q)	-	-	-	31,497	-	(487)	2,549	33,559	
Boomera Machines (r)	-	-	-	10,489	-	(189)	612	10,912	
Drypol (s)	-	-	-	23,955	-	-	3,217	27,172	
Suprema (t)	-	-	-	15,055	-	(2,297)	6,040	18,798	
SIR (u)	-	-	5,271	1,601	-	-	582	7,454	
Brasil Coleta Gerenciamento (v)	-	-	-	(8,370)	-	-	12,253	3,883	-
Ambify (w)	-	-	-	73	-	-	-	73	
	-	(5,151)	275,538	632,969	6,476	(3,480)	71,433	996,129	(18,344)

	Balance as at 2019				Balance as at 2020	
	Investments	Provision for investments losses	Transferred consideration	Equity	Investments	Provision for investments losses
Subsidiaries:						
Green Tech (a)	-	-	(4,912)	(239)	-	(5,151)
	-	-	(4,912)	(239)	-	(5,151)

(a) On October 21, 2020, the Company acquired 20,000 shares of capital stock of the investee Ambipar Green Tech Ltda for the amount of R$32,000;
(b) (b) On January 1, 2021, the parent company Ambipar Participações transferred the 96,599,998 shares it held in the investee Ambipar Environmental Solutions – Soluções Ambientais Ltda to the Company. The investment was transferred for consideration and classified as related parties;
(c) On January 1, 2021, the parent company Ambipar Participações transferred the 4,634,998 shares it held in the investee Ambipar Logistics Ltda to the Company. The investment was transferred for consideration and classified as related parties;
(d) On January 1, 2021, the parent company Ambipar Participações and the subsidiary Ambipar Environmental transferred the 47,663 and 45,694 shares, respectively, they held in the investee Ambipar Environment Reverse Manufacturing S.A. to the Company. The investment was transferred for consideration and classified as related parties;
(e) On January 1, 2021, the parent company Ambipar Participações transferred the 1,868,911 shares it held over the investee Ambipar Environment Waste Logistics Ltda. for the Company. The investment was transferred for consideration and classified as related parties;
(f) On January 1, 2021, the parent company Ambipar Participações transferred the 171,032,169 shares it held in the investee Ambipar Eco products S.A. to the Company. The investment was transferred for consideration and classified as related parties;
(g) On January 1, 2021, the parent company Ambipar Participações transferred the 5,999,998 shares it held over the investee Ambipar Workforce Solution Manpower Temp. Ltd for the Company. The investment was transferred for consideration and classified as related parties;
(h) On January 1, 2021, the parent company Ambipar Participações transferred the 891,998 shares it held in the investee Ambipar Coprocessing Ltda to the Company. The investment was transferred for consideration and classified as related parties;
(i) On January 1, 2021, the parent company Ambipar Participações transferred the 299,998 shares it held in the investee Ambipar Facilities Ltda to the Company. The investment was transferred for consideration and classified as related parties;
(j) On January 1, 2021, the parent company Ambipar Participações transferred the 7,620 shares it held in the investee Ambipar Compliance Solutions S.A. to the Company. The investment was transferred for consideration and classified as related parties;
(k) On January 20, 2021, the Company acquired 6,107,867 shares in the investee Ambipar Environmental Nordeste S.A., becoming the holder of 50% of the investee, as mentioned in Note 7.1;
(l) In June 2021, the Company acquired 4,820,292 shares of the capital stock of Boomera Ambipar Gestão Ambiental S.A. (formerly Boomera do Brasil – Gestão Ambiental Ltda.), as mentioned in Note 7.1;
(m) In June 2021, the Company acquired 537,993 shares in the capital stock of Ambipar Environmental Centroeste S.A. (formerly Centroeste Resíduos Ltda), as mentioned in Note 7.1;
(n) In June 2021, the Company acquired 70,000 shares of the capital stock of Amazon Resíduos Ltda, as mentioned in Note 7.1;
(o) In June 2021, the Company acquired 18,117,392 shares of the capital stock of Disal Ambiental Holding S.A., as mentioned in Note 7.1;
(p) In June 2021, the Company acquired 69,000 shares of the capital stock of Ambipar Environmental Mining Ltda (formerly Metal Ar Engenharia Ltda), as mentioned in Note 7.1;
(q) On July 27, 2021, the Company acquired 316,805 shares of the capital of Biofílica Ambipar Environmental Investments S.A. (formerly Biofílica Investimentos Ambientais S.A.) and increased capital by 574,210 new common shares, as mentioned in note 7.1. With this transaction, the Company now holds 53.571% of Biofílica's capital;

(In thousands of Brazilian Reais, unless otherwise stated)

(r) On July 29, 2021, the Company and the direct subsidiary Boomera Ambipar Gestão Ambiental SA acquired 161,270 shares of the capital of Ambipar Boomera Environmental Machines SA (formerly ZCT Publicidade e Consultoria Ambiental LTDA) and increased capital by 568,827 new common shares, as mentioned in explanatory note 7.1. With the transaction, the Company now holds 51% of the capital of Boomera Machines, while Boomera Ambipar Gestão Ambiental S.A. now holds 9% of the capital;
(s) On July 30, 2021, the Company and the direct subsidiary Boomera Ambiental Gestão Ambiental SA acquired 10,742,072 shares of the capital stock of Drypol Ambipar Environmental Pet Solutions SA (formerly Drypol Indústria e Comércio de Polímeros Ltda) and increased capital by 3,441 .813 new common shares, as mentioned in note 7.1. With the transaction, the Company now holds 51% of the capital of Drypol, while Boomera Ambipar Gestão Ambiental S.A. now holds 4% of the capital;
(t) On August 31, 2021, the Company acquired 1,262,374,240 shares issued by Ambipar Environmental Suprema Industrial Solutions S.A. (formerly Suprema Serviços Industriais Ltda.), as mentioned in Note 7.1;
(u) On August 31, 2021, the Company acquired 153,805 shares in the capital stock of SIR Ambiente Inteligência Ambiental Ltda. and subscribed for new common shares, after its transformation into a corporation. The payment of such shares was in cash and through the transfer of all 7,093,457 shares of Ambipar Environmental Reverse Manufacturing SA, so that at the end of these combined processes, the Company became the holder of 65% of the shares of the capital stock of SIR;
(v) On September 29, 2021, the Company acquired 5,040,482 shares of Brasil Coleta Gestão de Resíduos Ltda., and increased its capital by 318,211 new common shares, as mentioned in note 7.1. With the transaction, the Company now holds 51% of the capital of Brasil Coleta Gestão; and
(w) On November 26, 2021, the indirect subsidiary Ambipar Green Tech Ltda transferred the 20,000 shares it held over the investee Ambify Ltda to the Company. On the same date, the minority shareholder transfers its 5,000 shares to the Company. The investment was transferred for consideration and, with the transaction, the Company now holds 100% of the capital of Ambify Ltda.

