

**Interim Individual and Consolidated  
Financial Information**

**Orizon Valorização de Resíduos S.A.**

June 30, 2021  
and Independent Auditor's Review Report on the Quarterly  
Information

## MESSAGE FROM MANAGEMENT

The second quarter of 2021 was marked by the **progress of vaccination against Covid-19 in Brazil** and the **gradual resumption of the economic activities** in the country. In April 2021, the Ministry of Health included urban cleaning and solid waste management workers in the priority group for vaccination against Covid-19 and therefore, by June 30, 57% of Orizon VR employees had already been vaccinated with at least the first dose.

In our assets, the partial recovery of the economy reflected the volume of waste received in 2Q21, which **increase by 2% against the same period in 2020**, showing a recovery in relation to the volumes of the last quarter.

Over the past few months, we have made progress in the **ESG Agenda** in order to integrate it into the business and value creation strategy for all our stakeholders. We worked on: (i) **identification of material issues** that will be broken down into short, medium and long-term actions; (ii) **integration of the UN Sustainable Development Goals** (“SDGs”) into Orizon VR’s strategy, and (iii) disclosure of the **first sustainability report** with information for 2020 and the first half of 2021, in accordance with the Global Reporting Initiative (“GRI”).

In addition to this agenda, Orizon VR joined, in June 2021, the **UN Global Compact** which, together with the ongoing **advances in the ESG Agenda**, reinforces the commitment to disseminate good business practices, disclosing the progress made annually, providing opportunities to generate shared value.

In relation to the expansion and growth goals, we have been preparing to evolve and increase our presence in the solid waste sector through acquisitions and implementation of waste reuse activities, among which sorting/recycling and use of energy from biogas are worthy of note.

In this context, we started implementing the largest mechanized sorting unit (UTM) in the country, which will be installed in the Candeias ecopark in Pernambuco.

During 2Q21, we also expanded our power plants at a time of worsening of the supply crisis in the country and a trend towards significant increase in prices.

Our results were very positive in 2Q21, with **net revenue of R\$92.7 million** and **Adjusted EBITDA<sup>1</sup> of R\$37.6 million**, with a margin of 40.5%. It is worth noting that, as part of Orizon VR’s strategy, the total volume of carbon credits generated in 2Q21 and in 1Q21, as per our strategy, will be timely negotiated, given the trend towards price appreciation in the world market, which will boost future results.

Regarding **indebtedness strategy**, we have access to competitive credit facilities given the markets where we operate and, therefore, we see good opportunities to reduce the average cost of capital and increase the term of our indebtedness.

Finally, we are undergoing a period of evolution with challenges and opportunities, with a view to a direct, pragmatic management focused on continuous and sustainable generation of value for our shareholders, the development and excellence of our professionals, and the well-being and progress of the community, particularly in the areas where we operate.

**Milton Pilão Jr.**  
Chief Executive Officer  
**Leonardo Santos**  
Chief Financial and Investor Relations Officer

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<sup>1</sup> Adjusted EBITDA excludes share-base payment.

## CONSOLIDATED FINANCIAL RESULTS

### 1. NET OPERATING REVENUES

Net Operating Revenue in 2Q21 totaled R\$92.7 million, a growth of 1.7% compared to the same period last year, excluding the sale of carbon credits (R\$8.7 million) and a positive variation of 5.8% in relation to 1Q21 revenue. The Company generated 379.7 thousand tCO<sub>2</sub>e in 2Q21, totaling 778.4 thousand tCO<sub>2</sub>e by June 2021, which will be sold in due course.

The 1.7% growth in the quarterly comparison is mainly due to: (i) the higher sale of biogas energy in 2Q21, in the amount of R\$3.6 million (compared to R\$1.9 million in 2Q20); (ii) the increased generation of biogas in Nova Iguaçu and São Gonçalo, partially offset by: (iii) a stoppage for maintenance work at the Belford Roxo incinerator, and (iv) the lower volume of environmental engineering service agreements.

### 2. COSTS AND EXPENSES

Operating costs and expenses amounted to R\$68.6 million in 2Q21<sup>1</sup>, down 5.2% against the amount of 1Q21, and 14.7% against 2Q20, reflecting improved operational efficiency.

### 3. FINANCIAL RESULT

Net financial result was negative by R\$13.6 million in 2Q21. The variation in relation to the last quarter is primarily due to the positive adjustment to fair value in 2Q20 related to the assumption of Bradesco's debt maturing in 2029, and cost of CDI +1.0% p.a.

### 4. EBITDA

Adjusted EBITDA in 2Q21 totaled R\$37.6 million, with an adjusted EBITDA margin of 40.5%. For comparison purposes, we excluded from the 2Q20 EBITDA the amount of R\$8,7 million related to the sales of carbon credits. As a result, adjusted EBITDA in 2Q21 grew by R\$7 million, compared to adjusted EBITDA in 2Q20. Additionally, in the first half, as an adjustment to the sales of carbon credits in 1H20, the Company posted growth of 1.9% in EBITDA, when compared to the same period of the previous year.

### 5. INDEBTEDNESS

As of June 30, 2021, gross debt totaled R\$299.8 million, a decrease of 12.5% against the balance of R\$337,4 million, reported in 4Q20. The reduction is mainly due to the partial prepayment of the debt with Credit Suisse, without prepayment costs, in the amount of R\$68.4 million, in line with the company's capital structure improvement strategy.

The balance of cash and cash equivalents in the end of June 2021 primarily reflects the cash inflow from the Company's IPO, held in February 2021. Accordingly, Orizon VR's net debt was R\$35 million at the end of 2Q21.

The average cost of the consolidated debt was CDI + 7.08% p.a. on June 30, 2020, compared to CDI + 9.3% p.a. on December 31, 2020.

## 6. MANAGEMENT'S STATEMENT

As members of the Company's Management, we recognize that we are responsible for the preparation of the individual and consolidated accounting statements in accordance with the NBC TG 21 - Interim Statements and with the international standard IAS 34 - "Interim Financial Reporting" issued by the International Accounting Standards Board (IASB), as well as for the presentation of this information in a manner consistent with the rules issued by the Brazilian Securities Commission, applicable to the preparation of Quarterly Information (ITR).

As members of the Company's Management, we believe that the Company has an adequate internal control system in place that enables the preparation of accurate individual and consolidated financial statements in accordance with accounting practices adopted in Brazil and the IFRS, which are free from material misstatements, whether due to fraud or error.

The members of management declare that they have discussed, reviewed and agreed with the findings expressed in the review report issued by ERNST & YOUNG Auditores Independentes S.S.

## **Orizon Valorização de Resíduos S.A.**

Interim individual and consolidated financial information

June 30, 2021

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## Independent auditor's review report on quarterly information (ITR)

To the Shareholders, Board of Directors and Officers  
**Orizon Valorização de Resíduos S.A.**  
Rio de Janeiro - RJ

### Introduction

We have reviewed the individual and consolidated interim financial information of Orizon Valorização de Resíduos S.A. ("Company"), contained in the Quarterly Information Form (ITR) for the quarter ended June 30, 2021, which comprises the statement of financial position as at June 30, 2021 and the related statements of profit or loss, of comprehensive income for the three- and six-month periods then ended, and of changes in equity and of cash flows for the six-month period then ended, including explanatory information.

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

### Scope of review

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

### Conclusion on the individual and consolidated interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the individual and consolidated interim financial information included in the quarterly information referred to above was not prepared, in all material respects, in accordance with NBC TG 21 and IAS 34 applicable to the preparation of Quarterly Information (ITR), and presented consistently with the rules issued by the CVM.



## **Other matters**

### **Statements of value added**

The quarterly information referred to above includes the individual and consolidated statements of value added (SVA) for the six-month period ended June 30, 2021, prepared under the responsibility of the Company management, and presented as supplementary information for IAS 34 purposes. These statements were subject to review procedures conducted jointly with the review of the quarterly information for the purpose of concluding whether they are reconciled with the interim financial information and accounting records, as applicable, and whether their form and content are in accordance with the criteria defined in NBC TG 09 - Statement of Value Added. Based on our review, nothing has come to our attention that causes us to believe that these statements of value added were not prepared, in all material respects, pursuant to such standard and consistently with the individual and consolidated interim financial information taken as a whole.

Rio de Janeiro, August 12, 2021.

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

A handwritten signature in blue ink, appearing to be 'Pia Leocádia de Avellar Peralta', written over a faint circular stamp.

Pia Leocádia de Avellar Peralta  
Accountant CRC-1RJ101080/O-0

## Orizon Valorização de Resíduos S.A.

### Balance sheets

June 30, 2021 and December 31, 2020

(Amounts in thousands of Brazilian Reais)

	Note	Parent company		Consolidated	
		06/30/2021	12/31/2020	06/30/2021	12/31/2020
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	3	2	1	1,124	6,044
Securities	4	245,608	5	264,492	10,511
Trade accounts receivable	5	-	-	147,827	112,143
Taxes and contributions recoverable	6.a	363	6	13,927	9,758
Advances	8.a	1,058	4,129	14,198	17,061
<b>Total current assets</b>		<b>247,031</b>	<b>4,141</b>	<b>441,568</b>	<b>155,517</b>
<b>Non-current assets</b>					
Securities	4	8,983	8,110	12,339	8,135
Trade accounts receivable	5	-	-	9,900	9,730
Related parties	7	14,492	5,982	-	8,485
Court deposits and bonds	17.c	11	11	12,152	8,498
Deferred income and social contribution taxes	6.d	-	-	77,455	82,727
Advances	8.a	-	-	6,327	5,999
Investments	9	775,525	743,923	-	-
Property and equipment	10	-	-	295,006	284,195
Intangible assets	11	-	-	94,179	96,374
Right-of-use assets	12	-	-	17,861	11,201
<b>Total non-current assets</b>		<b>799,011</b>	<b>758,026</b>	<b>525,219</b>	<b>515,344</b>
<b>Total assets</b>		<b>1,046,042</b>	<b>762,167</b>	<b>966,787</b>	<b>670,861</b>

	Note	Parent company		Consolidated	
		06/30/2021	12/31/2020	06/30/2021	12/31/2020
<b>Liabilities</b>					
<b>Current liabilities</b>					
Loans and financing	12	-	-	69,002	43,921
Leases	12	-	-	10,401	5,493
Suppliers	13	174	812	32,440	43,166
Grants payable	14	-	-	11,076	7,412
Salaries and payroll charges	15	1,011	-	13,857	9,789
Taxes and contributions payable	6.b	102	60	36,041	39,696
Taxes payable in installments	16	-	-	6,359	6,707
Advances from customers	18	-	-	25,842	17,628
Related parties	7	12,166	-	12,166	-
Accounts payable	19	1,740	1,545	10,374	10,272
Other current liabilities	8.b	270	63	15,994	15,054
<b>Total current liabilities</b>		<b>15,463</b>	<b>2,480</b>	<b>243,552</b>	<b>199,138</b>
<b>Non-current liabilities</b>					
Loans and financing	12	589,425	553,610	212,701	281,737
Leases	12	-	-	8,569	6,226
Taxes payable in installments	16	-	-	33,422	23,660
Provision for losses on investments	9	-	-	873	1,003
Related parties	7	41,760	107,763	14,959	-
Provision for contingencies	17.a	-	-	33,315	34,762
Advances from customers	18	-	-	5,149	5,149
Deferred income and social contribution taxes	6.d	8,391	14,684	8,391	14,684
Deferred PIS and COFINS taxes	6.e	9,105	9,105	9,105	9,105
Accounts payable	19	5,390	7,103	10,956	12,671
<b>Total non-current liabilities</b>		<b>654,071</b>	<b>692,265</b>	<b>337,440</b>	<b>388,997</b>
<b>Shareholders' equity</b>					
Capital stock	20.a	844,323	544,323	844,323	544,323
Equity instruments	20.b	-	30,877	-	30,877
Special premium reserve	20.c	3,023	3,023	3,023	3,023
Warrants	20.d	-	156,664	-	156,664
Investment reserve	20.d	268,941	-	268,941	-
Cost on the issue of shares		(31,146)	-	(31,146)	-
Equity valuation adjustment	20.e	10,359	10,359	10,359	10,359
Accumulated losses		(718,992)	(677,824)	(718,992)	(677,824)
		<b>376,508</b>	<b>67,422</b>	<b>376,508</b>	<b>67,422</b>
Controlling interests		376,508	67,422	376,508	67,422
Non-controlling interests		-	-	9,287	15,304
<b>Total shareholders' equity</b>		<b>376,508</b>	<b>67,422</b>	<b>385,795</b>	<b>82,726</b>
<b>Total liabilities and shareholders' equity</b>		<b>1,046,042</b>	<b>762,167</b>	<b>966,787</b>	<b>670,861</b>

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

## Orizon Valorização de Resíduos S.A.

### Statements of income

Three-month and six-month periods ended June 30, 2021 and 2020

(Amounts in thousands of Brazilian *Reais*, except for earnings per share)

	Note	Parent company		Consolidated	
		06/30/2021	06/30/2020	06/30/2021	06/30/2020
Net operating revenues	21	-	-	<b>180,312</b>	191,345
Cost of services provided	22	-	-	<b>(118,568)</b>	(124,985)
Gross profit		-	-	<b>61,744</b>	66,360
Operating revenues (expenses)					
General and administrative expenses	22	<b>(44,748)</b>	(112)	<b>(61,491)</b>	(23,653)
Other revenues (expenses), net		<b>(384)</b>	(6)	<b>669</b>	2,383
Income (Loss) before financial result and equity pick-up		<b>(45,132)</b>	(118)	<b>922</b>	45,090
Financial result					
Financial income	23	<b>2,227</b>	81	<b>13,588</b>	26,560
Financial expenses	23	<b>(36,158)</b>	(32,267)	<b>(46,634)</b>	(46,645)
Equity pick-up	9	<b>31,602</b>	46,656	<b>130</b>	(28)
Net (loss) income before income and social contribution taxes		<b>(47,461)</b>	14,352	<b>(31,994)</b>	24,977
Income and social contribution taxes					
Current	7.c	-	-	<b>(8,152)</b>	(9,117)
Deferred	7.c	<b>6,293</b>	-	<b>1,020</b>	-
Net (loss) Income for the period		<b>(41,168)</b>	14,352	<b>(39,126)</b>	15,860
Attributable to shareholders:					
Non-controlling shareholders				<b>2,042</b>	1,508
Controlling shareholders				<b>(41,168)</b>	14,352
Basic net (loss) earnings per share		<b>(0.58)</b>	0.28	<b>(0.55)</b>	0.31
Diluted net (loss) earnings per share		<b>(0.58)</b>	0.27	<b>(0.55)</b>	0.30

## Orizon Valorização de Resíduos S.A.

### Statements of income (Continued)

Three-month and six-month periods ended June 30, 2021 and 2020  
(Amounts in thousands of Brazilian *Reais*, except earnings per share)

	Parent company		Consolidated	
	04/01/2021 to 06/30/2021	04/01/2020 to 06/30/2020	04/01/2021 to 06/30/2021	04/01/2020 to 06/30/2020
Net operating revenues	-	-	<b>92,687</b>	99,836
Cost of services provided	-	-	<b>(59,184)</b>	(67,091)
Gross profit	-	-	<b>33,503</b>	32,745
Operating revenues (expenses)				
General and administrative expenses	<b>(3,649)</b>	(56)	<b>(10,170)</b>	(13,349)
Other revenues (expenses), net	<b>(1)</b>	(3)	<b>1,601</b>	5,204
Income (Loss) before financial result and equity pick-up	<b>(3,650)</b>	(59)	<b>24,934</b>	24,600
Financial result				
Financial income	<b>2,135</b>	(399)	<b>8,841</b>	25,852
Financial expenses	<b>(10,901)</b>	(11,240)	<b>(22,467)</b>	(19,843)
Equity pick-up	<b>17,506</b>	36,059	<b>28</b>	7
Net (loss) income before income and social contribution taxes	<b>5,090</b>	24,361	<b>11,336</b>	30,616
Income and social contribution taxes				
Current	-	-	<b>(5,157)</b>	(5,593)
Deferred	<b>321</b>		<b>220</b>	
Net (loss) Income for the period	<b>5,411</b>	24,361	<b>6,399</b>	25,023
Attributable to shareholders:				
Non-controlling shareholders			<b>988</b>	662
Controlling shareholders			<b>5,411</b>	24,361
Basic net (loss) earnings per share	<b>0.08</b>	0.48	<b>0.09</b>	0.49
Diluted net (loss) earnings per share	<b>0.08</b>	0.46	<b>0.10</b>	0.47

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

## Orizon Valorização de Resíduos S.A.

### Statements of comprehensive income

Three-month and six-month periods ended June 30, 2021 and 2020

(Amounts in thousands of Brazilian Reais, except for earnings per share, which are shown in Reais)

	Parent Company		Consolidated	
	06/30/2021	06/30/2020	06/30/2021	06/30/2020
Net income (loss) for the period	<b>(41,168)</b>	14,352	<b>(39,126)</b>	15,860
Other comprehensive income	-	-	-	-
Comprehensive income for the period	<b>(41,168)</b>	14,352	<b>(39,126)</b>	15,860
Attributable to shareholders:				
Non-controlling shareholders			<b>2,042</b>	1,508
Controlling shareholders			<b>(41,168)</b>	14,352

  

	Parent Company		Consolidated	
	04/01/2021 to 06/30/2021	04/01/2020 to 06/30/2020	04/01/2021 to 06/30/2021	04/01/2020 to 06/30/2020
Net income (loss) for the period	<b>5,411</b>	24,361	<b>6,399</b>	25,023
Other comprehensive income	-	-	-	-
Comprehensive income for the period	<b>5,411</b>	24,361	<b>6,399</b>	25,023
Attributable to shareholders:				
Non-controlling shareholders	-	-	<b>988</b>	662
Controlling shareholders	-	-	<b>5,411</b>	24,361

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

## Orizon Valorização de Resíduos S.A.

Individual and consolidated statements of changes in shareholders' equity  
 June 30, 2021 and June 30, 2020  
 (Amounts expressed in thousands of Reais)

	Note	Capital stock	Equity instruments - convertible debentures	Capital Reserve	Capital reserves - goodwill on the issue of new shares	Capital Reserve - Warrants	Equity valuation adjustment - Attributed cost	Cost on the issue of shares	Accumulated losses	Total	Non-controlling interest	Total shareholders' equity
Balances on January 1, 2020	21	543,448	30,877	-	3,023	-	10,359	-	(697,889)	(110,182)	11,759	(98,423)
Setting-up of warrants		-	-	-	-	156,664	-	-	-	156,664	-	156,664
Net loss for the period		-	-	-	-	-	-	-	14,352	14,352	1,508	15,860
Balances on June 30, 2020		543,448	30,877	-	3,023	156,664	10,359	-	(683,537)	60,834	13,267	74,101
Balances on December 31, 2020		544,323	30,877	-	3,023	156,664	10,359	-	(677,824)	67,422	15,304	82,726
Capital increase on the issue of shares		<b>300,000</b>	-	<b>81,400</b>	-	-	-	-	-	<b>381,400</b>	-	<b>381,400</b>
Conversion of equity instruments into capital		-	<b>(30,877)</b>	<b>30,877</b>	-	-	-	-	-	-	-	-
Warrant exercised		-	-	<b>156,664</b>	-	<b>(156,664)</b>	-	-	-	-	-	-
Cost on the issue of shares - CPC 08		-	-	-	-	-	-	<b>(31,146)</b>	-	<b>(31,146)</b>	-	<b>(31,146)</b>
Dividend distribution		-	-	-	-	-	-	-	-	-	<b>(8,059)</b>	<b>(8,059)</b>
Loss for the period		-	-	-	-	-	-	-	<b>(41,168)</b>	<b>(41,168)</b>	<b>2,042</b>	<b>(39,126)</b>
Balances on June 30, 2021		<b>844,323</b>	-	<b>268,941</b>	<b>3,023</b>	-	<b>10,359</b>	<b>(31,146)</b>	<b>(718,992)</b>	<b>376,508</b>	<b>9,287</b>	<b>385,795</b>

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

## Orizon Valorização de Resíduos S.A.

### Statements of cash flows

Three-month and six-month periods ended June 30, 2021 and 2020  
(Amounts in thousands of Brazilian Reals)

	Parent company		Consolidated	
	06/30/2021	06/30/2020	06/30/2021	06/30/2020
Cash flows from operating activities				
Net (loss) income for the period	(41,168)	14,352	(39,126)	15,860
Adjustments to reconcile net income:				
Equity valuation adjustment	(31,602)	(46,656)	(130)	28
Provision for impairment of trade accounts receivable	-	-	963	1,044
Provision for contingencies	-	-	(1,369)	1,783
Adjustment to fair/present value	17,749	-	2,401	(28,993)
Net foreign exchange variation	-	-	(1,057)	-
Amortization of funding expenses	-	-	3,723	-
Income and social contribution taxes - Deferred	(6,293)	-	(1,020)	-
Write-off of intangible assets	-	-	-	2,760
Depreciation and amortization	-	-	22,557	26,762
Accrued interest	17,307	22,053	21,675	19,617
Write-off of balance for assignment of debt	-	500	-	7,470
Share-based payment	38,977	-	38,977	-
Other	-	-	-	(81)
(Increase) Decrease in operating assets				
Trade accounts receivable	-	-	(35,760)	(26,116)
Taxes recoverable	(357)	-	(4,169)	(1,048)
Court deposits and bonds	-	-	(3,654)	(2,116)
Advances	3,071	67	2,535	(20,391)
Increase (decrease) in operating liabilities				
Suppliers	(10,361)	(51)	(20,527)	26,854
Grants payable	-	-	3,664	884
Salaries and payroll charges	1,011	-	4,068	4,355
Taxes and contributions payable	42	79	13,049	13,985
Advances from customers	-	-	8,214	-
Accounts payable	(1,518)	-	(2,124)	9,059
Taxes payable in installments	-	-	(4,775)	2,139
Other	207	9,162	939	1,078
Cash from operating activities	(12,935)	(494)	9,054	54,933
Income and social contribution taxes paid	-	-	(2,515)	(1,732)
Interest paid	-	-	(20,850)	(9,919)
Net cash from (used in) operating activities	(12,935)	(494)	(14,311)	43,282
Cash flows from investing activities				
Purchases of property and equipment and intangible assets	-	-	(25,026)	(29,426)
Securities	(245,717)	2	(257,194)	1,086
Restricted cash	-	-	-	1,609
Net cash from (used in) investing activities	(245,717)	2	(282,220)	(26,731)
Cash flows from financing activities				
New loans and financing	-	-	15,000	313,151
Cost of loans	-	-	-	(18,697)
Loans and financing paid	-	-	(66,384)	(304,604)
Leases paid	-	-	(5,556)	(1,733)
Related parties	(88,279)	492	1,619	(2,248)
Related parties - Share-based payment	(13,045)	-	(13,045)	-
Capital increase on the issue of shares	359,977	-	359,977	-
Acquisitions payable	-	-	-	(629)
Net cash from (used in) financing activities	258,653	492	291,611	(14,760)
Increase (decrease) in cash and cash equivalents	1	-	(4,920)	1,791
Cash and cash equivalents at the beginning of the period	1	1	6,044	2,317
Cash and cash equivalents at the end of the period	2	1	1,124	4,108
Variation in the balance of cash and cash equivalents	1	-	(4,920)	1,791

