

BR Advisory Partners
Participações S.A.

**Individual and consolidated
financial Statements as of
December 31, 2021 and 2020**

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Management Report

Dear Shareholders,

We hereby present the individual and consolidated financial statements of BR Advisory Partners Participações S.A. ("Company") for the fiscal year ended December 31, 2021 and 2020.

We highlight the following facts as of December 31, 2021:

IPO

In June, we began the earnings release cycles as a publicly-held and listed company, after the Initial Public Offering ("IPO"), pursuant to CVM instruction 476, priced on June 17, 2021. The IPO raised R\$ 400 million, and was priced at R\$ 16.00/unit, in a 100% primary offering. The funds were allocated to the capital increase of BR Partners Banco de Investimento S.A., focused on expanding our Capital Markets and Sales & Trading areas.

Economic context

The last quarter of 2021 was marked by increased uncertainties in the global economy reflecting fears of the discovery of the new variant of the Coronavirus called "Omicron". Factors such as the withdrawal of monetary stimulus by the US Federal Reserve Bank, the increase of interest rates in developed countries and the worsening of inflationary risk also contributed to the feeling of risk aversion. In the domestic scenario, with the approval of the Constitutional Amendment Proposal (PEC) for court-ordered payments (*precatórios*), the year ended under financial stress due to the possibility of more populist measures, worse-than-expected activity figures and upward revisions to inflation figures, with the IPCA ending the year at 10.06%. This made the Central Bank of Brazil accelerate the pace of increases in the Selic rate, which ended the quarter at 9.25%, accounting for an increase of 300 basis points in the period.

Business performance

In the Financial Advisory area, the Company went through another year of strong activity in the advisory services, operating in iconic transactions in the segments of mergers & acquisitions, advisory to boards, privatizations, among others. We reached a transaction volume of R\$ 79.6 billion in 2021 in transactions with clients such as Petrobras, Hering, Sulgás, Biofílica, Hypera, GPA.

The Capital Markets area maintained its strong performance in the structuring and distribution of debts, and increased due to private securities that structures. In 2021, the area totaled R\$ 4.1 billion in structured issues of CRI's, CRA's, Real Estate Funds, FIDC and infrastructure debentures in which BR Partners Banco de Investimento S.A. ("Bank") acted as Lead Coordinator.

In the Sales & Trading area, the Company managed to expand its operations in the structuring of interest, inflation and currency hedging derivatives for its clients. It is worth highlighting that the IPO held in June 2021 strengthened the Company's capital and enabled the expansion of Sales & Trading operations, as well as a more effective cross-selling with debt structured by the Capital Markets area. In the year, we had a trading volume of derivatives and foreign exchange, totaling R\$ 23.4 billion.

At BR Partners Banco de Investimento S.A. ("Bank"), we continued to make our asset portfolio grow, mainly in CRIs and CRAs originated by our Capital Markets area, and closed out 2021 with a portfolio of R\$ 666.7 million in corporate securities. Additionally, our Funding area, created in mid-2020, continues opening up relationships and limits on deposits with institutional customers, corporate customers, and platforms. As a result, the Company has been increasing the average term of its funding, going from 39 days at the end of December 2020 to 227 days at the end of December 2021. We emphasize that the vehicle BR Partners Banco de Investimento S.A. has a rating A+ (bra) assigned by Fitch Ratings and Moody's, with a stable and positive outlook, respectively.

The volume of assets under management by FIP Outlet, managed by the Investments area, reached R\$ 256 million in December 2021, a 8% increase compared to December 2020. Furthermore, in the second half of 2021, we started a new investment thesis in the Pet retail market through the purchase

of a relevant minority interest in PetCamp, a network of 31 pet shops. Thus, we set up a fund and manage it for investors (FIP Pet), which ended 2021 with R\$ 105 million in assets under management.

Consolidated financial performance

Total revenues reached R\$ 331 million in 2021, compared to R\$ 222 million in the same period of 2020, reflecting a 49% increase over the same period the previous year. Net income reached R\$ 138.7 million, compared to R\$ 88.7 million in the same period in 2020, representing a 56% increase over the previous period and a 26% return on shareholders' equity. The Company ended the period with net assets of R\$ 767 million.

Policy on reinvestment and distribution of dividends

The Company does not have a formal policy on reinvestment by its shareholders; all reinvestments verified thus far were deliberated by the shareholders at the AGM/EGM.

The Company's dividend policy provides for the annual distribution of the minimum mandatory dividend of 25%. However, the Company intends to remunerate its shareholders according to the calculation of the profits earned during the year, making its best efforts to distribute dividends at a higher percentage than established by current legislation.

Social business and main administrative facts

The Company supports, through tax incentive laws, non-governmental organizations with projects mainly related to health, education, sports, diversity and gender equity. The social actions fostered by the Company can be carried out on a one-off and/or emergency basis, such as the collection of food baskets and computer donations to philanthropic entities. We also recurrently support the Ayrton Senna Institute, through the purchase of McHappy tickets, which are used to improve education in the country. The Company does not have a sponsorship policy.

Relationship with external auditors

In compliance with CVM Instruction 381, the Company engaged KPMG Auditores Independentes to audit the financial statements. The Company's procedure in the engagement of services not related to the external audit seeks to assess the existence of conflicts of interest, thus, the following aspects are assessed: the auditor must not (i) audit his or her own work; (ii) perform managerial functions at its client; and (iii) promote its client's interests.

Statement of Executive Officers

The Directors of BR Advisory Partners Participações S.A. ("Company") declare that they have reviewed, discussed and agreed (a) with the Company's individual and consolidated financial statements as of December 31, 2021; and (b) with the opinions expressed in the audit opinion of KPMG Auditores Independentes, the Company's independent auditors, regarding the Company's individual and consolidated financial statements as of December 31, 2021.

Acknowledgments

BR Partners thanks all employees and partners who contributed to the development and improvement of its activities.

Executive Board

Accountant
Hideo Antonio Kawassaki
CRC 1SP 184007/O-5



KPMG Auditores Independentes Ltda.

Rua Verbo Divino, 1400, Conjuntos 101, 201, 301 e 401,
Chácara Santo Antônio, CEP 04719-911, São Paulo - SP

Caixa Postal 79518 - CEP 04707-970 - São Paulo - SP - Brasil

Telefone 55 (11) 3940-1500

kpmg.com.br

Independent auditors' report on the individual and consolidated financial statements

To

Shareholders, the Board of Directors and Management of
BR Advisory Partners Participações S.A.
São Paulo - SP

Opinion

We have audited the individual and consolidated financial statements of BR Advisory Partners Participações S.A. ("Company"), identified as individual and consolidated, respectively, which comprise the individual and consolidated statements of financial position as at December 31, 2021, the individual and consolidated statements of profit or loss, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying individual and consolidated financial statements present fairly, in all material respects, the individual and consolidated financial position of the BR Advisory Partners Participações S.A. as at December 31, 2021, and its individual and consolidated financial performance and its individual and consolidated cash flows for the year then ended, in conformity with accounting practices adopted in Brazil and 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 (ISAs). Our responsibilities under those standards, are further described in the "*Auditor's responsibilities for the audit of individual and consolidated financial statements*" section of our report. We are independent of the Company and its subsidiaries, in accordance with the ethical requirements that are relevant to our audit of the individual and consolidated financial statements provided in the Accountant's Code of Professional Ethics and the professional standards issued by the Federal Accounting Council, and we have fulfilled our 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 opinion.

Key audit matters

The key audit matters are those that, in our professional judgment, were the most significant in our audit 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 a separate opinion on these matters.

Measurement of financial instruments

See Notes 2.15 and 5 of Individual and consolidated financial statements.

The Company has investments in financial instruments in private equity fund quotas classified as Level 3 in the fair value hierarchy. This fund has investments in the shares of privately-held companies, which are not quoted on a stock exchange or active market, measured at fair value, determined based on an economic and financial appraisal report prepared by an independent appraiser, who used the discounted cash flow which considers assumptions and expectations of projected future results of invested companies, such as: growth rates, discount rates and inflation rates.

Due to the relevance and uncertainties related to the assumptions for determining the fair value of the fund that may result in a material adjustment to the accounting balances of the financial statements in the next fiscal year, we considered this a significant issue in our audit.

How our audit addressed this matter:

Our audit procedures have included, but are not limited to:

- Evaluation, with the help of our specialists in corporate finance, of the valuation technique (discounted cash flow) and the reasonability and consistency of data and assumptions used for preparation of the report, such as growth rates, discount rates and inflation rates;
- Analysis, with the help of our specialists in corporate finance, of the adequacy of mathematical calculations included in such appraisal reports; and
- Evaluation of disclosures made in the financial statements.

Based on evidence obtained through the above-summarized procedures, we considered the measurement of financial instruments classified as Level 3, as well as related disclosures in the context of the financial statements taken as a whole.

Other matters – Statements of value added

Individual and consolidated statements of value added for the year ended December 31, 2021, prepared under responsibility of Company's Management, and presented as supplementary information for IFRS purposes, were submitted to audit procedures carried out together with the audit of Company's financial statements. To form our opinion, we evaluate if these statements are reconciled with financial statements and accounting records, as applicable, and if their forms and contents are in accordance with criteria defined in Technical Pronouncement CPC 09 – Statements of Value Added. In our opinion, these statements of value added were prepared, in all material respects, in accordance with the criteria defined in this Technical Pronouncement and are consistent in relation to individual and consolidated financial statements taken as a whole.

Responsibilities of Management for the individual and consolidated financial statements

The Company's Management is responsible for this other information that comprises the Management Report.

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

In connection with the audit of the individual and consolidated financial statements, our responsibility is to read the Management Report and, in doing so, consider whether this report is materially inconsistent with the financial statements or with our knowledge obtained during the audit or otherwise appears to be materially misstated. If, based on the work performed, we conclude that

there is a material misstatement in the Management Report, we are required to communicate such fact. We have nothing to report in this regard.

Responsibilities of management for the individual and consolidated financial statements

Management is responsible for the preparation and fair presentation of the Individual and consolidated financial statements in accordance with Accounting Practices Adopted in Brazil and with 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 misstatements, whether due to fraud or error.

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

Auditors' 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 misstatements, whether due to fraud or error, and to issue an auditors' 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 ISAs will always detect a material misstatement when it exists. Misstatement can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Brazilian and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

We also provided to those charged with governance a statement that we fulfilled the material ethical requirements, including the applicable independence requirements, and report all the possible relationships or issues that could considerably affect our independence, including, when applicable, the respective disclaimers.

Of the matters that were reported to those charged with governance, we determined those that were considered the most significant in the audit of the individual and consolidated financial statements in the current year, and that, accordingly, comprise the key audit matters. We describe these matters in our audit report, unless a law or regulation has prohibited the public disclosure of the matter, or when, under extremely rare circumstances, we determine that the matter shall not be reported in our report, because the adverse consequences from such reporting may, from a reasonable perspective, exceed the benefits from the reporting for public interest.

São Paulo, February 10, 2022

KPMG Auditores Independentes
CRC 2SP014428/O-6

Original report in Portuguese signed by
André Dala Pola
Accountant CRC 1SP214007/O-2

BR Advisory Partners Participações S.A.

Individual and consolidated statements of financial position at December 31

(In thousands of reais)

ASSETS	Notes	Parent Company		Consolidated	
		2021	2020	2021	2020
Cash and cash equivalents	4	1	5	94,132	47,102
Financial assets at fair value through profit or loss	5(a)	88,488	70,121	2,368,744	540,349
- Government bonds		-	-	1,803,817	151,462
- Private securities		1,165	-	325,438	255,960
- Investment fund quotas		87,323	70,121	239,489	132,927
Financial assets at fair value through other comprehensive income	5(b)	-	-	257,594	-
- Private securities		-	-	230,759	-
- Investment fund quotas		-	-	26,835	-
Derivative financial instruments	6(a)	-	-	149,852	38,090
Financial assets at amortized cost	7(a)	-	120	81,568	85,609
- Loan operations		-	-	56,823	28,802
- Other financial assets at amortized cost		-	120	24,745	56,807
Other assets	7(b)	-	-	48,091	-
Dividends receivable		82,817	13,987	-	-
Recoverable taxes		107	11	3,061	27,422
Prepaid expenses		230	137	6,704	1,192
Deferred tax assets	19(b)	3,060	-	28,154	12,470
Investments in subsidiaries	9	650,380	265,780	-	-
Property, plant and equipment	10	-	151	4,721	3,609
Intangible assets	11	-	-	5,360	5,568
Total assets		825,083	350,312	3,047,981	761,411

See the accompanying notes to financial statements.

BR Advisory Partners Participações S.A.

Individual and consolidated statements of financial position at December 31
(In thousands of reais)

LIABILITIES AND SHAREHOLDERS' EQUITY	Notes	Parent Company		Consolidated	
		2021	2020	2021	2020
Financial liabilities at amortized cost		-	-	1,959,050	289,506
- Funds from financial institutions	13(c)	-	-	1,228,129	-
- Client's funds	13(a)	-	-	671,744	252,869
- Endorsements	13(b)	-	-	59,177	7,021
- Other financial liabilities	13(d)	-	-	-	29,616
Derivative financial instruments	6(a)	-	-	70,478	15,457
Amounts payable - suppliers	12(a)	3,647	1,288	53,244	3,682
Amounts payable - associated companies		-	93	-	4
Taxes payable	19	191	3,850	7,170	31,597
Current tax liabilities	19	-	-	40,801	32,870
Deferred tax liabilities	19(b)	14,813	10,214	53,084	23,218
Other amounts payable	12(b)	39,226	41,122	96,948	69,869
Lease liability	21(e)	-	-	-	1,463
Total liabilities		57,877	56,567	2,280,775	467,666
Shareholders' equity					
Capital		669,243	268,843	669,243	268,843
Capital reserves		(28,963)	3,653	(28,963)	3,653
Profit reserves		128,689	21,249	128,689	21,249
Other comprehensive income		(1,763)	-	(1,763)	-
Total shareholders' equity	14	767,206	293,745	767,206	293,745
Total liabilities and shareholders' equity		825,083	350,312	3,047,981	761,411

See the accompanying notes to financial statements.

BR Advisory Partners Participações S.A.

Individual and consolidated statements of profit or loss: year ended December 31

(In thousands of reais)

	Notes	Parent Company		Consolidated	
		2021	2020	2021	2020
Interest revenues and gains on financial instruments		3,214	8,394	2,063,752	1,223,703
Interest expenses and losses on financial instruments		-	-	(1,946,981)	(1,176,956)
Net income (loss) from interest and gains (losses) on financial instruments	16	3,214	8,394	116,771	46,747
Service revenues	15	-	-	226,593	189,279
Specialized technical service expenses	17(a)	(1,166)	(3,597)	(12,537)	(17,432)
Other revenues		18	6	394	3,672
Total service revenues		(1,148)	(3,591)	214,450	175,519
Total revenues		2,066	4,803	331,221	222,266
Personnel expenses	17(b)	(8,028)	(2,346)	(84,283)	(48,410)
Administrative expenses	17(c)	(751)	(2,002)	(24,341)	(33,411)
Reversal (loss) by impairment		-	-	76	(359)
Other expenses	18	(322)	(428)	(3,713)	(6,911)
Operating expenses		(9,101)	(4,776)	(112,261)	(89,091)
Non-operating income (loss)		2	(728)	107	369
Net Income (loss) before taxes on profit and share of profit of equity-accounted investees, net of tax		(7,033)	(701)	219,067	133,544
Share of profit of equity-accounted investees, net of tax	9	143,555	92,268	-	-
Income (loss) before income tax		136,522	91,567	219,067	133,544
Income taxes	19(a)	2,138	(2,832)	(80,407)	(44,809)
Net income for the year		138,660	88,735	138,660	88,735
Income (loss) attributable to Company's shareholders	14(c)			138,660	88,735
Basic earnings per common share - R\$				0.53	0.30
Basic earnings per preferred share - R\$				0.53	0.41
Diluted earnings per common share - R\$				0.53	0.30
Diluted earnings per preferred share - R\$				0.53	0.41

See the accompanying notes to financial statements.

BR Advisory Partners Participações S.A.

Individual and consolidated statements of comprehensive income: year ended December 31

(In thousands of reais)

	Parent Company		Consolidated	
	2021	2020	2021	2020
Net income for the year	138,660	88,735	138,660	88,735
Items that are or may be subsequently reclassified to income or loss				
Changes in equity valuation adjustment of financial assets at fair value through other comprehensive income	(1,763)	-	(1,763)	-
- Adjustment to fair value against shareholders' equity	(3,055)	-	(3,055)	-
- Tax effect	1,375	-	1,375	-
Foreign investment translation adjustment	(83)	-	(83)	-
Total comprehensive income for the period	136,897	88,735	136,897	88,735
Comprehensive income attributable to:				
Company's shareholders			136,897	88,735

See the accompanying notes to financial statements.

BR Advisory Partners Participações S.A.

