

Individual and Consolidated Financial Statements

BRK Ambiental Participações S.A. and subsidiaries

December 31, 2021
and Independent Auditor's Report

MANAGEMENT REPORT BRK 2021

Daily, BRK impacts the lives of 16 million people in all regions of the country, providing essential services for life: water supply and wastewater.

This report demonstrates another year of solid results, the result of work carried out with purpose and long-term vision.

In 2021, we maintained consistency in the delivery of results, and for the third consecutive year, we presented double-digit growth in EBITDA, which grew 43% compared to 2020, reaching R\$ 953 million, and margin of 44%, 2 p.p. above the previous year. This performance is mainly the result of the execution of our investments in network expansion, the continuous evolution of the operational efficiency program, especially through revenue management and cost optimization initiatives, and the reduction of total water losses, ensuring our strong organic growth.

Our investments exceeded R\$ 1.2 billion in 2021, 61% more than in 2020. We added 197 km of network and 18 thousand new connections, which will be used to increase the company's customer base and revenue in the coming years. It is worth noting that the importance of expanding the network lies, above all, in expanding access to basic sanitation for more Brazilians.

On July 1st, we started operations for the concession in the Metropolitan Region of Maceió ("RMM"), the first auction held after the New Legal Framework for Sanitation. Since July 2021, 11,000 water leaks were repaired, 55 km of sewage network were clean and more than 1,200 employees were mobilized, among our own and third parties, promoting, among other benefits, the heating of the local economy with the generation of jobs and income."

From a financial point of view, the Company continues to demonstrate solidity, ending the year with a consolidated cash balance of R\$ 1.0 billion, as a result of increased liquidity with debenture issues totaling R\$ 1.2 billion, combined with efficient cash management.

The sanitation sector has unique growth opportunities and, in order to achieve our goals, we rely on the participation of our 6,000 employees in more than 100 municipalities in 13 states.

For this reason, since 2018, the company has been promoting a succession plan that includes the Operations Manager Development Program, Leaders Academy and Trainee Program. In 2021, we also launched the first in company sanitation MBA, in partnership with *Fundação Getúlio Vargas* (FGV), to qualify managers, focusing on governance, financial planning and regulation.

As a result of our ESG (Environmental, Social and Governance) strategy, within the purpose of building a company connected with customers, society and the preservation of the environment, we have established three objectives for the coming years: the goal of 70% of the renewable energy matrix and reduction of total water losses to 25%, both by 2030 and the commitment to zero greenhouse gas emissions (Net-Zero) by 2040.



In the social dimension, we are continually advancing in the configuration of a diverse company engaged with the demands of society. More than 300,000 people have already benefited from our projects, which include partnerships with several organizations, including the Ayrton Senna Institute, where we contributed to the preparation of 45,000 teachers throughout Brazil, in the training of socio-emotional skills defined in the new Common National Base Curriculum (BNCC) of the Ministry of Education, fundamental at this time of uncertainty and stress in returning to school, after months of absence due to the pandemic.

In Governance, the good compliance practices were recognized for receiving the Pró-Etica seal and the ISO 37001 certification, which attests to the Company's anti-corruption program for the Holding and its SPEs.

The investments planned for the sector in the coming years will be fundamental for the economic recovery and will play an important role in improving the quality of life of millions of Brazilians who until then had no access to these essential services.

Our solid and consistent delivery of results over the last 5 years strategically positions us for this new phase of sanitation in Brazil, which provides for the universalization of water and wastewater services by 2033. Following our purpose, we will transform people's lives, taking sanitation far beyond the basics.

I thank our team, shareholders, suppliers and partners for their support and commitment, which have been essential in the success story we have traced so far.

Teresa Vernaglia
CEO of BRK



Company

Corporate Profile

BRK Ambiental Participações S.A. ("BRK" or "Company"), a private sanitation company present in 13 states and more than 100 municipalities, operates through 23 Special Purpose Entities (SPEs), under the public concession model, Public-Private Partnership (PPP) and service provision.

At the end of 2021, BRK employed 6,055 employees in its operations, which ensure the development of the communities where it operates and the continuous improvement of the quality of life of around 16 million inhabitants.

Since April 2017, the Company has been part of the Brookfield group, being the platform for the sanitation sector in Brazil. Brookfield, which assumed indirect control of BRK with the acquisition of 70% of its capital through Fundo de Investimento em Participações BR Ambiental ("BR FIP"), has approximately 650 billion dollars in assets under management globally, comprising five business platforms with significant growth and proven track record in the infrastructure sector business. FI-FGTS, the largest Infrastructure Investment Fund in Latin America, holds the remaining 30% stake.

The Company operates in compliance with its Code of Conduct, internal rules, laws and regulations. In addition to the environment, BRK is also committed to respect throughout its chain of relationships: customers, suppliers, public authorities, employees, communities and shareholders.

Activity Segment

BRK operates in the sanitation segment, providing water treatment and supply services, in addition to sewage collection and treatment, with investments in the expansion of its operations and in the continuous operational performance improvement, aimed at the universalization of these services in Brazil.

The Company operates in a large part of the national territory, under the full (water and sewage) or partial (sewage) concession model, and also through PPPs and other associations with state companies and state and municipal authorities. The 23 public concessions and PPPs give BRK a regional diversification of its portfolio, with gains in scale and synergy, which guarantee its outstanding strategic positioning in the sector.

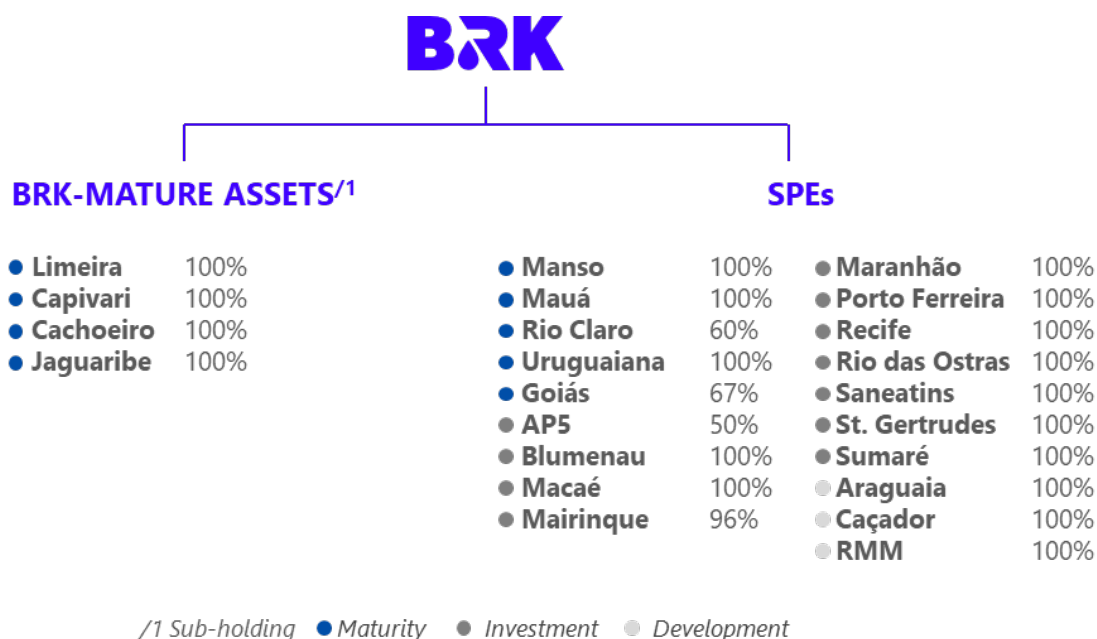
Corporate Structure

The activities are distributed in 16 concessions, 6 PPPs (Public-Private Partnership) and 1 asset lease, all with long-term contracts, in different stages: maturity, development or investment.

BRK has shared control of F.AB Zona Oeste S.A. in the city of Rio de Janeiro ("AP5", with 50% interest), which is accounted for in the Financial Statements under the equity method.

Following the strategy of focusing on sanitation activities, on March 19, 2021, the Company completed the sale of the subsidiary UVR Grajaú.





ESG: Environmental and Social Impact and Governance Practices

With the objective of building a Company with a resilient business model focused on social, environmental and governance impacts, we consolidated our ESG strategy aiming to be a reference in the generation of sustainable value. Following our trajectory, in 2021, we evolved in our goals, as shown below:

Environmental

- **Climate change and energy efficiency:** We are committed to zero net greenhouse gas (GHG) emissions by 2040, with intermediate control targets of 10% reduction by 2025 and 30% by 2030. To achieve these goals, we have established a portfolio of mitigation projects that are divided into four main groups: 1) Efficient sewage treatment plants; 2) Solar sludge dryers; 3) Biogas burners; 4) Self-generation of electricity from renewable sources. In energy efficiency, still in 2019, we established a target of energy consumption from renewable sources of 50% by 2021. Thanks to the implementation of photovoltaic energy self-generation plants and the purchase of promoted renewable energy in the Free Market, we overcame this challenge, reaching 54% of electricity consumption in 2021. We have set a new target of 70% electricity consumption from renewable sources by 2030.
- **Water Security and Losses:** Our water security and loss prevention program allowed us to avoid wasting 21 billion liters of water between 2017 and 2021. Our operating model, based on programs for identifying/repairing leaks and renewing/replacing networks, has been reducing water losses annually, from 41% in 2018 to 35% in 2021 and, to ensure the effectiveness of this journey, we are committed to a target of 25% by 2030.

Social

- **Social projects:** We have a social investment platform with high-impact projects, replicated nationally in the more than 100 municipalities where we are present. In 2021, we invested R\$ 7.6 million in projects benefiting 300,000 people.
- **Diversity and inclusion:** The DiversifIK Program promotes diversity and inclusion in our company. It is structured with a collegiate committee that brings together our leaders and four dedicated working groups: gender, race, LGBTQIA+ and PWDs. Regarding gender equity, the goal is to reach 40% of women in leadership positions by 2024. The ambition in racial equity is to reach 40% of black people in leadership positions by 2025.

Governance

- We have six strategic committees that reinforce our governance for sustainability, with special emphasis on the sustainability, ethics and diversity and inclusion committee.
- We are signatories of the UN Global Compact and board members in Brazil (Global Compact Network Brazil) since 2018. We adhered to the UN Women's Empowerment Principles (WEPs) and use their guidelines to guide our gender equity program.
- Since 2017, we have had a training program for all employees and throughout 2021, approximately 9,400 hours of training were carried out related to the various topics of our Compliance program.
- In 2021, the Company received recognition of the Pro-Ethics seal, an initiative of the Office of the Federal Controller General and the Ethos Institute with the objective of publicly acknowledging the efforts of companies that are truly committed to preventing and fighting against corruption and other types of fraud.
- The Company, Holding and 23 SPEs also received ISO 37001 certification, which deals with the Anti-bribery Management System – AMS, reinforcing the effectiveness of its Compliance Program and the anti-bribery and anti-corruption practices adopted.

Sanitation Situation in Brazil and Regulatory Environment

According to data published by the National Sanitation Information System (SNIS), 45% of the Brazilian population still does not have access to sewage collection, which represents a universe of about 100 million Brazilians. The lack of basic sanitation, in addition to the impact on public health, is extremely harmful to the environment and harms the country's economic development. In the segmentation by regions, the North has the worst rate, with only 13% of the population served by sewage collection, followed by the Northeast – 30%, South – 47%, Midwest – 60% and Southeast – 80%, with only 51% of sewage being treated on the country's average. Moreover, 16% of the Brazilian population is still not served with treated water, while 40.1% of the water that transits in distribution systems in Brazil is lost.

The Federal Government has set as a goal the universalization of basic sanitation by 2033. The investment needed to achieve universal access, previously estimated at R\$ 300



billion, was revised to R\$ 700 billion, according to a study carried out by the consulting firm KPMG. This means that approximately R\$ 58 billion should be invested per year until universalization. Due to the recurrent budgetary restrictions of the Federal, State and Municipal Governments, the fulfillment of this goal will only be possible with a broader participation of the private sector, which currently serves 17% of the country's population, which should foster countless inorganic opportunities for BRK.

BRK believes that the regulatory framework will bring a scenario of greater competition, clearer rules and legal certainty for long-term investments.

Relationship with Independent Auditor

During 2021, the Company used the independent audit services of Ernst Young Auditores Independentes S.S. ("EY") to audit and issue reports on the Company's individual and consolidated financial statements. The Company's management informs that it is a policy not to hire the independent auditor for consulting services that may generate conflicts of interest. Management and its independent auditor understand that the services do not generate conflicts of interest and, therefore, do not present independence risks in accordance with the rules in force in Brazil.

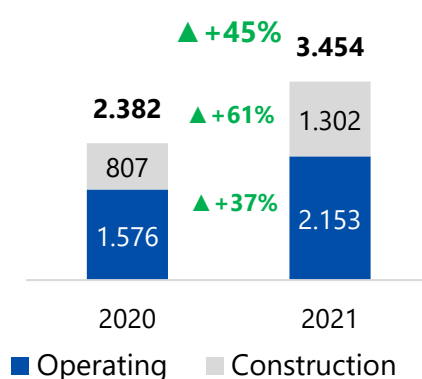


Results Highlights - 2021

Indicators (R\$m)	2021	2020	Δ (%)
Net revenue	3.454	2.382	45%
Net Operating Revenue	2.153	1.576	37%
Net Construction Revenue	1.302	807	61%
Costs and expenses	(2.824)	(1.958)	44%
Costs and expenses	(1.223)	(925)	32%
Costs of services	(748)	(536)	39%
General and Adm. expenses	(476)	(389)	22%
Construction costs	(1.275)	(790)	61%
Depreciation and amortization	(325)	(242)	34%
Finance result	(476)	(316)	51%
Equity Accounted Investment	(3)	6	-145%
Income tax (current and deferred)	(60)	(59)	3%
Net Profit Continuing Operations	91	55	65%
Net Profit Discontinued Operations	2	(7)	-131%
Net Profit	93	49	91%
EBITDA Continuing Operations	953	673	42%
EBITDA Discontinued Operations	2	(7)	-132%
EBITDA	955	666	43%
<i>EBITDA¹ Margin Continuing Operations</i>	<i>44%</i>	<i>43%</i>	<i>1 p.p.</i>

Operating and Financial Result

1. Net Revenue (R\$ mm)

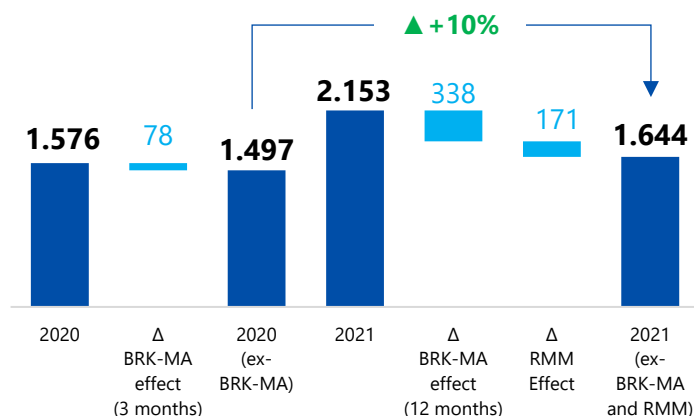


Total Net Revenue is comprised as follows: ~60% from Operating Revenue and ~40% from Construction Revenue, which is related to investments in expansion and/or improvements to existing infrastructure.

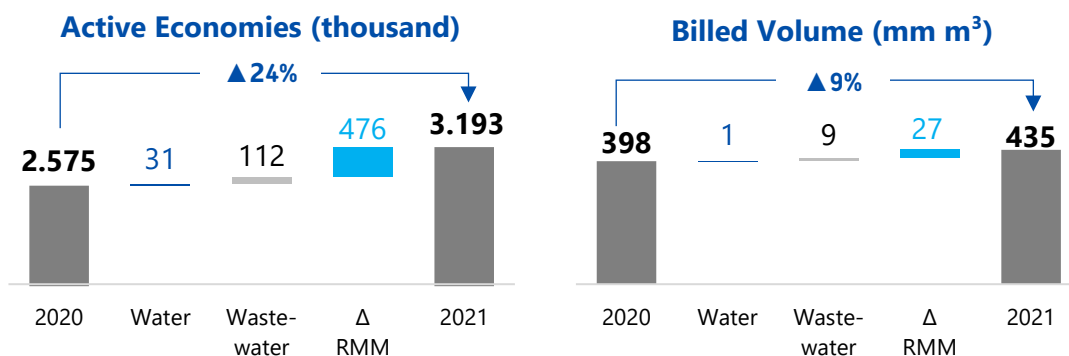
¹ EBITDA Margin = EBITDA / Net Operating Revenue

Total Net Revenue reached R\$ 3.454 million in 1021, up 45% over 2020, as a result of (i) increased service coverage, as a result of the efficient execution of investments, (ii) start of RMM operations and (iii) consolidation of BRK-MA², starting on September 30th, 2020 and (iv) increase in construction revenue, as a result of the higher volume of investments made in the period. Disregarding the RMM and BRK-MA effects, Total Net Revenue in 2021 reached R\$ 2.747 million, an increase of 21% compared to 2020.

Net Operating Revenue



Net Operating Revenue totaled R\$ 2,153 million in 2021, up 37% over 2020 and, excluding the RMM and BRK-MA, effect, the increase would have been 10%. In the period, BRK added 618 thousand new Active Economies, highlighting the 476 thousand economies in RMM (impact of R\$ 171 million on Net Operating Revenue), in addition to the 9% increase in billed volume.



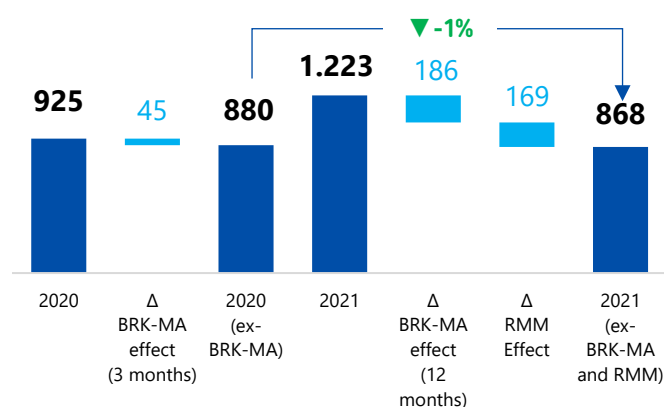
Construction Revenue reached R\$ 1,302 million, an increase of 61% in 2021 compared to 2020, due to the acceleration of investments made in the period, including RMM. For comparison purposes, disregarding the new concession, the increase would be 41% compared to 2020.

² BRK Ativos Maduros, subholding consolidated as from September 30, 2020, after the Corporate Reorganization, therefore, the year 2020 has only 3 consolidated months. Controls the concessionaires: BRK Ambiental - Limeira S.A., BRK Ambiental - Cachoeiro de Itapemirim S.A., BRK Ambiental - Capivari S.A. e BRK Ambiental - Jaguaribe S.A.

2. Costs and Expenses (R\$ mm)

	2021	2020	Δ (%)
Personnel	(529)	(476)	11%
Materials	(191)	(75)	154%
Services	(476)	(387)	23%
Other	(28)	13	-317%
Subtotal	(1.223)	(925)	32%
Depreciation and amortization	(325)	(242)	34%
Construction cost	(1.275)	(790)	61%
Total	(2.824)	(1.958)	44%

Costs and Expenses
(ex-Construction cost, Depreciation and amortization)



In 2021, costs and expenses totaled R\$ 2,824 million, an increase of 44% compared to 2020. Disregarding the effects of construction costs, depreciation, amortization and, to maintain comparable bases, RMM and BRK-MA, there was a decrease of 1% compared to 2020. These results derive from the gains achieved in the Operational Efficiency Program, which includes the optimization and productivity increase in personnel costs, third-party services, in addition to the implementation of energy efficiency programs, reduction of water losses and combating default rate.

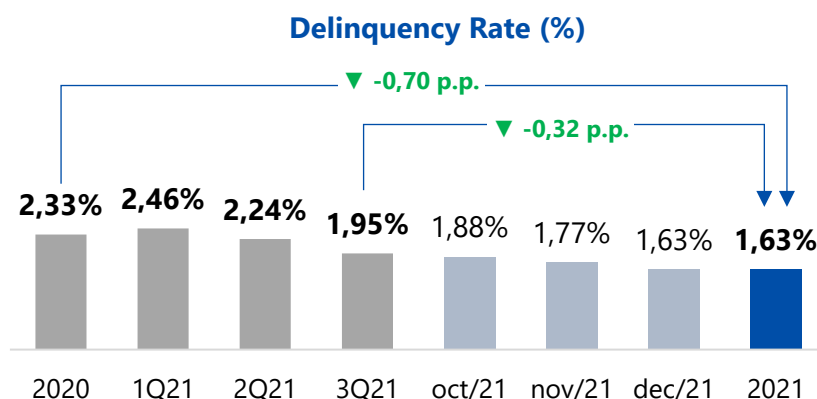
3. Delinquency Rate³

In 2021, BRK recorded a 1.63%⁴ delinquency rate, reflecting drops of 0.70 pp compared to 2020. This decrease points to a pace of recovery in face of the pandemic's impact on revenue, mainly as a result of restrictions on cutting services.

In addition to the measures already adopted, new commercial initiatives were implemented, such as debt renegotiation fairs and hiring of legal advice specialized in negotiation with public entities.

³ PECLD (Expected losses with doubtful debts) / Billing excluding cancellations. Accumulated figures of the last 12 months (LTM) and calculated based on the analysis of future losses, in accordance with the history of default, separating private and public customers, and in accordance with the assessment of management.

⁴ Due to COVID-19, there was a higher occurrence of non-payment of bills from our customers, however, management implemented collection initiatives aimed at recovering overdue amounts, which it expects to be effective for later receipt of these amounts.

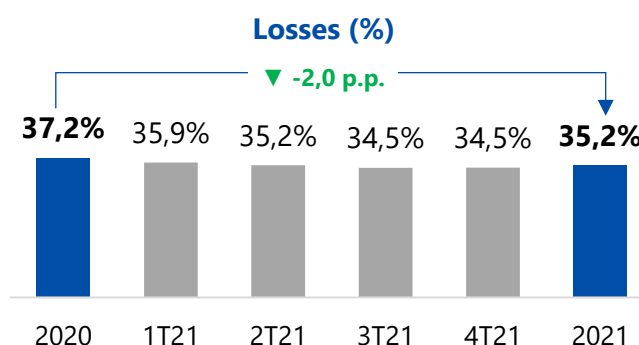


4. Losses⁵

The continuous improvement in efficiency achieved by the Loss Reduction Program resulted in a decrease in this indicator, which reached 35.2%, 2.0 p.p. lower than 2020.

The Program uses innovative solutions, such as the application of advanced analytics and artificial intelligence to effectively direct the hydrometry plan, prospecting for leaks, replacing networks and branches.

In 2021, there were more than 9,500 km of leak prospecting, 65 km of replacement or renovation of water networks and more than 20,000 branches replaced.



⁵ The Loss Ratio follows the IWA (International Water Association) Water Balance methodology

5. EBITDA (R\$ mm)

The EBITDA presented below considers Continuing and Discontinued Operations.

	2021	2020	Δ (%)
Net Profit	93	49	91%
(+) Finance result	476	316	51%
(+) Income Tax (current + deferred)	60	59	3%
(+) Depreciation and amortization	325	242	34%
EBITDA Continuing Operations	953	673	42%
EBITDA Discontinued Operations ⁶	2	(7)	-132%
EBITDA	955	666	43%
<i>EBITDA Margin Contin. Operations</i>	<i>44%</i>	<i>43%</i>	<i>1 p.p.</i>

EBITDA grew 43% in 2021 compared to 2020, reaching R\$ 955 million, driven by the increase in Net Operating Revenue combined with the stability of costs and expenses in relation to 2020, even in the face of inflation (IPCA of 10.06%), reinforcing the consistent delivery of results by the Company. Excluding BRK-MA and RMM results in 2021, EBITDA this growth was 26%, totaling R\$ 806 million and a margin of 49%.

6. Finance Result (R\$mm)

	2021	2020	Δ (%)
Finance income	101	67	50%
Finance expenses	(577)	(383)	51%
Resultado Financeiro	(476)	(316)	51%

In 2021, the Finance Result totaled -R\$ 476 million, a variation of 51%, mainly due to (i) increase in debt indexes, notably the CDI, (ii) increase in the Company's consolidated indebtedness due to the acceleration of investments and (iii) consolidation of BRK-MA.

7. Indebtedness (R\$ mm)

	2021	2020	Δ (%)
Gross debt	8.316	7.187	16%
Cash and cash equivalents	1.179	2.489	-53%
Net debt	7.137	4.697	52%
Net Debt / LTM EBITDA ¹	7,5x	6,1x	1,4x

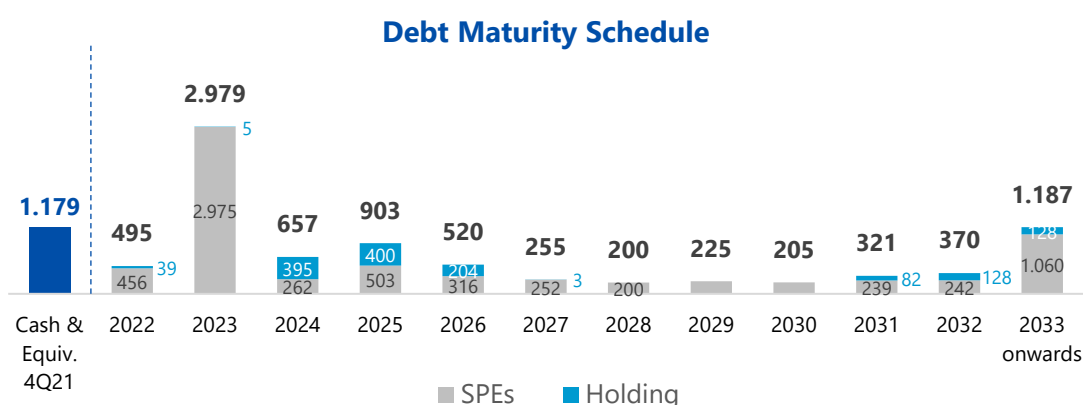
/1 For comparison purposes, considers BRK-MA LTM EBITDA in 4Q20. Disregarding RMM's net debt and EBITDA, a recent started operation, leverage in 4Q21 would be 5,6x.

⁶ EBITDA from Discontinued Operations considers residues segment, which includes UVR Grajaú subsidiary. Since December 2019, this subsidiary's results have been presented in "Discontinued Operations" item in the financial statement and, on March 19th, 2021, the Company closed the sale

Gross Debt

BRK's consolidated Gross Debt totaled R\$ 8.3 billion as at December 2021, with 17% concentrated in the parent company and 83% in SPEs⁷. Gross debt increased by 16% when compared to 4Q20, due to the acceleration of investments.

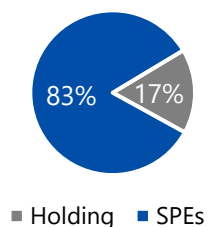
In SPEs, gross debt totaled R\$ 6.9 billion at the end of 2021. The debt service schedule, which considers the outstanding balance (principal and interest) up to December 31, 2021, is shown in the chart below, and is supported by cash generation from operations. In 2023, there will be a peak in the amortization of bridge loans totaling approximately R\$ 700 million, in addition to the maturity of RMM debentures in the amount of R\$ 1.8 billion, whose take-out will be carried out by contracting long-term financing that is already being negotiated.



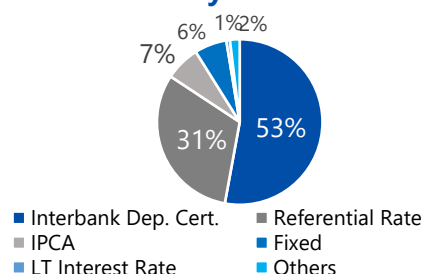
The consolidated average cost of debt reached 8.3%⁸ p.a., impacted by the current exposure to CDI due to the RMM bridge loan and which, therefore, will be reduced with the take-out of this funding from 2023.

The average term of BRK's financing is 7.7 years and, disregarding the RMM debt given its relevance and shorter term, the average term increases to 9.4 years, representing, therefore, a longer term profile, which mitigates the Net Debt / EBITDA ratio of 7.5x⁹.

Indebtedness



By Index



⁷ Special Purpose Entity

⁸ Variable financing indicators (last 12 months): CDI = 3.01%, TR = 0%, IPCA = 10.25% and 3Q21 TJLP = 4.88%

⁹ Considers EBKDA LTM from BRK-MA

Cash and Cash Equivalents

In 2021, the Company continues to demonstrate solidity, ending the year with a consolidated cash balance of R\$ 1.0 billion, as a result of increased liquidity with debenture issues totaling R\$ 1.2 billion, combined with efficient cash management.

Net debt totals R\$ 7.1 billion in 2021, an increase of R\$ 2.4 billion (52%) compared to 2020, mainly as a consequence of the entry of RMM in the portfolio and acceleration of investments in the period.

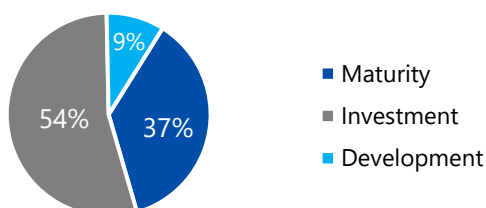
Leverage

The sanitation project cycle involves 3 phases: Development, Investment and Maturity. The first phase represents the study and awarding of the project, in the second there is intensive investment, consequently a high leverage for universalization to be achieved and, in the last phase, the project presents an EBITDA margin above 45%, distributes dividends to shareholders in a consistent manner and has a lower volume of investments to be made, which leads to a natural deleveraging process.

In December 2021, SPE BRK Goiás reached Maturity phase, totaling 9 mature assets, representing 37% of Net Operating Revenue in 2021. Operations in the Investment and Development phase, which concentrate the greatest growth potential in the sanitation business, together total 63% of the Company's Net Operating Revenue.

BRK's current leverage level of 7.5x reflects the maturity level of the Company's portfolio, which considers the recent awarding of RMM, in the Development phase. This SPE had the issuance of R\$ 1.8 billion in debentures in December 2020 and began operations on July 1st.

2021 Net Oper. Revenue by Cycle

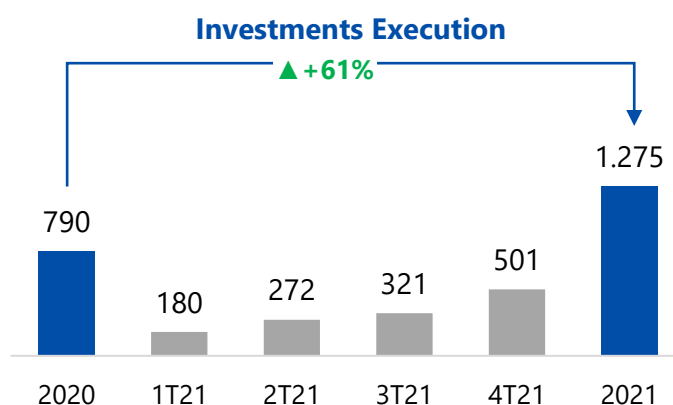


The Company's investments are financed in the project finance modality, mainly through the Saneamento para Todos ("Sanitation for All") credit line, with costs ranging from TR+8 to 9% p.a. and total terms of up to 24 years.

8. Investments (R\$ mm)

In 2021, R\$ 1,275 million were invested, an increase of 61% compared to the same period of the previous year, due to R\$ 144 million from the start of operations in RMM and investments made in the period.

For comparison purposes, excluding the RMM effect in 2021, investments increased by 41% compared to 2020, reflecting the acceleration in the pace of construction work, as a result of BRK's investment management program.



