



Belo Horizonte, October 14, 2021 - A Direcional Engenharia S.A., one of the largest homebuilders and real estate development companies in Brazil, focused on the development of low-income and medium-income projects and operating in several regions of the Brazilian Territory, discloses here its operating statements for the third quarter of 2021 (3Q21). Unless otherwise expressed, the information in this document is expressed in the national currency (Brazilian Reais - R\$ or BRL) and the Potential Sales Value ("PSV") demonstrates the value consolidated (100%).

NOTICE TO THE MARKET

3Q21 OPERATING PREVIEW

- ✓ RECORD-BREAKING IN LAUNCHES IN 3Q21 (BRL 1.1 BILLION), GROWING 88% OVER 3Q20;
- ✓ NET SALES RECORD IN 3Q21 (BRL 643 MILLION), A 40% INCREASE VERSUS 3Q20;
- ✓ RIVA GREW 281% YoY IN NET SALES IN 3Q20, ACCOUNTING FOR 37% OF GRUPO DIRECIONAL.

HIGHLIGHTS

- Record-high in Launches for the second quarter in a row, +37% over 2Q21.
- Volume launched in the year to September period (9M21) grew 129% in comparison with 9M20, totaling BRL 2.4 billion.
- Net Sales again at the highest level in Direcional's history: 5th record in the last 6 quarters, totaling BRL 643 million.
- In 9M21, Net Sales reached BRL 1.8 billion, a growth rate of 53% versus 9M20.
- Net Sales Speed ratio (VSO) of 17% in the quarter.

RIVA

- Riva's Launches reached BRL 621 million in 3Q21, the highest level in segment's history.
- 281% growth in Net Sales in comparison with 3Q20 and 33% growth versus 2Q21.
- In 3Q21, Riva's Net Sales accounted for 37% of the total sales by Grupo Direcional.
- Riva's VSO reached 21% in the quarter.



LAUNCHES

In 3Q21, Direcional launched 10 new projects/phases, totaling a PSV of BRL 1.1 billion (BRL 927 million % Company), an 88% increase versus 3Q20 and a 37% increase over 2Q21, which had been the highest level ever recorded by the Company. **Thus, Direcional hits another record in terms of Launches in a single quarter.**

In 9M21, there was a 3-digit growth in comparison with 9M20. The 129% growth in the period contributed to the achievement of a PSV of BRL 2.4 billion in the year to date.

Considering the last twelve months (3T21 LTM), Launches totaled BRL 3.1 billion.

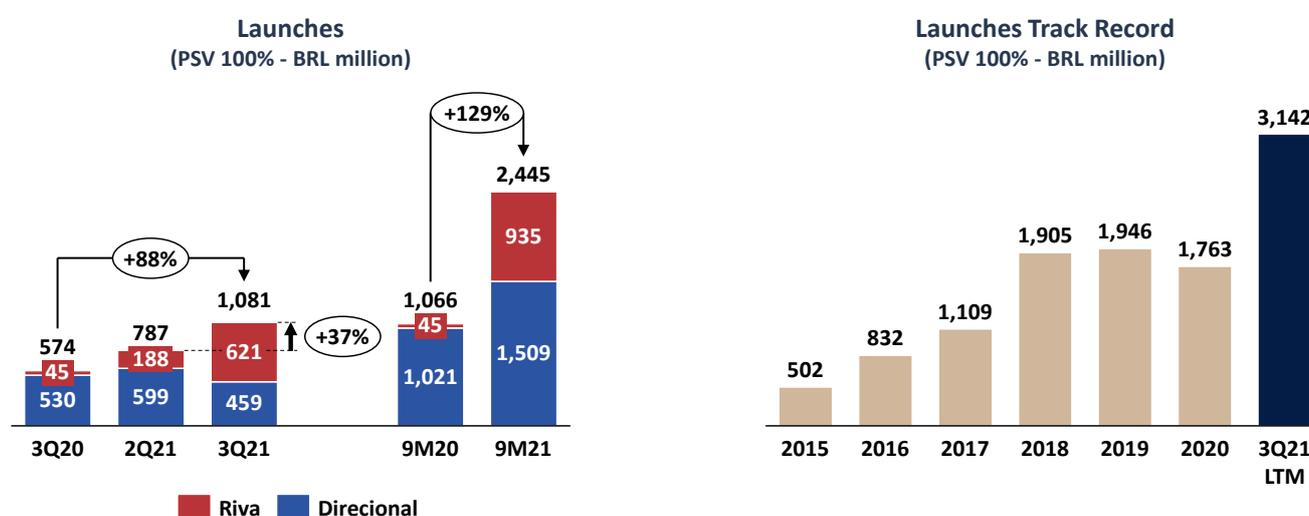


Table below provides further information on projects launched in 3Q21 and 9M21:

Launches	3Q21 (a)	2Q21 (b)	Q3T20 (c)	Δ % (a/b)	Δ % (a/c)	9M21 (d)	9M20 (e)	Δ % (d/e)
PSV Launched - 100% (BRL '000)	1,080,620	786,923	574,480	37.3%	88.1%	2,444,603	1,065,543	129.4%
Direcional	459,356	599,155	529,743	-23.3%	-13.3%	1,509,373	1,020,807	47.9%
Riva	621,265	187,768	44,737	230.9%	1288.7%	935,230	44,737	1990.5%
PSV Launched - % Company (BRL '000)	927,228	662,361	458,127	40.0%	102.4%	2,043,818	876,337	133.2%
Direcional	459,356	474,593	435,758	-3.2%	5.4%	1,261,981	853,969	47.8%
Riva	467,872	187,768	22,368	149.2%	1991.7%	781,837	22,368	3395.3%
Launched Units	3,764	4,153	3,358	-9.4%	12.1%	10,388	6,342	63.8%
Direcional	1,800	3,385	3,142	-46.8%	-42.7%	7,194	6,126	17.4%
Riva	1,964	768	216	155.7%	809.3%	3,194	216	1378.7%
Average % Company	85.8%	84.2%	79.7%	2 p.p.	6 p.p.	83.6%	82.2%	1 p.p.
Average Price (BRL/unit)	287,094	189,483	171,078	51.5%	67.8%	235,330	168,014	40.1%
Direcional	255,198	177,003	168,601	44.2%	51.4%	209,810	166,635	25.9%
Riva	316,326	244,490	207,115	29.4%	52.7%	292,808	207,115	41.4%

CONTRACTED NET SALES

Contracted Net Sales reached a PSV of BRL 643 million (BRL 525 million % Company) in 3Q21, a growth rate of 40% when compared to 3Q20, and 5% when compared to 2Q21. Once again, **Direcional set its best quarter in terms of Net Sales** – the 5th record in the last 6 quarters.

As has been happening in recent quarters, Riva's relevant role in sales volume stands out. In 3Q21, it accounted for 37% of the total sold by Grupo Direcional.

In 9M21, Net Sales totaled BRL 1.8 billion, a 53% growth in comparison with the total amount of 9M20.