Statements of changes in shareholders' equity: year ended December 31

(In thousands of reais)

	Capital reserve		Profit reserve		Other comprehensive income		Treasury shares	Retained earnings	Total shareholders' equity	
	Capital	Premium on the issuance of shares	Other	Legal	Other profit reserves	Equity valuation adjustments				Cumulative translation adjustment
December 31, 2019	238,396	30,614	1,964	18,524	28,124	-	-	(10,314)	-	307,308
Net income for the year	-	-	-	-	-	-	-	88,735	88,735	88,735
Total comprehensive income, net of taxes	-	-	-	-	-	-	-	88,735	88,735	88,735
Capital increases	30,447	-	-	-	(453)	-	-	-	-	29,994
Formation of reserves	-	-	9,409	4,437	-	-	-	(4,437)	-	9,409
Transfer to treasury shares	-	-	(1,712)	-	1,712	-	-	-	-	-
Treasury shares	-	(30,614)	(7,720)	-	-	-	202	-	-	(38,132)
Sale of preferred treasury shares	-	-	-	-	(10,112)	-	10,112	-	-	-
Dividends	-	-	-	-	(19,271)	-	-	(84,298)	-	(103,569)
Total transactions with shareholders and formation of reserves	30,447	(30,614)	1,689	4,437	(28,124)	-	-	10,314	(88,735)	(102,298)
December 31, 2020	268,843	-	1,941	22,961	-	-	-	-	-	293,745
Net income for the year	-	-	-	-	-	-	-	138,660	138,660	138,660
Other comprehensive income	-	-	-	-	-	(1,680)	(83)	-	-	(1,763)
Total comprehensive income, net of taxes	-	-	-	-	-	(1,680)	(83)	138,660	138,660	136,897
Transactions with shareholders and formation of reserves										
Capital increases	400,400	-	-	-	-	-	-	-	-	400,400
Formation of reserves	-	-	-	6,933	-	-	-	(6,933)	-	-
- Legal	-	-	-	6,933	-	-	-	(6,933)	-	-
- Expansion and investments	-	-	-	-	46,680	-	-	(46,680)	-	-
Costs with IPO resources	-	-	(30,904)	-	-	-	-	-	-	(30,904)
Dividends	-	-	-	-	-	-	-	(32,932)	-	(32,932)
Additional proposed dividends	-	-	-	-	52,115	-	-	(52,115)	-	-
Total transactions with shareholders and formation of reserves	400,400	-	(30,904)	6,933	98,795	-	-	(138,660)	-	353,897
December 31, 2021	669,243	-	(28,963)	29,894	98,795	(1,680)	(83)	-	-	767,206

See the accompanying notes to financial statements.

BR Advisory Partners Participações S.A.

Statements of cash flows: year ended December 31

(In thousands of reais)

	Notes	Parent Company		Consolidated	
		2021	2020	2021	2020
Cash flows from operating activities					
Net income		138,660	88,735	138,660	88,735
Adjustments for:					
Effect of changes in exchange rates on cash and cash equivalents		-	-	18,892	(5,736)
Impairment losses		-	-	(76)	359
Depreciation and amortization	17(c)	151	521	1,437	2,805
Write-off of property, plant and equipment	10	-	-	-	1,905
Deferred taxes		1,538	1,751	14,182	61,905
Provision for contingencies		-	-	272	-
Income (loss) from interest in subsidiaries		(143,555)	(92,268)	-	-
Other adjustments		-	134	2	(165)
		(3,206)	(1,127)	173,369	149,808
Change in:					
Financial assets at fair value through profit or loss		(18,367)	(10,829)	(1,828,395)	(195,605)
Derivative financial instruments		-	-	(56,741)	(27,687)
<i>Financial assets at amortized cost</i>					
- Money market repurchase commitments		-	-	-	3,853
- Loan operations		-	-	(27,945)	7,476
- Other financial assets at amortized cost		120	43,138	32,068	2,609
Financial assets at fair value through other comprehensive income		-	-	(257,594)	-
Recoverable taxes		(96)	30	24,359	(25,823)
Prepaid expenses		(93)	(137)	(5,518)	(426)
Other assets		-	-	(48,091)	-
Amounts payable - suppliers		2,358	920	49,562	(1,467)
<i>Financial liabilities at amortized cost</i>					
- Funds from financial institutions		-	-	1,228,129	(39,006)
- Client's funds		-	-	418,875	172,426
- Endorsements		-	-	52,156	(1,383)
- Other financial liabilities		-	-	(29,616)	15,763
Lease liabilities		-	-	-	(3,204)
Amounts payable - associated companies		(93)	10	(4)	4
Dividends receivable		-	26,385	-	-
Taxes payable		(3,657)	1,242	36,180	3,143
Other amounts payable		-	30,808	26,807	49,389
		(23,034)	90,440	(212,399)	109,870
Interest received		-	65	-	-
Income tax and social contribution paid		-	(234)	(51,082)	(22,904)
Net cash generated (used in) operating activities		(23,034)	90,271	(263,481)	86,966
Cash flows from investment activities					
Increase in investment in Investee	9	(354,200)	(72,250)	-	-
Dividends received		42,561	84,481	-	-
Funds from sale of fixed assets for use		-	4	-	11
Acquisition of fixed assets for use	10	-	-	(3,526)	(941)
Acquisition of intangible assets	11	-	-	(277)	(477)
Capital decrease in investee		-	-	-	-
Cash generated (used in) investment activities		(311,639)	12,235	(3,803)	(1,407)
Cash flows from financing activities					
Funds from issuance of shares		400,400	30,447	400,400	30,447
Sale of preferred treasury shares		-	10,112	-	10,112
Costs on the issuance of shares		(30,904)	-	(30,904)	-
Funds from disposal of shares		-	202	-	202
Repurchase of shares		-	(38,334)	-	(38,334)
Lease liability		-	-	(1,463)	-
Funds from loan agreement		-	(42,482)	-	(42,482)
Dividends paid		(34,827)	(62,446)	(34,827)	(62,446)
Cash generated by (used in) in financing activities		334,669	(102,501)	333,206	(102,501)
Increase/(decrease) in cash and cash equivalents		(4)	5	65,922	(16,942)
Cash and cash equivalents at the beginning of the year	4	5	-	47,102	58,308
Effect of changes in exchange rates on cash and cash equivalents		-	-	(18,892)	5,736
Increase/(decrease) in cash and cash equivalents	4	1	5	94,132	47,102
Cash and cash equivalents at the end of the year		(4)	5	65,922	(16,942)

See the accompanying notes to financial statements.

BR Advisory Partners Participações S.A.

Statements of value added: year ended December 31

(In thousands of reais)

	Notes	Parent Company		Consolidated	
		2021	2020	2021	2020
Revenues		3,232	8,400	2,290,815	1,416,295
Financial Intermediation		3,214	8,394	2,063,752	1,223,703
Rendering of services	15	-	-	226,593	189,279
Impairment losses – Reversal (Formation)		-	-	76	(359)
Other		18	6	394	3,672
Financial expenses		-	429	1,946,981	1,176,956
Inputs acquired from third parties		1,105	4,318	32,717	47,647
Materials, energy and others		(383)	291	16,338	23,304
Specialized technical services		1,166	3,597	12,537	17,432
Other operating expenses		322	430	3,842	6,911
Gross value added		2,127	3,653	311,117	191,692
Depreciation and amortization		151	521	1,437	2,805
Net value added produced by the Company		1,976	3,132	309,680	188,887
Value added received as transfer		143,557	91,540	107	369
Share of profit of equity-accounted investees, net of tax		143,555	92,268	-	-
Other		2	(728)	107	369
Total value added payable		145,533	94,672	309,787	189,256
Distribution of value added		145,533	94,672	309,787	189,256
Personnel	17(b)	8,027	2,346	84,285	48,410
Direct remuneration		2,797	494	47,556	29,918
Benefits		284	94	5,482	4,419
FGTS		223	40	4,496	2,453
Other		4,723	1,718	26,751	11,620
Taxes, duties and contributions		(1,154)	3,591	85,079	50,455
Federal		(1,154)	3,591	84,580	49,278
Municipal		-	-	499	1,177
Third-party capital remuneration		-	-	1,763	1,656
Rents	21(e)	-	-	1,763	1,656
Remuneration of own capital		138,660	88,735	138,660	88,735
Retained earnings for the year		138,660	88,735	138,660	88,735

See the accompanying notes to financial statements.

BR Advisory Partners Participações S.A.

Notes to the financial statements

(In thousands of reais)

1. Operations

BR Advisory Partners Participações S.A. (“Company” or “Parent Company” and jointly with subsidiaries “BR Partners Group” or “Group”), is a publicly-held corporation listed at B3 S.A. – Brasil, Bolsa, Balcão, under the code “BRBI11”, established in the second half of 2009, headquartered at Avenida Brigadeiro Faria Lima nº 3.355 - 26º andar, in the city of São Paulo, State of São Paulo, Brazil. It is engaged in investing in other companies, domestic or foreign, as a partner, quota holder or shareholder and management of own assets. Control of the Company is exercised by BR Partners Holdco Participações S.A., which holds 70.93% of the common shares representing 45.65% (50% as of December 31, 2020) of the total capital. The Company was formerly controlled by BR Partners Holdco Participações Ltda. and on September 1, 2020, was merged by BR Partners Holdco Participações S.A.

On June 17, 2021, the pricing of the Initial Public Offering (“IPO”) was concluded, pursuant to CVM Instruction 476. The IPO raised R\$ 400 million, and was priced at R\$ 16.00/unit, in a 100% primary offering. The funds will be earmarked for the expansion of our Capital Markets and Sales & Trading platform.

The Company holds an interest as a direct parent in the following companies:

Subsidiaries	Main activities	Country	% interest	
			2021 ⁽¹⁾	2020 ⁽¹⁾
BR Partners Assessoria Financeira Ltda.	Rendering of advisory and consulting services	Brazil	99.99	99.99
BR Partners Gestão de Recursos Ltda.	Securities portfolio administration and third-party asset management	Brazil	99.99	99.99
BR Partners Assessoria de Mercados de Capitais e Dívidas Ltda.	Provision of advisory and consulting services in structuring IPO operations	Brazil	99.99	99.99
BR Partners Europe B.V.	Corporate management consulting	Netherlands	100	100
BR Partners Participações Financeiras Ltda.	Ownership interest in other domestic or foreign companies	Brazil	99.99	99.99

⁽¹⁾ Percentages below 100% refer to the interest of BR Partners Holdco Participações S.A.

The Company holds an interest as an indirect parent in the following companies:

Subsidiaries	Main activities developed	Country	% interest	
			2021	2020
BR Partners Banco de Investimento S.A. ⁽¹⁾	Asset, liability and accessory operations inherent to the investment portfolio and foreign exchange	Brazil	99.99	99.99
BR Partners Corretora de Títulos e Valores Mobiliários S.A. ⁽²⁾	Provision of brokerage services to local customers and foreign institutional customers	Brazil	-	-

⁽¹⁾ The structure of BR Partners Banco de Investimento S.A. has two exclusive funds, which are: Total Multimarket Foreign Investment Fund - Private Credit and BR Partners Capital (Note 9.ii)

⁽²⁾ On November 19, 2020, the disposal of BR Partners Corretora de Títulos e Valores Mobiliários S.A. was approved by the Central Bank of Brazil, so that it is no longer part of the Group (Note 9.ii). This, it is not part of the consolidated as of December 31, 2021 and December 31, 2020. However, the results for the period in which it was under the control of BR Advisory Partners Participações S.A. were consolidated in the income (loss) for 2020.

The Company is primarily engaged in the rendering of advisory and consulting services, and the Group

BR Advisory Partners Participações S.A.

Notes to the financial statements

(In thousands of reais)

companies are distinguished by the operations carried out thereby, according to Note 9.

The Company's financial statements were approved for issuance by Management on February 10, 2022.

COVID-19

Since the beginning of the pandemic declared by the World Health Organization (WHO) due to the dissemination of the new coronavirus (COVID-19), the Company's Management has not identified any significant impact of COVID-19 on its business, financial condition, operating results or cash flows. However, the perception of the effects of the pandemic, or the way in which it will impact the Company's business depends on future developments, which are highly uncertain and unpredictable, and may result in a material adverse effect on the Company's business, financial condition, results of operations and cash flows.

From a regulatory point of view, the Central Bank of Brazil intensified its inspection of financial institutions regulated and supervised due to the effects of the pandemic, requiring more continuous monitoring and reporting by the institutions on its liquidity situation, with emphasis on funding and redemption resources, as well as for the concession and credit risk of its operations. BR Partners Banco de Investimento S.A. ("Bank"), a financial institution indirectly controlled by the Company, has sent all the required reports to the Central Bank of Brazil, and has not been subject to material questioning by this authority to date.

In compliance with the social isolation guidelines due to the COVID-19 pandemic, the Company and its subsidiaries have offered the possibility of home-office to all their managers and employees since March 2020. Currently, approximately 25% of all managers and employees of the Company and its subsidiaries remain in the remote work regime. There was no reduction in the working hours of any employee. The Company formalized an amendment to the employment contracts of employees of all its subsidiaries to formalize the remote work arrangement.

The Company, through the Bank, is following the guidelines of the Brazilian Federation of Banks (Febraban) as well as other discussion forums to structure the return of its managers and employees to their normal activities at the Company's headquarters, in line with best market practices. The Company understands that the return of its employees must be made gradually, after the evolution of the vaccination campaign against COVID-19, aiming to preserve its employees and prevent possible dissemination of the virus in the Company's facilities and its subsidiaries.

2. Summary of significant accounting practices

The significant accounting practices adopted in the preparation of financial statements are as follows below. Those practices were consistently applied throughout the years presented.

2.1 Basis of preparation and presentation

Statements of conformity (regarding IFRS and BR GAAP)

The Individual and consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), also in accordance with the accounting practices adopted in Brazil (BR GAAP), issued by the Accounting Pronouncements Committee ("CPC").

2.2 Individual financial statements

In the Parent Company financial statements, subsidiaries are accounted for under the equity method, adjusted in proportion to the interest held in the Group's contractual rights and obligations.

2.3 Consolidated financial statements

BR Advisory Partners Participações S.A.

Notes to the financial statements

(In thousands of reais)

In the consolidated financial statements, the Company consolidated the financial statements of all subsidiaries. Control is considered as existent, when the Company has the power to control financial and operating policies of an entity to gain benefits from its activities.

The balances and transactions between the companies were eliminated in the consolidation through the following procedures: a) elimination of asset and liability account balances between consolidated companies; b) elimination of the Company's investment balances with the balances of capital, reserves and retained earnings (losses) of the subsidiaries.

The subsidiaries are fully consolidated as of the date control is transferred to the Company, and stop being consolidated as of the date when control no longer exists. Operations among Group's companies, as well as the balances, unrealized gains and losses in operations among the Company and its subsidiaries were eliminated. Losses between Group's companies are also eliminated, except in the case of impairment, when they must be recognized in the consolidated financial statements.

When the entity loses control over a subsidiary, the Group derecognizes assets and liabilities and any non-controlling interest and other components recorded in shareholders' equity referring to that subsidiary. Any gain or loss resulting from loss of control is recognized in income (loss). If the Group holds any in interest in the former subsidiary, this interest is measured at fair value on the date control is lost.

2.4 Foreign currency translation

a. Functional and presentation currency

Financial statements are presented in thousands of Reais, which is the functional currency of the Company.

b. Foreign currency transactions

Transactions in foreign currencies are converted into functional currency by using foreign exchange rates prevailing on the transaction or valuation dates when the items are remeasured. Exchange gains and losses resulting from the settlement of those transactions and from the translation at year-end exchange rates referring to monetary assets and liabilities in foreign currencies, are recognized in the statements of profit or loss in the "Interest revenues and gains on financial instruments" or "Interest expenses and losses on financial instruments" captions.

Foreign exchange gains and losses resulting from the settlement of said transactions and from the translation at each period-end exchange rates referring to monetary assets and liabilities in foreign currencies, are recognized in financial statements as interest revenues or expenses and gains on financial instruments. For investments abroad that have a functional currency other than the Real, the effects of the translation are recorded in shareholders' equity under "Other Comprehensive Income".

2.5 Use of estimates and judgments

In the preparation of these financial statements, Management used judgments and estimates that affect the Group's application of accounting policies and amounts reported of assets, liabilities, revenues and expenses. Actual results may differ from these estimates. Estimates and assumptions are reviewed on a continuous basis. Reviews of estimates are recognized on a prospective basis. The information on judgments is continuously reviewed by an annual basis by the Management areas.

- **Fair value of financial instruments**

BR Advisory Partners Participações S.A.

Notes to the financial statements

(In thousands of reais)

Financial instruments recorded at fair value in our financial statements are mainly comprised by financial assets measured at fair value through profit or loss, including derivatives and financial assets measured at fair value through other comprehensive income. The fair value of a financial instrument corresponds to the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between willing market participants at the measurement date.

Financial instruments are categorized within a hierarchy based on the lowest level of information, which is significant for measuring fair value. For instruments classified as Level 3, we use our own judgment to arrive at the fair value measurement.

We base our judgment decisions on our knowledge and observations of the markets relevant to the individual assets and liabilities, and those judgments may vary based on market conditions. In applying our judgment, we look at a range of third-party prices and transaction volumes to understand and assess the extent of market benchmarks available and the judgments or modeling required in third-party processes. Based on these factors, we determine whether the fair values are observable in active markets or whether the markets are inactive. Imprecision in estimating unobservable market inputs can impact the amount of revenue or loss recorded for a particular position. Furthermore, while we believe our valuation methods are appropriate and consistent with those of other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value on the reporting date. For a detailed discussion of the determination of fair value of financial instruments please, see Note 2.15.

- **Impairment losses**

Determining the level of provision for expected credit losses requires estimates and the use of judgments.

For estimates of measurement of impairment for financial assets measured at amortized cost, requires complex quantitative assessments and assumptions about future economic conditions and customer behaviors.

The judgments necessary to apply the accounting requirements to measure impairment loss are:

- Establishment of criteria to determine the significant increase in credit risk, carrying out an initial rating assessment and periodic monitoring of the updated rating;
- Assessment of the risk profile of each client, taking into account, among other aspects: i) company's profile; ii) area of activity; iii) macroeconomic performance; and iv) structure of the operation and its guarantees; and
- Analysis of prospective scenarios, applying model inputs according to GDP, market rates and main economic indicators ("Focus").

- **Deferred tax assets**

Tax credits on tax loss carryforwards will be realized according to the generation of taxable profits. Such tax credits are recognized in the accounts based on the current expectations of their realization, considering technical studies and analysis performed by Management in the projections of future profits and determination of the expected time of realization.

- **Impairment of goodwill**

BR Advisory Partners Participações S.A.

Notes to the financial statements

(In thousands of reais)

At least annually, the Group assesses whether the current book value of goodwill has been impaired. The first step in the process requires the identification of independent cash-generating units (CGUs) and the allocation of goodwill to such units.