9. Ratings

Company	Ratings	Agency	National Scale	Outlook	Date
BRK Ambiental	Corporate	Moody's	AA-.br	Negative	June. 29 th , 2021
BRK Ambiental	Issuance	Moody's	A+.br	Negative	June. 29 th , 2021
Saneatins	Issuance	Moody's	AA-.br	Negative	June. 29 th , 2021
Manso	Issuance	Fitch	AA+(bra)	Stable	July 14 th , 2021

Board of Directors (As of December 31st 2021)

Luiz Ildefonso Simões Lopes
 Henrique Carsalade Martins
 Ana Lucia Poças Zambelli
 Felipe Cardoso Gusmão Cunha
 Alexandre Honore Marie Thiollier Neto
 Pedro Duarte Guimarães
 Celso Leonardo Derzie de Jesus Barbosa

Executive Board (As of December 31st 2021)

Teresa Cristina Querino Vernaglia - CEO
 Santi Copello - VP Operations
 Sérgio Garrido de Barros - VP Finance and Investor Relations
 Alain Charles Arcalji - VP Shared Services
 Daniela Mattos Sandoval Coli - VP Corporate Matters and Regulatory

Accountant

Adelmo da Silva de Oliveira

Balance Sheet | Assets (R\$ thousands)

Assets	December 31th, 2021	December 31th, 2020
Current assets		
Cash and cash equivalents	1.099.887	1.247.394
Restricted funds	-	1.200.602
Trade accounts receivable, net	617.451	554.580
Related parties	15.700	-
Advances to suppliers	24.833	14.784
Taxes recoverable	71.975	42.177
Dividends and interest on capital receivable	5.867	5.973
Inventories	41.722	32.954
Other assets	22.051	19.681
	1.899.486	3.118.145
Assets from discontinued operations	-	1.451
Non-current assets		
Trade accounts receivable, net	3.249.054	2.915.379
Restricted funds	79.605	41.436
Taxes recoverable	92.014	83.380
Related parties	2.588	15.392
Deferred income tax and social contribution	211.560	181.115
Judicial deposits	33.268	13.657
Other assets	49.208	48.861
	3.717.297	3.299.220
Investments in subsidiaries and jointly-controlled subsidiaries	80.050	82.403
Investment properties	46.457	42.834
Property and equipment	85.364	86.204
Contract assets	1.237.126	1.012.556
Right-of-use lease	146.307	148.908
Intangible assets	6.415.783	5.692.549
	11.728.384	10.364.674
Total assets	13.627.870	13.484.270

Balance Sheet | Liabilities and equity (R\$ thousands)

Liabilities and equity	December 31th, 2021	December 31th, 2020
Current liabilities		
Trade payables	274.797	136.342
Debts	242.263	338.629
Lease	41.167	32.188
Debentures	211.346	286.056
Salaries and payroll charges	148.715	137.652
Taxes payable	145.848	107.806
Deferred PIS, COFINS and ISS	13.219	12.941
Concession rights payable	18.246	1.411.308
Dividends and interest on capital payable	22.993	12.864
Other liabilities	14.307	10.615
	<u>1.132.901</u>	<u>2.486.401</u>
Liabilities from discontinued operations	-	8.861
Non-current liabilities		
Debts	3.103.614	2.853.113
Lease	116.132	128.185
Debentures	4.601.929	3.548.554
Related parties	104.002	49.050
Deferred PIS, COFINS and ISS	238.642	223.017
Deferred income tax and social contribution	606.089	568.080
Provisions for contingencies	20.326	22.177
Concession rights payable	204.044	180.570
Dividends and interest on capital payable	13.171	14.840
Post-employment benefit obligations	29.148	33.493
Other liabilities	26.878	27.050
	<u>9.063.975</u>	<u>7.648.129</u>
Equity		
Capital	4.008.807	4.008.807
Capital reserve	40.570	40.570
Revenue reserve	561.895	482.981
Adjustments to equity valuation	-1.241.047	-1.249.548
Profit (loss) of the period	-	-
Non-controlling interests	60.769	58.069
	<u>3.430.994</u>	<u>3.340.879</u>
Total liabilities and equity	<u>13.627.870</u>	<u>13.484.270</u>

Income Statement (R\$ thousands)

	4Q21	12M21	4Q20	12M20
Continuing operations				
Net service and sales revenue	1.121.095	3.454.132	744.043	2.382.216
Costs of services and sales	(811.343)	(2.268.875)	(479.712)	(1.510.175)
Gross profit	309.752	1.185.257	264.331	872.041
Operating income (expenses)				
General and administrative	(140.250)	(536.478)	(123.711)	(402.492)
Allowance for expected losses from doubtful accounts	(2.392)	(37.672)	(8.266)	(42.724)
Other income (expenses), net	7.997	19.474	640	(2.299)
Equity in the results of jointly-controlled subsidiaries	1.055	(2.645)	(6.275)	5.843
Profit from operations	176.162	627.936	126.719	430.369
Finance result				
Finance income	26.932	100.892	21.733	67.444
Finance costs	(128.803)	(577.044)	(133.909)	(383.395)
Finance result, net	(101.871)	(476.152)	(112.176)	(315.951)
Profit before income tax and social contribution	74.291	151.784	14.543	114.418
Current income tax and social contribution	(12.791)	(55.945)	(15.111)	(29.463)
Deferred income tax and social contribution	(20.697)	(4.519)	(3.859)	(29.472)
Profit from continuing operations	40.803	91.320	(4.427)	55.483
Discontinued operations				
Profit (loss) for discontinued operations	-	2.017	(2.015)	(6.507)
Profit from continuing and discontinued operations	40.803	93.337	(6.442)	48.976
Attributable to				
Company's stockholders	42.398	91.147	(8.466)	39.641
Non-controlling interests	(1.596)	2.190	2.024	9.335
	40.802	93.337	(6.442)	48.976

Cash Flows (R\$ thousands)

	12M21	12M20
Cash flows from operating activities		
Profit (loss) before income tax and social contribution	151.784	114.418
Profit before income tax and social contribution from discontinued operations	2.017	(6.334)
Adjustments		
Depreciation and amortization	280.174	210.443
Amortization of lease	44.989	31.875
Residual value of property and equipment and intangible asset disposals	2.564	20
Residual value of lease disposals	(10.324)	630
Equity in the results of continuing operations	2.645	(5.843)
Results of discontinued operations	2.075	6.334
Disposal on provision for losses on investments	(4.092)	-
Allowance for expected losses from doubtful accounts	37.672	42.724
Provision for contingencies	11.892	7.081
Return on financial investment	(21.966)	(2.256)
Construction profit margin	(26.596)	(16.641)
Post-employment benefit obligations	4.727	2.052
Adjustment to present value	30.467	19.106
Interest and monetary and foreign exchange variations, net	478.374	309.840
	(3.612)	8
	982.790	713.457
Adjustment for the reconciliation of profit for the year of discontinued operations	-	(6.447)
Changes in assets and liabilities		
Trade accounts receivable	(328.882)	(356.092)
Advances to suppliers	(9.501)	5.694
Taxes recoverable	(38.123)	(7.016)
Inventories	(8.768)	(1.640)
Dividends and interest on capital received	-	2.007
Judicial deposits	(19.611)	(3.586)
Other assets	12.153	30.210
Trade payables	48.311	(16.653)
Salaries and payroll charges	11.063	2.294
Taxes payable	49.903	8.695
Deferred PIS, COFINS and ISS	(13.409)	(11.765)
Concession rights payable	(13.246)	(18.253)
Provisions for contingencies	(13.743)	(7.847)
Related parties	(18.888)	(15.520)
Other liabilities	(11.375)	(34.861)
Cash provided by operations	628.674	282.677
Income tax and social contribution paid	(64.733)	(33.847)
Net cash provided by operating activities	563.941	248.830
Net cash provided by (used in) discontinued operating activities	-	(1.095)
Total net cash provided by operating activities	563.941	247.735
Advance for future capital increase	(5.451)	-
Restricted funds	1.184.399	(1.175.120)
Acquisitions of property and equipment	(9.351)	(11.140)
Acquisitions of contract assets and intangible assets	(2.353.638)	(1.189.921)
Net cash provided by (used in) investing activities	(1.184.041)	(2.376.181)
Total net cash provided by (used in) investing activities	(1.184.041)	(2.376.181)
Net cash used in discontinued investing activities	-	(15)
Cash flows from financing activities	(1.184.041)	(2.376.196)
Dividends and interest on capital paid	(3.373)	(8.365)
Proceeds from debts	468.832	787.450
Transaction cost on proceeds from debts	(1.219)	(24.451)
Repayment of debts	(334.347)	(360.346)
Interest paid on debts	(244.447)	(172.070)
Proceeds from debentures	1.189.000	3.650.000
Transaction cost on proceeds from debentures	(12.965)	(63.165)
Amortization of debentures	(271.684)	(1.722.816)
Interest paid on debentures	(298.442)	(116.247)
Amortization of leasing	(61.932)	(48.460)
Capital Injection	-	522.745
Investment Program - stock option	-	3.841
Related parties	43.170	5.965
Net cash provided by (used in) financing activities	472.593	2.454.081
Net cash used in discontinued financing activities	-	(2.095)
Total net cash provided by (used in) financing activities	472.593	2.451.986
Cash and cash equivalents of subsidiaries excluded from consolidation, net	-	152
Cash and cash equivalents of subsidiaries included in consolidation, net	-	73.047
Net increase (decrease) in cash and cash equivalents	(147.507)	396.724
Cash and cash equivalents at the beginning of the period	1.247.394	850.670
Cash and cash equivalents at the end of the period	1.099.887	1.247.394

Income Statement – Pro-Forma¹⁰ (R\$ thousands)

	4Q21	2021	4Q20	2020
Continuing operations				
Net service and sales revenue	1.017.833	3.064.402	639.562	2.277.735
Costs of services and sales	(755.230)	(2.068.081)	(416.517)	(1.446.980)
Gross profit	262.603	996.321	223.045	830.755
Operating income (expenses)				
General and administrative	(128.102)	(471.839)	(108.242)	(387.458)
Allowance for expected losses from doubtful accounts	(2.699)	(36.545)	(9.122)	(43.142)
Other income (expenses), net	6.181	16.144	(100)	(3.039)
Equity in the results of jointly-controlled subsidiaries	(41.477)	6.779	(4.188)	7.929
Profit from operations	96.506	510.860	101.393	405.045
Finance result				
Finance income	23.979	92.994	20.180	65.891
Finance costs	(121.126)	(547.634)	(126.975)	(376.461)
Finance result, net	(97.147)	(454.640)	(106.795)	(310.570)
Profit before income tax and social contribution	(641)	56.220	(5.402)	94.475
Current income tax and social contribution	(3.651)	(25.372)	(8.572)	(22.924)
Deferred income tax and social contribution	(20.796)	(5.417)	(4.972)	(30.586)
Profit (loss) from continuing operations	(25.088)	25.431	(18.946)	40.965
Discontinued operations				
Profit for discontinued operations	-	2.017	(2.015)	(6.507)
Profit (loss) from continuing and discontinued operations	(25.088)	27.448	(20.961)	34.458
Attributable to				
Company's stockholders	(23.490)	25.258	(24.502)	23.606
Non-controlling interests	(1.598)	2.190	3.541	10.852
	(25.088)	27.448	(20.961)	34.458

Operating Information¹¹

	2021	2020	Δ (%)
Active Economies (thousand)	3.193	2.575	24%
Water	1.029	998	3%
Wastewater	1.688	1.576	7%
RMM	476	-	---
Billed Volume (thousand m³)	435	398	9%
Water	155	154	1%
Wastewater	253	243	4%
RMM	27	-	---
Employees (#)	6.055	5.527	10%

¹⁰ For comparison purposes, disregards BRK-MA effects in 4Q21 and 2021

¹¹ Considers only SPEs consolidated by BRK Ambiental Participações S.A. at IFRS basis

BRK Ambiental Participações S.A. and its Subsidiaries

Parent company and consolidated financial statements

December 31, 2021

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A free translation from Portuguese into English of Independent Auditor's Report on individual and consolidated financial statements prepared in Brazilian currency in accordance with accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB)

Independent auditor's report on individual and consolidated financial statements

The Shareholders, Board of Directors and Officers

BRK Ambiental Participações S.A.

São Paulo - SP

Opinion

We have audited the individual and consolidated financial statements of BRK Ambiental Participações S.A. (Company), identified as Individual and Consolidated, respectively, which comprise the statement of financial position as at December 31, 2021 and the statements of profit or loss, of comprehensive income, of changes in equity and of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements referred to above present fairly, in all material respects, the individual and consolidated financial position of the Company as at December 31, 2021, and its individual and consolidated financial performance and individual and consolidated cash flows for the year then ended in accordance with accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

Basis for opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the individual and consolidated financial statements section of our report. We are independent of the Company and its subsidiaries in accordance with the relevant ethical principles set forth in the Code of Professional Ethics for Accountants and the professional standards issued by Brazil's National Association of State Boards of Accountancy (CFC), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unmodified opinion on the individual and consolidated financial statements.

Key audit matters

Key audit matters are those that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the individual and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide an individual opinion on these matters. In addition to the matter described in the Basis for opinion section, we determined that the matter described below is a key audit matter to be informed in our report. For the matter below, our description of how our audit addressed the matter, including any commentary on the findings or outcome of our procedures, is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the individual and consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying financial statements.

Concession infrastructure

As of December 31, 2021, the Company's subsidiaries recorded balances of rights to be invoiced, contractual assets and intangible assets related to concession which are disclosed in in Notes 8, 11 and 13 and the amounts are R\$2,692,640 thousand, R\$1,237,126 thousand and R\$6,415,783 thousand, respectively, which, together, represent the concession infrastructure, recognized based on investments made in the infrastructure construction or improvement. The rights to be invoiced refer substantially to the financial assets of the concession arising from construction revenues of the public concession contracts, and will be received from the granting authorities according to billing schedules established in the concession contract. Contractual assets refer to intangible concession assets still under construction that are transferred to the intangible asset account when they become operational. Intangible concession assets are received by charging users of services provided via tariff. Measurement of the concession infrastructure includes the cost-plus-margin method, in compliance with the Accounting Interpretation ICPC 01 (R1)/IFRIC 12 – Concession Contracts, and is affected by subjective elements due to the diverse natures of expenses capitalized as part of the concession

infrastructure. Furthermore, the measurement of the financial concession assets considers updates calculated based on the specific discount rate of each contract.

Monitoring of this matter was considered significant for our audit, given the specificities of the process of capitalization of infrastructure expenses and the measurement of the concession infrastructure, as well as the materiality of the amounts involved.

How our audit addressed the matter

Our audit procedures included the following, among others:

- Understanding of the process, risks and controls implemented by Company's directors related to capitalization of infrastructure expenses and measurement of assets related to the concession infrastructure;
- Internal control tests related to capitalization of infrastructure expenses and measurement of assets related to the concession infrastructure, including calculation of the cost increased by margin;
- Internal control tests related to the general information technology control environment, including controls over access management and changes to systems and their data;
- Sample test of expenses incurred and capitalized during 2021, evaluating the occurrence, the nature of expenses and the correct classification between capitalizable cost or maintenance expenses;
- Recalculation of amortizations, construction margin and updating of the financial assets of the concession, recognized in 2021, and comparison of the results of these recalculations with the balances recorded in accounting.

Based on the result of the audit procedures conducted, which is consistent with directors's assessment, we considered that the criteria determined by the directors of the Company and its subsidiaries for definition and measurement of expenses eligible for capitalization as concession infrastructure cost, and for definition of the assumptions used in the determination and evaluation of the concession's financial assets, as well as the respective disclosures in Notes 8, 11 and 13, are acceptable in the context of the financial statements taken as a whole.

Other matters

Statements of value added

The individual and consolidated statements of value added (SVA) for the year ended December 31, 2021, prepared under the responsibility of the Company directors, and presented as supplementary information for IFRS purposes, were subjected to audit procedures conducted jointly with the audit of the Company's financial statements. To form our opinion, we evaluated if these statements are reconciled to the financial statements and accounting records, as applicable, and if their form and content comply with the criteria defined by NBC TG 09 – Statement of Value Added. In our opinion,

these statements of value added have been properly prepared, in all material respects, in accordance with the criteria set forth in this Accounting Pronouncement and are consistent with the overall individual and consolidated financial statements.

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

The directors are responsible for such other information, which comprise the Management Report.

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

In connection with our audit of the individual and consolidated financial statements, our responsibility is to read the Management Report and, in doing so, consider whether this report is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the Management Report, we are required to report that fact. We have nothing to report in this respect, unless the item mentioned as described in the "Basis for opinion" section referred to above.

Responsibility of directors and those charged with governance for the individual and consolidated financial statements

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

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

Those charged with governance are responsible for overseeing the Company's and its subsidiaries' financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the individual and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Brazilian and International Standards on Auditing will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identified and assessed risks of material misstatements of the individual and consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained 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.
- Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and its subsidiaries' internal control.
- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Company's directors.
- Concluded on the appropriateness of directors's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the individual and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the individual and consolidated financial statements represented the underlying transactions and events in a manner that achieves fair presentation.

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

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

São Paulo, March 10, 2022.

ERNST & YOUNG
Auditores Independentes S.S.
CRC-2SP034519/O-6



Emerson Pompeu Bassetti
Accountant CRC-1SP251558/O-0

BRK Ambiental Participações S.A. and subsidiaries

Statements of financial position as at December 31 (In thousands of reais and U.S. dollars)

Assets	Note	Parent		Consolidated	
		2021	2020	2021	2020
		US\$	R\$	US\$	R\$
Current assets					
Cash and cash equivalents	6	73,796	411,818	784,437	1,247,394
Restricted funds	7			197,095	1,099,887
Trade receivables, net	8	64	355	110,644	617,451
Related parties	21	14,816	82,683	2,813	15,700
Advances to suppliers		89	497	4,450	24,833
Taxes recoverable		2,164	12,074	12,898	71,975
Dividends and interest on capital receivable	9 (e)	32,195	179,663	1,051	5,867
Inventories				7,476	41,722
Other assets		5,307	29,615	3,951	22,051
		128,431	716,705	340,378	1,899,486
Assets from discontinued operations	1.1 (b)		5,244		1,451
Non-current assets					
Trade receivables, net	8			582,216	3,249,054
Restricted funds	7			14,265	79,605
Taxes recoverable				16,488	92,014
Advances for future capital increase		615	3,430	38,209	
Related parties	21	227,038	1,266,984	1,126,020	464
Deferred income tax and social contribution	20 (a)			37,911	2,588
Dividends and interest on capital receivable	9 (e)	21,352	119,153	50,182	211,560
Judicial deposits		76	423	5,961	33,268
Other assets		5,655	31,556	8,818	49,208
		254,736	1,421,546	1,227,755	666,123
Investments in subsidiaries and joint ventures	9 (b)	382,461	2,134,325	1,720,632	14,343
Investment properties				8,325	46,457
Property and equipment	10	2,111	11,778	15,297	85,364
Contract assets	11			221,687	1,237,126
Right-of-use assets	12	5,020	28,013	26,218	146,307
Intangible assets	13	128,652	717,943	589,920	1,149,679
		772,980	4,313,605	3,578,564	2,101,672
				11,728,384	10,364,674
Total assets		901,411	5,030,310	4,657,222	2,442,050
				13,627,870	13,484,270

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

BRK Ambiental Participações S.A. and subsidiaries

Statements of financial position as at December 31

(In thousands of reais and U.S. dollars)

Liabilities and equity	Note	Parent		Consolidated	
		2021	2020	2021	2020
		US\$	R\$	US\$	R\$
Current liabilities					
Trade payables	14	8,177	45,633	19,317	49,242
Loans and borrowings	15.1			43,412	274,797
Lease liabilities	15.2	837	4,670	7,377	242,263
Debentures	15.3	6,067	33,855	19,324	41,167
Salaries and payroll charges	16	10,630	59,321	56,713	211,346
Taxes payable		446	2,490	1,899	148,715
Deferred PIS, COFINS and ISS				26,135	137,652
Concession rights payable	17			2,369	145,848
Dividends and interest on capital payable	18	3,879	21,648	9,415	13,219
Other liabilities		1,078	5,997	116	18,246
		31,114	173,614	110,584	1,411,308
				203,010	12,864
				1,132,901	10,615
		31,114	173,614	110,584	2,486,401
Liabilities from discontinued operations	1.1 (b)		12,654		8,861
Non-current liabilities					
Loans and borrowings	15.1			556,153	3,103,614
Lease liabilities	15.2	4,508	25,158	20,810	116,132
Debentures	15.3	236,300	1,318,671	1,075,595	824,645
Related parties	21	1,630	9,096	8,788	4,601,929
Deferred PIS, COFINS and ISS				18,637	104,002
Deferred income tax and social contribution	20 (a)	22,914	127,873	137,224	238,642
Provision for contingencies	19	185	1,032	322	606,089
Concession rights payable	17			36,564	20,326
Provision for losses on investments	9 (c)	252	1,405	246	22,177
Dividends and interest on capital payable	18			2,360	13,171
Employee benefits	22	580	3,236	3,857	29,148
Other liabilities				4,816	26,878
		266,369	1,486,471	1,251,174	7,648,129
				1,624,222	9,063,975
				9,063,975	7,648,129
Equity	23				
Issued capital		718,360	4,008,807	4,008,807	718,360
Capital reserve		7,270	40,570	40,570	7,270
Revenue reserve		100,689	561,895	482,981	100,689
Carrying value adjustment		(222,391)	(1,241,047)	(1,249,548)	(222,391)
				(222,391)	(1,241,047)
				(222,391)	(1,249,548)
Non-controlling interests				10,890	60,769
		603,928	3,370,225	3,282,810	614,818
				614,818	3,430,994
				3,430,994	3,340,879
Total liabilities and equity		901,411	5,030,310	4,657,222	2,442,050
				13,627,870	13,484,270
				13,627,870	13,484,270

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

BRK Ambiental Participações S.A. and subsidiaries

Statements of profit or loss Years ended December 31, 2021 and 2020 (In thousands of reais and U.S. dollars)

Note	Parent		Consolidated	
	2021	2020	2021	2020
	US\$	R\$	US\$	R\$
Continuing operations				
Net service and sales revenue	24 (a)	18	99	1,288
Cost of services and sales	24 (c)			(318)
			618,965	3,454,132
			(406,572)	(2,268,875)
				(1,510,175)
Gross profit		18	99	970
			212,393	1,185,257
				872,041
Operating income (expenses)				
General and administrative expenses	24 (c)	(13,904)	(77,591)	(92,215)
Allowance for expected credit losses	24 (c)			(96,134)
Other income (expenses), net	24 (c)	260	1,453	2,242
Share of profit (loss) of subsidiaries and joint ventures	9 (c)	25,847	144,796	141,272
			(474)	(2,645)
				5,843
Profit before finance income and costs		12,321	68,757	52,269
			112,524	627,936
				430,369
Finance result	24 (d)			
Finance income		27,427	153,055	93,974
Finance costs		(25,452)	(142,033)	(110,877)
			(103,404)	(577,044)
				(383,395)
Finance result, net		1,975	11,022	(16,903)
			(85,325)	(476,152)
				(315,951)
Profit before income tax and social contribution		14,296	79,779	35,366
			27,199	151,784
				114,418
Current income tax and social contribution	20 (b)			(10,025)
Deferred income tax and social contribution	20 (b)	1,676	9,351	11,339
			(810)	(4,519)
				(29,472)
Profit for the year from continuing operations		15,972	89,130	46,705
			16,364	91,320
				55,483
Profit (loss) for the year from discontinued operations		361	2,017	(7,064)
			361	2,017
				(6,507)
Profit for the year		16,333	91,147	39,641
			16,725	93,337
				48,976
Attributable to				
Equity holders of the parent				16,333
Non-controlling interests				392
				2,190
				9,335
				16,725
				93,337
				48,976
Basic earnings per share attributable to equity holders of the parent during the year (expressed in R\$ per share) from continuing operations	23 (e), (f)	0.0337	0.0337	0.0318
			0.0337	0.0337
				0.0337
				0.0318
Diluted earnings per share attributable to equity holders of the parent during the year (expressed in R\$ per share) from continuing operations	23 (e), (f)	0.0335	0.0335	0.0317
			0.0335	0.0335
				0.0335
				0.0317
Basic and diluted profit per share attributable to equity holders of the parent during the year (expressed in R\$ per share) from discontinued operations	23 (e), (f)	0.0008	0.0008	0.0008
			0.0008	0.0008
				0.0008
				0.0008

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

BRK Ambiental Participações S.A. and subsidiaries

Statements of comprehensive income Years ended December 31, 2021 and 2020 (In thousands of reais and U.S. dollars)

		Parent		
Note		2021	2020	
		US\$	R\$	
	Profit for the year	16,333	91,147	39,641
	Items that will not be reclassified to profit or loss			
	Post-employment benefit obligations - Company	23 (g)	451	2,518
	Post-employment benefit obligations - subsidiaries	22	1,624	9,065
	Tax effects		(552)	(3,082)
			1,523	8,501
	Total comprehensive income for the year		17,856	99,648
			43,403	43,403

		Consolidated		
Note		2021	2020	
		US\$	R\$	
	Profit for the year	16,725	93,337	48,976
	Items that will not be reclassified to profit or loss			
	Post-employment benefit obligations - Company	23 (g)	451	2,518
	Post-employment benefit obligations - subsidiaries	22	1,624	9,065
	Tax effects		(552)	(3,082)
	Post-employment benefit obligations - non-controlling interests		31	172
	Tax effects		(11)	(59)
			1,543	8,614
	Total comprehensive income for the year		18,268	101,951
			52,765	52,765

	Attributable to			
	Equity holders of the parent		17,856	99,648
	Non-controlling interests		412	2,303
			18,268	101,951
			52,765	52,765

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

BRK Ambiental Participações S.A. and subsidiaries

Statements of changes in equity Years ended December 31, 2021 and 2020 (In thousands of reais)

		Attributable to the equity holders of the parent							
				Revenue reserve					
Note	Issued capital	Capital reserve	Legal reserve	Retention of profits	Retained earnings	Carrying value adjustment	Total	Non-controlling interests	Total equity
At January 1, 2020	1,885,667		26,338	426,417		(37,863)	2,300,559	118,288	2,418,847
Profit (loss) for the year:									
Profit for the year from continuing operations					46,705		46,705	8,778	55,483
Profit (loss) for the year from discontinued operations					(7,064)		(7,064)	557	(6,507)
Other comprehensive income:									
Post-employment benefit obligations	23 (g)					3,762	3,762	27	3,789
Total comprehensive income for the year					39,641	3,762	43,403	9,362	52,765
Capital transaction with equity holders:									
Capital increase	23 (h)	2,123,140					2,123,140		2,123,140
Investment program - Stock option	23 (b) e (c)		3,841				3,841		3,841
Transfer to reserve	23 (b) e (c)		36,729	1,982	28,244	(30,226)	36,729		36,729
Distribution of dividends and interest on capital from continuing operations					(9,415)		(9,415)	(6,158)	(15,573)
Goodwill on the acquisition of investments in subsidiaries	23 (g)					(1,215,447)	(1,215,447)		(1,215,447)
Effect of non-controlling interests on the acquisition of investments in subsidiaries								(63,423)	(63,423)
At December 31, 2020	4,008,807	40,570	28,320	454,661		(1,249,548)	3,282,810	58,069	3,340,879
Profit (loss) for the year:									
Profit for the year from continuing operations					89,130		89,130	2,190	91,320
Profit for the year from discontinued operations					2,017		2,017		2,017
Other comprehensive income:									
Post-employment benefit obligations	23 (g)					8,501	8,501	113	8,614
Total comprehensive income for the year					91,147	8,501	99,648	2,303	101,951
Capital transaction with equity holders:									
Transfer to reserve	23 (b) e (c)			4,557	64,942	(69,499)			
Reversal of mandatory minimum dividends	18 (a)				9,415		9,415		9,415
Distribution of dividends	23 (d)				(21,648)		(21,648)	(1,269)	(22,917)
Other transactions with non-controlling interests								1,666	1,666
At December 31, 2021	4,008,807	40,570	32,877	529,018		(1,241,047)	3,370,225	60,769	3,430,994

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

BRK Ambiental Participações S.A. and subsidiaries

Statements of changes in equity Years ended December 31, 2021 and 2020 (In thousands of U.S. dollars)

Attributable to the equity holders of the parent									
			Revenue reserve						
Note	Issued capital	Capital reserve	Legal reserve	Retention of profits	Retained earnings	Carrying value adjustment	Total	Non-controlling interests	Total equity
At January 1, 2020	337,903		4,720	76,412		(6,785)	412,250	21,197	433,447
Profit (loss) for the year:									
Profit for the year from continuing operations					8,369		8,369	1,573	9,942
Profit (loss) for the year from discontinued operations					(1,266)		(1,266)	100	(1,166)
Other comprehensive income:									
Post-employment benefit obligations	23 (g)					674	674	5	679
Total comprehensive income for the year					7,103	674	7,777	1,678	9,455
Capital transaction with equity holders:									
Capital increase	23 (h)	380,457					380,457		380,457
Investment program - Stock option	23 (b) e (c)		688				688		688
Transfer to reserve			6,582	355	5,061	(5,416)	6,582		6,582
Distribution of dividends and interest on capital from continuing operations					(1,687)		(1,687)	(1,103)	(2,790)
Goodwill on the acquisition of investments in subsidiaries	23 (g)					(217,803)	(217,803)		(217,803)
Effect of non-controlling interests on the acquisition of investments in subsidiaries								(11,365)	(11,365)
At December 31, 2020	718,360	7,270	5,075	81,473		(223,914)	588,264	10,407	598,671
Profit (loss) for the year:									
Profit for the year from continuing operations					15,972		15,972	392	16,364
Profit for the year from discontinued operations					361		361		361
Other comprehensive income:									
Post-employment benefit obligations	23 (g)					1,523	1,523	20	1,543
Total comprehensive income for the year					16,333	1,523	17,856	412	18,268
Capital transaction with equity holders:									
Transfer to reserve	23 (b) e (c)		817	11,637	(12,454)				
Reversal of mandatory minimum dividends	18 (a)			1,687			1,687		1,687
Distribution of dividends	23 (d)				(3,879)		(3,879)	(227)	(4,106)
Other transactions with non-controlling interests								299	299
At December 31, 2021	718,360	7,270	5,892	94,797		(222,391)	603,928	10,891	614,819

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

BRK Ambiental Participações S.A. and subsidiaries

Statements of Cash Flows Years ended December 31, 2021 and 2020 (In thousands of reais and U.S. dollars)