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

## Orizon Valorização de Resíduos S.A.

### Statements of value added

Three-month and six-month periods ended June 30, 2021 and 2020

(Amounts in thousands of Brazilian Reais)

	Parent company		Consolidated	
	06/30/2021	06/30/2020	06/30/2021	06/30/2020
Revenues		-	<b>205,913</b>	218,619
Services provided	-	-	<b>206,876</b>	219,663
Provision for impairment of trade accounts receivable	-	-	<b>(963)</b>	(1,044)
Inputs acquired from third parties	<b>(1,109)</b>	(118)	<b>(71,245)</b>	(83,875)
Cost of services provided	-	-	<b>(72,877)</b>	(81,302)
Materials, electricity, outsourced services and others	<b>(1,109)</b>	(118)	<b>1,632</b>	(2,573)
Gross value added	<b>(1,109)</b>	(118)	<b>134,668</b>	134,744
Withholdings	-	-	<b>(22,557)</b>	(26,762)
Depreciation and amortization	-	-	<b>(22,557)</b>	(26,762)
Net value added generated	<b>(1,109)</b>	(118)	<b>112,111</b>	107,982
Value added received in transfer	<b>34,021</b>	46,737	<b>16,442</b>	29,381
Equity valuation adjustment	<b>31,602</b>	46,656	<b>130</b>	(28)
Financial income	<b>2,419</b>	81	<b>16,312</b>	29,409
Total value added to be distributed	<b>32,912</b>	46,619	<b>128,553</b>	137,363
Distribution of value added	<b>32,912</b>	46,619	<b>128,553</b>	137,363
Personnel	<b>44,023</b>	-	<b>78,586</b>	28,105
Direct compensation	<b>43,230</b>	-	<b>65,233</b>	25,051
Benefits	<b>6</b>	-	<b>1,985</b>	2,047
Unemployment Fund (FGTS)	-	-	<b>1,994</b>	864
Other	<b>787</b>	-	<b>9,374</b>	143
Taxes, fees and contributions	<b>(6,101)</b>	-	<b>36,420</b>	39,279
Federal	<b>(6,101)</b>	-	<b>26,830</b>	29,430
State	-	-	<b>1,499</b>	1,086
Municipal	-	-	<b>8,091</b>	8,763
Interest on third-party capital	<b>36,158</b>	32,267	<b>52,673</b>	54,119
Rents	-	-	<b>6,039</b>	7,474
Financial expenses	<b>36,158</b>	32,267	<b>46,634</b>	46,645
Interest on equity	<b>(41,168)</b>	14,352	<b>(39,126)</b>	15,860
Retained earnings (accumulated loss) for the period	<b>(41,168)</b>	14,352	<b>(41,168)</b>	14,352
Non-controlling interests	-	-	<b>2,042</b>	1,508

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

## Orizon Valorização de Resíduos S.A.

Notes to the interim individual and consolidated financial information

June 30, 2021

(In thousands of Brazilian *Reais*)

### 1. Operations

Orizon Valorização de Resíduos S.A. (“Orizon” or the “Company,” formerly named “Haztec Investimentos e Participações S.A.”), was organized in December 2009, with headquarters at Rua Joaquim Palhares, nº 40, 1º andar, Cidade Nova - City and State of Rio de Janeiro, and the change in its corporate name was approved at the Special Shareholders’ Meeting held on August 20, 2020.

The corporate purpose of the Company is to hold interests in other business companies or civil associations as a partner or shareholder, and other related activities.

As of June 30, 2021, the Company’s main asset is the direct investment in Orizon Meio Ambiente S.A. (“Orizon Meio Ambiente”), formerly named “Haztec Tecnologia e Planejamento Ambiental S.A.” - “Haztec”.

Additionally, the Company holds 100% of the shares of Foxx Holding SA (“Foxx Holding”), an entity that holds, through Foxx Inova, 67% of the João Pessoa (PB) landfill and of the Energy Recovery Unit (“URE”) of Barueri, the first project for the generation of electricity from burning of waste (waste-to-energy) in Latin America, which is currently in a pre-operating phase.

Subsidiaries and jointly controlled companies are defined herein as “Orizon Group” or “Group” when mentioned together with the Company.

On June 30, 2021, the Company’s current net consolidated capital was positive by R\$197,798 (negative by R\$43,621 on December 31, 2020). As from February 2021, the Company started to record a positive net current capital as a result of the capitalization occurred upon its going public process in February 2021, the proceeds of which would be used in investments, potential and strategic acquisitions, debt amortization (note 29) and working capital maintenance.

On December 28, 2020 and June 25, 2021, the Company obtained a waiver regarding its debt with Credit Suisse, regarding non-compliance with certain restrictive covenants as of December 31, 2020 and June 30, 2021, respectively, as detailed in note 12.

Management continues to promote several actions intended to improve the Company’s economic and financial condition continuously, such as: (i) analysis of opportunities to reduce costs and expenses, which were implemented, and continuity of the evaluation of processes to improve the Company’s operating and administrative activities; (ii) implementation of new business that may result in profit for the Company in the coming years; (iii) implementation of new activities to increase the value of waste and strengthen the generation of cash from operations, with focus on recycling, briquetting and generation of electric power from biogas; (iv) start of energy trading operations by the energy recovery unit located in Barueri; (v) adjustment of the debt profile regarding short-term loans, with the postponement of maturities (vi) strategic acquisitions; and (vii) optimization of funds from the Public Offering of Shares completed on February 11, 2021, as detailed in note 29.

## Orizon Valorização de Resíduos S.A.

Notes to the interim individual and consolidated financial information (Continued)

June 30, 2021

(In thousands of Brazilian Reais)

### 1. Operations (Continued)

The operations of the direct subsidiaries are as follows:

#### Direct subsidiaries

##### a) *Orizon Meio Ambiente*

Orizon Meio Ambiente was organized in 1999 and its activities are: (i) treatment and final disposal of hazardous and non-hazardous waste, (ii) exploration of biogas, energy and carbon credits, (iii) waste processing, and (iv) environmental engineering services.

The purpose of Orizon Meio Ambiente is to invest and operate in the following segments:

#### Treatment and Final Disposal of Hazardous and Non-Hazardous Waste

Orizon Meio Ambiente holds, either directly or indirectly (through its subsidiaries and jointly controlled companies), three plants for treatment and final disposal of hazardous waste and four landfills for non-hazardous waste.

The assets are located in the state of Pernambuco, municipality of Jaboatão dos Guararapes, and in the state of Rio de Janeiro, spread across 6 cities (Nova Iguaçu, São Gonçalo, Barra Mansa, Rio Bonito and Belford Roxo). Currently, Orizon Meio Ambiente receives approximately 12,000 tons of waste daily.

#### Biogas Energy, Supply of Biogas and Carbon Credits

Orizon Meio Ambiente explores biogas from its sanitary landfills for production of energy. Currently, the company captures approximately 31,500 Nm<sup>3</sup> per hour of biogas in its 4 landfills, which means a generation potential of approximately 60MW installed, which has been used in the most diverse ways in the context of generation of electricity.

Nova Iguaçu and São Gonçalo landfills have take-or-pay agreements on the availability and supply of biogas to private customers that develop energy generation projects for incentivized energy.

The Barra Mansa landfill owned by CTR Barra Mansa trades biogas for the generation of 2 MW for a distributed generation project that serves large companies.

Regarding Jaboatão dos Guararapes landfill, Orizon Meio Ambiente, through its subsidiary Ecopesa Ambiental, takes part in a consortium that develops a project for generation of electricity from biogas.

## Orizon Valorização de Resíduos S.A.

Notes to the interim individual and consolidated financial information (Continued)

June 30, 2021

(In thousands of Brazilian Reais)

### 1. Operations (Continued)

#### Direct subsidiaries (Continued)

##### a) *Orizon Meio Ambiente* (Continued)

#### Biogas Energy, Supply of Biogas and Carbon Credits (Continued)

Finally, regarding the exploration of carbon credits, Orizon Valorização de Resíduos generates approximately 2.0 million tons of carbon equivalent annually in its four sanitary landfills, either by burning of biogas or generation of clean energy

#### Processing of Waste

In the waste processing activity, Orizon Meio Ambiente currently has 2 operating units, one branch in Magé (with blending for co-processing) and a joint venture with Vamtec Rio Insumos Siderurgicos Ltda. for processing of industrial waste in a plant installed at Companhia Siderurgica Nacional, in the city of Volta Redonda, state of Rio de Janeiro, and 01 pre-operational unit in Jaboatão dos Guararapes (mechanized sorting unit).

Regarding future growth, management believes that this activity will be one of the Company's main growth pillars focused on: (a) processing of industrial waste and (b) mechanized sorting and recycling of solid urban waste.

#### Environmental Engineering

Orizon Meio Ambiente has several service agreements, and is present throughout Brazil in the area of environmental services, such as: (i) recovery of degraded areas, (ii) remediation of contaminated areas; (iii) environmental diagnosis and monitoring; (iv) waste management; (v) cleaning of tanks of the oil industry; among others.

##### b) *Foxx Holding*

Foxx Holding is a joint-stock company headquartered in the municipality of São Paulo and it is engaged in holding interests in other business companies or civil associations as a partner or shareholder, both in the country and abroad. Foxx Inova Ambiental SA, is a holding company, and a wholly owned subsidiary of Foxx Holding, whose investments are: (i) majority interest (67%) of Foxx URE JP, which holds the João Pessoa landfill concession, and (ii) it is the only shareholder of URE Barueri, which holds the concession, under a Public Private Partnership, of the waste-to-energy generation project to be implemented in the municipality of Barueri, in the Metropolitan Region of São Paulo

## Orizon Valorização de Resíduos S.A.

Notes to the interim individual and consolidated financial information (Continued)

June 30, 2021

(In thousands of Brazilian Reais)

### 1. Operations (Continued)

The operations of the indirect subsidiaries are as follows

a) *Central de Tratamento de Resíduos Nova Iguaçu S.A. (“CTRNI”)*

CTRNI was organized in February 2003, and it is engaged in earthworks for environmental protection, containment and protection of slopes, drainage, construction, implementation, operation and maintenance of the unit for treatment and final disposal of solid waste in the municipality of Nova Iguaçu (RJ), under the terms of the Service Concession Agreement (“Concession Agreement”) entered into with Empresa Municipal de Limpeza Urbana (“EMLURB”), of that municipality; among other related activities.

The main characteristics of the Concession Agreement entered into between CTRNI and EMLURB are described below:

- Works/Service: Concession of services for the construction, implementation, operation and maintenance of a unit for treatment and final disposal of solid waste.
- Beginning: December 15, 2000.
- End: December 15, 2034.

Currently, in addition to the municipality of Nova Iguaçu, CTRNI serves other (government and private) customers, among them the cities of Duque de Caxias, Nilópolis, Belford Roxo, São João de Meriti and Mesquita. In addition, CTRNI makes available 14,500 Nm<sup>3</sup> per hour of biogas to the electric energy generation plant, which currently has about 23MW installed, and also generates CERs for trade.

Orizon Meio Ambiente has an area adjacent to the landfill for expansion of the activities performed there after the concession term.

b) *Central de Tratamento de Resíduos de Alcântara S.A. (“CTRA”)*

On November 26, 2008, Orizon Meio Ambiente acquired CTRA, a landfill concessionaire in the municipality of São Gonçalo (RJ). CTRA performs, solely and exclusively, the activities related to the closing and monitoring of the former dump in Itaóca, implementation of the landfill, and operation of the new waste treatment and final disposal unit, as set forth in PMSG Concession Agreement No. 001/2004.

CTRA is one of the main landfills in the state of Rio de Janeiro, receiving waste from major municipalities, such as São Gonçalo, Niterói, Guapimirim and Maricá.

## Orizon Valorização de Resíduos S.A.

Notes to the interim individual and consolidated financial information (Continued)

June 30, 2021

(In thousands of Brazilian Reais)

### 1. Operations (Continued)

The operations of the indirect subsidiaries are as follows (Continued)

#### b) *Central de Tratamento de Resíduos de Alcântara S.A. ("CTRA")* (Continued)

Currently, CTRA has an agreement with Sao Goncalo Energia e Gas Renovavel Ltda. ("SGEGAR") for availability and supply of biogas, and currently SGEGAR is deploying a thermal plant to generate energy from the sanitary landfill biogas.

As shown below, the CTRA concession was extended until August 2030 in the scope of the consent decree, and can be extended for another 10 years.

#### Instrument of settlement and adjustment of understandings

On November 23, 2017, the subsidiary CTRA signed an instrument of settlement and adjustment of understandings with the São Gonçalo Municipal Government ("PMSG"), with the Public Prosecution Office of the State of Rio de Janeiro ("MPRJ") as intervening party. The purpose of the document signed is, among other matters, to reach an understanding regarding the long outstanding balances that PMSG (grantor) has with CTRA and the economic and financial rebalancing of the concession agreement.

CTRA and PMSG agreed that the estimated amount of R\$28,904 would be settled by PMSG on a deferred basis, until the deadline of December 31, 2020, in monthly installments in the approximate amount of R\$407 thousand since the approval of the instrument signed until the conclusion of the expert work, when then the monthly installments would be recalculated so that the settlement would occur until December 31, 2020. On December 31, 2020, the outstanding balance was R\$14,660. Any outstanding balance exceeding the amount to be settled until the 2020 deadline, as verified by the expert, would be settled in monthly installments starting on January 1, 2021, with a monthly amount of approximately R\$825 thousand (adjusted by the IPCA as from the date the instrument is signed), in as many installments as necessary until the full settlement of any outstanding balance exceeding the amount to be settled until the deadline of December 31, 2020. The outstanding balance as of June 30, 2021 and December 31, 2020 is R\$14,660, according to the receipts shown in Note 5.

The instrument signed was approved by a judge, and is valid as an execution instrument, so that the early maturity of the debt can be declared in case of default by the granting authority.

Based on the instrument signed, CTRA obtained from PMSG and MPRJ the extension of the term of the concession agreement until 2030, in addition to the ratification of the right to update the balances receivable from the São Gonçalo Municipal Government.

## Orizon Valorização de Resíduos S.A.

Notes to the interim individual and consolidated financial information (Continued)

June 30, 2021

(In thousands of Brazilian Reais)

### 1. Operations (Continued)

The operations of the indirect subsidiaries are as follows (Continued)

#### b) *Central de Tratamento de Resíduos de Alcântara S.A. ("CTRA")* (Continued)

Instrument of settlement and adjustment of understandings (Continued)

Additionally, after the instrument of settlement was signed between the subsidiary CTRA, MPRJ and PMSG, an expert examination was initiated to determine the updated amounts receivable owned by the granting authority to the subsidiary. On April 19, 2019, the MPRJ issued a document in the scope of the lawsuit, which resulted in the following information:

<u>In favor or CTRA (Concessionaire)</u>	<u>Balance</u>
Reference monthly fees (*)	31,649
Surplus volume	20,509
Adjustment	667
Carbon credit	16,042
Treatment of Itaóca's slurry	14,715
Transportation of Itaóca's slurry	7,943
<b>Total</b>	<u>91,525</u>
Disallowance applied	<u>(14,724)</u>
<b>Net adjusted balance</b>	<u>76,801</u>

(\*) The amounts initially agreed upon are included in this line and refer to CTRA's initial claim.

On September 1, 2020, a favorable judgment was issued regarding a collection lawsuit against the Municipality of São Gonçalo, based on a request made by CTR Alcântara, according to which this municipality was sentenced to pay eighteen million, eight hundred sixty-eight thousand *Reais* (R\$18,868) - amount consolidated on June 20, 2018 -, and the establishment of the base value admitted a disallowance of 8%. The amount originally requested was R\$20,509, plus the adjustment of R\$667, as explained in Note 1.

On September 21, 2020, the Municipality filed an appeal against said decision, against which an appellate brief will be filed by CTRA. Upon expiration of the term for the appellate briefs, the proceedings will be submitted to the Court of Justice, who will judge the appeal. The Company will record the amount in its financial statements after the issue of the final and unappealable decision. In view of the foregoing, the Municipality is awaiting the decision of the court as to the terms to proceed with certain pending provisions under such Instrument, in relation to the scope of this lawsuit.

## Orizon Valorização de Resíduos S.A.

Notes to the interim individual and consolidated financial information (Continued)

June 30, 2021

(In thousands of Brazilian Reais)

### 1. Operations (Continued)

The operations of the indirect subsidiaries are as follows (Continued)

b) *Central de Tratamento de Resíduos de Alcântara S.A. (“CTRA”)* (Continued)

The aforementioned balances are part of the discussions in progress by the Company's Management and PMSG. Of the amount of R\$76,801, shown in the table above, R\$14,660 comprises accounts receivable as of June 30, 2021 (R\$14,660 as of December 31, 2020), as recorded in the financial statements. The remainder refers to the amount claimed and will only be recognized in the accounting books after completion of all applicable proceedings confirming that CTRA will prevail in its claims.

c) *Central de Tratamento de Resíduos de Barra Mansa S.A. (“CTRBM”)*

On December 3, 2011, CTRBM won the bidding process for implementation of the sanitary landfill of the municipality of Barra Mansa (RJ), which will expire in 2031 and may be renewed until 2036. The concession agreement includes the environmental recovery of the “dumping ground,” which received waste from that municipality for 24 years.

CTRBM receives around 1,300 tons per day from municipalities and private customers, particularly from the steel industry.

CTRBM provides biogas for the generation of 2MW of thermal energy, which is currently used in a distributed generation project.

d) *ETR Jardim Gramacho S.A. (“ETR Gramacho”)*

ETR Gramacho is engaged in the transshipment and disposal of non-hazardous waste. This unit is located in the city of Duque de Caxias, in the State of Rio de Janeiro, where it has a transshipment to carry out its operational activities. ETR Gramacho receives approximately 50,000 tons of waste per month coming from the municipality of Duque de Caxias and private customers, all of which are disposed of at CTR NI.

On October 28, 2016, the Company completed the full acquisition of ETR Gramacho, becoming its sole controlling company.

## Orizon Valorização de Resíduos S.A.

Notes to the interim individual and consolidated financial information (Continued)

June 30, 2021

(In thousands of Brazilian Reais)

### 1. Operations (Continued)

The operations of the indirect subsidiaries are as follows (Continued)

e) *Ecopesa Ambiental S.A. (“Ecopesa”)*

Ecopesa, headquartered in the city of Jaboatão dos Guararapes, state of Pernambuco, is engaged in the provision of services for implementation and operation of solid waste treatment and final disposal system, waste management, including conservation, maintenance, modernization, expansion, exploration activities, preparation of technical studies and works required to perform these services.

Currently, Ecopesa has only one operating unit, i.e., the landfill located in Jaboatão dos Guararapes (“CTR Candeias”), in the state of Pernambuco, which receives approximately 5,000 tons of waste per day.

As of June 30, 2021 and December 31, 2020, Orizon Meio Ambiente held 100% of Ecopesa’s capital.

Use of biogas for energy generation

On November 17, 2016, Ecopesa signed a binding instrument with ASJA do Brasil Serviços para o Meio Ambiente Ltda., having ASJA Ambiente Italia S.p.A. as intervening guarantor, for generation and trading of electricity through biogas produced at Jaboatão dos Guararapes landfill. ASJA, leader of energy generation projects from biogas of sanitary landfills in Europe, will be responsible for all investments and expenses required for the implementation, operation, maintenance and use of all biogas produced in the landfill. The agreement became effective on the date of signature and will remain in force for up to 15 years, counted as from the beginning of the commercial operation. The consortium currently operates with sixteen (16) engines with an installed capacity of 22.4 MW of energy, with two more new engines being implemented.

f) *SES Haztec Serviços de Resposta a Emergência Ltda. (“SES Haztec”)*

SES Haztec was organized in 2006, with the purpose of participating in a specific bidding process. However, after this unsuccessful process, SES Haztec has developed no operational activity. Currently, the closing of this subsidiary by the Company’s management is in an advanced stage.

## Orizon Valorização de Resíduos S.A.

Notes to the interim individual and consolidated financial information (Continued)

June 30, 2021

(In thousands of Brazilian Reais)

### 1. Operations (Continued)

The operations of the indirect subsidiaries are as follows (Continued)

g) *Vamtec Haztec Soluções Ambientais Ltda. ("Vamtec Haztec")*

Vamtec Haztec was organized on October 25, 2017, as a result of the association between Orizon Meio Ambiente and Vamtec Rio Insumos Siderúrgicos Ltda. with the purpose of processing fine steel waste to be returned to the productive process. Vamtec Haztec start-up was in December 2019.