7.4. Breakdown of goodwill from expected future profitability

	Parent Company		Consolidated	
	2021	2020	2021	2020
Goodwill detail				
Green Tech	36,913	36,913	36,913	36,913
Bioland	4,794	-	4,794	-
Ambipar Environment Reverse Manufacturing	19,985	-	19,985	-
Multiambiental	15,987	-	15,987	-
Avangard	781	-	781	-
Ambipar Coprocessing	4,140	-	4,140	-
Ambipar Facilities	5,991	-	5,991	-
Ambipar Compliance	18,496	-	18,496	-
Acervo inicial da Environmental Nordeste	-	-	11,585	-
Environmental Nordeste	16,335	-	16,335	-
Ambipar Centroeste	30,915	-	30,915	-
Amazon	1,973	-	1,973	-
Ambipar Mining	20,650	-	20,650	-
Boomera Ambipar	33,157	-	33,157	-
Disal Ambiental	465,388	-	465,388	-
Ecológica Nordeste	-	-	18,342	-
Ágio na Boomera	-	-	761	-
Biofílica	58,503	-	58,503	-
ZCT Publicidade	11,445	-	17,582	-
Drypol	52,471	-	52,471	-
Suprema	90,669	-	90,669	-
SIR	14,899	-	14,899	-
Brasil Coleta Gerenciamento	93,820	-	93,820	-
MCZ Soluções	-	-	1,614	-
Ecológica Resíduos	-	-	(432)	-
Excelência Sustentabilidade	-	-	1,231	-
Exchange variation in Agio	(16,107)	-	(16,107)	-
	981,205	36,913	1,020,443	36,913

(In thousands of Brazilian Reais, unless otherwise stated)

According to Technical Interpretation ICPC 09 - Individual Financial Statements, Separate Statements, Consolidated Statements and Adoption of the Equity Method, in the consolidated statement of financial position, goodwill from expected future profitability is recorded in the subgroup Intangible Assets, since it refers to the expectation of profitability of the acquired controlled company, whose assets and liabilities are consolidated in the parent company. However, in the Parent company's individual statement of financial position, this goodwill shall be in the subgroup of Investments, in the same group of Noncurrent assets, because to the investor this is part of its investment in the acquisition of the controlled company.

Goodwill arising from the acquisition of related (indirect) subsidiaries is recorded in the direct investment in the Parent Company and segregated in the Consolidated, as the other goodwill mentioned above, under the caption Intangible Assets.

We show below the rollfoward of goodwill:

	Parent Company		Consolidated	
Rollforward	2021	2020	2021	2020
Opening balance	36,913	-	36,913	-
Acquisition Green Tech Ltda	-	36,913	-	36,913
Transfer Bioland (a)	4,794	-	4,794	-
Transferência Ambipar Environment Reverse Manufacturing (a)	19,985	-	19,985	-
Transfer Multiambiental (a)	15,987	-	15,987	-
Transfer Avangard (a)	781	-	781	-
Transfer Ambipar Coprocessing (a)	4,140	-	4,140	-
Transfer Ambipar Facilities (a)	5,991	-	5,991	-
Transfer Ambipar Compliance (a)	18,496	-	18,496	-
Acquisition Environmental Nordeste	16,335	-	16,335	-
Initial collection Environmental Nordeste	-	-	11,585	-
Acquisition Centro Oeste Resíduos Ltda	30,915	-	30,915	-
Acquisition Amazon Resíduos Ltda	1,973		1,973	
Acquisition Metal Ar Engenharia Ltda	20,650	-	20,650	-
Acquisition Boomera do Brasil - Gestão Ambiental Ltda, Boomera Cambé Brasil Ltda e Boomera Lar Ind.e Com.de Plásticos Ltda	33,157	-	33,157	-
Acquisition Disal Ambiental Holding S.A.	465,388	-	465,388	-
Acquisition Ecológica Nordeste EIRELI e Ecológica Gestão Ambiental Ltda	-	-	18,342	-
Goodwill in Boomera	-	-	761	-
Acquisition Biofílica	58,503	-	58,503	-
Acquisition ZCT Publicidade	11,445	-	17,582	-
Acquisition Drypol	52,471	-	52,471	-
Acquisition Suprema	90,669	-	90,669	-
Acquisition SIR	14,899	-	14,899	-
Acquisition Brasil Coleta Gerenciamento	93,820	-	93,820	-
Acquisition MCZ Soluções	-	-	1,614	-
Acquisition Ecológica Resíduos	-	-	(432)	-
Acquisition Excelência Sustentabilidade	-	-	1,231	-
Exchange Variation on Goodwill (b)	(16,107)	-	(16,107)	-
Final balance	981,205	36,913	1,020,443	36,913

(a) The goodwill was transferred from the parent company Ambipar Participações to the Company at the time of the transfer of shares. The investment was transferred for consideration and classified as related parties;

(b) Refers to the exchange variation of acquired investees whose functional currency is different from the acquirer, whose counterpart is the Accumulated Conversion Adjustment in Shareholders' Equity.

Impairment testo f intangible assets:

Goodwill is an asset that has an indefinite useful life and must be tested annually or whenever there are indications of possible loss of value. Assets and liabilities are grouped into CGUs (Cash Generating Units) for impairment testing purposes.

Any impairment loss is immediately recorded as a loss in the income statement and is not subject to subsequent reversal.

As required by accounting practices adopted in Brazil and international standards (IFRS), the Company annually assesses the recoverability of its assets.
The Company used the value-in-use method to perform the impairment test. For all CGUs, a 5-year projection period was considered, with growth in perpetuity, in addition to observing the financial budgets prepared by Management to start the projection of cash flows.

Cash flows were discounted to present value by applying the rate determined by the Weighted Average Cost of Capital (WACC), which was calculated using the CAPM method (Capital Asset Pricing Model) and which also considers various components of financing, debt and capital. used by the Company to finance its activities.

As a result of the impairment test, on December 31, 2021, and evaluating the scenario that there were no changes in the significant risk variables and in the assumptions used for future cash flow of the acquired businesses, since the last closing of the individual financial statements and consolidated statements, no losses were identified for the CGUs for the goodwill recorded in the Company and its subsidiaries.

(In thousands of Brazilian Reais, unless otherwise stated)

8. Fixed Assets

(a) Rollfoward and changes

The changes in fixed assets are stated as follow:

	2021 (consolidated)												
	CTR (**)	Buildings	Installations	Machinery and equipments	IT equipments	Furniture and Fixture	Vehicles	Improvements in third-party properties	Construction in progress	Vessels	Leasing	Others	Total
Cost													
Opening balance	-	-	-	341	1,051	378	1,498	342	98	-	-	-	3,708
Additions	29,701	1,340	(75)	144,895	3,808	446	202,215	2,823	32,702	-	22,311	-	440,166
Write-offs	(421)	(4,584)	-	(42,777)	(6)	(55)	(15,120)	(329)	(16,889)	-	(553)	(17)	(80,751)
Transfers	-	-	-	7,525	(40)	-	3,051	-	(1,376)	-	3,002	-	12,162
Initial purchase balance (*)	99,290	34,154	2,295	543,933	20,172	5,165	499,524	24,673	45,341	179	71,199	17	1,345,942
Fair value of added value	-	(10,777)	(29)	37,270	1,581	328	17,575	-	-	-	-	-	45,948
Exchange Variation	(2,063)	(1,167)	-	(9,396)	(570)	(82)	(9,351)	-	(22)	-	(2,125)	-	(24,776)
Final balance	126,507	18,966	2,191	681,791	25,996	6,180	699,392	27,509	59,853	179	93,834	-	1,742,399
Accumulated depreciation													
Opening balance	-	-	-	(275)	(1,019)	(316)	(1,320)	(112)	-	-	-	-	(3,042)
Additions	(578)	(1,156)	(223)	(35,138)	(2,868)	(403)	(56,026)	(4,249)	-	(9)	(17,261)	-	(117,911)
Write-offs	-	168	36	14,930	325	86	6,129	9	-	-	-	9	21,692
Transfers	-	-	-	(4,631)	(1)	-	(2,108)	-	-	-	6,740	-	-
Initial purchase balance (*)	(7,351)	(9,692)	(1,002)	(299,617)	(10,960)	(3,170)	(300,927)	(5,748)	-	(119)	(40,923)	(9)	(679,518)
Fair value of added value	-	216	2	(1,720)	(35)	(13)	(381)	-	-	-	-	-	(1,931)
Exchange Variation	6	385	-	5,483	296	58	6,176	-	-	-	1,340	-	13,744
Final balance	(7,923)	(10,079)	(1,187)	(320,968)	(14,262)	(3,758)	(348,457)	(10,100)	-	(128)	(50,104)	-	(766,966)
Cost	126,507	18,966	2,191	681,791	25,996	6,180	699,392	27,509	59,854	179	93,834	-	1,742,399
Depreciation and amortization	(7,923)	(10,079)	(1,187)	(320,968)	(14,262)	(3,758)	(348,457)	(10,100)	-	(128)	(50,104)	-	(766,966)
	118,584	8,887	1,004	360,823	11,734	2,422	350,935	17,409	59,854	51	43,730	-	975,433

(*) Initial collection for the purchase of investees Ambipar Environmental Nordeste, Ambipar Centroeste, Ambipar Mining, Boomera Ambipar, Disal, Ecológica Nordeste, Biofílica, Boomera Machine, Drypol, Suprema, SIR, Brasil Collection Management and opening balances arising from the corporate reorganization mentioned in explanatory note no. 7.3 items "b" to "j".

(**) Waste Treatment Center

(In thousands of Brazilian Reais, unless otherwise stated)

	2020 - Consolidated						
	Machinery and equipments	IT equipments	Furniture and Fixture	Vehicles	Improvements in third-party properties	Construction in progress	Total
Custo							
Opening balance	141	28	67	1,556	112	-	1,904
Additions	-	-	-	-	-	-	-
Write-offs	-	-	-	(232)	-	-	(232)
Transfers	(36)	34	2	-	-	-	-
Initial purchase balance (*)	236	989	309	174	230	98	2,036
Final balance	341	1,051	378	1,498	342	98	3,708
Accumulated depreciation							
Opening balance	(124)	(28)	(29)	(1,356)	(102)	-	(1,639)
Additions	(8)	(3)	(6)	(13)	(10)	-	(40)
Write-offs	-	73	-	238	-	-	311
Transfers	31	(16)	(15)	-	-	-	-
Initial purchase balance (*)	(174)	(1,045)	(266)	(189)	-	-	(1,674)
Final balance	(275)	(1,019)	(316)	(1,320)	(112)	-	(3,042)
Cost	341	1,051	378	1,498	342	98	3,708
(-) Depreciation and amortization	(275)	(1,019)	(316)	(1,320)	(112)	-	(3,042)
	66	32	62	178	230	98	666

(*) Initial balance for the purchase of the investee Green Tech.

(In thousands of Brazilian Reais, unless otherwise stated)

(b) Depreciation and amortization rates

Depreciation and amortization rates are stated below:

Assets	Useful life (for years)	Annual weighted average rate (%)
Buildings	10 a 25	6
Waste Treatment Central Expansion	12	8,00
Improvements to third-party properties	3 a 25	18,56
Vessels	5 a 20	10,00
Tools	5 a 10	12,75
IT equipaments	3 a 10	17,87
Installations	3 a 10	14,76
Machinery and equipments	3 a 12	14,35
Machinery and equipment - fleets	3 a 12	18,00
Forniture and fixture	4 a 12	11,97
Vehicles	5 a 10	19,57
Software use license	5	20,00
Vehicles - lease	2 a 10	20,00
Research and Development	2	50,00

(c) Assets given in guarantee

As of December 31, 2021, the amount of R$ 441,202 (R$ 347 as of December 31, 2020) is represented by the assets comprising the fixed assets in the classes of vehicles (represented basically by trucks), machines, appliances and equipment, which are the guarantees of the respective financing in the FINAME and Lease modality.

(d) Impairment (fixed and intangible assets)

Management annually reviews the net book value of assets in order to assess events or changes in economic or operating circumstances that may indicate deterioration or loss of their recoverable value. Once such evidence is identified and for the net book value that exceeds the recoverable value, an impairment provision is set up, adjusting the net book value to the recoverable value.

Intangible assets with an indefinite useful life are subject to an annual impairment review regardless of whether or not there is any indication of impairment.

The recoverable amount of an asset is defined as the lower of its carrying amount and its value in use. The calculation of value in use is based on the discounted cash flow model, considering a single CGU: environmental. The business growth assumptions are based on the annual budget for 2021 and long-term projections of its subsidiaries. Estimated future cash flows were discounted at a rate equivalent to the weighted average cost of capital.

(In thousands of Brazilian Reais, unless otherwise stated)

Estimated EBITDA was projected considering historical and forecasts as follows:

- CGU revenues include service provision. Revenue growth was projected considering economic recovery and price increases/decreases based on inflation estimates;
- Operating costs and expenses were projected considering the historical performance of the UGC and the trends in personnel cost readjustments and investments in structure; and
- Capital expenditures were estimated considering the maintenance of existing infrastructure, machinery, equipment and vehicles for continuous operation and compliance with customer contracts.

For the years ended December 31, 2021 and 2020, the estimated value in use exceeded the book value.

(e) Right-of-use asset - Consolidated

	Opening balance on January 1, 2021	Initial purchase collection	New contracts	Depreciation	Cost	Accumulated depreciation	Net value
Right of use	-	30,276	22,635	(9,181)	93,834	(50,104)	43,730
	-	30,276	22,635	(9,181)	93,834	(50,104)	43,730

They mainly refer to properties and fleets that are leased from third parties and for the purposes of conducting the business of the Company and its subsidiaries in various locations in the country. As of April/2020, the lease agreement with related parties for the properties in Nova Odessa/SP and the Company's headquarters in São Paulo/SP began, which are subject to market conditions.

9. Intangible assets

(a) Breakdown

	Annual amortization	Consolidated 2021	Consolidated 2020
Cost			
Brands and patents		90.957	-
Right of use Software	20%	16.592	1.299
Research and Development (*)	50%	8.619	-
Goodwill paid with expected future profitability		1.020.443	36.913
Customer portfolio	50%	207.425	-
Workforce		11.179	
		1.355.215	38.212
Accumulated amortization			
Right of use Software		(8.563)	(1.294)
Research and Development		(8.516)	-
Customer portfolio		(10.573)	-
Workforce		(378)	-
		(28.030)	(1.294)
Net total		1.327.185	36.918

(*) Substantially refers to investments in Research & Development of products from waste generated by the Company's customers and its subsidiaries.