	Parent		Consolidated	
	2021	2020	2021	2020
	US\$	R\$	US\$	R\$
Cash flows from operating activities				
Profit before income tax and social contribution	14,296	79,779	35,366	27,199
Profit (loss) before income tax and social contribution from discontinued operations	361	2,017	361	151,784
				2,017
Adjustments				
Depreciation and amortization	5,659	31,582	27,678	50,206
Amortization of right-of-use asset	1,163	6,489	4,550	8,062
Residual value of property and equipment and intangible assets disposed of	152	851	459	44,989
Residual value of right-of-use assets disposed of	(294)	(1,649)	(40)	2,564
Share of profit (loss) from continuing operations	(25,947)	(144,796)	(141,272)	(10,324)
Share of profit (loss) from discontinued operations	372	2,075	7,064	2,645
Profit from discontinued operations			372	2,075
Write-off of provision for loss on investments of discontinued operation	(733)	(4,092)	(733)	(4,092)
Allowance for expected credit losses			6,751	37,672
Provision for contingencies	127	710	(41)	11,892
Financial investment income			2,131	7,081
Construction profit margin			(3,936)	(21,969)
Employee benefits			(4,766)	(25,596)
Adjustment to present value	290	1,617	847	4,727
Interest and monetary and foreign exchange variations, net	491	2,742	2,973	30,467
Other adjustments	9,900	55,248	31,487	85,722
			(6,471)	(3,612)
	5,837	32,582	(39,016)	176,112
				982,790
				713,457
Adjustments to reconcile profit for the year from discontinued operations				(6,447)
Changes in assets and liabilities				
Trade receivables	(64)	(355)	(58,934)	(328,882)
Advances to suppliers	(10)	(54)	(1,703)	(9,501)
Taxes recoverable	(1,143)	(6,377)	3,246	(8,831)
Inventories			(1,571)	(8,768)
Dividends and interest on capital received	13,205	73,691	63,720	(3,514)
Judicial deposits	(8)	(44)	(321)	(19,611)
Other assets	1,767	9,859	7,157	12,153
Trade payables	(212)	(1,192)	2,842	8,857
Salaries and payroll charges	467	2,608	5,666	11,063
Taxes payable	1,012	5,645	(867)	8,942
Deferred PIS, COFINS and ISS			(2,403)	(13,409)
Concession rights payable			(2,374)	(13,246)
Provisions for contingencies			(2,463)	(13,743)
Related parties	(11,729)	(65,451)	(3,385)	(18,868)
Other liabilities	1,056	5,878	(681)	(11,375)
	10,178	56,801	(112,801)	112,655
				628,674
				282,677
Income tax and social contribution paid			(383)	(11,600)
				(64,733)
	10,178	56,801	(113,184)	101,055
				563,941
				248,830
Net cash flows from (used in) operating activities				(1,095)
Net cash used in discontinued operating activities				
Total net cash flows from (used in) operating activities	10,178	56,801	(113,184)	101,055
				563,941
				247,735
Cash flows from investing activities				
Advance for future capital increase	(9,388)	(52,390)	(64,595)	
Capital increase in subsidiaries	(71,375)	(398,306)	(157,297)	212,239
Purchase of property and equipment	(1)	(5)	(1,103)	(1,676)
Additions to contract assets and intangible assets	(23,418)	(130,685)	(100,422)	(421,761)
	(104,182)	(581,386)	(323,417)	(211,198)
				(1,178,590)
				(2,376,181)
Net cash used in investing activities	(9,388)	(52,390)	(64,595)	
Net cash used in discontinued investing activities	(977)	(5,451)	(9,500)	(977)
				(5,451)
Net cash used in discontinued investing activities	(977)	(5,451)	(9,500)	(977)
				(5,451)
Total net cash used in investing activities	(105,159)	(586,837)	(332,917)	(212,175)
				(1,184,041)
				(2,376,196)
Cash flows from financing activities				
Dividends and interest on capital paid			(604)	(3,373)
Proceeds from loans and borrowings			150,000	84,013
Transaction cost on proceeds from loans and borrowings			(1,558)	(218)
Repayment of loans and borrowings			(150,232)	(59,913)
Interest paid on loans and borrowings			(3,737)	(43,804)
Proceeds from debentures	35,839	200,000	1,600,000	213,063
Transaction cost on proceeds from debentures	(346)	(1,931)	(36,299)	(2,323)
Amortization of debentures			(1,408,229)	(48,685)
Interest paid on debentures	(12,018)	(67,068)	(45,947)	(53,479)
Amortization of lease liabilities	(1,506)	(8,406)	(7,238)	(11,098)
Capital increase			522,745	(61,932)
Investment program - Stock option			3,841	
Related parties	6,240	34,820	249,568	7,736
	28,209	157,417	872,914	84,688
				472,593
				2,454,081
Net cash flows from financing activities	28,209	157,417	872,914	84,688
Net cash used in financing activities from discontinued operations				(2,095)
Total net cash flows from financing activities	28,209	157,417	872,914	84,688
				472,593
				2,451,986
Cash and cash equivalents of subsidiaries excluded from consolidation, net				152
Cash and cash equivalents of subsidiaries included in consolidation, net				73,047
Net increase (decrease) in cash and cash equivalents	(66,772)	(372,619)	(426,813)	(26,432)
				(147,507)
				398,724
Cash and cash equivalents at the beginning of the year	140,568	784,437	357,624	223,527
				1,247,394
				850,670
Cash and cash equivalents at the end of the year	73,796	411,818	784,437	197,095
				1,099,887
				1,247,394

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

BRK Ambiental Participações S.A. and subsidiaries

Statements of Value Added Years ended December 31, 2021 and 2020 (In thousands of reais and U.S. dollars)

	Parent		Consolidated	
	2021	2020	2021	2020
	US\$	R\$	US\$	R\$
Revenue				
Gross revenue from services and sales	20	109	1,419	671,760
Other revenues (expenses)	260	1,453	2,242	3,490
(-) Rebates and cancellations			(7,646)	(42,669)
(-) Allowance for expected credit losses			(6,751)	(37,672)
	280	1,562	3,661	660,853
			3,687,888	2,528,728
Inputs acquired from third parties				
Construction cost			(228,458)	(1,274,910)
Materials, electric energy, outsourced services and others	(21,255)	(118,616)	(77,803)	(119,244)
	(21,255)	(118,616)	(77,803)	(347,702)
			(1,940,350)	(1,235,354)
Gross value added	(20,975)	(117,054)	(74,142)	313,151
Depreciation and amortization	(6,822)	(38,071)	(32,228)	(58,268)
			(325,163)	(242,318)
Net value added generated by the entity	(27,797)	(155,125)	(106,370)	254,883
			1,422,375	1,051,066
Value added received in transfer				
Share of profit (loss) from continuing operations	25,947	144,796	141,272	(474)
Share of profit (loss) from discontinued operations	(372)	(2,075)	(7,064)	(372)
Profit (loss) from discontinued operations			(372)	(6,507)
Reversal of provision for loss on investments	733	4,092	733	4,092
Transfer of expenses	43,860	244,761	2,267	12,651
Finance income	27,427	153,055	93,974	100,892
			67,444	
Total undistributed value added	69,798	389,504	313,153	275,116
			1,535,285	1,159,416
Distribution of value added				
Personnel	24,946	139,209	144,568	82,286
Direct compensation	20,850	116,353	120,850	59,812
Benefits	2,886	14,990	14,170	17,945
Government Severance Pay Fund (FGTS)	1,410	7,866	9,548	4,529
			25,273	24,334
Taxes, fees and contributions	2,504	13,973	14,364	66,853
Federal	2,487	13,878	14,271	64,715
State			89	911
Municipal	17	95	4	1,227
			6,848	18,677
Remuneration of third-party capital	26,015	145,175	114,580	109,252
Finance costs	25,452	142,033	110,877	103,404
Rentals	563	3,142	3,703	5,848
Others				32,632
				24,472
Equity remuneration	16,333	91,147	39,641	16,725
Retained earnings for the year	16,333	91,147	39,641	16,333
Non-controlling interests				392
				2,190
Value added distributed	69,798	389,504	313,153	275,116
			1,535,285	1,159,416

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

BRK Ambiental Participações S.A. and subsidiaries

Notes to the individual and consolidated financial statements at December 31, 2021

(In thousands of reais and U.S. dollars, unless otherwise stated)

1 Corporate information

BRK Ambiental Participações S.A. ("Company") was incorporated on January 29, 2016 and on April 25, 2017 it was acquired by BR Ambiental Fundo de Investimento em Participações Multiestratégia ("BR FIP"), an investment fund managed by Brookfield Brasil Asset Management Investimentos Ltda. ("Brookfield") and indirectly controlled by Brookfield Asset Management, Inc. The Company is engaged in investing in and operating environmental projects and providing services focused on the Water and Wastewater segment through its direct and indirect subsidiaries and joint ventures (collectively the "Group") by means of public concession contracts, public-private partnerships and provision of services, among others.

The Company's registered office is located at Avenida das Nações Unidas, 14.261 - 13º andar – Ala B – São Paulo, State of São Paulo.

On October 22, 2019, the Company obtained the initial registration as a listed company from the Securities and Exchange Commission of Brazil ("CVM") in the "B" category.

These individual and consolidated financial statements were approved by the Company's Board of Directors on March 10, 2022

BRK Ambiental Participações S.A. and subsidiaries

Notes to the individual and consolidated financial statements at December 31, 2021 (In thousands of reais and U.S. dollars, unless otherwise stated)

(a) Public Water and Wastewater concessions

Company	Subject matter of the agreement	Starting - ending year	Concession grantor (customer)	Concession	Base index for annual price adjustment
BRK Ambiental - Limeira S.A.	Water supply and wastewater services.	1995 - 2039	Municipality of Limeira - SP	No	Parametric formula
BRK Ambiental - Cachoeiro do Itapemirim S.A.	Water supply and wastewater services.	1998 - 2048	Municipality of Cachoeiro do Itapemirim - ES	Variable	IPCA
Companhia de Saneamento do Tocantins - Saneatins	Water supply and wastewater services, except for the concession agreements with the municipalities of Almas and Araguaia, which include only water supply services.	1999 - 2049, depending on the contract	46 municipalities in the State of Tocantins and 5 in the State of Pará	Fixed or variable, depending on the contract	IPCA
BRK Ambiental - Mauá S.A.	Wastewater services.	2003 - 2043	Municipality of Mauá - SP	Variable	Parametric formula
BRK Ambiental - Capivari S.A.	Construction and lease of the Effluent Treatment Station of Campinas - State of São Paulo	2007 - 2029	Sociedade de Abastecimento de Água e Saneamento S.A. - SANASA	No	Parametric formula
BRK Ambiental - Rio Claro S.A.	Wastewater services.	2007 - 2037	Municipality of Rio Claro - SP	No	IPCA
BRK Ambiental - Rio das Ostras S.A.	Wastewater services.	2007 - 2024	Municipality of Rio das Ostras - RJ	No	IPCA
BRK Ambiental - Jaguaribe S.A.	Construction and operation of the ocean disposal system of the Jaguaribe River in Salvador - State of Bahia	2006 - 2026	Empresa Baiana de Águas e Saneamento S.A. - EMBASA	No	IPCA
BRK Ambiental - Blumenau S.A.	Wastewater services.	2010 - 2055	Serviço Autônomo Municipal de Água e Esgoto - SAMAE	Fixed	IPCA
BRK Ambiental - Santa Gertrudes S.A.	Water supply and wastewater services.	2010 - 2040	Municipality of Santa Gertrudes - SP	Fixed	IPCA
Saneagua Mairinque S.A.	Water supply and wastewater services.	2010 - 2050	Municipality of Mairinque - SP	No	IGPM
BRK Ambiental - Uruguaiana S.A.	Water supply and wastewater services.	2011 - 2043	Municipality of Uruguaiana - RS	Fixed	IGPM
BRK Ambiental - Porto Ferreira S.A.	Water supply and wastewater services.	2011 - 2041	Municipality of Porto Ferreira - SP	Fixed	IGPM
F. AB. Zona Oeste S.A.	Wastewater services.	2012 - 2042	Município do Rio de Janeiro - RJ	Fixed and variable	IPCA-E
BRK Ambiental - Araguaia Saneamento S.A.	Water supply and wastewater services.	2007 - 2042, depending on the contract	4 Municipalities of the State of Pará - PA	Variable	IPCA or parametric formula, depending on the contract
BRK Ambiental - Macaé S.A.	Wastewater services.	2012 - 2047	Municipality of Macaé - RJ	No	IGPM
BRK Ambiental - Região Metropolitana do Recife/Goiânia SPE S.A.	Wastewater services.	2013 - 2048	Companhia Pernambucana de Saneamento - COMPESA	No	IPCA
BRK Ambiental - Goiás S.A.	Wastewater services.	2013 - 2041	Saneamento de Goiás S.A. - SANEAGO	Fixed	Parametric formula
BRK Ambiental - Manso S.A.	Services of expansion and maintenance of the Manso river water collection system.	2013 - 2028	Companhia de Saneamento de Minas Gerais - COPASA	No	IPCA
BRK Ambiental - Maranhão S.A.	Water supply and wastewater services.	2014 - 2050	Consórcio Intermunicipal de Saneamento Básico - CISAB	No	IPCA
BRK Ambiental - Sumaré S.A.	Water supply and wastewater services.	2014 - 2045	Municipality of Sumaré - SP	Fixed	IPCA
BRK Ambiental - Caçador S.A.	Water supply and wastewater services.	2018 - 2048	Municipality of Caçador - SC	Variable	Parametric formula
BRK Ambiental - Região Metropolitana de Maceió S.A.	Water supply and wastewater services.	2020 - 2056	State of Alagoas	Fixed	Parametric formula

BRK Ambiental Participações S.A. and subsidiaries

Notes to the individual and consolidated financial statements at December 31, 2021

(In thousands of reais and U.S. dollars, unless otherwise stated)

In all concessions, the concessionaires are entitled to use all concession assets during the concession period in accordance with the use conditions agreed upon and must make investments in improvements and expansions of the systems. These investments are remunerated by the Concession Grantor through monthly considerations or through the tariff paid directly by the users.

The concessionaires are required to perform regular maintenance work on networks and preventive and corrective maintenance work on the assets. This maintenance work is also remunerated through monthly considerations or through the tariff paid directly by the users.

1.1 Other information

(a) Discontinued operations – UVR Grajaú S.A. (“UVR Grajaú”)

On December 1, 2019, the subsidiary UVR Grajaú was considered a discontinued operation due to the wound up of its activities of receipt, screening, processing and final disposal of inert waste and waste from civil construction, as well as the recycling and sale of recycled aggregate, located in the Municipality of São Paulo, State of São Paulo. The profit or loss for 2019 of UVR Grajaú was adjusted for the effects of impairment and classified as a discontinued operation in a single amount in the statement of profit or loss.

On October 8, 2020, the Company signed the contract for the sale of the subsidiary UVR Grajaú to Vendome Participações S.A. for R\$ 1. On March 19, 2021, the Company completed the sale of the subsidiary UVR Grajaú to Vendome Participações S.A. This transaction is part of the strategy of concentrating the Company's investments in the water and wastewater segment.

Since its classification as a discontinued operation, the assets and liabilities of the subsidiary UVR Grajaú had been presented separately as discontinued operations in a single amount in current assets, in current liabilities, in the statement of profit or loss and in the net cash flows attributable to the operating, investing and financing activities of the discontinued operations they were also presented separately.

BRK Ambiental Participações S.A. and subsidiaries

Notes to the individual and consolidated financial statements at December 31, 2021

(In thousands of reais and U.S. dollars, unless otherwise stated)

As a result of the sale, on March 19, 2021, the Company wrote off the assets and liabilities of the discontinued operation and recorded a write-off of the provision for loss on investments in the amount of R\$ 4,902 – US\$ 733, as follows:

	2021	
	US\$	R\$
Assets		
Current assets	614	3,425
Non-current assets	39	216
Total assets	653	3,641
Liabilities		
Current liabilities	334	1,862
Non-current liabilities	1,052	5,871
Net liabilities from discontinued operations	733	4,092

BRK Ambiental Participações S.A. and subsidiaries

Notes to the individual and consolidated financial statements at December 31, 2021

(In thousands of reais and U.S. dollars, unless otherwise stated)

In addition, the loss from discontinued operations in the period from January 1, 2021 to the date of the sale was R\$ 2,075 – US\$ 372, as shown in the table below:

	March 31, 2021	
	US\$	R\$
Cost of services and sales	(108)	(600)
Gross loss	(108)	(600)
Operating expenses		
General and administrative	(241)	(1,345)
Operating loss	(349)	(1,945)
Finance result		
Finance costs	(23)	(129)
Finance result, net	(23)	(129)
Loss before income tax and social contribution	(372)	(2,074)
Deferred income tax and social contribution		(1)
Loss for the year	(372)	(2,075)

(b) Corporate Reorganization

On September 30, 2020, the Company completed its corporate reorganization process that resulted in an increase in the Company's capital by R\$ 2,123,140 – US\$ 380,457, subscribed and paid up by means of the contribution of (i) the 49% interest held directly by the shareholder FI-FGTS in the subsidiary BRK Ambiental – Centro Norte Participações S.A. ("BRK Centro Norte") and (ii) the 87.5% interest held directly by the shareholder BR Ambiental Fundo de Investimento em Participações Multiestratégia in the subsidiary BRK Ambiental – Ativos Maduros S.A. ("BRK Ativos Maduros"). Additionally, the capital increase encompassed (iii) the contribution, in local currency, of R\$ 522,745 – US\$ 93,674 by the shareholder BR Ambiental Fundo de Investimento em Participações Multiestratégia.

After the formalization of the capital increase, the Company became the direct holder of the totality of the capital of BRK Centro Norte (parent of Saneatins) and BRK Ativos Maduros, and the interest percentage previously held by the shareholders in BRK's capital was maintained.

The corporate reorganization process was duly approved by the Brazilian antitrust agency (CADE) on September 14, 2020.

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The main purposes of the capital increase were the increase of liquidity, the reduction of the leverage and the streamlining of the Company's corporate structure.

The effect on BRK Ambiental's financial statements was the consolidation of BRK Ativos Maduros and its subsidiaries as from September 30, 2020. The effects on the statement of profit or loss have been consolidated as from October 1, 2020, and on the statement of financial position as from September 30, 2020. The balances of assets and liabilities and the statement of profit or loss that were consolidated into the Company's financial statements are presented below:

Assets	September 30, 2020		Liabilities and equity	September 30, 2020	
	US\$	R\$		US\$	R\$
Current assets			Current liabilities		
Cash and cash equivalents	13,090	73,047	Trade payables	1,889	10,540
Trade receivables, net	19,247	107,410	Loans and borrowings	8,701	48,554
Taxes recoverable	594	3,313	Lease liabilities	330	1,840
Inventories	493	2,752	Debentures	409	2,284
Other assets	1,007	5,619	Salaries and payroll charges	2,523	14,080
			Taxes payable	1,968	10,985
	34,431	192,141	Deferred PIS and COFINS	707	3,948
			Dividends payable	1,271	7,094
			Concession rights payable	275	1,535
			Other liabilities	430	2,401
				18,503	103,261
Non-current assets			Non-current liabilities		
Trade receivables, net	41,447	231,296	Loans and borrowings	33,809	188,673
Restricted funds	5,302	29,587	Lease liabilities	719	4,012
Taxes recoverable	1,942	10,839	Related parties	10,232	57,100
Judicial deposits	19	108	Deferred PIS and COFINS	2,988	16,674
Other assets	49	276	Deferred income tax and social contribution	12,256	68,392
	48,759	272,106	Provision for contingencies	668	3,730
			Concession rights payable	1,654	9,228
			Post-employment benefit obligations	453	2,528
				62,779	350,337
Property and equipment	188	1,051	Equity		
Contract assets	21,379	119,303	Issued capital	9	53
Right-of-use lease	992	5,537	Capital reserve	28,809	160,767
Intangible assets	48,902	272,896	Revenue reserve	37,437	208,916
	120,220	670,893	Carrying value adjustment	(378)	(2,109)
			Profit for the year	7,492	41,809
				73,369	409,436
Total assets	154,651	863,034	Total liabilities and equity	154,651	863,034

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	10/01/2020 to 12/31/2020	
	US\$	R\$
Operations		
Net service and sales revenue	18,722	104,479
Costs of services and sales	(11,324)	(63,195)
Gross profit	7,398	41,284
Operating income (expenses)		
General and administrative expenses	(2,730)	(15,232)
Allowance for expected credit losses	111	618
Other income (expenses), net	130	727
Operating profit	4,909	27,397
Finance result		
Finance income	278	1,554
Finance costs	(1,243)	(6,934)
Finance result, net	(965)	(5,380)
Profit before income tax and social contribution	3,944	22,017
Current income tax and social contribution	(1,172)	(6,538)
Deferred income tax and social contribution	199	1,113
Profit for the year	2,971	16,592

(c) BRK Ambiental – Região Metropolitana de Maceió S.A. (“RMM”)

On July 1, 2021, the Company concluded the assisted operation period and officially started the operations in 9 of the 13 municipalities included in the RMM concession, operating in the water distribution and wastewater collection and treatment for the next 35 years. On July 2, the Company made the payment of the 2nd installment of the grant, in the amount of R\$ 1,200,000 – US\$ 215,034. On September 1, 2021, it made the payment of the remaining balance of the 2nd installment of the grant and on the same date it started the operations in the 4 remaining municipalities.

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(d) COVID-19

With the spread of COVID-19 on a global scale, governments and authorities around the world have been implementing measures to fight the virus. In Brazil, where the Company and its subsidiaries operate, these measures were introduced mostly in the second half of March 2020. The Company has been closely monitoring the spread of the pandemic in the country and its developments, having established a Crisis Management Committee, which is focused on three priorities: (i) protect the safety of employees and customer; (ii) ensure that the Company continues as a going concern; and (iii) preserve the Company's financial liquidity.

Water supply and wastewater services are essential services and play a vital part in the fight against the spread of COVID-19. Taking into consideration the different situations and scenarios in each region where the Company operates, the activities are planned and organized so as to ensure the continuity of water supply and wastewater collection and treatment for customers, with safety for employees and communities, strictly following the determination of public health authorities. In order to ensure the health of employees, the Company extended the health monitoring program.

Assessments were made on the other accounting estimates taking into account the effects of the pandemic, and (i) there is no indication of changes in the recoverable amount (impairment) of its property and equipment and intangible assets; (ii) the need for adjustment for the realization of inventories was not identified; (iii) changes in the fair value of revenues were not identified; (iv) significant impacts on lease contracts were not identified; and (v) no events or conditions were identified that significantly affect the ability of the Company and its subsidiaries to continue as a going concern or that significantly change the measurement of their assets and liabilities in the financial statements for December 31, 2021.

The Company continues to monitor the developments of COVID-19 so that the possible impacts can be duly reflected in its financial statements, in compliance with CVM/SNC/SEP Circular Letters 02/2020 and 03/2020 and CVM Resolution 859/2020.

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(e) SOX Program

In 2021, the Company's SOX Program was maintained, with its ongoing performance and its incorporation into the work routine in the context of the obligations of its controlling shareholder. No significant deficiencies or material weaknesses were identified, in conformity with the Guidelines of Section 404 of U.S. Sarbanes-Oxley ("SOX") Act, which is intended to prevent, detect and treat any potential non-conformity related to the financial information of the companies that are part of the BRK Group, thus ensuring more reliability to its financial statements.

(f) Compliance Program

The Company and its subsidiaries are committed to carrying out all of their activities with integrity and with the highest standards of ethics and transparency in the implementation of the Compliance Program, based on full compliance with all applicable laws and regulations, both locally and globally, and on the application of a posture of zero tolerance to acts of corruption, discrimination and anti-ethical behavior.

Accordingly, the Company and its subsidiaries established in their corporate governance the adoption of this Compliance Program, which is directly reported to the Company's CEO and determines the guidelines for the internal and external relationships of all employees, management members, officers, directors and shareholders. This Program is aimed at consolidating all initiatives for the promotion and strengthening of the culture of ethics and integrity and for the mitigation of risks by means of mechanisms to prevent, detect and respond to illicit and undesired acts, including in subsidiaries.

The Company is a signatory to the Corporate Pact for Integrity and Against Corruption, which brings companies together for the purpose of promoting a fairer and more ethical market and eradicating bribery and corruption. The Company is also a signatory to the UN Global Compact, an initiative of the United Nations (UN) that seeks to mobilize the international corporate community in favor of a closer relationship with the fields of human rights, labor relations, environment and fight against corruption.

In 2021, the Company received recognition of the pro-ethics seal, an initiative of the Office of the Federal Controller General and the Ethos Institute with the objective of publicly acknowledging the efforts of companies that are truly committed to preventing and fighting against corruption and other types of fraud.

Also in 2021, the Company and its subsidiaries received ISO 37001 certification, which deals with the anti-bribery management system, once again reinforcing the effectiveness of the Compliance Program and the anti-bribery and anti-corruption practices adopted.

BRK Ambiental Participações S.A. and subsidiaries

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2 Significant accounting policies

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies were consistently applied by the Group in the year presented, unless otherwise stated.

The accounting records are maintained in Brazilian Reais. The financial free translation information in U.S. dollars is presented solely for the convenience of the users and has been ree translated from the amounts in the December 31, 2021 local currency financial statements, sing the exchange rate prevailing on that date of US\$ 1.00 to R\$ 5,5805.

2.1 Basis of preparation

The individual and consolidated financial statements have been prepared in accordance with accounting practices adopted in Brazil, including the pronouncements issued by the Brazilian Accounting Pronouncements Committee ("CPC"), approved by the Securities and Exchange Commission of Brazil ("CVM") and with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"), and they provide all (and only) the relevant information specific to the financial statements, which is consistent with that used by management in its activities.

These individual and consolidated financial statements have been prepared in Brazilian reais, which is the Company's functional currency, and are presented in thousands of reais, unless otherwise stated.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the individual and consolidated financial statements are disclosed in Note 3.

The presentation of the individual and consolidated Statements of Value Added is required by Brazilian Corporate Law and by the accounting practices adopted in Brazil that are applicable to publicly-held companies, and they are presented as additional information for purposes of IFRS. The statements of value added have been prepared based on information obtained from the accounting records that serve as the basis for the preparation of the financial statements.

BRK Ambiental Participações S.A. and subsidiaries

Notes to the individual and consolidated financial statements at December 31, 2021 (In thousands of reais and U.S. dollars, unless otherwise stated)

2.2 Consolidation

(a) Consolidated companies

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries at December 31, 2021 in which the following direct and indirect interest is held:

			Number of shares/ units of interest held		Equity interest (%)	
	Place of incorporation and operation	Business	2021	2020	2021	2020
Subsidiaries:						
Direct:						
BRK Ambiental - Blumenau S.A. ("Blumenau")	Brazil (SC)	Wastewater concession	2,435,474,551	2,435,474,551	100.00	100.00
BRK Ambiental - Centro Norte Participações S.A. ("Centro Norte Participações")	Brazil (SP)	Holding company	184,897,959	184,897,959	100.00	100.00
BRK Ambiental - Mauá S.A. ("Mauá")	Brazil (SP)	Wastewater concession	10,477,116	10,477,116	100.00	100.00
BRK Ambiental - Rio Claro S.A. ("Rio Claro")	Brazil (SP)	Wastewater concession	7,643,739	7,643,739	60.00	60.00
BRK Ambiental - Rio das Ostras Participações S.A. ("RDOP")	Brazil (RJ)	Holding company	134,988,595	133,083,586	100.00	100.00
BRK Ambiental - Santa Gertrudes S.A. ("Santa Gertrudes")	Brazil (SP)	Water and wastewater concession	3,350,661	3,350,661	100.00	100.00
BRK Ambiental - Uruguaiana S.A. ("Uruguaiana")	Brazil (RS)	Water and wastewater concession	47,516,236	47,516,236	100.00	100.00
BRK Ambiental - Porto Ferreira S.A. ("Porto Ferreira")	Brazil (SP)	Water and wastewater concession	12,240,334	12,240,334	100.00	100.00
BRK Ambiental - Araguaia Saneamento S.A. ("Araguaia")	Brazil (PA)	Water and wastewater concession	41,782,022	41,782,022	100.00	100.00
UVR Grajaú (i)	Brazil (SP)	Treatment of solid waste		77,732,183		100.00
BRK Ambiental - Digital S.A. ("Digital")	Brazil (SP)	Holding company	14,027,100	14,027,100	100.00	100.00
Sanequa Mairinque S.A. ("Mairinque") (ii)	Brazil (SP)	Water and wastewater concession	23,254,247	19,377,855	96.11	95.36
BRK Ambiental Maranhão S.A. ("Maranhão")	Brazil (MA)	Water and wastewater concession	66,474,065	66,474,065	100.00	100.00
BRK Ambiental - Sumaré S.A. ("Sumaré") (iii)	Brazil (SP)	Water and wastewater concession	186,545,465	129,749,836	100.00	100.00
Ecoaquia Soluções S.A. ("Ecoaquia")	Brazil (RJ)	Treatment of industrial waste	198,019,305	198,019,305	100.00	100.00
Mauá Água S.A. ("Mauá Água")	Brazil (SP)	Water concession	15,667,402	15,667,402	100.00	100.00
BRK Projetos Ambientais (iv)	Brazil (SP)	Holding company	55,559,874	35,245,647	100.00	100.00
BRK Ambiental - Participações em Negócios Industriais S.A. ("BRK Negócios Industriais")	Brazil (SP)	Holding company	829,839,316	829,535,776	100.00	100.00
Santo André Água S.A. ("Santo André")	Brazil (SP)	Water and wastewater concession	500	500	100.00	100.00
BRK Ambiental - Caçador S.A. ("Caçador")	Brazil (SC)	Water and wastewater concession	231,167,025	169,557,969	100.00	100.00
BRK - NE/ICO S.A. ("BRK NE")	Brazil (SP)	Holding company	1,000	1,000	100.00	100.00
RMM (v)	Brazil (SP)	Water and wastewater concession	683,598,688	200,000,000	100.00	100.00
BRK Ambiental - Ativos Maduros S.A. ("BRK Ativos Maduros")	Brazil (SP)	Holding company	52,548	52,548	100.00	100.00
Indirect:						
BRK Ambiental - Rio das Ostras S.A. ("Rio das Ostras")	Brazil (RJ)	Wastewater concession	130,717,027	130,717,027	100.00	100.00
BRK Ambiental - Macaé S.A. ("Macaé")	Brazil (RJ)	Wastewater concession	116,447,933	21,348,054	100.00	100.00
BRK Ambiental - Região Metropolitana do Recife/Goiânia SPE S.A. ("RMR")	Brazil (PE)	Wastewater concession	40,272,904	40,272,904	100.00	100.00
BRK Ambiental - Goiás S.A. ("Goiás")	Brazil (GO)	Wastewater concession	7,827,480	7,827,480	65.65	65.65
BRK Ambiental - Manso S.A. ("Manso")	Brazil (MG)	Water concession	100,000,000	100,000,000	100.00	100.00
BRK Ambiental - Cachoeiro de Itapemirim S.A. ("Cachoeiro")	Brazil (ES)	Water and wastewater concession	3,403,223	3,403,223	100.00	100.00
BRK Ambiental - Capivari S.A. ("Capivari")	Brazil (SP)	Wastewater concession	9,258,384	9,258,384	100.00	100.00
BRK Ambiental - Jaguaribe S.A. ("Jaguaribe")	Brazil (BA)	Wastewater concession	30,000,000	30,000,000	100.00	100.00
BRK Ambiental - Limeira S.A. ("Limeira")	Brazil (SP)	Water and wastewater concession	43,360	43,360	100.00	100.00
Companhia de Saneamento de Tocantins ("Saneatins")	Brazil (TO)	Water and wastewater concession	2,513,957	1,897,528	100.00	100.00
BRK Ambiental - Sul Pará Saneamento S.A. ("Sul Pará")	Brazil (PA)	Water and wastewater concession	1,000	1,000	100.00	100.00
Special Purpose Entity ("SPE"):						
Fundo de Investimento em Direito Creditório-Caixa Dublin ("FIDC")	Brazil (SP)	Investment fund	256,312	313,998	100.00	100.00
Joint ventures:						
Direct:						
F. AB. Zona Oeste S.A. ("F. AB. Zona Oeste")	Brazil (RJ)	Wastewater concession	72,118,371	72,118,371	50.00	50.00
BRK SAAB Águas S.A. ("BRK SAAB")	Brazil (SP)	Holding company	1,000	1,000	50.00	100.00
Indirect:						
Rio de Janeiro Mais Operações Saneamento S.A. ("Rio Mais") (vi)	Brazil (RJ)	Holding company	3,000		75.00	

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- (i) This refers to the sale of UVR Grajaú (Note 1.1 (a)).
- (ii) On May 10, 2021 and on June 24, 2021, in accordance with the Extraordinary General Shareholders' Meeting, the Company increased the capital of the subsidiary Mairinque with contribution of R\$ 2,336 – US\$ 419 and R\$ 2,750 – US\$ 493, respectively,. The non-controlling shareholder waived the right to follow such capital increase. As a result, its interest in the capital of Mairinque was reduced from 4.638% to 3.895%.
- (iii) On April 28, 2021, in accordance with the Extraordinary General Shareholders' Meeting, the Company increased the capital of the subsidiary Sumaré with the capitalization of the advance for future capital increase in the amount of R\$ 28,350 – US\$ 5,080.
- (iv) On December 20, 2021, in accordance with the Extraordinary General Shareholders' Meeting, the Company increased the capital of the subsidiary BRK Projetos Ambientais, with R\$ 64,700 – US\$ 11,594 in cash, R\$ 36,910 - US\$ 6,614 with the capitalization of the advance for future capital increase and R\$ 30,709 – US\$ 5,503 with credits from intragroup loan held by the indirect subsidiary Macaé.
- (v) On June 16, 2021, in accordance with the Extraordinary General Shareholders' Meeting, the Company increased the capital of the subsidiary RMM with a contribution of R\$ 300,000 – US\$ 53,759. On December 3, 2021, the Company contributed capital in the amount of R\$ 12,500 – US\$ 2,240 and on December 15, 2021 in the amount of R\$ 16,000 – US\$ 2,867.
- (vi) On April 14, 2021, the Company sold the investment held in the indirect subsidiary BRK SE to the direct subsidiary BRK NI S.A. ("NI") for R\$ 1. On the same date, the corporate name of BRK SE was changed to BRK SAAB, which, on April 9, 2021, acquired Rio Mais for R\$ 3. On the date of acquisition, Rio Mais only had cash and cash equivalents in the amount of R\$ 3 and an equity in the same amount, and there were no outstanding liabilities. In the year ended December 31, 2021, Rio Mais did not carry out any activity and had no obligations with third parties.

