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

AZEVEDO & TRAVASSOS S.A.

Independent auditor’s report

Financial statements
As at December 31, 2021

AZEVEDO & TRAVASSOS S.A.

Financial statements
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Contents

INDEPENDENT AUDITOR'S REPORT ON INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS

To
Shareholders and Board of Directors of
Azevedo & Travassos S.A.
São Paulo - SP

Opinion

We have audited the individual and consolidated financial statements of **Azevedo & Travassos S.A.** ("Company"), **identified as parent company and consolidated, respectively,** which comprises the individual and consolidated statements of financial position as at December 31, 2021 and the respective individual and consolidated statements of operations, comprehensive income, changes in equity and cash flows for the year then ended, as well as the corresponding notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the individual and consolidated financial position of **Azevedo & Travassos S.A.** as at December 31, 2021, the individual and consolidated performance of its operations and its respective individual and consolidated cash flows for the year then ended, in accordance with Brazilian accounting practices and with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

Basis of opinion

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

Key audit matters

Key audit matters are those that, according to our professional judgment, were the most significant in our audit of the period ended December 31, 2021. These matters were addressed in the context of our audit on the individual and consolidated financial statements as a whole, and when we formed our opinion on these individual and consolidated financial statements. Accordingly, we do not express a separate opinion on these matters.

Acquisition of corporate interest

On December 15, 2021, the Company concluded the acquisition of Heftos Óleo e Gás Construções S.A. (‘Heftos’) through auction of assets made by the UTC group. In order to make the accounting record in conformity with CPC 15 (R1)/IFRS 3, the Company contracted an expert for preparation of the report for allocation of the purchase price. As a result, the Company recorded the investment in the amount of R$ 172.360 thousand, with due allocations, as mentioned in Notes 13 and 29.11, besides recording negative goodwill in income(loss) for the year ended December 31, 2021 in the amount of R$ 87.039 thousand, which reflects the advantageous purchase made.

This was considered a key matter in our audit considering the values relevance, as well as the fact that the Company’s consolidated equity position had been substantially changed, impacting our risk assessment and other audit procedures.

Audit response to the matter

Our audit procedures have included:

- Meetings with the Company’s management for understanding of the transactions related to acquisition of Heftos and accounting impacts;
- Involvement of corporate finance experts to analyze the report that based the purchase price allocation, including assessments on the used assumptions, understanding of the methodologies adopted and sensitivity tests;
- Tests in details since considering Heftos a significant component;
- Evaluation on the disclosure made in relation to the applicable standards.

During our audit we have identified certain adjustments that were reported in the financial statements. Based on the evidences obtained through the above-summarized audit procedures, we have considered appropriate the accounting records and disclosures in the individual and consolidated financial statements, taken as a whole.

Provision for contingencies and tax liabilities

In accordance with Note nº 23 to the financial statements, the Company and its controlled companies are parties in judicial and administrative proceedings at civil, labor and tax spheres, which arise in the normal course of their businesses. As at December 31, 2021, the Company has recorded as provision the amount of R$ 8.057 thousand in the parent company´ and in the consolidated statements. Cases where losses are considered possible are object of disclosure and those where losses are considered remote are not divulged. In the financial year 2021, the Company made several labor agreements, which are reflected in Note nº 20, in the amount of R$ 38.338 thousand.

In addition, in accordance with Note nº 21, the Company has various tax obligations in delay, which resulted in REFIS, PERT and PPI installments payments.

We consider this a key audit matter due to relevance of the involved amounts, besides the judgment on the evaluation of estimates.

Audit response to the matter

Taking into consideration the relevance of the values involved and the need of a critical judgment in relation to the probability of loss in judicial disputes, any change in forecast may have significant impacts on the financial statements of the Company. Our audit procedures have included:

- Obtaining confirmation from the legal advisors of the Company for the proceedings in progress, as well as respective evaluation of the and probability of loss;
- Involvement of our experts in the tax and labor areas for recalculation and validation of the existing payments in installments and agreements made;
- Assessment on the appropriateness of the disclosures in Note.

During our audit, we have identified certain adjustments that were reported in the financial statements. Based on the obtained evidences and considering the inaccuracy inherent to legal issues, we have determined that the provisions are appropriate in the context of the financial statements taken as a whole.

Other matters

Statements of Added-value

The individual and consolidated Added-value Statements (DVA), related to the period ended December 31, 2021, prepared under the responsibility of the Company's Management and presented as supplementary information for purposes of IFRS, were submitted to audit procedures performed together with the audit on the financial statements of the Company. To form our opinion we have evaluated whether these statements are reconciled with the financial statements and accounting records, as applicable, and if its format and content are in accordance with the criteria established in the Technical Pronouncement CPC 09 – Statement of Added-value. In our opinion, these Statements of Added-value were appropriately prepared, in all material respects, according to the criteria established in that Technical Pronouncement and are consistent in relation to the individual and consolidated financial statements as a whole.

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

The Company's Management is responsible for these other information that comprehends the Management Report.

Our opinion on the individual and consolidated financial statements does not include the Management Report and, accordingly, we do not express any audit conclusion on this report.

In connection with the audit on individual and consolidated financial statements, our responsibility is to read the Management Report and, when doing it, to consider if this report is significantly inconsistent with the financial statements or with our knowledge obtained through the audit or otherwise appears to be significantly distorted. If based on the performed work we conclude that there is significant distortion in the Management Report, we are required to communicate this fact. We have nothing to report on this.

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the individual and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s and its controlled companies’ internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s and its controlled companies’ ability to continue as going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the individual and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company and its controlled companies to cease to continue as going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the individual and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit and, therefore, for the audit opinion.

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

We also provide to those in charge of governance, a declaration that we have complied with significant ethical requirements, including the applicable independence requirements, and we communicate all eventual relationships or matters that could significantly affect our independence, including, as applicable, the respective safeguards.

Among the matters that are object of communication with those in charge of governance, we determine those that were considered most significant in the audit of the financial statements of the current period, which therefore are key audit matters.

We describe these matters in our audit report, unless a Law or regulation has forbidden public disclosure of the matter, or when, in extremely rare circumstances, we determine that the matter shall not be communicated in our report because the adverse consequences of such communication can, within a reasonable perspective, exceed the benefits of the communication to public interest.

São Paulo, April 01. 2022.

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

Julian Clemente
Accountant CRC 1 SP 197232/O-6

AZEVEDO & TRAVASSOS S.A.

Statements of financial position
As at December 31, 2021 and December 31, 2020
(In thousand Brazilian Reais)

	Note	Parent company		Consolidated	
		12/31/2021	12/31/2020	12/31/2021	12/31/2020
Assets					
Current assets					
Cash and cash equivalents	6	1,141	4,426	19,339	4,583
Trade accounts receivable	7	25	11	33,974	2,360
Inventories	8	908	29	19,073	959
Inventories - Plots of land	9	-	-	18,301	18,301
Advance to suppliers	10	87	563	10,012	1,712
Recoverable taxes	11	84	60	8,878	2,329
Prepaid expenses		485	-	493	2
Other accounts receivable	12	969	89	7,456	9,466
		3,699	**5,178**	**117,526**	**39,712**
Non-current assets					
Inventories - Plots of land	9	-	4,215	-	4,215
Other accounts receivable	12	1,243	36,989	1,243	5,429
		1,243	**41,204**	**1,243**	**9,644**
Investments	13	239,137	19,196	-	-
Property for investments	14	-	-	40,251	-
Fixed assets	15	7,401	11,173	60,585	14,344
Intangible assets	16	81,697	-	199,502	22
		328,235	**30,369**	**300,338**	**14,366**
Total Assets		**333,177**	**76,751**	**419,107**	**63,722**
Liabilities					
Current liabilities					
Loans and financings	18	-	-	19,007	22,696
Trade accounts payable	19	12,927	5,140	27,639	19,251
Salaries, provision for vacations and social charges	20	1,194	9,264	25,614	44,733
Tax liabilities – REFIS Law 9.964/2000	21.1	1,621	2,148	1,621	2,148
Tax liabilities - other taxes	21.2	1,940	13,089	16,016	64,836
Interests on equity capital - payable		-	36	-	36
Dividends payable		-	6	-	6
Other accounts payable	22	6,050	1,616	7,887	3,987
		23,732	**31,299**	**97,784**	**157,693**
Non-current liabilities					
Salaries, provision for vacations and social charges	20	38,912	11,612	38,912	53,861
Tax liabilities – REFIS Law 9.964/2000	21.1	44,583	45,240	44,620	45,240
Tax liabilities - other taxes	21.2	10,307	-	22,248	30
Provision for uncovered liabilities of controlled		-	211,705	-	-
Provision for legal liabilities	23	8,057	5,031	8,057	30,312
Deferred Income and Social Contribution taxes	28	29,593	3,580	29,593	3,580
Other accounts payable	22	71,022	8,298	70,922	13,020
		202,474	**285,466**	**214,352**	**146,043**
Total liabilities		**226,206**	**316,765**	**312,136**	**303,736**
Equity	24				
Capital		224,516	71,247	224,516	71,247
Revaluation reserve		-	6,964	-	6,964
Accumulated losses		(117,545)	(318,225)	(117,545)	(318,225)
		106,971	**(240,014)**	**106,971**	**(240,014)**
Non-controlling interest		-	-	-	-
Total liabilities and equity		**333,177**	**76,751**	**419,107**	**63,722**

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

AZEVEDO & TRAVASSOS S.A.

Statements of Operations
As at December 31, 2021 and 2020
(In thousand Brazilian Reais, except for profit per share)

	Note	Parent company		Consolidated	
		From 01/01/2021 to 12/31/2021	From 01/01/2020 to 12/31/2020	From 01/01/2021 to 12/31/2021	From 01/01/2020 to 12/31/2020
Revenue from sales and rendered services, net	25	134	165	76,863	25,536
Costs on sale of products and rendered services	26	(234)	(30)	(53,128)	(23,908)
Income/(loss) for the period		**(100)**	**135**	**23,735**	**1,628**
Operating income (expenses)					
General and administrative expenses	26	(23,011)	(5,281)	(23,679)	(6,171)
Management´s fees	17	(2,336)	(623)	(2,427)	(630)
Other operating income and (expenses)	26	232,455	(5,940)	231,192	(14,794)
Equity equivalence	13	15,579	(19,979)	(5,216)	-
Operating income		**222,587**	**(31,688)**	**223,605**	**(19,967)**
Financial income	27	1	-	32	16
Financial expenses	27	(2,859)	(5,181)	(3,824)	(16,756)
		(2,858)	**(5,181)**	**(3,792)**	**(16,740)**
Income (loss) before income and social contribution taxes		**219,729**	**(36,869)**	**219,813**	**(36,707)**
Current income and social contribution taxes	28	-	-	(84)	(162)
Deferred income and social contribution taxes	28	(29,593)	-	(29,593)	-
Income (loss) for the period		**190,136**	**(36,869)**	**190,136**	**(36,869)**
Attributed to controlling shareholders		-	-	190,136	(36,869)
Attributed to non-controlling interest		-	-	-	-
Profit (Loss) per share - R$		3.49	(6.83)	3.49	(6.83)

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

AZEVEDO & TRAVASSOS S.A.

Statements of comprehensive income (loss)
As at December 31, 2021 and December 31, 2020
(In thousand Brazilian Reais)

	Parent company		Consolidated	
	From 01/01/2021 to 12/31/2021	From 01/01/2020 to 12/31/2020	From 01/01/2021 to 12/31/2021	From 01/01/2020 to 12/31/2020
Income (loss) for the period	190,136	(36,869)	190,136	(36,869)
Other comprehensive income				
Revaluation reserve realization	6,964	49	6,964	49
Total comprehensive income for the period	**197,100**	**(36,820)**	**197,100**	**(36,820)**
Attributable to				
Controlling shareholders	-	-	197,100	(36,820)
Non-controlling interest	-	-	-	-

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

AZEVEDO & TRAVASSOS S.A.

Statements of changes in equity
As at December 31, 2021 and December 31, 2020
(In thousand Brazilian Reais)

	Capital	Revaluation reserve	Accumulated losses	Shareholders' equity	Non-controlling interest Equity	Equity
Balance as at December 31, 2019	**28,047**	**6,988**	**(281,405)**	**(246,370)**	**-**	**(246,370)**
Capital increase	43,200	-	-	43,200	-	43,200
Tax on revaluation reserve	-	25	-	25	-	25
Revaluation reserve realization	-	(49)	49	-	-	-
Net loss for the year	-	-	(36,869)	(36,869)	-	(36,869)
Balance as at December 31, 2020	**71,247**	**6,964**	**(318,225)**	**(240,014)**	**-**	**(240,014)**
Capital increase	153,269	-	-	153,269	-	153,269
Tax on revaluation reserve	-	3,580		3,580	-	3,580
Revaluation reserve realization	-	(10,544)	10,544	-	-	-
Net profit for the year	-	-	190,136	190,136	-	190,136
Balance as at December 31, 2021	**224,516**	**-**	**(117,545)**	**106,971**	**-**	**106,971**

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

AZEVEDO & TRAVASSOS S.A.