The economic-financial modeling was conducted in order to demonstrate its estimated cash generation capacity in the period considered under full operating and administrative conditions, with the following premises:

- Free cash flow was analytically projected for a period of 8 years and considered perpetual after 2027, with a nominal growth of 5.7%;
- For the annual period, the fiscal year from January 1 to December 31 was considered;
- For the calculation of the present value, the half-year agreement (half-year agreement) was considered, that is, it is considered that cash flows are generated linearly throughout the year and, therefore, half of the year (mid-year point) is the one that best represents the Company's average cash generation point;
- The flow was projected in local currency and the present value updated with a nominal discount rate.

The discount rate was obtained using the Capital Asset Pricing Model (CAPM) methodology, in which the cost of capital is estimated based on the estimated return required by the Company's shareholders.

The calculation of the operating value is based on the cash flow of dividends for the next 8 years and the Bank's residual value thereafter (considering a growth rate in perpetuity "g" of 6.5%), discounting these values at present value, using the nominal discount rate.

The recoverable amount of a cash-generating unit is determined based on calculations of the value in use. These calculations use cash flow projections, before income tax and social contribution, based on financial budgets for an 8-year period and perpetuity.

In the year ended December 31, 2021, the company carried out the annual impairment test of its CGU and did not record losses on the amounts recorded.

- **Revenue recognition**

- **Interest revenues and gains on financial instruments**

- These revenues are recognized in accordance with the elapsed time at the accrual basis using the effective interest rate method.

- **Revenues from rendering of services**

- Revenue is measured based on the consideration specified in the contract with customer. The Group recognizes revenue when it transfers control over services rendered to the customer, utilizing judgment to determine whether the recognition of revenue is done over time or at a specific date (Note 2.12(b)).

- **Contingent liabilities**

- Provisions are reviewed on a regular basis and are formed considering the opinion of legal advisors, nature of lawsuits, similarity with previous proceedings, complexity and positioning of Courts. Whenever the loss is assessed as probable, the Group sets up a provision for the entire process.

2.6 Significant accounting policies

2.6.1 Revenue from contract with customer

BR Advisory Partners Participações S.A.

Notes to the financial statements

(In thousands of reais)

For revenues from contracts with customers, IFRS 15 / CPC 47 - Revenue from Contracts with Customers, using the cumulative effect method (without the practical expedient). This standard established a comprehensive framework for determining whether and when revenue must be recognized, replacing the IAS 18 / CPC 30 - Revenues.

The Company evaluated its contracts with customers. The Company did not identify significant execution obligations in provision of services and concluded that there was no significant impact on the Company's individual and consolidated financial statements. Revenue recognition occurs at the time the service is completed and delivered to the customer, usually upon conclusion of the work.

2.6.2 Financial instruments

(i). Recognition and measurement

For IFRS 9 / CPC 48 - Financial Instruments, the Group performs the following: (i) uses models for the classification and measurement of financial instruments; (ii) measurement of expected credit losses for financial assets; and (iii) complies with hedge accounting requirements, maintaining the main guidelines related to the recognition and derecognition of financial instruments (IAS 39).

(ii). Classification and measurement of financial assets

The Company classifies its financial assets under the following measurement categories: fair value through profit or loss ("FVTPL"); Fair value through other comprehensive income (FVTOCI); or amortized cost. The classification depends on the analysis performed on the business model and the SPPI (Solely Payments of Principal and Interest) test. For risk management and regulatory purposes, portfolios are also segregated as follows: i) Trading portfolio comprised by all operations carried out with financial instruments, including derivatives, held not for trading or to allocated to hedge of other own portfolio instruments and which are not subject to tradability restrictions; and ii) Banking Portfolio, comprising operations not classified in the Trading Portfolio, arising from other Group businesses and their respective hedges.

a. Financial instruments at amortized cost

A financial asset, if not designated at fair value through profit or loss on initial recognition, is measured at amortized cost if both of the following conditions are met:

- It is held within a business model whose purpose is to obtain contractual cash flows; and
- The contractual terms of financial asset represent contractual cash flows with solely payments of principal and interest.

The book value of these assets is adjusted for any recognized impairment provision; interest revenue on these financial assets is included in "Interest revenue and gains on financial instruments", using the effective interest rate method.

b. Financial instruments at fair value through profit or loss

Financial instruments at fair value through profit or loss are comprised by financial instruments held for trading and items designated at fair value through profit or loss on initial recognition. Moreover, financial assets with contractual terms that do not only represent principal and interest payments are also measured at fair value through profit or loss.

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(In thousands of reais)

Financial instruments measured at fair value through profit or loss are initially recognized at fair value, with costs related to the transaction being recognized in the profit or loss when incurred. Subsequently, such instruments are measured at fair value, and any gains or losses are recognized in profit or loss as they are determined.

When a financial asset is measured at fair value, a credit assessment adjustment is included to reflect the credit quality of the counterparty, representing changes in the fair value attributable to the credit risk.

At initial recognition, the financial asset or liability may be irrevocably designated, as measured at fair value through profit or loss if eliminating or reducing a measurement or recognition inconsistency ("accounting mismatch") which may otherwise result from the measurement of assets or liabilities or the recognition of gains and losses on these assets and liabilities on a different basis.

c. Financial instruments at fair value through other comprehensive income - equity and debt instruments

Equity instruments are instruments that meet the definition of shareholders' equity from the perspective of the issuer; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the shareholders' equity of the issuer.

Debt instruments are instruments that meet the definition of a financial liability from the perspective of the issuer, such as loans, government and private bonds. The subsequent classification and measurement of debt instruments depends on the business model to manage the asset of the asset's cash flow characteristics.

Investments in debt instruments are measured at fair value through other comprehensive income (FVTOCI) when they:

- Have contractual terms that give rise to cash flows on specific dates, which represent only payments of principal and interest on the outstanding principal balance; and
- They are maintained in a business model whose purpose is achieved by combining the receipt of contractual cash flows and sale of financial instrument.

These debt instruments are initially recognized at fair value plus transaction costs directly attributed and subsequently measured at fair value. Gains and losses arising from changes in fair value are recorded in other comprehensive income. Impairment gains and losses, interest revenues and foreign exchange gains and losses are recorded in the income (loss). In the settlement of the debt instrument, the gains or losses accumulated in other comprehensive income are reclassified to profit or loss.

d. Financial liabilities - classification, subsequent measurement and gains and losses

Financial liabilities were classified as measured as amortized cost or at FVTPL. A financial liability is classified as measured at fair value through profit or loss if it is classified as held for trading (derivative or assigned as such in initial recognition). The fair value and net result of these financial liabilities, including interest, are recognized in income (loss).

Other financial liabilities are measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in income (loss). Any gain or loss on derecognition is also recognized in income (loss).

(iii). Financial instruments for hedging purposes (hedge accounting)

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Notes to the financial statements

(In thousands of reais)

The Group maintains derivative financial instruments to hedge its exposures related to changes in interest rate. The Group continues applying the hedge accounting requirements provided for in IAS 39, as allowed by IFRS 9.

Upon initial designation of the hedge, the Group documents the relationship between the hedging instruments and the hedged items, including the risk management objectives and the strategy for carrying out the transaction, together with the methods that will be used to evaluate the effectiveness of the hedging relationship. The Group makes an assessment, both at the beginning of the hedging relationship and on an ongoing basis, ensuring that the instruments are expected to be highly effective in offsetting changes in the fair value of the respective hedged items during the designated period, as well as in ensuring that the actual results are within the 80–125% range.

Derivative financial instruments considered as hedging instruments are classified according to the nature, namely:

- Fair-value hedge: The financial instruments classified in this category, as well as the hedged item, have their fair value adjustments recorded as a contra entry to the income (loss) for the period and presented in the Statement of profit or loss as “Interest expenses and losses on financial instruments”;
- Cash flow hedge: Derivative financial instruments classified in this category have their fair value adjustments recognized in shareholders’ equity under “Other Comprehensive Income”, net of tax effects. The ineffective portion of the respective hedge is recognized directly in the income (loss) account.

The Group maintains a fair value hedge structure for the year ended December 31, 2021, as presented in Note 6(e).

(iv). Evaluation of business model and evaluation of SPPI

The subsequent classification and measurement of debt instruments depends on the business model to manage the asset of the asset's cash flow characteristics based on analysis of Solely Payments of Principal and Interest (SPPI) test:

- Business model: The business model reflects how the Group manages its financial assets. That is, it prospectively assesses expected losses, always using the amounts / procedures / methodologies / provisions defined in our internal manuals as a criterion for allowances.
- Financial assets at amortized cost: classification of assets at amortized cost refers to assets that are held for collection of contractual, and those contractual flows represent solely payments of principal and interest (“SPPI”) and are not designated at fair value through profit or loss. They are measured at amortized cost. This category includes loans, financing (loan operations) and other receivables. This category also includes Securities that meet the criteria of this category. These investments are measured at amortized cost less impairment loss and revenue recognized by using the effective interest rate.
- Financial assets at fair value through other comprehensive income (FVTOCI): this category includes debt instruments which, depending on the business model, are aimed at collecting contractual cash flows or sales cash flows, and have contractual cash flows that correspond exclusively to payments of principal and interest.

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(In thousands of reais)

Financial assets at fair value through other comprehensive income are stated at fair value with changes in fair value recognized in a separate line of "Other comprehensive income" in shareholders' equity, less tax effects, except for expected credit losses and interest from these assets that are recognized in income (loss). When the investment is disposed, income previously accumulated in the adjustment at fair value account in shareholders' equity is reclassified to income (loss).

- Financial assets at fair value through profit and loss (FVTPL): this category includes financial assets not classified as "Financial assets at amortized cost" and "Financial assets at fair value in other comprehensive income".

(v). Identification and evaluation of impairment

Expected credit loss model: IFRS 9 / CPC 48 requires the Company to record the expected credit losses on all of its financial assets not classified as FVTPL, on a 12-month basis or over the lifetime of the instrument. In the evaluation of the expected credit losses model, the Company adopted the default criteria and significant increase of credit risk and took into consideration its current procedure for provision for expected losses, the credit risk characteristics of the operations, its business segments and customers, its historical default rate, future estimates of losses and growth indicators applicable to the Company's area of activity.

For the default criterion, the Company adopts 90 days in arrears, and regarding the criterion of significant increase in the level of risk, the Company considers the difference of two points up between the initial classification of operation's risk level and the current risk level assessment. This differential can be given by the assessment of the customer's rating by the Credit Department with subsequent approval by the Credit Committee. The Company assesses the risk profile of each customer, always taking into account the following topics, among other aspects: i) company's profile; ii) area of activity; iii) macroeconomic performance; and iv) structure of the operation and its guarantees.

2.6.3 Lease

The Group adopted the IFRS 16 / CPC 06(R2) - Lease using the modified approach on a retrospective basis, in which the cumulative effect of first-time adoption was recognized in the opening balance of retained earnings on January 1, 2019.

In accordance with CPC 06(R2) / IFRS 16, an agreement is or contains a lease if transfers the right to control the use of an identified asset for a certain period in exchange for consideration. Thus, the Company starts to recognize the right-of-use assets and lease liabilities that represent its rights to use the real estate and lease liabilities that represent its obligation to pay the lease of such real estate.

As a result of applying CPC 06(R2), we present the amounts in Note 21(e).

2.6.4 Uncertainty over income tax treatment

ICPC 22 / IFRIC 23 explains how to apply the requirements of recognition and measurement of CPC 32 - Income Taxes, (IAS 32 - Income taxes) ("CPC 32/IAS 12") when there is uncertainty over the treatments of income tax.

There adoption of this standard had no significant impact on the Group's financial statements.

2.6.5 Issued standards and interpretations not yet effective

For the year ended December 31, 2021, the Group did not adopt these standards for preparation of these financial statements.

BR Advisory Partners Participações S.A.

Notes to the financial statements

(In thousands of reais)

The following changes in standards and interpretations are not expected to have a significant impact on Group's Individual and consolidated financial statements:

- Interest Rate Benchmark Reform - Phase 2 (Amendments to CPC48/IFRS 9, CPC 38/IAS 39, CPC 40/IFRS 7, CPC 11/IFRS 4 and CPC 06/IFRS 16).

2.7 Cash and cash equivalents

Cash and cash equivalents include cash, bank deposits, and other highly liquid short-term interest earning bank deposits with original maturities of up to 3 months as of investment date, are convertible into a known sum of cash and subject to an insignificant risk of change of value.

2.8 Property, plant and equipment

Property, plant and equipment items are stated at historical cost of acquisition less depreciation and any unrecoverable accumulated loss. The historical cost directly includes attributable expenditures necessary for preparing the asset for the use intended by Management. Depreciation of assets is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, as follows:

Machinery and equipment	10 years
Facilities	10 years
Furniture and fixtures	10 years
IT and telephony equipment	5 years
Right-of-use of real estate ⁽¹⁾	5 years

⁽¹⁾ Refers to lease agreements (Note 2.6.3 and Note 21(e)).

Depreciation methods, useful lives and residual values are reviewed at each statement of financial position date and adjusted if appropriate. Any gains and losses on disposal of property, plant and equipment item are recognized in income (loss).

2.9 Intangible assets

Intangible assets are represented by the license acquired to operate and exercise the private activities of Financial Institutions previously carried out by Banco Porto Seguro S.A. in the Partial Spin-Off process registered in the Minutes of the Shareholders' Meeting held on April 30, 2012, and registered with BR Partners Participações Financeiras Ltda., the parent of BR Partners Banco de Investimento S.A. These assets are measured at cost, less accumulated impairment losses.

Acquired software licenses are also included in intangible assets and are stated at historical cost less amortization and accumulated impairment losses. Amortization is in accordance with the acquisition contract and may vary or may even be undefined; when determinate, it is calculated using the straight-line method to allocate the cost of software licenses acquired during the estimated useful life of the contract.

Estimated useful lives are as follows:

Software	1–5 years
Other	Undetermined

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Notes to the financial statements

(In thousands of reais)

2.10 Other assets and liabilities

Current assets are stated at acquisition cost plus income and monetary correction and exchange-rate changes incurred, less (where applicable) the provision for losses.

Current liabilities are stated at known or estimated amounts, less corresponding expenses to be appropriated, plus charges and monetary correction (on a prorated basis) and foreign exchange changes incurred up to the statement of financial position closing date.

2.11 Capital

Preferred shares do not have voting rights, but have priority over common shares in the reimbursement of capital, in the event of liquidation, up to the amount of capital represented by such preferred shares and the right to receive a minimum dividend in accordance with the guidelines of Company's Bylaws, as well as Law 6404/76.

2.12 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the rendering of services in the Group's normal course of activities. Revenue is stated net of taxes, rebates and discounts.

The Group recognizes revenues as described below:

a. Net income (loss) from interest and gains (losses) on financial instruments

Revenues from financial instruments are recognized in accordance with the elapsed time on the accrual basis using the effective interest rate method. These revenues substantially comprise the following operations:

- Loan operations;
- Foreign Currency operations;
- Interbank investments;
- Securities; and
- Operations with derivative financial instruments.

b. Revenues from rendering of services

• Recognition of revenues from rendering of services

Revenue from contracts with customer sets forth a comprehensive framework for determining whether and when revenue is recognized, and how revenue is measured. Determining the moment of the transfer of control - at a specific point in time or over time, as demonstrated in the recognition policies shown below:

• Obligations on performance and revenue recognition policies

Revenue is measured based on the consideration specified in the contract with customer. The Group recognizes the revenue when the control over the product or service is transferred to the client.

The table below provides information about the nature and time of the compliance with performance obligations under agreements with clients:

Type of service	Nature and timing of fulfillment of performance obligations	Revenue recognition policy
Commission, structuring and	Commission on the placement and intermediation of securities on the market	Revenue is recognized at a specific point in time, being the

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(In thousands of reais)

placement of securities - Sales & Trading	and by various types of financial services. It acts in the structuring and distribution of financial products developed specifically according to the needs of each customer.	placement of the security, through contractual fees and commission percentages, and the payment date which is stipulated in the contract.
Asset administration and management	BR Partners advises its customers in the process of asset management and Fund portfolio administration.	Revenue recognition takes place over time, by receiving monthly management fees charged for service provided.
Financial advisory and consulting - Investment Banking	BR Partners offers financial and strategic consulting services related to mergers and acquisitions, fundraising, strategic partnerships, joint ventures, and corporate restructuring.	Revenue recognition takes place at a specific point in time, when performance obligations established in the contract are met. Revenue recognition takes place over time, due to the obligations entered into within the contract, in relation to financial advisory and business restructuring support.

2.13 Income taxes

Income tax expenses comprise current and deferred corporate income tax (IRPJ) and social contribution (CSLL). Current and deferred taxes are recognized in income (loss) unless they are related to the business combination, or items directly recognized in shareholders' equity or other comprehensive income.

For the Parent Company and other company, except for o BR Partners Banco de Investimento S.A. ("Bank") and BR Partners Gestão de Recursos Ltda. ("Fund Management"), current and deferred income tax and social contribution are calculated based on rates of 15%, plus additional 10% on taxable income exceeding R\$ 240 for income tax, and 9% on taxable income for social contribution on net income, considering offset of tax losses and social contribution negative basis, limited to 30% of taxable income for the year.

For the Bank, the provision for income tax is formed at the rate of 15% on taxable income, plus a surtax of 10% for taxable income in excess of R\$ 240 in the year; the provision for social contribution tax is formed at the rate of 20% on taxable income. Law 14183 was enacted as at July 14, 2021, amending Law 7689/88 to increase the rate of the Social Contribution on Net Income due by legal entities in the financial industry, with a rate of 25% up to December 31, 2021.

For the Fund Management, the presumed profit is used to calculate the income tax and social contribution, applying the nominal rates on deemed income calculated based on its operating revenues and over its financial revenues, with 32% of assumed profit, 15% for income tax, plus a 10% surcharge on excess taxable income of R\$ 60 per quarter and 9% for social contribution, respectively.

The current income tax and social contribution charges are calculated based on tax laws effective on statement of financial position date.

Deferred tax assets and liabilities include temporary differences identified as values expected to be paid or recovered upon differences between accounting values of assets and liabilities, and their respective calculation basis, and accumulated tax credits and losses. These values are measured at the rates expected to be applied in the period in which the asset will be realized or liability will be liquidated.