The only customer of Vamtec Haztec is Companhia Siderurgica Nacional, and already operates with its total available capacity.

h) *Foxx Inova*

Foxx Inova is a joint-stock company headquartered in the city of São Paulo (SP). Foxx Inova is engaged in holding interests in other business companies or civil associations as a partner or shareholder, both in the country and abroad and in the development of studies and projects for the performance of works and provision of services related to urban cleaning and disposal of solid waste, in addition to the provision of civil and environmental engineering services.

i) *Foxx URE-BA*

Foxx URE-BA is a joint-stock company headquartered in the city of Barueri, state de São Paulo, and it is engaged in the treatment and final disposal of urban solid waste under a concession system, trading of energy from energetic recycling, carbon credits and the by-product resulting from the treatment and final disposal of urban solid waste. Foxx URE-BA is a pioneer in the implementation of waste-to-energy in Latin America.

j) *Orizon Locação (Former Foxx URE-OS)*

Orizon Locação is a joint-stock company with head office in the city of São Paulo (SP). Orizon Locação is engaged in leasing of machinery and equipment, being directly controlled by Foxx Inova.

k) *Foxx URE-JP*

Foxx URE-JP is a concessionaire in the municipality of João Pessoa that receives waste from various municipalities in the region, with a volume of approximately 2,000 tons per day, and it is engaged in the treatment and final disposal of non-hazardous waste, including the elimination of non-hazardous waste by combustion or incineration, with or without the purpose of generating electricity or steam, ashes or other by-products for future use.

## Orizon Valorização de Resíduos S.A.

Notes to the interim individual and consolidated financial information (Continued)

June 30, 2021

(In thousands of Brazilian Reais)

### 1. Operations (Continued)

The operations of the indirect subsidiaries are as follows (Continued)

k) *Foxx URE-JP* (Continued)

The company has motor-generators for the generation of energy from biogas in a consortium entered into with ASJA.

l) *Orizon FIDC - Fundo de Investimentos em Direitos Creditórios Não-Padronizados*

On December 10, 2020, ORIZON executed (i) an Instrument of Adhesion to the Regulations of the exclusive fund Orizon Fundo de Investimento em Direitos Creditórios Não Padronizados (“FIDC ORIZON”), corporate taxpayers’ number CNPJ No. 37.737.564/0001-11, administered by Modal Distribuidora de Títulos e Valores Mobiliários Ltda. and managed by Modal Asset Management Ltda. and (ii) a Bulletin for Subscription of Shares in the 1<sup>st</sup> Issue of Shares of FIDC ORIZON, with payment of funds on December 11, 2020, in the amount of R\$8,000. The Fund is intended for exclusive investment by one single shareholder (Orizon VR), which qualifies as a Professional Investment, according to the regulations applicable and is the holder of debentures issued by Estre Ambiental S.A.

m) *UTM Jaboação dos Guararapes LTDA. (“UTM Jaboação”)*

Mechanized sorting unit in Pernambuco

On May 6, 2021, the Company entered into an agreement for implementation of a mechanized sorting unit (“UTM”) to be installed in Jaboação dos Guararapes ecopark, in the state of Pernambuco. The project is expected to start operating in the first half of 2022. Until June 30, 2021, UTM Jaboação received investments in the amount of R\$8,200.

It is estimated that the UTM will process approximately 500 thousand tons of solid waste per year, and expand the reuse of waste that is disposed of in said ecopark.

Potential Acquisitions

On May 13, 2021, the Company’s Board of Directors approved the presentation, together with a credit rights investment fund managed by Jive Asset Gestão de Recursos Ltda. (“Jive Fund”), of a binding proposal for participation, as long as it has the position of first bidder (stalking horse), in the bidding process aimed at the acquisition of the entire equity interest representing an Separated Productive Unit (“UPI Aterros”) formed by 08 assets, including 07 landfills and 01 blending plant for liquids, solids and reverse logistics.

## Orizon Valorização de Resíduos S.A.

Notes to the interim individual and consolidated financial information (Continued)

June 30, 2021

(In thousands of Brazilian Reais)

### 1. Operations (Continued)

The operations of the indirect subsidiaries are as follows (Continued)

m) *UTM Jaboaão dos Guararapes LTDA. (“UTM Jaboaão”)* (Continued)

Potential Acquisitions (Continued)

On May 14, 2021, the judicial reorganization plan of Estre Group was approved at the general meeting of creditors, providing for the Company’s participation, through Orizon Meio Ambiente S.A., together with Jive Fund, as a stalking horse, upon submission of a binding proposal for the acquisition of UPI Aterros, in a sealed envelope, which shall be opened in due course when the bidding process is carried out under the terms of the Plan (“Binding Proposal”), which shall take place by the end of the fiscal year.

Impact of Covid-19

According to the Brazilian Ministry of Health, on March 11, 2020, the World Health Organization (WHO) declared a global pandemic arising from the effects of the coronavirus (“COVID-19”). On March 20, 2020, the Federal Senate enacted the Legislative Decree that recognizes the state of public calamity in Brazil.

Following this Decree, stoppages of any non-essential activities, arising from social distancing measures, were requested or imposed by government authorities, or defined by companies as preventive measures.

Furthermore, Provisional Measure No. 927, dated March 22, 2020, established labor law measures to tackle the public health emergency resulting from the coronavirus, and defined the rules for telecommuting, granting and bringing forward collective and individual vacations, taking advantage of the bringing forward of public holidays, creation of an offset regime using compensatory time, suspension of administrative requirements in occupational safety, directing workers to engage in training programs and deferral of payments to the Employee Retirement Fund (*Fundo de Garantia por Tempo de Serviço*), or “FGTS”.

These measures affected different segments of the Brazilian economy; however, since a significant part of the Company’s revenues comes from providing essential services to society, the impacts on its economic or financial results in the quarter ended June 30, 2021 were not significant.

Given the challenges that the COVID-19 pandemic has imposed on everyone, the Company undertook, together with its Employees, Partners and Customers to take up the challenge and work to be part of the solution by focusing on operations with minimal impact on Customers, foster the well-being of the Employees, and contribute to reducing the risks for the community.

## Orizon Valorização de Resíduos S.A.

Notes to the interim individual and consolidated financial information (Continued)

June 30, 2021

(In thousands of Brazilian Reais)

### 1. Operations (Continued)

#### Impact of Covid-19 (Continued)

Beginning in March 2020, the Company took emergency action to create a Multidisciplinary Committee for Preventing the COVID 19, which is in frequent contact to report the situations at each unit, establishing contingency plans to preserve the integrity and health of the employees, while also ensuring the protection of professionals and preventing the spread of the disease.

#### Precautions with the employees

In line with government measures and Provisional Measure No. 927, Management has adopted policies and actions to protect the employees from the spread of the virus, such as:

- (i) Partial home-office regime for part of the employees, including those over the age of 60 and others considered to be in the risk group;
- (ii) Flexible times for arriving at and leaving the office;
- (iii) Introduction of routines involving cleaning, sterilization and sanitization of furniture and building facilities;
- (iv) Follow-up and fulltime monitoring of suspected and/or confirmed cases;
- (v) Telemedicine assistance through the healthcare plan contracted by the Company, with subsequent performance of COVID-19 tests;
- (vi) Among other procedures.

Due to the spread of the pandemic and, consequently, the need to improve the measures to avoid the effects of COVID-19, the Company started to adopt additional measures in 2020 and 2021, such as:

- Internal communication on COVID-19 topics: symptoms, transmission, treatment and prevention, and Orizon's internal communication channels for reporting cases;
- Inclusion of the emergency phone number in the screensaver of all computers;
- Priority of teleconferences over onsite meetings;
- Immediate removal of employees with COVID-19 symptoms, or who had contact with suspected cases, from onsite activities;
- Distribution of sanitization and personal protection kits containing masks, hand sanitizer, liquid alcohol 70% and cloths to clean desks;

## Orizon Valorização de Resíduos S.A.

Notes to the interim individual and consolidated financial information (Continued)

June 30, 2021

(In thousands of Brazilian Reais)

### 1. Operations (Continued)

#### Precautions with the employees (Continued)

- Adoption of home office system for employees whose activities could be performed remotely, in order to diminish social circulation and avoid the chances of contamination; and work rotation system at the Company's head office, in order to avoid crowding;
- Distribution of groceries baskets for employees working in essential activities;
- Daily follow-up of all suspected or confirmed COVID-19 cases, and reporting to the Executive Board and the Senior Management of Units;
- Engagement of telemedicine services for providing assistance to all employees and their dependents at no cost.

Currently, the Company awaits the evolution of the vaccination rate and the reduction of cases of contamination, in order to define the entire return of its personnel to corporate functions. 68% of its staff have already taken the 1st dose and 8%, the 2nd dose.

#### Economic and financial impacts

There was a marginal impact on the operations of eco-industrial parks as a result of the measures taken, such as personnel rotation, increase in costs of sanitization materials, and others.

In the commercial front, there was a reduction in waste volumes of some customers, particularly in blending and incineration units, as well as a reduction in environmental services activities relating to certain agreements.

The Company holds a volume of cash that is considered sufficient by management for its operational and investment needs, a condition which management understands as having given us a breathing space to weather this crisis. Nevertheless, the potential economic and financial impacts are monitored on a daily basis.

#### Analysis of impairment of non-financial assets

As of June 30, 2021, we did not recognize impairment losses on non-financial assets, given the absence of indicators that would prompt us to verify and measure any such amounts.

## Orizon Valorização de Resíduos S.A.

Notes to the interim individual and consolidated financial information (Continued)

June 30, 2021

(In thousands of Brazilian Reais)

### 2. Presentation of the interim individual and consolidated financial information and significant accounting practices

#### a) Declaration of compliance

The interim individual and consolidated financial information was prepared in accordance with technical pronouncement NBC TG - Interim Statement, and the international norm IAS 34 - "Interim Financial Reporting", issued by the International Accounting Standards Board - IASB. The presentation of this information was prepared in accordance with the norms issued by the Brazilian Securities Commission, or CVM, applicable to the preparation of the Interim Information Form - ITR.

The statements of value added are being presented as supplementary information for IFRS purposes.

The interim individual and consolidated financial information and the accompanying notes do not include all information and disclosures required for the Company's annual financial information. Accordingly, these statements must be read together with the audited annual financial statements as of December 31, 2020.

The Company's management authorized the issuance of the interim individual and consolidated financial information on August 12, 2021.

Pursuant to Technical Guideline OCPC 07, Management affirms that all material information specific to the interim financial information is being disclosed and corresponds to that used by the Company's Management as of June 30, 2021 for the performance of its duties.

#### b) Basis of preparation

The interim individual and consolidated financial information were prepared based on historical cost, except for those measured at fair value, as indicated.

#### c) Basis of consolidation

The interim consolidated financial information comprises the Group's financial information as of June 30, 2021. Control is obtained when the Group is exposed or entitled to variable returns based on its involvement with the investee and has the capacity to affect these returns through the power exercised in relation to the investee.

## Orizon Valorização de Resíduos S.A.

Notes to the interim individual and consolidated financial information (Continued)

June 30, 2021

(In thousands of Brazilian Reais)

### 2. Presentation of the interim individual and consolidated financial information and significant accounting practices (Continued)

#### c) Basis of consolidation (Continued)

The variation in the ownership interest of subsidiaries, without loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, the corresponding assets (including goodwill), liabilities, non-controlling interest and other equity components are written off, whereas any resulting gain or loss is recognized in income.

The Group's ownership structure is as follows:

Company	Category	Ownership interest (%)	
		06/30/2021	12/31/2020
Orizon Meio Ambiente	Subsidiary	100	100
Foxx Holding	Subsidiary	100	100
FIDC Orizon	Subsidiary	100	100
<u>Haztec's direct subsidiaries:</u>			
CTRNI	Indirect subsidiary	100	100
CTRA	Indirect subsidiary	100	100
CTRBM	Indirect subsidiary	100	100
SES Haztec	Jointly controlled company	50	50
ETR Gramacho	Indirect subsidiary	100	100
Ecopesa	Indirect subsidiary	100	100
Vamtec Haztec	Jointly controlled company	50	50
UTM Jaboaão	Indirect subsidiary	100	-
<u>Foxx's direct subsidiaries:</u>			
Foxx Inova	Indirect subsidiary	100	100
Foxx URE-BA	Indirect subsidiary	100	100
Orizon Locação Ltda.	Indirect subsidiary	100	100
Foxx URE-JP	Indirect subsidiary	67	67

#### d) Functional currency, currency of presentation and transactions in foreign currency - translation of balances and transactions in foreign currency

The interim financial information is prepared in Brazilian *Reais* (R\$), which is the functional currency used by the Company.

## Orizon Valorização de Resíduos S.A.

Notes to the interim individual and consolidated financial information (Continued)

June 30, 2021

(In thousands of Brazilian Reais)

### 2. Presentation of the interim individual and consolidated financial information and significant accounting practices (Continued)

e) Judgments, estimates and significant accounting assumptions

The preparation of the interim financial information requires the use of certain accounting estimates and the exercise of judgment by the Management. The areas deemed significant, and that require higher levels of judgment and are subject to estimates include: non-billed revenues, deferred income and social contribution taxes, impairment of intangible assets, provision for doubtful debts, and provisions for tax, civil, labor and regulatory risks.

f) New technical pronouncements, reviews and interpretations not yet in force

The information regarding the new accounting pronouncements issued by the Accounting Pronouncements Committee (CPC) and the International Accounting Standards Board (IASB), did not result in significant changes relating to the information disclosed in Note 2.15 of the Financial Statements as of December 31, 2020.

### 3. Cash and cash equivalents

	Parent Company		Consolidated	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Cash	2	1	55	44
Cash equivalents	-	-	1,069	6,000
Total	2	1	1,124	6,044

Cash equivalents include short-term investments with immediate liquidity, for a known amount of cash and where there is an insignificant risk of any change in value and which are maintained for the purpose of managing short-term commitments.

## Orizon Valorização de Resíduos S.A.

Notes to the interim individual and consolidated financial information (Continued)

June 30, 2021

(In thousands of Brazilian Reais)

### 4. Securities

	Parent Company		Consolidated	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Bank Deposit Certificates (CDBs)	245,608	5	262,019	8,038
Savings bonds	-	-	2,473	2,473
Shares - Capital markets	-	-	3,307	-
FIDC Orizon	8,983	8,110	-	-
Debentures	-	-	9,032	8,135
Total	254,591	8,115	276,831	18,646
Current	245,608	5	264,492	10,511
Non-current	8,983	8,110	12,339	8,135

The balance of financial investments includes funds that are used in maintaining the working capital and achieving profitability through investments in CDB, without significant risk of variation in principal and earnings upon redemption, and they are remunerated with earnings close to 100% of the variation in the Interbank Deposit Certificates (“CDIs”).

Savings bonds refer to Banco Bradesco savings bonds, with maturity in 12 months, with earnings close to 2% p.a. over their face values and loss of value (discount) in the case of early redemption.

The subsidiary Orizon Meio Ambiente had accounts receivable from GPC Participações S.A., currently named Dexas Participações S.A., converted into equity interest due to its judicial reorganization proceeding. The shares were transferred from the book-entry phase to the stock exchange environment in the second quarter of 2021, enabling the Company to maintain active trading and monitor the appreciation of such shares.

#### *Fundo de Investimentos em Direitos Creditórios Não-Padronizados (“FIDC Orizon”)*

As detailed in note 1, at the end of 2020, Orizon signed an Instrument of Adhesion to the Regulations of the exclusive fund Orizon Fundo de Investimento em Direitos Creditórios Não Padronizados (“FIDC ORIZON”), administered by Modal Distribuidora de Títulos e Valores Mobiliários Ltda. and managed by Modal Asset Management Ltda.

FIDC ORIZON has repo transactions backed by debentures, fully invested with premium institutions, with a formal repurchase commitment by the financial institution, considering the earnings accumulated up to the redemption date, earnings interest at a rate of 100% of the CDI and maturing on December 20, 2025.

## Orizon Valorização de Resíduos S.A.

Notes to the interim individual and consolidated financial information (Continued)

June 30, 2021

(In thousands of Brazilian Reais)

### 5. Trade accounts receivable (consolidated)

	<u>06/30/2021</u>	<u>12/31/2020</u>
Accounts receivable	<b>130,407</b>	104,903
Services to be billed	<b>60,574</b>	49,261
	<b>190,981</b>	154,164
Provision for doubtful debts	<b>(33,254)</b>	(32,291)
Total	<b>157,727</b>	121,873
Current	<b>147,827</b>	112,143
Non-current	<b>9,900</b>	9,730

(1) The balance of services to be billed refers to accounting on an accruals basis, based on measurement reports that indicate the effective provision of services in accordance with the contracted conditions, the balances of which will be transferred to accounts receivable when the corresponding billing is made.

The balances receivable from the sale of biogas (R\$3,252 as of June 30, 2021) have been offset against advances and accounts payable for arbitration until 2020. In the first quarter of 2021, the parties signed an Amendment to the Memorandum of Understanding, establishing the suspension, until the final exercise of the offsetting of such receivables, without prejudice to monetary adjustments of the outstanding obligations. Such offsetting is expected to resume as from 2022, as provided for in a previous memorandum signed in 2019. Details of this information are given in notes 19 and 20, respectively.

The balances of accounts receivable, billed, by age of maturity are shown below:

	<u>06/30/2021</u>	<u>12/31/2020</u>
To mature	<b>20,672</b>	50,752
Up to 30 days overdue	<b>20,899</b>	9,380
Between 31 and 60 days overdue	<b>5,240</b>	3,228
Between 61 and 90 days overdue	<b>3,824</b>	1,282
Between 91 and 180 days overdue	<b>10,861</b>	3,753
Between 181 and 360 days overdue	<b>6,070</b>	8,004
More than 360 days overdue	<b>62,841</b>	28,504
Total	<b>130,407</b>	104,903

The aging of accounts receivable includes balances receivable from the indirect subsidiary CTRA in connection with PMSG in the amount of R\$35,685. As detailed in note 1, there is a case in progress the claimed amounts of which exceed the receivables currently accounted for this customer.

## Orizon Valorização de Resíduos S.A.

Notes to the interim individual and consolidated financial information (Continued)

June 30, 2021

(In thousands of Brazilian Reais)

### 5. Trade accounts receivable (consolidated) (Continued)

The change in the provision for doubtful debts on June 30, 2021 and December 31, 2020 is as follows:

	Consolidated	
	06/30/2021	12/31/2020
Balance as at January 1	(32,291)	(35,673)
Provision for doubtful debts	(963)	(1,251)
Asset provision write-off	-	4,633
Balance in the end of the period	<b>(33,254)</b>	<b>(32,291)</b>

The assessment of the need of a provision for doubtful debts is carried out based on the assumptions established in CPC 48/IFRS 9 - Financial Instruments, with the analysis of certain customers and transactions. According to Management's understanding, certain receivables should not be taken into account for the purpose of setting up a provision for doubtful debts given that there is no indication of loss upon realization, such as services provided to companies within the same Economic Group and amounts for which there are advances which can be offset in the future against active balances.

The Company does not expect to incur losses that exceed the provision for doubtful debts that was set up on June 30, 2021.

As detailed in Note 1.d, there is an agreement signed by the indirect subsidiary CTRA with the Principal through the Public Prosecutor of the State of Rio de Janeiro, on the receipt of amounts, the changes in which are shown below:

Changes in the agreement	
Balance as at January 1, 2020	20,358
Tranches received in 2019	(5,698)
Balance as at December 31, 2020	14,660
Tranches received in the 1 <sup>st</sup> quarter of 2021	-
Balance as at June 30, 2021	<b>14,660</b>

## Orizon Valorização de Resíduos S.A.

Notes to the interim individual and consolidated financial information (Continued)

June 30, 2021

(In thousands of Brazilian Reais)

### 5. Trade accounts receivable (consolidated) (Continued)

#### Carbon credits trade (Consolidated)

On March 3, 2020, our indirect subsidiaries CTR NI and Ecopesa participated in the 4<sup>th</sup> carbon credit sales auction organized by the Pilot Auction Facility for Methane and Climate Change Mitigation (PAF), which is a mechanism created by the World Bank to foster investments in projects to reduce greenhouse gas emissions, optimizing the impact of public funds and leveraging the private financing sector. The participation in this auction involved the payment of a fee of US\$0.30 per carbon credit offered by the Company. In this case, the subsidiaries disbursed the amount of US\$370, equivalent to R\$1,690 on the payment date.

The subsidiaries were successful in this auction, having traded 1,232,500 carbon credits at the price of US\$1.98 per Emissions Certificate ("CER"), and the subsidiaries must generate the traded quantities in the period from March 3 to December 31, 2020. The credits are being validated by an external audit, and it is expected that most of the validations take place by the end of the current year, with the remaining balance to be completed in the first quarter of 2022. After completion of the certification, the respective receipts will occur.

On June 23, 2020, the indirect subsidiary CTRA signed an agreement with Caixa Econômica Federal on the purchase and sale of CERs. Trading of Certified Emissions Reductions is backed by funds of the Carbon Partnership Facility (CPF), which are transferred by the World Bank to the Coordinating Entity, according to contractual conditions.

Unit value (CERs) - 1.91 euro

Quantity of CERs contracted:

- Period - January 1, 2019 to December 31, 2020 - 350,000 CERs
- Period - January 1, 2020 to December 31, 2020 - 467,180 CERs

On June 30, 2021, the amounts to be received by the subsidiaries regarding carbon credit transactions amounted to R\$27,784 (R\$26,727 on December 31, 2020), considering a positive foreign exchange variation of R\$1,057 in the current half-year.

Also, the indirect subsidiary Foxx URE JP had already signed a contract in 2019 on the trading of carbon credits without direct relationship with the transactions mentioned above. On June 30, 2021, the amount to be received was R\$3,234 (R\$3,061 on December 31, 2020), considering a positive foreign exchange variation of R\$173 in the current half-year. The carbon credits generated in the first half-year of 2021 were not traded, thus, no revenues from this activity were recognized in the period.