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The fiscal year of the subsidiaries included in consolidation is the same as that of the parent and the accounting policies are applied in accordance with those used by the parent and are consistent with those used in the previous year.

The equity accounting is calculated at the same reporting date as that of the parent.

(b) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and deconsolidated from the date that control ceases.

Identifiable assets acquired and liabilities and contingent liabilities assumed for the acquisition of subsidiaries in a business combination are measured initially at their fair values on the date of acquisition. The Group recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the fair value of the acquiree's net assets. The measurement of the non-controlling interest is determined upon each acquisition made. Acquisition-related costs are accounted for in profit or loss for the year as they are incurred.

Transactions, balances and unrealized gains on transactions between Group companies are eliminated on consolidation. Unrealized losses are also eliminated, unless the transaction provides evidence of impairment of the asset transferred. The accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(c) Transactions with non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity holders of the Group. In purchases from non-controlling interests, the difference between any consideration paid and the share acquired of the carrying amount of the subsidiary's net assets is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded directly in equity, in the "Carrying value adjustment" account.

(d) Loss of control in subsidiaries

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognized in profit or loss. The amounts previously recognized in other comprehensive income are reclassified to profit or loss.

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(e) Joint ventures and associates

Associates are all entities over which the Group has significant influence but not control, a shareholding of between 20% and 50% may be an indication of control, as well as the voting rights. In addition to the mentioned indications, there is assessment of other criteria for determination of control, in accordance with CPC18 (R2)/IFRS10.

Joint ventures are all entities over which the Group shares control with one or more parties. Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor.

Investments in associates and joint ventures are accounted for on the equity method and are initially recognized at cost.

The Company's share of the profit or loss of its associates and joint ventures is recognized in the statement of profit or loss and its share of changes in reserves is recognized in the Company's reserves. When the Company's share of losses in an associate or joint venture equals or exceeds the carrying amount of the investment, including any other receivables, the Company does not recognize further losses, unless it has assumed obligations or made payments on behalf of the associate or joint venture.

Unrealized gains on transactions between the Company and its associates and joint ventures are eliminated to the extent of the Company's interest. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The accounting policies of the associates have been changed where necessary in order to ensure consistency with the policies adopted by the Group.

If the ownership interest in the associate is reduced, but significant influence is maintained, only a proportional part of the amounts previously recognized in other comprehensive income will be reclassified to profit or loss where appropriate.

Dilution gains and losses arising from investments in associates are recognized in the statement of profit or loss.

2.3 Segment reporting

The information per operating segment is presented consistently with the internal report provided to the chief operating decision-maker, which is the Executive Board, together with the Board of Directors. The Group operates in the segment of Water and Wastewater through public concessions, public-private partnerships, and provision of services, among others.

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2.4 Cash and cash equivalents

Cash and cash equivalents include cash on hand, bank deposits and other short-term highly liquid investments with original maturities of three months or less, and with immaterial risk of change in value, and the balance is presented net of balances of bank overdrafts in the statement of cash flows. In the statement of financial position, bank overdrafts are shown within Loans and borrowings in current liabilities.

2.5 Restricted funds

The restricted funds represent bank deposits and their use is tied to compliance with obligations in financing agreements and they are retained until the termination of each agreement. The majority of the amounts are remunerated at the Interbank Deposit Certificate ("CDI") rate.

2.6 Trade receivables and expected credit losses

Trade receivables are amounts receivable for services performed and products sold in the ordinary course of the Group's business. If the collection period is one year or less, receivables are classified as current assets. Otherwise, they are presented as non-current assets.

Trade receivables are recognized initially at fair value, less the expected credit losses, calculated based on the credit analysis and recorded at an amount that is considered sufficient by management to cover losses on trade receivables.

Trade receivables are classified as follows:

(a) Concession agreements (Financial assets)

These are represented by the unbilled rights arising from revenue from construction on public concession contracts classified as financial assets, which are recognized when there is an unconditional right to receive cash or other financial asset from the concession authority for the construction services.

(b) Concession agreements (Intangible assets)

The Group recognizes the revenue that is unbilled but incurred, for which the service has been provided but has not yet been billed by the end of each period. This revenue is accounted for on the date the service is provided as unbilled trade receivables based on the specifications of each sale or service provision so that the revenue can match the costs incurred in the same period.

BRK Ambiental Participações S.A. and subsidiaries

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2.7 Inventories

Inventories include the materials to be used in the operation and maintenance of systems and are stated at the average cost of acquisition, or realizable value, as current assets.

2.8 Discontinued operations

The Group qualifies as discontinued operations any component of the entity that was written off or is classified as held for sale and that, in accordance with CPC 31:

- (i) Represents an important separate business line or geographical area of operations;
- (ii) Is an integral part of a single plan coordinated for the sale of an important separated business line or geographical area of operations; and
- (iii) Is a subsidiary that is exclusively acquired for the purpose of resale.

The discontinued operations are excluded from the results of continuing operations and they are presented as a single amount in profit or loss after taxes from discontinued operations in the statement of profit or loss.

Additional disclosures are presented in Note 1.1 (a). All other notes to the financial statements include amounts for continuing operations, unless otherwise stated.

2.9 Financial and non-financial assets

2.9.1 Classification

The Group classifies its financial assets upon initial recognition in the following categories: measured at amortized cost, measured at fair value through other comprehensive income and measured at fair value through profit or loss.

Financial assets are included in current assets, except for those with maturities greater than 12 months after the end of the reporting period.

2.9.2 Recognition and measurement

The financial assets are initially recognized at fair value plus transaction costs for all financial assets that are not carried at fair value through profit or loss. Purchases and sales of financial assets are usually recognized on the trade date. Loans and receivables are carried at amortized cost using the effective interest method and the available-for-sale assets are carried at fair value.

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2.9.3 Impairment of financial and non-financial assets

(a) Financial assets measured at amortized cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The amount of any impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognized in the statement of profit or loss. If a debt is subject to a variable interest rate, the discount rate to measure an impairment loss is the current effective interest rate determined in accordance with the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized (such as an upgrade of the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in the statement of profit or loss.

(b) Non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortization and are tested annually for impairment. The goodwill is reviewed for impairment on an annual basis or more frequently if events or changes in the circumstances indicate any impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized when the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (Cash-generating units (CGU's)). Non-financial assets, other than goodwill, that have been adjusted for impairment are subsequently reviewed for possible reversal of the impairment at the end of the reporting period.

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The Group did not identify objective evidence that could require the recording of impairment losses for either financial or non-financial assets for the year ended December 31, 2021.

2.10 Contract assets

Contract assets are initially recognized at fair value and include debt costs that are capitalized over the period in which the assets are in the phase of construction.

2.11 Intangible assets

(a) Water and wastewater system

The Group recognizes the right to charge users for the provision of water supply and wastewater services in accordance with the concession agreements as an intangible asset, in compliance with the Accounting Interpretation ICPC 01 (R1) and Guidance OCPC 05, both of the Accounting Pronouncements Committee, related to the international interpretation standard IFRIC 12 – Service Concession Arrangements issued by the IASB.

The intangible asset is determined as the value of the revenue from construction accrued for the construction or acquisition of the infrastructure by the Group, recognized in accordance with Note 2.21 (b), and the amount of financial assets related to the unconditional right to receive cash until the end of the concession period, recognized in accordance with Note 2.21 (c). The amortization of the intangible asset begins when it is available for use in the location and condition necessary for it to operate in the form intended by the Company (Note 3 (i)).

The amortization of the intangible asset ceases when the asset has been fully consumed or written down and is no longer part of the calculation basis of the concession service provision rate, whichever is earlier.

(b) Concession right and customer list

The concession right refers to the right recorded in intangible assets (Note 13), the respective liabilities related to future payments (payables) are recorded in current and non-current liabilities (Note 17).

The amortization of the intangible assets reflects the pattern in which the future economic benefits are expected to be used by the Group or the end of the concession period, whichever is earlier.

Customer list refers to contractual customer relationships acquired in a business combination and is recognized at fair value at the acquisition date. The contractual customer relationships have a finite useful life and are carried at cost less accumulated amortization and reduced for impairment when necessary.

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(c) Software and use rights

Computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over the estimated useful life of the software.

The use right refers to the private or public agreement signed between the subsidiaries and the concession grantor or customer.

(d) Goodwill

Goodwill results from the acquisition of subsidiaries and represents the excess of (i) the consideration transferred; (ii) the amount of any non-controlling interest in the acquiree; and (iii) the fair value on the date of acquisition of any prior equity investment in the acquiree in relation to the fair value of the identifiable net assets acquired. If the total consideration transferred, the recognized non-controlling interests, when applicable, and the prior equity investments measured at fair value are lower than the fair value of the net assets of the acquiree, in the case of a bargain purchase, the difference is directly recognized in the statement of profit or loss.

(e) Capitalization of interest and financial charges

General and specific borrowing costs that are directly attributable to acquisition or construction of a qualifying intangible asset, which is an asset that necessarily demands a significant period of time to become ready for the intended use, are capitalized as part of the cost of the asset when it is probable that they will result in future economic benefits for the entity and that these costs can be reliably measured.

In relation to the concession, when the Company takes out borrowings for its payment, interest is capitalized according to the portion of the concession related to the Infrastructure that will be built, in accordance with CPC20 (R1) – Borrowing Costs. If the payment of the concession to the Concession Grantor is long term, the adjustment to present value is calculated. The portion of the adjustment to present value related to investments not yet made is capitalized as part of the cost of the intangible asset under construction, and the portion related to the infrastructure in operation is allocated to finance costs in the result of each period.

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2.12 Property and equipment

Property and equipment is stated at historical cost net of accumulated depreciation and provision for impairment, when applicable. Cost includes: (i) the acquisition price and the financial charges incurred in financing during the phase of construction and all other costs (freights, unrecoverable taxes, etc.) necessary for making the asset usable; and (ii) fair value, for the assets acquired through business combinations.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the costs can be reliably measured. The carrying amount of the replaced items or parts is derecognized. All other repair and maintenance costs are charged to the statement of profit or loss as incurred.

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at the end of each reporting period on a prospective basis.

Land is not depreciated. The depreciation of other assets is calculated using the straight-line method to reduce their cost to their residual values over their estimated useful lives.

The assets recorded in property and equipment are not related to the public concession services.

An asset's carrying amount is written down immediately to the recoverable amount when asset's carrying amount is higher than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the sales price with the carrying amount, net of depreciation, and are recognized within "Other income (expenses), net" in the statement of profit or loss.

2.13 Investment properties

Investment properties are real estate properties held to obtain income from rentals and/or capital appreciation (including constructions in progress for such purpose) and not: (i) to be used in the production or supply of services; (ii) for administrative purposes; or (iii) to be sold in the ordinary course of business.

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Investment properties are initially measured at cost, including transaction costs. After initial recognition, investment properties are measured at fair value. Gains and losses resulting from changes in the fair value of an investment property are recognized in profit or loss for the period of the subsidiaries in which such changes occurred. However, a real estate property that was previously occupied by the Group companies and becomes an investment property is recorded at fair value and the corresponding gain or loss is recorded in equity.

An investment property is derecognized upon disposal or when it is permanently removed from use and there are no future economic benefits to be derived from the disposal. Any gain or loss resulting from the disposal is recognized in profit or loss for the period in which the property is derecognized.

2.14 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business, recognized at fair value, and are classified as current liabilities. The Company has no suppliers financing.

2.15 Loans, borrowings and debentures

Loans, borrowings and debentures are recognized initially at fair value, net of transaction costs incurred. They are subsequently carried at amortized cost. Any difference between the proceeds (net of transaction costs) and the total settlement amount is recognized in the statement of profit or loss over the period of the loans and borrowings using the effective interest method.

Fees paid upon the establishment of loans, borrowings and debentures are recognized as transaction costs of the respective transactions to the extent that it is probable that some or all of the credit facility will be drawn down.

Loans, borrowings and debentures are classified as current liabilities unless the Group has an unconditional right to defer the settlement of the liability for at least 12 months after the end of the reporting period.

The finance costs of loans, borrowings and debentures that are directly attributable to the acquisition, construction or production of a qualifying asset, which is an asset that necessarily demands a significant period of time to become ready for the intended use or sale, are capitalized as part of the cost of the asset when it is probable that they will result in future economic benefits for the Group and that these costs can be reliably measured. Other costs are recognized as an expense in the period they are incurred.

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In addition, in the statement of cash flows the Company classifies the interest paid on loans, borrowings and debentures as financing activity.

2.16 Leases

The Group assesses, at the inception of the contract, whether this contract is or contains a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) Lessee

The Group applies a single approach for the recognition and measurement for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(ii) Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., on the date the underlying asset is available for use). The right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and they are adjusted by any new remeasurement of the lease liabilities. The cost of the right-of-use assets includes the amount of the lease liabilities recognized, the initial direct costs incurred and the lease payments made at or before the commencement date less any lease incentives received. The right-of-use assets are amortized using the straight-line method for the shortest period of the lease term and the estimated useful lives of the assets, from 1 to 21 years.

(iii) Lease liabilities

At the inception of the lease, the Group recognizes the lease liabilities measured at the present value of the lease payments to be realized over the period of the lease term. The lease payments include fixed payments (including mainly fixed payments), less any lease incentives receivable, variable lease payments that depend on an index or rate, and expected amounts to be paid as guarantees for the residual value.

2.17 Concession rights payable

The Group recognizes payables to the concession grantor, for the right to explore the concession, when the amount is known or measurable and provided for in a contract. If the payment term is equivalent to one year or less, they are classified in current liabilities. If not, they are presented as non-current liabilities. When their amounts are significant, they are recorded at present value and allocated to profit or loss based on the contract term.

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2.18 Current and deferred income tax and social contribution

Deferred taxes are recognized on social contribution loss carryforwards and temporary additions or exclusions. The rates of these taxes currently established for determining these deferred taxes are 25% for income tax and 9% for social contribution.

Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the income tax and social contribution loss carryforwards can be utilized, based on projections of future results prepared using internal assumptions and future economic scenarios that may, therefore, change.

The indirect subsidiaries RMR and Jaguaribe are entitled to the benefit of reduction of income tax and additional non-refundable taxes of 75% granted by the Superintendency for the Development of the Northeastern Region – SUDENE in the periods from 2015 to 2024 and 2014 to 2023, respectively.

The income tax and social contribution expense for the period comprises current and deferred taxes.

Current taxes are presented net, by taxpaying entity, in liabilities when there are amounts payable, or in assets, when the amounts prepaid exceed the total amount due at the end of the reporting period.

2.19 Distribution of dividends and interest on capital

The distribution of dividends and interest on capital to the Group's shareholders is recognized as a liability in the financial statements at the end of the year based on the Company's Bylaws. Any amount that exceeds the mandatory minimum dividend is only recognized in a provision on the date it is approved by shareholders at the General Meeting.

In addition, in the statement of cash flows the Company classifies the interest paid on loans, borrowings and debentures as financing activity.

2.20 Advance for future capital increase

Advances for future capital increase are exclusively intended for the increase of capital by the Group's shareholders. The number of shares to be issued as a result of the advance for future capital increase will be determined at the time of the approval of the capital increase by the shareholders, and not at the time of their granting.

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2.21 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of services in the ordinary course of the Group's activities. Revenue is shown net of taxes, rebates and discounts and after eliminating the services provided within the Group.

The Group recognizes revenue when the amount of revenue can be reliably measured, when it is probable that future economic benefits will flow to the entities and when specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) Revenue from water supply and wastewater services

Revenue from the provision of water supply and wastewater services is recognized upon the consumption of water and wastewater or upon the provision of other services. Revenue, including the unbilled portion, is recognized at the fair value of the consideration received or receivable.

(b) Revenue from construction

Revenue from construction was estimated taking into consideration the expenditures incurred by the Group in the establishment of the infrastructure for each contract and the related profit margin determined based on the related costs of the involvement of the Group in the formation of its intangible or financial assets arising from the public concession agreements (IFRIC 12/ICPC 01 (R1) and OCPC 05), and finance lease contracts (IFRS 16/CPC 06 (R2)), since the Group outsources construction services and the construction risks are assured in the service agreements and by specific construction insurance policies.

Revenue from construction is determined and recognized in accordance with the accounting interpretations IFRIC 12 of IASB and ICPC 01 (R1) of the Brazilian Accounting Pronouncements Committee – Service Concession Arrangements, by means of the addition of the profit margin to the related costs incurred on the accrual basis. The profit margin used in 2021 and 2020 is 2% for public concession agreements (intangible and financial assets).

This revenue is recognized together with the related deferred taxes and construction costs in the statement of profit or loss on the accrual basis and it is directly related to the formation of the respective assets (intangible assets and trade receivables for unbilled rights).

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(c) Revenue from financial assets

This revenue arises from the monetary adjustment of unbilled rights obtained from the revenue from construction of financial assets related to public concession agreements and finance lease contracts and, given its nature, it is presented as revenue from the operations of the Group. This adjustment is calculated based on the specific discount rate of each agreement, which was determined based on the respective risks and assumptions of the services provided.

(d) Interest income

For all financial instruments that are stated at amortized cost and interest-bearing financial assets, finance income and costs are accounted for by using the effective interest rate, which discounts exactly future estimated cash payments or receipts over the estimated life of the financial instrument or in a shorter period of time, when applicable, at the net carrying amount of the financial asset or liability. Interest income is included in the finance income account, in the statement of profit or loss.

2.22 Business combinations

Business combinations are accounted for using the acquisition method. Acquisition- related costs are measured as the sum of the consideration transferred, stated at fair value at the acquisition date, and the amount of any non-controlling interest in the acquiree.

When it acquires a business, the Group evaluates the assets acquired and liabilities assumed for the purpose of classifying and allocating them in accordance with the contractual terms, the economic circumstances and the relevant conditions at the acquisition date.

Any contingent consideration to be transferred by the acquirer is recognized at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration considered as an asset or a liability must be recognized in accordance with IFRS 9/CPC 48 in the statement of profit or loss or in other comprehensive income.

Goodwill is recorded as the excess of the consideration transferred in relation to the net assets acquired (identifiable net assets acquired and liabilities assumed). When the consideration transferred is less than the fair value of the net assets acquired, the difference is recognized as a gain in the statement of profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purposes of impairment testing, the goodwill in a business combination is, from the acquisition date, allocated to each Cash Generating Unit ("CGU") of the Group that is expected to benefit from the combination synergies, regardless of whether other assets or liabilities of the acquiree are attributable to these units.

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2.23 Provisions

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

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

2.24 Issued capital

Common and preferred shares are classified as equity of each company of the Group.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.25 Employee benefits

(a) Pension obligations

The Group offers a private pension plan through a closed-end non-profit private pension entity organized as a civil legal entity approved by the Ministry of Social Security (in accordance with the Administrative Rule No. 1,719 of December 23, 1994).

The plan is a defined contribution plan in which the amount of the benefit will always result from the amount accumulated in the participant's account. The participant's account is individual and established by the contributions of the employees, by the considerations of the sponsor and by the profit or loss from investments.

(b) Other post-employment benefits

The Group grants some post-employment health care benefits (health insurance plans) to eligible employees. The right to this benefit is subject to the employee remaining until a minimum length of service time and/or age of retirement, be a participant in a regulated health insurance plan and have contributed to the maintenance of the plan. The cost of the post-employment health plan is borne by the employee by means of the issue of an individual insurance policy.

The Group recognizes the actuarial liability corresponding to the present value of the long-term actuarial obligations originated by the subsidy that is granted by the company to the inactive participants, that is, corresponding to the difference between the cost of the beneficiary and their contribution over time.

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The obligations with post-employment benefits are measured based on individual registration files of the participants (current employees or retired employees), including their dependents, the costs of the health plan and the actuarial assumptions that project future benefits.

The Group periodically follows the changes in these scenarios through the assessment carried out by independent actuaries and the remeasurements comprising actuarial gains and losses are immediately recognized in the statement of financial position as a contra-entry to other comprehensive income for the period they were incurred.

(c) Profit sharing

The Group recognizes a profit sharing liability and an expense in profit or loss in addition to a provision when it is legally bound or when there is a prior practice that generated a constructive obligation. Profit sharing is based on the results achieved by the Group and on the assessment of the individual performance of the employee in relation to their contribution to the achievement of this result, in both quantitative and qualitative aspects.

2.26 New and amended standards applied for the first time in 2021

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after January 1, 2021 (unless otherwise stated). The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to CPC 06 (R2), CPC 11, CPC 38, CPC 40 (R1) and CPC 48: Interest Rate Benchmark Reform.

The amendments to CPC 38 and 48 provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR).

These amendments had no impact on the individual and consolidated financial statements of the Group.

Amendments to CPC 06 (R2): Covid-19-Related Rent Concessions that go beyond June 30, 2021.

The amendments provide relief to lessees from applying CPC 06 (R2) guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. The Group has not received Covid-19-related rent concessions, therefore, the amendments to CPC (R2) do not apply to the Group.

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2.27 Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective

IFRS 17 – “Insurance Contracts”

In May 2017, the IASB issued IFRS 17 *Insurance*, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure.

CPC 50/IFRS17 does not apply to insurance companies and, therefore, does not apply to the Group.

Amendments to IAS 1: Classification of Liabilities as Current or Non-Current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 (corresponding to CPC 26) to specify the requirements for classifying liabilities as current or non-current. The Group assessed the standard and did not identify impact to the Company.

Amendments to IAS 8 – “Definition of Accounting Estimates”

In February 2021, the IASB issued amendments to IAS 8 (corresponding to CPC 23), in which it introduces a definition of ‘accounting estimates’. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments do not have a material impact on the Group's financial statements.

Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies

In February 2021, the IASB issued amendments to IAS 1 (corresponding to CPC 26 (R1)) and IFRS Practice Statement 2 *Making Materiality Judgements*, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary. The Group will assess the impacts of these amendments to determine the impact they will have on the Group's accounting policy disclosures.

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3 Critical accounting estimates and judgments

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

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

(a) Income tax, social contribution and other taxes

The Group recognizes provisions based on situations in which it is probable that additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences impact current and deferred income tax assets and liabilities in the period in which such determination is made.

(b) Recoverability of deferred income tax and social contribution

The Group keeps a permanent record of deferred income tax and social contribution on the following bases: (i) income tax and social contribution loss carryforwards; (ii) temporarily non-taxable and non-deductible income and expenses, respectively; (iii) tax revenue and expenses that will be reflected in the books in subsequent periods; and (iv) asset and liability amounts arising from business combinations that will be treated as income or expense in the future and that will not affect the calculation of income tax and social contribution.

The recognition and the amount of deferred tax assets depend on the future generation of taxable profit, which requires the use of estimates related to the future performance of the Group companies. These estimates are contained in the Business Plan, which is annually approved by the Group's Management. The Group annually reviews the projections of taxable profit. If these projections show that the taxable profit will not be sufficient to absorb the deferred taxes, then the corresponding portion of the asset that will not be recovered is written off. Income tax and social contribution loss carryforwards do not expire under the Brazilian tax law.

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(c) Fair value of assets and liabilities arising from business combinations

In accordance with IFRS 3/CPC 15 (R1), the Group must allocate the amount of the assets acquired and contingencies and liabilities assumed based on their estimated fair values at the acquisition date. The Group's management exercises significant judgment in the measurement of tangible assets, in the identification and measurement of intangible assets, in the identification and measurement of risks and contingencies, in the measurement of other assets acquired and liabilities assumed and in the determination of their remaining useful lives.

The use of the assumptions to measure and assess risks may result in estimated amounts that are different from those of the assets acquired and liabilities assumed. The Group contracts specialized companies to support it in these activities. If the future results are not consistent with the estimates and assumptions used, the Group may be exposed to losses that may be material.

(d) Impairment of goodwill based on future profitability and intangible assets with indefinite useful lives

Whether or not there are indications that the amount of an asset may not be recovered, the balances of goodwill based on future profitability arising from business combinations and intangible assets with indefinite useful lives are tested for impairment at least once a year at the end of the reporting period. For the purpose of testing goodwill for impairment, the Group allocates the existing goodwill to the Cash Generating Units (CGUs) that refer to the concessions, contracts or group of contracts entered into by each company of the Group. The recoverable amounts of the CGUs are determined based on calculations of the estimated value in use.

(e) Provision and contingent liabilities

The contingent liabilities and the provisions of the Group relate mainly to disputes at the judicial and administrative levels arising, mostly, from labor, social security, civil and tax claims.

The Group's management, supported by the opinion of its external legal advisors, classifies these claims in terms of likelihood of loss as follows:

- Probable loss: these are claims for which the likelihood of a loss is higher than the probability of success or, in other words, the likelihood of a loss is higher than 50%. For these claims, the Group maintains a provision that is determined as follows: (i) labor claims – the amount of the provision corresponds to the amount of the disbursement estimated by its legal advisors; (ii) tax claims – the amount of the provision corresponds to the value of the matter in dispute, plus charges corresponding to the variation of the Selic rate; and (iii) other claims – the amount of the provision corresponds to the value of the matter in dispute.

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- Possible loss: these are claims for which the likelihood of a loss is more than remote. The loss may occur, however, the elements available are not sufficient or clear enough to allow for a conclusion that the tendency is for a gain or a loss. For these claims, the Group does not recognize a provision and highlight in a note to the financial statements the most significant claims, when applicable.
- Remote loss: these are claims for which the risk of loss is assessed as small. For these claims, the Group does not recognize a provision nor do they disclose it in a note to the financial statements, regardless of the amount involved.

The Group's management believes that the estimates related to the completion of the proceedings and the possibility of future disbursement may change in view of the following: (i) higher courts of the judicial system may make a decision in a similar case involving another company, adopting a final interpretation about the dispute and, consequently, early terminating the dispute involving the Group without any disbursement or implying the need for the financial settlement of the claim; and (ii) incentive programs for the payment of debts, implemented in Brazil at the federal and state levels, in favorable conditions, that may lead to a disbursement that is lower than that in the provision or the value of the matter in dispute.

(f) Joint arrangements

In the Group's joint arrangements, the Group has the joint control because, in accordance with the contractual clauses, a unanimous consensus among all parties to the agreement is required for all significant activities.

The joint arrangements are structured in the form of a separate legal entity and, in accordance with the contractual arrangements, they confer upon the Group and the parties to the agreements rights to the net assets of the legal entities. For this reason, the agreements are classified as joint ventures.

(g) Recognition of revenue from construction

The Group uses the cost plus margin method to recognize the revenue arising from the provision of infrastructure construction services provided for in the concession agreements (IFRIC 12 / ICPC 01) and this method requires the use of certain estimates, as described in Note 2.21 (b).

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(h) Unbilled revenue

The Group recognizes the revenue that is unbilled but incurred, for which the service has been provided but has not yet been billed by the end of each period. The definition of the unbilled revenue amounts requires the use of certain estimates, as described in Note 2.6 (b).

(i) Useful life of Intangible assets

The intangible assets of public service concessions are amortized using the straight-line method and reflect the period in which the future economic benefits from the asset are expected to be used by the Group, which can be the final date of the concession or the useful life of the asset, whichever is earlier.

The amortization of the intangible asset begins when it is available for use, in the location and condition necessary for it to operate in the form intended by the Group.

(j) Investment properties

The Company's management adopted estimates to determine the fair value of an investment property on a prospective basis in accordance with the criteria described below.

The fair values of the properties were based on market technical appraisal reports prepared by an independent company contracted to perform the work of individual appraisal of each of the properties using the data comparison appraisal method for the properties in which similar samples were found, with the same context and location; for the other properties, the developer's method was used. This method assesses the constructive potential or the possibility of subdivision in the same way as existing samples in the same location, following the same standards.

The fair values of the properties were considered level 3 in the fair value hierarchy determined by IFRS 3/CPC 46 (information on assets and liabilities that are not based on observable market data, that is, unobservable assumptions).

(k) Allowance for expected credit losses

The Group recognizes the allowance for expected credit losses at an amount that is considered sufficient by management to cover probable losses (Note 8) based on the analysis of trade receivables and in accordance with the accounting policy established in Note 2.6.

The methodology to determine such losses requires significant estimates, taking into consideration a variety of factors, including the assessment of the history of receipt, commercial actions, any contractual guarantees, current economic trends, estimates of expected write-offs and maturity of the trade receivables portfolio.

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4 Investment program

On January 24, 2020, the Company started its Investment Program ("Program"), which consists of the onerous offer of purchase options or subscription of the Company's shares to some key executives of the senior management ("Eligible Investors"). The main conditions of the Program are described in Note 22 (e). On the same date, the Program was approved at the Extraordinary General Shareholders' Meeting that entrusted the Company's Board of Directors, by means of investment plans, with the definition of the Eligible Investors, number of options to be offered to each of them, as well as their acquisition and exercise price ("Plan"), always based on the criteria defined in the Program.

The Company's first Plan was approved by the Board of Directors on March 19, 2020. The contra-entry of the amount paid by the Eligible Investors that chose to join the Plan was recorded under the capital reserve in the Company's equity, with a provision for the subscription of preferred shares only in the cases that these options are exercised. These preferred shares will become part of the Company's capital.

5 Financial risk management

5.1 Financial risk factors

General considerations

The Group participates in transactions involving financial instruments, including cash and cash equivalents, restricted funds, trade receivables, trade payables, loans, borrowings and debentures, related parties and concession rights payable.

For the purposes of managing the cash resources of its operations, the risks involved are managed through financial market mechanisms that minimize the exposure of the assets and liabilities of the companies, protecting the profitability of contracts and equity of the Group.

Additionally, the Group did not participate in transactions involving derivative financial instruments (speculative and non-speculative) in the years ended December 31, 2021 and 2020.

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(In thousands of reais and U.S. dollars, unless otherwise stated)

(a) Market risk

(i) Risk of cash flows associated with interest rate

The Group's risk of cash flows associated with interest rate arises from the following financial instruments: (i) financial investments and restricted funds whose yield is mainly tied to the Interbank Deposit Certificate ("CDI") rate; and (ii) loans, borrowings, lease liabilities and debentures that are subject to different indexes.

We present below the estimated impacts on financial instruments that would be generated by changes in the variables of relevant risks of interest rate variations to which the Group is exposed at the end of the period.

The probable scenario was calculated taking into consideration a projected rate for the twelve-month period and it was based on forecasts available on the market and on the average spread, which are described in the table below, to measure the impacts of the change in these variables on the balances for December 31, 2021 for the next twelve months.

The scenarios of 25% and 50% are extrapolations of the rates projected for a probable scenario with no effect on the average spread.

The other risk factors were considered immaterial to the result of financial instruments.