Statements of cash flows
As at December 31, 2021 and December 31, 2020
(In thousand Brazilian Reais)

	Parent company		Consolidated	
	From 01/01/2021 to 12/31/2021	From 01/01/2020 to 12/31/2020	From 01/01/2021 to 12/31/2021	From 01/01/2020 to 12/31/2020
Operating activities cash flow				
Loss before income and social contribution taxes	219,729	(36,869)	219,813	(36,707)
Adjustments to reconcile loss for the year with cash from operatin				
Depreciation and amortization	434	356	683	1,530
Net effect of fixed assets write-off	(78,359)	102	(630)	2,298
Equity equivalence result	(15,579)	19,979	5,220	-
Provision for legal obligations	3,026	326	(22,256)	(4,268)
Interests payable - long term - payment in installments	-	-	-	10,738
Deferred IRPJ and CSLL	-	(20)	-	(20)
	129,251	(16,126)	202,830	(26,429)
Decrease (increase) in operating assets:				
Trade accounts receivable	(14)	21	(20,362)	(1,882)
Inventories	(879)	15	(139)	233
Real estate inventories	4,215	-	4,215	-
Recoverable taxes and other credits	34,357	(2,991)	40,505	(4,298)
Advance to suppliers	476	(563)	4,382	(1,712)
Capital increase with the Investee	(48,784)	-	-	-
	(10,629)	(3,518)	28,601	(7,659)
Increase (decrease) in operating liabilities				
Trade accounts receivable	7,787	(855)	(166,831)	(1,976)
Salaries, provision for vacations and social charges	19,230	8,766	(63,125)	43,401
Tax liabilities - Refis and other taxes	(2,026)	2,374	(45,211)	1,629
Other accounts payable	(129,010)	4,859	36,014	1,154
	(104,019)	15,144	(239,153)	44,208
Net cash generated from (used in) operating activities	**14,603**	**(4,500)**	**(7,722)**	**10,120**
Investing activities cash flow				
Acquisition of investment assets, fixed and intangible assets	(171,157)	(9)	(120,829)	-
Net cash used in investing activities	**(171,157)**	**(9)**	**(120,829)**	**-**
Financing activities cash flow				
Loans and financings	-	-	(17,019)	(14,518)
Increase in capital	153,269	8,935	153,269	8,935
Net cash used in financing activities	**153,269**	**8,935**	**136,250**	**(5,583)**
Net increase (decrease) in cash and cash equivalents	**(3,285)**	**4,426**	**7,699**	**4,537**
Cash and cash equivalents at beginning of the year	4,426	-	11,640	46
Cash and cash equivalents at end of the year	1,141	4,426	19,339	4,583
Net increase (decrease) in cash and cash equivalents	**(3,285)**	**4,426**	**7,699**	**4,537**

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

Statements of value added
As at December 31, 2021 and December 31, 2020
(In thousand Brazilian Reais)

	Parent company		Consolidated	
	2021	2020	2021	2020
1 - REVENUES				
1 - Sale of goods, products and services	152	178	86,273	27,876
Other income	-	-	-	-
	152	**178**	**86,273**	**27,876**
2 - INPUTS ACQUIRED FROM THIRD PARTIES				
2.1 -Selling cost of products and services	(33,392)	(5,935)	(41,331)	(22,505)
2.2 - Materials, energy, third parties services and others	(15,360)	(3,376)	(37,994)	(10,542)
	(48,752)	**(9,311)**	**(79,325)**	**(33,047)**
3 - GROSS ADDED-VALUE (1 - 2)	**(48,600)**	**(9,133)**	**6,948**	**(5,171)**
4 - DEPRECIATION, AMORTIZATION AND EXHAUSTION	(434)	(356)	(684)	(1,530)
5 - NET PRODUCED ADDED-VALUE (3 - 4)	**(49,034)**	**(9,489)**	**6,264**	**(6,701)**
6 - ADDED-VALUE RECEIVED IN TRANSFER				
6.1 - Equity equivalence result	15,579	(19,979)	(5,216)	-
6.2 - Financial income	1	-	32	16
6.3 - Capital gains	182,421	-	182,421	-
6.4 - Evaluation at fair value / negative goodwill	87,039	-	87,039	-
7 - TOTAL ADDED-VALUE TO BE DISTRIBUTED (5 + 6)	**236,006**	**(29,468)**	**270,540**	**(6,685)**
8 - ADDED-VALUE DISTRIBUTION				
8.1 - Personnel - salaries and charges	12,488	1,680	34,784	14,231
8.2 -Taxes, fees and contributions	32,655	540	44,631	(803)
8.3 - Third party capital remuneration	727	5,181	989	16,756
8.4.1 - Retained profits / Loss for the period	190,136	(36,869)	190,136	(36,869)
DISTRIBUTED ADDED-VALUE	**236,006**	**(29,468)**	**270,540**	**(6,685)**

The Management’s notes are an integral part of the individual and consolidated financial statements.

1. Operations

1.1. Enterprises of the Group

Azevedo & Travassos S.A. (“ATSA” or “Company”) is a publicly-held company domiciled in Brazil. The Company’s registered office address is Rua Vicente Antônio de Oliveira, n° 1.050, São Paulo - SP.

The Company’s financial statements include the Company and its subsidiary, which together are referred to as “Group”.

The parent company ATSA and its controlled Azevedo & Travassos Infraestrutura Ltda. (“ATI”) are mainly engaged in planning and execution of projects and civil engineering works, purchase, sale and development of real estate, as well as holding interest in other companies. HEFTOS Óleo e Gás Construções S.A. (“HEFTOS”) is mainly engaged in execution of industrial engineering projects in general and civil construction, manufacturing of cement artifacts, fibers of cement, iron and steel, including with acquisition and application of construction materials and equipment, assembly, reconstruction and maintenance of industrial facilities and performance of research on technology development appropriate to industrial companies and exploration of standards and processes for industrial manufacturing, technical and economic studies on installation of industrial undertakings, operation of industrial units through its own exploration or contracts with third parties and representation of industrial processes in the areas of platforms construction, modules and refineries, as well as maintenance On/Offshore, its decommissioning and Hook-up. Infrainvest Administração e Investimentos Ltda. (“INFRAINVEST”) is mainly engaged in holding interest in other companies, investments in equity instruments, as well as in securities or convertible, exchangeable rights or that give the right to their acquisition, investments in debt capital instruments, including loans and credits, of companies in which it holds interest or proposes to hold, investment of its excess funds in financial instruments, other economy activities connected with the activities mentioned in items above.

The Company trades its shares in B3 (former BM&FBOVESPA), under the initials AZEV3 (ON) and AZEV4 (PN).

(In thousand Brazilian Reais)

1.2. Controlled and connected companies

The individual and consolidated financial statements as at December 31, 2021 include the following operational companies: ATSA and ATI, which interest percentage at the base date of this ITR is summarized as follows:

	12/31/2021		12/31/2020	
	%	Control	%	Control
Azevedo & Travassos Engenharia Ltda. (i)	-	-	100.00	Direct
Azevedo & Travassos Infraestrutura Ltda.	100.00	Direct	100.00	Direct
Infrainvest ADM e Investimentos LTDA (ii)	100.00	Direct	-	-
Heftos Óleo e Gás Construções S.A. (iii)	100.00	Direct	-	-

(i) In March 2021, the company Azevedo & Travassos Engenharia Ltda. was sold, as mentioned in Note n° 29.2 – Other information;
(ii) In October 2021, the company Infrainvest ADM e Investimentos LTDA. was established, as mentioned in Note nº 29.12;
(iii) In December 2021, the company Heftos Óleo e Gás Construções S.A. was purchased, as mentioned in Note n°29.11.

1.3. Operating strategy

As at December 31, 2021, the Group reported a Profit of R$190.136 (-R$36.869 in 2020), Net Current Capital (CCL) of R$ 19.742 (-R$117.981 in 2020) and equity in the amount of R$106.971 (-R$240.014 in 2020).

In the financial year ended December 31, 2021, many measures were adopted, which are placing the Company into a new path and a new growth and strengthening cycle, repositioning itself in the market by catalyzing its financial and operational restructuring.

The Group has been using various operational strategies for improvement of its cash flow and recovery of its profitability. Main measures are:

(i) On June 01, 2021 the Board of Directors elected two new members for the Body of Directors of the organization: Gustavo Nunes da Silva Rocha and Leonardo Martins were assigned to occupy the position of President Director and Finance and Relations with Investors Director, respectively. The arrival of the new members strengthens the project for repositioning of the organization in the market;

(ii) On June 08, 2021, the Company announced the second increase in private capital in the amount of up to R$ 153 million to finance its short and medium-term working capital, especially those necessary to support demands of cash in the works and commitments with PPLE, Refis and other liabilities assumed by the Company;

(iii) On August 03, 2021, the Company signed a Memorandum of Understanding with Mais Lar Engenharia Ltda. (“Mais Lar”), a company specialized in civil construction of residential real estate that fit the financing rules of the Federal Government programs for incentive to housing acquisition, in order to prospect the construction of a housing real estate development that shall be incorporated and constructed in property of the Company, where its headquarters are located today. The Memorandum of Understanding foresees that the Parties will immediately begin the preparation of projects and obtaining of licenses and authorizations necessary for implementation of the venture, which preliminary project forecasts the construction of up to 5.760 (five thousand, seven hundred and sixty) housing units that are in accordance with the rules of the Federal Government programs for incentive to housing of families in urban areas (“Casa Verde e Amarela”);

(iv) On August 09, 2021, the Company informs its shareholders and market in general, in compliance with provisions of Law nº 6.404, dated December 15, 1976, as amended (“Corporate Law - Lei das S.A.”) and in compliance with regulation of the Securities and Exchange Commission(“CVM”), that the Company’s Board of Directors, at the present date, homologated the Company’s capital increase within the authorized limit of capital, in accordance with the terms deliberated at meeting held on June 04, 2021 (“Capital Increase”). The totality of common and preferred shares available for subscription were subscribed and paid in, being (i) 11.550.000 (eleven million, five hundred and fifty thousand) new common shares, corresponding to 100% of the maximum quantity of common shares, and (ii) 23.100.000 (twenty three million and one hundred thousand) new preferred shares, corresponding to 100% of the maximum quantity of preferred shares, at the issue price of R$ 5,11 (five Reais and eleven cents) per common share and R$ 4,08 (four Reais and eight cents) for preferred share, totaling the amount of R$ 153.268.500,00, (one hundred and fifty three million, two hundred and sixty eight thousand and five hundred Reais). As a result of the capital Increase, the Company’s Capital changed from R$ 71.247.137,15 (seventy one million, two hundred and forty seven thousand, one hundred and thirty seven Reais and fifteen cents), divided in 6.600.000 (six million and six hundred thousand) common shares and 13.200.000 (thirteen million and two hundred thousand) preferred shares, all of them nominative without par value, to R$ 224.515.637,15 (two hundred and twenty four million, five hundred and fifteen thousand, six hundred and thirty seven Reais and fifteen cents), represented by 18.150.000 (eighteen million, one hundred and fifty thousand) common shares and 36.300.000 (thirty six million, three hundred thousand) preferred shares, all of them nominative without par value;

(v) On September 03, 2021, the Company announced the granting of debtor-in-possession financing, in the amount of R$ 40.000.000,00 (forty million reais) to Group UTC ("DIP Financing"). The DIP financing, that has a 24 (twenty four) months term and is guaranteed by fiduciary alienation of the "Base Macaé 1" and a fiduciary alienation of the totality of shares issued by Heftos, has to be adjusted according to IPCA variation and has a contracted remuneration of 12% (twelve percent) per year, as simple interests. It is also worth to highlight that the payment was made through court-ordered deposit in favor of the "Court of the 2ª Lower Court of Bankruptcies and Business Restructuring in the Judicial District of São Paulo" and will only be released by the Court after implementation of remaining previous conditions. As previously informed to the market, the Company intends to use the disbursed amount through the DIP financing as installment of the payment to be offered by UPI Heftos through the credit bid. The credit BID has to be presented at judicial auction to be performed in the context of the Judicial Reorganization of the UTC Group, in a time period to be defined by the judicial reorganization court. The effective presentation of the credit bid by the Company, as foreseen in the Updated Proposal, continues to be subject to suspension and remedial conditions, so that nothing in the present Significant Fact shall be interpreted as any indication or affirmation that the operations included in the Updated Proposal will be effectively concluded;

