EARNINGS RELEASE

3Q23

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Belo Horizonte, November 7th, 2023 - 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 and financial statements for the third quarter of 2023 (3Q23). 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%). The Company's consolidated financial statements are prepared in accordance with accounting practices adopted in Brazil, which are based on Brazilian Corporate Law and on the regulations issued by the Brazilian Securities Commission (CVM).

3Q23 EARNINGS RELEASE

✓ **DIRECIONAL GROUP ACHIEVES RECORD-HIGH OPERATING NET INCOME[1] IN 3Q23: BRL 83 MILLION, +11% VERSUS 2Q23 AND +94% VERSUS 3Q22.**

✓ **ADJUSTED GROSS MARGIN[2] OF 37.0% IN 3Q23: +50 BPS IN RELATION TO 2Q23 AND +200 BPS IN RELATION TO 3Q22.**

✓ **BACKLOG MARGIN OF 42.7% IN 3Q23, AN INCREASE OF 300 BPS VERSUS 2Q23.**

✓ **OPERATING NET MARGIN[1] OF 14.8% IN THE QUARTER: A 260 BPS INCREASE OVER 2Q23 AND A 740 BPS INCREASE OVER 3Q22.**

✓ **ADJUSTED ANNUALIZED ROE[1] OF 20% IN THE QUARTER.**

✓ **AFTER A SUCCESSFUL FOLLOW-ON, DIRECIONAL GROUP REACHED NET CASH POSITION OF BRL 89 MILLION.**

OTHER HIGHLIGHTS

- Record-High Net Sales in 3Q23: BRL 1.0 billion, a 19% increase versus 3Q22 and 4% versus 2Q23.
- Launches reached BRL 3.5 billion in 9M23 (+34% over 9M22), putting up BRL 4.5 billion in the last 12 months.
- In 3Q23, Adjusted EBITDA[3] of BRL 140 million, with 25.0% Adjusted EBITDA Margin[3].
- Operating Net Income[1] totaled BRL 227 million in 9M23, growing 68% over 9M22.
- In 9M23, Operating Net Margin[1] reached 13.2%, an increase of 490 bps in comparison with 9M22.
- Deferred Revenue from Real Estate Sales (Backlog Revenue) reached BRL 1.3 billion at the end of 3Q23, growing 23% versus 2Q23.

1 - Operating Net Income and Operating Net Margin: adjustment excluding non-recurring expenses with sales of receivables, equity swap result and, in the case of 2Q23, non-recurring result allocated to "Other Operating Income (Expenses)".
2 - Adjusted Gross Margin: adjustment excluding interest capitalized in COGS.
3 - Adjusted EBITDA: adjustment excluding interest capitalized in COGS and, in the case of 2Q23, non-recurring result allocated to "Other Operating Income (Expenses)".

DIRECIONAL

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MESSAGE FROM THE BOARD

The results for the third quarter of 2023 (3Q23) reported below show our path of success in the real estate market. A journey guided by hard work, focus, and dedication, which is evident in the clear progression that Direcional Group has demonstrated throughout its history to reach the prominent position it currently holds.

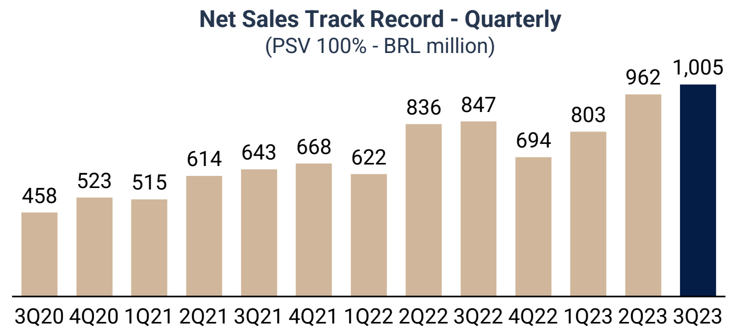
We believe we are prepared to enjoy the opportunities from the transformations the civil construction industry is going through, especially in the low-income and middle-income segments. With a well-positioned land bank and a portfolio carefully planned to meet the needs of our customers, we believe we have strong growth pillars to gain more ground in strategic regions and reinforce our leadership in areas where Direcional Group's brand already holds this distinguished position.

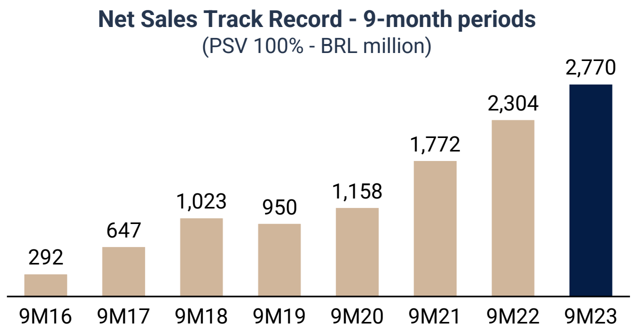
In 3Q23, we launched 4,152 new units, totaling BRL 1.4 billion (BRL 1.3 billion % Company) in Potential Sales Value (PSV). As of September year-to-date (9M23), we have launched over 12,000 units in the 9 markets where Direcional Group operates, totaling BRL 3.5 billion (BRL 3.0 billion % Company) in PSV, with 63% attributed to products sold under the Direcional brand and 37% attributed to Riva products.