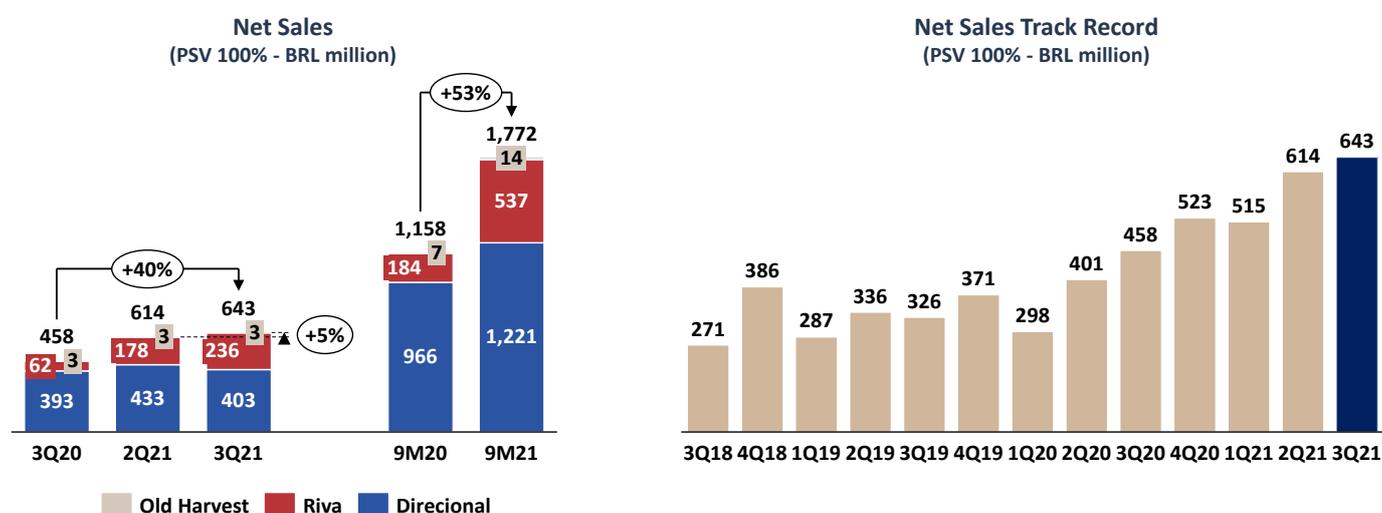


Table below consolidates the information on contracted Net Sales in 3Q21 and 9M21:

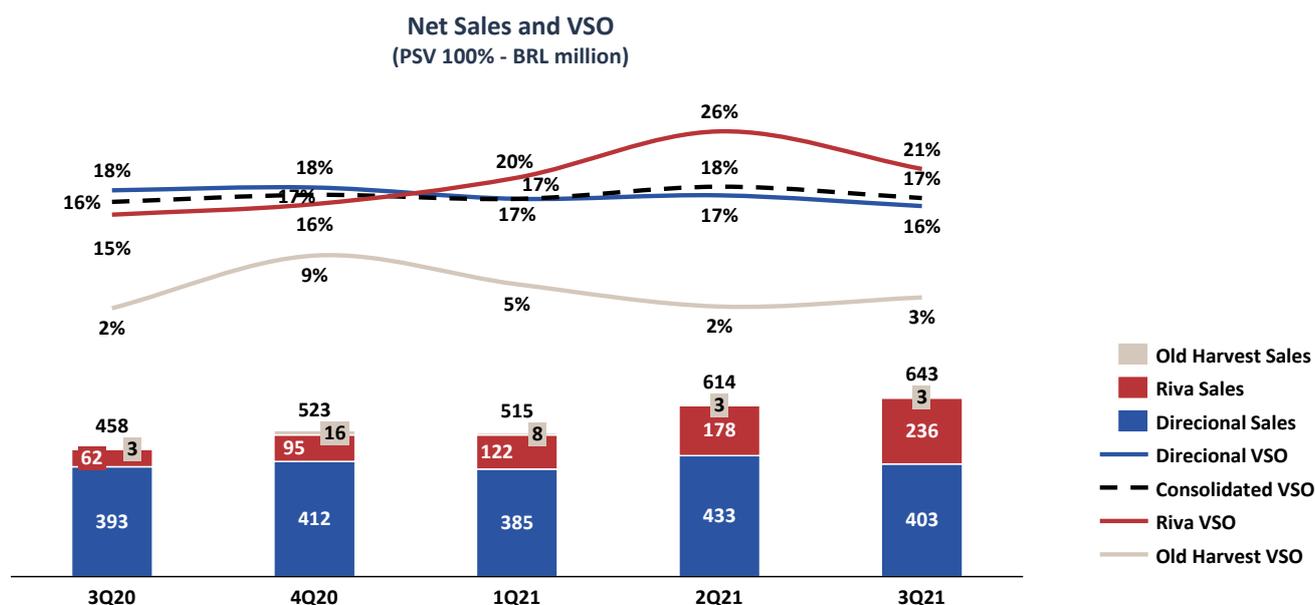
Contracted Net Sales	3Q21 (a)	2Q21 (b)	3Q20 (c)	Δ % (a/b)	Δ % (a/c)	9M21 (d)	9M20 (e)	Δ % (d/e)
PSV Contracted Net Sales - 100% (BRL '000)	642,716	614,496	458,407	4.6%	40.2%	1,772,176	1,157,552	53.1%
Direcional	402,842	433,406	393,027	-7.1%	2.5%	1,221,317	966,195	26.4%
Riva	236,459	178,387	62,133	32.6%	280.6%	536,996	184,105	191.7%
Old Harvest ¹	3,414	2,703	3,247	26.3%	5.2%	13,864	7,252	91.2%
PSV Contracted Net Sales - % Company (BRL '000)	525,002	515,665	368,944	1.8%	42.3%	1,479,611	961,015	54.0%
Direcional	342,509	364,201	312,154	-6.0%	9.7%	1,030,178	791,516	30.2%
Riva	180,159	149,183	55,234	20.8%	226.2%	439,359	165,920	164.8%
Old Harvest	2,334	2,281	1,556	2.3%	50.1%	10,074	3,579	181.5%
Contracted Units	3,211	3,168	2,457	1.4%	30.7%	9,081	6,312	43.9%
Direcional	2,370	2,491	2,224	-4.9%	6.6%	7,111	5,568	27.7%
Riva	831	668	215	24.4%	286.5%	1,929	719	168.3%
Old Harvest	10	9	18	11.1%	-44.4%	41	25	64.0%
VSO in PSV	17%	18%	16%	-1 p.p.	1 p.p.	36%	33%	3 p.p.
Direcional	16%	17%	18%	-1 p.p.	-2 p.p.	36%	35%	1 p.p.
Riva	21%	26%	15%	-5 p.p.	6 p.p.	38%	33%	4 p.p.
Old Harvest	3%	2%	2%	1 p.p.	1 p.p.	9%	4%	5 p.p.