(In thousands of Brazilian Reais, unless otherwise stated)

(b) Intangible assets rollfoward

	Consolidated - 2021						
	Brands and patents	Right of use Software	Research and Development	Customer portfolio	Workforce	Goodwill paid with expected future profitability	Total
Cost							
Opening balance	-	1,299	-	-	-	36,913	38,212
Additions	612	2,278	-	729	-	901,598	905,217
Opening balance	959	13,442	8,619	3,540	-	28,441	55,001
Fair value of added value	89,386	-	-	203,156	11,179	-	303,721
Exchange Variation	-	(427)	-	-	-	-	(427)
Transfer (*)	-	-	-	-	-	53,491	53,491
Final balance	90,957	16,592	8,619	207,425	11,179	1,020,443	1,355,215
Accumulated amortization							
Opening balance	-	(1,294)	-	-	-	-	(1,294)
					-		
Additions	-	(1.099)	(3,617)	-	-	-	(4,716)
Opening balance	-	(6,341)	(4,899)	(3,540)	-	-	(14,780)
Fair value of added value	-	-	-	(7,033)	(378)	-	(7,411)
Exchange Variation	-	171	-	-	-	-	171
Final balance	-	(8,563)	(8,516)	(10,573)	(378)	-	(28,030)
Cost	90,957	16,592	8,619	207,425	11,179	1,020,443	1,355,215
Accumulated amortization	-	(8,563)	(8,516)	(10,573)	(378)	-	(28,030)
	90,957	8,029	103	196,852	10,801	1,020,443	1,327,185

(*) Goodwill transferred from the parent company Ambipar Participações to the Company at the time of the transfer of shares. The investment was transferred for consideration and classified as related parties.

(In thousands of Brazilian Reais, unless otherwise stated)

	Consolidated - 2020		
	Goodwill paid with expected future profitability	Right of use Software	Total
Cost			
Opening balance	-	1,299	1,299
Additions	36,913	-	36,913
Final balance	36,913	1,299	38,212
Amortização acumulada			
Opening balance	-	(1,290)	(1,290)
Additions	-	(4)	(4)
Final balance	-	(1,294)	(1,294)
Cost	36,913	1,299	38,212
(-) Accumulated amortization	-	(1,294)	(1,294)
	36,913	5	36,918

10. Loans and financing

10.1. Breakdown

			Parent company			
			2021		2020	
Type	Financial Charge - % a.a. (*)	Maturity	Current	Non-current	Current	Non-current
Working capital	2,68 + CDI	May 2026	-	443,923	-	-
			-	443,923	-	-

			Consolidated			
			2021		2020	
Type	Financial Charge - % a.a. (*)	Maturity	Current	Non-current	Current	Non-current
Working capital	3,03 + CDI	July 2026	77,292	596,820	216	531
Investment financing	10,86	Jun 2027	82,410	303,108	130	217
Financial leasing	8,61	October 2025	30,149	25,535	-	-
			189,851	925,463	346	748

(*) Annual weighted average cost of interest at December 31, 2021.

As provided for in the Definitive Prospectus of the Public Offering of Primary Distribution of Common Shares Issued by the parent company Ambipar Participações e Empreendimentos SA, Management renegotiated and, in advance, repaid most of the loan agreements during the month of July 2020. working capital type were considered high cost. The costs related to the prepayment of loans were recorded in financial expenses, in the amount of R$ 17,900.

(In thousands of Brazilian Reais, unless otherwise stated)

10.2. Description

(i) Working capital: working capital operations are fixed at a weighted average rate of 3.03% p.a., plus CDI, and mature from January 2022 to July 2026;

Turnover in foreign currency - Resolution 4131
In June 2021, subsidiary Environmental entered into a loan agreement in US dollars in the amount of USD 9,917 thousand, equivalent to R$ 50,000, on the transaction date, with the financing agent Banco Bocom BBM S.A. Nassau Branch, guaranteed by a letter of guarantee assumed by the Company and the shareholder, with interest of 2.91% p.a. and exchange variation, with payment of principal and interest in 12 monthly installments.

To hedge the loan, subsidiary Environmental contracted a derivative financial instrument, cash flow swap, with Banco BBM S.A. in the same amount and maturities, exchanging the exposure of the variation of the USD currency plus a fixed rate of 2.91% per year, for the fixed rate of 100% of the CDI per year, and with that, assigning the credit rights of the swap operation as collateral to the lender of the US dollar loan;

(ii) Financing investments (FINAME): acquisition of heavy vehicles and machinery used for the operations of the subsidiaries. The contracts have a fixed rate with a weighted average of 10.86% p.a., with monthly amortization and the last installment due in June 2027;

(iii) Financial leasing: contracts with a fixed rate with a weighted average of 8.61% p.a., monthly amortization and maturity of the last installment in October 2025.

10.3. Payment schedule of non-current liabilities installments

	Parent company	
Year of maturity	2021	2020
2023	127,053	-
2024	127,052	-
2025	127,052	-
2026	62,766	-
	443,923	-

	Consolidated	
Year of maturity	2021	2020
2022	-	557
2023	275,285	92
2024	245,387	62
2025	240,356	37
2026	123,731	-
As from 2027	40,704	-
	925,463	748

(In thousands of Brazilian Reais, unless otherwise stated)

10.4. Guarantees

Financing with FINAME resources is guaranteed by the financed assets and was raised essentially for the creation of a vehicle fleet for the subsidiaries' operations. These financings occur through accredited financial institutions, for the production and acquisition of new machines and equipment, of national manufacture, accredited by the National Bank for Economic and Social Development (BNDES).

Working capital loans are guaranteed by guarantees from the Company's shareholders.

11. Debêntures

11.1. Breakdown

			Parent Company and Consolidated			
			2021		2020	
Type	Financial Charge - % a.a.	Maturity	Current	Non-current	Current	Non-current
Debentures	CDI + 2,85	jun/26	60,000	824,648	-	-
			60,000	824,648	-	-

11.2. Payment schedule of installments of non-current liabilities

	Parent Company and Consolidated	
Year of maturity	2021	2020
2023	240,000	-
2024	240,000	-
2025	240,000	-
2026	120,000	-
Total	840,000	-
Funding cost (long term)	(15.352)	-
	824,648	-

11.3. Issuance of debentures

On June 16, 2021, the Company's Management at an Extraordinary Shareholders' Meeting resolved and approved the 1st issue of debentures, with the issuance of 900,000 simple, non-convertible debentures, of the real guarantee type, with additional personal guarantee, in a single series, in the total nominal value of R$ 900,000. The funds raised were substantially allocated to the acquisition corresponding to 100% of the share capital of Disal Ambiental Holding S.A.

(In thousands of Brazilian Reais, unless otherwise stated)

The debentures have final maturity in June 2026, interest and principal will be paid quarterly, with the first payment in September 2021 and December 2022, respectively.

11.4. Contractual restrictions and covenants

The Company has a debenture agreement that has certain obligations, including compliance with financial indices (covenants). They are basically linked to the Net Debt / EBITDA* compliance ratio, which must be measured every six months by the Company.

In addition, the Company must notify in advance of: incorporation, merger, spin-off or corporate reorganization, liquidation, extinction or dissolution, capital reduction, distribution of dividends above the mandatory minimum or any transfer of assets of the Company and its subsidiaries, as well as as an entry with a request for judicial recovery.