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(In thousands of reais and U.S. dollars, unless otherwise stated)

		In thousand of reais	
		Accounting balances	
		2021	
		Assets	Liabilities
Cash and cash equivalents: Financial investments			
In CDI		1,052,491	
Loans and borrowings			
In IPCA			(114,959)
In CDI			(342,919)
In TR			(2,331,023)
In TJLP			(59,193)
			(2,848,094)
Leases			
In IGPM			(115,048)
In IPCA			(42,251)
			(157,299)
Debentures			
In IPCA			(462,362)
In CDI			(4,118,061)
In TR			(286,706)
			(4,867,129)

	Risk	Probable	+25%	+50%	-25%	-50%
Cash and cash equivalents: Financial investments						
In CDI	CDI decrease	124,089	155,111	186,134	93,067	62,045
Loans and borrowings						
In IPCA	IPCA increase	(7,523)	(8,980)	(10,437)	(6,066)	(4,609)
In CDI	CDI increase	(48,765)	(58,873)	(68,980)	(38,658)	(28,550)
In TR	TR increase	(265,545)	(281,862)	(298,180)	(249,228)	(232,911)
In TJLP	TJLP increase	(4,980)	(5,880)	(6,780)	(4,080)	(3,181)
		(326,813)	(355,595)	(384,377)	(298,032)	(269,251)
Leases						
In IGPM	IGPM increase	(6,213)	(7,766)	(9,320)	(4,660)	(3,107)
In IPCA	IPCA increase	(2,142)	(2,678)	(3,213)	(1,607)	(1,072)
		(8,355)	(10,444)	(12,533)	(6,267)	(4,179)
Debentures						
In IPCA	IPCA increase	(54,399)	(60,260)	(66,120)	(48,539)	(42,678)
In TR	TR increase	(35,552)	(37,559)	(39,566)	(33,545)	(31,538)
In CDI	CDI increase	(604,241)	(725,621)	(847,001)	(482,861)	(361,482)
		(694,192)	(823,440)	(952,687)	(564,945)	(435,698)
		(905,271)	(1,034,368)	(1,163,463)	(776,177)	(647,083)

Macroeconomics indicators	Source	Projections	Extraction	Base date	Note	2021
TR	B3	12 months	01/04/2022	12/31/2021	Rate disclosed quarterly	2.80%
CDI	B3	12 months	01/04/2022	12/31/2021		11.79%
TJLP	BNDES	12 months	01/04/2022	12/31/2021		6.08%
IPCA	BACEN	12 months	01/04/2022	12/31/2021		5.07%
IGPM	BACEN	12 months	01/04/2022	12/31/2021		5.40%

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(In thousands of reais and U.S. dollars, unless otherwise stated)

		In thousand of U.S. dollars	
		Accounting balances	
		2021	
		Assets	Liabilities
Cash and cash equivalents: Financial investments			
In CDI		188,602	
Loans and borrowings			
In IPCA			(20,600)
In CDI			(61,450)
In TR			(417,709)
In TJLP			(10,607)
			(510,366)
Leases			
In IGPM			(20,616)
In IPCA			(7,571)
			(28,187)
Debentures			
In IPCA			(82,853)
In CDI			(737,938)
In TR			(51,376)
			(872,167)

	Risk	Probable	+25%	+50%	-25%	-50%
Cash and cash equivalents: Financial investments						
In CDI	CDI decrease	22,236	27,795	33,354	16,677	11,118
Loans and borrowings						
In IPCA	IPCA increase	(1,348)	(1,609)	(1,870)	(1,087)	(826)
In CDI	CDI increase	(8,738)	(10,550)	(12,361)	(6,927)	(5,116)
In TR	TR increase	(47,584)	(50,508)	(53,432)	(44,661)	(41,737)
In TJLP	TJLP increase	(892)	(1,054)	(1,215)	(731)	(570)
		(58,562)	(63,721)	(68,878)	(53,406)	(48,249)
Leases						
In IGPM	IGPM increase	(1,113)	(1,392)	(1,670)	(835)	(557)
In IPCA	IPCA increase	(384)	(480)	(576)	(288)	(192)
		(1,497)	(1,872)	(2,246)	(1,123)	(749)
Debentures						
In IPCA	IPCA increase	(9,748)	(10,798)	(11,848)	(8,698)	(7,648)
In TR	TR increase	(6,371)	(6,730)	(7,090)	(6,011)	(5,651)
In CDI	CDI increase	(108,277)	(130,028)	(151,779)	(86,526)	(64,776)
		(124,396)	(147,556)	(170,717)	(101,235)	(78,075)
		(162,219)	(185,354)	(208,487)	(139,087)	(115,955)

Macroeconomics indicators	Source	Projections	Extraction	Base date	Note	2021
TR	B3	12 months	01/04/2022	12/31/2021	Rate disclosed quarterly	2.80%
CDI	B3	12 months	01/04/2022	12/31/2021		11.79%
TJLP	BNDES	12 months	01/04/2022	12/31/2021		6.08%
IPCA	BACEN	12 months	01/04/2022	12/31/2021		5.07%
IGPM	BACEN	12 months	01/04/2022	12/31/2021		5.40%

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(b) Credit risk

The policy of the Group takes into consideration the level of credit risk that the Group is willing to accept in the ordinary course of its business. The diversification of its receivables is inherent to the Group's business model and minimizes possible default problems in trade receivables.

The Group has cash and cash equivalents and restricted funds mainly with banks whose rating is AAA as assessed by S&P and Fitch.

The maximum exposure to credit risk is the carrying amount of receivables classified as cash and cash equivalents, bank deposits and financial institutions, restricted funds and trade receivables at the end of the reporting period (Notes 6, 7 and 8).

(c) Liquidity risk

To manage the liquidity of cash in local currency, assumptions related to future disbursements and receipts are determined and monitored daily by the companies' treasury department.

The table below analyzes the Group's financial liabilities by aging group for the period between the end of the reporting period and the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

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(In thousands of reais and U.S. dollars, unless otherwise stated)

	In thousand of reais					
	Less than one year	Between one and two years	Between two and five years	Over five years	Total by maturity	Amounts to be incurred (i)
At December 31, 2021						
Trade payables	274,797				274,797	274,797
Loans and borrowings	493,360	414,177	1,129,211	3,289,574	5,326,322	(1,980,445)
Lease liabilities	59,618	49,219	64,720	39,293	212,850	(55,551)
Debentures	819,611	3,277,145	1,911,856	886,474	6,895,086	(2,081,811)
	1,647,386	3,740,541	3,105,787	4,215,341	12,709,055	(4,117,807)

	In thousand of U.S. dollars					
	Less than one year	Between one and two years	Between two and five years	Over five years	Total by maturity	Amounts to be incurred (i)
At December 31, 2021						
Trade payables	49,242				49,242	49,242
Loans and borrowings	88,408	74,219	202,349	589,477	954,452	(354,887)
Lease liabilities	10,683	8,820	11,598	7,041	38,142	(9,955)
Debentures	146,871	587,249	342,596	158,852	1,235,568	(373,051)
	295,204	670,288	556,543	755,370	2,277,404	(737,893)

	In thousand of reais					
	Less than one year	Between one and two years	Between two and five years	Over five years	Total by maturity	Amounts to be incurred (i)
At December 31, 2020						
Trade payables	136,342				136,342	136,342
Loans and borrowings	538,029	397,988	1,006,804	2,978,795	4,921,616	(1,729,874)
Lease liabilities	45,745	59,985	80,658	45,037	231,425	(71,052)
Debentures	509,215	374,534	3,386,393	770,051	5,040,193	(1,205,583)
	1,229,331	832,507	4,473,855	3,793,883	10,329,576	(3,006,509)

- (i) Since the amounts included in the table are the contractual undiscounted cash flows, these amounts are reconciled with the amounts disclosed in the consolidated statement of financial position in the “amounts to be incurred” column.

5.2 Capital management

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

For its capital management, the Group may review the policy for the payment of dividends, return capital to shareholders or even issue new shares or sell assets to optimize its capital structure.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio corresponds to the net debt as a percentage of total capital.

Net debt is calculated as total loans, borrowings, lease liabilities and debentures (including current and non-current amounts), as shown in the consolidated statement of financial position, less cash and cash equivalents and restricted funds.

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(In thousands of reais and U.S. dollars, unless otherwise stated)

Total capital is calculated as equity, as shown in the consolidated statement of financial position, plus net debt.

The gearing ratio, which is net debt divided by total capital, at December 31, 2021 and 2020 was as follows:

	Consolidated	
	2021	2020
	US\$	R\$
Total loans, borrowings, debentures and Loans and borrowings (Note 15)	1,490,269	8,316,451
(-) Cash and cash equivalents (Note 6)	(197,095)	(1,099,887)
(-) Restricted funds (Note 7)	(14,265)	(79,605)
Net debt	1,278,909	7,136,959
Total equity and non-controlling interests	614,818	3,430,994
Total capital	1,893,727	10,567,953
Gearing ratio - %	68%	68%

5.3 Fair value estimate

Cash and cash equivalents and restricted funds are mainly composed of bank deposit certificates and repurchase agreements, monthly marked to market based on the curve of the CDI rate for the final date of the period, as determined on the date they are contracted. The carrying amounts less provision for impairment and adjustment to present value of trade receivables, trade payables and payables to the concession grantor are assumed to approximate their fair values.

The balance maintained with related parties, both receivable and payable, is determined in accordance with the conditions negotiated between the parties. Additional conditions and information related to these financial instruments are disclosed in Note 21.

The structured financing contracted with the National Bank for Economic and Social Development ("BNDES") and Caixa Econômica Federal ("CEF") have their own characteristics and there is no credit offer to entities in general in the market that compare to the conditions determined in the aforementioned contracts and, for this reason, they are considered at their nominal value adjusted through the end of the reporting period.

The debentures were projected for until the final maturity date in accordance with the contractual rates, discounted at present value at the future market interest rates obtained from the B3 S.A. - Brasil, Bolsa, Balcão (formerly BM&FBovespa) website.

Management concluded that, for all of the Group's financial instruments, in assets and liabilities, taking into consideration the terms to maturity, their nature and by comparing the contractual interest rates with market interest rates in similar transactions, the carrying amounts approximate their fair values.

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Loans, borrowings and debentures are classified as Level 2 in the fair value hierarchy, as established in items 72 to 90 of CPC 46 / IFRS 13.

5.4 Financial instruments by category

The Group's financial instruments are classified as follows:

Note	Parent								Consolidated	
	2021				2020				2020	
	Carrying amount		Fair value		Carrying amount		Fair value		Carrying amount	
	US\$	R\$	US\$	R\$	US\$	R\$	US\$	R\$	US\$	R\$
Financial assets at amortized cost										
Cash and cash equivalents	8	73,796	411,818	73,796	411,918	784,437	197,095	1,099,887	1,247,394	1,247,394
Restricted funds	7	64	355	64	355	1,282,897	14,265	79,605	1,242,038	1,242,038
Trade receivables, net	8	247,854	1,349,687	247,854	1,349,687	1,282,897	692,860	3,866,505	3,469,959	3,469,959
Related parties	21						3,277	18,288	15,392	15,392
		315,714	1,761,840	315,714	1,761,840	2,067,334	917,497	5,064,285	5,974,783	5,974,783
Financial liabilities at amortized cost										
Trade payables	14	(8,177)	(45,603)	(8,177)	(45,633)	(19,317)	(48,242)	(274,797)	(136,342)	(136,342)
Loans and borrowings	15.1						(939,560)	(3,345,877)	(3,191,742)	(3,191,742)
Lease liabilities	15.2	(5,345)	(29,828)	(5,345)	(29,828)	(28,942)	(28,187)	(157,299)	(160,373)	(160,373)
Debentures	15.3	(242,367)	(1,352,526)	(241,264)	(1,346,375)	(1,094,919)	(662,517)	(4,814,746)	(3,934,619)	(3,934,619)
Concession rights payable	17						(38,834)	(222,290)	(1,591,878)	(1,591,878)
Related parties	21	(1,630)	(9,096)	(1,630)	(9,096)	(8,788)	(18,637)	(104,090)	(89,050)	(89,050)
		(257,519)	(1,437,083)	(256,416)	(1,433,932)	(1,151,866)	(1,207,124)	(1,598,041)	(8,917,870)	(8,963,991)

5.5 Credit quality of financial assets

The Group has cash and cash equivalents and restricted funds mainly with banks whose rating is AAA.

Due to the characteristics of the Group's trade receivables, which include (i) portfolio of receivables with no complexity, and (ii) low credit risk, the Company adopted the simplified expected credit loss approach, which consists of recognizing the expected credit loss over the total estimated useful life of the asset.

Trade receivables are initially recognized at fair value less the provision for expected credit losses, calculated based on the analysis of future losses, in accordance with the history of default, separating private and public customers, and in accordance with the assessment of management.

6 Cash and cash equivalents

	Parent				Consolidated	
	2021		2020		2020	
	US\$		R\$		US\$	
Fixed fund					1	9
Current account	1,349	7,530	647	8,493	47,395	74,160
Financial investments (i)	72,447	404,288	783,790	188,602	1,052,491	1,173,225
	73,796	411,818	784,437	197,095	1,099,887	1,247,394

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- (i) The balance of financial investments is mainly represented by highly-liquid Bank Deposit Certificates (“CDBs”), investment funds and repurchase agreements mainly with banks whose rating is AAA, and a remuneration subject to a weighted annual variation of approximately 106.2% of the Interbank Deposit Certificate (“CDI”) rate in the period from January to December 2021 (2020 – 95% of the CDI).

7 Restricted funds

	Consolidated	
	2021	2020
	US\$	R\$
Rio Claro	548	3,058
Santa Gertrudes		1
Uruguaiana	124	690
Porto Ferreira	1,727	9,636
Ativos Maduros	888	4,957
Projetos Ambientais	10,642	59,389
Centro Norte Participações	336	1,874
RMM (i)		1,200,602
	14,265	79,605
		1,242,038
(-) Current		(1,200,602)
Non-current	14,265	79,605
		41,436

The balances mainly represent bank deposits that are remunerated at approximately 99.3% of the Interbank Deposit Certificate (“CDI”) rate (2020 – 103% of the CDI rate) and their use is tied to compliance with the contractual obligations from loan, borrowing and debenture operations. The amounts are maintained until the maturity of the related debts.

- (i) The amount at December 31, 2020 refers to the funding from the issue of debentures by the subsidiary RMM to be exclusively used in the payment of the remaining balance of the concession made on July 2 and September 1, 2021.

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8 Trade receivables, net

	Consolidated		
	2021		2020
	US\$		R\$
Trade receivables			
Public concessions	256,272	1,430,127	1,204,248
Allowance for expected credit losses	(45,921)	(256,262)	(220,366)
	210,351	1,173,865	983,882
Billing rights			
Public concessions	482,509	2,692,640	2,486,077
	692,860	3,866,505	3,469,959
(-) Current	(110,644)	(617,451)	(554,580)
Non-current	582,216	3,249,054	2,915,379

All trade receivables and billing rights of the Group are denominated in Brazilian reais and are presented net of the allowance for expected credit losses.

The aging analysis of these trade receivables is as follows:

	Consolidated		
	2021		2020
	US\$		R\$
Not yet due	35,053	195,612	200,237
Past due			
Up to 30 days	15,673	87,463	64,165
From 31 to 60 days	7,548	42,119	35,800
From 61 to 90 days	5,237	29,224	25,125
From 91 to 180 days	12,840	71,655	66,509
Over 180 days	110,373	615,949	512,056
Unbilled amounts	23,327	130,176	78,256
Trade receivables	210,051	1,172,198	982,148
Billing agents	300	1,667	1,734
Billing rights	482,509	2,692,640	2,486,077
Total	692,860	3,866,505	3,469,959

At December 31, 2021, the Group has R\$ 1,956,148 – US\$ 350,533 (2020 – R\$ 1,781,833) related to trade receivables and credit rights that were assigned or pledged as guarantee for loans, borrowings and debentures.

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The changes in the allowance for expected credit losses of the Group is as follows:

	At the beginning of the year	Additions	Trade receivables written off due to payment	Trade receivables written off as uncollectible	Others	Transfer of investments (i)	At the end of the year
At December 31, 2021	(220,366)	(91,699)	54,027	1,776			(256,262)
At December 31, 2021 (in US\$)	(39,489)	(16,432)	9,681	318			(45,922)
At December 31, 2020	(167,271)	(69,943)	22,980	2,791	1,448	(10,371)	(220,366)

- (i) This refers to the corporate reorganization process on September 30, 2020 (Note 1.1 (b)).

9 Investments

(a) Summary of the financial information of subsidiaries and joint ventures

The tables below present summaries of the financial information of subsidiaries and joint ventures. The financial information of subsidiaries refers to direct and indirect subsidiaries of the first and second levels:

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In thousands of reais												
2020												
	Equity interest %	Current assets	Current liabilities	Net current assets (liabilities)	Non-current assets	Non-current liabilities	Net current assets (liabilities)	Equity	Investment	Net service and sales revenue	Gross profit	Profit (loss) for the year
Subsidiaries												
Direct												
Concessionaires												
Rio Claro	60.00	20,604	16,694	3,910	151,170	84,251	66,919	70,829	42,497	56,804	25,303	10,160
RDOP Consolidado	100.00	27,923	227,366	(199,443)	782,646	302,143	480,503	281,060	281,060	71,924	53,874	20,637
Mauá	100.00	26,971	22,422	4,549	230,865	192,775	38,090	42,639	42,639	70,118	40,040	7,842
Blumenau	100.00	23,445	15,576	7,869	264,301	203,978	60,323	68,192	68,192	62,518	20,938	(1,497)
Santa Gertrudes	100.00	2,495	1,562	933	14,027	13,427	600	1,533	1,533	10,997	3,355	512
Mairinque	95.36	5,453	21,552	(16,099)	53,979	11,195	42,784	26,685	25,447	24,707	5,285	(56)
Uruguaiana	100.00	24,554	24,863	(309)	208,573	169,647	38,926	38,617	38,617	75,796	30,036	5,702
Porto Ferreira	100.00	8,496	4,202	4,294	54,038	51,650	2,388	6,682	6,682	27,696	9,362	2,243
Centro Norte Participações Consolidado	100.00	302,633	230,997	71,636	1,452,102	1,393,944	58,158	129,794	129,794	606,171	234,355	(2,644)
Araguaia	100.00	9,552	23,505	(13,953)	49,843	15,203	34,640	20,687	20,687	13,481	442	(2,976)
BRK Negócios Industriais Consolidado	100.00	17	4,000	(3,983)	43,523	14,944	28,579	24,596	24,596			(131)
Maranhão	100.00	38,240	9,598	28,642	187,503	207,565	(20,062)	8,580	8,580	89,557	32,997	(1,874)
BRK Projetos Ambientais Consolidado	100.00	370,809	408,547	(37,738)	3,475,391	3,161,252	314,139	276,401	276,401	1,021,386	343,156	94,121
Sumaré	100.00	27,881	83,868	(55,987)	221,332	102,046	119,286	63,299	63,299	116,278	28,845	497
Mauá Água	100.00	718		718	758	86	672	1,390	1,390			(520)
Santo André	100.00				3,400	3,646	(246)	(246)				(71)
Rio das Ostras	0.58	27,122	157,698	(130,576)	782,646	287,415	495,231	364,655	2,104	71,924	53,874	22,557
RMR	9.38	78,564	176,535	(97,971)	1,662,524	1,237,393	425,131	327,160	30,704	525,086	185,173	82,226
Goias	1.00	61,306	99,687	(38,381)	1,085,088	965,962	119,126	81,345	814	328,109	84,369	21,066
Capador	100.00	8,350	23,753	(15,403)	20,241	2,759	17,482	2,079	2,079	26,096	1,839	(2,460)
RMM	100.00	1,296,388	1,397,853	(101,465)	2,034,432	1,784,320	250,112	148,647	148,647	4,032	81	(1,354)
BRK Ativos Maduros Consolidado	100.00	170,224	112,291	57,933	726,330	372,380	353,950	411,883	411,883	381,266	159,080	58,402
BRK NE	99.90	1		1				1	1			
BRK SE	99.90	1		1				1	1			
BRK NI	99.90	1		1				1	1			
Private entities												
Digital	100.00	1,594	2	1,592		20	(20)	1,572	1,572			
Ecoagua	100.00	379	2	377	8,657	25	8,632	9,009	9,009			69
Investments in subsidiaries at December 31, 2020												
									1,638,229			
Joint ventures												
F. AB. Zona Oeste	50.00	155,878	151,980	3,898	793,457	632,548	160,909	164,807	82,403	348,181	139,328	33,039
Investments in joint ventures at December 31, 2020												
									82,403			
Investment balance at December 31, 2020												
									1,720,632			

BRK Ambiental Participações S.A. and subsidiaries

Notes to the individual and consolidated financial statements at December 31, 2021

(In thousands of reais and U.S. dollars, unless otherwise stated)

In thousands of reais												
												2021
	Equity interest %	Current assets	Current liabilities	Net current assets (liabilities)	Non-current assets	Non-current liabilities	Net current assets (liabilities)	Equity	Investment	Net service and sales revenue	Gross profit	Profit (loss) for the year
Subsidiaries												
Direct												
Concessionaires												
Rio Claro	60.00	23,582	18,442	5,140	149,102	73,214	75,888	81,028	48,616	72,744	31,583	13,253
RDOP Consolidado	100.00	36,821	88,484	(51,663)	844,468	488,266	356,202	302,327	302,327	72,909	58,372	22,493
Mauá	100.00	25,595	24,988	607	224,622	175,821	48,801	49,408	49,408	75,436	41,971	8,618
Blumenau	100.00	50,018	18,576	31,442	296,063	254,461	41,602	73,044	73,044	81,087	29,833	4,752
Santa Gertrudes	100.00	3,781	1,932	1,849	15,769	15,848	(79)	1,770	1,770	12,363	3,291	228
Mairinque	96.11	5,730	22,540	(16,810)	62,099	12,667	49,432	32,622	31,350	26,213	9,061	1,071
Uruguaiana	100.00	36,709	26,639	10,070	253,333	215,184	38,149	48,219	48,219	104,801	35,907	12,523
Porto Femeira	100.00	12,575	4,840	7,735	58,094	59,818	(1,724)	6,011	6,011	30,145	7,540	(699)
Centro Norte Participações Consolidado	100.00	270,618	262,602	8,016	1,650,281	1,530,582	119,699	127,715	127,715	703,479	264,745	(3,422)
Araguaia	100.00	4,085	27,515	(23,430)	57,057	17,454	39,603	16,173	16,173	13,562	(625)	(4,547)
BRK Negócios Industriais	100.00	36	4,003	(3,967)	43,523	15,138	28,385	24,418	24,418			(187)
Maranhão	100.00	64,489	18,426	46,063	237,745	279,615	(41,870)	4,193	4,193	129,027	54,337	(4,990)
BRK Projetos Ambientais Consolidado	100.00	507,067	331,586	175,481	4,144,340	3,843,202	301,138	411,960	411,960	1,257,917	413,560	85,409
Sumaré	100.00	64,184	23,479	40,705	259,373	211,385	47,988	88,693	88,693	134,888	26,307	(3,073)
Mauá Água	100.00	718	4	714	758	190	568	1,282	1,282			(128)
Santo André	100.00				3,400	3,731	(331)	(331)				(85)
Rio das Ostras	0.58	36,019	101,935	(65,916)	844,468	395,306	449,162	383,246	2,210	72,909	58,372	24,363
RMR	9.39	125,105	160,216	(35,111)	2,024,530	1,583,285	441,245	406,134	38,116	570,340	220,916	99,724
Goias	1.00	92,098	133,142	(41,044)	1,377,446	1,259,144	118,302	77,258	773	480,468	103,724	(9,318)
Capador	100.00	19,105	5,165	13,940	35,141	47,537	(12,396)	1,544	1,544	31,970	4,272	(1,367)
RMM	100.00	97,018	73,387	23,631	2,228,641	1,836,215	392,426	416,057	416,057	317,873	16,247	(60,935)
BRK Ativos Maduros Consolidado	100.00	235,736	245,168	(9,432)	729,807	370,785	359,022	349,590	349,590	389,731	188,936	75,307
BRK NE	99.90	69,431	2,200	67,231	251,444	319,738	(68,294)	(1,063)				(1,064)
BRK NI	99.90	1	1			11	(11)	(11)				(12)
Private entities												
Digital	100.00	1,585	1	1,584		22	(22)	1,562	1,562			(10)
Ecoagua	100.00	399	14	385	8,891	32	8,859	9,244	9,244			235
Investments in subsidiaries at December 31, 2021									2,054,275			
Joint ventures												
BRK SAAB	50.00											
F. AB. Zona Oeste	50.00	253,329	121,832	131,497	982,976	954,373	28,603	160,100	80,050	430,559	157,797	3,680
Investments in joint ventures at December 31, 2021									80,050			
Investment balance at December 31, 2021									2,134,325			

BRK Ambiental Participações S.A. and subsidiaries

Notes to the individual and consolidated financial statements at December 31, 2021

(In thousands of reais and U.S. dollars, unless otherwise stated)

In thousands of U.S. dollars												
												2021
	Equity interest %	Current assets	Current liabilities	Net current assets (liabilities)	Non-current assets	Non-current liabilities	Net current assets (liabilities)	Equity	Investment	Net service and sales revenue	Gross profit	Profit (loss) for the year
Subsidiaries												
Direct												
Concessionaires												
Rio Claro	60.00	4,226	3,305	921	26,718	13,120	13,599	14,520	8,712	13,035	5,660	2,375
RDOP Consolidado	100.00	6,598	15,856	(9,258)	151,325	87,495	63,830	54,176	54,176	13,065	10,460	4,031
Mauá	100.00	4,587	4,478	109	40,251	31,506	8,745	8,854	8,854	13,518	7,521	1,544
Blumenau	100.00	8,963	3,329	5,634	53,053	45,598	7,455	13,089	13,089	14,530	5,346	852
Santa Gertrudes	100.00	678	346	331	2,826	2,840	(14)	317	317	2,215	590	41
Mairinque	96.11	1,027	4,039	(3,012)	11,128	2,270	8,858	5,846	5,618	4,697	1,624	192
Uruguaiana	100.00	6,578	4,774	1,804	45,396	38,560	6,836	8,641	8,641	18,780	6,434	2,244
Ponto Férrea	100.00	2,253	867	1,386	10,410	10,719	(309)	1,077	1,077	5,402	1,351	(125)
Centro Norte Participações Consolidado	100.00	48,494	47,057	1,436	295,723	274,273	21,450	22,886	22,886	126,060	47,441	(613)
Araguaia	100.00	732	4,931	(4,199)	10,224	3,128	7,097	2,898	2,898	2,430	(112)	(815)
BRK Negócios Industriais	100.00	6	717	(711)	7,799	2,713	5,086	4,376	4,376			(34)
Maranhão	100.00	11,556	3,302	8,254	42,603	50,106	(7,503)	751	751	23,121	9,737	(894)
BRK Projetos Ambientais Consolidado	100.00	90,864	59,419	31,445	742,647	688,684	53,963	73,821	73,821	225,413	74,108	15,305
Sumaré	100.00	11,501	4,207	7,294	46,478	37,879	8,599	15,893	15,893	24,171	4,714	(551)
Mauá Água	100.00	129	1	128	136	34	102	230	230			(23)
Santo André	100.00				609	669	(59)	(59)				(15)
Rio das Ostras	0.58	6,454	18,266	(11,812)	151,325	70,837	80,488	68,676	396	13,065	10,460	4,366
RMR	9.39	22,418	28,710	(6,292)	362,786	283,717	79,069	72,777	6,830	102,202	39,587	17,870
Goias	1.00	16,504	23,858	(7,355)	246,832	225,633	21,199	13,844	139	86,098	18,587	(1,870)
Capador	100.00	3,424	926	2,498	6,297	8,518	(2,221)	277	277	5,729	766	(245)
RMM	100.00	17,385	13,151	4,235	399,362	329,041	70,321	74,556	74,556	56,961	2,911	(10,919)
BRK Ativos Maduros Consolidado	100.00	42,243	43,933	(1,690)	130,778	66,443	64,335	62,645	62,645	69,838	33,856	13,495
BRK NE	99.90	12,442	394	12,047	45,058	57,296	(12,238)	(190)				(191)
BRK NI	99.90					2	(2)	(2)				(2)
Private entities												
Digital	100.00	284		284		4	(4)	280	280			(2)
Ecoagua	100.00	71	3	69	1,593	6	1,587	1,656				42
Investments in subsidiaries at December 31, 2021									368,118			
Joint ventures												
BRK SAAB	50.00											
F. AB. Zona Oeste	50.00	45,395	21,832	23,564	176,145	171,019	5,126	28,689	14,343	77,154	28,276	659
Investments in joint ventures at December 31, 2021									14,343			
Investment balance at December 31, 2021									382,461			

BRK Ambiental Participações S.A. and subsidiaries

Notes to the individual and consolidated financial statements at December 31, 2021 (In thousands of reais and U.S. dollars, unless otherwise stated)

(b) Breakdown of investments

	Parent		Consolidated	
	2021	2020	2021	2020
	US\$	R\$	US\$	R\$
Subsidiaries	368,118	2,054,275	1,638,229	
Joint ventures	14,343	80,050	82,403	
Total investments, net	382,461	2,134,325	1,720,632	

(c) Changes in investments - Parent

The changes in investments are presented below:

In thousands of reais											
	Opening balance	Additions	Disposals	Dividends and interest on capital	Share of profit (loss) of continuing operations	Share of profit (loss) of discontinued operations	Recognition of provision for loss on investments	Write-off of provision for loss on investments of discontinued operation	Other comprehensive income	Other transfers	Closing balance
Direct subsidiaries											
Rio Claro	42,497			(1,888)	7,952				55		48,616
Mauá	42,639			(2,172)	8,618				323		49,408
RDOP Consolidado	281,060	4,100		(5,342)	22,493				16		302,327
Blumenau	68,192				4,752				100		73,044
Malíngue	25,447	5,086		(246)	1,029				25	9	31,350
Santa Gertrudes	1,533				228				9		1,770
Ecoaquá	9,009				235						9,244
Uruguaiana	38,617			(2,973)	12,523				52		48,219
Porto Ferreira	6,682				(699)				28		6,011
Centro Norte Participações Consolidado	126,794				(3,422)				1,343		127,715
Araguaia	20,687				(4,547)				33		16,173
Mauá Água	1,390	20			(128)						1,282
BRK Projetos Ambientais Consolidado	276,401	149,319		(101,000)	85,409				1,831		411,960
BRK Negócios Industriais	24,596	9			(187)						24,418
RMR	30,704				(2,103)				156		38,116
Rio das Ostras	2,104				(35)						2,210
Goás	814				(93)				2		773
Maranhão	6,580				(4,990)				603		4,193
Caçador	2,079	800			(1,367)				32		1,544
RMM (i)	148,647	328,500			(60,935)				(155)		416,057
Sumaré	63,299	28,350			(3,073)				117		88,693
Digital	1,572				(10)						1,562
BRK Alvos Maduros Consolidado	411,883			(138,827)	75,307				1,227		349,590
BRK NI	1									(1)	
BRK SE	1									(1)	
Joint ventures											
BRK SAAB	1									(1)	
F. AB. Zona Oeste	82,403			106	1,840				186	(4,485)	80,050
At December 31, 2021	1,720,632	516,184		(254,430)	150,435				5,983	(4,479)	2,134,325
At December 31, 2020	751,591	497,922		(81,878)	141,600		(14,259)		3,124	422,532	1,720,632
Provision for loss on investments											
Santo André	(246)				(85)						(331)
BRK NI			(1)		(11)					1	(11)
BRK SE					(1,064)					1	(1,063)
UVR Grajau (i)						(2,075)		4,092		(2,017)	
At December 31, 2021	(246)		(1)		(1,160)	(2,075)		4,092		(2,015)	(1,495)
At December 31, 2020	(14,177)				(328)	(7,064)	14,259			7,064	(246)

BRK Ambiental Participações S.A. and subsidiaries

Notes to the individual and consolidated financial statements at December 31, 2021

(In thousands of reais and U.S. dollars, unless otherwise stated)

In thousands of U.S. dollars											
	Opening balance	Additions	Disposals	Dividends and interest on capital	Share of profit (loss) of continuing operations	Share of profit (loss) of discontinued operations	Recognition of provision for loss on investments	Write-off of provision for loss on investments of discontinued operation	Other comprehensive income	Other transfers	Closing balance
Direct subsidiaries											
Rio Claro	7,615			(338)	1,426				10		8,713
Maui	7,641			(389)	1,544				58		8,854
RDCP Consolidado	50,365	735		(857)	4,031				3		54,177
Blumenau	12,220				852				18		13,090
Matão	4,560	911		(44)	184				4	2	5,617
Santa Gertrudes	275				41				2		318
Ecológica	1,614				42						1,656
Uruguaiana	6,920			(533)	2,244				9		8,640
Porto Ferreira	1,197				(125)				5		1,077
Centro Norte Participações Consolidado	23,258				(613)				241		22,886
Araquá	3,707				(815)				6		2,898
Maui Água	249	4			(23)						230
BRK Projetos Ambientais Consolidado	48,530	26,757		(18,099)	15,305				328		73,821
BRK Negócios Industriais	4,406	2			(34)						4,374
RMR	5,502			(377)	1,877				28		6,830
Rio das Ostras	377			(6)	25						396
Goias	146			9	(17)						138
Maranhão	1,537				(894)				108		751
Capitão	373	143			(245)				6		277
RMM (i)	26,637	58,866			(10,919)				(28)		74,556
Sumaré	11,343	5,080			(551)				21		15,893
Digital	282				(2)						280
BRK Alvos Maduros Consolidado	73,808			(24,877)	13,495				220		62,646
BRK NI											
BRK SE											
Joint ventures											
BRK SAAB											
F. AB. Zona Oeste	14,766			19	329				33	(804)	14,343
At December 31, 2021	308,328	92,498		(45,592)	26,957				1,072	(802)	382,461
At December 31, 2020	134,682	89,225		(14,672)	25,374		(2,555)		560	75,716	308,330
Provision for loss on investments											
Santo André	(44)				(15)						(59)
BRK NI					(2)						(2)
BRK SE					(191)						(191)
UVR Grajaú (ii)						(372)		733		(361)	
At December 31, 2021	(44)				(208)	(372)		733		(361)	(252)
At December 31, 2020	(2,540)				(59)	(1,268)	2,555			1,266	(44)

- (i) On June 16, 2021, in accordance with the Extraordinary General Shareholders' Meeting, the Company increased the capital of the subsidiary RMM with a contribution in cash of R\$ 300,000 – US\$ 53,759. On December 3, 2021, the Company contributed cash in the amount of R\$ 12,500 – US\$ 2,240 and in the amount of R\$ 16,000 – US\$ 2,867 on December 15, 2021.
- (ii) This mainly refers to the sale of UVR Grajaú (Note 1.1 (a)).