(vi) On September 30, 2021, the Company signed a Memorandum of Understanding ("MOU") with the shareholders of Engecampo Engenharia S.A. and EGC Comercial Elétrica e Hidráulica Ltda. ("Engecampo Group"), containing the main terms and binding conditions through which the Company proposes to acquire 100% of the Group Engecampo shares. Established in 1987, the Group Engecampo has extensive technical collection and a qualified team of professionals composing its technical and administrative body, with significant operations in the entire national territory, having executed operations at various levels of complexity. Based in Porto Alegre, Group Engecampo provides services of industrial maintenance, civil works, construction and electromechanical assembly, under contractual modalities by global prices or EPC, operating mainly in the sectors of Oil & Gas, Mining, Petrochemistry, Metallurgy, Sanitation and Energy. The union of A&T with the Group Engecampo, in case it is materialized, will enable the exchange of experience in planning, constructive methods and business management, accompanied of synergies, scale gains and gains of customers, resulting in an increase in commercial competitiveness and relevance in the market of construction and maintenance of industrial facilities, especially in Oil & Gas. The signature of the MOU is a result of direct negotiations held between the Company and the controllers of the Group Engecampo and has the objective of establishing the binding contractual bases so that the Company can deepen and finalize the legal, operational and financial audit that provides safety for conclusion of the proposed acquisition;

(vii) Persist with the rationalization of its organizational structure, emphasizing agility in implementation of strategic measures by high Management, in view of the expected market growth and opportunities in the Infrastructure sector;

(viii) Continue its work of extending the terms of its liabilities to adjust them to a medium and long-term profile so that they are paid with funds from services invoicing capitalizations and demobilization of assets;

(ix) Execute the contracted and to be contracted works within the budgeted margins;

(x) Redouble the Commercial Directory efforts in obtaining new contracts that enables the return of consolidated gross revenue to the previous levels;

(xi) Remain compliant with the Fiscal Recovery Program (“REFIS”) instituted by Law nº 9.964/2000;

(xii) Continue with the proceedings filed, currently, at the Federal Regional Court of the Third Region, with the objective of excluding ISSQN from the calculation basis of the Contribution to Social Integration Program - PIS and of the Contribution for Social Security Financing - Cofins. The mentioned proceedings were interrupted until judgment by the Federal Supreme Court – STF RE 592.616/RS – Subject 118;

(xiii) Continue with the proceedings filed with the objective of excluding ISSQN from the calculation basis of Social Security Contribution on Gross Income – CPRB. However, it is important to point out that the Federal Supreme Court recognized the constitutionality of the inclusion of ICMS in the calculation basis of CPRB, in the judgment of the RE nº 1.187.264/SP (Subject 1.048), an understanding applicable by similarity to ISS;

(xiv) Continue with the proceedings filed with the objective of removing the requirement of the contributions to third parties (SESI, SENAI, SEBRAE to INCRA and to FNDE), in limits above the one established by article 4º, sole paragraph, of Law nº 6.950/81 (20 minimum prevailing salaries);

(xv) Continue with the proceedings filed in name of ATINFRA with the objective of: (i) removing the requirement of contributions to third parties (SESI, SENAI, SEBRAE to INCRA and to FNDE), in limits above the one established by article 4º, sole paragraph, of Law nº 6.950/81 (20 minimum prevailing salaries), currently with injunction granted to authorize payment of the maturing contributions to FNDE (salary-education), INCRA, SENAI, SESI and SEBRAE, observing the limit value of twenty minimum salaries for the total calculation basis of each of the mentioned contributions, suspending the collectability of the tax credit deriving from values that have exceeded this limit, in accordance with article 151, item IV, of the National Tax Code; (ii) exclusion of the ISSQN from the calculation basis of contributions to PIS and COFINS, which precedent sentence confirmed the previously granted injunction, to determine to the filed authority to abstain from requiring from the claimant the inclusion, in the calculation basis of the overdue and maturing PIS and COFINS, of the ISSQN values mentioned on its services invoices; (iii) the exclusion of ISS from the calculation basis of CPRB, highlighting that the Federal Supreme Court recognized the constitutionality of the inclusion of ICMS in the calculation basis of CPRB, in the judgment of RE nº 1.187.264/SP (Subject 1.048), an understanding applicable due to similarity to ISS; (iv) the exclusion of PIS and COFINS contributions from their own calculation bases, which is now at appeal level due to the dismissal sentence; and (v) to file a proceeding with the objective of excluding amounts of indemnity nature from the calculation basis of social security and parafiscal contributions;

(xvi) Keep up-to-date the PPLE, main labor agreement of the Company;

(xvii) On December 14, 2021 ATSA concluded the acquisition of 100% of the shares issued by UPI HEFTOS. The object of the acquisition has included ownership of the totality of the operational assets (tangible and non-tangible) for accomplishment of Heftos operations, ownership of the register of the real estate where the operations are performed and the certificates and technical collection pertinent to the performance of operations.

Heftos is a company specialized in provision of services to the oil sector in existing units and plants, onshore e offshore, for execution of expansions, reforms and maintenances of facilities (Projects Brownfield). Through its base of operational support located in Macaé-RJ, Heftos has currently contracts in progress for adequacy of refinery and maintenance of offshore production platforms.

The acquisition of Heftos complements the services portfolio of

Azevedo Travassos in the oil and gas sector and will enable exchange of experiences in planning, constructive methods and business management accompanied of synergy and scale gains. This acquisition will result in increase of commercial competitiveness and relevance in the market of construction and maintenance of industrial facilities, oil and gas and energy. Besides, the acquisition represents an important step in the area of decommissioning of production units of mature fields.

In addition, the Management's Report complements these notes on the operational strategy of the Group.

2. Basis of preparation and presentation of the individual and consolidated financial statements

2.1. Declaration of conformity (in relation to CPC and IFRS standards)

The individual and consolidated financial statements were prepared in accordance with the Brazilian accounting practices, which comprehends the practices included in Brazilian Corporate Legislation and in the technical pronouncements, orientations and technical interpretations issued by the Accounting Pronouncements Committee (CPC), approved by the Federal Association of Accountants (CFC) and by the Securities and Exchange Commission (CVM), and in accordance with the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB).

These financial statements evidence all significant information inherent to financial statements, and only these, which are consistent with the ones used by the Administration in its management.

The Individual and consolidated financial statements of ATSA for the financial year ended December 31, 2021 were authorized for issuance and disclosure in accordance with approval by the Company's Board of Directors on March 31, 2022.

In preparing the financial statements, the accounting standards require Management to assess the Company's ability to continue as a going concern in a foreseeable future. Taking into consideration the actions described in Note 1.3, Management has concluded that there is no uncertainty that may cast significant doubt on its ability to continue operating and, therefore, concluded that it is appropriate the use of going concern assumption for preparation of its financial statements.

2.2. Statements of Added-Value (DVA)

The presentation of individual and consolidated Statements of Added-Value (DVA), is required by the Brazilian corporate legislation and by the Brazilian accounting practices applicable to publicly-held companies.

The international financial reporting standards ("IFRS") do not require presentation of this statement. Therefore, this statement is presented as supplementary information, without prejudice of the set of individual and consolidated financial statements.

2.3. Statements of Cash Flows (DFC)

Statements of cash flows were prepared according to the indirect method and are being presented in accordance with the pronouncement CPC 03 (R2) – Statement of Cash Flows (IAS 7).

2.4. Basis of consolidation

Consolidated financial statements include the financial statements of Azevedo & Travassos S.A. ("ATSA") and of its controlled companies, Azevedo & Travassos Infraestrutura Ltda. ("ATI"), HEFTOS Óleo e Gás Construções S.A. ("HEFTOS") and Infrainvest ADM e Investimentos LTDA ("INFRAINVEST").

The control on these companies is obtained when the Company has the power to control their financial and operating policies and has the ability to earn benefits and be exposed to the risks of their activities. The controlled companies are fully consolidated as of the acquisition date, the same date when the company acquires the control, and continue to be consolidated until the date the control ceases to exist.

The accounting practices were uniformly applied to all controlled companies included in the consolidated financial statements, consistent with the ones used in previous period, and the financial year of these companies coincides with the one of the Company.

The balances of assets and liabilities, income and expenses and unrealized gains and losses, deriving from related-party transactions, are completely eliminated, as applicable. A change in ownership interest in a controlled company that does not result in loss of control, is recorded as a transaction between shareholders, in equity.

Income(loss) for the financial year, and each component of other comprehensive income, recognized directly in equity, are attributed to the owners of the parent company and to non-controlling interest. Losses are attributed to non-controlling interest, even resulting in a negative balance.

2.5. Functional currency and reporting currency

Items included in the financial statements of each company of the Group are measured by using the currency of the main economic environment in which the Group operates (functional currency).

The individual and consolidated financial statements are presented in R$ (Reais), which is the functional currency of the Group and also the functional currency of the controlled companies. All balances were rounded to the closest thousand, unless otherwise stated.

3. Summary of significant accounting policies

Significant accounting policies applied in preparation and presentation of these financial statements are described below. These policies were consistently applied to all presented periods, unless otherwise stated:

3.1. Cash and cash equivalents

These are represented by cash, funds in current account and financial investments which balances do not significantly differ from market values, with maturity up to 90 days from the investment date or are considered as of immediate liquidity or convertible into a known cash amount and that are subject to insignificant risk of changing value, which are recorded at cost value plus yields obtained up to the balance sheet date, not exceeding its market or realization value.

3.2. Financial instruments

3.2.1. Financial assets

Recognition and measurement

Trade accounts receivable are firstly recognized on the date they are originated. All other financial assets and liabilities are initially recognized when the Group becomes a party in the contractual provisions of the instrument.

A financial asset or a financial liability is firstly measured at fair value plus, for an item not measured at fair value through income/loss (VJR), the transaction costs directly attributable to its acquisition or issue. A trade accounts receivable is initially measured at transaction price.

Classification and subsequent measurement

At initial recognition, a financial asset is classified as measured at amortized cost or at VJR.

Financial assets are not re-classified subsequently to initial recognition, unless the Group changes the business model for management of financial assets. In this case, all affected financial assets are re-classified at the first day of the reporting period after the business model change.

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

- It is held within a business model, which objective is to keep financial assets to receive contractual cash flows; and
- Its contractual terms generate, on specific dates, cash flows that are related only to payment of the principal amount and interests on the outstanding principal amount.

All financial assets not classified as measured at amortized cost, as described above, are classified at VJR. At initial recognition the Group can irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost as at VJR if this eliminates or significantly reduces an accounting mismatch that otherwise would occur.

Financial assets at VJR	These assets are subsequently measured at fair value. Net income, including interests, is recognized in income/loss.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest rate method. Amortized cost is reduced in case of impairment loss. Income from interest and impairment are recognized in income/loss. Any gain or loss in de-recognition is recognized in income/loss.

De-recognition

The Group de-recognizes a financial asset when the contractual rights to the asset cash flow expire or when the Company transfers the contractual rights of receiving contractual cash flows from a financial asset in a transaction in which substantially all risks and benefits of the financial asset ownership are transferred or in which the Group has not substantially transferred or retained all the risks and benefits related to the asset and also does not retain control on the financial asset.

3.2.2. Financial liabilities

Classification, subsequent measurement and gains and losses

Financial liabilities were classified as measured at amortized cost. Other financial liabilities are subsequently measured at amortized cost by using the effective interest rate method. Interests expense, exchange rate gains and losses are recognized in income/loss. Any gain or loss in de-recognition is also recognized in income/loss.

De-recognition

The Group de-recognizes a financial liability when its contractual obligation is withdrawn, cancelled or expired. The Group also de-recognizes a financial liability when the terms are modified and the cash flows from the modified liability are substantially different. In this case a new financial liability based on the modified terms is recognized at fair value.

Offset

Financial assets or liabilities are offset and the net amount is reported on the statement of financial position when, and only when, there is a legally enforceable right to offset the recognized amounts and there is an intention to settle them on a net basis or simultaneously realize the asset and settle the liability
.

3.3. Inventories of goods and plots of land

Inventories are stated at the lowest of average acquisition cost and the replacement or realization value. As applicable, an estimate is made for losses in obsolete or slow moving inventory items.