As of December 31, 2021, there were no events that could lead to breach of contract.

12. Suppliers

	Parent company		Consolidated	
	Current		Current	
	2021	2020	2021	2020
Suppliers - national operations	1,062	-	18,933	339
Suppliers - international operations	-	-	34,348	-
	1,062	-	53,281	339

13. Lease liabilities

	Consolidated		
	Lease Liabilities	Interest to be appropriated from lease agreements (AVP)	Net lease liability
Opening balance on January 1, 2021	-	-	-
Constitution of new contracts (*)	25.468	(1.148)	24.320
Initial Purchase Collection	36,998	(5,337)	31,661
Main Payment	(12,442)	-	(12,442)
Interest Payment	(1,570)	-	(1,570)
Interest Appropriation	-	2,048	2,048
Exchange variation	916	40	956
Balance on December 31, 2021	49.370	(4,397)	44.973
Current	22.356	(1.864)	20,492
Non-current	27.014	(2.533)	24.481

(In thousands of Brazilian Reais, unless otherwise stated)

(*) The amount of PIS and Cofins that is included in this amount is R$ 392.

It is due to the lease liability, measured at the present value of lease payments expected until the end of the contract, projected at the real rate and discounted at the nominal rate, considering possible renewals or cancellations. Lease liabilities are recorded under “Other accounts payable” – in current and non-current liabilities.

Below we present, for demonstration purposes only, as required by the CVM, as they differ in the crossing with the current balance at present value, the flows of future lease payments, considering the projected inflation until the expiration of the contracts, in relation to the lease commitments of right of use:

Year of maturity	Consolidated 2021
2022	22,470
2023	14.170
2024	10,778
2025	5,993
as from 2026	1,136
	54.547

14. Provision for contingencies and court deposits

14.1. Breakdown

As of December 31, 2021 and 2020, the subsidiaries had the following liabilities, and corresponding judicial deposits, related to contingencies:

	Consolidated			
	2021		2020	
Probable contingencies:	Court deposits	Provision for contingencies	Court deposits	Provision for contingencies
Social security and labor contingencies	2,010	2,146	4	10
	2,010	2,146	4	10

The Company and its subsidiary are parties to labor, social security and civil lawsuits, and are discussing these issues at both administrative and judicial levels, which, when applicable, are mostly supported by judicial appeals.

The respective provisions for contingencies were constituted considering the estimate made by the legal advisors, for lawsuits whose probability of loss in the respective outcomes was assessed as probable.

Management believes that resolving these issues will not have an effect significantly different from the amount accrued.

(In thousands of Brazilian Reais, unless otherwise stated)

14.2. Provision for contingencies rollward

Changes in the provision for contingencies in December 31, 2021 and 2020 are as follows:

	Consolidated
(=) Balance on January 1, 2020	-
(+) Additions	10
(=) Balance as at December 31, 2020	10
(+) Acervo aquisição investimento	2,296
(-) Write-offs	(160)
(=) Balance as at December 31, 2021	2,146

14.3. Nature of contingencies

Labor and social security contingencies refer to lawsuits filed by former employees linked to funds arising from the employment relationship and to various claims for damages. Civil claims refer to lawsuits filed by ex-suppliers and ex-partners related to compensation for material damages arising from the commercial relationship that existed with the Company's subsidiaries.

On December 31, 2021, Management reassessed the criteria for provision for contingencies of a labor nature considering the risk of loss in each process and started recording the estimated amount of probable loss in each request made in the processes.

The Company and its subsidiaries have contingencies classified as a possible loss on December 31, 2021 in the amount estimated by their legal advisors of R$2,816.

14.4. Active contingencies

The subsidiary Ambipar Logistics brought an action for damages and indemnification against a former customer due to defaulted receivables sustained by the effective provision of services and contractual fine for breach of contract signed.

The updated amount as of December 31, 2021 of the case is R$2,439, whose estimate evaluated by the subsidiary's legal advisors is a probable success in the case. The process is being conducted by the Group's internal legal department and there are no additional liabilities due to costs and fees.

15. Related parties

15.1. Composition

The main related party transaction in the Environmental ESG Group was carried out under the following conditions:

(In thousands of Brazilian Reais, unless otherwise stated)

	Parent company		Consolidated	
	2021	2020	2021	2020
Asset:				
Dividends Receivable:				
Ambipar Environmental Suprema Industrial Solutions S.A.	2,297	-	-	-
Ambipar Compliance Solutions S/A	507	-	-	-
Biofílica Ambipar Environmental Investments S.A.	487	-	-	-
ZCT Publicidade e Consultoria Ambiental Ltda	189	-	-	-
	3,480	-	-	-
Loan (non-current):				
Ambipar Participações e Empreendimentos S.A.	-	-	5,976	-
Ambipar Bank Intermediação de Negócios, Pagamentos e Participações	-	-	30	-
Ambipar Environmental	12	41	-	41
Ambipar Facilities	1,486	-	-	-
Ambipar Response S.A.	-	-	228	-
Ambipar Workforce	2,150	-	-	-
Atmo Hazmat Ltda	-	-	29	-
Ambipar Centroeste	22,201	-	-	-
Amazon Resíduos Ltda	812	-	-	-
Emergência Participações S.A.	8,895	-	10,027	-
Ambipar Response Insurance Atendimento a Seguros Ltda	-	-	2	-
Lacerda & Lacerda Serviços de Transportes e Emergências Ambientais Ltda	200	-	200	-
Ambify Ltda	1,900	-	-	-
	37,656	41	16,492	41
Commercial transactions (non-current):				
Inversiones Disal Emergências S.A.	-	-	178	-
Suatrans Training S.A.	-	-	35	-
Servicios Industriales Especializados S.A.	-	-	140	-
	-	-	353	-
	37,656	41	16,845	41

	Parent company		Consolidated	
	2021	2020	2021	2020
Liebilities:				
Dividends payable:				
Controlling shareholder	2,536	-	2,536	-
Non-controlling shareholders	-	-	1,580	-
	2,536	-	4,116	-
Loan (non-current):				
Ambipar Environmental	55,602	-	-	-
Ambipar Environment Reverse Manufacturing	5,004	217	-	217
Ambipar Eco Products	10	10	-	10
Ambipar Participações e Empreedimentos S.A.	471,094	725	544,539	725
Emergência Participações S.A.	-	300	1,217	300
Ambipar Response Insurance Atendimento a Seguros Ltda	6	6	10,900	6
Ambipar Response S.A.	26	26	17,403	26
Ambipar Compliance	-	-	-	1,824
Atmo Hazmat Ltda	-	-	199	-
Boomera Ambipar	4,000	-	-	-
Ambipar Mining	8,818	-	-	-
Ambipar Boomera	8,500	-	-	-
Drypol	10,990	-	-	-
Biofílica	29,000	-	-	-
Disal Ambiental	3,341	-	-	-
Ambipar Environmental Waste	1,556	-	-	-
Ambipar Logístics	3.433	-	-	-
Ambipar Coprocessing	2,893	-	-	-
	604.273	1,284	574,258	3,108
Commercial transactions (non-current):				
Suatrans Chile S.A.	-	-	3	-
	-	-	3	-
	604.273	1,284	574,261	3,108

(In thousands of Brazilian Reais, unless otherwise stated)

Mutuals

These are current account transactions carried out exclusively between wholly-owned subsidiaries of the parent company Ambipar Participações e Empreendimentos S.A.