Tax credits on temporary differences will be realized when respective provisions are used and/or reversed.

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(In thousands of reais)

2.14 Distribution of dividends

The distribution of mandatory minimum dividends to Company's shareholders is recognized as a liability in financial statements. Any amount above the mandatory minimum is provisioned only on the date of its approval by the General Meeting.

2.15 Fair value estimate

Fair value is classified for by the Company in accordance with the evaluation method. The different levels were defined as follow:

- Level 1 - Prices quoted (not adjusted) in active markets for identical assets and liabilities.
- Level 2 - The evaluation uses information, in addition to quoted prices included in Level 1, information included in level 1 that are observable in the market for the asset or liability, either directly (prices) or indirectly (derived from prices). and
- Level 3 - The evaluation uses significant information which is not based on observable market data (i.e., non-observable inputs).

The following table presents assets and liabilities measured at fair value at December 31, 2021 and 2020:

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a. Accounting classification and fair values

i. Parent Company

	<u>FVTPL</u>	<u>Financial assets at amortized cost</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total in 2021</u>
Financial assets							
Cash and cash equivalents	-	1	1	-	-	-	-
Bank Deposit Certificate	-	1,165	1,165	-	-	-	-
Equity investment fund quotas	87,323	-	87,323	-	-	87,323	87,323
Other amounts receivable from related parties	-	82,817	82,817	-	-	-	-
Total	87,323	83,983	171,306	-	-	87,323	87,323

	<u>FVTPL</u>	<u>Financial assets at amortized cost</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total 2020</u>
Financial assets							
Cash and cash equivalents	-	5	5	-	-	-	-
Equity investment fund quotas	70,121	-	70,121	-	-	70,121	70,121
Other amounts receivable from related parties	-	120	120	-	-	-	-
Total	70,121	125	70,246	-	-	70,121	70,121

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(In thousands of reais)

ii. Consolidated

	FVTPL	FVTOCI	Financial assets at amortized cost	Total	Level 1	Level 2	Level 3	Total in 2021
Financial assets								
Government bonds								
- Financial Treasury Bills (LFTs)	131,611	-	-	131,611	131,611	-	-	131,611
- National Treasury Bills (LTNs)	49,982	-	-	49,982	49,982	-	-	49,982
- National Treasury Notes (NTNs)	1,622,224	-	-	1,622,224	1,622,224	-	-	1,622,224
Derivatives								
- SWAP	87,253	-	-	87,253	-	87,253	-	87,253
- NDF (non-deliverable forward)	41,024	-	-	41,024	-	41,024	-	41,024
- Futures	21,575	-	-	21,575	21,575	-	-	21,575
Private securities								
- Certificates of Real Estate Receivables	260,126	147,589	-	407,715	-	407,715	-	407,715
- Certificates of Agribusiness Receivables	15,823	83,170	-	98,993	-	98,993	-	98,993
Investment fund quotas								
- Equity investment fund quotas ⁽¹⁾	87,323	-	-	87,323	-	-	87,323	87,323
- Quotas of real estate investment fund	125,332	-	-	125,332	125,332	-	-	125,332
- Equity investment fund quotas	26,834	26,835	-	53,669	-	53,669	-	53,669
- Debentures	49,489	-	-	49,489	-	49,489	-	49,489
Loan operations	-	-	56,823	56,823	-	-	-	-
Other financial assets at amortized cost								
- Services receivable	-	-	19,667	19,667	-	-	-	-
- Clients' reimbursements	-	-	335	335	-	-	-	-
- Other	-	-	4,743	4,743	-	-	-	-
Other financial assets	48,091	-	-	48,091	-	48,091	-	48,091
Cash and cash equivalents	-	-	94,132	94,132	-	-	-	-
Total	2,566,687	257,594	175,700	2,999,981	1,950,724	786,234	87,323	2,824,281
Financial liabilities								
- Client's funds	-	-	671,744	671,744	-	-	-	-
- Endorsements	-	-	59,177	59,177	-	-	-	-
- Funds from financial institutions	-	-	1,228,129	1,228,129	-	-	-	-
Derivatives								
- SWAP	11,357	-	-	11,357	-	11,357	-	11,357
- NDF (non-deliverable forward)	21,566	-	-	21,566	-	21,566	-	21,566
- Futures	37,555	-	-	37,555	37,555	-	-	37,555
Total	70,478	-	1,959,050	2,029,528	37,555	32,923	-	70,478

FVTPL	Financial assets at	Total	Level 1	Level 2	Level 3	Total 2020
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Notes to the financial statements

(In thousands of reais)

	amortized cost						
Financial assets							
Government bonds							
- Financial Treasury Bills (LFTs)	53,788	-	53,788	53,788	-	-	53,788
- National Treasury Bills (LTNs)	97,674	-	97,674	97,674	-	-	97,674
Private securities							
- Certificates of Real Estate Receivables	211,095	-	211,095	-	211,095	-	211,095
- Real Estate Credit Bill	44,865	-	44,865	-	44,865	-	44,865
Investment fund quotas							
- Equity investment fund quotas ⁽¹⁾	70,121	-	70,121	-	-	70,121	70,121
- Quotas of real estate investment fund	62,806	-	62,806	62,806	-	-	62,806
Loan operations	-	28,802	28,802	-	-	-	-
Other financial assets at amortized cost							
- Other amounts receivable from related parties	-	5	5	-	-	-	-
- Foreign exchange	-	28,095	28,095	-	-	-	-
- Services receivable	-	22,342	22,342	-	-	-	-
- Clients' reimbursements	-	4,236	4,236	-	-	-	-
- Other	-	2,129	2,129	-	-	-	-
Cash and cash equivalents	-	47,102	47,102	-	-	-	-
Total	540,349	132,711	673,060	214,268	255,960	70,121	540,349
Financial liabilities							
- Client's funds	-	252,869	252,869	-	-	-	-
- Endorsements	-	7,021	7,021	-	-	-	-
- Other financial liabilities	-	29,616	29,616	-	-	-	-
Derivatives							
- SWAP	9,121	-	9,121	-	9,121	-	9,121
- NDF (non-deliverable forward)	5,181	-	5,181	-	5,181	-	5,181
- Futures	1,155	-	1,155	1,155	-	-	1,155
Total	15,457	289,506	304,963	1,155	14,302	-	15,457

- (1) During the years ended December 31, 2021, and 2020, a Valuation Report was issued by a specialized firm and also by means of internal evaluation, with the objective of supporting management's assessment with respect to assessing the fair value of projects. A discounted cash flow was used as the methodology for determining the investments' fair value. The company holds 29% of shares in the Fund, the aim of which is to obtain yields through long-term investments, by means of investment of funds that carry out activities related to the Shopping Center sector, in the Outlet category. Regarding BR Partners Pet Fundo de Investimento em Participações Multiestratégia, the Company understands that the amount recorded, referring to the acquisition that took place as of December 7, 2021, reflects the fair value of the shares as of December 31, 2021.

b. Financial instruments measured at fair value

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(In thousands of reais)

Type	Valuation technique	Significant non-observable inputs	Relationship between significant non-observable inputs and measurement of fair value
Financial assets at fair value through profit or loss (government and private bonds)	<p>Government bonds: The methodology used to calculate the fair value of Government Bonds consists of capturing the rates and curves disclosed by the market on each maturity of Government Bond, thereby obtaining the MtM (Mark to Market) when multiplying by the quantity existing in the portfolio.</p> <p>Private securities: The methodology used to calculate the fair value of Private Securities consists of capturing the rates of the respective indexes (Pre, CDI, IPCA, IGPM, etc.), then the interest and the future value of the operations are calculated by multiplying by the principal, and after capturing their respective curves, MtM is then obtained, bringing the present value to the respective curve at maturity.</p>	Not applicable	Not applicable
Financial assets at fair value through profit or loss - Equity investment fund quotas	Discounted cash flows: The valuation model considers the present value of the expected future payments, discounted by a rate adjusted at risk.	Equity investment funds that have investments in real estate development companies in which they depend on non-observable factors in the market, which use, among other assumptions, expectations and projections of future results, growth rates, discount rates and inflation rates, among others.	Estimated fair value could increase (decrease) if: - expected cash flow would be higher (lower); or - the risk-adjusted discount rate is lower (higher).
Derivative financial instruments (swap, NDF)	<p>Swap models: The fair value is calculated based on the present value of the estimated future cash flows. Estimates of post-fixed rate future cash flows are based on quoted rates of swap, future prices and interest rates on interbank loans. Estimated cash flows are discounted using a curve prepared based on similar sources and reflecting the relevant interbank reference rate used by market participants for this purpose when pricing interest rate swaps. The fair value estimate is subject to a credit risk adjustment that reflects the credit risk of the Group and the counterparty, calculated based on credit spreads derived from credit default swaps or current prices of traded securities.</p> <p>Cash flow swap: the (MtM) fair value will correspond to the sum of the MtMs of each flow (according to the methodology described above), whereby the start date and expiration date of flows will be applied in substitution of the start date and expiration date of the operation, as well as the remaining balance to replace the principal.</p> <p>NDF: The NDF (Non-Deliverable Forward) product, or even a forward contract, is an over-the-counter contract for the future purchase and sale of an asset, at a parity negotiated between the parties.</p> <p>Since this is an over-the-counter contract, the size of the contract, as well as the expiration date, are freely agreed upon between the participants. Moreover, settlement takes place exclusively by difference (financial settlement) between the market price on the contract's expiration date (or other dates, in the case of Asian) and the agreed price (in the case of a long position for a short position, it is the opposite); thus, there is no physical delivery of the asset.</p>	Not applicable	Not applicable

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(In thousands of reais)

The fair value of an NDF is obtained by estimating a future value based on the current price of the underlying asset, brought to maturity by the respective curves constructed from similar sources, and which reflect the relevant interbank reference rates used by market participants and brought to present value by the respective market curve.

The fair value (price) of an option, i.e., its premium, is given by the possibility of exercising it. More specifically, it is given by the immediate possibility of exercise or by the possibility of being exercised later. Thus, the pricing of the premium consists of two types of values, respectively:

- Intrinsic value: which only exists when the value of the asset in the cash market is higher than the exercise price (strike price) in the case of a call option and the reverse for a put option. Therefore, an in-the-money option has intrinsic value.
- Time value: this is the difference between the premium and the intrinsic value of the option. So, this value depends on the price of the underlying asset, the option's expiration time, the expected volatility of the underlying asset's quotes, the interest rate, and in the case of the share as an underlying asset, the expected dividends, as shown below:

Price of the Target Asset: according to the relationship between the price of the underlying asset on the spot market and the strike price of the option, options can be classified as:

Derivative
financial
instruments
(Options)

- i. In-the-money option: price of the underlying asset is higher than the strike price of the option in the case of the call option and lower in the case of the put option;
- ii. At-The-Money option: price of the underlying asset is equal to the strike price of the call and put option; price of the underlying asset is equal to the strike price of the call and put option;
- iii. Out-of-the-money option: price of the underlying asset is lower than the strike price of the call option and higher for the put option.

Not applicable

Not applicable

- Time: the longer the time for the option to expire, the greater the premium value, as the greater the probability of exercising the option;
- Volatility: the greater and more frequent the price fluctuations, the greater the unpredictability of the exercise and, therefore, the greater the risk for the writer, which results in a higher premium as well;
- Interest rate: represents the opportunity cost of acquiring the underlying asset, so that the higher this cost of money, the more advantageous it becomes to buy the option than to buy the underlying asset directly. In the case of the call option, this relationship is reversed.
- Dividend: the higher the expected dividend payment, the greater the benefit of acquiring the share and, therefore, the higher the option premium.

The time value is gradually reduced until it reaches zero on the option's expiration date.

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c. Financial asset measured at fair value - Level 3

Type	Valuation technique	Significant non-observable inputs	Relationship between significant non-observable inputs and measurement of fair value
Financial assets at fair value through profit or loss - Equity investment fund quotas	Discounted cash flows: The valuation model considers the present value of the expected future payments, discounted by a rate adjusted at risk.	Equity investment funds that have investments in real estate development companies in which they depend on non-observable factors in the market, which use, among other assumptions, expectations and projections of future results, growth rates, discount rates and inflation rates, among others.	Estimated fair value could increase (decrease) if: - expected cash flow would be higher (lower); or - the risk-adjusted discount rate is lower (higher).

d. Reconciliation of Level 3 fair values

The following table presents a reconciliation of all assets and liabilities measured at fair value, on a recurring basis, using relevant unobservable data (Level 3) during the years 2021 and 2020:

	FVTPL - Equity investment fund quotas (Outlet)	FVTPL - Equity investment fund quotas (Pet)	Total
December 31, 2019	59,292	-	59,292
Fair value increase	10,829	-	10,829
December 31, 2020	70,121	-	70,121
Fair value increase	5,212	-	5,212
Acquisition of quotas	-	11,990	11,990
Balance at December 31, 2021	75,333	11,990	87,323

e. Sensitivity analysis of financial assets classified as Level 3

Sensitivity analysis is intended to measure the impact of changes in market variables on each financial instrument. However, settling the transactions involving such estimates may result in sums different from those estimated, owing to the subjectivity contained in the procedure used to prepare these analyses.

Given the subjectivity described above, and the small number of these instruments in the Company's portfolio, the sensitivity analysis is performed individually for each financial instrument.

f. Other financial instruments

The Company determined that other financial assets and liabilities are equivalent to their respective book values, mainly due to the short-term maturities of these instruments and, in most cases, floating rates.

2.16 Provisions

The recognition, measuring and disclosure of contingent assets and liabilities and legal obligations are executed as follows:

- Contingent assets: they are not recognized for accounting purposes, except when realization is virtually certain. Contingent assets, with expectation of success considered likely, are disclosed in the notes to the financial statements (when applicable).

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- Contingent liabilities: they are formed considering the opinion of legal advisors, nature of lawsuits, similarity with previous proceedings, complexity and positioning of Courts. Whenever the loss is assessed as probable, the Group sets up a provision for the entire process; for losses assessed as possible, the Company presents probable losses in an explanatory note and for losses assessed as remote, there is no disclosure in financial statements.
- Legal obligations - tax and social security: arise from lawsuits, related to tax obligations, where the subject being contested is their legality or constitutionality which, regardless of the assessment of the likelihood of success, have their amounts recognized in full in the financial statements.

The records of civil, tax and labor lawsuits are presented in note 21 (c).

3. Financial risk management

- 1.
- 2.
- 3.

3.1 Financial risk factors

The Group's activities expose it to various financial risks and said risks are divided into: market, credit and liquidity risks. The Group's risk management policies aim to define a set of principles, guidelines and responsibilities that guide activities relevant to risk management, in line with the business strategy of companies that are part of the BR Partners Group.

These risks are concentrated in the activities of the Investment Bank, where risk governance has a framework of policies and following committees: Risk and Compliance Committee, Credit Committee, Risk Committee and the Assets & Liabilities Committee (ALCO) and Underwriting Committee, observing their responsibilities and duties. For the effectiveness of risk management, the framework provides for the identification, assessment, monitoring, control, mitigation and correlation between risks.

Several risk metrics are calculated and presented on a daily basis, such as VaR (Value at Risk), Stress Test, exposures by type of assets and risk factors, regulatory reports and control of results. Limits are monitored by the Risk Management area.

The Risk Management area reports directly to the CEO, therefore acting independently from the business areas.

3.1.1 Market Risk

Market risk is defined as the possibility of losses due to adverse fluctuations in prices and market rates on the positions of the Group's portfolio.

The Market Risk Policy, reviewed annually, defines the market risk management structure. This policy indicates the general principles of market risk management and is aimed at establishing the tolerance of exposures, to effectively manage, mitigate and prevent exposure to market risk.

The main sources of market risk are substantially derived from: fixed interest, foreign currency interest, actual interest, foreign exchange, inflation, stocks, commodities, and their volatilities. The monitoring primarily uses the following metrics: exposure by risk factor, DV01, Greeks, Value at Risk (VaR) and Stress Test.

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The most prominent among the main market risk metrics is VaR, which is defined as the worst expected loss in a given time horizon (126 observations, given the application of the Exponentially Weighted Moving Average (“EWMA”)) and related to a confidence interval (99%). The following table shows the VaR values of the trading portfolio for the year ended December 31, 2021 and 2020 (amounts in Reais):

Presentation of Values at risk (in the year)

	<u>2021</u>	<u>2020</u>
Closing VaR	1,214,659	66,517
-Average VaR	381,264	47,105
-Maximum VaR	2,083,855	205,850
-Minimum VaR	60,456	8,655

a. Sensitivity analysis

Sensitivity analysis for operations subject to market risk begins by classifying these operations according to their characteristics, in the Non-Trading (Banking) portfolio or in the Trading portfolio.

For the Trading Portfolio, the VaR is used as a sensitivity analysis methodology, as presented above (126 observations, applying the EWMA) and related to a confidence interval (99%).

The non-trading portfolio is predominantly characterized by operations stemming from the banking business and related to the management of the Bank’s assets (credit portfolio) and liabilities (funding portfolio). The Banking portfolio uses, as a sensitivity analysis methodology, the parallel shock on the respective interest curves, observing the behavior of exposures and the gaps of each risk factor.

The sensitivity analysis for Banking portfolio is intended to measure the impact of changes in market variables on each financial instrument. However, settling the transactions involving such estimates may result in sums different from those estimated, owing to the subjectivity contained in the procedure used to prepare these analyses. Given the subjectivity described above in the Company’s portfolio, the sensitivity analysis of the Banking portfolio is not performed in a systematic way; these instruments are treated individually.

To analyze the sensitivity, scenarios were defined that will be applied to the operations contained in the trading and banking portfolio, considering the changes that would negatively affect our positions, the operations, and the market data of the respective dates. It is also worth noting that given the projections observed on the market (“Focus”), the most likely scenario considered by the Company is Scenario 1.