Inventories of plots of land are valued at acquisition cost or realization value, the lowest of them.

Net realizable value corresponds to the estimated sale price of inventories, deducting all estimated costs for conclusion and necessary selling costs.

3.4. Fixed assets

These are recorded at acquisition, formation or construction cost, deducting depreciations and accumulated impairment losses.

Professional fees are recorded as part of the costs of fixed assets in progress and, in case of qualifying assets, the costs of capitalized loans according to the accounting policy of the Company and its controlled companies. Such immobilizations are classified under the appropriate categories of fixed assets when concluded and ready for the intended use. Depreciation of these assets begins when they are ready for the intended use on the same basis as other fixed assets.

Depreciation recognition is based on the estimated useful life of every asset through the straight-line method, so that the cost value less its residual value after its useful life is fully written-off (except for plots of lands and constructions in progress). The estimated useful life, the residual values and the depreciation methods are revised at the end of the balance sheet date and the effect of any changes in estimates is prospectively recorded.

Assets held through financial lease are depreciated according to the expected useful life, in the same way as its own assets or for a shorter period, as applicable, in accordance with the terms of the lease contract in question.

A fixed assets item is written-off after alienation or when there aren't future economic benefits resulting from the continuous use of the asset. Any gains or losses deriving from sale or asset write-off (calculated as being the difference between net sale value and the book value of the asset) are included in the statement of operations in the period in which the asset is written-off.

3.5. Intangible assets

Intangible assets purchased separately are measured, upon initial recognition, at acquisition cost and later deducting accumulated amortization and impairment losses, as applicable.

Intangible assets with defined useful life are amortized in accordance with their estimated economic useful life and, when evidence of impairment are identified, they are tested for impairment.

The Company's intangible assets are mainly composed of the technical collection acquired with the acquisition of Heftos.

3.6. Properties for investment

Properties for investment are firstly measured at cost including transaction costs. After initial recognition they are measured at fair value.

For plots of land, the Company evaluates them based on the market's comparative direct method .

Properties for investment are written-off when sold or when future economic benefits are not expected or transferred when there is intention of sale.

3.7. Investments and basis of consolidation

The consolidated financial statements include the financial statements of the Company and of the companies directly controlled by the Company or indirectly through its controlled companies. The control is obtained when the Company:

- Has power on the investee;
- Is exposed, or have the right, to variable returns resulting from its involvement with the investee;
- Has the capacity to use this power to affect its returns.

The Company revaluate if it holds or not the control on an investee if facts or circumstances indicate the occurrence of changes in one or more of the three elements of control listed above.

When the Company does not have the major part of the voting rights in an investee, it will have the power on an investee when the voting rights are sufficient to enable it, in other words, to unilaterally conduct significant activities of the investee. When assessing if the voting rights of the Company in an investee are sufficient to empower it, the Company considers all significant facts and circumstances including:

- The Company's interest size in terms of voting rights in relation to the size and dispersion of other shareholders' interest in voting rights;
- Potential voting rights held by the Company, by other holders of voting rights or other parties;
- Rights deriving from other contractual agreements;
- Any additional facts or circumstances indicating that the Company has, or not, the capacity of conducting relevant activities at the time when decisions have to be taken, including voting patterns in

previous general meetings.

The consolidation of a controlled company begins when the Company obtains control on the controlled company and ends when the Company loses such control. Specifically, income and expenses of an acquired or alienated controlled company during the period are included in the statement of operations and other comprehensive income as from the date the Company obtains control until the date this control ceases to exist.

The result and each component of other comprehensive income are attributed to the owners of the Company and to non-controlling interests. The total comprehensive income of the controlled companies is attributed to the owners of the Company and to non-controlling interest, even if this generates negative balance for the non-controlling interest.

As necessary, the financial statements of the controlled companies are adjusted to match its accounting policies to the ones established by the Group.

All transactions, balances, income and expenses among the entities of the Group are fully eliminated in the consolidated financial statements.

In the individual financial statements of the Company the accounting information of the controlled companies and of the jointly controlled projects are recognized through the equity equivalence method.

3.8. Income tax and social contribution

Provision for income tax is based on the taxable income of the period. The taxable income differs from the income presented in the statement of operations because it excludes income or expenses taxable or deductible in other periods, besides permanently excluding non-taxable and non-deductible items. Provision for income tax is individually calculated for each entity of the Group based on the prevailing rates at end of the financial year.

Some investees are taxed in accordance with the assumed profit regime. For assumed profit regime are qualified the companies which total gross revenue in previous calendar year was equal or below R$78.000. Under the assumed profit regime the calculation basis for income tax is made at the ratio of 8% and social contribution at 12% on the gross income of real estate sales and 32% on income from rendered services for both taxes.

3.9. Deferred Income and Social Contribution taxes

At end of each period, deferred income tax (“deferred tax”) is recognized for temporary differences between balances of assets and liabilities recognized in the financial statements and the corresponding tax bases used for calculation of taxable income, including the balance of tax losses and negative basis, as applicable

Deferred tax liabilities are generally recognized on all temporary taxable differences and deferred tax assets are recognized on all deductible temporary differences, only when it is likely that the Company will present future taxable income in amount sufficient so that such deductible temporary differences can be used. Deferred tax assets and liabilities are not recognized on temporary differences resulting from negative goodwill or of initial recognition (except for business combination, as applicable) of other assets and liabilities in a transaction that does not affect the taxable income or the accounting profit.

Recovery of deferred taxes balance is revised at the end of every financial year and, when is no longer likely that future taxable income will be available to enable recovery of the total asset, or part of it, the asset balance is adjusted to the amount expected to be recovered.

Deferred tax assets and liabilities are measured according to the applicable rates in the period in which is expected that the liability is settled or the asset realized, based on the rates established in prevailing tax legislation at end of every period, or when a new legislation has been substantially approved.

Deferred tax assets and liabilities are offset, considering the calculation by entity, only when there is the legal right to offset the current tax asset with the current tax liability and when they are related to taxes administered by the same tax authority and the Group intends to liquidate the net value of its current tax assets and liabilities.

3.10. Other assets and liabilities

An asset is recognized in balance sheet when it is likely that its future economic benefits will flow to the Company and to its controlled companies and its cost or value can be reliably measured.

A liability is recognized in balance sheet when the Company has a legal or constructive liability as result of a past event and it is likely that funds will be required to settle it and are stated at known or calculable values plus, as applicable, the corresponding charges, monetary and/or exchange variations incurred up to the balance sheet date.

3.11. Contingent assets, contingent liabilities and legal obligations

The accounting practices for recording and disclosure of contingent assets and liabilities and legal obligations are the following:

(i) **Contingent assets:** are recognized only when there are real guarantees or favorable final court decisions. Contingent assets with probable success are only disclosed in note;
(ii) Contingent liabilities are provisioned when the losses are assessed as probable and the involved amounts are measured with sufficient assurance. Contingent liabilities assessed as of possible losses are only disclosed in a note, and contingent liabilities assessed as remote loss are not provisioned or disclosed;
(iii) Legal obligations are recorded as payable regardless the assessment on the probabilities of success in proceedings where the Company has questioned the unconstitutionality of taxes.

3.12. Difference between current and non-current assets and liabilities

The difference between current and non-current is based on the operations cycle or realized assets and settled liabilities in that same cycle. The standard defines operational cycle as the time from acquisition of assets circulating continuously (working capital) and its realization in cash. The Company and its controlled companies adopt the term of 12 months as operational cycle.

3.13. Distribution of dividends and interests on equity capital

The distribution of dividends and interests on equity capital to shareholders of the Company, as applicable. is recognized as a liability in the financial statements at the end of the financial year, based on the minimum dividend established in the Company’s Articles of Corporation. Any value above the minimum mandatory one is only provisioned at the date they are approved by shareholders at a General Meeting.

3.14. Adjustment to present value of assets and liabilities

Long-term monetary assets and liabilities are adjusted to their present value and the short-term ones only when the effect is considered significant in relation to the financial statements taken as a whole.

Adjustment to present value is calculated taking into consideration the contractual cash flows and the explicit interest rate, and in certain cases implicit, of the respective assets and liabilities, Therefore, the interests embedded in income, expenses and costs associated to those assets and liabilities are discounted with the objective of recognizing them in accordance with the accrual basis of accounting. After this, such interests will be reallocated under financial income and expenses in income/loss by using the effective interest rate method in relation to the contractual cash flows.

3.15. Income recognition

Contracts of construction qualified and classified as construction services

The contract income comprehends the initial value agreed in contract plus variations deriving from additional requests and the payments of contractual incentives, in the condition that it is likely that they result in income and can be reliably measured. As soon as the result of a construction contract can be reliably estimated, the contract income is recognized in income/loss according to the completion stage of the contract. Contract expenses are recognized as incurred, unless they created an asset related to the activity of future contract.

The completion stage is evaluated through physical or financial reference of the executed work. The criterion to be adopted depends on the terms of each contract and all related facts and circumstances. When the result from a construction contract cannot be reliably measured, the contract income is recognized up to the limit of recognized costs under the condition that the incurred costs can be recovered. Losses in a contract are immediately recognized in income/loss.

4. Significant accounting estimates and assumptions

In applying the accounting practices, Management has to use its judgment and make estimates on the book value of assets and liabilities which are not easily obtained from other sources. The estimates and respective assumptions are based on historic experience and on other factors considered relevant. Effective results may differ from these estimates.

Underlying estimates and assumptions are continuously reviewed. The effects deriving from the reviews made on accounting estimates are recognized in the period in which the estimates are reviewed, if the review affects only this period, or also in following periods if the review affects both the present and future periods. The main judgments and accounting estimates are shown below:

4.1. Income recognition

Income and expenses from operations are determined in conformity with the accrual basis of accounting, taking into consideration the recording of rendered services income according to the completion stage of the contract, having as basis the accumulation of incurred construction costs calculated at the accrual basis of accounting.

4.2. Provisions for tax, civil and labor risks

The Company is a party in various judicial and administrative proceedings, as described in Note 20. Provisions are made for all risks related to the judicial proceedings that represent probable losses, estimated with a certain degree of assurance. The evaluation on the probability of loss includes evaluation of the available evidence, hierarchy of laws, available jurisprudences, most recent court decisions and their relevance in the judicial order, as well as evaluations from internal and external lawyers. Management believes that these provisions for tax, civil and labor risks are correctly presented in the individual and consolidated financial statements.

4.3. Useful life of fixed and intangible assets

When necessary, the Company revises the estimated useful life, residual value and depreciation or amortization methods of fixed and intangible assets at the end of each reporting period.

4.4. Expected loss for doubtful credits

Expected loss with doubtful credits is constituted to take trade accounts receivable to their recovery value, based on individual analysis of the existing credits. The Company adopts the criterion of making provision for the totality of the credits considered as of difficult realization and immediately records as loss in income/loss the ones considered uncollectable.

4.5. Fair value of financial instruments

When the fair value of financial assets and liabilities presented in balance sheet cannot be obtained in assets market, it is determined by using evaluation techniques, including the discounted cash flow method. The data for these methods are based on those practiced in the market when possible. However, when this is not feasible, judgment is required to determine the fair value. The judgment includes considerations on the data used as, for example, interest rate, liquidity risk, credit risk and volatility. Changes in assumptions of these factors could affect the presented fair value of the financial instruments.

4.6. Taxes

There are uncertainties regarding interpretation of the complex tax regulations and on the value and timing of future taxable results. In the normal course of its business, the Group is subject to investigations, audits, lawsuits and administrative proceedings in tax and labor issues. Depending on the object of the investigations, lawsuits or administrative proceedings filed against the Company, it can be adversely affected regardless the respective final outcome.

5. New technical pronouncements adopted

5.1. New or revised technical pronouncements applied for the first time in 2021

(i) Reform of the Reference Interests Rate – IBOR “phase 2” (Changes in IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

These changes in various IFRS standards are mandatory for periods beginning as from January 01, 2021 and complements the ones made in 2019 (“phase 1”).

(ii) COVID-19 impacts on concessions of lease (Changes to IFRS 16)

As from June 2020, and then as from March 2021, IFRS 16/ CPC 06 (R2) was changed to include a practical expedient for lessors that record concessions of received lease as a direct consequence of the COVID-19 pandemic and satisfies certain conditions.

5.2. New technical pronouncements, reviews and interpretations issued and not in effect yet

(i) Onerous contracts – Contract fulfillment cost (Changes to IAS 37)

It is applied for annual periods beginning on or after January 01, 2022 for contracts existing on the date the changes are applied for the first time. The change determines specifically what costs have to be considered when calculating the cost for fulfillment of a contract. The Company does not expect significant impacts on its financial statements.