As for sales, we surpassed BRL 1 billion in Gross Sales for the second consecutive quarter. However, in 3Q23, we also achieved over BRL 1 billion in Net Sales, making it the best quarter in our history in that metric. That represents a 19% growth when compared to 3Q22.

We would like to emphasize the Riva's extremely important contribution to this achievement. Our subsidiary focused on middle-income products sold BRL 441 million (BRL 322 million % Company) in 3Q23, also representing its best quarter in historical terms. In that case, the annual growth was even more significant: +35% when compared to the net PSV contracted in 3Q22.

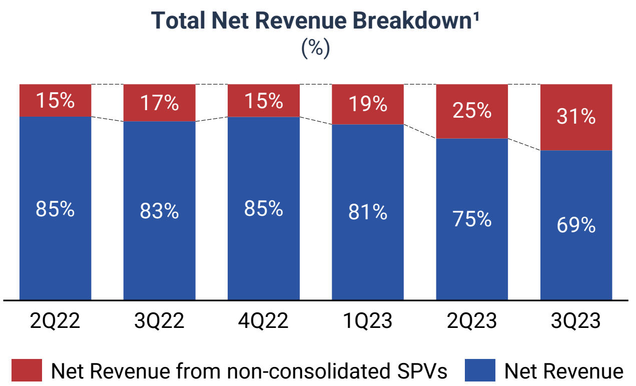
Considering 9M23, Net Sales totaled BRL 2.8 billion (BRL 2.1 billion % Company), a 20% increase when compared to 9M22 figures. In that sense, when analyzing 9-month periods in the latest years, we could realize the expressive evolution that occurred.

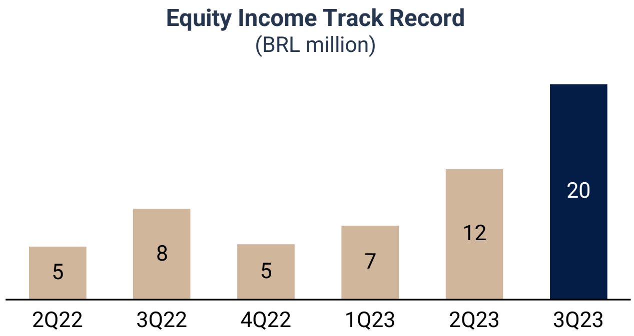




As explained in the previous earnings release, a significant portion of the quarter's sales came from products developed in partnership, and which are not consolidated on our balance sheet. This includes some important joint ventures and, especially, the SPVs sold during 4Q22 and 2Q23, in which we substantially reduced our equity interest and, as a result, stopped consolidating the results of these SPVs.

Therefore, although we are seeing an increasing number of projects that have a smaller presence of partners from now on, we should note that we are going through a period where the significance of these products in the result has been substantial. Thus, temporarily, Equity Income has shown a more relevant contribution to the Group's results than usual. On the other hand, Net Revenue has shown more stable amounts in the period. Nonetheless, as the construction of these specific projects continue to evolve, we expect that Net Revenue will return to its normal growth trajectory, while Equity Income line should return to levels closer to its historical levels. Below, we highlight the percentage that the Net Revenue from non-consolidated SPVs has assumed in the current mix, as well as the Equity Income track record in the period.





Thus, by analyzing the Net Revenue considering both consolidated and non-consolidated projects (Total Net Revenue[1]), we had BRL 804 million in 3Q23, with BRL 558 million in consolidated revenue and BRL 246 million referring to non-consolidated developments. As of September year-to-date, the amount totaled BRL 2.3 billion, a 20% increase in relation to the same period of 2022. Not coincidentally, Equity Income totaled BRL 20 million in 3Q23 (+65% when compared to 2Q23 and +137% when compared to 3Q22), the highest value ever recorded for a quarter, and BRL 38 million in 9M23 (+130% in comparison with 9M22).

In the quarter, Adjusted Gross Profit[2] totaled BRL 206 million. Adjusted Gross Margin[2] went up to 37.0%, resulting in a 50 bps increase versus 2Q23 and 200 bps versus 3Q22. In the 9-month period ended September, the metric came in at BRL 630 million, with Adjusted Gross Margin[2] at 36.6%, +120 bps when compared to 9M22.

G&A totaled BRL 45 million in the quarter, a marginal increase of 3% when compared to the previous quarter, while Sales Expenses totaled BRL 48 million in 3Q23, a 9% decrease when compared to 2Q23. Therefore, SG&A totaled BRL 275 million in 9M23, resulting in a 5% growth when compared to the year-ago period.