These transactions, whose contracts are for an indefinite period and without remuneration, are carried out and are characterized by the concept of centralization of cash, aiming at a better management of financial resources.

	Consolidated
	2021
Result (commercial transactions)	
Revenue	
Suatrans Chile S.A.	80
Suatrans Perú S.A.C.	353
Inversiones Disal Emergencias S.A.	3
	436
Costs	
Suatrans Chile S.A.	(71)
Suatrans Perú S.A.C.	-
	(71)
Resultado líquido	365

Commercial transactions

Related parties linked to the direct subsidiary Disal Ambiental Holding SA, which has strictly commercial transactions with Suatrans Chile SA and its subsidiaries, wholly-owned subsidiaries of the parent company Ambipar Participações e Empreendimentos SA These contracts were entered into for the purpose of providing environmental services, leases, as well as such as the provision of emergency response services. For the execution of such transactions, the commercial conditions of the local market are observed.

15.2. Remuneration of key personnel

The compensation of all directors of the group that corresponds to short-term benefits was R$13,570 in the year ended December 31, 2021.

There are vehicle use, reimbursement, travel and other benefits granted to directors. In the year ended December 31, 2021, these benefits amounted to R$1,051.

As of December 31, 2021, there were no long-term benefits, termination of employment or share-based compensation.

16. Equity

16.1. Capital social

The subscribed and paid-in share capital is represented by 216,000,000 registered common shares (2,000,000 registered common shares in 2020), in the amount of R$ 18,000,000.

On December 31, 2020, the parent company Ambipar Participações signed with the Company a private instrument of Advance for Future Capital Increase (AFAC), in the amount of R$ 16,000, to which the contracting parties attributed irrevocable and irreversible character.

In accordance with the agreement between Ambipar Participações and the Company, AFAC was converted into the share capital of Environmental ESG Participações in January 2021, with the issue of 16,000,000 shares.

On September 17, 2021, the company approved the split, without changing the value of the capital stock, with the resulting replacement of each registered common share with no par value currently issued by 12 (twelve) shares issued by the Company, pursuant to the Article 12 of the Brazilian Corporation Law. Thus, the Company's capital stock ceased to have 18,000,000 shares and now has 216,000,000 common shares.

16.2. Profit reserves

Legal reserve

The legal reserve is constituted annually as an allocation of 5% of the net income for the year and cannot exceed 20% of the capital stock.

The purpose of the legal reserve is to ensure the integrity of the capital stock and can only be used to offset losses and increase capital.

Unrealized profit reserve

The unrealized profit reserve is represented by undistributed profits, due to the unrealized equity in the earnings of its investees.

Approval of 2021 profit allocations

Management will propose at the Annual Shareholders' Meeting (AGO) the retention of the net income for the year, after the constitution of the legal reserve and the minimum mandatory dividend, as "Reserve of Unrealized Profits" in the amount of R$ 7,608, which can be realized when the profits attributed to the result of the equivalence of investments are realized, for example, with the receipt of dividends from subsidiaries and joint ventures.

(In thousands of Brazilian Reais, unless otherwise stated)

In the 2022 fiscal year, the Company will distribute dividends in the amount of R$ 2,536, as a mandatory minimum dividend for the 2021 fiscal year, with no need for a supplementary resolution.

As a result of the above, the Company's net income was distributed as follows:

	2021
Net income for the year	12,892
Absorption of accumulated losses from previous years	(2,214)
Distribution of income for the year	(2,536)
Destination of the legal reserve (5%)	(534)
Appropriation in unrealized profit reserve	7,608

16.3. Earnings (Results) per share

Basic

Basic earnings per share are calculated by dividing the earnings attributable to the Company's shareholders by the weighted average number of shares issued during the year, excluding shares purchased by the Company and held as treasury shares. Any dividends on preferred shares and any premiums paid on the issuance of preferred shares during the year are deducted from the profit attributed to the parent company's shareholders.

Earnings (Results) per share	2021	2020
Result of operations attributable to parent company shareholders before deductions	30,817	(565)
Number of common and preferred shares	216,000,000	2,000,000
Basic earnings per share (in Reais)	0,14	(0,28)
Earnings per share-diluted (in Reais)	0,14	(0,28)

Diluted

As of December 31, 2021, the Company does not present dilution of common shares.

16.4. Participation of non-controlling shareholders

The changes in non-controlling interests mentioned in the statement of changes in equity refer substantially to the acquisition of subsidiaries Ambipar Environmental Nordeste SA, Ambipar Environmental Mining Ltda., Boomera Ambipar Gestão Ambiental SA, Ambipar Environmental Centroeste SA, Ambipar Boomera Environmental Machines SA, Drypol Ambipar Environmental Pet Solutions SA, Ambipar Environmental Suprema Industrial Solutions SA, SIR Ambiente Inteligência Ambiental Ltda., Biofílica Ambipar Environmental Investments SA e Brasil Coleta Gestão de Resíduos Ltda.

(In thousands of Brazilian Reais, unless otherwise stated)

17. Net operating revenue

The reconciliation of gross revenue with net revenue from services is as follows:

	Parent company		Consolidated	
	2021	2020	2021	2020
Gross revenue from services provided	-	30	1,276,844	4,375
Cancellations	-	-	(14,500)	(2)
Taxes levied	-	-	(169,576)	(287)
Net operating revenue	-	30	1,092,768	4,086

	Parent company		Consolidated	
	2021	2020	2021	2020
Gross revenue in the domestic market	-	30	952,807	4,375
Gross revenue in the foreign market (*)	-	-	324,037	-
Net operating revenue	-	30	1,276,844	4,375

(*) Gross revenue in the foreign market comes from investees abroad: Disal Ambiental Holding S.A. and controlled.

18. Costs and expenses by nature

	Parent company		Consolidated	
	2021	2020	2021	2020
Personnel and labor charges	(603)	(55)	(394,393)	(2,751)
Materials used in the provision of services	-	-	(32,644)	-
Fuels	-	-	(40,851)	(1)
Freight and tolls	-	-	(23,245)	(2)
Maintenance of machines, appliances and equipment and vehicles	(1)	(1)	(72,889)	(6)
Taxes	(587)	(5)	(7,649)	(16)
Rent and Condominium	-	-	(1,334)	(96)
Leasing of goods, vehicles, machinery and equipment	-	-	(3,314)	(25)
Telephony expenses	-	-	(2,219)	(13)
Travel expenses	(113)	-	(3,310)	(144)
Depreciation and amortization	(22)	(44)	(131,969)	(44)
Advertising and marketing	(63)	-	(9,121)	(171)
Third party services	(1,349)	(184)	(130.974)	(853)
Other expenses	(11)	(26)	(86.247)	126
	(2,749)	(315)	(940,159)	(3,996)
Cost of services provided	-	(48)	(867,175)	(4,178)
General, administrative and sales	(2,823)	(268)	(77,054)	(268)
Other operating income (expenses), net	74	1	4,070	450
	(2,749)	(315)	(940,159)	(3,996)