The shocks used in each scenario are described below:

- Scenario 1: Changes in 1% in the volatilities of the series and market curves, that is, based on market information, change in 1 basis point for interest rates and 1% of changes in prices were applied. For example: for a Real/US Dollar quote of R\$ 5.45, a scenario of R\$ 5.5045 was used, whilst for an one-year fixed interest rate of 8.90%, a scenario of 8.91% was applied;
- Scenario 2: Changes in 25% in the series and market curves, that is, based on market information, change in 25 basis point for interest rates and 25% of changes in prices were applied. For example: for a Real/US Dollar quote of R\$ 5.45, a scenario of R\$ 6.8125 was used, whilst for an one-year fixed interest rate of 8.90%, a scenario of 9.15% was applied; and

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- Scenario 3: Changes in 50% in the series and market curves, that is, based on market information, change in 50 basis point for interest rates and 50% of changes in prices were applied. For example: for a Real/US Dollar quote of R\$ 5.45, a scenario of R\$ 8.175 was used, whilst for a one-year fixed interest rate of 8.90%, a scenario of 9.40% was applied;

i. Trading portfolio:

Exposure	Risk factors	2021			2020		
		Scenario 1	Scenario 2	Scenario 3	Scenario 1	Scenario 2	Scenario 3
Interest rate in Reais (R\$)	Exposures subject to changes in fixed interest rates and interest rate coupons	1	35	71	214	5,527	10,316
Price index	Exposure subject to foreign exchange coupon rates of price indices	2	52	105	1	17	34
Foreign currency coupon	Exposure subject to foreign exchange coupon rates	1	24	48	3	68	136
Foreign currency	Exposures subject to changes in exchange rates	1	21	41	3	68	137
Total with no correlation		5	132	265	221	5,680	10,623
Total with correlation		5	132	265	214	5,340	10,681

ii. Banking Portfolio:

Exposure	Risk factor	2021			2020		
		Scenario 1	Scenario 2	Scenario 3	Scenario 1	Scenario 2	Scenario 3
Interest rate in Reais (R\$)	Exposures subject to changes in fixed interest rates and interest rate coupons	(55)	(691)	(1,382)	(35)	(863)	(1,726)
Price index	Exposure subject to foreign exchange coupon rates of price indices	(143)	(1,785)	(3,570)	-	-	-
Foreign currency coupon	Exposure subject to foreign exchange coupon rates	-	-	-	(1)	(34)	(68)
Total		(198)	(2,476)	(4,952)	(36)	(897)	(1,794)

b. Foreign exchange risk

The Group is exposed to foreign exchange risk resulting from exposures to some currencies, mainly US dollar and Euro. Foreign exchange risk arises specially when future transactions or recognized assets or liabilities and net investments in transactions abroad.

A summary of the Group's exposure to foreign exchange risk, as reported to Management, is presented below. It is worth noting that the amounts below are in Reais and may be different from the figures presented by the accounting books and records due to differences between accounting standards and the basis on which management monitors its risk exposures (amounts in Reais):

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	2021			2020		
	R\$ (Real)	US\$ (Dollar)	€ (Euro)	R\$ (Real)	US\$ (Dollar)	€ (Euro)
Foreign exchange exposure	(46,328)	41,545	4,783	(29,433)	21,949	7,484
Derivatives						
SWAP	(48,286)	48,286	-	43,617	(43,617)	-
NDF	208,849	(208,849)	-	175,123	(174,436)	(687)
Futures	(118,658)	120,240	(1,582)	(193,895)	196,273	(2,378)
Total	(4,423)	1,222	3,201	(4,588)	169	4,419

As of December 31, 2021 and 2020, if Reais (R\$) had changed at 10% in relation to dollar, maintained all other variables constant, net income for the year would not have shown any significant changes in Reais, as a result of non-significant net exposure.

There would also be no significant changes in Reais in net income for the year, if the Real had varied around 10% against the Euro, due to non-significant net exposure.

3.1.2 Credit risk

Credit risk is defined as the possibility of losses associated with the failure, on the part of the borrower or counterparty, to meet their respective financial obligations under the agreed-upon terms, devaluation of the credit agreement resulting from the deterioration in the classification of the borrower's risk, reduction of gains or remuneration, advantages granted in the renegotiation, and costs of recovery. Credit risk can be segregated, mainly at risk of: settlement, replacement, concentration, guarantee failure, potential future exposure for derivatives.

The credit risk management framework is a set of principles, procedures and instruments that provide Management with ongoing adaptation to the nature and complexity of products, services, activities, processes and systems.

Credit risk is monitored mainly using the following metrics:

- Potential Future Exposure for Derivatives;
- Current credit exposure (present value of operations);
- Compliance with credit risk limits, both Parent and Consolidated; and
- Concentration of the portfolio, segregating operations by product type, term, business group, size, sector of operations, and geographic region.

The Group's credit risk arises from structured operations such as debentures, bank credit notes, and ("CDB"), Real Estate Receivables Certificate ("CRIs") Agribusiness Receivables Certificate ("CRA"), as well as from bank guarantees. In addition, to provide cash protection for customer flows, the Company also conducts operations with derivative financial instruments. No credit limit was exceeded in the year, and Management does not expect any losses arising from defaults by those parties.

The criterion adopted for default is based on the initial analysis of the counterparty's credit quality, by estimating a rating for the customer, the limit to be granted to the customer, and the guarantees that will be required according to the risk that the customer represents; the losses arising from the default of that counterparty are estimated based on these data.

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The book values of financial assets and contract assets represent the maximum credit exposure.

Impairment losses from financial assets and contract assets recognized in income (loss) are as follows:

	Consolidated	
	2021	2020
Reversal (loss) by impairment of financial assets at amortized cost	76	(359)
Total	76	(359)

The Company assessed that the credit risk of financial assets did not significantly increase on the date of the report, with respect to customer contracts. For private securities, the Group assessed the credit and concluded that the impairment loss for the next 12 months is R\$ 2,441. At the parent-company level, there is no balance to be disclosed in the financial statements.

a. Credit quality of financial assets

i. Exposure to credit risk

	Notes	Parent Company	
		2021	2020
Financial asset at amortized cost			
Counterparties without external credit rating ⁽²⁾		-	120
Total	7	-	120
Cash and cash equivalents - checking account and short-term bank deposits ⁽¹⁾			
AAA		1	5
AA		-	-
Total	4	1	5

	Notes	Consolidated	
		2021	2020
Financial assets at fair value through profit and loss	5		
AAA		1,576,319	151,462
AA		61,614	44,865
A		177,999	-
B		85,824	211,095
C		26,834	-
Counterparties without external credit rating ⁽²⁾		200,665	62,806
Financial assets at fair value through other comprehensive income			
AAA		20,992	-
A		164,745	-
B		45,022	-
C		26,835	-
Financial asset at amortized cost	4		

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Counterparties without external credit rating ⁽²⁾		60,287	33,111
Cash and cash equivalents ⁽¹⁾	4		
AAA		33,845	106
BBB-		-	13,885
Accounts receivable and other financial assets	7		
AA		46,904	6,397
A		-	14,956
B		9,903	7,449
Counterparties without external credit rating ⁽²⁾		28,802	56,807
Total		2,566,590	602,939

(1) The ratings were based on a market assessment by S&P - Standard & Poor's Financial Services LLC.

(2) Regardless of the company's external credit rating, the Credit Department evaluates the customer's internal rating with subsequent approval by the Credit Committee. The Group assesses the risk profile of each customer, always considering the following topics: i) company's business profile and financial profile; ii) area of activity; iii) macroeconomic performance; iv) structure of the operation and its guarantees; and v) other aspects.

ii. Breakdown by stage of financial assets

Loss rates are calculated based on the 'rollover' method based on the likelihood of an amount receivable, segregated by successive delinquency phases up to full write-off of operation.

The Group records the expected credit losses on its financial assets not classified as fair value through profit or loss, based on classifications by 3 stages, the first referring to the expected losses for the period of 12 months and the others for the entire life of the operation.

In the evaluation of the expected losses model, criteria were adopted to characterize default and a significant increase in credit risk. The current provision procedure for losses with doubtful accounts was taken into account; the credit risk characteristics of the operations; its historical default rate; its historical default rate; future loss estimates and indicators applicable to the area of operation.

BR Partners adopts "90 days in arrears" as the criterion for default. Regarding the criterion of significant increase in the level of risk, the difference of two points up between the initial classification of operation's risk level and the current risk level assessment is considered. This change in risk level is provided by the assessment of the customer's rating by the Credit Department with subsequent approval by the Credit Committee.

The credit quality of each client is assessed, based on qualitative and quantitative factors, including the company's business and financial risk profile, industry and economical and financial performance. In addition, it takes into account prospective information, the structure of the operation and its guarantees, among other aspects.

The classification of financial assets is carried out in stages, as follows:

Stage 1 - The expected credit losses for a maximum of 12 months are established as soon as a financial asset is originated or acquired. This stage applies to financial assets without a significant increase in credit risk and without credit recovery issues.

Stage 2 - Expected credit losses throughout the entire life of financial instrument. This stage applies to financial assets with a significant increase in credit risk in relation to the moment they were originated, but which are not yet considered to have recovery issues.

Stage 3 - Permanent expected credit losses for assets with impairment issues: Applicable to financial assets considered to have credit recovery issues due to the occurrence of one or more events that impact their estimated future cash flows. In the event of acquisition of financial assets with recovery issues, these assets fall into this stage.

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A financial asset may migrate from the stage if it presents a significant deterioration in the level of credit risk. In the hypothesis of credit risk improvement in a subsequent stage, with a reversal of the significant risk previously found, the asset may return to the previous stage, characterizing the healing process, unless it is an asset acquired with credit recovery issue at source.

b. Analysis of stages:

	2021				
	Stage 1	Impairment	Stage 2	Stage 3	Total
Real estate credit bill	42,280	-	-	-	42,280
Certificates of real estate receivables	149,395	(1,806)	-	-	147,589
Certificates of Agribusiness Receivables	83,588	(418)	-	-	83,170
- Equity investment fund quotas	26,835	-	-	-	26,835
Debentures	48,606	(117)	-	-	48,489
Loan operations	14,643	(100)	-	-	14,543
Total	365,347	(2,441)	-	-	362,906

	2020				
	Stage 1	Impairment	Stage 2	Stage 3	Total
Real estate credit bill	44,865	-	-	-	44,865
Certificates of real estate receivables	211,835	(740)	-	-	211,095
Loan operations	28,952	(150)	-	-	28,802
Total	285,652	(890)	-	-	284,762

3.1.3 Liquidity risk

Liquidity risk is the possibility that the Group may not be able to efficiently meet its expected and unexpected (current and future) obligations, including those arising from binding guarantees, without affecting its daily operations and incurring material losses. Additionally, liquidity risk is the possibility that the Group may not be able to trade a position at market price due to its large size in relation to the usually traded volume, or due to market discontinuity.

The Group's main sources of liquidity risk are:

- Increase in the deposit margins requirement or guarantees in a clearing house;
- Possible restriction on the sale of assets that are considered liquid, under normal market conditions, but that lose this status (for example) due to acute stress in the markets or a possible problem with the financial capacity of the issuer;
- Possible substantial devaluation in the market value of assets considered to be liquid;
- Possible losses due to market risk; and
- Possible losses or delays due to non-receipt of the expected financial amount, on the contracted date, from operations that have credit risk and/or counterparty risk.

The liquidity risk controls aim to identify what the impacts on the institution's cash would be given the application of adverse scenarios in its liquidity condition. These impacts consider both internal and external factors.

The Bank's cash is managed centrally by the Bank's Treasury department. The control of liquidity risk at BR Partners is carried out by the Risk area and the ALCO through tools such as the Liquidity Risk Contingency Plan, the Minimum Liquidity Reserve, control of cash depletion, daily assessment of operations with a term of less than 90 days, and the application of stress scenarios in the Bank's liquidity conditions.

Exposure to liquidity risk

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(In thousands of reais)

We present below the contractual maturities of financial liabilities on the date of the financial statements.

	Total account amount	Consolidated - Contractual cash flows				Total in 2021
		≤ 3 months	3–12 months	1–3 years	>3 years	
Financial liabilities						
Suppliers	53,244	53,244	-	-	-	53,244
Clients' funds	671,744	99,464	609,460	255,406	-	964,330
Endorsements	59,177	-	20,642	44,824	4,032	69,498
Funds from financial institutions	1,228,129	1,228,129	-	-	-	1,228,129
Derivatives						
SWAP	11,357	1,603	92	10,724	-	12,419
NDF	21,566	15,332	393	11,541	-	27,266
Futures	37,555	18,245	20,695	2,356	-	41,296
Total	2,082,772	1,416,017	651,282	324,851	4,032	2,396,182

	Total account amount	Consolidated - Contractual cash flows				Total 2020
		≤ 3 months	3–12 months	1–3 years	>3 years	
Financial liabilities						
Suppliers	3,682	3,682	-	-	-	3,682
Clients' funds	252,869	62,531	106,694	93,417	47	262,690
Endorsements	7,021	2,693	30	-	5,001	7,724
Other financial liabilities	29,616	29,616	-	-	-	29,616
Lease liability	1,463	147	442	887	-	1,476
Derivatives						
SWAP	9,121	-	-	-	10,610	10,610
NDF	5,181	3,423	1,433	390	-	5,246
Futures	1,155	663	314	25	170	1,172
Total	310,108	102,756	108,913	94,719	15,828	322,215

3.2 Capital management

Capital planning within the Group is of fundamental importance for the execution of strategic planning, where the best distribution for the business lines is sought, with subsequent optimization of the capital used.

The process is based on the nature of the operations, the complexity of the products, and the Group's disposition for the risks incurred and capital requirements.

Capital is managed by BR Partners Group Management and aims to ensure that the analysis of capital sufficiency is performed in an independent and technical manner, taking into account existing risks and those included in strategic planning. The Central Bank of Brazil, through Resolutions 4192/13 and 4278/13, instituted the calculation of the "Prudential Conglomerate" Reference Equity and, through Resolution 4193/13, instituted the determination of the required minimum reference equity of 9.25%.

BR Partners Group's Prudential Conglomerate, as determined in Article 1 of Resolution 4280/13, is comprised by the following companies: BR Partners Banco de Investimento S.A. ("Banco") and by the investment funds Total Fundo de Investimento Multimercado Investimento no Exterior - Crédito Privado ("Total FIM") and BR Partners Capital ("BR Capital"). The Basel ratio, on December 31, 2021 and 2020, calculated based on the Prudential Conglomerate is:

	2021	2020
Reference Equity	632,783	247,748
Tier I Reference Equity	632,783	247,748

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Principal capital	632,783	247,748
Risk-weighted assets (RWA)	1,834,927	626,331
Credit risk	874,706	311,285
Market risk	850,558	223,042
Operating risk	109,663	92,004
Basel Ratio	34.49%	39.56%
Level I (IN1)	34.49%	39.56%
Principal Capital [Interest on Own Capital (ICP)]	34.49%	39.56%

For the years ended December 31, 2021 and December 31, 2020, the limits are classified according to the minimum amount required by the Central Bank of Brazil.

3.3 COVID-19 pandemic

After the World Health Organization (WHO) declared the COVID-19 pandemic, government authorities developed and implemented measures to contain circulation and crowding of people and rules for the operation of essential and non-essential services to contain the spread of the virus. This serious scenario brought innumerable adverse situations to people's lives and to businesses.

Institutions regulated by the Central Bank of Brazil have a contingency plan defined by the regulation; however, this did not meet all the necessary measures to adapt the rules set out by government authorities.

Therefore, institutions were forced to prepare new processes for this type of event. Below are the measures taken by BR Partners:

- Creation of the Working Group to define the contingency processes for COVID-19, which consists of members of the executive board, the Chief Risk Officer ("CRO"), the Risk and Compliance areas.
- Provision of hand sanitizer and masks, and intensification of hygiene measures for all workstations and employee crowding points (Break Room, Meeting Rooms, etc.).
- Availability of work-from-home arrangements for the entire institution;
- Anticipation of the flu vaccination campaign. and
- Creation of a new Operational Risk classification (COVID-19 O.R.) for specific treatment of events occurring during the pandemic period.

The process defined by BR Partners is being improved daily, adapting it to the regulatory agency's new rules, which are frequently updated, and to the government authorities' rules as well.

4. Cash and cash equivalents

	Parent Company	
	2021	2020
Banks - Checking account and cash ⁽¹⁾	1	5
Total	1	5

	Consolidated	
	2021	2020
Banks - Checking account and cash ⁽¹⁾	3,607	13
Free reserves	1,387	93

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Cash and cash equivalents in foreign currencies ⁽¹⁾	60,287	33,111
Money market repurchase agreements ⁽²⁾	28,851	13,885
Total	94,132	47,102

(1) The balances of funds in banks are recorded at the amounts deposited at Banco Itaú S.A., Bradesco Cayman, J.P. Morgan N.Y and J.P. Morgan Frankfurt.

(2) On December 31, 2021, the repurchase and resale agreements had a resale date for January 3, 2022 and January 4, 2021, respectively.