BRK Ambiental Participações S.A. and subsidiaries

Notes to the individual and consolidated financial statements at December 31, 2021

(In thousands of reais and U.S. dollars, unless otherwise stated)

(d) Changes in investments - Consolidated

The changes in investments are presented below:

In thousands of reais						
	Opening balance	Dividends	Share of profit (loss) of subsidiaries and joint ventures	Other movements	Transfer of investments (i)	Other comprehensive income
						Closing balance
Joint ventures						
F. AB. Zona Oeste	82,403	106	1,840	(4,485)		80,050
At December 31, 2021	82,403	106	1,840	(4,485)		80,050
At December 31, 2020	132,541	(3,292)	5,843		(53,055)	82,403

In thousands of U.S. dollars						
	Opening balance	Dividends	Share of profit (loss) of subsidiaries and joint ventures	Other movements	Transfer of investments (i)	Other comprehensive income
						Closing balance
Joint ventures						
F. AB. Zona Oeste	14,766	19	329	(803)		14,343
At December 31, 2021	14,766	19	329	(803)		14,343
At December 31, 2020	23,751	(590)	1,047		(9,507)	14,767

(i) This refers to the corporate reorganization process on September 30, 2020 (Note 1.1 (b)).

(e) Dividends and interest on capital receivable

(i) Breakdown

	Parent		Consolidated	
	2021	2020	2021	2020
	US\$	R\$	US\$	R\$
Mairinque	137	767	521	
Mauá	5,110	28,514	31,342	
RDOP	13,264	74,020	68,678	
Rio Claro	3,839	21,424	20,984	
Rio das Ostras	47	265	230	
Porto Ferreira	139	777	777	
Uruguaiana	994	5,549	2,576	
F. AB. Zona Oeste	1,052	5,867	5,867	
RMR	747	4,167	2,064	
Goias			50	
Santa Gertrudes	7	38	38	
BRK Negócios Industriais	717	4,000	4,000	
BRK Ativos Maduros	27,494	153,428	14,945	
	53,547	298,816	152,178	
			1,052	5,867
				5,973
(-) Current	(32,195)	(179,663)	(101,996)	(5,973)
Non-current	21,352	119,153	50,182	

**Notes to the individual and consolidated financial statements
at December 31, 2021**
(In thousands of reais and U.S. dollars, unless otherwise stated)

(ii) Changes

	Income tax						Parent
	Opening balance	Additions	withheld at source	Proceeds	Assignment	Others	Closing balance
	R\$	US\$					R\$
Interest on capital							
Mauá	4,239					760	4,239
Rio Claro	5,779					1,036	5,779
Rio das Ostras	14					3	14
Porto Ferreira	182					33	182
Santa Gertrudes	38					7	38
	10,252					1,839	10,252
Dividends receivable							
Mairinque	521	246		(5,000)		137	767
Mauá	27,103	2,172				4,350	24,275
RDOF	68,678	5,342				13,264	74,020
Rio Claro	15,205	1,888		(1,448)		2,803	15,645
Porto Ferreira	595					106	595
Rio das Ostras	216	35				44	251
Uruguaiana	2,576	2,973				994	5,549
FAB_Zona Oeste	5,973	438				(544)	5,867
RMR	2,064	2,103				747	4,167
Goiás	50					(50)	
BRK Negócios Industriais	4,000					717	4,000
BRK Alvos Maduros	14,945	138,827		(344)		27,494	153,428
BRK Projetos Ambientais		101,000		(66,899)	(34,101)		
	141,926	255,024		(73,691)	(34,101)	(594)	288,564
At December 31, 2021	152,178	255,024		(73,691)	(34,101)	(594)	298,816
At December 31, 2020	146,790	81,878	(277)	(63,720)	(12,493)		152,178
	Consolidated						
	Opening balance	Additions	Proceeds	Transfer of investments (I)	Others	Closing balance	
	R\$	US\$				R\$	
Dividends receivable							
FAB_Zona Oeste	5,973	438			(544)	1,052	5,867
At December 31, 2021	5,973	438			(544)	1,052	5,867
At December 31, 2020	3,700	5,167	(2,007)	(887)			5,939

(i) This refers to the corporate reorganization process on September 30, 2020 (Note 1.1 (b)).

BRK Ambiental Participações S.A. and subsidiaries

Notes to the individual and consolidated financial statements at December 31, 2021

(In thousands of reais and U.S. dollars, unless otherwise stated)

10 Property and equipment

	Parent					
	IT equipment	Machinery and equipment	Leasehold improvements	Furniture and fixtures	Vehicles	Construction in progress
						Total
Acquisition cost						
At January 1, 2020	5,738	4,632	15,622	1,952	20,355	3,555
Additions	1,098	5				
Disposals		(1,412)			(3,708)	
Transfers			297			(297)
At December 31, 2020	6,836	3,225	15,919	1,952	16,647	3,258
Accumulated depreciation						
At January 1, 2020	(4,252)	(4,348)	(7,570)	(1,050)	(20,191)	
Depreciation	(547)	(111)	(843)	(179)	(89)	
Disposals		1,412			3,708	
At December 31, 2020	(4,799)	(3,047)	(8,413)	(1,229)	(16,572)	
Net book value	2,037	178	7,506	723	75	3,258
Acquisition cost						
At January 1, 2021	6,836	3,225	15,919	1,952	16,647	3,258
Additions						5
Disposals		(22)		(26)	(519)	
Other transfers and remeasurements	(450)	24	(4)	(7)		
At December 31, 2021	6,386	3,227	15,915	1,919	16,128	3,263
Accumulated depreciation						
At January 1, 2021	(4,799)	(3,047)	(8,413)	(1,229)	(16,572)	
Depreciation	(399)	(103)	(569)	(193)	(44)	
Disposals		22		20	519	
Other transfers and remeasurements	(256)	(17)	2	18		
At December 31, 2021	(5,454)	(3,145)	(8,980)	(1,384)	(16,097)	
Net book value (R\$)	932	82	6,935	535	31	3,263
Net book value (US\$)	167	15	1,243	96	6	585
Useful life (years)	5 a 10	5 a 10	10	5 a 10	5	

BRK Ambiental Participações S.A. and subsidiaries

Notes to the individual and consolidated financial statements at December 31, 2021

(In thousands of reais and U.S. dollars, unless otherwise stated)

	Consolidated								
	Land	IT equipment	Machinery and equipment	Buildings	Furniture and fixtures	Vehicles	Construction in progress	Others	Total
Acquisition cost									
At January 1, 2020	35,167	23,701	30,196	25,028	11,897	24,552	8,095	293	158,929
Additions		1,788	2,426	57	1,333	270	5,099	167	11,140
Disposals		(151)	(1,628)	(493)	(101)	(4,260)			(6,633)
Transfers		579	297	180	62		(1,118)		
Other transfers		(298)	(373)	3	2		(26)	249	(443)
Transfer of investments (i)		2,020	1,799	111	2,296	252			6,478
At December 31, 2020	35,167	27,639	32,717	24,886	15,489	20,814	12,050	709	169,471
Accumulated depreciation									
At January 1, 2020		(17,904)	(16,705)	(10,518)	(7,154)	(24,246)		(35)	(76,562)
Depreciation		(2,076)	(3,226)	(1,480)	(1,153)	(167)		(69)	(8,171)
Disposals		150	1,634	493	62	4,255			6,594
Other transfers		298	16		(3)			(13)	298
Transfer of investments (i)		(1,695)	(1,336)	(35)	(2,119)	(241)			(5,426)
At December 31, 2020		(21,227)	(19,617)	(11,540)	(10,367)	(20,399)		(117)	(83,267)
Net book value	35,167	6,412	13,100	13,346	5,122	415	12,050	592	86,204
Useful life (years)		5 a 10	5 a 20	2 a 40	5 a 10	5			

BRK Ambiental Participações S.A. and subsidiaries

Notes to the individual and consolidated financial statements at December 31, 2021

(In thousands of reais and U.S. dollars, unless otherwise stated)

	Consolidated							
	Land	IT equipment	Machinery and equipment	Buildings	Furniture and fixtures	Vehicles	Construction in progress	Others
Acquisition cost								
At January 1, 2021	35,167	27,639	32,717	24,886	15,489	20,814	12,050	709
Additions		1,391	3,429		876	10	5,312	
Disposals			(22)	(1,956)	(141)	(724)		
Other transfers and remeasurements	(1)	(822)	2,947	5,296	(303)	(162)	(6,629)	(709)
At December 31, 2021	35,166	28,208	39,071	28,226	15,921	19,938	10,733	
Accumulated depreciation								
At January 1, 2021		(21,227)	(19,617)	(11,540)	(10,367)	(20,399)		(117)
Depreciation		(2,270)	(3,042)	(1,076)	(1,354)	(157)		
Disposals			22	542	117	724		
Other transfers and remeasurements		498	(3,423)	(168)	658	180		117
At December 31, 2021		(22,999)	(26,060)	(12,242)	(10,946)	(19,652)		
Net book value (R\$)	35,166	5,209	13,011	15,984	4,975	286	10,733	
Net book value (US\$)	6,302	933	2,332	2,864	891	51	1,923	
Useful life (years)		5 a 10	5 a 20	2 a 40	5 a 10	5		

- (i) This refers to the corporate reorganization process on September 30, 2020 (Note 1.1 (b)).

BRK Ambiental Participações S.A. and subsidiaries

Notes to the individual and consolidated financial statements at December 31, 2021

(In thousands of reais and U.S. dollars, unless otherwise stated)

(a) Construction in progress

Construction in progress refers to the balances of the direct and indirect subsidiaries below:

Construction in progress	Consolidated		
	2021	2020	Expected completion
	US\$	R\$	
Company (i)	585	3,264	3,263 Jan 22
Santo André	609	3,400	3,400 Dec 22
Saneatins	78	438	819 Dec 22
RMR	88	489	4,517 Feb 22
Araguaia	9	51	51 Dec 22
Caçador	73	408	Mar 24
Cachoeiro	2	13	Dec 22
Manso	9	53	Dec 22
RMM	470	2,617	Dec 26
	<u>1,923</u>	<u>10,733</u>	<u>12,050</u>

- (i) This refers to leasehold improvements.

11 Contract assets

	Consolidated		
	2021	2020	
	US\$	R\$	
At the beginning of the year	181,445	1,012,556	1,021,630
(+) Additions	171,183	955,287	512,041
(-) Transfers - intangible assets	(131,169)	(731,990)	(643,071)
(+) Transfer of investments (i)			119,303
(+) Other transfers	228	1,273	2,653
At the end of the year	<u>221,687</u>	<u>1,237,126</u>	<u>1,012,556</u>

- (i) This refers to the corporate reorganization process on September 30, 2020 (Note 1.1 (b)).

BRK Ambiental Participações S.A. and subsidiaries

Notes to the individual and consolidated financial statements at December 31, 2021

(In thousands of reais and U.S. dollars, unless otherwise stated)

This refers to the investments in infrastructure related to the companies listed below:

Contract assets			Consolidated Expected completion	
	2021	2020		
	US\$	R\$		
Rio Claro	1,595	8,901	35,599	Dec 24
Mauá	594	3,317	1,448	Jan 22
Blumenau	9,520	53,128	20,686	Dec 27
Santa Gertrudes	355	1,981	4,289	Dec 26
Mairinque	5,125	28,599	40,500	Dec 24
Uruguaiana	15,027	83,858	35,487	Dec 22
Porto Ferreira	982	5,479	10,930	Jan 23
Saneatins	53,927	300,942	192,780	Jan 29
Caçador	3,663	20,439	6,894	Mar 24
Araguaia	1,916	10,694	3,699	Jun 22
Sumaré	9,480	52,905	30,867	Dec 25
Maranhão	4,187	23,368	94,148	Dec 23
Mauá Água	136	758	758	Dec 22
Macaé	16,548	92,346	62,977	Apr 22
Goiás	76,225	425,375	329,587	Dec 23
RMM	10,875	60,688	4,032	Jun 26
Limeira	8,750	48,832	133,423	Dec 25
Cachoeiro	2,782	15,516	4,452	Dec 22
	221,687	1,237,126	1,012,556	

(b) Capitalization of interest and financial charges

In the year ended December 31, 2021, the Group capitalized interest and financial charges on the concession assets amounting to R\$ 75,739 – US\$ 13,572 (2020 - R\$ 68,661) in the period in which the assets were under construction.

The weighted average rate of financial charges used in determining the amount of borrowing costs, to be capitalized as an integral part of the assets under construction, was 8.48% p.a. in the year ended December 31, 2021 (2020 - 8.59% p.a.).

BRK Ambiental Participações S.A. and subsidiaries

Notes to the individual and consolidated financial statements at December 31, 2021

(In thousands of reais and U.S. dollars, unless otherwise stated)

12 Right-of-use assets

	Parent			
	Properties	IT equipment	Machinery and equipment	Vehicles
Acquisition cost				
At January 1, 2020	28,805	2,047		131
Additions	4,881	19		
Disposals		(149)	(29)	
Transfers		(29)	29	
At December 31, 2020	33,686	1,888		131
Accumulated amortization				
At January 1, 2020	(3,403)	(636)		(52)
Amortization	(4,400)	(958)	(29)	(73)
Disposals		297	29	
At December 31, 2020	(7,803)	(1,297)		(125)
Net book value	25,883	591		6
Acquisition cost				
At January 1, 2021	33,686	1,888		131
Additions	7,153	1,385		120
Disposals		(275)		(1)
Transfer	(4,054)			
Remeasurements	(207)			13
At December 31, 2021	36,578	2,998		263
Accumulated amortization				
At January 1, 2021	(7,803)	(1,297)		(125)
Amortization	(4,914)	(1,701)		(40)
Transfer	4,054			
At December 31, 2021	(8,663)	(2,998)		(165)
Net book value (R\$)	27,915			98
Net book value (US\$)	5,002			18
Useful life (years)	2 a 5	2 a 2		2 a 3

BRK Ambiental Participações S.A. and subsidiaries

Notes to the individual and consolidated financial statements at December 31, 2021

(In thousands of reais and U.S. dollars, unless otherwise stated)

	Consolidated			
	Properties	IT equipment	Machinery and equipment	Vehicles
Acquisition cost				
At January 1, 2020	83,305	4,940	12,917	26,914
Additions	19,250	497	48,145	10,378
Disposals	(1,892)	(420)	(4,952)	(5,081)
Transfers		(29)	(448)	477
Transfer of investments (i)	795	548	3,816	2,629
At December 31, 2020	101,458	5,536	59,478	35,317
Accumulated amortization				
At January 1, 2020	(8,919)	(1,150)	(1,128)	(9,865)
Amortization	(10,721)	(2,435)	(10,780)	(10,935)
Disposals	670	359	523	3,752
Transfers		(2)	12	(10)
Transfer of investments (i)	(70)	(332)	(636)	(1,214)
At December 31, 2020	(19,040)	(3,560)	(12,009)	(18,272)
Net book value	82,418	1,976	47,469	17,045
Acquisition cost				
At January 1, 2021	101,458	5,536	59,478	35,317
Additions	13,332	3,420	31,282	37,933
Disposals	(5,405)	(613)	(22,895)	(13,857)
Transfer	(4,057)			
Remeasurements	(415)	12	(618)	(2,649)
At December 31, 2021	104,913	8,355	67,247	56,744
Accumulated amortization				
At January 1, 2021	(19,040)	(3,560)	(12,009)	(18,272)
Amortization	(12,926)	(3,803)	(15,166)	(15,327)
Disposals		30	1,873	3,191
Transfer	4,057			
At December 31, 2021	(27,909)	(7,333)	(25,302)	(30,408)
Net book value ((R\$))	77,004	1,022	41,945	26,336
Net book value (US\$)	13,799	183	7,516	4,720
Useful life (years)	1 a 21	1 a 4	1 a 5	1 a 5

- (i) This refers to the corporate reorganization process on September 30, 2020 (Note 1.1 (b)).

The right-of-use assets balance presented above includes the residual amount of assets of related parties of R\$ 71,342 – US\$ 12,784 (2020 – R\$ 46,261) leased from Ouro Verde Locações e Serviços S.A. (“Ouro Verde”), an indirect subsidiary of the Brookfield Group.

BRK Ambiental Participações S.A. and subsidiaries

Notes to the individual and consolidated financial statements at December 31, 2021

(In thousands of reais and U.S. dollars, unless otherwise stated)

13 Intangible assets

	Parent				
	Concession right (goodwill)	Goodwill	Software	Intangible assets under formation (i)	Others
Acquisition cost					
At January 1, 2020	499,195	8,777	37,125	44,359	6
Additions			465	100,915	
Baixas					
Transfers			894	(894)	
At December 31, 2020	499,195	8,777	38,484	144,380	6
Accumulated amortization					
At January 1, 2020	(66,207)		(8,806)		
Amortization	(18,809)		(7,100)		
At December 31, 2020	(85,016)		(15,906)		
Net book value	414,179	8,777	22,578	144,380	6
Acquisition cost					
At January 1, 2021	499,195	8,777	38,484	144,380	6
Additions				158,465	
Other transfers and remeasurements			195,031	(195,602)	(2)
At December 31, 2021	499,195	8,777	233,515	107,243	4
Accumulated amortization					
At January 1, 2021	(85,016)		(15,906)		
Amortization	(18,809)		(11,478)		
Other transfers and remeasurements			420		(2)
At December 31, 2021	(103,825)		(26,964)		(2)
Net book value (R\$)	395,370	8,777	206,551	107,243	2
Net book value (US\$)	70,848	1,573	37,013	19,218	
Useful life (years)	13 a 36		5		

BRK Ambiental Participações S.A. and subsidiaries

Notes to the individual and consolidated financial statements at December 31, 2021

(In thousands of reais and U.S. dollars, unless otherwise stated)

	Consolidated					
	Water and wastewater system	Goodwill	Concession right and customer list	Software	Intangible assets under formation (i)	Others
						Total
<i>Continuing operations</i>						
Acquisition cost						
At January 1, 2020	2,525,107	8,777	1,169,659	46,414	44,359	3,795,821
Additions	20,829		2,021,584	1,365	100,915	2,144,693
Disposals	(1,016)					(1,016)
Transfers - contract assets	635,488		7,583			643,071
Other transfers	(783)			2,777	(894)	452
Transfer of investments (ii)	447,983		41,909	1,835		494,030
At December 31, 2020	3,627,608	8,777	3,240,735	52,391	144,380	7,077,051
Accumulated amortization						
At January 1, 2020	(675,440)		(272,281)	(13,619)		(962,125)
Amortization	(145,142)		(48,382)	(8,735)		(202,261)
Disposals	1,121					1,121
Other transfers	(103)			(8)		(103)
Transfer of investments (ii)	(204,145)		(13,403)	(1,283)		(221,134)
At December 31, 2020	(1,023,709)		(334,066)	(23,645)		(1,384,502)
Net book value	2,603,899	8,777	2,906,669	28,746	144,380	5,692,549
Acquisition cost						
At January 1, 2021	3,627,608	8,777	3,240,735	52,391	144,380	7,077,051
Additions	19,120		85,074	52	158,465	262,711
Disposals	(109)					(109)
Transfers - contract assets	729,527		2,463			731,990
Other movements	1,031			195,935	(195,602)	(1,785)
At December 31, 2021	4,377,177	8,777	3,328,272	248,378	107,243	8,069,858
Accumulated amortization						
At January 1, 2021	(1,023,709)		(334,066)	(23,645)		(1,384,502)
Amortization	(180,713)		(78,689)	(12,888)		(272,290)
Disposals	16					16
Other movements	(500)		(234)	354		2,701
At December 31, 2021	(1,204,906)		(412,989)	(36,179)		(1,654,075)
Net book value (R\$)	3,172,271	8,777	2,915,283	212,199	107,243	6,415,783
Net book value (US\$)	568,456	1,573	522,405	38,025	19,217	1,149,679
Useful life (years)	5 a 50		28 a 50	5 a 10		

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- (i) This refers mainly to the implementation of the new ERP system and to the development and improvement of commercial management software. On June 30, 2021, the SAP DI, SAP Concur and SAP Ariba systems were implemented. The Company expects capitalization of R\$ 84,670 – US\$ 15,172, with completion during 2022.
- (ii) This refers to the corporate reorganization process on September 30, 2020 (Note 1.1 (b)).

(a) Goodwill

The Company has recorded the amount of R\$ 8,777 – US\$ 1,573 related to goodwill from future profitability (“Goodwill”) in the subsidiary BRK Ativos Maduros.

14 Trade payables

The Company has contracts with several suppliers and contractors that provide services and supply materials for the operation of the provision of water treatment and distribution and sanitary wastewater services.

Note	Parent		Consolidated	
	2021	2020	2021	2020
	US\$	R\$	US\$	R\$
Acquisition of infrastructure			19,554	109,120
Services and materials for operation	7,318	40,837	23,138	129,119
Contractual retentions		2	2,537	14,155
Others	859	4,794	4,014	22,403
	8,177	45,633	49,243	274,797
				136,342

15 Loans and borrowings, debentures and lease liabilities

Note	Parent		Consolidated	
	2021	2020	2021	2020
	US\$	R\$	US\$	R\$
Total loans and borrowings	15.1		599,565	3,345,877
Total Lease liabilities	15.2	5,345	28,187	157,299
Total debentures	15.3	242,367	862,517	4,813,275
		1,352,526		3,834,610
		1,382,354	1,490,269	8,316,451
		1,123,861		7,186,725
(-) Current		(6,904)	(88,661)	(494,776)
		(38,525)		(656,873)
		(23,124)		
Non-current		240,808	1,401,608	7,821,675
		1,343,829		6,529,852
		1,100,737		

BRK Ambiental Participações S.A. and subsidiaries

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(In thousands of reais and U.S. dollars, unless otherwise stated)

15.1 Loans and borrowings

(a) Breakdown

Type and annual financial charges	Average annual charges	Maturity	Transaction costs incurred	Unappropriated cost balances	Consolidated		
					2021		2020
					R\$	US\$	R\$
Working capital	7.18%	Mar/2022 to Sep/2022			9,151	51,074	148,876
Structured (i)	8.14%	Jan/2022 to Nov/2041	31,222	(28,773)	595,570	3,323,576	3,072,416
(-) Transaction costs					(5,156)	(28,773)	(29,550)
Total			31,222	(28,773)	599,565	3,345,877	3,191,742
Total current					43,771	244,264	340,564
(-) Transaction costs					(359)	(2,001)	(1,935)
Current					43,412	242,263	338,629
Total non-current					560,950	3,130,386	2,880,728
(-) Transaction costs					(4,797)	(26,772)	(27,615)
Non-current					556,153	3,103,614	2,853,113
					599,565	3,345,877	3,191,742

- (i) Refers to all Project Finance contracted with BNDES, CEF, Banking and Trading Group Pactual ("BTG Pactual"), Inter-American Development Bank ("IDB"), Banco do Nordeste ("BNB") and Banco do Estado do Espírito Santo ("Banestes").

(b) Changes

	Parent		Consolidated	
	2020		2021	
	US\$	R\$	US\$	R\$
<u>Continuing operations</u>				
At the beginning of the year	36	201	571,946	3,191,742
(+) Addition of principal	26,880	150,000	84,013	468,832
(+) Addition of interest	675	3,768	47,186	263,320
(-) Repayment of principal	(26,921)	(150,232)	(59,916)	(334,347)
(-) Amortization of interest	(670)	(3,737)	(43,804)	(244,447)
(+) Transfer of investments (i)				237,227
(-) Addition of transaction costs	(279)	(1,558)	(218)	(1,219)
(+) Transaction costs	279	1,558	358	1,996
At the end of the year			599,565	3,345,877
				3,191,742

- (i) This refers to the corporate reorganization process on September 30, 2020 (Note 1.1 (b)).

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(c) Maturity

Non-current amounts mature as follows:

	2021	
	Consolidated	
	US\$	R\$
2023	32.108	179.178
2024	32.966	183.969
2025	34.502	192.538
2026	31.903	178.032
2027	33.665	187.866
2028	34.909	194.808
2029	39.551	220.713
2030	36.433	203.315
2031	42.878	239.280
2032	44.997	251.104
2033 onwards	192.243	1.072.811
	<u>556.153</u>	<u>3.103.614</u>

(d) Collaterals

The Group's subsidiaries seek to structure the financing for making their investments under project finance for the proper mitigation and allocation of the risks of these projects and they have the necessary support of shareholders to complete these projects. Accordingly, the breakdown of the collaterals offered for the Group' financing is presented below:

Type of collateral	Consolidated	
	2021	2020
	US\$	R\$
Surety from shareholders	27,723	154,708
Project (i)	20,536	114,603
Project and support from shareholders	<u>549,757</u>	<u>3,067,920</u>
Total collateralized	<u>598,016</u>	<u>3,337,231</u>
No collaterals	6,705	37,419
(-) Transaction costs	<u>(5,156)</u>	<u>(28,773)</u>
Total loans and borrowings	<u>599,565</u>	<u>3,345,877</u>

- (i) The collaterals for the projects comprise, in general, the assignment or pledge of credit rights, revenue and/or rights arising from the concessions, pledge of the subsidiaries' shares, and mortgage or pledge of plants and equipment. The Company's management monitors the collaterals and did not identify the need to recognize a liability arising from the collaterals offered.

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(e) Relevant information

We present below the loans and borrowings that were released in the year:

	Type	2021	
		US\$	R\$
Blumenau	Working capital	118	659
Goiás	Working capital	1,212	6,763
Macaé	Structured	2,610	14,563
Limeira	Structured	5,942	33,161
RMR	Working capital	42,149	235,210
Saneatins	Structured	26,108	145,697
Santa Gertrudes	Structured	6	32
Uruguaiana	Structured	5,868	32,747
		84,013	468,832

15.2 Lease liabilities

(a) Breakdown

Unit	Maturity	Consolidated	
		2021	2020
		US\$	R\$
Parent			
Company	Jan/2022 to Apr/2026	3,520	19,641
Company	May/2027	1,825	10,187
		5,345	29,828
Rio Claro	Jan/2022 to Aug/2024	320	1,786
Rio das Ostras	Mar/2022 to Jun/2023	53	296
Mauá	Jan/2022 to Dec/2024	603	3,363
Blumenau	Mar/2022 to Nov/2024	230	1,283
Santa Gertrudes	Jan/2022 to Oct/2024	155	867
Mairinque	Jan/2022 to Nov/2024	26	144
Uruguaiana	Jan/2022 to Sep/2036	297	1,656
Porto Ferreira	Jan/2022 to Feb/2026	119	665
Saneatins	Jan/2022 to Dec/2031	9,772	54,530
Araguaia	May/2022 to Sep/2042	210	1,171
Maranhão	May/2022 to Oct/2024	670	3,740
Sumaré	Jan/2022 to Aug/2024	725	4,045
Caçador	Jan/2022 to Oct/2024	269	1,500
Maceió	May/2023 to Oct/2026	2,090	11,664
Macaé	Nov/2022 to May/2024	111	618
Manso	Jan/2023 to Mar/2024	95	529
Goiás	Jan/2022 to Nov/2026	2,573	14,357
RMR	Mar/2022 to Feb/2030	3,220	17,968
Jaguaribe	Mar/2025	41	229
Cachoero	Mar/2022 to Dec/2025	362	2,021
Limeira	Jan/2022 to Mar/2026	901	5,039
Total		28,187	157,299
Current		7,377	41,167
Non-current		20,810	116,132
		28,187	157,299

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The main classes of assets in which the company has leases are: machinery and equipment, IT equipment, vehicles and properties. The discount rate used in the leases is the incremental rate. This rate is set at the date of the contract and remains the same throughout the lease term, the rates used vary between 7.66% and 19.56%.

The lease liabilities balance presented above includes transactions with the related party Ouro Verde in the amount of R\$ 56,445 – US\$ 10,115 (2020 – R\$ 49,304).

(b) Changes

	Parent		Consolidated	
	2021	2020	2021	2020
	US\$	R\$	US\$	R\$
<i>Continuing operations</i>				
At the beginning of the year	5,186	28,942	28,151	28,738
(+) Addition of principal	1,552	8,657	5,010	15,405
(-) Write-offs	(343)	(1,913)	(2)	(8,285)
(+/-) Remeasurements	(35)	(194)	(658)	(3,670)
(-) Repayment of principal	(1,506)	(8,406)	(11,098)	(61,932)
(+) Transfer of investments (i)				(48,460)
(+) Amortization of adjustment to present value	491	2,742	3,021	4,085
At the end of the year	5,345	29,828	28,942	28,187

- (i) This refers to the corporate reorganization process on September 30, 2020 (Note 1.1 (b)).

(c) Maturity

Non-current amounts mature as follows:

	Parent		Consolidated	
	US\$	R\$	US\$	R\$
	US\$	R\$	US\$	R\$
2023	877	4,894	6,573	36,683
2024	950	5,301	4,673	26,076
2025	1,046	5,835	2,027	11,314
2026	1,155	6,448	1,986	11,081
2027	480	2,680	1,329	7,419
2028			942	5,258
2029			1,042	5,814
2030			1,066	5,950
2031			1,157	6,458
2032			1	8
2033 onwards			14	71
	4,508	25,158	20,810	116,132

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(d) Additional information

In accordance with the basis for conclusion 161 and 162 of IASB, references in IFRS 16/CPC 06 (R2) and CVM Circular Letter No. 02/19 ("Official Letter 02/19"), Management used the incremental rate as a criterion for the calculation of the assets and liabilities that are within the scope of IFRS 16/CPC 06 (R2) and this is how they are presented in the Company's statement of financial position.

Management understands that the rate used represents the cash flows that are the closest to the actual flows and that they are in line with the characteristics of our contracts, as determined by item 27b of the official letter No. 02/19.

In order to meet the guidance in the letter and the required transparency, we present below the impacts on the statement of financial position and a comparison between nominal interest rates and effective interest rates. For the calculation of the effective rate, we used the index applied in each specific contract, mostly the General Market Price Index (IGP-M). The rates are applied to payment flows to determine their impacts on lease contracts.