Other standards

For the following standards or changes effective for periods beginning on or after 01/01/2022, it is not expected significant impacts on the Company's financial statements, as follows:

- Fixed assets: Income before the intended use (Changes to IAS 16);
- Annual improvements in IFRS Standards 2018-2020 (Changes in IFRS 1, IFRS 9, IFRS 16 and IAS 41);
- References to the conceptual framework (Changes in IFRS 3).

In addition, for the following standards or changes effective for periods beginning in or after 01/01/2023, it is not expected significant impacts on the Company's financial statements, as follows:

- Definition of accounting estimate (Changes to IAS 8);
- Considerations on initial recognition of deferred taxes (Changes to IAS 12);
- Insurance contracts (IFRS 17);
- Changes in IFRS 4, that clarifies aspects related to insurance contracts and the temporary exemption on application of the standard IFRS 9 for insurance companies;
- Classification of liabilities as current or non-current (Changes to IAS 1).

(In thousand Brazilian Reais)

6. Cash and cash equivalents

	Parent company		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Cash	8	-	26	2
Bank current account	1,132	4,426	19,312	4,431
Financial investments	1	-	1	150
	1,141	**4,426**	**19,339**	**4,583**

The balance of cash and banks comprehends deposits in current account available for immediate use and the mentioned balances derive from the strategy and normal flow of the Group's operations.

7. Trade accounts receivable - Customers

Trade accounts receivable is represented by domestic customers. Measurements to be invoiced are the register of income obtained from services rendered by the Company, based on measurements made during execution of the works:

	Parent company		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Trade accounts receivable	25	-	18,343	2,087
Executed and not invoiced services and leases	-	11	15,631	273
	25	**11**	**33,974**	**2,360**

For the financial year ended December 31, 2021, the Company's Management, after analyzing outstanding credits, understood that there isn't need of establishing provision for Expected Doubtful Credit Losses (PECLD).

The consolidated breakdown of trade accounts receivable is shown below:

(In thousand Brazilian Reais)

	Parent company		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Falling due	**25**	**11**	**32,442**	**597**
Overdue				
From 1 to 60 days	-	-	1,245	301
From 61 to 180 days	-	-	21	618
Above 180 days	-	-	266	844
Total accounts receivable	**25**	**11**	**33,974**	**2,360**
Provision for credits	-	-	-	-
Net trade accounts receivable balance	**25**	**11**	**33,974**	**2,360**

(In thousand Brazilian Reais)

8. Inventories

	Parent company		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Construction material and maintenance parts	908	29	12,077	959
Resale material	-	-	6,996	-
	908	**29**	**19,073**	**959**

Inventory of plots of land

The plots of land acquired for trade are initially recognized at acquisition cost (historic cost) and after this measured at the lowest of cost and net realizable value.

	Parent company		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Azevedo & Travassos S.A.	-	4,215	-	4,215
Azevedo & Travassos Infraestrutura Ltda	-	-	18,301	18,301
	-	**4,215**	**18,301**	**22,516**
Current	**-**	**-**	**18,301**	**18,301**
Non-current	**-**	**4,215**	**-**	**4,215**

Details and measurements of the plots of land are shown below:

		Consolidated	
	M^2	12/31/2021	12/31/2020
Azevedo & Travassos S.A.			
Plot of land 7	18,144	-	2,204
Plot of land 8	17,207	-	2,011
	35,351	**-**	**4,215**
Azevedo & Travassos Infraestrutura Ltda			
Plot of land Elísio (i) (ii)	22,999	9,835	9,835
Plot of land 3 (i)	5,465	3,165	3,165
Plot of land 4 (i)	4,343	2,851	2,851
Plot of land 5 (i)	1,348	1,139	1,139
Plot of land 6	1,536	1,311	1,311
	35,691	**18,301**	**18,301**
Total	**71,042**	**18,301**	**22,516**

(i) On September 30, 2021, the plot of land Elísio is enrolled in the Federal REFIS- Law nº 9.964/2000 (see Note n° 20.1);

(In thousand Brazilian Reais)

(ii) In case of sale of any of the plots of land, the Management will evaluate other guarantees accepted in similar processes.

Transfers from inventory to property for investment (Note n° 14) are shown below:

	Inventories previous value	Actual value PPI
Plot of land 7	2,204	8,430
Plot of land 8 A		3,190
Plot of land 8 B	2,011	1,130
Plot of land 8 C		2,620
TOTAL	**4,215**	**15,370**

9. Advance to suppliers

	Parent company		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Domestic suppliers	80	512	7,843	1,627
Foreign suppliers	-	-	1,747	-
Salaries	-	-	415	-
Other advances	7	51	7	85
	87	**563**	**10,012**	**1,712**

10. Recoverable taxes

	Parent company		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
IRRF	-	-	5,240	952
CSLL	-	-	2,031	202
ICMS	-	-	870	215
Other recoverable taxes	84	60	737	960
	84	**60**	**8,878**	**2,329**

(In thousand Brazilian Reais)

11. Other accounts receivable

	Parent company		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Related parties (Note 16)	-	34,202	-	-
Court-ordered deposit	1,243	1,287	1,243	3,930
Current account - Consortium	-	-	6,192	-
Fixed assets sale	-	31	-	1,127
Other accounts receivable	969	1,558	1,264	9,838
	2,212	**37,078**	**8,699**	**14,895**
Current	**969**	**89**	**7,456**	**9,466**
Non-current	**1,243**	**36,989**	**1,243**	**5,429**

12. Investments

Permanent investments are classified as controlled with significant influence and are, therefore, evaluated through the equity equivalence method.

(a) Investments breakdown

	Parent company	
	12/31/2021	12/31/2020
Azevedo & Travassos Engenharia Ltda. (i)	-	(211,705)
Azevedo & Travassos Infraestrutura Ltda.	66,679	19,196
Heftos Óleo e Gás Construções S.A. (iii)	172,360	-
Infrainvest Administração e Investimentos Ltda. (ii)	98	-
Total investment	**239,137**	**(192,509)**
Non-current assets	**239,137**	**19,196**
Non-current liabilities	**-**	**(211,705)**

(i) The company Azevedo & Travassos Engenharia Ltda. was sold, as described in Note n° 30.2.

(ii) In October 2021, the company Infrainvest ADM e Investimentos LTDA. was established in accordance with Note n° 30.12.

(iii) In December 2021, the company Heftos Óleo e Gás Construções S.A. was acquired, in accordance with Note n°30.11.

(b) Operations of the Investees

Azevedo & Travassos Engenharia Ltda. (disinvested)

As disclosed in Relevant Fact, Azevedo & Travassos Engenharia Ltda., currently denominated MGCF Engenharia EIRELI, was sold on March 25, 2021, by means of the Contract for Purchase and Sale of Shares and Other Agreements, no longer appearing as an invested company. The alienation of Azevedo & Travassos Engenharia Ltda. does not impact the development of operations of the Company and its subsidiary Azevedo & Travassos Infraestrutura Ltda., which will continue normally performing its operational activities.

Azevedo & Travassos Infraestrutura Ltda.

Azevedo & Travassos Infraestrutura Ltda. (“ATI”), a private limited liability company, based in São Paulo, State of São Paulo, located at Rua Vicente Antônio de Oliveira, 1.050, Vila Mirante, which business purposes are (i) planning and execution of projects, works, civil construction services, mechanical civil engineering originated from contracts or others; (ii) technical installations of civil engineering, advisory for industrial assemblies, planning, advisory on technical studies in the specialties of civil mechanical engineering; (iii) purchase, sale and development of real estate; (iv) practice of other economic activities connected or deriving from the activities mentioned above, including lease, purchase and sale of equipment, import and export; and (v) hold interest in other companies as partner or shareholder.
As at December 31, 2021 the subscribed and paid in capital of Azevedo & Travassos Infraestrutura Ltda. is composed of 65.990.208 shares.

HEFTOS Óleo e Gás Construções S.A.

HEFTOS Óleo e Gás Construções S.A. (“HEFTOS”) a closely-held corporation, based in São Paulo, State of São Paulo, located at Avenida São Gabriel, 301, 1.andar, sala 101, Jardim Paulista, which business purposes are execution of industrial engineering projects in general and civil construction, manufacturing of cement artifacts, fiber of cement, iron and steel, also with acquisition and application of construction materials and equipment, assembly, reconstruction and maintenance of industrial facilities and performance of research on development of technology appropriate for industrial companies and exploration of norms and processes of industrial manufacturing, performance of technical and economic studies on installation of industrial enterprises, operation of industrial units through own exploration or contracts with third parties and representation of industrial processes, in the areas of construction of platforms, modules and refineries, as well as on/offshore maintenance, its decommissioning and hook-up.

As at December 31, 2021, the subscribed and paid-in capital of HEFTOS Óleo e Gás Construções S.A. is composed of 214.048.897 shares.

Infrainvest Administração e Investimentos Ltda.

Infrainvest Administração e Investimentos Ltda. (“INFRAINVEST”), a private limited-liability company, based in São Paulo, State of São Paulo, located at Rua Bueno da Ribeira, 1.050, Vila Mirante, which business purposes are to hold interest in other companies, investments in equity capital instruments, as well as in securities or rights convertible, permutable or that grants right to its acquisition, investment in debt capital, including loans and credits, of companies in which it holds interest or propose itself to hold, investment of its cash surplus in financial instruments and practice of other economic activities connected with the activities mentioned above.

As at December 31, 2021, the subscribed and fully paid capital of Azevedo & Travassos Infraestrutura Ltda. is composed of 100.000 shares.

(In thousand Brazilian Reais)

Changes in investees

	Parent company					
	ATE	ATI	Heftos	ATINV	ATD III	Total
Final balance as at 12/31/2019	**(191,180)**	**18,618**			**3,274**	**(169,288)**
Equity equivalence result	(20,525)	578			306	(19,641)
Capital increase with plot of land	-	-			(3,580)	(3,580)
Final balance as at 12/31/2020	**(211,705)**	**19,196**	**-**	**-**	**-**	**(192,509)**
Equity equivalence result	(5,216)	(1,301)	22,098	(2)	-	15,579
Capital increase		48,784				48,784
Investment write-off due to alienation	216,921	-			-	216,921
Investment acquisition			150,262	100		150,362
Final balance as at 12/31/2021	**-**	**66,679**	**172,360**	**98**	**-**	**239,137**

(c) Information on investees companies:

	ATE		ATI		Heftos		INFRAINVEST	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Ownership interest	-	100.00%	100.00%	100.00%	100.00%	0.00%	100.00%	0.00%
Assets	-	15,178	70,581	24,910	254,488	-	100	-
Liabilities	-	226,883	3,902	5,714	82,129	-	2	-
Equity	-	(190,842)	67,980	18,618	150,261	-	100	-
Profit for the year	-	(20,863)	(1,301)	578	22,098	-	(2)	-

13. Properties for investment

Plots of land

Property for investment is measured at acquisition cost on initial recognition and has to be continuously measured at fair value.

The register of properties for investment has occurred due to transfer of the parent company’s plots of land in the capital payment made on 09/30/2021 at the market value of R$40.250.752.

Changes

	CONSOLIDATED
	12/31/2021
Opening balance as at January 01, 2021	-
Acquisitions	40,251
Final balance as at December 31, 2021	**40,251**

(In thousand Brazilian Reais)

List of properties

Item	Description	12/31/2021
1	Plot of land Address: Rua Bueno da Ribeira e Rua Bernardo Rolim de Moura, lote 1, parte do Sítio Guerra, no 4º Subdistrito – Nossa Senhora do Ó Area: 55.568,39m2 City: São Paulo	25,284
2	Plot of land Address:Rua Hortolândia, lote 7, parte do Sítio Guerra, no 4º Subdistrito – Nossa Senhora do Ó Area: 18.144,65m2 City: São Paulo	7,749
3	Plot of land Address:Rua Hortolândia, Area B (parte do lote 8), parte do Sítio Guerra, no 4° Subdistrito – Nossa Senhora do Ó Area: 2.441,36m² City: São Paulo	1,166
4	Plot of land Address:Rua Hortolândia, designado na área A (parte do lote 8), parte do Sítio Guerra, no 4º Subdistrito – Nossa Senhora do O Area: 6.697,14m² City: São Paulo	3,363
5	Plot of land Address:Rua Hortolândia, Area C (parte do lote 8), parte do Sítio Guerra, no 4º Subdistrito – Nossa Senhora do Ó Area: 5.629,50m2 City: São Paulo	2,689
	TOTAL	**40,251**

The classification of plots of land as property for investment reflects the Management’s intention of keeping these assets for long-term capital appreciation, in opposition to the Company’s obligations. Management will annually make a market evaluation of the plots of land.