(In thousands of Brazilian Reais, unless otherwise stated)

19. Financial result, net

	Parent company		Consolidated	
	2021	2020	2021	2020
Financial income				
Discounts obtained	-	2	271	2
Interest charged	-	-	348	3
Income from financial investment	3,403	-	6,031	-
Active exchange variation	-	-	3,299	-
Active monetary variation	-	-	162	-
Others	-	-	859	-
	3,403	2	10,970	5
Financial expenses				
Interest paid	(13)	(41)	(11,009)	(640)
Interest on loans	(16,119)	(2)	(42,719)	(2)
Interest on debentures	(42,578)	-	(48,196)	-
Discounts given	-	-	(760)	-
Bank expenses	(70)	(3)	(1,933)	(17)
IOF	(19)	-	(4,517)	(4)
Passive exchange variation	(4)	-	(2,354)	-
Passive monetary variation	(16)	-	(134)	-
Others	(376)	-	(5,093)	-
	(59,195)	(46)	(116,715)	(663)
Net financial result	(55,792)	(44)	(105,745)	(658)

20. Income Tax and Social Contribution

(a) Breakdown of expense

	Parent company		Consolidated	
	2021	2020	2021	2020
Current Income Tax and Social Contribution	-	-	(23,282)	-
Deferred Income Tax and Social Contribution	-	3	7,235	3
Income tax expense	-	3	(16,047)	3

(b) Reconciliation of income tax and social contribution expense

	Parent company		Consolidated	
	2021	2020	2021	2020
Profit before Income Tax and Social Contribution	12,892	(568)	46,864	(568)
Tax calculated based on current rates - 34%	(4,383)	193	(15,934)	193
Reconciliation:				
Recognition of deferred IRPJ/CSLL on tax loss	-	3	163,050	3
Opening balance for purchase	-	-	(139,619)	-
Permanent difference adjustments in other jurisdictions	-	-	(187)	-
Adjustment Differences in tax regime	-	-	(8,652)	-
Other adjustments to temporary and permanent differences	4,383	(193)	(14,705)	(193)
Income tax and social contribution	-	3	(16,047)	3
Effective rate of income tax and Social contribution - %	-	0,5%	34,2%	0,5%

(In thousands of Brazilian Reais, unless otherwise stated)

(c) Deferred income tax and social contribution

The Company records deferred income tax and social contribution assets and liabilities within the limit of their realization, to reflect the future tax effects on temporary differences between the tax base of assets and liabilities and their respective book value, as well as loss tax and negative basis of social contribution, calculated at the combined tax rate of 34%, as well as showing the basis for the constitution of deferred income tax and social contribution liabilities, constituted taking into account existing obligations in other jurisdictions, shown separately in assets and liabilities as they are different tax authorities, as follows:

	Parent company		Consolidated	
Tax bases - Assets	2021	2020	2021	2020
Tax loss and negative basis	1,346	1,345	70,263	1,345
	1,346	1,345	70,263	1,345
Income tax - 25%	337	336	17,565	336
Social contribution - 9%	121	121	6,324	121
Income tax and social contribution - asset	458	457	23,889	457

	Parent company		Consolidated	
Tax bases - Liabilities	2021	2020	2021	2020
Provisions - temporary differences	-	-	(348,037)	-
Temporary differences in another jurisdiction	-	-	(34,558)	-
	-	-	(382,595)	-
Income tax - 25%	-	-	(95,648)	-
Contribuição social - 9%	-	-	(34,434)	-
Income tax and social contribution - liabilities	-	-	(130,082)	-

(d) Movement of deferred income tax and social contribution

	Controladora		Consolidado	
	2021	2020	2021	2020
Movement				
Opening balance - assets, net of liabilities/(liabilities)	457	454	457	454
Realization in the result	-	3	7,235	3
Other transactions - tax calculation basis	1	-	(113,885)	-
Closing balance - assets, net of liabilities/(liabilities)	458	457	(106,193)	457

(e) Realization of deferred income tax and social contribution

	Controladora		Consolidado	
Achievement per year (*)	2021	2020	2021	2020
2021	-	114	-	114
2022	115	114	5,972	114
2023	115	114	5,972	114
2024	115	115	5,972	115
As from 2025	113	-	5,973	-
	458	457	23,889	457

21. Segment information

Management defined the Company's operating segment, based on the reports used for strategic decision making, reviewed by Management, which is segmented as environmental services ("Environment"), which is the Company itself. Other businesses are linked to the Company itself, business holding and other activities not previously linked and mentioned in Note 1.1.

As of December 31, 2021, the Company and its subsidiaries do not have any customer representing more than 10% of their net revenue.

The Company's results are recorded mainly in Brazil until June 2021. From that date, with the acquisition of the businesses in Chile, Peru and Paraguay, this geographic distribution was redistributed.

22. Insurance

The Company and its subsidiaries have an insurance and risk management program that offers coverage and protection compatible with their assets and operations.

The coverage taken out is based on criteria for studying risks and losses, and the types of insurance taken out are considered by Management to be sufficient to cover any incidents that may occur, in view of the nature of the activities of the Company and its subsidiaries. The main ones as of December 31, 2021 are detailed below:

(In thousands of Brazilian Reais, unless otherwise stated)

Insured	Type	Object	Insured Amount	Shelf life
Ambipar Environmental Solutions	Civil responsability	Provide Services at Third Party Locations	1,000	07/05/2022
Ambipar Environmental Nordeste Ltda	General Insurance	Business Coverage Fire/Lightning/Explosion/Aircraft Crash	6,000	02/27/2023
Ambipar Logistics Ltda	Civil Liability of the Road Carrier on International Travel	Cargo coverage for international travel	1,116	02/10/2023
Ambipar Logistics Ltda	Civil Liability of Road Carrier - Cargo (RCTR-C)	Cargo accident	1,200	03/31/2022
Ambipar Environmental Mining Ltda	General Civil Liability	Civil Works and/or provision of Assembly, Installation and/or Technical Assistance and Maintenance of Machines, Equipment and Appliances in General	1,000	10/01/2022
Ambipar Environmental Mining Ltda	General Civil Liability	RC Provision of Services at Third Party Locations; CR Employer; RC Cruzada in Provision of Services in Third Party Locations - up to 10 providers; RC Circulation of Equipment on Adjacent Public Roads; Moral and/or Aesthetic Damages, for the above coverages.	1,000	10/01/2022
Ambipar Environmental Mining Ltda	General Civil Liability	Civil Works and/or provision of Assembly, Installation and/or Technical Assistance and Maintenance of Machines, Equipment and Appliances in General.	1,000	03/01/2022

(In thousands of Brazilian Reais, unless otherwise stated)

23. Additional information on cash flows

Investment and financing transactions that did not involve cash.