	Consolidated	
	2021	2020
	US\$	R\$
<u>Nominal flow</u>		
Lease liabilities	38,141	212,850
Embedded interest	(9,955)	(55,551)
	<u>28,186</u>	<u>157,299</u>
		<u>160,373</u>
<u>Actual effective inflated flow</u>		
Lease liabilities	42,230	235,667
Embedded interest	(10,853)	(60,565)
	<u>31,377</u>	<u>175,102</u>
		<u>168,587</u>

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15.3 Debentures

(a) Breakdown

Type	Average annual charges	Maturity	Transaction costs incurred	Unappropriated cost balances	Consolidated		
					2021		2020
					R\$	US\$	R\$
Parent							
Working capital	10.08%	Sep/2025 to Sep/2034	31,007	(26,203)	247,062	1,378,729	1,123,066
(-) Transaction costs					(4,695)	(26,203)	(28,147)
					242,367	1,352,526	1,094,919
Subsidiaries							
Working capital	13.49%	May/2023 to Oct/2026	8,278	(7,152)	228,097	1,272,893	336,083
Concession	7.35%	Dec/2023 to Dec/2023	24,461	(18,866)	325,703	1,817,590	1,891,187
Structured	12.94%	Jul/2022 to Dec/2027	15,872	(1,633)	71,305	397,917	543,556
(-) Transaction costs					(4,955)	(27,651)	(31,135)
Total consolidated			79,618	(53,854)	862,517	4,813,275	3,834,610
Total short-term debentures					39,327	219,465	292,853
(-) Transaction costs					(1,455)	(8,119)	(6,797)
Current					37,872	211,346	286,056
Total long-term debentures					832,841	4,647,664	3,601,039
(-) Transaction costs					(8,196)	(45,735)	(52,485)
Non-current					824,645	4,601,929	3,548,554
					862,517	4,813,275	3,834,610

On May 10, 2021, the direct subsidiary Blumenau carried out the 1st issue of simple non-convertible debentures, with additional personal guarantee, in a single series, in the amount of R\$ 62,000 – US\$ 11,110, maturing on May 10, 2023.

On June 16, 2021, the indirect subsidiary Goiás carried out the 1st issue of simple non-convertible debentures, with additional personal guarantee, in a single series, in the amount of R\$ 150,000 – US\$ 26,879, maturing on June 16, 2023.

On June 25, 2021, the indirect subsidiary RDO carried out the 3rd issue of simple, non-convertible, unsecured debentures, with additional personal guarantee, in a single series, in the amount of R\$ 140,000 – US\$ 25,087, maturing on June 28, 2023, for the early settlement of the 2nd issue of debentures that took place on June 30, 2021 in the amount of R\$ 62,000 – US\$ 11,110 and the early settlement of the borrowing agreement with the BNDES that took place on July 8, 2021.

On July 1, 2021, the Company carried out the 9th issue of simple non-convertible debentures, in a single series, in the amount of R\$ 200,000 – US\$ 35,839, maturing on July 1, 2026 and completed the operation on August 2, 2021.

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On July 21, 2021, the direct subsidiary Caçador carried out the 1st issue of simple non-convertible debentures, in a single series, in the amount of R\$ 42,000 – US\$ 7,526, maturing on July 5, 2023.

On September 13, 2021, the direct subsidiary Sumaré carried out the 5th issue of simple non-convertible debentures, in a single series, in the amount of R\$ 201,000 – US\$ 36,018, maturing on September 9, 2023.

On October 26, 2021, the direct subsidiary Macaé carried out the 2nd issue of simple non-convertible debentures, in a single series, in the amount of R\$ 74,000 – US\$ 13,260, maturing on October 20, 2026.

On December 7, 2021, the direct subsidiary BRK NE carried out the 1st issue of simple non-convertible debentures, in a single series, in the amount of R\$ 320,000 – US\$ 57,343, maturing on December 9, 2023.

(b) Changes

	Parent		Consolidated	
	2021	2020	2021	2020
	US\$	R\$	US\$	R\$
<i>Continuing operations</i>				
At the beginning of the year	196,204	1,094,919	908,526	687,145
(+) New issues	35,839	200,000	1,600,000	213,063
(+) Financial charges	21,992	122,729	63,690	63,500
(-) Repayment of principal			(1,408,229)	(48,685)
(-) Amortization of interest	(12,018)	(67,066)	(45,947)	(53,479)
(+) Transfer of investments (i)				2,284
(-) Addition of transaction costs	(346)	(1,931)	(2,323)	(12,965)
(+) Transaction costs	696	3,875	13,178	3,296
At the end of the year	242,367	1,352,526	1,094,919	862,517

- (i) This refers to the corporate reorganization process on September 30, 2020 (Note 1.1 (b)).

(c) Maturity

Non-current amounts mature as follows:

	Parent		Consolidated	
	2021		2021	
	US\$	R\$	US\$	R\$
2023			493,252	2,752,591
2024	69,744	389,206	78,374	437,365
2025	70,608	394,026	123,920	691,538
2026	35,394	197,515	58,326	325,489
2027	14,660	81,808	10,218	57,022
2031	23,025	128,491	14,660	81,808
2032	22,869	127,625	22,870	127,625
2033 onwards	236,300	1,318,671	824,645	4,601,929

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(d) Collaterals

The characteristics of the collaterals for the debentures are similar to those described for loans and borrowings (Note 15.1 (d)) and the breakdown of these collaterals is as follows:

Type of collateral	Parent		Consolidated	
	2021	2020	2021	2020
	US\$	R\$	US\$	R\$
Surety from shareholders			228,097	1,272,893
Project			51,376	286,706
Project and support from shareholders			345,632	1,928,801
Total collateralized			625,105	3,488,400
No collaterals	247,062	1,378,729	247,062	1,378,729
(-) Transaction costs	(4,695)	(26,203)	(9,650)	(53,854)
Total debentures	242,367	1,352,526	862,517	4,813,275

15.4 Schedule for the amortization of loan, borrowing and debenture transaction costs

The table below shows the schedule of the annual effects on finance costs arising from the amortization of the transaction costs:

	Parent						
	2022	2023	2024	2025	2026	2027	2028 onwards
Debt service	(4,148)	(4,148)	(4,148)	(3,474)	(1,329)	(1,156)	(7,800)
At December 31, 2021	(4,148)	(4,148)	(4,148)	(3,474)	(1,329)	(1,156)	(7,800)
At December 31, 2021 (US\$)	(743)	(743)	(743)	(623)	(238)	(207)	(1,398)
	Consolidated						
	2022	2023	2024	2025	2026	2027	2028 onwards
Loans and borrowings	(2,001)	(2,009)	(2,009)	(2,009)	(2,009)	(2,009)	(16,727)
Debt service	(8,119)	(26,605)	(5,117)	(3,590)	(1,431)	(1,190)	(7,802)
At December 31, 2021	(10,120)	(28,614)	(7,126)	(5,599)	(3,440)	(3,199)	(24,529)
At December 31, 2020 (US\$)	(1,813)	(5,127)	(1,277)	(1,003)	(616)	(573)	(4,397)

15.5 Covenants

The loan and borrowing agreements and deeds of debentures of the Group have covenants based on certain financial ratios (Debt Service Coverage Ratio - DCSR, debt-to-equity ratio, among others) for the fulfillment of special guarantees. The penalty for non-compliance with these covenants is the possibility of the early payment of the debt.

The Company and its subsidiaries were in compliance with the covenants related to loans, borrowings and debentures.

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16 Salaries and payroll charges

Nota explicativa	Parent		Consolidated	
	2021	2020	2021	2020
	US\$	R\$	US\$	R\$
Salaries	39	215	635	3,194
Payroll charges	1,200	6,696	3,829	21,366
Provision for vacation pay	2,771	15,462	9,077	50,656
Benefits	15	87	65	366
Profit sharing (i)	6,605	36,861	13,043	72,784
	10,630	59,321	26,649	137,652

- (i) This refers to the provision based on the regular measurement of compliance with the Group's targets and results, observing the accrual basis of accounting and the recognition of the present obligation arising from a past event, in the estimated amount of the outflow of resources in the future. The provision is recorded as cost of services provided or operating expenses in accordance with the activity of the employee.

17 Concession rights payable

	Consolidated	
	2021	2020
	US\$	R\$
Fixed concession (i)		
Santa Gertrudes	4	21
Saneatins	949	5,296
Goias	37,059	206,808
RMM (ii)		1,395,054
	38,012	212,125
Variable concession	1,822	10,165
	39,834	222,290
(-) Current	(3,270)	(18,246)
Non-current	36,564	204,044

- (i) This refers to the remaining balance of the right to explore the water and wastewater concession agreement that will be paid to the Concession Grantor.
- (ii) This refers to an obligation with the Concession Grantor, amounting to R\$ 1,395,054 – US\$ 249,987, partially settled on July 2, 2021 in the amount of R\$ 1,241,598 – US\$ 222,489 and the remaining amount of R\$ 153,456 – US\$ 27,499 was paid on September 1, 2021, in accordance with the amendment to the concession agreement of June 11, 2021.

The amounts used for payment came from the restricted fund balance (Note 7) and capital contributions from the Company.

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18 Dividends and interest on capital payable

(a) Breakdown

	Parent		Consolidated	
	2021	2020	2021	2020
	US\$	R\$	US\$	R\$
Dividends payable				
BR FIP	2,715	15,153	2,715	15,153
FI-FGTS	1,164	6,495	1,164	6,495
Construtora Central do Brasil S.A. ("CCB")		2,824		2,824
Latam Water Participações Ltda			1,869	1,669
Companhia de Saneamento Básico do Estado de São Paulo - SABESP			42	10,136
	3,879	21,648	5,790	23,850
Interest on capital payable				
Latam Water Participações Ltda			690	3,854
			690	3,854
	3,879	21,648	6,480	27,704
(-) Current	(3,879)	(21,648)	(4,120)	(12,864)
Non-current			2,360	14,840

On April 30, 2021, the Company's shareholders approved the allocation of the mandatory minimum dividends in the amount of R\$ 9,415 – US\$ 1,687, in the proportion of the shareholders' interest, determined in 2020 to the revenue reserve of retention of profits.

(b) Changes

	Parent			
	Opening balance	Provision	Reversal of mandatory minimum dividends	Closing balance
	R\$	US\$	R\$	R\$
Dividends payable				
BR FIP	6,591	15,154	(6,591)	2,715
FI-FGTS	2,824	6,494	(2,824)	1,164
At December 31, 2021	9,415	21,648	(9,415)	3,879
At December 31, 2020		9,415		9,415

	Consolidated			
	Opening balance	Provision	Payment	Reversal of mandatory minimum dividends
	R\$	US\$	R\$	R\$
Interest on capital				
Latam Water Participações Ltda	3,854			691
Dividends payable				
BR FIP	8,998	15,153	(2,407)	(6,591)
FI-FGTS	2,824	6,495		(2,824)
CCB	1,669			(1,669)
Latam Water Participações Ltda	10,136	1,259	(966)	1,869
Companhia de Saneamento Básico do Estado de São Paulo - SABESP	223	10		41
	23,850	22,917	(3,373)	(11,084)
At December 31, 2021	27,704	22,917	(3,373)	6,480
At December 31, 2020	14,287	15,574	(8,365)	6,208

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19 Provision for contingencies

The changes in the provision for legal proceedings were as follows:

	Civil claims	Labor and social security claims	Environmental claims	Consolidated Total
At January 1, 2021	15,719	6,305	153	22,177
(+) Additional provisions recognized (including interest and monetary adjustment)	11,976	2,764	1,839	16,579
(-) Reductions from remeasurement and unused amounts, reversed	(2,268)	(2,419)		(4,687)
(+) Payments	(11,787)	(147)	(1,809)	(13,743)
At December 31, 2021 (R\$)	13,640	6,503	183	20,326
At December 31, 2021 (US\$)	2,444	1,165	33	3,642

The provision for contingencies was calculated in accordance with the report on tax, civil, labor and environmental claims prepared based on the assessment of internal and external legal advisors and it takes into consideration the claims in which the Group companies are defendants and for which the loss is classified as more probable, that is, over a 50% probability of occurrence.

(a) Claims for which the chances of a loss are classified as possible

The Group's companies are parties to other proceedings that are in progress at the administrative and judicial levels before different courts for which the chances of a loss are considered possible and, for this reason, no provision for losses was recognized.

Civil claims - These refer to administrative and judicial proceedings indicated as civil claims that involve mainly claims arising from consumption relationship and civil liability, real estate matters and lawsuits that address compliance with regulatory, contractual and tax and social security obligations amounting to R\$ 177,036 – US\$ 31,724 (2020 - R\$ 172,897), and comprise many different claims.

Labor claims - These refer to administrative and judicial labor proceedings. These proceedings address mainly payroll charges that are allegedly in default claimed by its own and outsourced employees filed with different courts, amounting to R\$ 28,641 – US\$ 5,092 (2020 – R\$ 25,295), and comprise many different claims.

Environmental claims - These refer to administrative and judicial proceedings that involve mainly claims arising from affirmative and negative covenants that provide for fines for non-compliance in addition to the application of environmental penalties in the amount of R\$ 93,216 – US\$ 16,704 (2020 – R\$ 92,302), which are represented mainly by administrative assessments related to non-compliance with a commitment agreement.

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In addition to the cases mentioned above, there is a follow-up of the request for nullity of the concession agreement of Maranhão, in which there was a lower court decision in a Public Civil Action of March 5, 2018, rendering the concession agreement of BRK Ambiental Maranhão S.A. null and void, and that on March 20, 2018, this lower court decision was suspended by the Court of Justice of the State of Maranhão until the ruling on the case. Also, in a Direct Action for the Declaration of Unconstitutionality (ADI) filed by the Prosecution Office (MP) challenging the law that authorized the concession (and which, in theory, could result in the annulment of the concession), the injunction requested was denied by the Court of Justice of Maranhão, which demonstrates that the majority of judges understood the constitutionality of the aforementioned law and the concession. The Prosecution Office challenged the denial of the preliminary injunction, and the Court of Justice of Maranhão confirmed the denial on June 30, 2021. Both proceedings will have their merits judged by the Court of Justice of Maranhão in the future, with no set date. If, in the future, a final decision determining the annulment of the concession agreement is handed down, the subsidiary would be entitled to claim indemnification, encompassing the unamortized investments, as well as the maintenance of the concession agreement until such indemnification is actually paid. Based on the opinion of its legal advisors, the Company assessed the two legal claims mentioned above (ACP and ADI) as low risk, supported also by a court decision for ACP issued in March 2018 by the judge-rapporteur of the appeals, therefore stabilized for four years, which prevents the effects of the decision from taking effect until the ruling on the case by the court. The suspensive decision is so consolidated that, in practice, its reversal before the ruling on the merit of the claims is unlikely, thus maintaining the concessionaire's operations.

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Management believes that the procedures adopted by the defense are legally sound. We present below the breakdown of proceedings considered as possible loss:

	Consolidated			
	Civil claims	Labor claims	Environmental claims	Total
Company	35,832	2,634		38,466
Araguaia	916		19	935
Blumenau	2,778	210	69	3,057
Mauá	14,797	1,216		16,013
Porto Ferreira	693		41	734
Rio Claro	86	195		281
Rio das Ostras	12,949	33	10,050	23,032
Santa Gertrudes	52	18	66	136
Sumaré	596	4,457	15	5,068
Uruguaiana	903	302		1,205
Maranhão	7,463	1,210	1,528	10,201
Digital	2	73		75
Mairinque	311	117		428
Saneatins	53,693	853	59,578	114,124
Caçador	667		4	671
Macaé	3,586	1,269	44	4,899
RMR	18,826	11,261	5,681	35,768
Manso	2,382			2,382
Goiás	2,159	195	14,923	17,277
RMM	12,112	78	1,050	13,240
BRK Op Industriais	3	337		340
Ecoaquia	168			168
Cachoeiro	1,740	541	5	2,286
Jaguaribe		978		978
Capivari	77			77
Limeira	4,245	2,439	143	6,827
At December 31, 2021 (R\$)	177,036	28,416	93,216	298,668
At December 31, 2021 (US\$)	31,724	5,092	16,704	53,520

20 Current and deferred income tax and social contribution

(a) Breakdown of and changes in deferred income tax and social contribution

	Parent		Consolidated	
	2021	2020	2021	2020
	US\$	R\$	US\$	R\$
Breakdown in the statement of financial position (non-current)				
Deferred tax assets			37,911	211,560
Deferred tax liabilities	(22,914)	(127,873)	(108,608)	(568,080)
	(22,914)	(127,873)	(70,697)	(386,965)

Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences and tax losses can be utilized, based on projections of future results prepared using internal assumptions and future economic scenarios that may, therefore, change. In accordance with the technical study prepared by the Company, the expected future taxable profit permits the recovery of the existing deferred tax asset and settlement of the existing deferred tax liability in accordance with the estimate below:

Should there be relevant factors that change the projections, these projections will be reviewed in the respective years. The aforementioned credits can be offset against the future taxable profits of the Group and they do not expire.

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	Consolidated	
	US\$	R\$
Deferred tax assets		
Deferred tax assets to be recovered within 12 months	912	5,087
Deferred tax assets to be recovered after 12 months	87,162	486,405
	88,074	491,492
The expectation of realization of deferred tax assets per year is as follows:		
2021	912	5,087
2022	2,652	14,802
2023	3,070	17,130
2024	4,816	26,878
2025	4,436	24,753
2026	3,529	19,691
2027	6,543	36,516
2028	8,914	49,742
2029	7,163	39,973
2030	10,976	61,252
Other years	35,063	195,668
	88,074	491,492

	Parent		Consolidated	
	US\$	R\$	US\$	R\$
Deferred tax liabilities				
Deferred tax liabilities to be settled in up to 12 months	(1,053)	(5,878)	(6,039)	(33,699)
Deferred tax liabilities to be settled after 12 months	(21,861)	(121,995)	(152,732)	(852,322)
	(22,914)	(127,873)	(158,771)	(886,021)
The expectation of realization of deferred tax liabilities per year is as follows:				
2021	(1,053)	(5,878)	(6,039)	(33,699)
2022	(1,053)	(5,878)	(21,892)	(122,169)
2023	(1,053)	(5,878)	(33,112)	(184,784)
2024	(1,053)	(5,878)	(5,833)	(32,549)
2025	(1,053)	(5,878)	(4,268)	(23,820)
2026	(1,053)	(5,878)	(10,438)	(58,247)
2027	(1,053)	(5,878)	(10,073)	(56,213)
2028	(794)	(4,432)	(10,342)	(57,713)
2029	(794)	(4,432)	(7,624)	(42,545)
2030	(800)	(4,466)	(3,660)	(20,425)
Other years	(13,155)	(73,397)	(45,490)	(253,857)
	(22,914)	(127,873)	(158,771)	(886,021)

The changes in deferred income tax and social contribution assets and liabilities in the year, taking into consideration the offset of the balances, are as follows:

	Parent		
	Recognized in the statement of profit or loss		
	2020	2021	
	R\$	US\$	R\$
Deferred tax liabilities			
Business combinations surplus value (property and equipment and intangible assets)	(139,203)	6,341	(23,808)
Other temporary differences arising from Law No. 12,973	1,979	3,010	894
	(137,224)	9,351	(22,914)
			(127,873)

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Deferred tax assets	Consolidated				
	2019	Recognized in the statement of profit or loss	Recognized in the statement of profit or loss - discontinued operations	Transfer of investments (I)	Recognized directly in equity
					Others
					2020
					R\$
Income tax and social contribution loss carryforwards	331,347	35,535			366,882
Provisions	33,212	(2,859)		3,980	34,333
Other temporary differences arising from Law No. 12,973	5,687	(5,707)		360	340
Goodwill (CVM Instruction No. 319/99)	1,889	(1,408)			481
Law No. 9,656 - Post-employment benefit obligations	9,354	1,294		860	10,077
IFRS 16		2,922		103	3,025
Deferred assets	381,489	29,777		5,303	(1,431)
Offset under CPC 32 (IAS 12)	(209,977)				(24,046)
	171,512	29,777		5,303	(1,431)
					(24,046)
					181,115
Deferred tax liabilities					
Deferred income (governmental bodies)	(132,611)	(34,546)			(167,157)
Revenue from and costs of construction - concessions - intangible assets	(4,358)	4,251		(2,239)	(2,346)
Revenue from and costs of construction and finance income - concessions/financial asset contracts	(86,159)	(3,074)		(50,976)	(140,209)
Capitalization of interest and transaction costs	(183,769)	(44,536)		(9,549)	(237,854)
Difference in the amortization rate of intangible assets		96		(9,693)	(9,597)
Goodwill (CVM Instruction No. 319/99)	(5,123)	234			(4,889)
Goodwill from business combination (property and equipment and intangible assets)	(231,191)	12,146			(219,045)
Other temporary differences arising from Law No. 12,973	(27,413)	6,588			(20,825)
Other temporary differences arising from Law No. 12,973 - discontinued operations	1,466		(173)	(1,221)	173
IFRS 16		(408)		(18)	245
Deferred liabilities	(669,158)	(59,249)	(173)	(73,696)	173
Offset under CPC 32 (IAS 12)	209,977				24,046
	(459,181)	(59,249)	(173)	(73,696)	24,219
					(568,080)
Total	(287,669)	(29,472)			(386,965)

Deferred tax assets	Consolidated				
	2020	Recognized in the statement of profit or loss	Recognized directly in equity	Others	2021
					R\$
Income tax and social contribution loss carryforwards	366,882	85,040			451,922
Provisions	34,333	(7,749)		80,982	26,584
Other temporary differences arising from Law No. 12,973	(104,209)	(4,330)		4,764	(104,559)
Goodwill (CVM Instruction No. 319/99)	481	(481)		42	236
Law No. 9,656 - Post-employment benefit obligations	10,077	1,353	(3,045)	1,503	8,385
IFRS 16	3,025	1,340		783	4,365
Deferred assets	415,138	79,399	(3,045)		491,492
Offset under CPC 32 (IAS 12)	(234,023)			(45,909)	(279,932)
	181,115	79,399	(3,045)	(45,909)	37,911
					211,560
Deferred tax liabilities					
Deferred income (governmental bodies)	(167,157)	(24,871)		(34,411)	(192,028)
Revenue from and costs of construction - concession - intangible assets	(2,346)	(5,645)		(1,432)	(7,991)
Revenue from and costs of construction and finance income - concessions/financial asset contracts	(140,209)	(4,330)		(25,901)	(164,559)
Capitalization of interest and transaction costs	(237,854)	(64,527)		(54,185)	(302,381)
Difference in the amortization rate of intangible assets	(9,597)	384		(1,651)	(9,213)
Goodwill (CVM Instruction No. 319/99)	(4,889)	233		(834)	(4,666)
Goodwill from business combination (property and equipment and intangible assets)	(219,045)	10,881		(37,302)	(206,164)
Other temporary differences arising from Law No. 12,973	(20,825)	4,858		(2,861)	(15,967)
Other temporary differences arising from Law No. 12,973 - discontinued operations	245			44	245
IFRS 16	(426)	(901)		(238)	(1,327)
Deferred liabilities	(802,103)	(83,918)		(158,771)	(886,021)
Offset under CPC 32 (IAS 12)	234,023			45,909	279,932
	(568,080)	(83,918)		45,909	(606,089)
					(394,529)
Total	(386,965)	(4,519)	(3,045)	(70,697)	(394,529)

The deferred tax assets are recognized, for tax losses and temporary differences, in the proportion of the probability of the realization of the related tax benefit by means of future taxable profit and, for this reason, the Group did not recognize deferred tax assets in the amount of R\$ 144,250 – US\$ 25,849, accumulated through December 31, 2021, with respect to losses amounting to R\$ 424,266 – US\$ 76,027, arising mainly from the Company and the subsidiaries BRK PNI, RDOPar and Ecoaqua Soluções, which may be offset against future taxable profit under applicable legislation. These losses, in spite of not being recognized, do not expire, in accordance with current legislation.

BRK Ambiental Participações S.A. and subsidiaries

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(b) Reconciliation of the nominal rate with the effective rate

The Group's income tax and social contribution, before income tax and social contribution, differ from the theoretical value that would be obtained with the use of the nominal income tax and social contribution rate applicable to the individual and consolidated profit, as follows:

	Parent		Consolidated	
	2021	2020	2021	2020
	US\$	R\$	US\$	R\$
Profit before income tax and social contribution of continuing operations	14,296	79,779	35,366	27,199
Profit before income tax and social contribution of discontinued operations	(372)	(2,075)	(7,064)	(372)
Nominal rate	34%	34%	34%	34%
Income tax and social contribution at the nominal rate of continuing operations	(4,861)	(27,125)	(12,024)	(9,248)
Income tax and social contribution at the nominal rate of discontinued operations	126	706	126	706
Effect of permanent additions (exclusions)	6,411	35,770	(1,713)	(9,563)
Share of profit (loss) of continuing operations	8,822	49,231	48,032	(161)
Share of profit (loss) of discontinued operations	(126)	(706)	(2,402)	(901)
Exclusions of discontinued operations			(127)	(706)
Tax incentives			2,098	11,710
Donations	(217)	(1,210)	(1,845)	(421)
Fines			(6)	(34)
Interest on capital			(629)	
Unrecognized deferred income tax and social contribution loss carryforwards (current year)	(1,711)	(9,548)	(18,361)	(2,824)
Unrecognized deferred income tax and social contribution loss carryforwards (previous years)			(11)	(64)
Others	(357)	(1,997)	(3,834)	(1,462)
Income tax and social contribution credit (expense)	1,550	8,645	8,937	(10,835)
Breakdown of income tax and social contribution:				
Current income tax and social contribution of continuing operations			(10,025)	(55,945)
Deferred income tax and social contribution of continuing operations	1,676	9,351	(810)	(4,519)
Deferred income tax and social contribution of discontinued operations				(173)
Income tax and social contribution credit (expense)	1,676	9,351	(10,835)	(60,464)
Effective rate	12.03%	12.03%	40.06%	-40.39%

BRK Ambiental Participações S.A. and subsidiaries

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21 Transactions with related parties

The following transactions were carried out with related parties:

	Annual effective interest rate	Maturity	Current assets	Non-current assets	Non-current liabilities	Related parties	General and administrative expenses	Profit (loss)	Parent
									2020
<i>Loan (i)</i>									
Araguaia	CDI + 4.5%	Dec/2022		1,841				127	
Ecoagua	CDI + 3%	Dec/2022			8,628			(236)	
FAB, Zona Oeste	CDI + 2.25%	Jan/2022		11,504				4	
Goiás	CDI + 2.5%	Jun/2021	46,057					1,132	
Goiás	CDI + 2%	Jan/2022 to Dec/2038		66,016				2,026	
Limeira	CDI + 2% to 5%	Dec/2039		2,800				1,867	
Macaé	CDI + 2.5%	Dec/2022 to Dec/2038		86,066				4,981	
Mairinque								614	
Manso	CDI + 4%	Dec/2027		75,900				4,874	
Maranhão	CDI + 2% to 2.5%	Jan/2022 to Dec/2040		102,297				4,662	
Porto Ferreira	CDI + 1.5% to 5%	Jan/2022 to Dec/2033		17,859				749	
Rio das Ostras								1,440	
RMR	CDI + 2.25% to 4.25%	Jun/2021	65,926					1,551	
RMR	CDI + 2% to 5%	Jan/2022 to Dec/2037		13,370				4,419	
Saneatins	CDI + 4.75%	Dec/2021 to Jan/2022	38,485					3,460	
Saneatins	CDI + 2.98% to 4.55%	Jan/2022 to Dec/2038		296,682				15,940	
Santa Gertrudes	CDI + 3%	Dec/2037		6,846				378	
Sumaré								692	
Uruguiana	CDI + 2% to 2.5%	Jun/2021	6,409					219	
Uruguiana	CDI + 2% to 5%	Jan/2022 to Dec/2037		56,641				1,955	
Caçador								113	
Others								11	
			156,877	737,822	8,628			50,978	
<i>Other related parties (ii)</i>									
Araguaia				9,526			2,295	437	
Blumenau				441			4,571		
BRK Negócios Industriais				137			112		
Caçador				1,349			2,042	130	
Cachoeiro				2,244			8,247		
Centro Norte Participações				11,001			131	2,917	
F. AB, Zona Oeste				3,032	12		9,938		
Goiás				25,430			16,531	1,025	
Jaguaribe				479			5,060		
Limeira				8,765			17,441	850	
Macaé				3,186			7,349	2,087	
Manso				1,642			9,511		
Maranhão				35,992			9,389	555	
Mauá				862	100		8,389	48	
Porto Ferreira				5,828			2,889		
Rio das Ostras - Consolidated				48,394			6,757	3,100	
RMR				71,862			32,494	7,113	
Saneatins				114,763			53,702	1,278	
Sumaré				18,085			11,015	3,042	
Uruguiana				9,300			6,268	496	
Others				15,880	48		6,486	667	
				388,198	160		220,617	23,745	
			156,877	1,126,020	8,788		220,617	74,723	

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	Annual effective interest rate	Maturity	Parent			
			Current assets	Non-current assets	Non-current liabilities	Profit (loss)
					Related parties	General and administrative expenses
						Finance income (costs)
						2021
<u>Loan (i)</u>						
Araguaia	CDI + 4.5%	Dec/2025		2,009		167
Ecoaquia	Selic 100%	Dec/2030			8,891	(374)
FAB, Zona Oeste	CDI + 3% to 5%	May/2022 to Jul/2022	15,688			534
Goiás	CDI + 2.25% to 5%	Jan/2022	65,303			2,818
Goiás	CDI + 2% to 5%	Jan/2023 to Dec/2038		157,310		7,402
Limeira	CDI + 2% to 5%	Dec/2039		2,246		152
Macaé	CDI + 3.5%	Dec/2038		85,971		7,715
Manso	CDI + 4%	Dec/2027		82,393		6,493
Maranhão	CDI + 2% to 5%	Dec/2040		38,814		8,535
Porto Ferreira	CDI + 1.5% to 5%	Jan/2023 to Dec/2033		21,714		1,088
RMR						5,535
Saneatins	CDI + 1.7% to 4.75%	Jan/2023 to Dec/2038		359,101		26,791
Santa Gertrudes	CDI + 3% to 5%	Dec/2037		8,387		516
Sumaré						407
Uruguiana	CDI + 2.25% to 5%	Jan/2022	1,680			170
Uruguiana	CDI + 2% to 5%	Jan/2023 to Dec/2037		55,299		3,588
			82,671	813,244	8,891	71,537
<u>Other related parties (ii)</u>						
Araguaia				11,971		372
Blumenau				1,256		669
BRK Negócios Industriais				110		
Caçador				1,562		521
Cachoeiro				1,644		
Centro Norte Participações				15,694		4,446
F. AB, Zona Oeste			12	1,025	12	
Goiás				35,600		1,013
Jaguaribe				914		
Limeira				15,159		2,285
Macaé				11,770		2,581
Maceio				9,386		30,964
Manso				776		
Maranhão				46,102		542
Mauá				949	100	39
Porto Ferreira				8,881		
Rio das Ostras - Consolidado				37,430	45	2,952
RMR				43,561		10,557
Saneatins				170,487		1,954
Sumaré				3,034		2,667
Uruguiana				16,754		540
Others				19,675	48	957
			12	453,740	205	63,059
In R\$			82,683	1,266,984	9,096	134,596
In US\$			14,816	227,038	1,630	24,119

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			Consolidated		
			Non-current assets	Non-current liabilities	Profit (loss)
				General and administrative expenses	Finance income (costs)
	Annual effective interest rate	Maturity	Related parties		
			2020		
<u>Loan (i)</u>					
Subsidiaries					
F. AB, Zona Oeste	CDI + 4.25%	Jan/2022	11,504		1,429
Limeira			11,504		1,429
Related companies					
CCB	CDI + 2% to 5%	Jan/2022 to Dec/2038		48,748	23
				48,748	23
			11,504	48,748	1,452
<u>Other related parties (ii)</u>					
Subsidiaries					
BRK Ativos Maduros					142
Cachoeiro					5,941
Capivari					648
F. AB, Zona Oeste			3,032	302	10,228
Jaguaribe					3,775
Limeira					13,367
Others					35,030
			3,032	302	69,131
					12,083
Related companies					
CCB			856		179
			856		179
			3,888	302	69,131
					12,262
			15,392	49,050	69,131
					13,714

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(In thousands of reais and U.S. dollars, unless otherwise stated)

			Consolidated			
			Current assets	Non-current assets	Non-current liabilities	Profit (loss)
					Related parties	General and administrative expenses
	Annual effective interest rate	Maturity				Finance income (costs)
						2021
<u>Loan (i)</u>						
Subsidiaries						
F. AB, Zona Oeste	CDI + 3% to 5%	May/2022 to Jul/2022	15,688			534
			15,688			534
Related companies						
CCB	CDI + 2% to 5%	Jan/2023 to Dec/2038			103,546	(4,595)
			15,688		103,546	(4,061)
<u>Other related parties (ii)</u>						
Subsidiaries						
F. AB, Zona Oeste			12	1,025	456	10,576
			12	1,025	456	10,576
Related companies						
CCB				1,556		700
Others				7		30
				1,563		730
			12	2,588	456	55,375
			15,700	2,588	104,002	(3,331)
In US\$			2,813	464	18,637	(596)

- (i) Loan agreements maintained between the Company and its subsidiaries represent usual and recurring transactions, such as the coverage of operating cash deficits, performance of investments and compliance with the financial obligations provided for in loan, borrowing and debenture contracts of these subsidiaries. The remuneration and maturity of these agreements are presented in the table above and their classification in current and non-current assets and liabilities takes into consideration the maturity term established in each agreement, in accordance with the general criteria provided for in IAS 01/CPC 26. The loan agreements outstanding at December 31, 2021, classified in current assets, have, substantially, the same characteristics as the bridge loans made to the subsidiaries whose projects for investment in infrastructure have the Company as sponsor and follow the investment schedule of the concessions.
- (ii) This refers mainly to the apportionment of expenses, in accordance with the agreement between the parties, with no financial charges and with an undetermined maturity date.