5. Financial instruments

a. Financial assets at fair value through profit or loss

	Parent Company	
	2021	2020
Private securities		
Bank Deposit Certificates ⁽¹⁾	1,165	-
Investment fund quotas		
BR Partners Outlet Premium Fundo de Investimento em Participações ⁽²⁾	75,333	70,121
Equity investment fund quotas ⁽³⁾	11,990	-
Total	88,488	70,121

	Consolidated	
	2021	2020
Government bonds ⁽⁴⁾	1,803,817	151,462
Financial Treasury Bills (LFTs)	131,611	53,788
National Treasury Bills (LTN)	49,982	97,674
National Treasury Notes (NTN)	1,622,224	-
Private securities	325,438	255,960
Certificates of real estate receivables ⁽⁵⁾	260,126	211,095
Real estate credit bill ⁽⁶⁾	-	44,865
Agribusiness Receivables Certificates ⁽⁷⁾	15,823	-
Debentures ⁽¹⁰⁾	49,489	-
Investment fund quotas	239,489	132,927
Quotas of real estate investment funds ⁽⁹⁾	125,332	62,806
BR Partners Outlet Premium Fundo de Investimento em Participações ⁽²⁾	75,333	70,121
Quotas of credit rights investment funds ⁽⁸⁾	26,834	-
Equity investment fund quotas ⁽³⁾	11,990	-
Total	2,368,744	540,349

b. Financial assets at fair value through other comprehensive income

	Consolidated	
	2021	2020
Private securities		
Certificates of real estate receivables ⁽⁵⁾	147,589	-
Agribusiness Receivables Certificate ⁽⁷⁾	83,170	-

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Investment fund quotas

Quotas of credit rights investment funds ⁽⁸⁾

Total

26,835	-
257,594	-

- (1) The bank deposit certificates are registered with B3 S.A. – Brasil, Bolsa, Balcão and deposited with BR Partners Banco de Investimento S.A., a related party of the Company, maturing up to November 29, 2024.
- (2) The portfolio of BR Partners Outlet Premium Fundo de Investimento em Participações is substantially composed of shares of BR Partners Bahia Empreendimentos Imobiliários S.A., BR Partners Rio de Janeiro Empreendimentos Imobiliários S.A., BR Partners Investimentos Imobiliários S.A., BR Partners Outlet Brasília S.A., and BR Partners Outlet Premium Fortaleza S.A. The investment amount was calculated at the amount determined in the appraisal report conducted by third party measured at fair value, upon issue of technical report.
- (3) On November 24, 2021, the Company acquired quotas of BR Partners Pet Fundo de Investimento em Participações Multiestratégia. They were classified at fair value through profit or loss (“FVTPL”), and initially recognized at fair value, whose gains and losses are recorded directly in income (loss) for the year.
- (4) Government bonds are under the custody of the Special Settlement and Custody System (SELIC) of the Central Bank of Brazil whose market value was calculated by means of prices disclosed by Anbima - Brazilian Association of Financial Market and Capital Entities.
- (5) The Certificates of Real Estate Receivables, classified as Fair Value through Profit or Loss (“FVTPL”), are registered with the Clearing House of Custody and Financial Settlement of Securities (B3 S.A. – Brasil, Bolsa, Balcão), the valuation of which is made according to the IPC-A or CDI rate + fixed interest rate and initially recognized at fair value, whose gains and losses are recognized directly in the income (loss) for the year.
- (6) The Real Estate Credit Note is registered at B3 - Brasil Bolsa Balcão, the valuation of which is made according to the IPC-A rate + fixed interest rate.
- (7) The Agribusiness Receivables Certificates are at the Clearing House of Custody and Financial Settlement of Securities (B3 S.A. - Brasil, Bolsa, Balcão), the valuation of which is made according to the IPC-A or CDI rate + fixed interest rates and initially recognized at fair value, whose gains or losses are recognized directly in the income (loss) for the year.
- (8) The quotas of investment funds in credit rights were classified according to the Company’s business model, with a certain amount classified at fair value through profit or loss (“FVTPL”) and the remaining quotas classified at fair value through other comprehensive income (“FVTOCI”). They are initially recognized at fair value, with the gains or losses recognized directly in income (loss) for the year or in other comprehensive income, respectively.
- (9) Real estate investment funds are listed and registered at B3 S.A. – Brasil, Bolsa, Balcão and are classified at fair value through profit or loss (“FVTPL”).
- (10) The infrastructure debentures were acquired during the year 2021, are registered at B3 S.A. – Brasil, Bolsa, Balcão and classified at fair value through profit or loss (“FVTPL”), remunerated at 100% of the IPCA.

6. Derivative financial instruments – Consolidated

a. Breakdown per index

	2021		
	Amounts receivable	Amounts payable	Nominal value
SWAP	87,253	(11,357)	3,135,838
IPC-A x CDI	14,982	-	150,000
CDI X Dollar	29,759	(1,056)	507,428
CDI x IPC-A	40,110	(10,301)	2,278,410
USD x CDI	2,402	-	200,000
NDF	41,024	(21,566)	1,870,045
Dollar x Fixed rate	10,176	(10,745)	912,877
Pre x Dollar	13,149	(10,449)	872,069
Forward commodities	17,699	(372)	85,099
Futures	21,575	(37,555)	439,672

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Long position	853	(17,851)	2,189,800
DAP	304	(433)	656,787
DDI	-	(5,691)	276,751
DI1	532	(8)	488,761
WDO	-	(11,719)	610,228
DOL	17	-	157,273
Short position	20,722	(19,704)	(1,750,128)
DAP	-	(54)	(22,329)
DDI	5,646	-	(271,803)
DI1	7	(5)	(626,379)
WDO	1	-	(1,292)
DOL	15,068	-	(744,998)
Commodities	-	(19,645)	(83,327)
Total	149,852	(70,478)	5,445,555

	2020		
	Amounts receivable	Amounts payable	Nominal value
SWAP	18,883	(9,121)	453,487
IPC-A x CDI	18,644	-	150,000
CDI X Dollar	-	(9,121)	208,487
CDI x IPC-A	239	-	95,000
NDF	18,580	(5,181)	566,291
Dollar x Fixed rate	10,512	(1,842)	164,342
Pre x Dollar	5,732	(2,646)	356,213
Fixed x Euro - sale	-	(23)	1,555
Forward commodities	2,336	(670)	44,181
Futures	627	(1,155)	18,369
Long position	299	(955)	647,019
DAP	81	-	82,072
DDI	19	(409)	164,444
DI1	164	(2)	210,142
WDO	35	(32)	51,804
DOL	-	(512)	138,557
Short position	328	(200)	(628,650)
DAP	67	(108)	(272,156)
DDI	261	-	(85,188)
DI1	-	(42)	(202,450)
DOL	-	(50)	(68,856)
Total	38,090	(15,457)	1,038,147

b. Comparison between the cost and fair value

	2021			
	Cost value	Unrealized gains / (losses)	Credit risk adjustment	Fair value
Assets				
SWAP	27,980	59,713	(440)	87,253
NDF	35,358	5,269	397	41,024
Futures	21,575	-	-	21,575
Total	84,913	64,982	(43)	149,852
Liabilities				
SWAP	(23,486)	12,129	-	(11,357)
NDF	(19,228)	(2,279)	(59)	(21,566)
Futures	(37,555)	-	-	(37,555)
Total	(80,269)	9,850	(59)	(70,478)

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(In thousands of reais)

	2020			
	Cost value	Unrealized gains / (losses)	Credit risk adjustment	Fair value
Assets				
SWAP	9,167	9,716	-	18,883
NDF	19,890	(1,134)	(176)	18,580
Futures	627	-	-	627
Total	29,684	8,582	(176)	38,090
Liabilities				
SWAP	(2,514)	(6,607)	-	(9,121)
NDF	(6,124)	943	-	(5,181)
Futures	(972)	(183)	-	(1,155)
Total	(9,610)	(5,847)	-	(15,457)

c. Breakdown per maturity

	2021				
	Up to 3 months	3–12 months	1–3 years	>3 years	Total
Assets					
SWAP	-	-	6,358	80,895	87,253
NDF	16,592	17,836	6,596	-	41,024
Futures	17,350	458	1,795	1,972	21,575
Total	33,942	18,294	14,749	82,867	149,852
Liabilities					
SWAP	(1,052)	-	(375)	(9,930)	(11,357)
NDF	(12,995)	(8,571)	-	-	(21,566)
Futures	(35,312)	(343)	(1,244)	(656)	(37,555)
Total	(49,359)	(8,914)	(1,619)	(10,586)	(70,478)

	2020				
	Up to 3 months	3–12 months	1–3 years	>3 years	Total
Assets					
SWAP	-	-	237	18,646	18,883
NDF	6,396	11,287	897	-	18,580
Futures	202	164	99	162	627
Total	6,598	11,451	1,233	18,808	38,090
Liabilities					
SWAP	-	-	-	(9,121)	(9,121)
NDF	(3,394)	(1,406)	(381)	-	(5,181)
Futures	(657)	(308)	(24)	(166)	(1,155)
Total	(4,051)	(1,714)	(405)	(9,287)	(15,457)

d. Financial guarantees

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Financial guarantees given for derivative financial instrument transactions with B3 (Brasil Bolsa Balcão) are represented by Government bonds and totaled R\$ 5,901 in 2021 (R\$ 4,694 in 2020).

e. Breakdown of the portfolio of derivatives designated for hedge accounting

The Group uses fair value hedging relationships, based on the strategy to mitigate the risk of interest rates on fixed rate funding recognized in BR Partners Banco de Investimento S.A., operating with DI futures contracts to offset exposures to changes in fair value.

The hedged risks and their limits are defined in the committee. The Group determines the relationship between the instruments and hedged items in such a way that the market value of said instruments is expected to be in opposite directions and in the same proportions. The established hedge ratio is always 100% of the hedged risk.

Considering that the Group opted to continue using the requirements established by IAS 39 (IFRS 9 – paragraph BC6.104), the hedge operations were evaluated as effective, whose proof of the hedge's effectiveness corresponds to the 80% to 125% range.

To assess the effectiveness of the strategy, the Group adopts the dollar offset method, which consists of calculating the difference between the change in the fair value of the hedging instrument and the change in the fair value of the hedged item attributed to changes in the interest rate.

Strategy	2021				
	Hedged items			Hedge instruments ⁽¹⁾	
	Book value	Fair value	Change in fair value recognized in profit or loss	Nominal value	Change in fair value used to calculate hedge ineffectiveness
	Liabilities	Liabilities			
Interest rate risk Funding Hedge ⁽²⁾	88,215	86,961	1,254	86,241	(1,308)
Total	88,215	86,961	1,254	86,241	(1,308)

⁽¹⁾ The Group uses DI futures contracts, traded on B3 S.A. – Brasil, Bolsa, Balcão, as a hedging instrument related to the interest rate risk of fixed-rate funding selected for hedging. Daily adjustments related to futures contracts are recorded under “Derivative Financial Instruments”.

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- (2) Fixed-rate funding recorded under “Financial liabilities at amortized cost”, related to the Bank Deposit Certificate (“CDB”) product, originating from client funds.

There were no operations designated as hedge accounting for the year ended December 31, 2020.

f. Derivatives offset amount

The Group contracts derivative operations based on standard contracts from the International Swaps and Derivatives Association (ISDA) that provide for net payments. These are transactions carried out with the counterparty on the same day and with a single net amount paid between the parties. The group uses the offset method for all derivatives contracted, which does not represent a risk to the Group, since we do not have unsettled financial instruments.

	Consolidated	
	2021	2020
SWAP	87,253	18,883
NDF	41,024	18,580
Futures	21,575	627
Total	149,852	38,090

As of December 31, 2021 and 2020, the Group does not have financial instruments on a net basis on its statement of financial position since they do not meet the offsetting criteria of IAS 32, or because it does not intend to settle them on a net basis, or realize the assets and settle the liabilities simultaneously. Additionally it has no contracts under which it, or the counterparty, has the right to offset amounts receivable and payable under separate contracts in case of default.

7. Other financial assets

a. Valued at amortized cost

	Parent Company	
	2021	2020
Other amounts receivable from related parties	-	4
Other	-	116
Total	-	120

	Consolidated	
	2021	2020
Loan operations ⁽¹⁾	56,823	28,802
Foreign exchange ⁽²⁾	-	28,095
Services receivable ⁽³⁾	19,667	22,342
Clients' reimbursements ⁽⁴⁾	335	4,236
Other	4,743	2,134
Total	81,568	85,609

(1) It was set up for loan operations, provision for expected credit loss totaling R\$ 100 in 2021 (R\$ 150 in 2020), the balance is related to operations with BR Partners Banco de Investimento S.A. clients, whose loan portfolio is comprised by Bank Credit Bills with Individual and Legal Entities' counterparties.

(2) Refers to foreign exchange purchased to settle R\$ 10,982, Rights on foreign-exchange sale R\$ 18,707, and advance in local currency received ref. Prompt settlement foreign-exchange operation (R\$ 1,594) at December 31, 2020.

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- ⁽³⁾ Refers to amounts receivable from a related company, on the pay-in of subscribed capital according to the subscription contract.
- ⁽⁴⁾ Refers to reimbursements receivable from customers on expenses defined, in the contract for service provisions.

b. Other assets

The amount of R\$ 48,091 refers to the firm commitment to purchase (forward negotiation) of debentures in the infrastructure industry, whose financial settlement took place on January 3, 2022, with the respective entry into custody of the asset.

8. Related party transactions

The transactions between related parties below were carried out in terms equivalent to those prevailing in transactions between independent parties.

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(In thousands of reais)

a. Parent Company

	Indirect controlling shareholder		Direct controlling shareholder ⁽¹⁾		Associated companies and subsidiaries ⁽³⁾		Total	
	2021	2020	2021	2020	2021	2020 ⁽²⁾	2021	2020
Assets (Liabilities)								
Amounts receivable ⁽⁶⁾	-	-	-	-	82,817	13,987	82,817	13,987
Equity investment fund quotas ⁽⁴⁾	-	-	-	-	87,323	70,121	87,323	70,121
Bank Deposit Certificate	-	-	-	-	1,165	-	1,165	-
Amounts payable ⁽¹⁾	-	-	(21,328)	-	-	(92)	(21,328)	(92)
Income (loss)								
Interest revenues	-	-	-	-	439	65	439	65
Other expenses	-	-	-	-	-	(194)	-	(194)
Income (loss) from investment in investment fund ⁽⁴⁾	-	-	-	-	2,701	8,330	2,701	8,330

BR Advisory Partners Participações S.A.

Notes to the financial statements

(In thousands of reais)

b. Consolidated

	Indirect controlling shareholder		Direct controlling shareholder		Associated companies ^{(3)/} ⁽⁴⁾		Key management personnel ⁽⁵⁾		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Assets (Liabilities)										
Amounts receivable	-	-	-	-	-	4	-	-	-	4
Equity investment fund quotas ⁽⁴⁾	-	-	-	-	87,323	70,121	-	-	87,323	70,121
Amounts payable ⁽¹⁾	-	-	(21,328)	-	-	-	-	-	(21,328)	-
Bank Deposit Certificates ⁽⁷⁾	-	-	(3)	-	(9,821)	-	(505)	(899)	(10,329)	(899)
Letters of credit for real estate ⁽⁸⁾	-	-	-	-	-	-	(5,774)	(7,021)	(5,774)	(7,021)
Income (loss)										
Revenue (expense) from Investment in Investment Fund ⁽⁴⁾	-	-	-	-	2,701	8,330	-	-	2,701	8,330
Interest expenses	-	-	(69)	-	(439)	-	-	-	(508)	-

(1) BR Partners Holdco Participações S.A.

(2) BR Partners Banco de Investimento S.A.

(3) Related companies listed in Note 8(d) and 9.

(4) BR Partners Outlet Premium Fundo de Investimento em Participações and BR Partners Pet Fundo de Investimento em Participações Multiestratégia.

(5) Members of Board of Directors and Executive Board.

(6) Dividends receivable from subsidiaries BR Partners Assessoria Financeira Ltda. and BR Partners Gestão de Recursos Ltda.

(7) Represented by funding from BR Partners Banco de Investimento S.A., maturing by May 9, 2028 at a variable rate from 93% to 100% of DI + 1% p.a. (from 93% to 100% of DI in 2020).

(8) Represented by funding from BR Partners Banco de Investimento S.A., maturing by May 2028 at a variable rate from 100% to 105% of DI + 1% p.a. as of December 31, 2021 and December 31, 2020.

BR Advisory Partners Participações S.A.

Notes to the financial statements

(In thousands of reais)

c. Remuneration of key personnel

	Parent Company	
	2021	2020
Directors' fee	1,340	1,320
Social charges	268	264
Employed director	348	153
Social charges	97	43
Total	2,053	1,780

	Consolidated	
	2021	2020
Directors' fee	3,478	2,742
Social charges	696	548
Employed director	348	153
Social charges	97	43
Total	4,619	3,486

Key management personnel is represented by the Company's statutory board of executive officers and the board of executive officers governed by the Company's Brazilian Labor Code (CLT) who, in addition to dividends arising from their interests in BR Partners Holdco Participações S.A., receive remuneration for services rendered at the Company which is recorded under Administrative Expenses. In addition, there are other Company professionals who are also shareholders of the Company.

d. Other related parties

In the Consolidated, in addition to the companies presented in Note 9, we add the following: BR Partners Bahia Empreendimentos Imobiliários S.A., BR Partners Rio de Janeiro Empreendimentos Imobiliários S.A., BR Partners Investimentos Imobiliários S.A., BR Partners Outlet Brasília S.A. and BR Partners Outlet Premium Fortaleza S.A. are investments that comprise the portfolio of BR Partners Outlet Premium Fundo de Investimento em Participações, which is managed by BR Partners Gestão de Recursos Ltda. Additionally, BR Partners Pet Fundo de Investimento em Participações is also considered as a related party in the context of consolidated financial statements.

e. Other information

Related parties are considered, as:

- Company's Directors and administrative Board members, as well as their respective spouses and relatives up to the 2nd degree;
- Individuals or legal entities that hold more than 10% of the Company's capital; and
- Legal entities in which the aforementioned persons hold more than 10% of the capital.

9. Investments in subsidiaries

On December 31, the Company had the following investments:

	2021	2020
BR Partners Assessoria Financeira Ltda.	670	670
BR Partners Assessoria de Mercados de Capitais e Dívidas Ltda.	187	194
BR Partners Participações Financeiras Ltda.	638,897	253,547
BR Partners Gestão de Recursos Ltda.	2,000	2,000
BR Partners Europe B.V.	8,626	9,369
Total	650,380	265,780

BR Advisory Partners Participações S.A.