¹ Old Harvest: Comprises projects of the middle income, upper-middle income and commercial segments, developed in the former model.



NET SALES SPEED (VSO)

Net Sales Speed, measured by the VSO index (sales-over-supply ratio), reached 17% in 3Q21. The VSO of projects at Direcional, excluding Old Harvest segment, reached 17% in the quarter. The VSO of Riva segment reached 21% in the same period.



INVENTORY

Direcional ended 3Q21 with 14,573 units in Inventory, totaling a PSV of BRL 3.2 billion (BRL 2.7 billion % Company).

Table below shows the Inventory at market value, detailed by stage of construction and by type of product. It is worth mentioning that there are only BRL 9 million in PSV of Direcional (ex-Old Harvest) completed units, **representing less than 1% of total Inventory**.

Breakdown of Inventory at Market Value	PSV Total				PSV % Company			
	Direcional	Riva	Old Harvest	Total	Direcional	Riva	Old Harvest	Total
In progress (BRL million)	2,157	891	1	3,049	1,890	694	1	2,585
% Total	68%	28%	0%	96%	70%	26%	0%	96%
Completed (BRL million)	9	5	116	129	8	4	89	102
% Total	0%	0%	4%	4%	0%	0%	3%	4%
Total (BRL million)	2,166	896	116	3,178	1,898	698	90	2,686
% Total	68%	28%	4%	100%	71%	26%	3%	100%
Total Units	11,128	3,124	321	14,573	11,128	3,124	321	14,573
% Total Units	76%	21%	2%	100%	76%	21%	2%	100%



LANDBANK

In 3Q21, 13 plots of lands were acquired, with a construction potential of 7,831 units and a PSV of BRL 1.7 billion (BRL 1.7 billion % Company).

The average cost of acquisition was equivalent to 13% of PSV, and 69% of the payment shall be made via swaps, which causes a reduced impact on the Company's cash position in the short term. It is important to mention that approximately BRL 627 million of the landbank acquired in 3Q21 is intended to Riva projects.

In 9M21, land acquisitions totaled a PSV of BRL 4.8 billion (BRL 4.6 billion % Company), with an average cost of 13% of the PSV, and with 72% of the payment to be made through swaps.

Direcional landbank ended 3Q21 with a development potential of 151 thousand units and a PSV of BRL 27 billion (BRL 25 billion % Company).

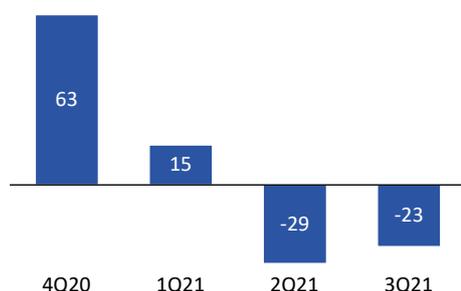
CASH GENERATION (CASH BURN)¹

In 3Q21, there was a cash burn in the amount of BRL 23 million. In the last twelve months ended in 3Q21, there was a total cash generation of BRL 26 million.