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(a) Compensation of key management personnel

Key management personnel include members of the Board of Directors and executive officers. The compensation paid or payable to key management personnel for services provided is presented below:

	Consolidated		
	2021		2020
	US\$		R\$
Salaries and other short-term benefits	2,414	13,471	16,781
Termination benefits			254
Post-employment benefits	25	139	127
Other long-term benefits	47	265	233
	<u>2,486</u>	<u>13,875</u>	<u>17,395</u>

(b) Lease liabilities with related parties

Consolidated					
Lessor	Lessee	Maturity	2021		2020
			US\$	R\$	R\$
Caçador	Ouro Verde	Jan/2022 to Oct/2024	198	1,105	853
Sumaré	Ouro Verde	Jan/2022 to Aug/2024	629	3,511	1,158
Araguaia	Ouro Verde	May/2022 to Sep/2042	133	741	216
Mauá	Ouro Verde	Jan/2022 to Dec/2024	549	3,061	4,172
Rio Claro	Ouro Verde	Jan/2022 to Aug/2024	274	1,531	2,296
Saneatins	Ouro Verde	Jan/2022 to Dec/2031	1,364	7,612	8,386
Santa Gertrudes	Ouro Verde	Jan/2022 to Oct/2024	124	690	904
Uruguaiana	Ouro Verde	Jan/2022 to Sep/2036	106	592	705
Maranhão	Ouro Verde	May/2022 to Oct/2024	485	2,709	2,595
Goiás	Ouro Verde	Jan/2022 to Nov/2026	1,708	9,531	8,093
RMR	Ouro Verde	Mar/2022 to Feb/2030	2,019	11,267	16,144
Maceió	Ouro Verde	May/2023 to Oct/2026	1,268	7,075	
Macaé	Ouro Verde	Nov/2022 to May/2024	47	265	404
Manso	Ouro Verde	Jan/2023 to Mar/2024	39	220	
Rio das Ostras	Ouro Verde	Mar/2022 to Jun/2023	28	159	304
Limeira	Ouro Verde	Jan/2022 to Mar/2026	701	3,910	2,726
Cachoeiro	Ouro Verde	Mar/2022 to Dec/2025	197	1,100	348
Blumenau	Ouro Verde	Mar/2022 to Nov/2024	186	1,036	
Porto Ferreira	Ouro Verde	Jan/2022 to Feb/2026	60	330	
Total			<u>10,115</u>	<u>56,445</u>	<u>49,304</u>
Current			<u>3,349</u>	<u>18,689</u>	<u>11,436</u>
Non-current			<u>6,766</u>	<u>37,756</u>	<u>37,868</u>
			<u>10,115</u>	<u>56,445</u>	<u>49,304</u>

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(c) Other related parties

	Non-current assets		Non-Current liabilities		Profit (loss)	
	Contract assets		Trade payables		Operating costs/ expenses	
	2021	2020	2021	2020	2021	2020
Other related parties - Brookfield Group						
Brookfield Brasil Ltda (i)					2,859	1,616
Brookfield Energia Comercializadora Ltda (ii)			136		12,553	1,456
Ascenty Data Centers e Telecomunicações (iii)			51		653	224
			51	136	16,065	3,296
Non-controlling interests						
CCB (iv)	123,231	68,756	546			
	123,231	68,756	546			
In R\$	123,231	68,756	597	136	16,065	3,296
In US\$	22,082	12,321	107	24	2,879	591

- (i) On August 1, 2018, the Company signed an agreement for reimbursement of expenses with Brookfield Brasil Ltda. with maturity on July 13, 2021.
- (ii) On June 17, 2020, the direct subsidiaries Blumenau and Uruguaiana and the indirect subsidiaries RMR and Saneatins signed an agreement for the supply of electric energy with maturity on December 31, 2031.
- (iii) On May 11, 2020, the Company signed an agreement for data center and IT infrastructure services with maturity on May 11, 2023.
- (iv) During 2020 and 2021, the indirect subsidiary Goiás signed agreements for Infrastructure construction with maturity on October 16, 2023.

22 Employee benefits

	Note	Parent		Consolidated			
		2021	2020	2021	2020		
		US\$	R\$	US\$	R\$		
Actuarial liability	22.1	353	1,971	3,857	4,772	26,631	33,493
Long-term incentives	22.2	227	1,265	451	2,517		
		580	3,236	3,857	5,223	29,148	33,493

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22.1 Actuarial liability

Post-employment health care plan

(i) Actuarial assumptions

	2021	2020
Discount rate - actual rate (NTN-B)	5.30% p.a.	3.64% p.a.
Inflation rate	3.50% p.a.	3.50% p.a.
Medical inflation rate	3.00% p.a.	3.50% p.a.
Increase by age	3.00% p.a.	3.00% p.a.
Estimated plan stay rate	15%	15%
Turnover	0.60 (Length of service +1)	0.60 (Length of service +1)
Mortality table	AT-2000 smoothed by 10%	AT-2000 smoothed by 10%
Disability table	Álvaro Vindas	Álvaro Vindas
Disability mortality table	IAPB-57	IAPB-57
Age for retirement	100% at the age of 60	100% at the age of 60

(ii) Changes

	Parent		Consolidated	
	2021	2020	2021	2020
	US\$	R\$	US\$	R\$
At the beginning of the year	691	3,857	6,002	33,493
(+) Addition of principal	63	352	396	2,211
(+) Addition of interest	50	280	430	2,400
(-) Remeasurement of gains (losses) recognized in other comprehensive income	(451)	(2,518)	(2,056)	(11,473)
(+) Transfer of investments (i)				2,528
At the end of the year	353	1,971	4,772	26,631

- (i) This refers to the corporate reorganization process on September 30, 2020 (Note 1.1 (b)).

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22.2 Long-term incentives

The long-term incentive program (Matching Program) refers to the bonuses of eligible executives appointed by the Company's management, the main assumptions of which are to increase the ability to attract and retain professionals, as well as stimulate the commitment of the eligible executives to the Group's strategy, aligning interests and creating value for the business. The duration of the program (cycle) is three years starting August 16, 2021.

The Matching Program is optional and is based on the acquisition of "virtual shares" based on the investment of the eligible executives, limited to a percentage of their Profit Sharing and/or Bonuses for the last year before the program. For the virtual shares acquired and maintained for a period of three years, the Company will grant the same number of virtual shares initially acquired, annually adjusted by the Company's evaluation as a reference. The shares can be fully redeemed in cash as a bonus and the conversion of the virtual shares into common or preferred shares of the Company is not possible.

At December 31, 2021, the amount of long-term incentives liability in the Company and its subsidiaries and the related impact on profit or loss is R\$ 1,265 – US\$ 227 in parent and R\$ 2,517 – US\$ 451 in consolidated.

23 Equity

(a) Issued capital

	Type of share	Equity interest %		Issued capital		Number of shares	
		2021	2020	2021	2020	2021	2020
				US\$	R\$		
BR Ambiental Fundo de Investimento em Participações Multiestratégia	ON	70.00	70.00	502,852	2,806,165	2,806,165	1,852,409,346
Fundo de investimento do fundo de garantia do tempo de serviço - FI-FGTS	ON	30.00	30.00	215,508	1,202,642	1,202,642	793,889,719
				<u>718,360</u>	<u>4,008,807</u>	<u>4,008,807</u>	<u>2,646,299,065</u>

(b) Legal reserve

This reserve is annually established through the appropriation of 5% of profit for the year until the reserve equals 20% of total capital or until its balance, plus capital reserves, exceeds 30% of total capital. The purpose of the legal reserve is to ensure capital integrity and it may only be used to offset losses and increase capital.

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Notes to the individual and consolidated financial statements at December 31, 2021

(In thousands of reais and U.S. dollars, unless otherwise stated)

(c) Revenue reserve

This reserve refers to the retention of the remaining balance of retained earnings as permitted by Article 202, paragraph 3, of Law No. 6,404/76.

(d) Dividends

The dividends are subject to the approval of shareholders at the General Shareholders' Meeting and are calculated under the terms of the Brazilian Corporation Law, particularly the provisions in Articles 196 and 197.

Under the terms of the Bylaws, a minimum mandatory dividend of 25% of profit, calculated under the terms of Brazilian legislation, will be attributed, every financial year, to the holders of any kind of shares.

At December 31, 2021, the Company's management proposed the distribution of the minimum mandatory dividends of 25% of profit after the recognition of the legal reserve in the amount of R\$ 21,648 – US\$ 3,879.

	2021	
	US\$	R\$
Profit for the year	16,333	91,147
Recognition of revenue reserves		
Legal - 5%	(817)	(4,557)
Adjusted profit	15,516	86,590
Mandatory minimum dividends - 25%	(3,879)	(21,648)
Retention of profits	11,637	64,942

(e) Basic earnings (loss) per share

Basic earnings (loss) per share are calculated by dividing the profit attributable to the equity holders of the Company by the weighted average number of common shares outstanding in the period. Additionally, the Company does not have treasury shares.

	Parent				Consolidated			
	2021		2020		2021		2020	
	US\$		R\$		US\$		R\$	
Profit attributable to equity holders of the parent - continuing operations	15,972	89,130	46,705		15,972	89,130	46,705	
Profit (loss) attributable to equity holders of the parent - discontinued operations	361	2,017	(7,064)		361	2,017	(7,064)	
Weighted average number of common shares issued (thousands)	2,646,299	2,646,299	1,468,241		2,646,299	2,646,299	1,468,241	
Basic earnings per share (in R\$) - continuing operations	0.0337	0.0337	0.0318		0.0337	0.0337	0.0318	
Basic earnings (loss) per share (in R\$) - discontinued operations	0.0008	0.0008	(0.0048)		0.0008	0.0008	(0.0048)	

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(In thousands of reais and U.S. dollars, unless otherwise stated)

(f) Diluted earnings (loss) per share

For the Parent, diluted earnings (loss) per share are calculated by adjusting the weighted average to the number of outstanding common shares, assuming the conversion of all potential preferred shares that would cause dilution.

The Company only has the following categories of potential preferred shares that would cause dilution: stock options (Note 23 (h)).

	Parent		Consolidated	
	2021	2020	2021	2020
	US\$	R\$	US\$	R\$
Profit attributable to equity holders of the parent - continuing operations	15,972	89,130	46,705	15,972
Profit (loss) attributable to equity holders of the parent - discontinued operations	361	2,017	(7,064)	361
Weighted average number of common shares outstanding (thousands)	2,646,299	2,646,299	1,468,241	2,646,299
Adjustments for:				
Stock options	14,227	14,227	5,530	14,227
Weighted average number of common shares for diluted earnings per share (thousands)	2,660,526	2,660,526	1,473,771	2,660,526
Diluted earnings per share (in R\$) - continuing operations	0.0335	0.0335	0.0317	0.0335
Diluted earnings per share (in R\$) - discontinued operations	0.0008	0.0008	0.0008	0.0008

- (i) For the year ended December 31, 2020, the potential common shares presented in Note 23 (a) are anti-diluting since their conversion would reduce the Company's loss per share.

(g) Carrying value adjustment

Goodwill generated in the contribution of additional investment in a joint venture

On September 30, 2021, the Company became the direct holder of 100% of the capital of BRK Centro Norte and BRK Ativos Maduros and the interest percentage that is currently held by the shareholders in the Company's capital was maintained. This capital transaction generated goodwill in the amount of R\$ 1,215,447 – US\$ 217,803, determined by the difference between the value of the shares paid in by the shareholder and the carrying amount measured using the equity method. This effect was recorded as carrying value adjustment since it falls under the definition of a capital transaction between shareholders under joint control, in accordance with items 64 to 69 of the Accounting Interpretation ICPC 09 (R1) – Individual, Separate and Consolidated Financial Statements and Application of the Equity Method.

BRK Ambiental Participações S.A. and subsidiaries

Notes to the individual and consolidated financial statements at December 31, 2021

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Post-employment benefit obligations

In the year ended December 31, 2021, they were remeasured in the amount of R\$ 8,501 – US\$ 1,523 based on the evaluation carried out by independent actuaries, with the amounts recorded in other comprehensive income and the expenses were recorded as finance costs and expenses with services.

(h) Investment program

On January 24, 2020, the Company approved at an Extraordinary General Shareholders' Meeting the Company's Investment Program ("Program") aimed at some key executives of the Company's senior management ("Eligible Investors"). The purpose of the Program is to motivate, retain and align the interests of shareholders with the interests of executives, maximize the value of the Company and allow for the achievement of its objectives.

The Program consists of the onerous offer of purchase options or subscription of preferred shares ("Options") to the Eligible Investors, who may voluntarily choose whether or not to acquire them. The Option price is determined based on the Black-Scholes-Merton ("BSM") economic model. The BSM method was applied by a specialized and independent consulting firm, taking into consideration the variables of Brazilian capital markets and of the Brazilian and international sanitation industry.

Through the offer of Options by means of specific investment plans approved by the Board of Directors ("Plan"), the Eligible Investors will have the possibility to, voluntarily, acquire shares of the Company with a previously established term and price.

The Program is limited to the offer of Options representing up to 3% of the Company's total capital, taking into consideration the effect of the dilution arising from the exercise of all options granted and not yet exercised within the Program.

The Options will become exercisable under the Program and the Plan in the proportion of twenty percent (20%) a year as from the first year of the date of the offer for a period of five (5) years. The Options offered under this Program will remain valid from the first (1st) anniversary of the date of the offer until the 10th anniversary of the date of the offer. After this period, the unexercised Options will be cancelled.

In June 2020, the Eligible Investors acquired the stock options for the total amount of R\$ 3,841, which corresponds to the full fair value of the options granted.

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The contra-entry of the amount paid by the Eligible Investors that chose to join the Plan was recorded under the capital reserve in the Company's equity. When they are exercised, they will be settled through the issue of new preferred shares whereas the current shareholders will continue to hold common shares. By December 31, 2021 no Option had been exercised.

24 Profit (loss) for the year

(a) Revenue

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

	Consolidated		
	2021		2020
	US\$		R\$
Service revenue	413,816	2,309,298	1,717,198
Sales revenue	1,237	6,903	626
Revenue from construction	238,476	1,330,818	834,253
Revenue from financial assets	18,231	101,736	68,076
	671,760	3,748,755	2,620,153
Taxes and contributions on services and sales	(45,149)	(251,954)	(191,535)
Rebates and cancellations	(7,646)	(42,669)	(46,402)
	618,965	3,454,132	2,382,216

The breakdown of net revenue is as follows:

	Consolidated		
	2021		2020
	US\$		R\$
Service revenue	367,778	2,052,385	1,513,548
Sales revenue	1,237	6,903	568
Revenue from construction	233,224	1,301,506	806,679
Revenue from financial assets	16,726	93,338	61,421
	618,965	3,454,132	2,382,216

There are no customers that individually represent more than 10% of the Group's net revenue, except for the subsidiary RMR, as it is a concession classified as a financial asset and for a specific purpose, in which billing is carried out with COMPESA (Grantor) and represents 17% of the total.

BRK Ambiental Participações S.A. and subsidiaries

Notes to the individual and consolidated financial statements at December 31, 2021

(In thousands of reais and U.S. dollars, unless otherwise stated)

(b) Revenue from construction

Net revenue from construction and the construction cost are related to long-term concession agreements and are associated with the respective rights according to the type of asset (intangible or financial asset), as follows:

Company	Net revenue from construction				Construction cost				Construction margin	
	2021		2020		2021		2020		2021	2020
	US\$	R\$	US\$	R\$	US\$	R\$	US\$	R\$		
Intangible assets										
Rio Claro	2,284	12,744	3,329	(2,238)	(12,489)	(3,850)	46	255	79	
Mauá	1,149	6,412	2,251	(1,126)	(6,283)	(2,206)	23	129	45	
Blumenau	6,093	34,001	19,464	(5,971)	(33,321)	(19,075)	122	680	389	
Santa Gertrudes	391	2,183	1,091	(383)	(2,140)	(1,069)	8	43	22	
Marinque	1,470	8,206	11,318	(1,441)	(8,042)	(11,092)	29	164	226	
Uruguaiana	8,470	47,268	23,190	(8,301)	(46,322)	(22,727)	169	946	463	
Ponte Ferreira	1,183	6,599	4,271	(1,159)	(6,467)	(4,186)	24	132	85	
Saneatins	42,020	234,492	159,374	(41,179)	(229,802)	(156,186)	841	4,690	3,188	
Araguaia	778	4,343	2,914	(763)	(4,256)	(2,856)	15	87	58	
Maranhão	7,958	44,411	22,662	(7,799)	(43,523)	(22,208)	159	888	453	
Sumaré	7,841	43,755	31,038	(7,684)	(42,882)	(30,417)	157	873	621	
Goias	54,825	305,951	181,375	(53,729)	(299,832)	(177,748)	1,096	6,119	3,627	
Macaé	10,093	56,324	37,324	(9,891)	(55,197)	(36,577)	202	1,127	747	
Caçador	2,432	13,570	9,852	(2,363)	(13,299)	(9,658)	49	271	197	
Limeira	6,514	36,349	19,109	(6,383)	(35,622)	(18,726)	131	727	383	
Cachoeiro	2,294	12,804	6,120	(2,249)	(12,549)	(5,997)	45	255	123	
RMM	26,309	146,818	4,032	(25,783)	(143,882)	(3,951)	526	2,936	81	
Subtotal intangible assets	182,104	1,016,230	539,314	(178,462)	(995,908)	(528,527)	3,642	20,322	10,787	
Financial asset										
Rio das Ostras	1,113	6,209	8,560	(1,067)	(6,068)	(8,365)	26	141	195	
RMR	48,985	273,359	253,406	(47,905)	(267,335)	(247,821)	1,080	6,024	5,585	
Manso	544	3,035	4,627	(532)	(2,968)	(4,526)	12	67	101	
Jaguaribe	455	2,541	412	(445)	(2,485)	(403)	10	56	9	
Cachoeiro	23	132	360	(27)	(146)	(396)	(4)	(14)	(36)	
Subtotal financial assets	51,120	285,276	267,365	(49,996)	(279,002)	(261,511)	1,124	6,274	5,854	
Total	233,224	1,301,506	806,679	(228,458)	(1,274,910)	(790,038)	4,766	26,596	16,641	

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(In thousands of reais and U.S. dollars, unless otherwise stated)

(c) Expenses by nature

Note	Parent		Consolidated	
	2021		2021	
	US\$	R\$	US\$	R\$
Continuing operations				
Classified by nature:				
Construction cost			(228,458)	(1,274,910)
Personnel				
Compensation	(20,850)	(116,353)	(120,850)	(59,812)
Salaries and payroll charges	(5,222)	(29,144)	(34,416)	(17,020)
Benefits	(2,686)	(14,990)	(14,170)	(17,945)
	(28,758)	(160,487)	(169,436)	(94,777)
Materials	(92)	(513)	(2,042)	(34,196)
Services				
Rentals and maintenance fees	(560)	(3,124)	(4,099)	(5,767)
Electric energy	(1)	(3)	(8)	(26,459)
Maintenance	(1,902)	(10,613)	(6,320)	(6,777)
Audit, consulting and advisory services	(7,272)	(40,583)	(42,423)	(13,009)
Services by individuals and legal entities	(9,222)	(51,462)	(46,660)	(29,262)
Others	(1,083)	(6,042)	(2,705)	(3,988)
	(20,040)	(111,827)	(102,215)	(85,262)
Taxes, fees and contributions	(498)	(2,781)	(794)	(7,268)
Related parties	43,734	244,055	220,617	9,923
Insurance	(203)	(1,131)	(1,164)	(1,534)
Depreciation and amortization	(6,822)	(38,071)	(32,228)	(58,268)
(+) Pis/Colfins credits from operating costs	134	745	90	4,066
Travels	(371)	(2,073)	(1,988)	(1,386)
Allowance for expected credit losses			(6,751)	(37,672)
Others	(728)	(4,055)	(1,131)	(2,056)
	(13,644)	(76,138)	(90,291)	(505,967)
	(13,644)	(76,138)	(90,291)	(505,967)
Classified by function:				
Cost of services and sales			(318)	(406,572)
General and administrative expenses	(13,904)	(77,591)	(92,215)	(102,885)
Other income (expenses), net	260	1,453	2,242	3,490
	(13,644)	(76,138)	(90,291)	(505,967)
	(13,644)	(76,138)	(90,291)	(505,967)

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(d) Finance result

	Note	Parent		Consolidated	
		2021	2020	2021	2020
		US\$	R\$	US\$	R\$
Continuing operations					
Finance income					
Interest income from financial investments		4,532	25,293	23,005	12,936
Related parties	21	24,186	134,970	74,960	227
Monetary variations		37	206	263	1,270
Late payment fine				3,732	20,827
Late payment interest				2,874	16,037
Others		11	58	268	1,504
(-) Taxes on finance income (Pis and Cofins)		(1,339)	(7,472)	(4,583)	(2,186)
		27,427	153,055	93,974	18,079
				100,892	67,444
Finance costs					
Bank commissions		(162)	(903)	(15,550)	(2,120)
Interest expenses		(22,614)	(126,199)	(82,194)	(80,929)
Related parties	21	(67)	(374)	(237)	(823)
Tax on financial transactions		(3)	(18)	(14)	(2,197)
Discount granted					(31,335)
Adjustment to present value		(491)	(2,742)	(2,973)	(5,460)
Late payment fine and interest		(83)	(462)	(336)	(598)
Interest on post-employment benefit obligations		(50)	(280)	(273)	(430)
Others		(1,982)	(11,055)	(9,300)	(5,232)
		(25,452)	(142,033)	(110,877)	(97,789)
				(577,044)	(383,395)
Finance result, net		1,975	11,022	(79,710)	(476,152)
				(315,951)	

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25 Segments

Information by operating segments is presented consistently with the internal report provided to the key strategic decision maker, the Executive Board, together with the Board of Directors. The Group operates in the Water and Sewage segment, through public concession contracts, public-private partnerships, provision of services, among others.

(a) Reconciliation of the result of the segment with the accounting result

In thousands of reais					
Consolidado					
2020					
	Water and wastewater	Holding and others	Adjustments and eliminations	Total from continuing operations	Discontinued operations
Net service and sales revenue	2,382,042	1,288	(1,114)	2,382,216	2,382,216
Costs of services and sales	(1,510,827)	(318)	970	(1,510,175)	(1,510,175)
Gross profit (loss)	871,215	970	(144)	872,041	872,041
General and administrative operating expenses	(334,824)	(110,110)	(282)	(445,216)	(445,216)
Other operating income (expenses), net	(4,555)	2,256		(2,299)	(2,299)
Operating profit (loss)	531,836	(106,884)	(426)	424,526	424,526
Share of profit (loss) of subsidiaries and joint ventures		275,511	(269,668)	5,843	5,843
Finance income	34,562	100,164	(67,282)	67,444	67,444
Finance costs	(325,371)	(125,121)	67,097	(383,395)	(383,395)
Current income tax and social contribution	(29,407)	(56)		(29,463)	(29,463)
Deferred income tax and social contribution	(45,529)	16,033	24	(29,472)	(29,472)
Loss for the year from discontinued operations					(6,507)
Profit (loss) for the year	166,091	159,647	(270,255)	55,483	(6,507)
					48,976

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In thousands of reais					
Consolidated					
2021					
Water and wastewater	Holding and others	Adjustments and eliminations	Total from continuing operations	Discontinued operations	Total from continuing and discontinued operations
Net service and sales revenue	3,454,142	99	(109)	3,454,132	3,454,132
Costs of services and sales	(2,268,915)		40	(2,268,875)	(2,268,875)
Gross profit	1,185,227	99	(69)	1,185,257	1,185,257
General and administrative expenses	(478,380)	(95,770)		(574,150)	(574,150)
Other income, net	18,045	1,429		19,474	19,474
Operating profit (loss)	724,892	(94,242)	(69)	630,581	630,581
Share of profit (loss) of subsidiaries and joint ventures		348,629	(351,274)	(2,645)	(2,645)
Finance income	77,511	171,234	(147,853)	100,892	100,892
Finance costs	(553,386)	(171,511)	147,853	(577,044)	(577,044)
Current income tax and social contribution	(54,977)	(968)		(55,945)	(55,945)
Deferred income tax and social contribution	(19,046)	14,527		(4,519)	(4,519)
Profit for the year from discontinued operations				2,017	2,017
Profit (loss) for the year	174,994	267,669	(351,343)	91,320	93,337

In thousands of U.S. dollars					
Consolidated					
2021					
Water and wastewater	Holding and others	Adjustments and eliminations	Total from continuing operations	Discontinued operations	Total from continuing and discontinued operations
Net service and sales revenue	618,967	18	(20)	618,965	618,965
Costs of services and sales	(406,579)		7	(406,572)	(406,572)
Gross profit	212,388	18	(13)	212,393	212,393
General and administrative expenses	(85,723)	(17,162)		(102,885)	(102,885)
Other income, net	3,234	256		3,490	3,490
Operating profit (loss)	129,899	(16,888)	(13)	112,998	112,998
Share of profit (loss) of subsidiaries and joint ventures		62,473	(62,947)	(474)	(474)
Finance income	13,890	30,684	(26,495)	18,079	18,079
Finance costs	(99,165)	(30,734)	26,495	(103,404)	(103,404)
Current income tax and social contribution	(9,852)	(173)		(10,025)	(10,025)
Deferred income tax and social contribution	(3,413)	2,603		(810)	(810)
Profit for the year from discontinued operations				361	361
Profit (loss) for the year	31,359	47,965	(62,960)	16,364	16,725

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Notes to the individual and consolidated financial statements at December 31, 2021

(In thousands of reais and U.S. dollars, unless otherwise stated)

(b) Other gains and losses

	In thousands of reais			
	2020			
	Depreciation and amortization	Finance income	Finance costs	Current and deferred income tax and social contribution
<i>Continuing operations</i>				
Water and wastewater	(210,027)	34,562	(258,274)	(74,936)
Other segments (Services / Holding company)	(32,291)	32,882	(125,121)	16,001
	(242,318)	67,444	(383,395)	(58,935)
<i>Discontinued operations</i>				
Waste		13		(173)
	(242,318)	67,457	(383,395)	(59,108)

	In thousands of reais			
	2021			
	Depreciation and amortization	Finance income	Finance costs	Current and deferred income tax and social contribution
<i>Continuing operations</i>				
Water and wastewater	(270,702)	77,511	(410,681)	(74,023)
Holding company and others	(54,461)	23,381	(166,363)	13,559
	(325,163)	100,892	(577,044)	(60,464)

	In thousands of U.S. dollars			
	2021			
	Depreciation and amortization	Finance income	Finance costs	Current and deferred income tax and social contribution
<i>Continuing operations</i>				
Water and wastewater	(48,509)	13,890	(73,592)	(13,265)
Holding company and others	(9,759)	4,189	(29,812)	2,430
	(58,268)	18,079	(103,404)	(10,835)

(c) Assets

	In thousands of reais			In thousands of U.S. dollars			In thousands of reais		
	2021			2021			2020		
	Total assets	Investments in joint ventures	Additions to noncurrent assets	Total assets	Investments in joint ventures	Additions to noncurrent assets	Total assets	Investments in joint ventures	Additions to noncurrent assets
<i>Continuing operations</i>									
Water and wastewater	12,164,619	80,050	2,427,397	2,179,844	14,343	434,978	11,939,631	82,403	3,197,713
Holding company and others	1,463,251		495,739	262,206		88,834	1,543,188		676,150
	13,627,870	80,050	2,923,136	2,442,050	14,343	523,812	13,482,819	82,403	3,873,863
<i>Discontinued operations</i>									
Waste							1,451		20
	13,627,870	80,050	2,923,136	2,442,050	14,343	523,812	13,484,270	82,403	3,873,883

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26 Insurance

The identification, mitigation and management of risks and contracting of insurance are addressed by the Company in compliance with parameters and coverage established by management.

At December 31, 2021, the Group had contracted insurance policies to cover mainly buildings and installations, guarantees of the agreements signed related to the provision of services, in addition to civil liability insurance for engineering and operational risks and guarantee of compliance with the obligations of the concession agreement, summarized as follows:

Type of coverage	Consolidated	
	2021	2020
	US\$	R\$
Equipment		5,071
Contract guarantee	139,055	717,711
Payment guarantee		1,434
Aviation insurance (drones)	308	1,080
Legal guarantee	2,105	7,772
Performance bond		46,710
Civil liability	695,278	3,680,000
Engineering risk	404,159	1,523,739
Sundry risks	3	56
Operational risks	1,512,560	7,790,000
Office insurance		14,638
Vehicles	403	2,249

27 Non-cash transactions (statement of cash flows)

In the year ended December 31, 2021, non-cash transactions were carried out and presented in the statements of cash flows and the main ones are presented below:

Contract assets and intangible assets	Consolidated	
	2021	
	US\$	R\$
Total additions to contract assets and intangible assets (Notes 11 and 13)	218,260	1,217,998
Total additions to contract assets and intangible assets as per statement of cash flows	421,761	2,353,638
Investment and financing transactions that affected intangible assets, but did not involve cash, or that affected cash in the current year and refer to additions in prior years:		
Interest capitalized in the year	(26,193)	(146,169)
Capitalized corporate guarantee	(2,525)	(14,092)
Trade payables	(14,006)	(78,161)
Other capitalized expenses	(99)	(552)
Concession	249,966	1,394,936
Construction margin for the year (Note 24 (b))	(3,642)	(20,322)
	203,501	1,135,640
Total	435,720	2,353,638

BRK Ambiental Participações S.A. and subsidiaries

Notes to the individual and consolidated financial statements at December 31, 2021

(In thousands of reais and U.S. dollars, unless otherwise stated)

Property and equipment	Consolidado	
	2021	
	US\$	R\$
Total movement in property and equipment (Notas 10)	1.975	11.018
Non-cash items (see breakdown below)	(299)	(1.667)
Investment and financing transactions that affected property and equipment, but did not involve cash:	1.676	9.351
Transações de investimento e financiamentos que afetaram o imobilizado, mas não envolveram caixa:		
Interest capitalized in the year	(299)	(1.667)
Total	(299)	(1.667)
Trade receivables	Consolidated	
	2021	
	US\$	R\$
Total movement in trade receivables (Note 8)	71,059	396,546
Non-cash items (see breakdown below)	(12,125)	(67,664)
Total movement in trade receivables as per the statement of cash flows	58,934	328,882
Investment and financing transactions that affected trade receivables, but did not involve cash:		
Interest capitalized in the year	(7,705)	(43,000)
Capitalized finance income	(198)	(1,104)
Capitalized corporate guarantee	(1,128)	(6,295)
Capitalized loan interest	(505)	(2,817)
Other capitalizations	(816)	(4,550)
Trade payables	(2,147)	(11,984)
Allowance for expected credit losses	6,751	37,672
Deferred tax	(5,253)	(29,312)
Construction margin for the year (Note 24 (b))	(1,124)	(6,274)
Total	(12,125)	(67,664)

28 Events after the reporting period

(a) RMM

On January 10, 2022, the Company completed the payment of the remaining balance of subscribed and unpaid capital, approved at the Extraordinary General Meeting of November 3, 2020, amounting to R\$ 21,499 – US\$ 3,853, to direct subsidiary RMM and to date it has made an advance for future capital increase, amounting to R\$ 88,501 – US\$ 15,859, to be capitalized at the next Annual and Extraordinary General Meetings.

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