## Orizon Valorização de Resíduos S.A.

Notes to the interim individual and consolidated financial information (Continued)

June 30, 2021

(In thousands of Brazilian Reais)

### 6. Taxes and contributions

#### a) Taxes and contributions recoverable

Taxes recoverable	Parent Company		Consolidated	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Withholding Income Tax (IRRF) (1)	363	6	5,741	2,364
Social Contribution Tax on Net Profit (CSLL) (1)	-	-	1,924	690
National Social Security Institute (INSS)	-	-	1,452	1,283
Social Integration Program (PIS) (1)	-	-	795	757
Contribution to Social Security Financing (COFINS) (1)	-	-	1,681	2,523
Tax on Industrialized Products (IPI)	-	-	188	188
Other taxes recoverable	-	-	357	409
Subtotal - Federal taxes	363	6	12,138	8,214
Tax on Circulation of Goods and Services (ICMS)	-	-	94	100
Subtotal - State taxes	-	-	94	100
Services Tax (ISS)	-	-	1,695	1,444
Subtotal - Municipal taxes	-	-	1,695	1,444
Total	363	6	13,927	9,758

(1) For the most part the balances shown refer to taxes withheld at source by customers, which are detailed in the invoices for the provision of services, in addition to taxes withheld from financial investments.

The Company's expectation is that it will recover the amounts shown within a period of not more than 12 months, in view of the turnover of offsets made in the last months.

#### b) Taxes and contributions payable

	Parent Company		Consolidated	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
National Social Security Institute (INSS)	-	60	1,802	1,946
Contribution to Social Security Financing (COFINS)	26	-	8,984	12,862
Social Integration Program (PIS)	5	-	1,934	2,478
Social Contribution Tax on Net Profit (CSLL)	-	-	4,656	4,633
Income Tax for Legal Entities (IRPJ)	-	-	10,952	10,343
Services Tax of any type (ISS)	-	-	1,563	1,697
Tax on Circulation of Goods and Services (ICMS)	-	-	1,161	1,260
Other taxes (*)	71	-	4,989	4,477
Total	102	60	36,041	39,696

(\*) This item mainly includes taxes provisioned for services to be billed.

## Orizon Valorização de Resíduos S.A.

Notes to the interim individual and consolidated financial information (Continued)

June 30, 2021

(In thousands of Brazilian Reais)

### 6. Taxes and contributions (Continued)

#### c) Reconciliation of income and social contribution tax expenses in income for the period

The reconciliation between the amount of tax charges determined as per the nominal rates and the amount recorded in the Company's consolidated income for the three-month and six-month periods ended June 30, 2021 and 2020 is as follows:

	Parent Company		Consolidated	
	06/30/2021	06/30/2020	06/30/2021	06/30/2020
Net (loss) Income before income and social contribution taxes	<b>(47,405)</b>	14,352	<b>(31,994)</b>	24,977
Combined nominal rate	<b>34%</b>	34%	<b>34%</b>	34%
IRPJ/CSLL tax expense at the tax rate in force	<b>16,118</b>	(4,880)	<b>10,878</b>	(8,492)
Adjustments for calculation at the effective rate				
Equity pick-up	<b>10,764</b>	15,863	<b>44</b>	(10)
Donations	-	-	-	(14)
Write-off of uncollectible receivables	-	(170)	-	(2,742)
Advances from clients	-	-	-	1,071
Tax credits not set-up	<b>(20,589)</b>	(10,813)	<b>(18,054)</b>	1,070
Total income and social contribution taxes	<b>6,293</b>	-	<b>(7,132)</b>	(9,117)
Effective rate (*)	<b>13%</b>	-	<b>22%</b>	37%
Income and social contribution taxes				
Current	-	-	<b>(8,152)</b>	(9,117)
Deferred	<b>6,293</b>	-	<b>1,020</b>	-

  

	Parent Company		Consolidated	
	04/01/2021 to 06/30/2021	04/01/2020 to 06/30/2020	04/01/2021 to 06/30/2021	04/01/2020 to 06/30/2020
Income before income and social contribution taxes	<b>5,090</b>	24,361	<b>11,336</b>	30,616
Combined nominal rate	<b>34%</b>	34%	<b>34%</b>	34%
IRPJ/CSLL tax expense at the tax rate in force	<b>(1,731)</b>	(8,283)	<b>(3,854)</b>	(10,409)
Adjustments for calculation by the effective rate				
Equity pick-up	<b>5,952</b>	12,260	<b>9</b>	2
Tax credits not constituted/other	<b>(3,900)</b>	(3,977)	<b>(1,092)</b>	4,814
Total income and social contribution taxes	<b>321</b>	-	<b>(4,937)</b>	(5,593)
Effective rate (*)	<b>6%</b>	-	<b>44%</b>	18%
Income and social contribution taxes				
Current	-	-	<b>(5,157)</b>	(5,593)
Deferred	<b>321</b>	-	<b>220</b>	-

(\*) The calculation of the effective rate is directly affected by the effects of the indirect subsidiaries that are taxed under the estimated profit regime.

On June 30, 2021, the effective rate shown is an estimate for the current year end.

## Orizon Valorização de Resíduos S.A.

Notes to the interim individual and consolidated financial information (Continued)

June 30, 2021

(In thousands of Brazilian Reais)

### 6. Taxes and contributions (Continued)

#### d) Deferred income and social contribution tax assets and liabilities

The balances of deferred income and social contribution tax assets are as follows:

	Consolidated	
	06/30/2021	12/31/2020
On tax losses	144,414	140,087
On the negative social contribution tax base	51,989	50,431
<b><u>On temporary differences</u></b>		
Provision for doubtful debts	11,306	10,979
Provision for contingencies	12,126	11,819
Provision for realization of tax credits	(73,582)	(67,798)
Total deferred tax assets	<b>146,253</b>	145,518

The calculation of the expected offset of taxes against tax losses and negative base factored in assumptions based on our business plan and the projected taxable income for the years ahead, taking into account the undertaking of corporate restructurings that increase the tax efficiency of the subsidiary Orizon Meio Ambiente, realization of the fair value of the debentures operation carried out between Orizon Valorização de Resíduos and its subsidiary Orizon Meio Ambiente, with realization of fair value calculated in the origin of the transaction, in addition to improvement in operating performance, and, thus, increase in the taxable base.

Management is of the opinion that the assumptions in preparing the projected results and, consequently, in determining the realization amount of the deferred taxes, are in compliance with the Company's business plan.

Based on a technical study of the estimated taxable income calculated in accordance with CPC/32 IAS 12, we expect to recover the tax credit arising from temporary differences and accumulated losses in the following business years:

2022	102
2023	3,935
2024	14,174
2025	16,676
2026	18,924
2027	20,886
2028	22,755
2029	48,801
	<u>146,253</u>

## Orizon Valorização de Resíduos S.A.

Notes to the interim individual and consolidated financial information (Continued)

June 30, 2021

(In thousands of Brazilian Reais)

### 6. Taxes and contributions (Continued)

#### d) Deferred income and social contribution tax assets and liabilities (Continued)

Tax losses and negative income and social contribution tax bases are not subject to the statute of limitation for offset purposes. However, offset is limited to 30% of the taxable income of the year when the offset occurs.

The deferred tax liability registered by the subsidiary Orizon Meio Ambiente refers to the effect of 34% on the tax deductibility of the installments of tax amortization of goodwill, which, for accounting purposes, ceased as from 2009. Up to the year ended 2013, the goodwill generated from acquisitions and mergers were fully amortized for tax purposes.

The balances of deferred income and social contribution tax assets and liabilities are shown net and are as follows:

#### *Deferred tax assets (Consolidated)*

	Consolidated					
	06/30/2021			12/31/2020		
	Deferred assets	Deferred liabilities	Net. effect	Deferred assets	Deferred liabilities	Net. effect
Orizon Meio Ambiente (*)	146,253	(68,798)	77,455	145,518	(62,791)	82,727
Orizon	-	(8,391)	(8,391)	-	(14,684)	(14,684)

(\*) In the end of 2019, the subsidiary Orizon Meio Ambiente recorded a reversion in the amount of R\$18,351 in income in detriment of the realization *via* the provision for impairment of goodwill amounts that were fully amortized for tax purposes. The information on the impairment of these goodwill amounts is detailed in Note 11.

On December 31, 2020, the subsidiary Orizon Meio Ambiente recorded deferred tax liabilities in the amount of R\$9,587 on the total adjustment to present value of the Transaction of assumption of debt with Bradesco (Note 12). Deferred tax assets include the total adjustment to present value recorded on the balance of debentures issued by the parent company, which had already recorded a deferred tax liability on the same amount recorded. These deferred values are null for consolidation purposes, since they are included in assets and liabilities.

Additionally, Orizon Valorização de Resíduos recorded a deferred tax asset in the amount of R\$29,753 upon recognition of the adjustment to fair value of the debentures transaction carried out with the subsidiary Orizon Meio Ambiente.

On June 30, 2021, the Company updated the deferred tax effects on the update of adjustment to fair and present value amounts.

#### *Deferred tax liabilities (Parent Company)*

The balance shown below refers to recognition of deferred income and social contribution tax on the effect recognized in our income arising from the FIDC NP transaction, as better explained in Note 12.

## Orizon Valorização de Resíduos S.A.

Notes to the interim individual and consolidated financial information (Continued)

June 30, 2021

(In thousands of Brazilian Reais)

### 6. Taxes and contributions (Continued)

#### d) Deferred income and social contribution tax assets and liabilities (Continued)

*Deferred tax liabilities (Parent Company)* (Continued)

	<b>Parent Company</b>	
	<b>06/30/2021</b>	<b>12/31/2020</b>
Deferred tax liabilities - Balance shown in non-current liabilities	<b>8,391</b>	14,684

*Deferred PIS and COFINS taxes*

As of June 30, 2021 and December 31, 2020, we have deferred PIS (0.65%) and COFINS (4%) taxes recorded on the effect recognized in income arising from the FIDC NP transaction, as mentioned in Note 12.

<b>Description</b>	<b>Parent company and consolidated</b>	
	<b>06/30/2021</b>	<b>12/31/2020</b>
Financial instrument measured at fair value	<b>195,813</b>	195,813
Deferred PIS and COFINS tax liabilities (0.65% and 4%)	<b>9,105</b>	9,105

### 7. Transactions with related parties

Details of the transactions between us and our related parties are shown below:

<b>Related Parties - Assets</b>	<b>Parent Company</b>		<b>Consolidated</b>	
	<b>06/30/2021</b>	<b>12/31/2020</b>	<b>06/30/2021</b>	<b>12/31/2020</b>
Orizon Meio Ambiente (1)	<b>8,288</b>	-	-	-
Foxx Holding (1)	<b>4,147</b>	3,845	-	-
CTR Nova Iguacu (1)	<b>2,057</b>	2,137	-	-
LS Participações (2)	-	-	-	7,597
Advances to officers	-	-	-	888
<b>Total</b>	<b>14,492</b>	5,982	-	8,485

(1) The balances refer to checking account transactions for working capital purposes.

(2) The balances refer to checking account transactions for working capital purposes. Transactions with a minority shareholder of Foxx URE-JP.

## Orizon Valorização de Resíduos S.A.

Notes to the interim individual and consolidated financial information (Continued)

June 30, 2021

(In thousands of Brazilian Reais)

### 7. Transactions with Related Parties (Continued)

	Parent Company		Consolidated	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
<b>Related Parties - Liabilities</b>				
CTRBM (1)	18,113	18,113	-	-
Orizon Meio Ambiente (1)	54	81,016	-	-
CTR Alcântara (1)	8,634	8,634	-	-
Share-based payment	26,407	-	26,407	-
Management bonus (2)	718	-	718	-
Total	53,926	107,763	27,125	-
Current	12,166	-	12,166	-
Non-Current	41,760	107,763	14,959	-

(1) Refers to checking account transactions on amounts transferred for payment of debentures issued by ORIZON.

(2) Refers to Management's compensation due to performance.

#### Share-based payment

On June 30, 2021, the Company provisioned liabilities in the amount of R\$26,407 regarding share-based payments, as result of the agreement entered into with members of the executive board due to a successful liquidity event, that is, the listing of its shares for trading on B3 in February 2021. Payments will be made in installments from 2021 to 2024. In the half-year ended June 30, 2021 the amount of R\$12,566 was settled, in addition to an increase in the balance payable for restatement of R\$729 due to appreciation of the shares in the period, as provided for in the agreement.

The compensation in question is described in item 13.1.g of the Reference Form, and it was submitted to the relevant corporate approvals.

#### Checking Account Transactions

The balances with related parties refer substantially to non-interest bearing, indefinite-maturity checking accounts, and guarantees.

The settlement of balances affects the balances of banks and equity accounts of related parties.

In order to avoid the unpredictability of inbound resources against obligations, the economic group started to perform "checking account" transactions so that the Company and its subsidiaries could achieve their corporate purpose, preserve their interests, fulfill their contracted financial obligations and, thus, avoid default and/or non-compliance of legal and contractual obligations that could have adverse financial effects for the Company's economic group and, consequently, its shareholders.

## Orizon Valorização de Resíduos S.A.

Notes to the interim individual and consolidated financial information (Continued)

June 30, 2021

(In thousands of Brazilian Reais)

### 7. Transactions with Related Parties (Continued)

#### Checking Account Transactions (Continued)

The Company does not classify “checking account” transactions as a specific loan agreement on a given amount received, according to which the borrower undertakes the obligation to pay back the same quantity, quality and type. According to the Company, this transaction takes place in a checking account, where the establishment of a financial flow without previously defined conditions is assumed, and it is carried out according to working capital needs. Moreover, the funds and cash flows of the Company’s economic group companies currently follow the same financial policy and management, and the managers are responsible for deciding the best allocation of resources according to the aforementioned needs.

These operations do not involve the recognition of loss and/or loss expectations, or any formalization of guarantees, due to the fact that the companies of the Group are under the same economic and financial management.

Additionally, ORIZON holds debentures payable to the subsidiary Orizon Meio Ambiente, with details of their respective effects on income for the period in Note 12.

#### Compensation of key management personnel

We consider as “key management personnel” only those members of our statutory executive board and the members of the board of directors. On June 30, 2021, and December 31, 2020, the compensation of key management personnel can be summarized as follows:

	Consolidated	
	06/30/2021	12/31/2020
Compensation of key management personnel (*)	42,523	6,506

(\*) The half-year ended June 30, 2021 includes the recognition in full of the share-based payment to management, in the amount of R\$38,977.

#### Others

We have no additional post-employment obligations, nor do we offer other long-term benefits such as leave for time of service and other time-of-service benefits. We also do not provide other benefits on the termination of the members of our senior management, in addition to those defined by the labor legislation prevailing in Brazil.

According to Brazilian Corporate Law (Law no. 6.404/76) and our bylaws, it is the responsibility of the general shareholders’ meeting to establish the annual global amount of management compensation, with the board of directors being responsible for distributing such amount among the members of our management.

## Orizon Valorização de Resíduos S.A.

Notes to the interim individual and consolidated financial information (Continued)

June 30, 2021

(In thousands of Brazilian Reais)

### 7. Transactions with Related Parties (Continued)

#### Others (Continued)

Furthermore, we have no other share-based compensation program or other long-term benefits for our employees and/or management, except for that mentioned in the share-base payment item.

### 8. Advances and other liabilities

#### a) Advances

	Parent Company		Consolidated	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Advance of awards (1)	-	-	5,850	5,850
Advances to employees (2)	-	-	1,419	2,106
Advances to suppliers (3)	1,058	960	9,270	10,444
Expenses with the going public operation (4)	-	3,169	-	3,169
Others	-	-	3,986	1,491
<b>Total</b>	<b>1,058</b>	<b>4,129</b>	<b>20,525</b>	<b>23,060</b>
Current	1,058	4,129	14,198	17,061
Non-Current	-	-	6,327	5,999

(1) Refers to the advance of future awards to the city administration of São Gonçalo via rebate in the fixed monthly amount of R\$65 on the invoices issued against it, for future offset against revenue from sales of carbon credits as provided for in the concession agreement. Bearing in mind that the generation of carbon credits began in 2016, these amounts shall begin to be realized after completion of the court investigation of the amounts with the city administration of São Gonçalo (Note 1).

(2) This refers substantially to advances to employees (salaries, vacation pay, and travel, among others).

(3) Refers primarily to the amounts of advances to service providers, property insurance and healthcare.

(4) Refers to expenses incurred with auditors and consultants in the going public process, the amount of which was reclassified in shareholders' equity in 2021, when the Company's shares were effectively listed, as per CPC 08.

#### b) Other Liabilities

	Parent Company		Consolidated	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
S.A. Paulista de Construções e Comércio (1)	-	-	7,574	7,470
Other bills payable (2)	270	63	8,420	7,584
<b>Total</b>	<b>270</b>	<b>63</b>	<b>15,994</b>	<b>15,054</b>

(1) Refers to balances payable by CTRA to the former parent company, S.A. Paulista, referring to outstanding balances prior to the acquisition by Orizon Meio Ambiente.

(2) The greater part of the balance refers to obligations with the client Bayer. At present, the incineration unit in Belford Roxo is located within the Bayer industrial complex where services are provided to the latter. For the use of space and infrastructure, Bayer requests monthly reimbursements from Orizon Meio Ambiente.

## Orizon Valorização de Resíduos S.A.

Notes to the interim individual and consolidated financial information (Continued)

June 30, 2021

(In thousands of Brazilian Reais)

### 9. Investments

The variation in investments (Parent Company and Consolidated) as of June 30, 2021 and December 31, 2020, is as follows:

	Parent Company		
	12/31/2020	Income from equity method	06/30/2021
Haztec	733,044	25,839	758,883
Foxx Holding	10,879	5,763	16,642
Total	743,923	31,602	775,525

	Parent Company - 12/31/2020			
	12/31/2019	Warrant - Reflection	Income from equity method	12/31/2020
Orizon Meio Ambiente	449,948	156,664	126,432	733,044
Foxx Holding	7,003	-	3,876	10,879
Total	456,951	156,664	130,308	743,923

	Consolidated - 03/31/2021		
	12/31/2020	Equity accounting expense	06/30/2021
SES Haztec	(158)	-	(158)
Vamtec Haztec	(845)	130	(715)
Total	(1,003)	130	(873)

	Consolidated - 12/31/2020		
	12/31/2019	Equity accounting expenses	12/31/2020
SES Haztec (i)	(158)	-	(158)
Vamtec Haztec	(1,423)	578	(845)
Total	(1,581)	578	(1,003)

(i) In accordance with Technical Pronouncement CPC 19 (R2)/IFRS 11 - Joint Arrangements, the investees in which we share control are not consolidated.

## Orizon Valorização de Resíduos S.A.

Notes to the interim individual and consolidated financial information (Continued)

June 30, 2021

(In thousands of Brazilian Reais)

### 9. Investments (Continued)

#### Composition of the balance

Financial information of direct and indirect subsidiaries, indirect joint ventures, and indirect affiliate:

<u>Investment</u>	<u>Haztec</u>	<u>Foxx</u>	<u>Vamtec Haztec (i)</u>	<u>SES Haztec (i)</u>
<u>Shareholders' equity on:</u>				
<b>06/30/2021</b>	<b>758,883</b>	<b>16,642</b>	<b>(715)</b>	<b>(158)</b>
12/31/2020 (*)	733,044	10,879	(845)	(158)
<u>Income for the half-year ended:</u>				
<b>06/30/2021</b>	<b>25,839</b>	<b>5,763</b>	<b>260</b>	<b>-</b>
06/30/2020	9,294	1,303	(70)	-

(\*) On June 2020, the amount of R\$156,664 was recorded as warrant of shares, as detailed in note 20.

(i) SES Haztec has no income for the periods shown. Furthermore, the income of Vamtec Haztec had already been recognized in Orizon Meio Ambiente, which holds 50% of the equity of this investee, affecting only the consolidated balance sheet of ORIZON.

	<u>Parent Company</u>		<u>Consolidated</u>	
	<u>06/30/2021</u>	<u>12/31/2020</u>	<u>06/30/2021</u>	<u>12/31/2020</u>
Investments	<b>775,525</b>	743,923	-	-
Provision for losses on investments (*)	-	-	<b>873</b>	1,003
Total net	<b>775,525</b>	743,923	<b>873</b>	1,003

(\*) The provision for losses on investments is classified in non-current liabilities

## Orizon Valorização de Resíduos S.A.

Notes to the interim individual and consolidated financial information (Continued)

June 30, 2021

(In thousands of Brazilian Reais)

### 10. Property and equipment (consolidated)

Property and equipment, net	Consolidated								Total
	Land	Vehicles	Improvements to third-party properties (1)	Buildings	Furniture and Fixtures	Machines and equipment	Facilities (2)/(3)	Surplus value	
Cost									
Balance on January 1, 2020	24,000	3,550	8,674	1,018	3,831	50,542	505,057	10,800	607,472
Additions	-	596	72	-	143	3,508	42,958	-	47,277
Write-offs	-	-	-	-	-	(209)	(14)	(858)	(1,081)
Balance on December 31, 2020	24,000	4,146	8,746	1,018	3,974	53,841	548,001	9,942	653,668
Additions	-	-	-	-	100	2,652	23,067	-	25,819
Transfers	(3,566)	-	(23)	3,565	4	(5,469)	5,489	-	-
Balance on June 30, 2021	<b>20,434</b>	<b>4,146</b>	<b>8,723</b>	<b>4,583</b>	<b>4,078</b>	<b>51,024</b>	<b>576,557</b>	<b>9,942</b>	<b>679,487</b>
Accumulated depreciation									
Balance on January 1, 2020	-	(3,483)	(8,361)	(443)	(2,942)	(40,002)	(278,641)	(1,442)	(335,314)
Additions	-	(91)	(81)	(12)	(199)	(2,519)	(30,740)	(595)	(34,237)
Write-offs	-	-	-	-	-	78	-	-	78
Balance on December 31, 2020	-	(3,574)	(8,442)	(455)	(3,141)	(42,443)	(309,381)	(2,037)	(369,473)
Additions	-	(71)	(13)	(8)	(85)	(1,280)	(13,254)	(297)	(15,008)
Transfers	-	3	23	(3)	(8)	5,380	(5,395)	-	-
Balance on June 30, 2021	-	<b>(3,642)</b>	<b>(8,432)</b>	<b>(466)</b>	<b>(3,234)</b>	<b>(38,343)</b>	<b>(328,030)</b>	<b>(2,334)</b>	<b>(384,481)</b>
Property and equipment, net									
Balance on December 31, 2020	24,000	572	304	563	833	11,398	238,620	7,905	284,195
Balance on June 30, 2021	<b>20,434</b>	<b>504</b>	<b>291</b>	<b>4,117</b>	<b>844</b>	<b>12,681</b>	<b>248,527</b>	<b>7,608</b>	<b>295,006</b>
Average useful life (years)	-	5	-	25	10	10	10	-	-

(1) According to the term of the lease agreements (average of 20% p.a.).