We had another absolute quarterly record in Adjusted EBITDA3, which totaled BRL 140 million in 3Q23 – 4% higher than 2Q23 and 30% higher than 3Q22. As a result, Adjusted EBITDA Margin3 for the period was at 25.0%, representing a 2.9 p.p. increase over 2Q23 and 6.3 p.p. over 3Q22, also setting a new record for Direcional Group in this indicator. Adjusted EBITDA3 for 9M23 totaled BRL 395 million, a 22% increase when compared to 9M22. Adjusted EBITDA Margin3 came in at 22.9%, a 3.1 p.p. increase versus 9M22, evidencing the operational resiliency and the ability to capture efficiency and margin with scale gain.

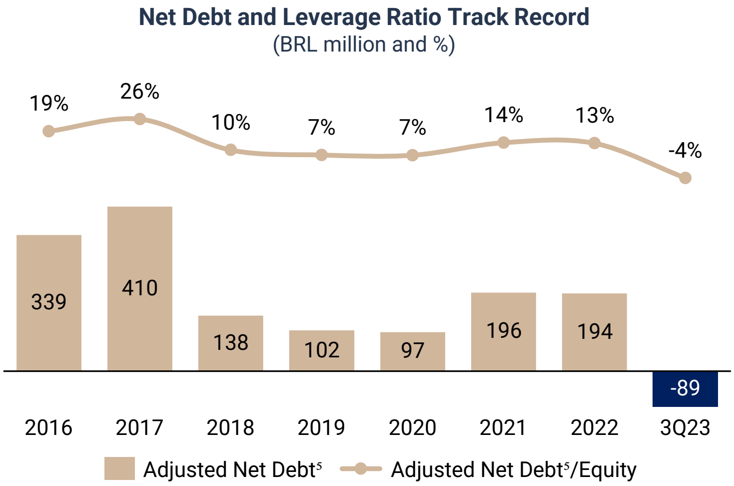
Thus, in 3Q23, Net Income totaled BRL 69 million, and Net Margin reached 12.3%. In 9M23, it reached 13.5%, with a BRL 232 million Net Income. However, always seeking to understand what would be the Company's recurring result, adjustments considered (i) the result of an equity swap operation (TRS); (ii) expenses with transfers of receivables; and, in the case of 2Q23, (iii) non-recurring result in the "Other Operating Income (Expenses)" category, as reported in the previous earnings release.

In that sense, we had BRL 83 million in Operating Net Income[4], an 11% growth when compared to 2Q23 and a 94% increase over 3Q22. Operating Net Margin[4] came in at 14.8%, a 260 bps increase when compared to 2Q23 and 740 bps when compared to 3Q22. Adjusted Annualized ROE[4] reached 20% in the quarter.

In 9M23, Operating Net Income[4] totaled BRL 227 million, resulting in an Operating Net Margin[4] of 13.2% in the period. It is worth highlighting that, while Net Sales and Net Revenue (including SPVs not consolidated in our balance sheet) grew 20%, Operating Net Income[4] went up by 68% in 9M23 when compared to 9M22.

Also noteworthy is that, although treated as non-recurring – because it had a very specific impact in one quarter –, the results from the sale of interest ownership in SPVs, which occurred both in 4Q22 and in 2Q23, actually represented an anticipation of the results related to these ventures, which were previously consolidated in the balance sheet and are no longer consolidated. Thus, when calculating the results of these SPVs and their impact on the Company's earnings, it is worth observing that although there is an impact on the Equity Income line, the Net Income related to these projects – which has been significant in recent quarters – is no longer included in the Company's Net Income (as it also happens in the Net Revenue line).

We could not help but comment on the settlement of our follow-on at the beginning of the quarter. Direcional Group raised about BRL 429 million, with the goal of allowing a growth even higher than we have delivered in the latest periods. With the amount raised, we now have a net cash profile, as we had ended 2Q23 with an Adjusted Net Debt[5] of only BRL 268 million. Therefore, at the end of 3Q23, we recorded a leverage ratio (measured by Adjusted Net Debt[5] over Equity) at -4.2%, in line with the execution of the plan we began to put into practice immediately after the successful completion of our public offering. The chart on the side shows our Adjusted Net Debt[5] and leverage ratio track record.



With this, we believe that we are in a favorable moment to accelerate and seek an even greater and more prominent presence in the markets where we operate. It is time to reap the benefits that have emerged from the changes to the *Minha Casa, Minha Vida* housing program, which relevantly improve the purchasing power of eligible families and expand the addressable market for our products. Advancing further in the locations where we already have a strong presence, as well as exploring new opportunities that have risen with the new program, are our main challenges going forward. We feel prepared and eager to carry out what we planned in order to take Direcional Group's name to even higher levels.

We also want to take this opportunity, as usual, to praise and thank the entire team, which tirelessly works to make all of this possible. Together, we will keep working as agents of transformation, seeking excellence in every step we take.

Thank you,

The Management - Direcional Engenharia S/A

1 - Adjustment including Net Revenue from non-consolidated SPVs.
2 - Adjustment excluding interest capitalized in COGS.
3 - Adjustment excluding interest capitalized in COGS and, in the case of 2Q23, non-recurring result allocated to "Other Operating Income (Expenses)".
4 - Adjustment excluding non-recurring expenses with sale of receivables, equity swap results and, in the case of 2Q23, non-recurring result allocated to "Other Operating Income (Expenses)".
5 - Adjustment by the balance of interest swap operations contracts.