Notes to the financial statements

(In thousands of reais)

The table below shows the Company's interest in subsidiaries:

	Balance in 2020	Share of profit of equity- accounted investees, net of tax	Dividends received/ receivable	Other comprehensive income ⁽¹⁾	Capital increase	Balance in 2021
BR Partners Assessoria Financeira Ltda.	670	106,012	(106,012)	-	-	670
BR Partners Assessoria de Mercados de Capitais e Dívidas Ltda.	194	(7)	-	-	-	187
BR Partners Participações Financeiras Ltda.	253,547	32,830	-	(1,680)	354,200	638,897
BR Partners Gestão de Recursos Ltda.	2,000	5,380	(5,380)	-	-	2,000
BR Partners Europe B.V. ⁽¹⁾	9,369	(660)	-	(83)	-	8,626
Total	265,780	143,555	(111,392)	(1,763)	354,200	650,380

	Balance in 2019	Share of profit of equity- accounted investees, net of tax	Dividends received/ receivable	Capital increase	Balance in 2020
BR Partners Assessoria Financeira Ltda.	670	71,185	(71,185)	-	670
BR Partners Assessoria de Mercados de Capitais e Dívidas Ltda.	200	(6)	-	-	194
BR Partners Participações Financeiras Ltda.	174,584	6,713	-	72,250	253,547
BR Partners Gestão de Recursos Ltda.	4,001	11,295	(13,296)	-	2,000
BR Partners Europe B.V.	6,288	3,081	-	-	9,369
Total	185,743	92,268	(84,481)	72,250	265,780

(1) Represented by reflective equity valuation adjustments recorded at BR Partners Banco de Investimento S.A., as well as translation adjustments of investments abroad related to the company BR Partners Europe B.V.

BR Advisory Partners Participações S.A.

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(In thousands of reais)

i. Direct subsidiaries

- **BR Assessoria de Mercados de Capitais e Dívidas Ltda.**

A company that renders advisory and consulting services in the structuring of IPO operations, fundraising on the financial and capital markets, debt restructuring, receivables securitization, and other related operations, in Brazil and abroad.

- **BR Partners Assessoria Financeira Ltda.**

A company that provides financial advisory and consulting services, particularly in corporate finance, including mergers, acquisitions, sales, take-overs, spin-offs, corporate restructuring and other operations of intermediation of corporate interests, in Brazil and abroad, and ownership interest in other companies of any type, Brazilian or foreign, as partner or shareholder.

- **BR Partners Gestão de Recursos Ltda.**

A provider of securities portfolio management services and third-party asset management, acting in the financial and capital markets as a manager or administrator of investment funds in general, under the terms of the applicable regulations, and ownership interest in other companies as partner, quota holder or shareholder, in Brazil and abroad, whatever their corporate purpose may be.

- **BR Partners Participações Financeiras Ltda.**

A company that holds ownership interest in BR Partners Banco de Investimento S.A. ("Banco BR Partners"), as partner, shareholder or quota holder.

- **BR Partners Europe B.V.**

Company based in Amsterdam, Netherlands, whose corporate purpose is business management consulting activities.

On December 4, 2017, according to the "Annual General Meeting of BR Partners Europe B.V.", the capital reserve in the amount of EUR 248 thousand equivalent to R\$ 1,015, was deliberated, by the partner BR Advisory Partners Participações S.A.

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Notes to the financial statements

(In thousands of reais)

ii. Indirect subsidiaries

- **BR Partners Banco de Investimento S.A.**

Banco BR Partners is primarily engaged in the practice of asset, liability and accessory operations inherent to the investment and foreign exchange portfolio.

Banco BR Partners is formed as a limited liability company (*sociedade por ações*) and domiciled in Brazil, being directly controlled by BR Partners Participações Financeiras Ltda. and indirectly by the Company, the Group's holding company.

- **Total Fundo de Investimento Multimercado Investimento no Exterior - Crédito Privado**

Total FIM was created on December 29, 2010 in the form of an 'open condominium', and started its activities on January 10, 2011, with an indefinite term. It is intended exclusively for receiving investments from its only shareholder, Banco BR Partners, a qualified investor, and aims to provide its quota holder with return through the opportunities offered by the fixed and floating interest rate markets, price indexes, foreign currency, variable income and derivatives, in such a way that Total FIM is exposed to various risk factors, without the commitment of concentration in any special factor. It is an exclusive Fund of the Company.

- **BR Partners Capital ("BR Capital")**

BR Capital is a Fund domiciled in the Cayman Islands, managed by Banco Bradesco S.A., with undefined term, whose investment strategy is to obtain return on securities, including stocks and bonds, currencies, options, futures and other derivatives, focusing on the Brazilian market. It is an exclusive Fund of the Company.

- **BR Partners Corretora de Títulos e Valores Mobiliários S.A.**

BR Partners Corretora de Títulos e Valores Mobiliários S.A. is a Group member and aims to round out the activities of investment banking, fixed income, foreign exchange, financial consulting and advisory, as well as instituting the provision of brokerage services to local customers and foreign institutional customers, under Resolution 2689.

The Group formed 'Corretora', a privately held company, on February 10, 2012 and received authorization to operate from the Central Bank of Brazil ("BACEN") on June 8, 2012.

BR Partners Corretora de Títulos e Valores Mobiliários S.A. is formed as a limited liability company (*sociedade por ações*) and domiciled in Brazil, being directly controlled by BR Partners Banco de Investimento S.A.

In June 2015, the loss of accreditation was carried out at BM&FBovespa (B3) within the Bovespa segment, remaining active in the fixed-income segment up to October 30, 2019 when the process of disposal of the Brokerage Firm's corporate control was approved by the Central Bank of Brazil, pursuant to Official Letter 24202/2019-BCB/Deorf/GTSP1.

As of November 19, 2020, the CTVM disposal process by the Central Bank of Brazil was approved through 25.051/2020-BC/Deorf/GTSP1 Official Letter, so that it is no longer part of the group. Income on the sale was R\$ 1,163.

BR Advisory Partners Participações S.A.

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*(In thousands of reais)***10. Property, plant and equipment****a. Parent Company**

	Useful life (years)	Cost value	Book value on 12/31/2020	Acquisition / (write-off)	Depreciation	Book value on 12/31/2021
Facilities	10	4,562	127	-	(127)	-
Furniture and equipment in use	10	1,651	22	-	(22)	-
Other	10	74	2	-	(2)	-
Total		6,287	151	-	(151)	-

	Useful life (years)	Cost value	Book value on 12/31/2019	Acquisition / (write-off)	Depreciation	Book value on 12/31/2020
Facilities	10	4,562	504	-	(377)	127
Furniture and equipment in use	10	1,651	160	-	(138)	22
Other	10	74	8	-	(6)	2
Total		6,287	672	-	(521)	151

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*(In thousands of reais)***b. Consolidated**

	Useful life (years)	Cost value	Book value on 12/31/2020	Acquisition / (write-off)	Depreciation	Book value on 12/31/2021
Facilities	10	4,565	126	-	(126)	-
Leasehold improvements	10	634	634	1,060	(149)	1,545
IT and telephony equipment	5	4,865	1,317	2,417	(638)	3,096
Furniture and equipment in use	10	1,672	53	42	(32)	63
Right-of-use of Real Estate - adoption of IFRS 16 / (CPC 06 (R2))	5	5,886	1,464	168	(1,632)	-
Other	10	113	16	7	(6)	17
Total		17,735	3,610	3,694	(2,583)	4,721

	Useful life (years)	Cost value	Book value on 12/31/2019	Acquisition / (write-off)	Transfers	Depreciation	Book value on 12/31/2020
Facilities	10	4,565	880	-	(287)	(467)	126
Leasehold improvements	10	634	-	354	280	-	634
IT and telephony equipment	5	4,865	1,164	586	-	(433)	1,317
Furniture and equipment in use	10	1,672	194	-	7	(148)	53
Right-of-use of Real Estate - adoption of IFRS 16 / (CPC 06 (R2))	5	5,886	4,667	(1,905)	-	(1,298)	1,464
Other	10	113	27	-	-	(11)	16
Total		17,735	6,932	(965)	-	(2,357)	3,610

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Notes to the financial statements

*(In thousands of reais)***11. Intangible assets**

	<u>Cost value</u>	<u>Book value on 12/31/2020</u>	<u>Acquisition / (write-off)</u>	<u>Amortization</u>	<u>Book value on 12/31/2021</u>
Software use license ⁽¹⁾	4,190	1,068	278	(486)	860
Intangible asset having undefined useful life	4,500	4,500	-	-	4,500
Total	8,690	5,568	278	(486)	5,360

	<u>Cost value</u>	<u>Book value on 12/31/2019</u>	<u>Acquisition / (write-off)</u>	<u>Amortization</u>	<u>Book value on 12/31/2020</u>
Software use license ⁽¹⁾	4,190	1,039	477	(448)	1,068
Intangible asset having undefined useful life	4,500	4,500	-	-	4,500
Total	8,690	5,539	477	(448)	5,568

⁽¹⁾ For intangible assets with a license for use, the amortization period established in the contract is used.

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(In thousands of reais)

12. Amounts payable

a. Amounts payable - Suppliers

These refer to provisions related to payments to be made to suppliers and services provided.

	Parent Company		Consolidated	
	2021	2020	2021	2020
Suppliers payable ⁽¹⁾	3,647	1,288	53,244	3,682
Total	3,647	1,288	53,244	3,682

⁽¹⁾ The increase observed in the consolidated item "Suppliers payable" refers mainly to the firm commitment to purchase debentures (forward purchase) in the amount of R\$ 48,091, whose settlement took place on January 3, 2022.

b. Other amounts payable

	Parent Company		Consolidated	
	2021	2020	2021	2020
Dividends payable	39,225	41,122	39,225	41,126
Provision payable for expenses on personnel	-	-	54,685	25,774
Provision for contingencies	-	-	1,468	1,196
Trade payables	1	-	633	156
Provision for surety bonds provided	-	-	373	399
Future year earnings	-	-	564	1,218
Total	39,226	41,122	96,948	69,869

13. Financial liabilities

a. Clients' funds

Represented, in the Consolidated, by funding in Bank Deposit Certificates ("CDB") and Interbank Deposit Certificates ("CDI") with customers of BR Partners Banco de Investimentos S.A. maturing up to December 18, 2023. The table below provides the balance and its corresponding rates.

Securities	Remuneration per annum	2021
Fixed CDB ⁽¹⁾	3.28–11.50%	159,466
Floating-rate CDB ⁽¹⁾	IPCA + 0.37–4.99%	81,090
	100–140% DI	228,239
	100% DI + 0.88–1.61%	182,643
Floating CDI	100%	20,306
Total		671,744

Securities	Remuneration per annum	2020
Fixed CDB ⁽²⁾	3.28–8.28%	4,635
Floating-rate CDB ⁽²⁾	100% DI + 0.91–1.48%	26,447
	100–150% DI	170,544
Fixed CDB ⁽²⁾	100% DI + 1.05–1.06%	50,099
	100% DI	1,144
Total		252,869

⁽¹⁾ Expiration until September 30, 2024.

⁽²⁾ Expiration until September 18, 2029.

b. Endorsements

Represented by funding made by BR Partners Banco de Investimento S.A. in Real Estate Credit Bills in the amount of R\$ 14,352 on December 31, 2021, maturing until May 9, 2028 at a variable rate of 100% to 115% of DI + 1% p.a. (R\$ 7,021 on December 31, 2020, maturing until May 9,

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2028 at a variable rate between 93% to 100% of DI + 1% p.a.) and Financial Bills in the amount of R\$ 44,825 on December 31, 2021, maturing until November 18, 2024 at a variable rate of 100% to 105% of the DI + 1.67% to 1.76% p.a. or IPCA + 5.30% p.a., (no balance on December 31 2020).

c. Funds from financial institutions

Represented by repurchase agreements entered into between BR Partners Banco de Investimento S.A. and other financial institutions, in the amount of R\$ 1,228,129 on December 31, 2021 at a fixed rate of 6.15% p.a. (there was no balance at December 31, 2020). The return date for operations was set for January 3, 2022.

d. Other financial liabilities

Represented by foreign exchange operations made by BR Partners Banco de Investimento S.A. in the amount of R\$ 29,616 in 2020, maturing on January 4, 2021. There is no position of foreign exchange costs on December 31, 2021.

14. Shareholders' equity

a. Capital

At a meeting of the Board of Directors held on June 17, 2021, the increase in the Company's capital was approved, within the limit of its authorized capital, in the amount of R\$ 364,000, which increased from R\$ 268,843 to R\$ 632,842, upon issuance of 68,250 shares underlying the Units, of which 22,750 are common shares and 45,500 are preferred shares, at the share price of R\$ 16.00; the Company's total stock thus increased from 238,876 shares (consisting of 170,625 common shares and 68,250 preferred shares) to 307,126 shares (193,375 common shares and 113,750 preferred shares), with the exclusion of the preemptive right of the Company's current shareholders in the subscription of the Shares, pursuant to the provisions of article 172, item I of the Brazil's Corporation Law and article 4, paragraph 1 of the Company's Articles of Incorporation.

At a meeting of the Board of Directors on June 24, 2021, voting members approved the increase in the Company's capital, within the limit of its authorized capital, stemming from the full exercise of the over-allotment option, by the stabilization agent, within the scope of the restricted offer (see Note 1 – Operations), in the amount of R\$ 36,400, through the issuance of 6,825 underlying shares of the over-allotment Units, of which 2,275 are common shares and 4,550 are preferred shares. Considering the price of R\$ 16.00 per Unit of the restricted offer, including the over-allotment Units ("price per Unit"), and that each Unit of the over-allotment consists of 1 common share and 2 preferred shares, the price per share underlying the over-allotment Units corresponds to 1/3 of the price per Unit ("Share Price"). The choice of the criterion for determining the price per Unit and the share price is justified insofar as the market price of the Units covered by the restricted offer was measured according to the book building procedure, which reflects the value for which professional investors present their investment intentions in the context of the restricted offer; therefore, there will be no unjustified dilution of the Company's current shareholders, pursuant to article 170, paragraph 1, item III, and article 172, item I of Law 6404 of January 15, 1976, as amended ("Brazil's Corporation Law"). The approved capital increase is carried out with the exclusion of the preemptive right of the Company's current shareholders in the subscription of shares underlying the over-allotment Units, pursuant to the provisions of article 172, item I of the Brazil's Corporation Law, and pursuant to article 4, paragraph 1, of the Company's Articles of Incorporation. The Company's capital rose from R\$ 632,842 to R\$ 669,243, with the Company's total stock increasing from 307,126 shares (consisting of 193,375 common shares and 113,750 preferred shares) to 313,951 shares (195,650 common shares and 118,300 preferred shares).

b. Profit reserve

The legal reserve is set up annually by the allocation of 5% of net income for the year and may not exceed 20% of the Company's capital. The legal reserve can be used solely to offset losses and increase capital.

Other profit reserves refer to the retention of the remaining balance of retained earnings, pursuant

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to article 196 of Brazil's Corporation Act.

c. Basic and diluted earnings per share

Basic earnings per share are calculated by dividing the income or loss attributable to holders of common and preferred shares by the weighted average number of common shares held by shareholders on the date of statement of financial position.

i. Calculation of attributable profit by type of shares

	<u>2021</u>	<u>2020</u>
Net income to be distributed to shareholders	138,660	88,735
Income attributable to holders of Common Shares	67,139	44,368
Income attributable to holders of Preferred Shares	71,521	44,368

ii. Calculation of basic earnings per share

	<u>2021</u>	<u>2020</u>
Income for the year attributable to the Company's owners and used for the determination of earnings per common share	67,139	44,368
Weighted average number of common shares for basic earnings per share calculation purpose	127,780	149,119

Basic net earnings per common share - R\$ **0.53** **0.30**

	<u>2021</u>	<u>2020</u>
Income for the year attributable to the Company's owners and used for the determination of earnings per preferred share	71,521	44,368
Weighted average number of preferred shares for basic earnings per share calculation purpose	136,121	107,447

Basic net earnings per preferred share - R\$ **0.53** **0.41**

iii. Calculation of diluted earnings per share

The calculation of diluted earnings per share was based on net income attributed to shareholders and the weighted average of outstanding shares after adjustments for all potential dilutive shares.

	<u>2021</u>	<u>2020</u>
Income for the year attributable to the Company's owners and used for the determination of earnings per common share	67,139	44,368
Weighted average number of common shares for diluted profit per share calculation purpose	127,780	149,119

Diluted net earnings per common share - R\$ **0.53** **0.30**

	<u>2021</u>	<u>2020</u>
Income for the year attributable to the Company's owners and used for the determination of earnings per preferred share	71,521	44,368
Weighted average number of preferred shares for diluted profit per share calculation purposes	127,780	107,447

Net diluted earnings per preferred share - R\$ **0.53** **0.41**

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d. Dividends

Shareholders will be entitled to a non-cumulative mandatory minimum dividend, corresponding to 25% of the adjusted net income, as set forth in the Article 191 of Brazil's Corporation Law, reduced or increased by the amounts provided for in item I of Article 202 of the Brazil's Corporation Law and subject to the provisions of item II and III of the same article, as applicable.

The distribution of minimum dividend will not be mandatory in the fiscal year in which the Board of Directors informs shareholders, with justified and unanimously approved exposure, that it is incompatible with the Company's financial situation, in which case a portion of the net income may be distributed. Adjusted Net Income or approved its retention as a reserve, as the case may be. Profits that are no longer distributed pursuant to this paragraph will be paid as soon as the Company's financial situation permits, applying the provisions of article 202, paragraph 5 of the Brazil's Corporation Law.

	2021
Net income for the year	138,660
Constitution of the legal reserve	(6,933)
Adjusted net income	131,727
Destinations	
Mandatory minimum dividend ⁽¹⁾	32,932
Additional proposed dividend ⁽²⁾	52,115
Reserves for expansion and investments	46,680

⁽¹⁾ The amount of mandatory minimum dividend for the year ended December 31, 2021 was recorded under "Other amounts payable" in liabilities. Regarding dividends for the year ended December 31, 2020, the calculation methodology considered the provisions established in the shareholders' agreement in force at the time, and after the Company's IPO, the Bylaws started defining the new calculation parameters.