(2) Refers substantially to the construction of waste treatment "cells" (units), with depreciation using the useful life of each cell, usually between five and eight years, corresponding to a weighted average rate of approximately 15% p.a., depending on the ratio of the volume treated (cubic meters) to the total capacity of each cell.

(3) The amount of R\$45,290, regarding the project for construction of the WTE unit (Note 1) of indirect subsidiary Foxx URE-BA, is also classified in this line item.

## Orizon Valorização de Resíduos S.A.

Notes to the interim individual and consolidated financial information (Continued)  
June 30, 2021  
(In thousands of Brazilian Reais)

### 10. Property and equipment (Consolidated) (Continued)

#### OCPC Guidance 05 - Concession Agreements (Consolidated)

	<b>Installation permit (LI) (*)</b>	<b>Operating permit (LO)</b>
<b>Cost</b>		
Balances on January 1, 2020	650	1,696
(+) Additions	-	528
Balances on January 1, 2021	<u>650</u>	<u>2,224</u>
(+) Additions	-	-
Balance on June 30, 2021	<b><u>650</u></b>	<b><u>2,224</u></b>
<b>Amortization</b>		
Balances on January 1, 2020	(391)	(1,023)
(+) Additions	(19)	(83)
Balances on January 1, 2021	<u>(410)</u>	<u>(1,106)</u>
(+) Additions	<b><u>(9)</u></b>	<b><u>(61)</u></b>
Balance on June 30, 2021	<b><u>(419)</u></b>	<b><u>(1,167)</u></b>
Balance on December 31, 2020	240	1,118
Balance on June 30, 2021	<b><u>231</u></b>	<b><u>1,057</u></b>

(\*) Installation permits are shown in line item "facilities" in property and equipment.

To comply with the instructions in OCPC Guidance 05, the landfills (CTRNI, CTRA and CTRBM) have decided to register future environmental costs arising from the installation permits ("LIs") under property and equipment and operating permits ("LOs") under intangible assets, recognizing in their assets and liabilities the present value of the respective obligations.

The indirect subsidiaries (landfills) carried out a detailed survey of the costs and time frames of the programs referring to the implementation phase, as well as those arising from the operating permits that will remain in effect until the end of the concessions, that is, during the entire operating phase. For the half-year ended June 30, 2021, we did not identify material facts that affect the registration of these permits.

Following initial registration, the balances are updated monthly, based on the rate that reflects our weighted average cost of capital when that study was undertaken.

The booked amounts will be amortized monthly until their respective environmental permits expire.

## Orizon Valorização de Resíduos S.A.

Notes to the interim individual and consolidated financial information (Continued)

June 30, 2021

(In thousands of Brazilian Reais)

### 11. Intangible assets (Consolidated)

	Consolidated	
	06/30/2021	12/31/2020
Acquisitions:		
Novagerar Eco-Energia Ltda. <sup>(i)</sup>	3,533	3,533
Ecopesa Ambiental S.A. <sup>(i)</sup>	35,235	35,235
Customer portfolio	1,535	2,415
Non-competition agreement	358	524
Workforce	20	29
Plastimassa Tecnologia em Tratamento de Resíduos Ltda. <sup>(i)</sup>	8,065	8,065
El Capitan Participações e Investimentos S.A. <sup>(ii)</sup>	10,107	10,107
Gaia - Gestão Ambiental da Indústria Ltda. <sup>(i)</sup>	14,933	14,933
E-Ambiental Ltda. <sup>(i)</sup>	3,990	3,990
Haztec Sul Tecnologia e Planejamento Ambiental Ltda. <sup>(i)</sup>	107	107
ETR Gramacho		
Customer portfolio	759	1,328
Non-competition agreement	195	340
Future profitability ("goodwill") <sup>(i)</sup>	2,731	2,731
Subtotal - goodwill and surplus value referring to acquisition of investments	<b>81,568</b>	<b>83,337</b>
CTRNI concession - allocation of purchase price	8,375	8,681
CTRA concession - allocation of purchase price	1,639	1,786
Subtotal - concessions	<b>10,014</b>	<b>10,467</b>
Determining factors for operating permits (Los)	1,056	1,118
Carbon credits trade expenses	1,182	1,182
Software	359	270
Total	<b>94,179</b>	<b>96,374</b>

(i) Goodwill arising from acquisitions of investments between 2008 and 2009, up to 2016, and merged in the same periods. As goodwill is founded on future profitability, it is recognized and tested separately for impairment on a yearly basis.

(ii) Goodwill arising from reverse merger in 2007.

The variation in intangible assets is as follows:

	Consolidated
Balance on January 1, 2020	102,423
Addition of other intangible assets	2,177
Amortization - goodwill	(3,537)
Amortization of the intangible assets of the concession	(904)
Amortization of other intangible assets in the year	(1,025)
Write-off of goodwill	(2,760)
Balance on December 31, 2020	96,374
Addition of intangible assets	130
Amortization - goodwill	(1,769)
Amortization of the intangible assets of the concession	(515)
Amortization of other intangible assets in the period	(41)
Balance on June 30, 2021	<b>94,179</b>

## Orizon Valorização de Resíduos S.A.

Notes to the interim individual and consolidated financial information (Continued)

June 30, 2021

(In thousands of Brazilian Reais)

### 11. Intangible assets (Consolidated) (Continued)

#### Impairment losses

At least once a year, we test the recoverable amount of the goodwill generated in business combinations by evaluating the value in use, where the estimated future cash flows are discounted to their present values using a pre-tax discount rate in a manner that reflects a current market evaluation of the value of the currency over time and the specific risks of the assets or the Cash Generation Unit ("UGC"). The amount of the goodwill ascertained in the business combination is allocated to the CGU or to the group of CGUs for which the benefit of the synergies from the combination is expected.

As part of the closing of the interim financial information for the period ended June 30, 2021, the Company undertook an analysis of the indicators of impairment of assets. The Company did not identify any indication of impairment of these assets.

The Company believes that all its estimates are reasonable, consistent with the in-house reports, our businesses and reflect management's best estimates. The impairment testing prepared each year is based on a series of judgments, estimates and assumptions. The key assumptions on which our management based their future cash flow projections, estimates and exercised their judgment are as follows:

- Projected operating results for the first year, based on the growth rate of the current year. The flows are based on the strategic plans approved by our board of directors. This is prepared on a per-business basis, when applicable, and takes into account external sources such as macroeconomic scenarios of the segment where we operate, the evolution of the business, inflation, currency rates and our historical results;
- Projected operating results for future years, based on the results expected from capturing new clients, retention of existing clients and the development of new solutions for the market and the effectiveness period of the concession agreements. Management estimates recovering the goodwill amounts invested when acquiring businesses within a term of at least 10 years plus perpetuity, and for that analysis it used as assumptions the growth rates of the industry, rates of return on the investment made and the continuity of our operations. The considerations for the minimum term used are based on the concession agreements with clients whose terms exceed 10 years.

The analysis of impairment used the discounted future cash flow model applying a WACC - weighted average cost of capital - discount rate as per the following table. Future cash flow was adjusted for the specific risk of the segment of our subsidiaries, based on the risk determined by our management.

## Orizon Valorização de Resíduos S.A.

Notes to the interim individual and consolidated financial information (Continued)

June 30, 2021

(In thousands of Brazilian Reais)

### 11. Intangible assets (Consolidated) (Continued)

#### Impairment losses (Continued)

UGC	Average growth rate	Pre-tax discount rate	Net assets at 12/31/2020	Methodology used
Remediation and Advisory	10%	15%	65,248	Value in use
Plastimassa	8%	15%	17,281	Value in use
Ecopesa	7%	15%	68,876	Value in use
ETR Jardim Gramacho	7%	15%	12,491	Value in use

In the close of the year ending December 31, 2021, the Company will review the UGCs and potential impairment impacts.

### 12. Loans, financing and leases

Creditor	Subject	Maturity	Financial charges	Parent Company	
				06/30/2021	12/31/2020
Orizon Meio Ambiente (i)	Debentures	01/30/2022	CDI + 4% p.a.	681,195	663,888
Costs with issue of Debentures	Debentures			(1,974)	(1,974)
Adjustments to Fair Value	Debentures			(89,796)	(108,304)
Total				589,425	553,610
Current				-	-
Non-Current				589,425	553,610

(i) Amount arising from Orizon's debentures acquired by FIDC NP and paid in the debentures issued by Orizon Meio Ambiente, the maturity effects of which were suspended until November 2022, through a waiver, as disclosed in this note.

Creditor	Subject	Maturity	Financial charges	Consolidated	
				06/30/2021	12/31/2020
Banco ABC Brasil	CCBs	06/02/2023	CDI + 3.8% p.a.	24,077	30,223
Banco ABC Brasil	CCBs	10/11/2024	CDI + 2.6% p.a.	15,050	-
Banco de Investimentos Credit Suisse (Brasil)	CCBs	07/10/2025			
Banco Bradesco	CCBs	07/10/2026	CDI + 9.5% p.a. and 21% p.a. <sup>(*)</sup>	222,084	283,277
Funding costs	CCB	04/30/2029	CDI + 1% p.a.	64,089	62,954
Costs with issuance of Debentures				(16,240)	(19,963)
Adjustment to fair value				(2,025)	(2,109)
Total				281,703	325,658
Current				69,002	43,921
Non-Current				212,701	281,737

(\*) In the 2nd quarter 2021, the Company settled the Credit Suisse CCBs of Credit Suisse, which earned interest at 21% p.a., there remaining on June 30, 2021 only the CCBs earning interest of 9.5% p.a.

## Orizon Valorização de Resíduos S.A.

Notes to the interim individual and consolidated financial information (Continued)

June 30, 2021

(In thousands of Brazilian Reais)

### 12. Loans, financing and leases (Continued)

The variation in loans and financing on June 30, 2021 and December 31, 2020, is as follows:

	Parent Company		Consolidated	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Balance on January 1	553,610	425,492	325,658	447,379
Financial charges	17,307	40,609	20,335	41,627
Adjustment to present value	-	28,517	3,392	(28,724)
Adjustment to fair value	18,508	58,992	-	-
Funding/assumption of debt	-	-	15,000	374,693
Amortization of funding expenses	-	-	3,723	(19,923)
Payment of principal	-	-	(66,384)	(469,358)
Payment of interest	-	-	(20,021)	(20,036)
<b>Balances on June 30 and December 31</b>	<b>589,425</b>	<b>553,610</b>	<b>281,703</b>	<b>325,658</b>

On June 2020, the debt of Synthesis with Bradesco bank was assigned to Orizon Meio Ambiente in the adjusted amount of R\$61,542, and ORIZON became a debtor of its direct subsidiary, paying the debt that was outstanding with Synthesis. As a result of this transaction, the amount of R\$25,332 was recorded in adjustment to present value for the period (R\$28,724 on December 31, 2020), so as to reflect the flow of amounts receivable from the subsidiary Orizon Valorização de Resíduos. The effect of the adjustment to present value decreased the debt recorded in a reducing account in liabilities, which will be realized until the maturity thereof.

#### Payment schedule

On June 30, 2021, the balances of loans and financing classified in non-current liabilities are distributed by year of maturity, as follows:

	Parent Company	Consolidated
2022	589,425	33,256
2023	-	60,512
2024	-	53,762
2025	-	29,714
2026 onwards	-	35,457
<b>Total</b>	<b>589,425</b>	<b>212,701</b>

#### Early settlement of part of the CCBs - Credit Suisse

On April 22, 2021, the Company made the early settlement of part of the debt with Credit Suisse related to 6 CCBs, and 22 CCBs remain outstanding for settlement by their respective maturity dates. The settlement amount was R\$68,400 of principal and interest incurred, without penalty or prepayment cost.

## Orizon Valorização de Resíduos S.A.

Notes to the interim individual and consolidated financial information (Continued)

June 30, 2021

(In thousands of Brazilian Reais)

### 12. Loans, financing and leases (Continued)

#### Issue of debentures of Orizon Meio Ambiente

##### *CEF - FGTS Sanitation Managed Portfolio*

On April 15, 2011, and subsequently amended in December 2014, our subsidiary Orizon Meio Ambiente issued the Private Instrument of Deed of the 1<sup>st</sup> Issue of Simple Debentures (“Instrument”), not convertible to shares, with a floating guarantee and additional guarantees for public distribution, with limited placement efforts, in the amount of R\$245,000, in a single series, for the term of 12 years at a cost of TR + 8.5% p.a.

Several obligations were agreed upon in the deed, such as financial covenants, the setting up of guarantees and the annual issue of a risk rating for the transaction by a risk rating agency.

On February 28, 2020, our subsidiary Orizon Meio Ambiente carried out the early redemption of debentures that used to be held by CEF, as per the Private Deed of Debentures, through a settlement transaction carried out on B3. The early redemption amounted to R\$40,525, and it was paid with funds from the new debt taken with Banco ABC Brasil on February 28, 2020, which settled almost the total amount of the Instrument.

##### *Issue of Debentures to the Financial Settlement Fund - Non-Standardized Credit Rights Investment Fund*

Our subsidiary Orizon Meio Ambiente and FIDC NP entered into a Private Deed of the Second and Third Issues of Simple Debentures, convertible to shares, in five series, for private placement of Orizon Meio Ambiente, with Orizon as the intervening party, as well as other companies of the Group. The breakdown of the amounts issued and paid in of these debentures are as below:

<b>Date of acquisition</b>	<b>Payment date</b>	<b>Debentures subscribed</b>
04/23/2018	04/23/2018	193,752
05/23/2018	05/23/2018	49,223
07/30/2018	07/30/2018	32,291
11/01/2019	11/01/2019	112,040

Should an early maturity event occur or if the debentures were not repaid in full on the maturity date, with due regard for the respective applicable cure periods, the debentures might be converted to common shares.

The transactions were divided into five series, each with its respective corresponding amounts and grace periods. The debentures bore remuneration of 1.67% p.m., and 04 series of each issue enjoyed interest grace periods, as per the instruments agreed.

## Orizon Valorização de Resíduos S.A.

Notes to the interim individual and consolidated financial information (Continued)

June 30, 2021

(In thousands of Brazilian Reais)

### 12. Loans, financing and leases (Continued)

#### Issue of debentures of Orizon Meio Ambiente (Continued)

##### *Issue of Debentures to the Financial Settlement Fund - Non-Standardized Credit Rights Investment Fund (Continued)*

On June 19, 2020, the subsidiary Orion Meio Ambiente paid the debentures that were previously held by FIDC NP partially with own resources, in the amount of R\$416,124; partially with funds from the issue of 28 Bank Credit Notes issued in favor of Banco Credit Suisse, in the amount of R\$273,150; and partially with the issue of Warrants (R\$156,664). Additionally, the Company disbursed R\$5,004 from its own funds. The Company incurred in expenses of R\$19,963 to raise the funds.

##### *Funding by Orizon Meio Ambiente - Banco ABC Brasil (Consolidated)*

On February 18, 2020, the subsidiary Orion Meio Ambiente signed loan agreements with Banco ABC Brasil with the purpose of supporting the settlement of the 1<sup>st</sup> Issue of Simple Debentures Not Convertible into Shares, with Variable Guarantee and Additional Guarantees for Public Distribution with Restricted Placement Efforts of Orizon Meio Ambiente.

The funding transaction with Banco ABC Brasil was performed through the issue of two bank credit notes ("CCBs") in the total amount of R\$40 million, and the notes have the following characteristics:

1. Note - R\$7,000 ("CCB 1"):
  - Monthly installments: R\$1,000, plus 100% of CDI variation + 0.3113% p.m.
  - Maturity: 1<sup>st</sup> installment on March 30, 2020, and last installment on September 25, 2020. This note was already settled.
2. Note - R\$33,000 ("CCB 2"):
  - Monthly installments: R\$1,000, plus 100% of CDI variation + 0.3113% p.m.
  - Maturity: 1<sup>st</sup> installment on October 26, 2020, and last installment on June 12, 2023.

CCBs were disbursed on February 28, 2020, and the early maturity clauses of these instruments do not relate to the achievement of financial or non-financial indices.

## Orizon Valorização de Resíduos S.A.

Notes to the interim individual and consolidated financial information (Continued)

June 30, 2021

(In thousands of Brazilian Reais)

### 12. Loans, financing and leases (Continued)

#### Issue of debentures of Orizon Meio Ambiente (Continued)

#### *Funding by Orizon Meio Ambiente - Banco ABC Brasil (Consolidated) (Continued)*

The table below describes the flow of payments of principal amounts of CCBs:

<b>Issues</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
CCB1	3,001	-	-	-
CCB2	3,012	<b>12,000</b>	12,000	6,000
Total	6,013	<b>12,000</b>	12,000	6,000

#### *Funding - Banco ABC Brasil (Consolidated) - Continued - Fundraising by CTRNI - Banco ABC Brasil (Consolidated)*

On June 11, 2021, the indirect subsidiary CTRNI raised the amount of R\$15,000 from Banco ABC Brasil, through the issuance of a single certificate. Such amount will be remunerated at 100% of the CDI + 0.2141% p.m. The debt shall be repaid in 40 installments of R\$375, the first one maturing on 07/12/2021 and the last on 10/11/2024.

The loan has no guarantees and the early maturity clauses of such instruments are not related to compliance with financial or non-financial ratios.

#### *Banco de Investimentos Credit Suisse (Brasil) - (Consolidated)*

On June 1, 2020, the subsidiary Orizon Meio Ambiente and Banco de Investimentos Credit Suisse (Brasil) S.A. signed Credit Suisse CCBs in the amount of R\$273,150.

See below the main conditions of Credit Suisse CCBs:

- (i) The amount of R\$210,700 was divided into twenty-two (22) bank credit notes ("CCBs Credit Suisse 1") with different maturity dates, as per the table below. The interest on the principal amount or principal balance will correspond to 100% of the accrued variation in the daily average rates of 1-day over extra-group DI - Interbank Deposits, expressed as a per annum percentage for years with two hundred and fifty-two (252) business days, as calculated and disclosed on a daily basis by B3 S.A. - Brasil, Bolsa, Balcão - CETIP UTVM Segment ("B3") in the newsletter available on its website (<http://www.b3.com.br>), plus a spread of nine point fifty percent (9.50%) per annum for years with two hundred and fifty-two (252) business days, calculated in a *pro rata temporis* exponential and cumulative manner, based on the business days elapsed as from the date of disbursement or the date of the latest remuneration payment, as the case may be, until the date of payment.

## Orizon Valorização de Resíduos S.A.

Notes to the interim individual and consolidated financial information (Continued)

June 30, 2021

(In thousands of Brazilian Reais)

### 12. Loans, financing and leases (Continued)

#### Issue of debentures of Orizon Meio Ambiente (Continued)

##### *Banco de Investimentos Credit Suisse (Brasil) - (Consolidated) (Continued)*

- (ii) The amount of R\$62,450 was divided into six (6) bank credit notes (“CCBs Credit Suisse 2”) with different maturity dates, as per the table below. On the Principal amount or updated Principal balance, as the case may be, pre-fixed interest of twenty-one percent (21%) will be charged per year, on a base of 252 business days, calculated under a compound capitalization regime, on a *pro rata temporis* base. The capitalization period is the period (i) from the date of beginning of the calculation of remuneration, counted as from the disbursement date (as defined below), to the date of payment of interest, or the date of payment of the first installment, or (ii) from the date of one payment and the date of the subsequent payment.

These agreements involve obligations such as restrictive financial and non-financial clauses (covenants), as well as the setup of guarantees. The Company will be subject to the following covenants during the life of the debentures, which will be checked on a quarterly basis, based on the 12-month result accrued as of the checking date:

- (1) Net debt/EBITDA ratio - 3.70x (3.60x as from June 2021).
- (2) EBITDA/Net Financial Expenses Ratio - 1.80x (2.00x as from December 2021).
- (3) Current liquidity index - 1.0
- (4) Capex - Limited to R\$7,000 per quarter, adjusted at each twelve (12) months, as from the date of issue, by the IPCA index or other official index that may replace it.
- (5) Debt Service Coverage Ratio (DSCR) - 1.0

The guarantees of this transaction are as follows: receivables, assignment of dividends receivable, fiduciary sale of equipment (R\$27,000), lands and real property (R\$12,105) and shares in investees (the value of shareholders' equity of indirect investees CTRNI, CTRA, CTRBM and Ecopesa amounts to R\$344,773 as of June 30, 2021 (R\$313,458 on December 31), and others.

## Orizon Valorização de Resíduos S.A.

Notes to the interim individual and consolidated financial information (Continued)

June 30, 2021

(In thousands of Brazilian Reais)

### 12. Loans, financing and leases (Continued)

#### Issue of debentures of Orizon Meio Ambiente (Continued)

##### *Banco de Investimentos Credit Suisse (Brasil) - (Consolidated) (Continued)*

For the year ended December 31, 2020 and the half-year ended June 30, 2021, the Company obtained waivers from the creditor due to non-compliance with certain covenants. As of December 31, 2020, this refers mainly to non-achievement of the minimum current liquidity ratio established in note 1. As of June 30, 2021, it refers mainly to acquisitions of property and equipment in amounts exceeding R\$7 million per quarter, and a change in management's compensation policy. Additionally, one of the components of the waiver is conditional on maintenance of the probability of loss of the Company's administrative proceeding with CADE (Administrative Council for Economic Defense), currently assessed by the Company and supported by its legal counsels as probable loss. The respective waivers were obtained on December 28, 2020 and June 25, 2021.