DIRECIONAL

MAIN INDICATORS

	3Q23 (a)	2Q23 (b)	3Q22 (c)	Δ % (a/b)	Δ % (a/c)	9M23 (d)	9M22 (e)	Δ % (d/e)
Financial Indicators								
Net Revenue (BRL million)	557.7	605.4	574.4	-7.9%	-2.9%	1,720.3	1,628.6	5.6%
Gross Profit (BRL million)	192.4	205.2	195.2	-6.2%	-1.4%	595.4	543.0	9.7%
Gross Margin	*34.5%*	*33.9%*	*34.0%*	0.6 p.p.	0.5 p.p.	*34.6%*	*33.3%*	1.3 p.p.
Adjusted Gross Profit[1] (BRL million)	206.2	221.1	201.0	-6.7%	2.6%	629.7	576.5	9.2%
Adjusted Gross Margin[1]	*37.0%*	*36.5%*	*35.0%*	0.5 p.p.	2.0 p.p.	*36.6%*	*35.4%*	1.2 p.p.
Adjusted EBITDA[2] (BRL million)	139.6	134.2	107.8	4.0%	29.5%	394.8	323.1	22.2%
Adjusted EBITDA Margin[2]	*25.0%*	*22.2%*	*18.8%*	2.8 p.p.	6.3 p.p.	*24.6%*	*19.8%*	4.8 p.p.
Operating Net Income[3] (BRL million)	82.7	74.2	42.6	11.5%	94.1%	226.7	135.3	67.6%
Operating Net Margin[3]	*14.8%*	*12.3%*	*7.4%*	2.6 p.p.	7.4 p.p.	*13.2%*	*8.3%*	4.9 p.p.
Launches								
PSV Launched - 100% (BRL million)	1,399.4	1,456.6	1,189.1	-3.9%	17.7%	3,467.3	2,578.5	34.5%
Direcional	813.5	880.3	639.8	-7.6%	27.2%	2,171.1	1,525.8	42.3%
Riva	585.9	576.3	549.3	1.7%	6.7%	1,296.2	1,052.7	23.1%
PSV Launched - % Company (BRL million)	1,259.3	1,088.9	966.7	15.6%	30.3%	2,958.7	2,227.6	32.8%
Direcional	725.3	711.2	556.6	2.0%	30.3%	1,913.0	1,378.4	38.8%
Riva	534.1	377.7	410.1	41.4%	30.2%	1,045.7	849.3	23.1%
Launched Units	4,152	5,268	4,113	-21.2%	0.9%	12,182	10,205	19.4%
Direcional	3,106	3,507	2,711	-11.4%	14.6%	9,089	7,283	24.8%
Riva	1,046	1,761	1,402	-40.6%	-25.4%	3,093	2,922	5.9%
Net Sales								
Net Sales - PSV 100% (BRL million)	1,004.6	962.5	846.9	4.4%	18.6%	2,770.4	2,304.5	20.2%
Direcional	560.7	581.8	520.1	-3.6%	7.8%	1,712.7	1,568.5	9.2%
Riva	441.2	380.3	326.0	16.0%	35.3%	1,055.5	732.9	44.0%
Old Harvest[4]	2.7	0.4	0.7	604.9%	261.8%	2.2	3.1	-27.6%
Net Sales - PSV % Company (BRL million)	751.4	733.9	682.3	2.4%	10.1%	2,128.2	1,864.5	14.1%
Direcional	427.2	467.7	450.0	-8.7%	-5.1%	1,358.1	1,315.7	3.2%
Riva	322.3	265.8	232.3	21.3%	38.7%	768.1	547.4	40.3%
Old Harvest	2.0	0.4	0.1	459.7%	3347.4%	2.0	1.4	36.9%
Contracted Units	3,458	3,575	3,403	-3.3%	1.6%	10,279	10,268	0.1%
Direcional	2,344	2,458	2,597	-4.6%	-9.7%	7,334	8,062	-9.0%
Riva	1,109	1,116	804	-0.6%	37.9%	2,941	2,200	33.7%
Old Harvest	5	1	2	400.0%	150.0%	4	6	-33.3%
Net Sales Speed (VSO) in PSV	*17%*	*18%*	*19%*	-1 p.p.	-2 p.p.	*39%*	*39%*	-1 p.p.
Direcional	*15%*	*17%*	*19%*	-2 p.p.	-4 p.p.	*39%*	*43%*	-4 p.p.
Riva	*19%*	*18%*	*19%*	1 p.p.	0 p.p.	*39%*	*35%*	4 p.p.
Old Harvest	*7%*	*1%*	*2%*	6 p.p.	5 p.p.	*6%*	*3%*	3 p.p.
Other Indicators	**3Q23**	**2Q23**	**1Q23**	**4Q22**	**3Q22**	**2Q22**	**1Q22**	**4Q21**
Adjusted Annualized ROE[3]	20%	21%	21%	17%	18%	11%	11%	12%
Cash and Cash Equivalents (BRL million)	1,341.2	1,113.2	1,071.9	1,187.4	1,179.8	959.1	1,060.3	1,049.2
Gross Debt (BRL million)	1,291.3	1,444.6	1,383.7	1,389.8	1,477.5	1,174.5	1,290.9	1,241.4
Adjusted Net Debt[5] (BRL million)	-88.8	268.2	289.9	193.4	291.6	216.0	230.3	195.9
Total Shareholder's Equity (BRL million)	2,093.5	1,610.6	1,511.0	1,449.7	1,525.4	1,534.4	1,491.2	1,458.8
Cash Generation[6] (BRL million)	-51.2	21.7	7.8	98.2	-5.6	19.9	-34.4	19.6
Adjusted Net Debt[5] / Equity	-4.2%	16.7%	19.2%	13.3%	19.1%	14.1%	15.4%	13.4%
Inventory - 100 % (PSV - BRL million)	5,021.4	4,582.8	4,042.6	4,203.2	3,693.2	3,266.0	3,310.4	3,257.2
Landbank - 100 % (PSV - BRL million)	35,769.6	35,133.5	32,505.3	32,458.5	28,896.9	28,204.0	27,797.9	26,806.7
Landbank (Thousand units)	181.0	179.7	169.8	170.7	158.1	156.1	156.0	151.7