(In thousand Brazilian Reais)

14. Fixed assets

Balances and changes occurred in the financial years ended December 31, 2021 and 2020 are demonstrated below:

Parent company

Description	Fixed assets in progress	Buildings and improvements	Machinery and equipment	Heavy machinery and equipment	Vehicles	Tools	Furniture and fixtures	Others	Plots of land	Revaluation of plots of land	IT equipment	Total
Cost:												
Balance as at 12/31/2019	**-**	**6,507**	**733**	**-**	**-**	**-**	**-**	**521**	**522**	**7,815**	**-**	**16,098**
Additions	-	-	9	-	-	-	-	-	-	-	-	9
Transfers	-	-	(733)	-	-	-	-	(210)	-	-	-	(943)
Balance as at 12/31/2020	**-**	**6,507**	**9**	**-**	**-**	**-**	**-**	**311**	**522**	**7,815**	**-**	**15,164**
Balance as at 12/31/2020	**-**	**6,507**	**9**	**-**	**-**	**-**	**-**	**311**	**522**	**7,815**	**-**	**15,164**
Additions	32	-	229	4,663	500	1,994	327	(309)	-	-	216	7,652
Transfer	-	-	-	-	-	-	-	-	-	-	-	-
Write-offs	-	(6,507)	(9)	-	-	-	(287)	(2)	(522)	(7,815)	-	(15,142)
Balance as at 12/31/2021	**32**	**-**	**229**	**4,663**	**500**	**1,994**	**40**	**-**	**-**	**-**	**216**	**7,674**
Accumulated depreciation:												
Depreciation percentage / year	4%	4%	10%	10%	10%	10%	10%	10%			10%	
Balance as at 12/31/2019	**-**	**(2,636)**	**(660)**	**-**	**-**	**-**	**-**	**(382)**		**(798)**	**-**	**(4,476)**
Depreciation expense in the financial year	-	(262)	-	-	-	-	-	(36)	-	(58)	-	(356)
Transfer	-	-	660	-	-	-	-	181	-	-	-	841
Balance as at 12/31/2020	**-**	**(2,898)**	**-**	**-**	**-**	**-**	**-**	**(237)**		**(856)**	**-**	**(3,991)**
Balance as at 12/31/2020	**-**	**(2,898)**	**-**	**-**	**-**	**-**	**-**	**(237)**	**-**	**(856)**	**-**	**(3,991)**
Depreciation expense in the financial year	-	(195)	(214)	-	-	-	(264)	-	-	(44)	(35)	(752)
Write-off	-	3,093	2	-	-	-	237	237	-	900	1	4,470
Balance as at 12/31/2021	**-**	**-**	**(212)**	**-**	**-**	**-**	**(27)**	**-**	**-**	**-**	**(34)**	**(273)**
Net fixed assets as at 12/31/2020	**-**	**3,609**	**9**	**-**	**-**	**-**	**-**	**74**	**522**	**6,959**	**-**	**11,173**
Net fixed assets as at 12/31/2021	**32**	**-**	**17**	**4,663**	**500**	**1,994**	**13**	**-**	**-**	**-**	**182**	**7,401**

Notes to the financial statements
As at December 31, 2021 and December 31, 2020
(In thousand Brazilian Reais)

Consolidated

Description	Fixed assets in progress	Buildings and improvements	Machinery and equipment	Heavy machinery and equipment	Vehicles	Tools	Furniture and fixtures	Others	Plots of land	Revaluation of plots of land	IT equipment	Total
Cost:												
Balance as at 12/31/2019	**-**	**6,566**	**16,041**	**-**	**12,212**	**-**	**-**	**7,420**	**522**	**7,815**	**-**	**50,576**
Additions	-	-	-	-	-	-	-	-		-	-	-
Transfers	-	-	91	-	(91)	-						-
Write-offs	-	-	(9,092)	-	(1,778)	-	-	(3,606)		-	-	(14,476)
Balance as at 12/31/2020	**-**	**6,566**	**7,040**	**-**	**10,343**	**-**	**-**	**3,814**	**522**	**7,815**	**-**	**36,100**
Balance as at 12/31/2020	**-**	**6,566**	**7,040**	**-**	**10,343**	**-**		**3,814**	**522**	**7,815**	**-**	**36,100**
Additions	32	-	24,976	4,663	513	1,994	454	-	34,090	-	764	67,486
Write-offs	-	(6,566)	(12,398)	-	(10,343)	-	(388)	(3,814)	(522)	(7,815)	(16)	(41,862)
Balance as at 12/31/2021	**32**	**-**	**19,618**	**4,663**	**513**	**1,994**	**66**	**-**	**34,090**	**-**	**748**	**61,724**
Accumulated depreciation:												
Depreciation percentage / year	4%	4%	10%	10%	10%	10%	10%	10%			10%	
Balance as at 12/31/2019	**-**	**(2,688)**	**(13,804)**	**-**	**(9,158)**	**-**	**-**	**(6,035)**	**-**	**(798)**	**-**	**(32,483)**
Depreciation expense in the financial year	-	(263)	(351)	-	(400)	-	-	(382)		(58)	-	(1,454)
Write-offs	-	-	7,684	-	1,267	-	-	3,230		-	-	12,181
Balance as at 12/31/2020	**-**	**(2,951)**	**(6,471)**	**-**	**(8,291)**	**-**	**-**	**(3,187)**	**-**	**(856)**	**-**	**(21,756)**
Balance as at 12/31/2020	**-**	**(2,951)**	**(6,471)**	**-**	**(8,291)**	**-**		**(3,187)**		**(856)**	**-**	**(21,756)**
Depreciation expense in the financial year	-	(195)	(1,047)	-	(5)	-	(265)	-		(44)	(62)	(1,618)
Write-offs	-	3,146	6,473	-	8,291	-	237	3,187		900	1	22,235
Balance as at 12/31/2021	**-**	**-**	**(1,045)**	**-**	**(5)**	**-**	**(28)**	**-**	**-**	**-**	**(61)**	**(1,139)**
Net fixed assets as at 12/31/2020	**-**	**3,615**	**569**	**-**	**2,052**	**-**	**-**	**627**	**522**	**6,959**	**-**	**14,344**
Net fixed assets as at 12/31/2021	**32**	**-**	**18,573**	**4,663**	**508**	**1,994**	**38**	**-**	**34,090**	**-**	**687**	**60,585**

(In thousand Brazilian Reais)

Intangible assets

		Consolidated			
	Annual amortization	12/31/2021			12/31/2020
	rate %	Cost	Amortization	Net	Net
Software	20.00	11	-	11	22
Technical collection	10.00	117,775	-	117,775	
Licenses		22	-	22	-
Backlog	33.33	38,625	-	38,625	-
Trademarks	5.88	36,321	-	36,321	-
Projects in progress		6,748	-	6,748	-
Total		**199,502**	**-**	**199,502**	**22**

Changes in balance of intangible assets in the financial year ended December 31, 2021 is demonstrated below:

	Consolidated			
	12/31/2020	**Additions**	**Write-offs**	**12/31/2021**
Software	1,890	11	(1,890)	11
(-) Accumulated amortization	(1,868)	-	1,868	-
Technical collection	-	157,311	(39,536)	117,775
Licenses	-	22	-	22
Backlog	-	38,625	-	38,625
Trademarks	-	36,321	-	36,321
Projects in progress	-	6,748	-	6,748
Total	**22**	**239,038**	**(39,558)**	**199,502**

15. Related-party transactions

They relate substantially to loans and financial advances made between the Parent Company and its subsidiaries for settlement of liabilities and maintenance of administrative cash or transactions with shareholders.
Transactions with related parties, respecting market conditions, are disclosed below:

(In thousand Brazilian Reais)

(a) Related-party transactions recognized in assets and liabilities

	Parent company		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Other accounts receivable with companies of the Group				
Azevedo & Travassos Engenharia Ltda.	-	33,475	-	-
Azevedo & Travassos Infraestrutura Ltda.	-	727	-	-
	-	**34,202**	**-**	**-**
Loans liabilities with shareholders				
Controlling shareholders	-	(6,582)	-	(7,040)
Non-controlling shareholders	(5,696)	(1,675)	(5,597)	(2,290)
	(5,696)	**(8,257)**	**(5,597)**	**(9,330)**
	(5,696)	**25,945**	**(5,597)**	**(9,330)**

(b) Related-party transactions with effect on income/loss

Based on existing transactions, there weren't impacts on income/loss for the years 2021 and 2020 and, also, losses related to the outstanding balances are not expected.

(c) Management Remuneration

As at December 31, 2021, expenses with remuneration to key-management personnel, including Administration Council, Fiscal Council and Executive Board, recognized in income/loss for the period totaled R$2.427 (R$ 630 in 2020).

16. Loans and financings

			Consolidated	
Domestic currency	**Charges**	**Maturities**	**12/31/2021**	**12/31/2020**
Working capital	CDI + 3,90% P.A	2018 to 09/2024	-	22,696
Bank Credit Note - OP 5473937	3% p.m	07/22/21 to 06/22/2022	7,253	-
Bank Credit Note - OP 0036.365	8,7311% p.y	11/30/21 to 03/31/2022	5,631	-
Bank Credit Note - OP 0036.447	8,7311% p.y	01/24/22 to 09/24/2022	6,123	-
Total			**19,007**	**22,696**
Current			**19,007**	**22,696**
Non-current			**-**	**-**

Bank credit operations of Heftos do not have any type of financial covenant. In addition, the credit lines have the objective of financing working capital of the Company and the terms of outstanding credit lines are less than twelve months.

(In thousand Brazilian Reais)

17. Trade accounts payable - Suppliers

As at December 31, 2021, the Company has recorded in the caption “Suppliers” the amount of R$12.927 and R$27.639 in the individual and consolidated financial statements, respectively (R$5.140 and R$19.251 as at December 31, 2020).

	Parent company		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Materials	2,935	1,903	11,599	7,128
Services	9,992	3,237	16,040	12,123
	12,927	5,140	27,639	19,251

The balance of suppliers is composed mainly of domestic suppliers of consumption materials and leases for use in execution of the works.

The Company is managing its liabilities with suppliers, taking all applicable administrative and judicial measures, always in consideration with the interests of the Company and of its shareholders. The timetable for amortization of the debt is shown below:

	Parent company		Consolidated	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
Falling due	7,625	-	15,853	-
Overdue				
From 1 to 180 days	1,034	372	7,373	522
From 181 to 365 days	13	471	112	503
From 1 to 2 years	31	167	77	2,096
From 2 to 3 years	319	3,351	319	7,391
Above 3 years	3,905	779	3,905	8,739
Total suppliers payable	12,927	5,140	27,639	19,251

18. Salaries, provision for vacations and social charges

(In thousand Brazilian Reais)

	Parent company		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Salaries, vacations, 13th.salary and terminations pay	474	1,818	8,101	14,635
Provision for vacations and 13th.salary	407	166	12,219	1,165
Social charges	457	7,423	5,438	30,391
Labor agreements	38,338	11,469	38,338	52,403
	39,676	**20,876**	**64,096**	**98,594**
Current	**1,194**	**9,264**	**25,614**	**44,733**
Non-current	**38,482**	**11,612**	**38,482**	**53,861**

The increase in labor agreements of the Parent Company is due to Provision for PPLE in the Co-obligation legally established with Azevedo & Travassos Engenharia Ltda. in the amount of R$ 28.269.

Decrease in the consolidated figures is mainly due to the sale of Azevedo & Travassos Engenharia Ltda., responsible for the major part of the outstanding balances.

19. Tax liabilities – REFIS and other taxes

19.1. Federal REFIS – Law nº 9.964/2000

The Company opted for inclusion of its consolidated tax debts in the Tax Recovery Program (“REFIS”), instituted by Law nº 9.964/2000, which provides for the settlement of the debt in installments at the ratio of 1,2% of the gross monthly revenue calculated by the debtor taxpayers.

As from June 2014, the Company, complying with a Notification from Federal Revenue, adapted the debt installments so that the term for settlement of the debt does not exceed 50 years since its adhesion to the program. Therefore, the deadline was established for February 28, 2050. The value of the installment has been calculated, as from December 31, 2014, by dividing the balance of the debt statement, including the TJLP of the month, by the number of installments outstanding for the deadline.