##### *Debt assumption - Banco Bradesco (Consolidated)*

On June 23, 2020, Banco Bradesco S.A. and Orizon Meio Ambiente, with the Company as intervening party and guarantor, signed a Private Instrument of Confession, Assumption of Debt and Other Covenants, according to which Orizon Meio Ambiente assumed the position of Synthesis before Banco Bradesco, regarding the amount of R\$61,954, to be paid as follows:

- (a) 12 monthly and consecutive installments of R\$327; and
- (b) Payment of the remaining outstanding balance on April 30, 2029

Interest is calculated until June 19, 2021 at a rate of 0.84% per month, equivalent to an annual rate of 10.50%. After said date, interest will be calculated at 0.08% per month, equivalent to an annual rate of 1%, while the amount added will be updated according to the daily variation corresponding to 100% of the rate of Interbank Deposit Certificates - CDIs, with a term of 1 business day, as calculated by *Central de Custódia e de Liquidação Financeira de Títulos - CETIP*.

As per said document, Synthesis and the Company, as a result of the terms agreed in the Instrument of Confession and Assumption of Debt, granted each other mutual and reciprocal release, having nothing else to claim from each other, at any time and for any reason, regarding the balance existing between the parties.

## Orizon Valorização de Resíduos S.A.

Notes to the interim individual and consolidated financial information (Continued)

June 30, 2021

(In thousands of Brazilian Reais)

### 12. Loans, financing and leases (Continued)

#### Issues of debentures by ORIZON

##### *4th Issue of new simple non-convertible debentures*

On February 6, 2013, the Company issued a Private Non-Convertible Debenture Deed (“Private Deed”), with additional collateral and personal guarantees, in an amount of R\$256,000, in a single series, for a period of 7 years, with a coupon of 100% of the accumulated variation of the interbank deposit rate (DI) plus a margin varying from 2.5% to 4% p.a., depending on the Net Debt/EBITDA ratio.

Payment of principal starts after a grace period of 24 months. As from February 2015, principal and interest started to be paid in 11 six-monthly installments until the due date.

The Private Deed contains some financial and non-financial covenants, related mainly to default with other financial institutions and corporate restructuring without the prior approval of the banks bookkeeping the debentures.

The primary purpose of this debenture issue was to extend the Company debt profile with these lenders.

Orizon Meio Ambiente is currently the debenture holder of the 4<sup>th</sup> Issue of new simple debentures of Orizon.

On January 30, 2015, the Company issued a Private Debenture Deed (“Private Deed”) simply to pay the interest on the latest debenture issue.

##### *5th Issue of simple non-convertible debentures - Amendment to the 4th Issue*

On January 30, 2015, the Company issued a Private Non-Convertible Debenture Deed, with additional collateral and personal guarantees, in an amount of R\$150 million, in a single series, for a period of 7 years, with a coupon of the DI rate plus a margin varying from 2.5% to 4% p.a., depending on the Net Debt/EBITDA ratio.

Payment of capital and interest starts after a grace period of 24 months in January 2017, in 21 quarterly installments until maturity in January 2022.

The 5<sup>th</sup> Issue of Debentures of the Company contains some financial and non-financial covenants, related mainly to default with other financial institutions and corporate restructuring without the prior approval of the banks bookkeeping the debentures.

## Orizon Valorização de Resíduos S.A.

Notes to the interim individual and consolidated financial information (Continued)

June 30, 2021

(In thousands of Brazilian Reais)

### 12. Loans, financing and leases (Continued)

#### Issues of debentures by ORIZON (Continued)

##### *5th Issue of simple non-convertible debentures - Amendment to the 4th Issue (Continued)*

The debentures were issued to pay the interest due on the 4th Issue to the same creditor banks.

Orizon Meio Ambiente is currently the debenture holder of the 5<sup>th</sup> Issue of Simple Debentures of Orizon.

##### *Suspension of the effects of early maturity - 4th and 5th issues*

On December 18, 2020, Orizon Meio Ambiente parent company signed waiver documents suspending the effective early maturities of all the monetary and non-monetary liabilities under the 4th and 5th issues of debentures, due to the Issuer's failure to meet its obligations by the dates indicated in the debenture deeds, including in respect of overdue installments and installments falling due. The waiver postpones such maturities up to November 2022, which is the maximum term for structuring these issues.

#### Leases (Consolidated)

The Company and its subsidiaries have entered into lease agreements in the normal course of their business. The Company has adopted the following practical expedients to measure the impact of the application of CPC 06 (R2)/IFRS 16:

- Application of a single discount rate for a portfolio of leases with similar characteristics. The Company has adopted a rate of 9.5% p.a., its average cost of capital.
- Application of the exemption permitting non-recognition of right-of-use assets and lease liabilities for terms shorter than 12 months and for small amounts. Payments under these agreements will be recognized as expenses on a straight-line basis over the period of the lease. Expenses for agreements not affected by CPC 06 (R2)/IFRS 16 are shown as equipment leases.
- Retrospective use of observable information to determine lease periods, taking into account options for extension or termination.

## Orizon Valorização de Resíduos S.A.

Notes to the interim individual and consolidated financial information (Continued)

June 30, 2021

(In thousands of Brazilian Reais)

### 12. Loans, financing and leases (Continued)

#### Leases (Consolidated) (Continued)

The following changes took place in financing as of June 30, 2021 and December 31, 2020:

	<u>Consolidated</u>	
Balance on January 1, 2020		12,163
New agreements added during the year		7,260
Payment of principal		(7,704)
Payment of interest		(1,249)
Interest appropriated during the year		1,249
Balance as of December 31, 2020		<u>11,719</u>
New agreements added during the period		<b>12,807</b>
Payment of principal		<b>(5,556)</b>
Payment of interest		<b>(829)</b>
Interest appropriated during the period		<b>829</b>
Balance as of June 30, 2021		<u><b>18,970</b></u>
	<u>06/30/2021</u>	<u>12/31/2020</u>
Current	<b>10,401</b>	5,493
Non-current	<b>8,569</b>	6,226

#### Payment schedule (consolidated)

As of June 30, 2021, the balances of leases classified as non-current liabilities were divided into years of maturity as follows:

	<u>Consolidated</u>
2021	<b>6,020</b>
2022	<b>8,147</b>
2023	<b>1,871</b>
2024	<b>1,234</b>
2025	<b>1,037</b>
2026 onwards	<b>661</b>
Total	<u><b>18,970</b></u>

## Orizon Valorização de Resíduos S.A.

Notes to the interim individual and consolidated financial information (Continued)

June 30, 2021

(In thousands of Brazilian Reais)

### 12. Loans, financing and leases (Continued)

#### Right-of-use assets (Consolidated)

Assets classified as right of use mainly relate to equipment lease and land rental agreements for use in landfills and projects, which are for average periods of 1 to 7 years, with the possibility of renewal.

The following changes took place in the balance of right-of-use assets as of June 30, 2021:

	<u>Consolidated</u>
Balance as of January 1, 2020	11,585
Additions during the year	7,260
Amortization of right of use during the year	<u>(7,644)</u>
Balance as of December 31, 2020	11,201
Addition of new agreements	<u>11,884</u>
Amortization of right of use in the period	<u>(5,224)</u>
Balance as of June 30, 2021	<u><u>17,861</u></u>

#### Potential right to PIS and COFINS recoverable (Consolidated)

The Company has the potential right to PIS and COFINS recoverable embedded in the consideration for leases. Measurement of lease cash flows does not show tax credits, and the potential effects of PIS and COFINS on gross contractual flows as of June 30, 2021 in the amount of R\$514 (713 as of December 31, 2020).

### 13. Suppliers

Outstanding balances refer mainly to the purchase of materials and services for parent company projects and for use in landfills by the subsidiaries.

Outstanding balances as of June 30, 2021 and December 31, 2020 are given below:

	<u>Parent Company</u>		<u>Consolidated</u>	
	<u>06/30/2021</u>	<u>12/31/2020</u>	<u>06/30/2021</u>	<u>12/31/2020</u>
Suppliers	174	812	32,440	43,166

## Orizon Valorização de Resíduos S.A.

Notes to the interim individual and consolidated financial information (Continued)

June 30, 2021

(In thousands of Brazilian Reais)

### 14. Grants payable (Consolidated)

These are amounts varying from 2% to 10% of revenues from landfill services provided (CTRNI, CTRA and CTRBM) to customers other than the granting authorities.

Grants are calculated on all revenues from the landfill, except those from the granting authority itself, for which the company has a concession, using percentages defined in the contracts. Payments are monthly and at the end of each period grant amounts are registered in income against a corresponding liability. The liability can be settled by direct payment to the granting authority or by offsetting against amounts receivable for services billed to the granting authority, subject to mutual agreement.

Grants arising from the subsidiary CTRNI as from July 2013 began to be settled through offsetting against accounts receivable from the Granting Authorities (Note 5). Overdue grants not yet offset are adjusted by the same index as used by the Nova Iguaçu municipal government (INPC/IBGE + 1% a month).

Landfill	Grant percentage	06/30/2021	12/31/2020
Orizon Meio Ambiente (1)	10%	101	101
CTRNI (2)	6%	4,645	2,272
CTRAL	2%	4,081	4,054
CTRBM	10%	1,527	985
URE-JP	10%	722	-
Total		11,076	7,412

(1) Grants calculated on previous contracts for carbon credit trading, through the merger of Novagerar in 2009 (previously the parent company of CTRNI).

(2) Grants calculated on operations in the Nova Iguaçu landfill, for the following transactions: treatment and disposal of waste, sale of Biogas and sale of carbon credits

### 15. Salaries and social charges

	Parent Company		Consolidated	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Salaries and fees payable	478	-	2,127	1,560
Social Security payable (INSS) payable	172	-	2,162	1,473
Unemployment Insurance (FGTS) payable	-	-	777	341
Provision and charges on vacation pay	-	-	6,016	5,928
Provision and charges on 13th salaries	-	-	1,988	-
Withholding income tax (IRRF) on salaries	361	-	711	430
Others	-	-	76	57
Total	1,011	-	13,857	9,789

## Orizon Valorização de Resíduos S.A.

Notes to the interim individual and consolidated financial information (Continued)

June 30, 2021

(In thousands of Brazilian Reais)

### 16. Tax paid in installments (consolidated)

	<u>06/30/2021</u>	<u>12/31/2020</u>
INSS	3,368	1,837
ISS <sup>(1)</sup>	825	1,668
ICMS <sup>(2)</sup>	756	2,567
COFINS <sup>(3)</sup>	18,180	12,512
IRPJ <sup>(3)</sup>	7,607	4,979
CSLL <sup>(3)</sup>	3,447	2,018
PIS <sup>(3)</sup>	3,683	2,780
PERT <sup>(3)</sup>	1,915	2,006
Total	<u>39,781</u>	<u>30,367</u>
Current	6,359	6,707
Non-current	33,422	23,660

Information referring to consolidated taxes paid in installments is shown below

	<u>Original amount</u>	<u>No. of installments</u>	<u>Installments to mature</u>	<u>Adjustment indices</u>
INSS	5,308	16 to 60	35 to 54	SELIC + Fine of 20%
ISS	2,096	24 to 84	15	Arrears interest + IPCA
ICMS	264	36 to 120	51	Arrears interest + UFIR
IRPJ	3,423	60	35 to 51	SELIC + Fine
CSLL	1,519	60	35 to 51	SELIC + Fine
PIS	2,987	60	35 to 54	SELIC + Fine
COFINS	14,086	60	35 to 54	SELIC + Fine

- (1) On March 18, 2016, the indirect subsidiary CTRNI obtained approval for a request to pay ISS in installments to the Nova Iguaçu Municipal Government. Approval was given for payment of R\$4,884 in 36 installments (plus fines and interest), which had the effect of reclassifying tax payable as tax payable in installments, since the debt had already been registered. These installments were settled in full in 2020. The balance outstanding on June 30, 2021 refers to the approval of ISS tax installments of the indirect subsidiaries CRTBM and CTRA.
- (2) In 2014, Orizon Meio Ambiente joined a special program of payment in installments of outstanding balances of ICMS (PEP) owing to the State of São Paulo. The total amount involved was R\$3,525, divided into 120 installments. Installments of R\$29 have been being paid since December 2014, and the last one is due in May 2024.
- (3) In 2019, the indirect subsidiaries CTRA, CTRBM, CTRNI, ETR, Ecopesa and Foxx URE-BA obtained approval for payment of federal taxes (IRPJ, CSLL, PIS and COFINS) in installments from the Brazilian Federal Revenue, for a total of R\$7,518. The debt is to be settled in 60 installments, plus fines and interest. In the 4<sup>th</sup> quarter of 2020, the payment of federal taxes in the amount of R\$14,222 of the direct subsidiary Orizon Meio Ambiente and indirect subsidiaries CTRNI, CTRBM, CTRA, ETR e URE-JP was approved with maturity within up to 60 installments. In the 1st quarter of 2021, those same companies adhered to new installment plans in the approximate amount of R\$14 million, under the same terms as the installment plans signed in 2020.

## Orizon Valorização de Resíduos S.A.

Notes to the interim individual and consolidated financial information (Continued)

June 30, 2021

(In thousands of Brazilian Reais)

### 16. Tax paid in installments (consolidated) (Continued)

#### Payment schedule

As of June 30, 2021, the balances of taxes due in installments classified as non-current liabilities were divided into years of maturity as follows:

2022	5,878
2023	2,884
2024	2,884
2025 onwards	<u>21,776</u>
Total	<u><u>33,422</u></u>

### 17. Provision for contingencies

#### a) Contingent liabilities where a loss is probable

In the normal course of its business, the Company is the subject of labor, tax and civil claims. For each case or potential case, management assesses the probability that the final ruling may result in a loss for the Company and, based on this assessment, sets up provisions to cover probable labor, tax and civil losses.

Management and its external legal counsel classify probable losses, for which provisions have been set up, as follows:

	<b>Consolidated</b>	
	<b>06/30/2021</b>	<b>12/31/2020</b>
Labor	22,192	23,182
Civil	10,635	11,092
Tax	488	488
Total	<u>33,315</u>	<u>34,762</u>

The following is a summary of changes in the contingencies:

	<b>Consolidated</b>			
	<b>Labor</b>	<b>Tax</b>	<b>Civil</b>	<b>Total</b>
Balance as of January 1, 2020	16,511	433	2,047	18,991
Additions/Reversals	6,852	55	9,125	16,032
Payments	(181)	-	(80)	(261)
Balance as of December 31, 2020	23,182	488	11,092	34,762
Additions/Reversals	<u>(939)</u>	-	<u>(430)</u>	<u>(1,369)</u>
Payments	<u>(51)</u>	-	<u>(27)</u>	<u>(78)</u>
Balance as of June 30, 2021	<u>22,192</u>	<u>488</u>	<u>10,635</u>	<u>33,315</u>

## Orizon Valorização de Resíduos S.A.

Notes to the interim individual and consolidated financial information (Continued)

June 30, 2021

(In thousands of Brazilian Reais)

### 17. Provision for contingencies (Continued)

a) Contingent liabilities where a loss is probable (Continued)

Labor claims are mainly related to the payment of overtime, transfer bonuses etc., frequently connected to disputes on severance pay. Additionally, amounts were provisioned for risks relating to management payments.

The Company continues to defend its interests in all these lawsuits and has set up a provision for probable losses where it has been served notice as a defendant.

b) Contingent liabilities where a loss is possible

As of June 30, 2021 and December 31, 2020, cases where losses were considered possible by management and its external counsel, not provisioned in the financial statements, were as follows:

Nature of the cases	Consolidated	
	06/30/2021	12/31/2020
Civil	232,859	219,996
Labor	7,020	7,726
Tax	174,386	175,326
Total	414,265	403,048

*Civil action (Consolidated)*

In 2005, the Rio de Janeiro State Prosecutor's Office filed Public Civil Action No. 2005.004.080695-8 against S.A. Paulista de Construções e Comércio, CTRA et all, alleging administrative misconduct in the bidding process held by the São Gonçalo Municipality for the installation and operation of an Urban Solid Waste Treatment and Final Disposal System (Bidding process No. 13/03 and Concession Agreement No. 001/04). At the time, the amount in dispute was R\$145,992, with no change as of June 30, 2021.

In 2005, a lawsuit was filed with the purpose of including Orizon Meio Ambiente S.A. and five other companies in a civil action for losses, damages and moral damages. On June 30, 2021, the amount in dispute was R\$18,533.

In 2014, an indemnity action was initiated, aiming at sentencing the defendants to pay damages for alleged breach of the Purchase Agreement and Other Covenants entered into between Orizon Meio Ambiente and Aquamec Equipamentos Ltda., of which the Plaintiff was a partner. The proceeding is in progress, being followed by the Company's legal counsel, and as of June 30, 2021 the amount in dispute was R\$7,329.

## Orizon Valorização de Resíduos S.A.

Notes to the interim individual and consolidated financial information (Continued)

June 30, 2021

(In thousands of Brazilian Reais)

### 17. Provision for contingencies (Continued)

#### b) Contingent liabilities where a loss is possible (Continued)

*Tax proceedings (Consolidated)*

*Income and Social Contribution Taxes (Consolidated)*

This is a discussion on Corporate Income Tax (IRPJ) and Social Contribution on Net Profit (CSLL) for an amount of R\$17,089, relating to calendar year 2008, relating to deduction of expenses and uncomputed additions by the companies acquired Azurix, Aquamec, Novagerar and El Capitan.

There is a discussion on IRPJ and CSLL amounting to R\$10,222, in calendar year 2012, based on estimated profit, plus fines and arrears interest. In March 2017, a challenge to the assessment was filed. In January 2018, the challenge was denied. An appeal was filed in March 2018, and a decision is now awaited.

In 2018, the indirect subsidiary was assessed by the Federal Revenue for income and social contribution taxes (IRPJ and CSLL) for R\$10,957 (R\$11,547 adjusted as of December 31, 2020).

The assessment challenges the basis for estimated profit for calendar year 2015. The Company is currently awaiting a decision on the challenge to the assessment submitted by the lawyers handling the case.

In 2020, subsidiary Orizon Meio Ambiente and indirect subsidiaries CTRNI, CTRA e CTRBM were issued Assessment Notices by the Brazilian Federal Revenue ("RFB") regarding alleged identified IRPJ, CSLL, PIS, COFINS, IOF and social security contribution debits in the total amount of R\$131,798. The cases are currently at the Lower Level of the Judgment Unit of the Federal Revenue Office awaiting a decision on the objection already filed.

#### c) Court deposits

Court deposits are mainly related to labor claims, in addition to court-ordered freezing of bank balances in civil proceedings and are held as non-current assets. As of June 30, 2021 and December 31, 2020, balances were as follows:

	Parent Company		Consolidated	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Court deposits	11	11	12,152	8,498

## Orizon Valorização de Resíduos S.A.

Notes to the interim individual and consolidated financial information (Continued)

June 30, 2021

(In thousands of Brazilian Reais)

### 17. Provision for contingencies (Continued)

#### c) Court deposits (Continued)

In 2019 an Action for Execution of Extrajudicial Instrument was filed against the direct subsidiary Orizon Meio Ambiente and the indirect subsidiary Foxx URE-BA by a supplier of Foxx URE-BA, demanding payment under a trading agreement between the parties. Accordingly, some funds were subject to court-ordered freezing until conclusion of the case. As of June 30, 2021, the amount frozen totals R\$7,836 (R\$1,862 as of December 31, 2020), the increase in the period is mainly due to the blocking of receivables referred to above.

### 18. Advances from customers (consolidated)

On October 15, 2014, CTRNI and CTRA signed exclusive contracts for the supply of biochemical gas extracted and collected from the landfills at Nova Iguaçu (RJ) and São Gonçalo (RJ), to Nova Iguaçu Energia e Gás Renovável Ltda. ("NIEGAR") and São Gonçalo Energia e Gás Renovável Ltda ("SGEGAR"), respectively. These companies engage in electricity generation from landfill biogas. The terms of the supply contracts are as follows:

#### Expiration

CTRNI - December 15, 2034.

CTRA - August 10, 2030.

Price: R\$0.12 to R\$0.14 per Nm<sup>3</sup> (base date October 2014), free of tax, depending on the quantities supplied. Minimum requirements 1,369 Nm<sup>3</sup>/h for CTRA and 2,933 Nm<sup>3</sup>/h for CTRNI (flow unit: Normal Cubic Meter per hour), adjusted annually by the IPCA/IBGE<sup>2</sup>.

Compensation: under the agreement, the advance will be offset by a forty percent (40%) rebate on the value of invoices issued.

In the first quarter of 2016, the Company started supplying biogas to its customer Gás Verde, and then NIEGAR and SGEGAR took over the Gás Verde agreements with CTRNI and CTRA.

Balances are classified as current or non-current liabilities on the basis of estimated revenues from the sale of biogas during the following year. On this amount we apply the forty percent (40%) provided for in the contract.

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<sup>2</sup> Broad National Consumer Price Index (IPCA), published by the Brazilian Institute of Geography and Statistics (IBGE).

## Orizon Valorização de Resíduos S.A.

Notes to the interim individual and consolidated financial information (Continued)

June 30, 2021

(In thousands of Brazilian Reais)

### 18. Advances from customers (consolidated) (Continued)

#### Compensation (Continued)

In 2017 Gás Verde settled the outstanding balance owed by CTRA to Paraná Banco, as a type of contractual advance for starting biogas sales, in the amount of R\$14,000. This advance was recognized by CTRA as an obligation to Gás Verde and offset it when sales of biogas began. The advance has been set off against invoices issued to Gás Verde.

On February 27, 2015, the direct subsidiary CTRNI also received an advance from Gás Verde (subsequently NIEGAR) for the sale of biogas, amounting to R\$9,308, R\$7,308 of it in cash and R\$2,000 by settling a debt of related party.

In addition, under an agreement between the parties, after the concession period of the landfill was extended in July 2017, CTRNI received a further advance from Gás Verde of R\$10,000. CTRNI recognized these sums as an obligation to Gás Verde (subsequently NIEGAR) and since trading of biogas began they have been offset against biogas revenue invoices issued to Gás Verde/NIEGAR.

In 2018, CTRNI and CTRA started billing and receiving amounts based on current measurements. As indicated in Note 12, the receivables for the sale of biogas were given as security of the transaction with Credit Suisse in June 2020. Before that, receivables were given as security of the transaction with, FIDC NP, also settled in June 2020.

As disclosed in note 5, the parties signed an Amendment to the Memorandum of Understanding, establishing the suspension, until the final exercise of the offsetting of such receivables, without prejudice to monetary adjustments of the outstanding obligations. Such offsetting is expected to resume as from 2022.