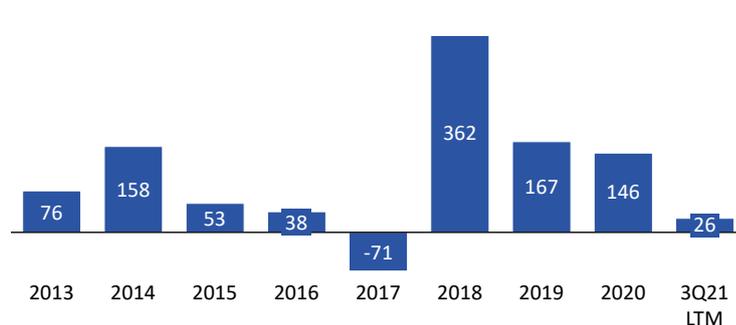
It should be noted that the cash burn observed is due to the significant operational growth that the Company has been reporting, leading to a considerable expansion in the volume of launches, which more than doubled in 9M21 in comparison with 9M20.

In addition, we also highlight the importance of the strategy of anticipating the purchase of inputs before price increases, with the objective of mitigating most of the effects of the inflationary pressure that has been occurring in the country in recent quarters. This decision was crucial for maintaining the resilience of the Gross Margin that the Company has reported in the period.

Cash Generation by Quarter
(R\$ million)



Cash Generation by Year
(R\$ million)



¹ Cash Generation (Cash Burn): variation in net debt adjusted by payment of dividends, repurchase of shares and the variation in the balance of interest swap operation agreements. Prior unaudited information.



RIVA – Operating Highlights

In 3Q21, the numbers presented by Riva operation, our subsidiary whose focus concentrates on the mid-low income segment, continue to show significant evolution in all operating metrics. This result confirms, once again, the assertiveness of Riva’s growth strategy.



During the quarter, a total of 4 projects were launched in this segment, reaching a PSV of BRL 621 million (BRL 527 million % Company), **the highest level reached by Riva in a single quarter**. It is worth highlighting the geographical dispersion of the products in 3Q21, with launches in all markets where Riva operates.

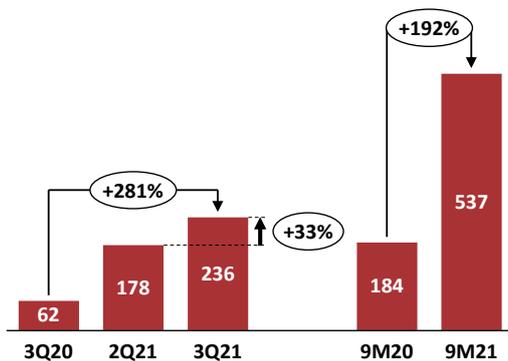
In 9M21, the PSV launched totaled BRL 935 million (BRL 841 million % Company).

Net Sales reached BRL 236 million in 3Q21, a 33% growth versus 2Q21 and an expressive 281% increase in comparison with 3Q20. As a result, the VSO index was 21% in the quarter. As explained above, it is important to note that Riva’s sales accounted for 37% of the total sold by Grupo Direcional in 3Q21.

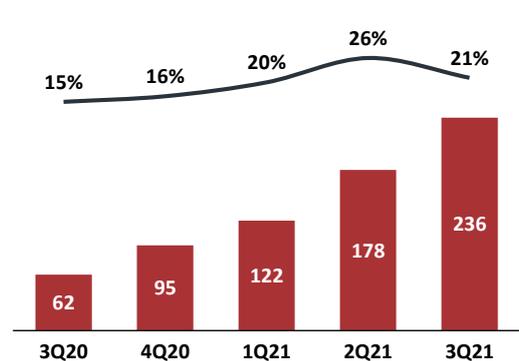
In 9M21, Net Sales grew 192% when compared to the volume observed in 9M20.

At the end of 3Q21, PSV in Inventory totaled BRL 896 million, of which less than 1% refers to completed products.

Net Sales
(PSV 100% - BRL million)



Net Sales Evolution and VSO
(PSV 100% - BRL million)



■ Net Sales — VSO

Statements contained in this notice regarding business perspectives, operational and financial projection results, and references to the Company’s potential of growth constitute mere estimates and were based on the Board’s expectations and estimates regarding the Company’s future performance. Although the Company believes that such estimates are based on reasonable assumptions, Company does not ensure they are achievable. The expectations and estimates underlying the Company's future perspectives are highly dependent on the market behavior, the Brazil's economic and political situation, the current and future state regulations, the industry and international markets, and are therefore subject to changes which are beyond control by part of the Company and its Board. The Company shall not commit to publish updates neither to revise the expectations, estimates, and provisions contained herein arising from future information or events.