(In thousand Brazilian Reais)

As at December 31, 2021, Management verified that the balance updated and remaining of the debt totaled the amount of R$46.204 (R$47.388 in 2020), and is compliant with the payments. The timetable for amortization of short and long-term debt is shown below:

	Parent company	
Installments maturity	**Total value**	**%**
2022	1,621	3.51%
2023	1,621	3.51%
2024	1,621	3.51%
2025	1,621	3.51%
As from 2026	39,719	85.96%
	46,204	**100.00%**
Current	1,621	3.51%
Non-current	44,583	96.49%

19.2. Other taxes

A comparative table of other outstanding taxes of the Company is presented below. The decrease in consolidated figures is mainly due to the sale of Azevedo & Travassos Engenharia Ltda., responsible for the major part of the outstanding balances:

(In thousand Brazilian Reais)

	Parent company		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Other taxes				
ICMS payable	-	-	382	38
ISS payable	5	2,532	1,363	6,959
INSS	5	2,771	3,129	23,783
Taxes withheld at source	258	2,326	4,561	16,957
PIS and COFINS payable	6	2,174	2,208	13,488
IRPJ and CSLL payable	350	432	444	1,256
Enrollment with PGFN	5,362	-	15,958	-
PPI (Installment Payment Incentive Program). PMSF	5,518	-	5,518	-
Others and payments in installments	743	2,854	4,701	2,385
	12,247	13,089	38,264	64,866
Current	**1,940**	**13,089**	**16,016**	**64,836**
Non-current	**10,307**	**-**	**22,248**	**30**

20. Other accounts payable

	Parent company		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Insurance payable	-	828	-	2,011
Related parties (i)	5,696	8,257	5,597	9,330
UTC Engenharia S/A (iii)	58,169	-	58,169	-
Court settlements (ii)	5,479	-	5,478	-
Advance from customers	-	-	1,839	-
Sundry provisions	-	87	-	940
Others	7,728	742	7,726	4,726
	77,072	9,914	78,809	17,007
Current	**6,050**	**1,616**	**7,887**	**3,987**
Non-current	**71,022**	**8,298**	**70,922**	**13,020**

(i) Value relating to financial loans with non-controlling shareholders (Note n° 17);
(ii) Labor agreements homologated in the PPLE, with payment in installments (Note n° 30.1);
(iii) Value relating to payable balance in the acquisition of Heftos.

21. Provision for contingencies – Labor, tax and civil proceedings

The Company is a party in labor and civil proceedings in progress at judicial sphere, and tax proceedings in progress at judicial and administrative spheres. The provisions related to those proceedings are classified considering the probability of loss as probable and possible.

(In thousand Brazilian Reais)

As at December 31, 2021, it is provisioned in the Parent Company the amount of R$8.057 and in Consolidated R$8.057 (R$5.031 and R$30.312 as at December 31, 2020), which, in accordance with the Management, based on pinion from its legal advisors, is sufficient to deal with the expected losses from the outcome of the processes in progress. The decrease of this position in the consolidated figures is due to the sale of Azevedo & Travassos Engenharia Ltda., responsible for the values that added to the consolidated, as follows:

	Parent company		Consolidated	
	2021	**2020**	**2021**	**2020**
Labour proceedings	5,801	1,385	5,801	17,758
Tax proceedings	-	1,611	-	3,879
Civil proceedings	2,256	2,035	2,256	8,675
	8,057	**5,031**	**8,057**	**30,312**

The Company has proceedings of labor, civil and tax natures that are not provisioned because they involve risk of loss classified by Management and its lawyers as remote. The value considered in this classification corresponds to the sum of the values attributed to the causes by the claimants.

The value of contingencies classified as possible by the lawyers according to the legal practice is described below:

- Civil: R$4.419;
- Tax: R$1.914.

Tax credits classified as remote are composed, in the major part, by infraction notices, compensation requests still pending for discussion at administrative sphere and legal processes which debts were settled or had recognized prescription.

The labor processes in which the Group is a party are filed by former employees and third parties, which requests are related to payment of labor termination, night-shift additional payment, overtime, indemnities, other labor effects and funds deriving from subsidiary liability.

Their provision takes into consideration the progress of the processes and the history of losses in last periods.

The Group has processes of civil nature that refer mainly to indemnity issues, regressive and discussions of clauses and fulfillment of contracts. The provision for this risk takes into consideration the progress of the processes and the history of losses.

22. Equity

Capital

As at December 31, 2021, the Company's capital is subscribed and fully paid in the amount of R$224.515.637,15, divided in 18.150.000 common shares and 36.300.000 preferred shares, without par value, totaling 54.450.000 shares. As at December 31, 2020 the Company's capital is subscribed and fully paid in the amount of R$71.247, divided in 6.600.000 common shares and 13.200.000 preferred shares, without par value, totaling 19.800.000 shares.

Dividends and interests on equity capital

There wasn't distribution of dividends for the years ended December 31, 2021 and December 31, 2020. For all classes of shares it is foreseen the payment of annual mandatory minimum dividend of 25% on net profit adjusted in accordance with corporate legislation.

Legal reserve

It shall be constituted in conformity with the Brazilian Corporate Law and the Bylaws on the basis of 5% of the net profit of every period until reaching 20% of the capital. The legal reserve has the purpose of assuring the integrity of the capital and can only be used to offset losses and increase capital.

Accumulated losses

The decrease of this position in the Company's figures is mainly due to the sale of Azevedo & Travassos Engenharia Ltda., responsible for the major part of the Group's losses.

(In thousand Brazilian Reais)

23. Net income from sales and services

	Parent company		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Gross revenue				
Gross revenue from products and services	152	178	86,273	27,876
	152	**178**	**86,273**	**27,876**
Deductions				
Taxes on income	(18)	(13)	(9,410)	(2,340)
	(18)	**(13)**	**(9,410)**	**(2,340)**
Net income	**134**	**165**	**76,863**	**25,536**

The increase in net income is due to acquisition of Heftos in December 2021 (R$ 43.084).

(In thousand Brazilian Reais)

24. Expenses by nature

		Parent company							
		12/31/2021				12/31/2020			
		Costs	General and administrative expenses	Other income and expenses	Total	Costs	General and administrative expenses	Other income and expenses	Total
Salaries and charges		(99)	(12,388)	-	(12,487)	(9)	(1,786)	-	(1,795)
Third parties´ services		(28)	(8,888)	-	(8,916)	(5)	(2,689)	-	(2,694)
Provision for legal obligations		-	-	-	-	-	-	(326)	(326)
Other provisions and expenses		-	-	(33,365)	(33,365)		-	-	-
Gain/(loss) in disposal of fixed assets	(i)	-	-	207,605	207,605	-	-	(11)	(11)
Materials		(5)	-	-	(5)	(16)	-	-	(16)
Fine on labor agreement		-	-	-	-	-	-	(5,603)	(5,603)
Evaluation at fair value / Negative goodwill	(ii)	-	-	87,039	87,039		-	-	-
Other expenses		(102)	(4,071)	(28,824)	(32,997)	-	(1,429)	-	(1,429)
		(234)	**(25,347)**	**232,455**	**206,874**	**(30)**	**(5,904)**	**(5,940)**	**(11,874)**

(i) The company Azevedo & Travassos Engenharia Ltda. was sold, as explained in Note n° 30.2.
(ii) Negative goodwill in acquisition of Heftos, as explained in Note n° 30.11.

(In thousand Brazilian Reais)

		Consolidated							
		12/31/2021				12/31/2020			
		Costs	General and administrative expenses	Other income and expenses	Total	Costs	General and administrative expenses	Other income and expenses	Total
Provision for legal obligations		-	-	-	-	-	-	4,268	4,268
Salaries and charges		(25,751)	(10,521)	-	(36,272)	(16,430)	1,933	-	(14,497)
Third parties´ services		(6,881)	(9,740)	-	(16,621)	(2,855)	(5,343)	-	(8,198)
Other provisions and expenses		-	-	(33,365)	(33,365)	-	342	1,862	2,204
Materials		(11,791)	-	-	(11,791)	(7,551)	-	-	(7,551)
Resale		-	-	-	-	(35)	-	-	(35)
Gain/(loss) in disposal of fixed assets	(i)	-	-	207,605	207,605	-	-	2,614	2,614
Fine on labor agreement		-	-	-	-	-	-	(23,538)	(23,538)
Evaluation at fair value / Negative goodwill	(ii)	-	-	87,039	87,039	-	-	-	-
Other expenses		(8,705)	(5,845)	(30,087)	(44,637)	2,963	(3,733)	-	(770)
		(53,128)	**(26,106)**	**231,192**	**151,958**	**(23,908)**	**(6,801)**	**(14,794)**	**(45,503)**

(iii) The company Azevedo & Travassos Engenharia Ltda. was sold, as explained in Note n° 30.2.
(iv) Negative goodwill in acquisition of Heftos, as explained in Note n° 30.11.

(In thousand Brazilian Reais)

25. Financial income and (expenses)

	Parent company		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Financial income				
Obtained discounts	1	-	13	16
Interests assets	-	-	8	-
Income from financial investments	-	-	11	-
	1	**-**	**32**	**16**
Financial expenses				
Charges on loans and financings	-	-	-	(10,738)
Interests liabilities (taxes, suppliers and others)	(2,859)	(5,181)	(3,824)	(6,018)
	(2,859)	**(5,181)**	**(3,824)**	**(16,756)**
Net income	**(2,858)**	**(5,181)**	**(3,792)**	**(16,740)**

26. Income and Social Contribution taxes

The reconciliation of Income and Social Security taxes expense, calculated by applying the prevailing rates, and the values reflected in income/loss for the financial years ended on December 31, 2021 and December 31, 2020 is demonstrated below:

	Parent company		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Loss before income and social contribution taxes	**219,729**	**(36,869)**	**219,813**	**(36,707)**
Nominal rates	34%	34%	34%	34%
IRPJ and CSLL calculated at nominal rates	**(74,708)**	**12,535**	**(74,736)**	**12,480**
Reconciling items for determination of the effective rate:				
Equity equivalence result	(5,297)	(6,793)	1,773	-
Non-deductible expenses	-	(111)	-	1,451
Other (additions) exclusions	50,412	(5,631)	43,286	(14,093)
Calculated income and social contribution taxes	**(29,593)**	**-**	**(29,677)**	**(162)**
Current income and social contribution taxes	-	-	(84)	(162)
Deferred income and social contribution taxes	(29,593)	-	(29,593)	-
Income and social contribution taxes in result of the period	**(29,593)**	**-**	**(29,677)**	**(162)**
Effective rate	13.47%	0.00%	13.50%	-0.44%

(In thousand Brazilian Reais)

The methodology for calculation of Corporate Income Tax (IRPJ) and Social Contribution on Net Income (CSLL), in the financial year 2020, was according to calculation by Quarterly Actual Profit and Management has opted for calculation by Quarterly Actual Profit in the financial year 2021.

Deferred tax credits and debts are recorded to reflect future tax effects attributable to temporary differences between the tax basis of assets and liabilities, and their respective book values, as well as to reflect tax credits arising from assets revaluation and they are distributed as follows:

	Parent company		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Liabilities				
Assets revaluation	-	(3,580)	-	(3,580)
Gain on advantageous purchase (Negative goodwill) - Heftos	(29,593)	-	(29,593)	-
Recorded liabilities	**(29,593)**	**(3,580)**	**(29,593)**	**(3,580)**

27. Financial instruments and risks management

The Company does not have transactions with non-derivative financial instruments. The management of these instruments is made through operational strategies and internal controls aiming to assure liquidity, profitability and safety.

The Company has not made investments of speculative nature in derivatives or in any other risk assets. The results obtained from these transactions are in accordance with the policies and strategies defined by Management.

The Company does not have financial instruments that may be characterized as transactions with derivatives, in accordance with Instruction CVM nº 235/95.

27.1. Financial risk factors

Main risks inherent to the Company’s operation and the way of control and mitigation, as applicable, are described as follows.

Interest rate risk (market risk))

It derives from the possibility of the Company having gains or losses deriving from oscillations in interest rates applied on its financial assets and liabilities. In order to mitigate this type of risk, the Company seeks to diversify the funds raising in terms of prefixed or post-fixed rates. Management understands that the risk of significant changes in income/loss and in cash flows is low and this justifies the non-presentation of the analysis on extrapolation of this risk.

As at December 31, 2021, the Company did not present significant exposure to the interest rate risk for a sensitivity analysis to be presented.

Liquidity risk

This is the risk of the Company not having sufficient funds to meet its financial commitments due to mismatch of term or volume between forecasted receipts and payments. In order to manage cash liquidity, assumptions on disbursements, future receipts are established, being daily monitored by the treasury department.