Below we show changes in the balances of advances from customers:

Balance as of January 01, 2020	18,864
Advances received	9,845
Offsets	(5,932)
Balance as of December 31, 2020	<u>22,777</u>
Advances received	<u>14,419</u>
Offsets	<u>(6,205)</u>
Balance as of June 30, 2021	<u><b>30,991</b></u>

## Orizon Valorização de Resíduos S.A.

Notes to the interim individual and consolidated financial information (Continued)

June 30, 2021

(In thousands of Brazilian Reais)

### 19. Accounts payable

#### Arbitration

On January 31, 2012, Biogás filed arbitration proceedings relating to a Private Deed of Purchase and Sale Option on an Asset against the subsidiary Orizon Meio Ambiente, which recognized the debt in view of the Arbitration Award.

On October 15, 2014, Orizon Meio Ambiente and Biogás signed a Private Deed for the Assumption of Debt, whereby the indirect subsidiaries CTRNI and CTRA assumed all Orizon Meio Ambiente's debt (R\$26,480 at the time of the agreement) plus charges. CTRA assumed the sum of R\$9,930 and CTRNI R\$16,550. Biogás, in turn, transferred the rights to these receivables to Gás Verde, which has contracts with CTRA and CTRNI for the purchase of biogas from the landfills.

It was agreed that the sums now due by CTRA and CTRNI to Gás Verde (NIEGAR/SGEGAR) within the scope of the arbitration, would be deducted to the extent of 30% of each (sic) due by it.

On June 22, 2020, Orizon Meio Ambiente, NIEGAR and SGEGAR signed an agreement ratifying the understandings and confirming the amounts to be offset from receivables under the biogas sales agreement, against the arbitration balances provisioned.

As of June 30, 2021, the balances were as follows:

	<b>CTR NI</b>	<b>CTRA</b>	<b>Total</b>
Balance as of January 1, 2020	13,810	10,855	24,665
Offsets against future Biogas invoices	(9,648)	(4,600)	(14,248)
Monetary adjustments	1,783	2,095	3,878
Balance as of December 31, 2020	5,945	8,350	14,295
Offsets	-	(272)	(272)
Monetary adjustments	77	100	177
Balance as of June 30, 2021	<b>6,022</b>	<b>8,178</b>	<b>14,200</b>
Current			
Non-Current	<b>6,022</b>	<b>2,612</b>	<b>8,634</b>
	-	<b>5,566</b>	<b>5,566</b>

## Orizon Valorização de Resíduos S.A.

Notes to the interim individual and consolidated financial information (Continued)

June 30, 2021

(In thousands of Brazilian Reais)

### 19. Accounts payable (Continued)

#### Assignment of debts

In March 2020, Orizon and Synthesis signed a Private Instrument of Debt and Renegotiation of Terms and Conditions. This document defines the portion of the new balance agreed would be assigned to Synthesis creditors in order to settle this company's debts. Thus, ORIZON became a debtor of two individuals that had a relationship with Synthesis, in the amount of R\$9,491. The assignment was divided into two debts, as follows:

- 1st assignment of debt: Principal amount: R\$8,991; Remuneration: 8.6% p.a. and maturity in March 2027, with monthly payments.
- 2nd assignment of debt: Principal amount: R\$500; Remuneration: 80% of CDI and maturity in June 2023, with monthly payments.

The amounts are shown in the table below:

Recording for assignment of debt - 03/27/2020	9,491
Discounts obtained	(81)
Net payments	(1,252)
Monetary adjustments	490
Balance as of December 31, 2020	<u>8,648</u>
Net payments	<u>(1,852)</u>
Monetary adjustments	<u>334</u>
Balance as of June 30, 2021	<u>7,130</u>
Current	<b>1,740</b>
Non-current	<b>5,390</b>

### 20. Shareholders' equity

#### a) Capital stock

As of June 30, 2021, the capital stock of the Company was R\$844,323 (R\$543,323 on December 31, 2020), represented by 71,500 registered common shares of no par value, subscribed and fully paid up.

## Orizon Valorização de Resíduos S.A.

Notes to the interim individual and consolidated financial information (Continued)

June 30, 2021

(In thousands of Brazilian Reais)

### 20. Shareholders' equity (Continued)

#### a) Capital stock (Continued)

The following table sets forth the composition of capital stock as of June 30, 2021:

<u>Shareholder</u>	<u>Number of shares (thousands)</u>	<u>Percentage interest (%)</u>
Inovatec Participações S.A.	37,582	52.56%
Spectra Portinari Fundo de Investimentos em Participações Multiestratégia	10,274	14.37%
Távola Capital Gestora de Recursos Ltda.	4,162	5.82%
Free Float	19,482	27.25%
Total	71,500	100%

The following table sets forth the composition of capital stock as of December 31, 2020:

<u>Shareholder</u>	<u>Number of shares (thousands)</u>	<u>Percentage interest (%)</u>
Inovatec Participações S.A.	37,633	73.47%
Spectra Portinari Fundo de Investimentos em Participações Multiestratégia	12,074	23.58%
SH 1000 Participações S.A.	479	0.93%
SGRP Empreendimentos e Participações S.A.	404	0.79%
Pro-Ambiente Gerenciamento e Projetos Ltda.	140	0.27%
Other non-controlling shareholders	491	0.96%
Total	51,221	100.00%

On January 6, 2020, the companies SH1000 Participações S.A. ("SH1000") and Inovatec Participações S.A. ("Inovatec"), which are shareholders in Orizon - the parent company of Orizon Meio Ambiente, entered into a private instrument of transfer of shares and other covenants. SH1000 transferred 260 shares to Inovatec, reducing its equity interest to 0.93481% before the conversion of debentures, and to 0.8975% after potential conversion of debentures by Inovatec Participações S.A. This transaction had no impact on the Company's income.

## Orizon Valorização de Resíduos S.A.

Notes to the interim individual and consolidated financial information (Continued)

June 30, 2021

(In thousands of Brazilian Reais)

### 20. Shareholders' equity (Continued)

#### a) Capital stock (Continued)

On October 28, 2020, the shareholders Infrabrasil Fundo de Investimentos em Participações e Fundo de Investimentos em Participações Caixa Ambiental transferred, respectively, 809 and 399 shares to Spectra Portinari Fundo de Investimentos em Participações Multiestratégia under an agreement between the parties that includes, among other matters, adherence by the new shareholder to our Shareholders' Agreement. Following this transaction, Spectra became the holder of 1,207 shares representing a 23.58% interest in Orizon's capital stock, with no change in the interests of our other shareholders. In the end of 2020, the shareholder Pro-Ambiente Gerenciamento e Projetos Ltda. paid in the amount of R\$875 through the provision of services with issue of a tax invoice, since the payment of this capital stock was pending.

On January 25, 2021, the following events took place:

- Conversion of 2<sup>nd</sup> and 3<sup>rd</sup> issue convertible debentures, upon issue of 213 new common shares. The capital increase was recorded against the warrants headline.
- Issue of 81 new shares, as a result of the arrival of Fundo de Liquidação Financeira Fundo de Investimento em Direitos Creditórios - Não Padronizado, represented by its administrator.
- Unanimous approval of the 10-for-1 stock split. Accordingly, the capital stock was divided into 54,163 shares.

These transactions had an impact of R\$2.00 on our Capital Stock, which is now R\$544,323 represented by 54,163 shares.

#### *Going public - Public Offering of Shares*

On February 11, 2021, the Company formalized a capital increase in the amount of R\$381,399 upon issue of 17,336 new common shares, with value of R\$22.00 per unit. The quantity of shares increased from 54,164 to 71,500, and the amount increased from R\$544,323 to R\$844,323. These new shares were the subject matter of the Public Offering for Primary and Secondary Distribution of Common Shares. The Public Offering of Shares was held on February 17, 2021 at the price of R\$22.00 per common share (ORVR3). The Company raised the gross amount of R\$381,399, and received the amount of R\$359,977 net of transaction costs.

## Orizon Valorização de Resíduos S.A.

Notes to the interim individual and consolidated financial information (Continued)

June 30, 2021

(In thousands of Brazilian Reais)

### 20. Shareholders' equity (Continued)

#### b) Equity instruments - convertible debentures

Between 2008 and 2012 Orizon Valorização de Resíduos S.A (the "Company") made three private issues of convertible debentures to Fundo de Investimentos em Participações Multisetorial Plus, managed by Banco Bradesco BBI (the "Debenture holder"). Below we give the par values and number of shares corresponding to each issue:

<u>Shareholder</u>	<u>Value</u>	<u>Shares</u>
1 <sup>st</sup> Issue of debentures:	84,917,474	156,638
2 <sup>nd</sup> Issue of debentures:	50,000,000	112,362
3 <sup>rd</sup> Issue of debentures:	15,919,083	159,159
Total	<u>150,836,557</u>	<u>428,159</u>

In 2010 and 2013 the Debenture holder converted all the 1st Issue debentures and some of the 2nd issue. Below is the balance of par values and number of shares for June 30, 2021:

<u>Shareholder</u>	<u>Value</u>	<u>Shares</u>
2 <sup>nd</sup> Issue of debentures:	<b>14,958,096</b>	<b>53,872</b>
3 <sup>rd</sup> Issue of debentures:	<b>15,919,083</b>	<b>159,159</b>
Total	<u><b>30,877,179</b></u>	<u><b>213,031</b></u>

On July 26, 2019, by means of a document entered into between the parties, Fundo de Investimentos em Participações Multisetorial Plus transferred to Inovatec Participações S.A the debentures not yet converted. Such transaction was carried out upon acquisition of the shares of Fundo de Investimentos em Participações Multisetorial Plus by Inovatec Participações S.A.

#### c) Special premium reserve upon merger

On February 7, 2013, the Company swapped shares with Inovatec S.A. and thereby acquired a 100% interest in Foxx Holding. The investment was valued on the basis of the Foxx Holding shareholders' equity as of December 31, 2012, which was R\$2,815. However when the investment was effectively recognized, Foxx Holding was valued at R\$5,838, an increase of R\$3,023. The Company recognized this sum as premium on the issue of new shares in the financial statements.

## Orizon Valorização de Resíduos S.A.

Notes to the interim individual and consolidated financial information (Continued)

June 30, 2021

(In thousands of Brazilian Reais)

### 20. Shareholders' equity (Continued)

d) Subscription Warrants

On June 19, 2020, Orizon Meio Ambiente issued 10,000 subscription warrants, pursuant to Article 77 of Law 6.404/1976, as amendment (Brazilian Corporation Law), which were delivered in payment to the debenture holders of the Issues, in an amount corresponding to R\$156,664. The conditions for the issue of shares, the quantity, the price, term and form of payment, as well as other conditions and procedures, are provided for in the Subscription Warrants Certificate. This amount was recorded in shareholders' equity according to the conditions established with FIDC NP for future conversion into capital stock of the company. Such conditions include: (1) the subscriber would be entitled to subscribe and pay 52,657 common shares; and (2) these shares would only be exercised in the case of a liquidity event.

e) Equity valuation adjustment

This represents the value in the Company books of the cost of R\$10,359 attributed to a piece of land located in the city of Barra Mansa - RJ, net of tax effects, in the financial statements on the transition date, January 1, 2009. In 2010, on initial adoption of the new standards, the land, which was in the books at acquisition cost of R\$1,304, was revalued to R\$16,999, giving a gross gain of R\$15.695 (R\$10,359 net of deferred income and social contribution taxes calculated at 34%).

f) Dividend distribution policy

The Company bylaws provide for the payment of mandatory minimum dividends of 5% of net income for the year, after transferring 5% to the legal reserve, as required by law.

g) Stock split

On January 25, 2021, the Special Shareholders' Meeting approved the split of common shares in the proportion of 54,163, after the issue and conversion of new shares on the same date, as mentioned above. Accordingly, the quantity of shares rose from 5,122 to 54,163 registered, book-entry common shares without par value.

## Orizon Valorização de Resíduos S.A.

Notes to the interim individual and consolidated financial information (Continued)

June 30, 2021

(In thousands of Brazilian Reais)

### 20. Shareholders' equity (Continued)

#### g) Stock split (Continued)

The split has only and exclusively changed the number of shares issued by the Company, as provided for in Article 12 of Law 6.404/76, not resulting in any change in total capital stock, or in the rights granted by the issued shares. The split will not change the shareholders' proportional equity interest in the capital stock, and it will not affect the rights and benefits, whether relating to equity or policies, of the shares.

The composition of the capital stock by class of shares (without par value) and main shareholders, after the effect of the stock split on the date of the public offering of shares is as follows:

Shareholders	Number of Shares	%	Balance
Inovatec Participações S.A.	39,763	73.41%	399,605
Fundo Spectra Portinari	12,074	22.29%	121,342
SH 1000 Participações S.A.	479	0.88%	4,812
SGRP Empreendimentos e Participações S.A.	404	0.75%	4,056
Pro-Ambiente Gerenciamento e Projetos Ltda.	140	0.26%	1,411
FIDC NP	812	1.50%	8,165
Other minority interests (*)	490	0.90%	4,932
<b>Total</b>	<b>54,162</b>	<b>100.00%</b>	<b>544,323</b>

(\*) Shares held by individuals.

#### h) Basic and diluted net earnings (loss) per share

In the periods of three-month and six-month periods ended June 30, 2021 and 2020, earnings per share were as follows:

	Parent Company		Consolidated	
	06/30/2021	06/30/2020	06/30/2021	06/30/2020
Net income (loss) for the half-year	<b>(41,168)</b>	14,352	<b>(39,126)</b>	15,860
Number of common shares	<b>71,500</b>	51,220	<b>71,500</b>	51,220
Basic net earnings (loss) per share	<b>(0.58)</b>	0.28	<b>(0.55)</b>	0.31
Number of common shares	<b>71,500</b>	52,768	<b>71,500</b>	52,768
Diluted net earnings (loss) per share	<b>(0.58)</b>	0.27	<b>(0.55)</b>	0.30
Potentially dilutive shares in future periods recording income	<b>20,279</b>	-	<b>20,279</b>	-

## Orizon Valorização de Resíduos S.A.

Notes to the interim individual and consolidated financial information (Continued)

June 30, 2021

(In thousands of Brazilian Reais)

### 20. Shareholders' equity (Continued)

#### h) Basic and diluted net earnings (loss) per share (Continued)

	Parent Company		Consolidated	
	04/01/2021 to 06/30/2021	04/01/2020 to 06/30/2020	04/01/2021 to 06/30/2021	04/01/2020 to 06/30/2020
Net income (loss) for the period	5,411	24,361	6,399	25,023
Number of common shares	71,500	51,220	71,500	51,220
Basic net earnings per share	0.08	0.48	0.09	0.49
Number of common shares	71,500	53,350	71,500	53,350
Diluted net earnings per share	0.08	0.46	0.09	0.47

### 21. Net operating revenues (consolidated)

	01/01/2021 to 06/30/2021	01/01/2020 to 06/30/2020
Gross operating revenues	209,130	219,663
Deductions from Gross Revenues		
Social Integration Program - PIS	(3,027)	(3,114)
Contribution to Social Security Financing - COFINS	(13,947)	(14,350)
Services tax - ISS	(8,091)	(8,763)
Tax on Circulation of Goods and Services - ICMS	(1,499)	(1,086)
Other taxes	(659)	(1,005)
Total taxes accrued	(27,223)	(28,318)
Cancelled sales	(1,595)	-
Net operating revenue	180,312	191,345

## Orizon Valorização de Resíduos S.A.

Notes to the interim individual and consolidated financial information (Continued)

June 30, 2021

(In thousands of Brazilian Reais)

### 21. Net operating revenues (consolidated) (Continued)

	04/01/2021 to 06/30/2021	04/01/2020 to 06/30/2020
Gross operating revenues	105,992	113,973
Deductions from Gross Revenues		
Social Integration Program - PIS	(1,495)	(1,536)
Contribution to Social Security Financing - COFINS	(6,871)	(7,078)
Services tax - ISS	(4,046)	(4,329)
Tax on Circulation of Goods and Services - ICMS	(791)	(559)
Other taxes	(102)	(635)
Cancelled sales	(13,305)	(14,137)
Net operating revenue	92,687	99,836

### 22. General and administrative costs and expenses

Costs and expenses by nature	Parent Company					
	01/01/2021 to 06/30/2021			01/01/2020 to 06/30/2020		
	Cost of services provided	General and administrative expenses	Total	Cost of services provided	General and administrative expenses	Total
Personnel	-	(44,023)	(44,023)	-	-	-
Third party services	-	(523)	(523)	-	(20)	(20)
Others	-	(202)	(202)	-	(92)	(92)
Total	-	(44,748)	(44,748)	-	(112)	(112)

Costs and expenses by nature	Parent Company					
	04/01/2021 to 06/30/2021			04/01/2020 to 06/30/2020		
	Cost of services provided	General and administrative expenses	Total	Cost of services provided	General and administrative expenses	Total
Personnel	-	(3,064)	(3,064)	-	-	-
Third party services	-	(465)	(465)	-	36	36
Others	-	(120)	(120)	-	(92)	(92)
Total	-	(3,649)	(3,649)	-	(56)	(56)

## Orizon Valorização de Resíduos S.A.

Notes to the interim individual and consolidated financial information (Continued)

June 30, 2021

(In thousands of Brazilian Reais)

### 22. General and administrative costs and expenses (Continued)

Costs and expenses by nature	Consolidated					
	01/01/2021 to 06/30/2021			01/01/2020 to 06/30/2020		
	Cost of services provided	General and administrative expenses	Total	Cost of services provided	General and administrative expenses	Total
Personnel (salaries and wages)	(25,048)	(53,538)	(78,586)	(21,165)	(7,150)	(28,315)
Materials for production and consumption	(21,151)	-	(21,151)	(23,687)	(593)	(24,280)
Depreciation and amortization	(20,457)	(2,100)	(22,557)	(26,403)	(149)	(26,552)
Third party services	(10,830)	(2,109)	(12,939)	(5,514)	(10,908)	(16,422)
Rents	(4,540)	(1,499)	(6,039)	(6,267)	(1,207)	(7,474)
Grants	(4,259)	(566)	(4,825)	(4,918)	(648)	(5,566)
Energy (*)	(21,707)	(162)	(21,869)	(23,657)	(171)	(23,828)
Fuels	(5,728)	(56)	(5,784)	(4,896)	(35)	(4,931)
Freights	(805)	(15)	(820)	(2,797)	(2)	(2,799)
Contingencies	-	-	-	-	(1,558)	(1,558)
Others	(4,043)	(1,446)	(5,489)	(5,681)	(1,232)	(6,913)
<b>Total</b>	<b>(118,568)</b>	<b>(61,491)</b>	<b>(180,059)</b>	<b>(124,985)</b>	<b>(23,653)</b>	<b>(148,638)</b>

Costs and expenses by nature	Consolidated					
	04/01/2021 to 06/30/2021			04/01/2020 to 06/30/2020		
	Cost of services provided	General and administrative expenses	Total	Cost of services provided	General and administrative expenses	Total
Personnel (salaries and wages)	(12,816)	(6,524)	(19,340)	(10,045)	(3,400)	(13,445)
Materials for production and consumption	(12,293)	-	(12,293)	(17,598)	-	(17,598)
Depreciation and amortization	(10,811)	(1,067)	(11,878)	(14,519)	50	(14,469)
Third party services	(3,469)	(344)	(3,813)	1,186	(7,874)	(6,688)
Rents	(1,681)	(1,089)	(2,770)	(3,502)	(573)	(4,075)
Grants	(2,053)	(488)	(2,541)	(2,398)	(254)	(2,652)
Energy (*)	(11,180)	(51)	(11,231)	(12,018)	(76)	(12,094)
Fuels	(2,590)	(19)	(2,609)	(2,394)	(14)	(2,408)
Freights	(365)	(5)	(370)	(2,293)	(2)	(2,295)
Contingencies	-	-	-	-	(825)	(825)
Others	(1,926)	(583)	(2,509)	(3,510)	(381)	(3,891)
<b>Total</b>	<b>(59,184)</b>	<b>(10,170)</b>	<b>(69,354)</b>	<b>(67,091)</b>	<b>(13,349)</b>	<b>(80,440)</b>

(\*) This heading includes the sum for purchase of electricity by the indirect subsidiary Foxx URE-BA in the three month and six-month periods ended June 30, 2021 and 2020.

## Orizon Valorização de Resíduos S.A.

Notes to the interim individual and consolidated financial information (Continued)

June 30, 2021

(In thousands of Brazilian Reais)

### 23. Financial income and expenses

	Parent Company		Consolidated	
	01/01/2021 to 06/30/2021	01/01/2020 to 06/30/2020	01/01/2021 to 06/30/2021	01/01/2020 to 06/30/2020
<b>Financial income</b>				
Adjustment to present value	758	-	12,801	28,993
Foreign exchange variation gains	-	-	1,541	170
Earnings on financial investments	1,661	-	1,738	165
Discounts obtained	-	81	142	81
Other financial income	-	-	90	-
Taxes levied	(192)	-	(2,724)	(2,849)
<b>Total</b>	<b>2,227</b>	<b>81</b>	<b>13,588</b>	<b>26,560</b>
<b>Financial expenses</b>				
Adjustment to present/fair value	(18,508)	-	(11,740)	-
Foreign exchange variation losses	-	-	(508)	(254)
Interest on loans and financing	(17,316)	(22,053)	(23,912)	(19,027)
Fines and interest (1)	-	(9,161)	(3,322)	(9,611)
Discount granted	-	-	(279)	(559)
Write-off of balances for assignment of debts	-	(500)	-	(7,470)
Amortization of funding expenses	-	-	(3,723)	-
Other financial expenses (1)	(334)	(553)	(3,150)	(9,724)
<b>Total</b>	<b>(36,158)</b>	<b>(32,267)</b>	<b>(46,634)</b>	<b>(46,645)</b>
<b>Financial result, net</b>	<b>(33,931)</b>	<b>(32,186)</b>	<b>(33,046)</b>	<b>(20,085)</b>

	Parent Company		Consolidated	
	04/01/2021 to 06/30/2021	04/01/2020 to 06/30/2020	04/01/2021 to 06/30/2021	04/01/2020 to 06/30/2020
<b>Financial income</b>				
Adjustment to present value	758	-	6,776	28,993
Foreign exchange variation gains	-	-	1,541	170
Earnings on financial investments	1,521	-	1,571	114
Discounts obtained	-	-	126	(34)
Other financial income	-	(399)	62	(542)
Taxes levied	(144)	-	(1,235)	(2,849)
<b>Total</b>	<b>2,135</b>	<b>(399)</b>	<b>8,841</b>	<b>25,852</b>
<b>Financial expenses</b>				
Adjustment to present/fair value	(942)	-	(2,787)	-
Foreign exchange variation losses	-	-	(508)	(254)
Interest on loans and financing	(9,742)	(10,517)	(12,989)	(7,098)
Fines and interest	-	331	(1,382)	223
Discount granted	-	-	(53)	(364)
Write-off of balances for assignment of debts	-	(500)	-	(7,470)
Amortization of funding expenses	-	-	(3,723)	-
Other financial expenses (1)	(217)	(553)	(1,025)	(4,880)
<b>Total</b>	<b>(10,901)</b>	<b>(11,239)</b>	<b>(22,467)</b>	<b>(19,843)</b>
<b>Financial result, net</b>	<b>(8,766)</b>	<b>(11,638)</b>	<b>(13,626)</b>	<b>6,009</b>

(1) This heading includes the effects of the recording of debt with individuals on the settlement of the balance with Synthesis, for the three-month and six-month periods ended in 2020, as per Note 19.