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GLOSSARY

Landbank - lands maintained in inventory with an estimate of a future PSV for such.

Classification of the projects by Direcional as the economic segment for which they are destined:

MCMV Level 1	Low-income projects made as contract works within the “Minha Casa, Minha Vida” housing program, contracted directly with the Financing Agent, destined to families with a monthly income up to BRL 1,600. Properties of this segment has their final price determined by the Financing Agent, pursuant to the ordinance No. 435/2012 of the Ministry of Cities, and their acquisition may be subsidized by the government.
MCMV 2 and 3	Residential projects with an average price per Unit up to BRL 240 thousand within the “Minha Casa, Minha Vida” housing program - levels 1.5, 2 and 3. Until 3Q15, the projects belonging to this segment were called “Low-income”.
Riva	A project destined to middle-income customers, developed at the SPEs of the wholly owned subsidiary of Direcional called Riva Incorporadora S.A.
Middle-Income	Residential projects with an average price per Unity above the MCMV ceiling price up to BRL 500 thousand.
Upper Middle-Income	Residential projects with an average price per Unity above BRL 500 thousand.
MUC	Comprises projects of the Middle-income, Upper-middle income, and Commercial segments.
Old Harvest	Projects of the MUC segment developed under the previous development and building model.
New Model	A business model consolidated in 2015 for the development of the Company’s residential projects. One of its main characteristics is the possibility of off-plan transfer and industrialized construction.

Adjusted EBITDA - Adjusted EBITDA is equal to EBITDA (profit before financial result, financial charges included in cost of property sold, Income Tax and Social Contribution, depreciation and amortization expenses) less the participation of non-controlling stockholders and less the expenses with the stock option program. We understand that the adjustment to present value of accounts receivable of units sold and not delivered recorded as gross operating revenue (expense) is part of our operating activities and, therefore, we do not exclude this revenue (expense) in the calculation of Adjusted EBITDA. Adjusted EBITDA is not a measure of financial performance under Brazilian Accounting Practices, nor should it be considered in isolation or as an alternative to net income as an operational performance measure or alternative to operating Cash Burns or as a liquidity measure. Adjusted EBITDA is an indicator of our overall economic performance, which is not affected by fluctuations in interest rates, changes in the tax burden of Income Tax and Social Contribution or depreciation and amortization levels.

PoC Method - Under IFRS, revenues, costs and expenses related to real estate projects are appropriated based on the accounting method of the cost incurred (“PoC”), by measuring the progress of the work by the actual costs incurred versus the total budgeted expenses for each stage of the project.

Novo Mercado - B3’s special listing segment, where companies adopt differentiated practices of corporate governance, which exceed the requirements of the traditional segment. Direcional joined Novo Mercado in November 19th, 2009.

LTM – Last twelve months.

Financial Swap – Land purchase system whereby the owner of the land receives the payment, in cash, calculated as a percentage of the PSV of the project, to be paid according to the determination of the revenue from the sales of units of the project.

Physical Swap - Land purchase system whereby the owner of the land receives in payment a certain number of units of the project to be built in it.

Programa Casa Verde e Amarela (PCVA) - New name attributed to the popular housing program previously known as “Minha Casa, Minha Vida” Program

SFH Resources - Housing Financial System (SFH) resources originate from the FGTS and savings account deposits.

Deferred Results- The result of the balance of real estate sales transactions already contracted (arising from properties whose construction has not yet been completed) and their respective budgeted costs to be earned.

Contracted Net Sales - PSV arising from all contracts for the sale of properties entered into in a given period, including the sale of units launched in the period and the sale of units in stock, net from rescissions.

PSV - Total Potential Sales Value. Total amount to be potentially obtained from the sale of all units of a given real estate development at the launch price. There is a possibility that the PSV launched shall not be realized or differ significantly from the value of Contracted Sales, since the quantity of Units actually sold may differ from the number of units launched and/or the actual selling price of each unit may differ from the launch price.

Launched PSV – Total Potential Sales Value of the units launched in a determined period.