1 - Adjustment excluding interest capitalized in COGS.
2 - Adjustment excluding interest capitalized in COGS and, in the case of 2Q23, non-recurring result allocated to "Other Operating Income (Expenses)".
3 - Adjustment excluding non-recurring expenses with sales of receivables, equity swap result and, in the case of 2Q23, non-recurring result allocated to "Other Operating Income (Expenses)".
4 - Old Harvest: comprises projects of the middle-income, upper-middle income and commercial segments developed in the former model.
5 - Adjustment: balance of open positions in swap agreements.
6 - Cash Generation: net debt variation adjusted by payment of dividends, share buyback and variation in the balance of interest swap operation agreements.

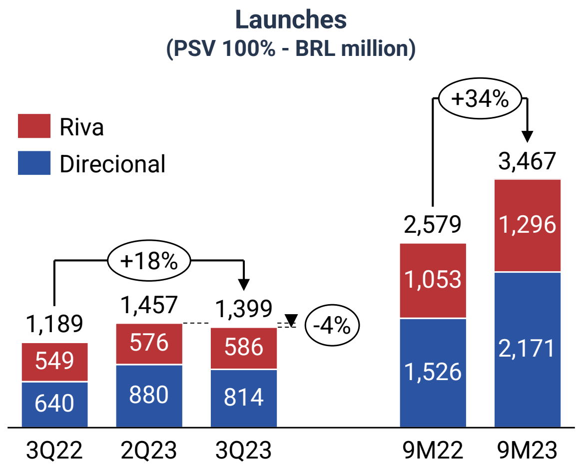
LAUNCHES

In the third quarter of 2023 (3Q23), Direcional Group launched 15 new projects, totaling a PSV of BRL 1.4 billion (BRL 1.3 billion % Company), an 18% increase in relation to the year-ago period, consonantly with the Company's strategy of delivering operational growth.

Projects under Direcional brand accounted for 58% of the total PSV launched, while projects under Riva brand accounted for 42% of the total volume.

Considering the 9-month period ended in September 2023 (9M23), the PSV launched totaled BRL 3.5 billion (BRL 3.0 billion % Company), a 34% growth versus 9M22. Likewise, it is also important to highlight the PSV launched in the last twelve months (3Q23 LTM), which totaled BRL 4.5 billion (BRL 3.9 billion % Company), showing the clear evolution carried out by the Company over the last few years.

Also noteworthy is the growth in the Company stake of launches, which represented 90.0% of the total PSV launched in the quarter. Thus, when considering the PSV owned by Direcional Group in 3Q23 (BRL 1.3 billion), the metric shows an even higher growth (+16% in relation to 2Q23 and +30% in relation to 3Q22), indicating an upward trend in the representativeness of projects with smaller stakes of partners in the mix of launches.



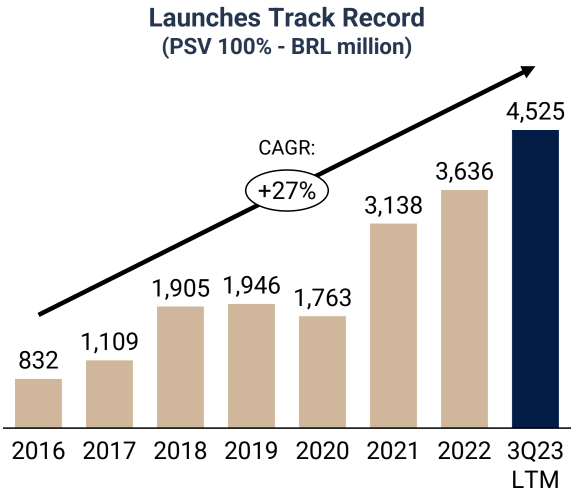


Table below provides further information on projects launched in 3Q23 and in 9M23:

Launches	3Q23 (a)	2Q23 (b)	3Q22 (c)	Δ % (a/b)	Δ % (a/c)	9M23 (d)	9M22 (e)	Δ % (d/e)
PSV Launched - 100% (BRL million)	1,399.4	1,456.6	1,189.1	-3.9%	17.7%	3,467.3	2,578.5	34.5%
Direcional	813.5	880.3	639.8	-7.6%	27.2%	2,171.1	1,525.8	42.3%
Riva	585.9	576.3	549.3	1.7%	6.7%	1,296.2	1,052.7	23.1%
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Launched Units	4,152	5,268	4,113	-21.2%	0.9%	12,182	10,205	19.4%
Direcional	3,106	3,507	2,711	-11.4%	14.6%	9,089	7,283	24.8%
Riva	1,046	1,761	1,402	-40.6%	-25.4%	3,093	2,922	5.9%
Average % Company	*90.0%*	*74.8%*	*81.3%*	15 p.p.	9 p.p.	*85.3%*	*86.4%*	-1 p.p.

CONTRACTED SALES

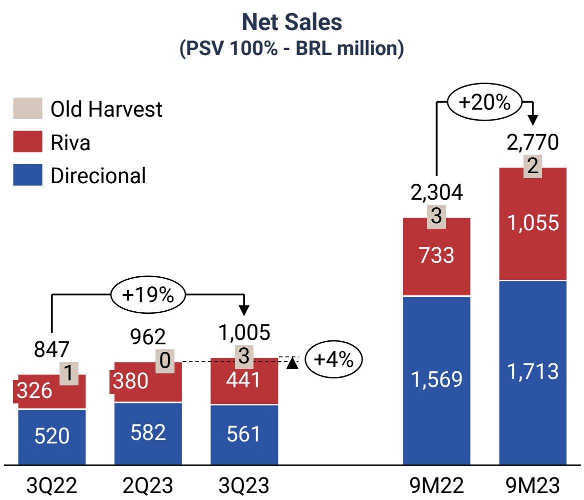
As was the case in the previous quarter, Direcional Group once again surpassed the BRL 1 billion mark in Gross Sales in 3Q23. This time, however, also the **Net Sales metric reached the historic mark of BRL 1 billion** (BRL 751 million % Company), setting **another record-high quarter**. When compared to the year-ago period, there was a growth rate of 19%, and when compared to the previous quarter, the amount was 4% higher.

In terms of mix of products, it is worth highlighting the share of Riva's projects in the volume sold in the period, which totaled BRL 441 million (BRL 322 million % Company), which also set the **best quarter in the history of the segment**, +35% versus 3Q22 e +16% versus 2Q23.

In 9M23, Net Sales reached BRL 2.8 billion (BRL 2.1 billion % Company), a 20% growth over 9M22. In the period, the PSV of projects under Direcional brand grew 9%, while the PSV of products under Riva brand grew 44%.

Considering the 3Q23 LTM, there was an amount of BRL 3.5 billion in Net Sales (BRL 2.7 billion % Company), reinforcing the growing performance of the Group's operations year after year.

It is worth noting that a significant part of the quarter's sales came from products developed in partnerships – mainly from projects launched at the end of the previous quarter (2Q23), and/or from SPVs that were sold during 2Q23, whose Group's stake in the shareholder structure decreased considerably, as mentioned in the previous Earnings Release. In that sense, as mentioned before regarding the Launches, it is important to highlight the growth tendency of the Company stake in total PSV, as projects with a smaller stake of partners gain representativeness in the sales mix.