## Orizon Valorização de Resíduos S.A.

Notes to the interim individual and consolidated financial information (Continued)

June 30, 2021

(In thousands of Brazilian Reais)

### 24. Segment reporting

The Group's reportable operating segments are shown in the table below:

	Consolidated				
	06/30/2021				
	Treatment and final disposal	Energy, Biogas and carbon credits	Waste processing /Waste to Energy (WtE)	Environmental engineering	Total
Net operating revenues	124,518	23,530	23,529	8,735	180,312
Cost of services provided	(65,612)	(2,510)	(20,620)	(9,347)	(98,089)
Gross profit before depreciation	<u>58,906</u>	<u>21,020</u>	<u>2,909</u>	<u>(612)</u>	<u>82,223</u>
Depreciation costs					(20,479)
Gross profit					<u>61,744</u>
Operating revenues (expenses)					
General and administrative expenses					(61,491)
Other revenues, net					669
Income (loss) before financial result and equity accounting					<u>922</u>
Financial result					
Financial income					13,588
Financial expenses					(46,634)
Financial result, net					<u>(33,046)</u>
Equity accounting income					130
Income (loss) before income and social contribution taxes					<u>(31,994)</u>
Income and social contribution taxes					(8,152)
Current					<u>1,020</u>
Loss for the period					<u>(39,126)</u>

## Orizon Valorização de Resíduos S.A.

Notes to the interim individual and consolidated financial information (Continued)

June 30, 2021

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### 24. Segment reporting (Continued)

	Consolidated				Total
	Treatment and final disposal	Energy, biogas and carbon credits	Waste processing /WtE	Environmental engineering	
Net operating revenues	122,782	29,340	26,042	13,181	191,345
Cost of services provided	(59,740)	(1,926)	(26,117)	(10,650)	(98,433)
Gross profit before depreciation	63,042	27,414	(75)	2,531	92,912
Depreciation costs					(26,552)
Gross profit					66,360
Operating revenues (expenses)					
General and administrative expenses					
Other revenues, net					(23,653)
Income (loss) before financial result and equity accounting					2,383
Financial result					45,090
Financial income					
Financial expenses					26,560
Financial result, net					(46,645)
Equity accounting income					(20,085)
Income (loss) before income and social contribution taxes					(28)
Income and social contribution taxes					24,977
Current					(9,117)
Net income (loss) for the period					15,860

### 25. Commitments (consolidated)

#### Emission reduction certificates

The Company trades carbon credits under short and medium-term contracts

As indicated in Note 6, in 2020 the indirect subsidiaries CTR NI, Ecopesa and CTRA entered into new carbon credit agreements, in addition to Foxx URE-JP, which already had an agreement in force.

## Orizon Valorização de Resíduos S.A.

Notes to the interim individual and consolidated financial information (Continued)

June 30, 2021

(In thousands of Brazilian Reais)

### 25. Commitments (consolidated) (Continued)

#### Biogas trading

Through its subsidiaries, the Company has exclusive agreements on the supply of biogas generated in its waste processing and allocation operations in its eco-industrial parks, and the gas generated in these operations must be made available.

### 26. Financial instruments

#### a) Risk management objectives and strategies

As its policy for financial asset management, the Company is always seeking to improve yield without undue risk. Criteria and indicators are selected to show the level of liquidity, market and credit risks.

In the normal course of its business, the Company is exposed to market risks such as interest rates, liquidity, credit etc.

The main financial instruments used by the Company are listed below:

		06/30/2021			
		Parent Company		Consolidated	
Category		Book value	Fair value	Book value	Fair value
Financial assets					
Cash and cash equivalents	Amortized cost	2	2	1,124	1,124
Securities	Fair value through profit or loss	254,591	254,591	276,831	276,831
Trade accounts receivable	Amortized cost	-	-	157,727	157,727
Receivables from related parties	Amortized cost	14,492	14,492	-	-
Court deposits and surety	Amortized cost	11	11	12,152	12,152
Financial liabilities					
Suppliers	Amortized cost	174	174	32,440	32,440
Loans and financing		589,425	589,425	281,703	281,703
Leases	Amortized cost	-	-	18,970	18,970
Accounts payable to related parties	Amortized cost	53,926	53,926	-	-
Grants payable	Amortized cost	-	-	11,076	11,076
Advances from customers	Amortized cost	-	-	30,991	30,991

## Orizon Valorização de Resíduos S.A.

Notes to the interim individual and consolidated financial information (Continued)

June 30, 2021

(In thousands of Brazilian Reais)

### 26. Financial instruments (Continued)

#### a) Risk management objectives and strategies (Continued)

Category	12/31/2020				
	Parent Company		Consolidated		
	Book value	Fair value	Book value	Fair value	
Financial assets					
Cash and cash equivalents	Amortized Cost	1	1	6,044	6,044
	Fair value through profit or loss				
Securities		5	5	10,511	10,511
Trade accounts receivable	Amortized Cost	-	-	121,873	121,873
Receivables from related parties	Amortized Cost	5,982	5,982	8,485	8,485
Court deposits and surety	Amortized Cost	-	-	8,498	8,498
Financial liabilities					
Suppliers	Amortized Cost	812	812	43,166	43,166
Loans and financing	Amortized Cost	553,610	466,101	337,377	337,377
Accounts payable to related parties	Amortized Cost	107,763	98,043	-	-
Grants payable	Amortized Cost	-	-	7,412	7,412
Advances from customers	Amortized Cost	-	-	22,777	22,777

The Company has no forward contracts, options, swaptions, flexible options, derivatives embedded in other products, structured transactions with derivatives or “exotic” derivatives. The Company does not use derivative financial instruments.

Management also believes that the book values of the other financial instruments are not significantly different from their fair values, since the interest rates applicable to them are not significantly different from market rates.

#### b) Fair value hierarchy

Technical Pronouncement CPC 48/IFRS 9 - Financial Instruments defines fair value as the value/price that would be obtained for selling an asset or paid on transfer of a liability in an ordinary transaction between market participants on the measurement date. The standard states that fair value must be based on the premises that the participants in a market use when attributing a value/price to an asset or liability, and establishes a hierarchy which gives priority to the information used to define these premises. The fair value hierarchy gives more weight to information available in a market (i.e. observable data) and less to information based on data showing little or no market activity (i.e. non-observable data). The standard also requires a company to consider every aspect of nonperformance risk, including the company’s own credit, to measure the fair value of a liability.

CPC 48/IFRS 9 establishes a three-level hierarchy to be used to measure and report fair value. An instrument is categorized in the fair value hierarchy according to the lowest level of significant input for its measurement. A description of the three levels of this hierarchy follows:

## Orizon Valorização de Resíduos S.A.

Notes to the interim individual and consolidated financial information (Continued)

June 30, 2021

(In thousands of Brazilian Reais)

### 26. Financial instruments (Continued)

#### b) Fair value hierarchy (Continued)

*Level 1* - Inputs are based on prices practiced in an active market for identical assets or liabilities on the measurement date. The Company must also be able to trade in this active market, and must not be able to adjust the price. As of June 30, 2021 and December 31, 2020, the Company was not holding any financial instruments classified as Level 1.

*Level 2* - Inputs are directly or indirectly observable for the asset or liability, but do not qualify as Level 1. Level 2 inputs include prices in an active market for similar assets or liabilities, prices in an inactive market for identical assets or liabilities; or inputs that are observable or that may corroborate the observation of market data by correlation or otherwise, for substantially the whole of the asset or liability. The financial instruments held by the Company as of June 30, 2021 and December 31, 2020 are all classified as Level 2.

*Level 3* - Non-observable inputs where there is little or no market activity. These inputs represent management's best estimates of how market participants might attribute value/price to assets or liabilities. Generally, Level 3 assets and liabilities are measured using pricing models, discounted cash flows or similar methods that require a significant level of judgment or estimate.

As of June 30, 2021 and December 31, 2020, the Company was not holding any financial instruments classified as Level 3.

Under Technical Pronouncement CPC 48/IFRS 9 - *Financial Instruments: Disclosure*, the Company measures financial investments and restricted financial investments at fair value.

The following table summarizes financial assets recorded at fair value as of June 30, 2021 and December 31, 2020:

	Fair value hierarchy	Parent Company			
		Book value		Prices quoted for identical assets and liabilities (Level 2)	
		06/30/2021	12/31/2020	06/30/2021	12/31/2020
Financial assets					
Cash and cash equivalents	Level 2	2	1	2	1
Securities	Level 2	254,591	8,115	254,591	8,115
Receivable from related parties		14,492	5,982	14,492	5,982
Court deposits and surety		11	11	11	11
Financial liabilities					
Suppliers		174	812	174	812
Loans and financing		589,425	553,610	589,425	553,610
Accounts payable to related parties		53,926	107,763	53,926	107,763

## Orizon Valorização de Resíduos S.A.

Notes to the interim individual and consolidated financial information (Continued)

June 30, 2021

(In thousands of Brazilian Reais)

### 26. Financial instruments (Continued)

#### b) Fair value hierarchy (Continued)

	Fair value hierarchy	Consolidated			
		Book value		Prices quoted for identical assets and liabilities (Level 2)	
		06/30/2021	12/31/2020	06/30/2021	12/31/2020
Financial assets					
Cash and cash equivalents	Level 2	1,124	6,044	1,124	6,044
Securities	Level 2	276,831	357,829	276,831	357,829
Trade accounts receivable		157,727	121,873	157,727	121,873
Receivable from related parties		-	10,570	-	10,570
Court deposits and surety		12,152	8,498	12,152	8,498
Financial liabilities					
Suppliers					
Loans and financing		32,440	43,166	32,440	43,166
Leases		281,703	325,658	281,703	325,658
Grants payable		18,970	11,719	18,970	11,719
Advances from customers		11,076	7,412	11,076	7,412
		30,991	22,777	30,991	22,777

#### *Financial instruments measured at fair value*

The Company assessed its financial assets and liabilities against the relevant market values or recoverable values, by using the information available and the best practices in market assessment methods for each situation. The interpretation of market data and the methods selected require a high degree of judgment in order to define reasonable estimates for calculating the fair value. As a result, the estimates presented may not necessarily indicate the amounts that would be obtained in the current market. The use of different hypotheses to calculate the fair value may significantly affect the amounts obtained.

For agreements whose current conditions are similar to those under which they have been originally agreed, or agreements without quotation or contracting parameters, the fair values are similar to the book values. The assessment to determine the fair value of these assets and liabilities measured at amortized cost took into account the impacts from adoption of CPC 48/IFRS 9.

#### c) Management of financial risks

The Company is exposed to liquidity, credit and market risks. Our Management believes that the main market risk to which we are exposed is the interest rate risk, as described below:

## Orizon Valorização de Resíduos S.A.

Notes to the interim individual and consolidated financial information (Continued)

June 30, 2021

(In thousands of Brazilian Reais)

### 26. Financial instruments (Continued)

#### c) Management of financial risks (Continued)

##### *Liquidity risk*

Liquidity risk represents the possibility of mismatches between the maturity dates of our assets and liabilities, as a result of which we may be unable to meet our obligations within the established deadlines. We manage our liquidity risk by matching the maintenance of appropriate reserves, credit facilities and other financial products, and continuously monitoring our budget and current cash flow, matching the maturity dates of our financial assets and liabilities.

Management has been acting to revert the Company's accumulated losses and negative working capital. Among the goals it established in order to achieve better results, as well as the results already achieved, the following may be highlighted:

- Study of opportunities to reduce costs and expenses, which have already been implemented, and ongoing assessment of operational and administrative improvement.
- Advance in negotiations with the São Gonçalo Municipal Government involving balances receivable of the indirect subsidiary CTRA, concerning settlement of past balances, offset of municipal taxes and outstanding grants, in addition to a claim for concession term extension.
- Implementation of new business which the Company expects to be profitable in the coming years. These include (i) trading of biogas from the decomposition of solid waste disposed of in the sanitary landfills in Nova Iguaçu and São Gonçalo, regarding which the indirect subsidiaries have agreements for supply of gas to third parties in force until 2029; (ii) biogas supply agreement executed between CTRBM and Biogera; and (iii) partnership agreement for sharing and use of biogas for electricity generation executed between Ecopesa and ASJA Brasil Serviços para o Meio Ambiente Ltda.
- Implementation of new waste reuse activities which will strength the Company's operating cash generation, with emphasis on recycling, briquetting and electricity generation.
- Beginning of electricity trading by the energy recovery unit located in Barueri, São Paulo, by means of a long term (15 years) agreement executed with Companhia Energética de Minas Gerais. Reprofiting of the Company's liabilities with a payment flow compatible with its cash generation and that of its subsidiaries.

## Orizon Valorização de Resíduos S.A.

Notes to the interim individual and consolidated financial information (Continued)

June 30, 2021

(In thousands of Brazilian Reais)

### 26. Financial instruments (Continued)

#### c) Management of financial risks (Continued)

##### *Liquidity risk* (Continued)

The table below shows the composition and the schedule of receipt of payments of our financial assets and liabilities:

##### Financial assets

	Parent Company					Total
	No maturity date	Up to 1 month	From 1 to 3 months	From 3 months to 1 year	From 1 to 5 years	
Cash and cash equivalents	2	-	-	-	-	2
Securities	254,591	-	-	-	-	254,591
Related parties	-	-	-	-	14,492	14,492
Total	254,593	-	-	-	14,492	269,085

	Consolidated					Total
	No maturity date	Up to 1 month	From 1 to 3 months	From 3 months to 1 year	From 1 to 5 years	
Cash and cash equivalents	1,124	-	-	-	-	1,124
Securities	264,492	-	-	-	12,339	276,831
Trade accounts receivable	-	82,440	65,142	245	9,900	157,727
Total	265,616	82,440	65,142	245	22,239	435,682

##### Financial liabilities

	Parent Company					Total
	Up to 1 month	From 1 to 3 months	From 3 months to 1 year	From 1 to 5 years	Over 5 years	
Financial liabilities						
Suppliers	174	-	-	-	-	174
Loans and financing	-	-	-	589,425	-	589,425
Related parties	-	-	12,166	41,760	-	53,926
Total	174	-	12,166	631,185	-	643,525

	Consolidated					Total
	Up to 1 month	From 1 to 3 months	From 3 months to 1 year	From 1 to 5 years	Over 5 years	
Financial liabilities						
Suppliers	29,373	3,065	2	-	-	32,440
Loans and financing	4,456	2,913	61,633	151,711	60,990	281,703
Leases	769	1,538	8,094	8,569	-	18,970
Grants payable	11,076	-	-	-	-	11,076
Advances from customers	2,154	4,308	19,380	5,149	-	30,991
Total	47,828	11,824	89,109	165,429	60,990	375,180

## Orizon Valorização de Resíduos S.A.

Notes to the interim individual and consolidated financial information (Continued)

June 30, 2021

(In thousands of Brazilian Reais)

### 26. Financial instruments (Continued)

#### c) Management of financial risks (Continued)

##### *Credit risk*

Credit risk refers to the risk of possible default by a counterparty regarding its contractual obligations, resulting in financial loss for the Company. The financial instruments that may subject us to the concentration of credit risk are, primarily, cash and cash equivalents, financial investments, restricted financial investments, trade accounts receivable and receivables from related parties. The Company's practice is to deposit cash and cash equivalents, financial investments and restricted financial investments in fixed income securities of financial institutions with high credit ratings. The Company limits the amount of exposure to financial institutions in order to reduce its credit risk exposure.

With respect to other credits, our Management monitors the credit risk attentively by adopting the measures and precautions required, and recording a provision for doubtful debts, whenever this is needed.

On June 30, 2021 and December 31, 2020, the consolidated balance of the provision for losses on accounts receivable was R\$33,254 and R\$32,291, respectively, to cover credit risk (Note 5).

##### *Price risk*

The prices used by the Company substantially reflect the conditions of the market. The prices used in special projects are based on the trade negotiations on a case-by-case basis.

##### *Interest rate risk*

This is the risk of the Company incurring losses due to changes in interest rates, which may boost our financial expenses due to liabilities raised on the market. We do not have a policy in place for contracting derivative transactions for speculative purposes.

The sensitivity analyses below were defined based on the exposure to interest rates of derivative and non-derivative financial instruments as of the balance sheet date. Scenarios I and II were estimated based on a deterioration of 25% and 50%, respectively, above probable expectations.

## Orizon Valorização de Resíduos S.A.

Notes to the interim individual and consolidated financial information (Continued)

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### 26. Financial instruments (Continued)

#### c) Management of financial risks (Continued)

*Interest rate risk* (Continued)

Sensitivity analysis on the variation in CDI rates

Market expectations <sup>(\*)</sup> indicated an estimated CDI rate of 2.75%, which was the probable scenario for the period ended June 30, 2021, against the effective rate of 3.58% ([www.cetip.com.br](http://www.cetip.com.br)) on June 30, 2021.

Our Management applied the sensitivity test in assets and liabilities indexed to the CDI, considering a deterioration of 25% and 50%, respectively, below and above the probable scenario, as follows:

Transaction	Balance on 06/30/2021	Assets (Consolidated)		
		Probable scenario	Scenario I Δ 25%	Scenario II Δ 50%
<u>CDI effective annual rate - period ended 06/30/2021</u>	2.28%			
Financial investments (Note 4)	276,831	280,430	282,907	285,385
<i>Estimated annual rate - Year ending 12/31/2021</i>		3.58%	4.48%	5.37%
Positive (negative) effect on income/shareholders' equity - year ended 12/31/2021:		3,599	6,076	8,554
Transaction	Balance on 06/30/2021	Liabilities (Consolidated)		
		Probable scenario	Scenario I Δ 25%	Scenario II Δ 50%
	2.28%			
Loans and financing (Note 12)	281,703	285,365	287,886	290,408
<i>Estimated annual rate - Year ending 12/31/2021</i>		3.58%	4.48%	5.37%
Financial investments (Note 4)		3,662	6,183	8,705

(\*) Source: BM&FBOVESPA S.A. - Bolsa de Valores, Mercadorias e Futuros ([www.bmfbovespa.com.br](http://www.bmfbovespa.com.br)).

#### *Capital management risk*

We manage our capital for the purpose of guaranteeing the continuity of our activities, and, simultaneously, seeking to optimize the return for all stakeholders or parties involved in our operations through the optimization of our debt and equity balance.

We are not subject to external capital requirements.

## Orizon Valorização de Resíduos S.A.

Notes to the interim individual and consolidated financial information (Continued)

June 30, 2021

(In thousands of Brazilian Reais)

### 26. Financial instruments (Continued)

#### d) Criteria, assumptions and limitations used in calculating fair values

We analyzed the fair values of our main financial instruments as of June 30, 2021, by applying usual market pricing techniques that involve our management's judgment. This analysis indicates that the fair values approach the book values recorded.

In order to estimate the fair value of our financial instruments, Management used the following assumptions:

#### *Cash and cash equivalents*

Due to their immediate liquidity and insignificant risk of change in value, the fair values of cash and cash equivalents balances are similar to their book values.

#### *Financial investments and restricted financial investments*

Due to their immediate liquidity and insignificant risk of change in value, the fair values of financial investments and restricted financial investments are similar to their book values.

#### *Loans and Financing*

Our Management believes that the value recorded approaches the fair value.

#### *Accounts receivable, suppliers (third parties) and miscellaneous credits*

Since they represent trade transactions that are carried out based on the market, Management believes that there are no material differences between the fair value and the accounting balances.

#### *Related parties*

The balances of assets and liabilities with related parties are not remunerated. It was not possible to classify the fair values since there are no contractual maturity terms.

## **Orizon Valorização de Resíduos S.A.**

Notes to the interim individual and consolidated financial information (Continued)

June 30, 2021

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### **27. Insurance coverage (consolidated)**

According to our policy, we contract insurance coverage for assets subject to risks in amounts considered sufficient by management to cover any losses, bearing in mind the nature of our activities.

On June 30, 2021, the main insurance coverage in effect for us and our subsidiaries refer to our sanitary landfills and waste processing units, in addition to administrative coverage. The risk assumptions adopted, given their nature, are not part of the scope of the review performed by our independent auditors.

### **28. Transactions not involving cash (Consolidated)**

Subscription warrants - Year

**10,473**

### **29. Subsequent event**

Indirect subsidiary - Update on the receivables proceeding with the Granting Authority and the Public Prosecutor's Office

On July 21, 2021, the claim was partially granted in favor of the indirect subsidiary CTRA, ordering the Granting Authority (São Gonçalo Municipal Government) to pay the amount of R\$14,715 for the treatment of slurry, and also to pay the amount of R\$7,943 for the transport of slurry. Such amounts have already been adjusted for interest since 2018, when they were considered together with other claims pending in the judicial sphere (see details in note 1).