⁽²⁾ As of December 31, 2021, the amount of R\$ 52,115 was recorded in shareholders' equity as proposed additional dividends, according to item 24 of Technical Interpretation ICPC 08 (R1). This amount will be subject to deliberation at the Shareholders' Meeting.

e. Dividends from subsidiaries paid to the parent company

Dividends received from its subsidiaries are composed as follows:

	2021	2020
BR Partners Assessoria Financeira Ltda.	27,254	27,071
BR Partners Gestão de Recursos Ltda.	1,240	-
Total	28,494	27,071

f. Restricted share granting plan

On September 1, 2020, in accordance with the Minutes of the Extraordinary Shareholders' Meeting, the Company's Restricted Shares Granting Plan was approved, where the right to receive Restricted Shares representing, at most, 1.5% of the total number of shares into which the Company's capital is divided on that date. There were no grants during the year ended December 31, 2021 and 2020.

15. Revenues from rendering of services

Service revenues is substantially represented by economic and financial advisory services and commissions for the intermediation of marketable securities by the Group companies below:

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	<u>2021</u>	<u>2020</u>
Indirect subsidiary		
BR Partners Banco de Investimento S.A.		
Commissions and intermediation/structuring of securities	21,621	15,744
Direct subsidiaries		
BR Partners Assessoria Financeira Ltda.		
Financial advisory and consulting in Brazil	198,484	136,072
Financial advisory and consulting abroad	-	1,314
BR Partners Gestão de Recursos Ltda.		
Third party fund management	2,903	2,466
Business intermediation	3,585	10,723
BR Partners Europe B.V.		
Financial advisory and consulting	-	22,960
Service revenues - net of taxes	<u>226,593</u>	<u>189,279</u>
	<u>2021</u>	<u>2020</u>
Service revenues - gross of taxes	<u>262,400</u>	<u>214,806</u>
Total taxes - PIS/COFINS	(22,779)	(16,013)
Total taxes - ISS	(13,028)	(9,514)
Service revenues - net of taxes	<u><u>226,593</u></u>	<u><u>189,279</u></u>

The following summary discloses the service revenues (revenue from contracts with customers) and the other accounting items that composes the Total revenue disaggregated by line of business:

Line of Business	<u>2021</u>				Total
	Revenues from rendering of services	Specialized technical service expenses	Net income (loss) from interest and gains / losses on financial instruments	Other revenues	
<i>Investment Banking</i>	168,113	(12,537)	-	394	155,970
Structured credit and capital market	51,504	-	31,790	-	83,294
<i>Sales & Trading</i>	118	-	52,431	-	52,549
Investments	6,858	-	-	-	6,858
Other revenues	-	-	32,550	-	32,550
Total revenues	<u>226,593</u>	<u>(12,537)</u>	<u>116,771</u>	<u>394</u>	<u>331,221</u>
Line of Business	<u>2020</u>				Total
	Revenues from rendering of services	Specialized technical service expenses	Net income (loss) from interest and gains / losses on financial instruments	Other revenues	
<i>Investment Banking</i>	144,651	(17,432)	-	3,672	130,891
Structured credit and capital market	42,030	-	15,271	-	57,301
<i>Sales & Trading</i>	54	-	15,315	-	15,369
Investments	2,544	-	-	-	2,544
Other revenues	-	-	16,161	-	16,161
Total revenues	<u>189,279</u>	<u>(17,432)</u>	<u>46,747</u>	<u>3,672</u>	<u>222,266</u>

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(In thousands of reais)

16. Net income (loss) from interest and gains (losses) on financial instruments

	Parent Company	
	2021	2020
Interest revenue - Investments in fixed income securities	513	64
Income (loss) from investments in investment funds	2,701	8,330
Net finance income	3,214	8,394

	Consolidated	
	2021	2020
Interest revenues		
Income from loan operations	4,076	1,602
Discounts granted	(387)	-
Income from guarantees granted	1,634	621
<i>Financial assets</i>		
- At fair value through profit or loss	291,782	111,845
Total interest revenues	297,105	114,068
Interest expenses		
Money market funding expenses	(60,319)	(4,439)
Positive Market Value Adjustment – Funding (Hedged Item)	1,254	-
<i>Financial assets</i>		
- At fair value through profit or loss	(28,459)	(7,741)
Total interest expenses	(87,524)	(12,180)

	2021	2020
Net gains/(losses) from operations in foreign currency		
Foreign exchange income	67,873	54,784
Foreign exchange expenses	(44,964)	(57,657)
Total	22,909	(2,873)

	2021	2020
Gains/(losses), net of financial assets and liabilities at fair value through profit or loss		
Income from derivative operations	1,696,630	1,054,545
Securities - Positive mark-to-market	503	306
Expenses on derivative operations	(1,668,942)	(1,037,757)
Securities - Negative mark-to-market	(143,910)	(69,362)
Total	(115,719)	(52,268)
Net income (loss) from interest and gains (losses) on financial instruments	116,771	46,747

17. Operating expenses

a. Specialized technical service expenses

Refer to expenses on consulting and advisory services, auditing and other services of the same nature that support the provision of financial advisory and consulting services by the Company.

	Parent Company	
	2021	2020
Specialized technical service expenses	1,166	3,597
Total	1,166	3,597

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	Consolidated	
	2021	2020
Specialized technical service expenses	12,537	17,432
Total	12,537	17,432

b. Personnel expenses

Refer to expenses on: employees, benefits, earnings, and taxes.

	Parent Company		Consolidated	
	2021	2020	2021	2020
Personnel expenses	8,028	2,346	84,283	48,410
Total	8,028	2,346	84,283	48,410

c. Administrative expenses

	Parent Company	
	2021	2020
Amortization and depreciation expenses	151	521
Publishing expenses	582	605
Administrative expenses with apportionment (Service Level Agreement)	205	194
Tax expenses	793	334
Financial system expenses	415	144
Expenses with outsourced services	92	52
Data processing expenses	96	33
Insurance expenses	194	41
Other expenses	44	78
Total	2,572	2,002
Reversal of administrative expenses ⁽¹⁾	(1,821)	-
Total	751	2,002

	Consolidated	
	2021	2020
Commercial expenses abroad ⁽²⁾	671	10,858
Data processing expenses	5,344	3,917
Financial system service expenses	2,153	3,466
Promotion and public relations expenses	2,609	3,190
Amortization and depreciation expenses	3,069	2,805
Tax expenses	1,672	2,115
Communication expenses	2,146	1,930
Rent expenses	1,763	1,656
Publishing expenses	804	797
Expenses with outsourced services	1,832	685
Travel expenses	936	323
Condominium expenses	638	228
Expenses for maintenance of assets	382	283
Expenses with water, energy and gas	350	271
Security and surveillance expenses	178	170
Transportation expenses	111	101
Material expenses	209	97
Other expenses	3,226	519
Total	28,093	33,411
Reversal of administrative expenses ⁽¹⁾	(3,752)	-
Total	24,341	33,411

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(1) Refers to fees and registration costs, consulting and advisory services with the IPO, as well as other administrative expenses.

(2) In the year ended December 31, 2021, the amount of R\$ 671 (R\$ 10,858 in 2020) refers to commercial expenses of the Group company BR Partners Europe B.V., related to the rendering of commission and business intermediation services.

18. Other expenses

Within the consolidated balances, the total for other expenses is comprised for the financial years as follows:

	Parent Company		Consolidated	
	2021	2020	2021	2020
Taxes and contributions	322	427	3,119	4,925
Expenses with unreimbursed projects	-	-	-	488
Labor contingencies	-	-	272	226
Foreign exchange rate expenses	-	-	321	69
Other expenses	-	1	1	1,203
Total	322	428	3,713	6,911

19. Income taxes

a. Income taxes

	Parent Company		Consolidated	
	2021	2020	2021	2020
Income (loss) before income tax	136,521	91,567		
Rate (25% Income Tax (IR) and 9% Social Contribution (CSLL))	(46,417)	(31,133)		
Permanent additions/(exclusions)	(306)	(1,297)		
Temporary additions/(exclusions)	121	2,524		
Additions/(exclusions) – Undistributed earnings in equity method investees	48,808	31,372		
Deferred formation/(reversal) for the year	2,138	(2,832)		
Tax loss	(2,206)	(1,466)		
Expenses with IRPJ/CSLL	2,138	(2,832)		
Income (loss) before income tax and social contribution	219,066	133,544		
Total income tax and social contribution charge at current rates	(74,482)	(45,405)		
Effect of additions and deductions on the calculation of taxes:				
Permanent additions/(exclusions)	(2,624)	(2,004)		
Temporary additions/(exclusions)	798	308		
Other assets ⁽¹⁾	(4,099)	2,628		
Income tax and social contribution in the years	(80,407)	(44,809)		
Effective rate	36.7%	33.6%		
Deferred income tax and social contribution	(15,557)	8,709		
Current income tax and social contribution	(64,850)	(53,518)		
Changes in rate of Social Contribution on Net Income	-	-		
Income tax and social contribution in the years	(80,407)	(44,809)		

(1) The fiscal years 2021 and 2020 basically includes (i) equalization of the rate of non-financial company taxed under the presumed profit and (ii) financial company rate difference.

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b. Deferred income tax and social contribution

- Parent Company

	Balance at 12/31/2020	Constitution	Realization (Write-off)	Balance at 12/31/2021
Tax loss and negative basis of social contribution	-	3,060	-	3,060
Total deferred tax assets	-	3,060	-	3,060
Deferred tax obligations on fair value of financial assets	13,891	1,204	(282)	14,813
Total deferred tax liabilities	13,891	1,204	(282)	14,813
Total net deferred tax assets (liabilities)	(13,891)	1,856	282	(11,753)

- Consolidated

	Balance at 12/31/2020	Constitution	Realization (Write-off)	Balance at 12/31/2021
Temporary differences	12,470	19,370	(8,121)	23,719
Adjustment to fair value of financial assets recorded in shareholders' equity	-	2,115	(740)	1,375
Tax loss and negative basis of social contribution	-	16,034	(12,974)	3,060
Total deferred tax assets	12,470	37,519	(21,835)	28,154
Deferred tax obligations on fair value of financial assets	23,218	34,200	(4,334)	53,084
Total deferred tax liabilities	23,218	34,200	(4,334)	53,084
Total net deferred tax assets (liabilities)	(10,748)	3,319	(17,501)	(24,930)

	Balance at 12/31/2019	Constitution	Realization (Write-off)	Balance at 12/31/2020
Temporary differences	2,206	10,264	-	12,470
Tax loss and negative basis of social contribution	2,383	-	(2,383)	-
Total deferred tax assets	4,589	10,264	(2,383)	12,470
Deferred tax obligations on fair value of financial assets	23,859	2,832	(3,473)	23,218
Other	187	-	(187)	-
Total deferred tax liabilities	24,046	2,832	(3,660)	23,218
Total net deferred tax assets (liabilities)	(19,457)	7,432	1,277	(10,748)

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Management, based on its income projections, believes that it will earn taxable income to absorb the deferred tax assets as follows:

	Consolidated			
	Realization estimate		Present value	
	2021	2020	2021	2020
2021	-	12,389	-	10,991
2022	23,649	13	21,571	10
2023	3,084	34	2,566	24
2024	98	-	74	-
2025	587	-	406	-
2026	-	-	-	-
2027	-	-	-	-
2028	40	34	21	13
2029	64	-	30	-
2030	-	-	-	-
2031	632	-	251	-
Total	28,154	12,470	24,919	11,038

The present value of tax credits was calculated considering the average DI rate of 0.76% per month in 2021 (0.23% in 2020).

This estimate is reviewed regularly, so that any changes in the recovery outlook for these credits will be considered in a timely manner in future financial statements.

The amount of unrecorded tax credit on December 31, 2021 was R\$ 13,278 (R\$ 3,625 on December 31, 2020), which will be recorded when they present an effective outlook of realization.

20. Operating segments

The Group has a single reportable segment as of December 31, 2021 and 2020. This segment offers investment banking services, which are administered and managed according to the products offered.

The following summary of the Company's business lines describes the main services rendered by the reporting segment of the Company:

- **Investment Banking - Mergers & Acquisitions and financial restructuring**

Offers financial and strategic advisory services in mergers & acquisitions transactions, sales of shareholdings, fundraising, strategic partnerships, corporate restructuring and financial restructuring. Accordingly, it works with the customer in preparing materials, gathering information, financial modeling, business structuring, contract negotiation and advisory to shareholders and management in all stages of the aforementioned processes.

- **Structured credit and capital markets**

Advises its customers on raising funds from investors through debt instruments. Operates in the structuring and distribution of financial products developed according to each customer's needs. The area actively participates throughout the process of structuring debt instruments, to guide its customers in the best possible way.

- **Sales & Trading**

Advises and executes foreign exchange, derivatives and sureties with its corporate and institutional customers. Operates in raising funds from customers and third parties using its treasury products such as Bank Deposit Certificates (CDBs), Real Estate Credit Bills/Agribusiness Credit Bills (LCIs/LCAs) and Financial Bills (LFs). The area is also responsible for treasury management and ALM (Asset and Liability Management) and all accesses to the different primary markets for local and international trading.

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- **Investments**

The company it develops new theses for illiquid investments, negotiates minority transactions, structures investment vehicles, raises funds from third parties, allocates proprietary capital, provides resource management services for Funds, and contributes to the development strategy of the respective theses. The company it has relationships with a large part of Brazilian family offices and investor bases that commit capital on a recurring basis and allow access to proprietary businesses through the extensive relationship network with local entrepreneurs.

- **Other revenues**

The company it concentrates the revenues obtained from the construction of the loan portfolio in securities and loans in transition. Additionally, The Company, it remunerates capital for the areas that use it (e.g., Investments, Sales & Trading).

- a. **Reportable segment information**

The Company has only one reportable segment, the financial information managed by Management is that presented in the statement of financial position and statement of profit or loss.

- b. **Geographic segments**

The Company's operations are substantially carried out in Brazil, and it has a company based in Amsterdam, Netherlands, the corporate purpose of which is business management consulting activities. In addition, it also has an investment fund domiciled in the Cayman Islands, the investment strategy of which is to obtain return on marketable securities, including stocks and bonds, currencies, options, futures and other derivatives, focusing on the Brazilian market.

21. Other information

- a. **Guarantees, sureties and guarantees**

Sureties and guarantees provided by Banco BR Partners are recorded in the name of those endorsed or guaranteed in memorandum accounts, observing the developments planned for control, recording and monitoring of administrative acts that may become obligations due to future events. Operations related to sureties and guarantees provided and settled and outstanding have the provisioning assigned to each customer as defined by Management based on the expectation of loss.

Credits are granted through sureties and guarantees as shown in the table below:

	<u>2021</u>	<u>2020</u>
Bank guarantees provided	84,879	36,894
Provision for financial guarantees provided	(372)	(369)
Total	<u>84,507</u>	<u>36,525</u>

- b. **BR Partners Holdco Participações Ltd.**

As of September 1, 2020, the company was merged by its direct parent company, BR Partners Holdco Participações S.A., and since then it became the current parent company of the Company.

- c. **Contingencies**

Within BR Partners Group, there is no record of it being a defendant in any tax-related lawsuit for the year ended December 31, 2021 and December 31, 2020.

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In the civil sphere, there is a lawsuit in progress classified by our legal advisors as a probable loss. The amount provisioned for said lawsuit on December 31, 2021 was R\$ 292 (R\$ 226 on December 31, 2020).

In the field of labor law, the lawsuits underway classified by our legal counsel as “probable” loss on the base date of December 31, 2021 add up to R\$ 1,176 (R\$ 970 at December 31, 2020). Regarding lawsuits classified by our legal advisors as possible losses, the amount at risk amounts to R\$ 536 on December 31, 2021 (R\$ 0 on December 31, 2020).

d. Insurance

The Group has a management program intended to limit risk, and contracts within the market coverage compatible with its size and operations. Coverage related to facilities in headquarters, were contracted at amounts considered by Management sufficient eventual possible claims, considering its nature of activity and the risks involved in its operations. The policies contracted by the Group have the following risks covered for the year ended December 31, 2021:

<u>Insured property</u>	<u>Insured risks</u>	<u>Amount of coverage</u>
Shareholders' equity	Fire, explosion and smoke	10,000
	Loss of rental income	600
	Civil liability	600
	Electrical damages	1,000
	Electronic equipment	2,000
	Glasses	30
	Sprinkler system leakage	2,000
	Recovery of records and documents	600
	Stationary equipment	600

e. Lease liabilities

The Group leases floors in an office building through a five-year lease; the last such agreement was signed in 2018 and it can be renegotiated at any time. On December 31, 2021 and 2020, the minimum non-cancellable lease amounts are presented between 1 and 5 years and there is no balance for December 31, 2021 and for 2020, the amount was at R\$ 1,463.

Due to the Covid-19 Pandemic, there was an average discount of 20% on the amounts paid from April to December 2020. For 2021, the amounts were changed due to contract renewal, with 10% less than the value contractually agreed in the previous contract.

Change in the lease liability balance is shown below:

	<u>Consolidated</u>	
	<u>2021</u>	<u>2020</u>
Right-of-use of real estate - initial recognition as of January 01	1,464	4,667
Depreciation	-	(1,298)
Interest appropriation on lease	-	(262)
Consideration paid	(1,632)	(1,632)
Discount on renegotiation	168	(11)
Total lease liability	-	1,464

f. Third party fund management

The Company administers and manages equity investment funds and multimarket investment funds. On December 31, 2021 and 2020, it had R\$ 1,133,796, R\$ 469,969, respectively, in assets under

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management, divided into R\$ 280,143, R\$ 68,290 (respectively) in multimarket investment funds, and R\$ 853,652, R\$ 401,679, respectively, in equity investment funds in Brazil.

22. Subsequent events

On January 4, 2022, the “Preliminary Prospectus of the Public Offering for the Primary Distribution of Units Representing Common Shares and Preferred Shares Issued by BR Advisory Partners Participações S.A.” was released, pursuant to CVM Instruction 400, due to the request for registration of the public offering for primary distribution of 345,304 share deposit certificates, each representing one (1) common share and two (2) preferred shares issued by the Company, all nominative, book-entry and with no par value, free of any liens or encumbrances (“Units”). The request for registration of the Company’s new Units was granted by the Brazilian Securities and Exchange Commission (CVM) on January 26, 2022.

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