Credit risk

Credit risk is the risk of a business counterpart fails to meet an obligation foreseen in a financial instrument or contract with the customer, what would lead to a financial loss. The Company limits its exposure to credit risks associated to banks and financial investments by making its investments with first tier financial institutions and with remuneration in short-term securities.

29. Other information

29.1. Acceptance of requirement for planned settlement of labor debt

The Company has been meeting the commitments assumed in homologation of the PPLE, on September 16, 2020, and is obtaining success in moving away from new court blockages of its accounts and receipts, bringing new peace of mind to conduct its financial commitments and to manage its cash flow. A court hearing will still be held with possibility of reducing the total owed value. At this moment it is not possible to measure the possible final financial benefit. As at December 31, 2021 the Company had already paid the first 16 installments from a total of 36.

29.2. Sale of Azevedo & Travassos Engenharia Ltda.

As disclosed to the market via Relevant Fact on 03/25/2021, the Company entered into a Contract of Purchase and Sale of Shares and Other Agreements, through which it alienated the totality of its corporate interest held in Azevedo & Travassos Engenharia Ltda. (ATE).

Considering that the operating activities of ATE were suspended since 2018, the alienation of this subsidiary does not impact the development of the Company's operations or of its other subsidiary, Azevedo & Travassos Infraestrutura Ltda., that will continue to normally performing its operational activities.

29.3. Ordinary and Extraordinary General Meeting held on 04/30/2021

On April 30, 2021 it was held the last Ordinary and Extraordinary General Meeting of the Company, which approved, among others, the following subjects:

- The Accounts of the Administrators, the Management Report, the financial statements and the independent auditor's report related to the financial year ended December 31, 2020;
- Destination of the 2020 result (loss) to the account accumulated losses;

- Establish the maximum global remuneration to management and board of directors for the 2021 period in R$ 4.080 thousand;
- Establishment of the Fiscal Council and election of 03 (three) counselors and respective substitutes;
- Reform of the Company's Bylaws and integral consolidation of the Bylaws reflecting all approved changes, highlighting:

  (a) Update of the capital homologated by the Administration Council on 12/23/2020;
  (b) Increase in the authorized capital value issued by the Company.

29.4. Relevant Fact -06/01/21- Election of New Board of Directors

On June 01, 2021 the Administration Council elected two new members for the Executive Board of Directors of ATSA: Gustavo Nunes da Silva Rocha as President Director and Leonardo Martins as Finance and Relationship with Investors Director. Ivan de Carvalho Junior, who until then occupied the position of President Director, assumed the position of Executive Director of the Company.

29.5. Relevant Fact -08/03/21 - MOU with "Mais Lar"

On August 3, 2021 the Company signed a Memorandum of Understanding with Mais Lar Engenharia Ltda. ("Mais Lar"), a company specialized in civil construction of housing real estate that fits within the rules for financing through Federal Government programs for incentive to housing acquisition, in order to prospect a construction of a housing real estate development that shall be developed and constructed in properties of the Company that are today its headquarter.

The Memorandum of Understanding foresees that the Parties will immediately begin the preparation of projects and obtaining of the necessary licenses and authorizations for implementation of the development, which preliminary project foresees the construction of up to 5.760 (five thousand, seven hundred and sixty) housing units that are fit within the rules of the Federal Government programs for incentive to housing of families in urban areas ("Casa Verde e Amarela").

29.6. Communication to the Market -08/09/21 - Homologation of Capital Increase

On 06/07/21, the Administration Council of the Company presented proposal for private increase of Capital, through which its creditors and shareholders could capitalize credits and cash up to the limit of R$ 153.268.500,00 (one hundred fifty three million, two hundred and sixty eight thousand and five hundred reais). The capital increase proposed by the Administration Council of the Company was homologated in its totality on 08/09/21.

29.7. Relevant Fact -09/03/2021-Financing DIP at RJ of the UTC Group

On September 3, 2021, the Company signed a Memorandum of Understanding with the Group UTC, and communicated to its shareholders and to the market in general, in complement to the Relevant Facts disclosed on February 15, April 26, May 26 and June 24 2021, that it made the concession of debtor-in-possession financing in the amount of R$ 40.000.000,00 (forty million reais) to Group UTC ("DIP Financing").

DIP Financing, which has a term of 24 (twenty four) months and is guaranteed by fiduciary alienation of the Base Base Macaé 1 and fiduciary alienation of the totality of shares issued by Heftos, shall be adjusted by IPCA variation and has a contracted remuneration of 12% (twelve percent) per year, as simple interests. It is worth to also highlight that the payment was made through court-ordered deposit in favor of the Court of the 2ª Lower Court of Bankruptcies and Business Restructuring of the judicial district of São Paulo and will only be released by court after implementation of the remaining precedent conditions.

As previously informed to the market, the Company intends to use the amount disbursed through the DIP financing as portion of the payment to be offered by UPI Heftos through the credit bid. The credit bid shall be presented in judicial auction to be made in the sphere of Judicial Reorganization of the Group UTC, in term to be defined by the Court of the judicial reorganization.

The effective presentation of the credit bid by the Company, as foreseen on the Updated Proposal, continues subject to suspension and remedial conditions, in such a way that nothing in the present Relevant Fact may be interpreted as any indication or affirmation that the operations contained in the Updated Proposal will be effectively concluded.

29.8. Relevant Fact -09/30/2021, MOU of Engecampo

On September 30, 2021, the Company signed a Memorandum of Understanding with **Engecampo Engenharia S.A.** e **EGC Comercial Elétrica e Hidráulica Ltda. ("Group Engecampo")**, containing the main terms and binding conditions through which the Company propose to acquire 100% of the Group Engecampo shares.

Established in 1987, the Group Engecampo has extensive technical collection and a qualified team of professionals composing its technical and administrative body, with significant operations in the entire national territory, having executed operations of the most different levels of complexity. Based in Porto Alegre, the Group Engecampo provides services of industrial maintenance, Civil Works, Construction and Electromechanical Assembly, in contractual modalities by global prices or EPC, operating mainly in the sectors of Oil & Gas, Mining, Petrochemical, Metallurgy, Sanitation and Energy.

The union of A&T with the Group Engecampo, in case this is materialized, will enable exchange of experience in planning, constructive methods and business management, accompanied of synergies, gains of scale and of customers, resulting in an increase in commercial competitiveness and relevance in the market of construction and maintenance of industrial facilities, especially in Oil and Gas.

29.9. Increase in the ATInfra capital

On 09/30/21 increase was made on the capital of the subsidiary Azevedo e Travassos Infraestrutura Ltda. ("ATInfra"), an increase of R$ 47.824.310,00 (forty seven million, eight hundred and twenty four thousand and three hundred and ten reais), changing its capital from R$ 18.165.898,00 (eighteen million, one hundred and sixty five thousand, eight hundred and ninety eight reais) to R$

65.990.208,00 (sixty five million, nine hundred and ninety thousand, two hundred and eight reais), as follows:

(a) Pay-up of the values contributed to ATInfra by the Company in the total amount of R$ 7.573.558,00 (seven million, five hundred and seventy three thousand, five hundred and fifty eight Reais);

(b) Pay-up of real estate assets of ownership of the Company, all of them registered at the "8º Ofício de Registro de Imóveis da Cidade de São Paulo", which together have a total value of R$ 40.250.752,00 (forty million, two hundred and fifty thousand, seven hundred and fifty two Reais).

29.10. Effects of the Corona virus pandemic on the Company's activities

The Company continues with its works in progress and its offices working normally, always with preventive and protective measures.

29.11. Acquisition of Heftos

On December 15, 2021 Azevedo &Travassos S.A. concluded the acquisition of 100% of the shares issued by UPI HEFTOS Óleo e Gás Construções S.A. The object of the acquisition has included ownership of the totality of the operational assets (tangible and non-tangible) for accomplishment of Heftos ,operations, as well as ownership of the real estate registered under register nº 2.098, at the "3º Oficial de Serviços Notariais e de Registro de Imóveis da Comarca de Macaé", State of Rio de Janeiro, where the operations are developed, and the certificates and technical collection pertinent to the development of Heftos's operations.

In addition, the Company contracted E&Y to prepare a PPA report (Purchase Price Allocation) in order to obtain an independent opinion related to the acquisition. The summary table is presented below:

PPA (R$ thousand)	Fair value
Price Paid for 100% of the shares (A)	**138,169**
Initial equity (B)	**195,153**
Fixed assets	(5,355)
Technical assets	(157,311)
Certificate - Petrobras	117,775
Backlog	38,625
Trademarks	36,321
Total (C)	**30,055**
Unallocated amount (A) - (B) - (C) = (D)	**(87,039)**

29.12-Establishment of InfraInvest

InfraInvest is an integral subsidiary of Azevedo & Travassos S.A., constituted on September 30, 2021, which business purposes include: hold interest in other companies, as partner or shareholder; invest in equity capital, as well as marketable securities or rights convertible, exchangeable or that grant the right to its acquisition; invest in debt capital instruments, including loans and credits of the companies in which it holds interest or proposes to hold; invest cash surplus in financial instruments; and make financial transactions .

30. Subsequent events

30.1. Consortium of A&T wins competition process organized by AENA Brasil

On January 10, 2022, the Company, through consortium signed together with Encalso Construções, won the competition process organized by AENA Brasil for execution of the works in the Maceió, Aracaju and Juazeiro do Norte airports (Bloco 3 of the competition process).

The contract for performance of the works has a value of R$350.000.000,00 (three hundred fifty million reais), and the winning consortium is formed with Encalso Construções in the proportion of 50% of the Company and 50% of Encalso.

30.2. Consórcio Global Saneamento - Sul wins competition process organized by the ‘Companhia de Saneamento Básico do Estado de São Paulo’

On January 24, 2022, ATInfra, through the “Consórcio Global Saneamento – Sul”, constituted jointly with Infracon Engenharia e Comércio Ltda. (“Infracon”) and Hydrosistem Engenharia Ltda. (“Hydrosistem”), won the competition process organized by the ‘Companhia de Saneamento Básico do Estado de São Paulo” (“SABESP”) for execution of engineering works to serve the maintenance and vegetative growth of networks and connections in the distribution systems of water and sewage collection in the areas comprehended by the Municipalities of São Bernardo do Campo, Ribeirão Pires, Rio Grande da Serra and Diadema.
The contract for execution of the works has a value of R$ 139.900.000,00 (one hundred thirty nine million and nine hundred thousand reais), and the winning consortium is formed in the proportion of 34% for ATInfra, 33% for Infracon and 33% for Hydrosistem.

30.3. Extension of the term of the MOU signed with the Group Engecampo

On March 04, 2022, the Company, in complement to the Relevant Fact disclosed on September 22, 2021, and the Group Engecampo agreed on a new amendment to the MOU in order to extend for 60 consecutive days more the exclusivity term for acquisition by the Company of 100% (one hundred percent) of the Grupo Engecampo shares .

31. Information by Segment

Criterion for identification of operational segments

The Company defined the segmentation of its operational structure taking into consideration the way through which the Administration manages its businesses.

The balance of each segment is extracted from the Company’s accounting records and is segregated as below:

(In thousand Brazilian Reais)

	Consolidated				
	12/31/2021				
	Infrastructure	Oil and Gas	Financial	Other assets	Total
Assets					
Current assets	29,988	83,842	-	3,696	117,526
Other noncurrent assets	1	-	100	1,242	1,343
Investments and investment property	40,251	-	-	-	40,251
Fixed and intangible assets	343	170,647	-	89,097	260,087
Total assets	**70,583**	**254,489**	**100**	**94,035**	**419,207**
Liabilities					
Current liabilities	2,520	71,533	-	23,731	97,784
Noncurrent liabilities	1,383	10,595	1	202,374	214,353
Equity	67,980	150,262	100	(111,271)	107,071
Total liabilities	**71,883**	**232,390**	**101**	**114,834**	**419,207**
Revenues	33,645	43,084	-	134	76,863
Cost	(30,135)	(22,759)	-	(234)	(53,128)
General and administrative expenses	(3,055)	2,297	(2)	(25,346)	(26,106)
Other operating revenues and (expenses)	(1,263)	-	-	232,455	231,192
Equity in earnings (losses) of controlled companies	-	-	-	(5,216)	(5,216)
Financial income (loss)	(411)	(524)	-	(2,857)	(3,792)
Current and deferred Income and Social Contribution taxes	(84)	-	-	(29,593)	(29,677)
Net income/loss for the year	**(1,303)**	**22,098**	**(2)**	**169,343**	**190,136**