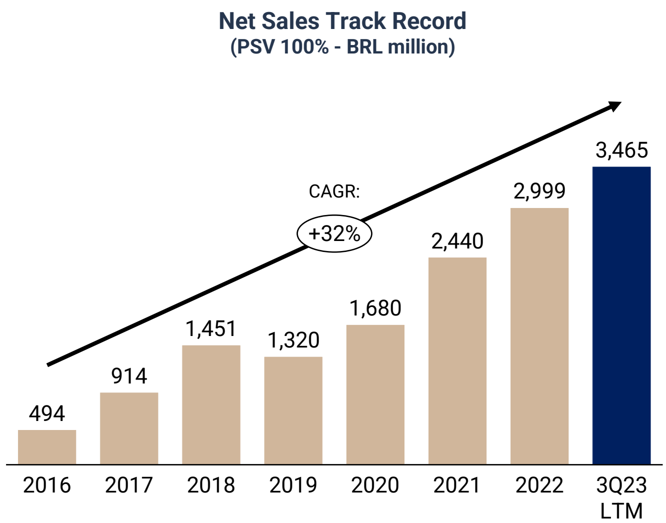


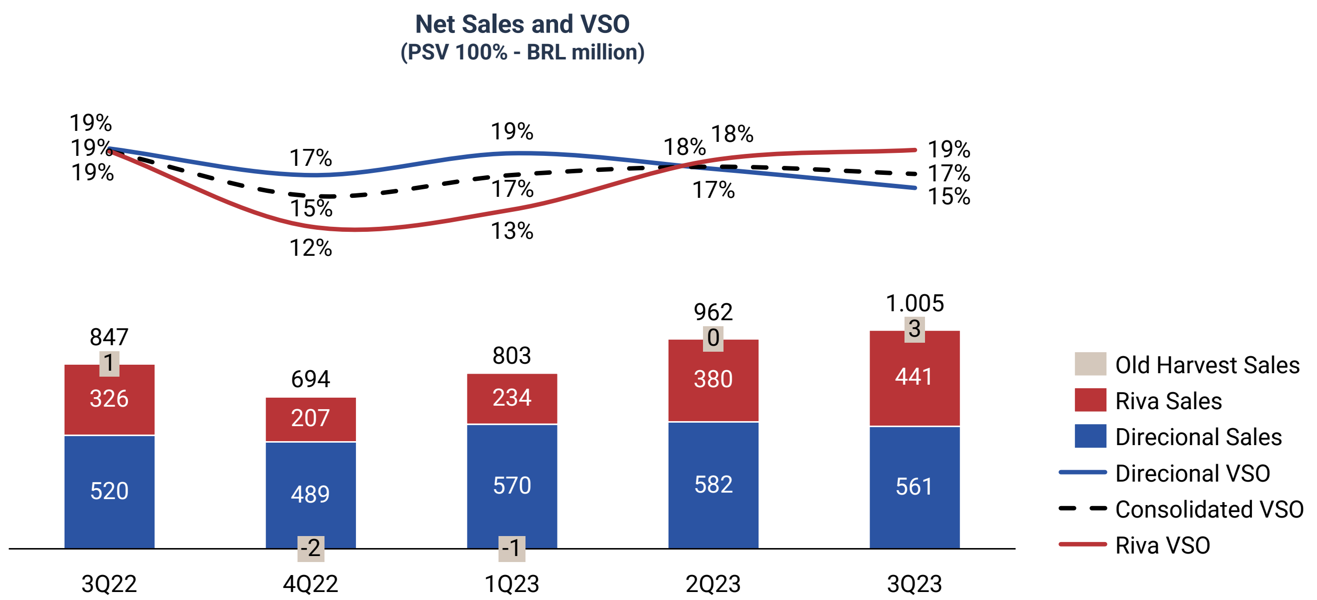
Table below presents information about Net Sales in 3Q23 and in 9M23:

Net Sales	3Q23 (a)	2Q23 (b)	3Q22 (c)	Δ % (a/b)	Δ % (a/c)	9M23 (d)	9M22 (e)	Δ % (d/e)
Net Sales - PSV 100% (BRL million)	1,004.6	962.5	846.9	4.4%	18.6%	2,770.4	2,304.5	20.2%
Direcional	560.7	581.8	520.1	-3.6%	7.8%	1,712.7	1,568.5	9.2%
Riva	441.2	380.3	326.0	16.0%	35.3%	1,055.5	732.9	44.0%
Old Harvest[1]	2.7	0.4	0.7	604.9%	261.8%	2.2	3.1	-27.6%
Net Sales - PSV % Company (BRL million)	751.4	733.9	682.3	2.4%	10.1%	2,128.2	1,864.5	14.1%
Direcional	427.2	467.7	450.0	-8.7%	-5.1%	1,358.1	1,315.7	3.2%
Riva	322.3	265.8	232.3	21.3%	38.7%	768.1	547.4	40.3%
Old Harvest	2.0	0.4	0.1	459.7%	3347.4%	2.0	1.4	36.9%
Contracted Units	3,458	3,575	3,403	-3.3%	1.6%	10,279	10,268	0.1%
Direcional	2,344	2,458	2,597	-4.6%	-9.7%	7,334	8,062	-9.0%
Riva	1,109	1,116	804	-0.6%	37.9%	2,941	2,200	33.7%
Old Harvest	5	1	2	400.0%	150.0%	4	6	-33.3%
Net Sales Speed (VSO) in PSV	*17%*	*18%*	*19%*	-1 p.p.	-2 p.p.	*36%*	*39%*	-4 p.p.
Direcional	*15%*	*17%*	*19%*	-2 p.p.	-4 p.p.	*36%*	*43%*	-7 p.p.
Riva	*19%*	*18%*	*19%*	1 p.p.	0 p.p.	*36%*	*35%*	1 p.p.
Old Harvest	*7%*	*1%*	*2%*	6 p.p.	5 p.p.	*8%*	*3%*	6 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)

In 3Q23, Net Sales Speed, measured by the VSO index (sales-over-supply ratio), came in at 17% in the consolidated view – 15% in Direcional's projects (excluding Old Harvest segment) and 19% in Riva's projects.