	Consolidado	
	2021	2020
Acquisition of fixed assets through financing	255,470	-
Balance payable for the acquisition of investments	117,037	16,000
Lease	24.320	-
Participation of non-controllers	87,822	15
Capital increase with AFAC	16,000	-
Receipt of investment with related parties	329,029	-
Proposed dividends	2,536	-
Dividends Receivable	3,480	-

24. Impacts on the Company and its subsidiaries and measures taken – COVID-19

Since the beginning of the pandemic, we have installed a Contingency Committee, which is working on several fronts and meets periodically to make the necessary decisions, mainly aiming to take care of the health of all our employees, among the actions adopted we can highlight: installation of the decontamination tunnel in the entrance to the Company's facilities; environment disinfection carried out periodically; home office adoption for part of the employees, including those considered as a risk class; and availability of a Virtual Doctor. The decisions taken are constantly reassessed, according to the development of the facts, determinations and guidelines of the competent authorities.

The Management of the Company and its subsidiaries understands that the profile of the services provided by our business units has shown itself to be in line with the current situation, as a substantial part of the billing is based on long-term contracts with high predictability of revenue and considered essential for our customers and society. In addition, we started to offer disinfection services for commercial, industrial and administrative environments, which demonstrates the Company's ability to innovate to capture opportunities, even in adverse moments.

If the duration of the contagion curve of the pandemic resulting from COVID-19 extends over time, it may bring a natural deceleration of the economy of the countries in which we operate, however, we can say that the Company has a robust and sufficient capital structure to go through a even more adverse scenario.

We emphasize that the Company's Management also periodically reviews its cost structure, maintaining a robust growth plan with investments in the complementarity of our service portfolio and acting globally, combining capillarity and quality in the services provided.

(In thousands of Brazilian Reais, unless otherwise stated)

25. Private pension

The subsidiary Metal Ar grants all its employees the option of joining the Renda Total Empresarial Metal Ar private pension plan (defined monthly contribution) managed by Brasilprev Seguros e Previdência SA. monthly contributions, limited to 4% of gross income, with subsidiary Metal Ar responsible for contributing the same amount. As of December 31, 2021, the number of participants was:

	31/12/2021
Employees opting for the private pension plan	85
Total employees	596
% de colaboradores no plano	14,26%

The total spent during 2021 as a contribution by the subsidiary Metal Ar was R$118.

26. Subsequent Events

Item	Event	Date	Description
1	Start of construction of the GIRI project by Disal Ambiental Holding S.A.	January/2022	In January 2022, the indirect subsidiary Disal Ambiental Holdins S.A. announced the start of construction of the GIRI Project located in the city of Santiago, Chile, which will be a classification, pre-treatment and preparation plant for recycling and recovery of waste with a capacity of 60,000 tons per year, with a potential net revenue of USD 8 million and potential EBITDA margin of 70% per year. The total investment of the Project will be approximately USD 18 million and the start-up is scheduled for the beginning of January 2023.
2	Acquisition of 100% of the companies Fox Comércio de Aparas Ltd. and Fox Indústria e Comércio de Plásticos Reciclados Ltda. ("FOX") by the Company	February/2022	In February 2022, the Company announced the acquisition of 100% of the companies Fox Comércio de Aparas Ltda. and Fox Indústria e Comércio de Plásticos Reciclados Ltda, companies that have been in the Waste Management market for over 40 years and are specialized in capturing and marketing industrial waste and recyclable materials, including reverse logistics.
3	Partnership with the company BP Carbon Trading Limited by the subsidiary Biofílica Ambipar Ambiental S.A.	March/2022	The Company informs that the direct subsidiary Biofílica Ambipar Ambiental S.A. signed a Term of Partnership with BP Carbon Trading Limited ("British Petroleum") with the aim of form a Joint Venture to promote, develop and operate nature-based solutions (NBS) in Peru, aiming to become the largest nature-based company Medium and long-term global solutions.
4	Registration in Verra	March/2022	The subsidiary Ambipar Environmental Solutions completed the registration process in the international voluntary market at Verra of the project "Soil Regeneration with Organic Waste Treatment" using the product "ECOSOLO".

DECLARATION

FOR THE PURPOSES OF ARTICLE 25 OF THE CVM INSTRUCTION 480

IZABEL CRISTINA ANDRIOTTI CRUZ DE OLIVEIRA, Brazilian, widow, business administrator, bearer of identity card RG nº 14.348.169-1 SSP/SP and registered with the Registry of Individuals of the Ministry of Economy (CPF/ME) under nº 054.727 .978-70, with business address in the city of Nova Odessa, state of São Paulo, at Rodovia Anhanguera Km 120, Galpão 05, Distrito Industrial, CEP 13388-220, as Chief Executive Officer of **ENVIRONMENTAL ESG PARTICIPAÇÕES S.A.**, a corporation , registered in the National Register of Legal Entities of the Ministry of Economy (CNPJ/ME) under No. 09.527.023/0001-23, with headquarters and jurisdiction in the city of Nova Odessa, state of São Paulo, Rodovia Anhanguera Km 120, warehouse 05 , Industrial District, CEP: 13388-220 ("Company"), declares, pursuant to article 25, paragraph 1, items V and VI, of CVM Instruction No. 480, of December 7, 2009, as amended ("CVM Instruction 480"), which together with the other officers of the Company: (a) reviewed, discussed and agreed with the opinions expressed in the Company's independent auditors' report; and (b) has reviewed and agrees with the year ended, disclosed by the Company 3 references to December 202, specially prepared for the purposes of registering items V and VI of article 25 under the terms of items V and VI of registration 25 CVM 480.

Nova Odessa, March 23, 2022.

IZABEL CRISTINA ANDRIOTTI CRUZ DE OLIVEIRA:05472797870

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IZABEL CRISTINA ANDRIOTTI CRUZ DE OLIVEIRA

Chief Executive Officer

DECLARATION

FOR THE PURPOSES OF ARTICLE 25 OF THE CVM INSTRUCTION 480

THIAGO DA COSTA SILVA, Brazilian, married, accountant, bearer of identity card RG nº 33.107.860-0 SSP/SP and registered with the Registry of Individuals of the Ministry of Economy (CPF/ME) under nº 224.653.698-73 , with business address in the city of Nova Odessa, state of São Paulo, at Rodovia Anhanguera Km 120, warehouse 05, Distrito Industrial, CEP 13388-220, as Investor Relations Officer of **ENVIRONMENTAL ESG PARTICIPAÇÕES S.A.**, a corporation, registered in the Register National of Legal Entities of the Ministry of Economy (CNPJ/ME) under No. 09.527.023/0001-23, with headquarters and jurisdiction in the city of Nova Odessa, state of São Paulo, Rodovia Anhanguera Km 120, warehouse 05, Industrial District, CEP: 13388-220 ("Company"), declares, pursuant to article 25, paragraph 1, items V and VI, of CVM Instruction No. 480, of December 7, 2009, as amended ("CVM Instruction 480 "), who together with the other officers of the Company: (a) reviewed, discussed and agreed with the opinions expressed in the Company's independent auditors' report; and (b) has reviewed and agrees with the year ended, disclosed by the Company 3 references to December 202, specially prepared for the purposes of registering items V and VI of article 25 under the terms of items V and VI of registration 25 CVM 480.r registration purposes, pursuant to items V and VI of article 25 of CVM Instruction 480.

Nova Odessa, March 23, 2022.

THIAGO DA COSTA SILVA:22465369873 Assinado de forma digital por THIAGO DA COSTA SILVA:22465369873 Dados: 2022.03.22 12:45:46 -03'00'

THIAGO DA COSTA SILVA

Investor Relations Officer