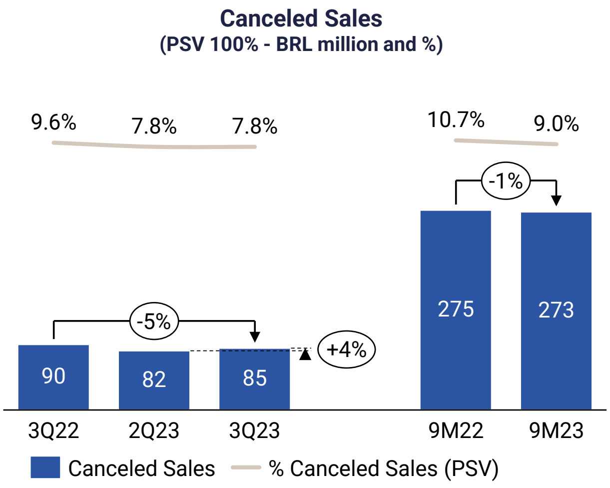


Canceled Sales

In 3Q23, Canceled Sales summed up BRL 85 million (BRL 67 million % Company), 4% higher than in 2Q23 and 5% lower than in 3Q22. In this context, the Canceled Sales over Gross Sales ratio was 7.8% in the quarter, a result in line with 2Q23 and a reduction of 1.8 p.p. in comparison with 3Q22.

As of September year-to-date, the PSV of Canceled Sales totaled BRL 273 million (BRL 222 million % Company), an amount nominally lower than that recorded in 9M22. It is important to highlight the significant dilution of 1.7 p.p. in the representativeness of Canceled Sales over Gross Sales in the period, decreasing from 10.7% to 9.0%.

The table below shows more information regarding 3Q23 and 9M23:



Canceled Sales[1]	3Q23 (a)	2Q23 (b)	3Q22 (c)	Δ % (a/b)	Δ % (a/c)	9M23 (d)	9M22 (e)	Δ % (d/e)
Canceled Sales (100 % - BRL million)	-85.3	-81.7	-90.2	4.5%	-5.4%	-272.9	-275.3	-0.9%
Gross PSV Contracted (100%)	1,089.9	1,044.2	937.1	4.4%	16.3%	3,043.4	2,579.8	18.0%
% Canceled Sales / Gross PSV Contracted	7.8%	7.8%	9.6%	0.0 p.p.	-1.8 p.p.	9.0%	10.7%	-1.7 p.p.
Canceled Sales (% Company - BRL million)	-67.0	-68.2	-72.5	-1.8%	-7.5%	-222.1	-226.1	-1.7%
Gross PSV Contracted (% Company)	818.4	802.1	754.8	2.0%	8.4%	2,350.3	2,090.6	12.4%
% Canceled Sales / Gross PSV Contracted	8.2%	8.5%	9.6%	-0.3 p.p.	-1.4 p.p.	9.5%	10.8%	-1.4 p.p.

1 - In canceled PSV, transfers of credit from customers of the unit originally acquired to another unit of our inventory are disregarded.

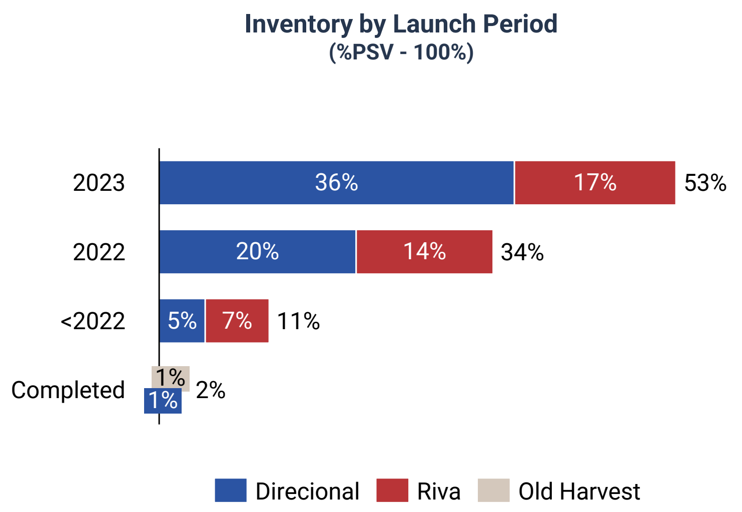
INVENTORY

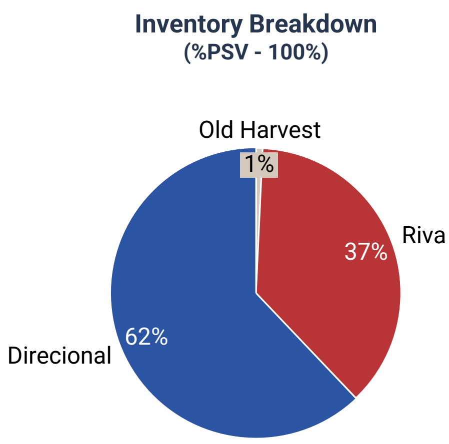
Direcional Group ended 3Q23 with 17,617 units in Inventory, adding a PSV of BRL 5.0 billion (BRL 4.1 billion % Company).

Table below shows the Inventory at market value, detailed by stage of construction and by the type of product. It is worth mentioning that **less than 2% of the total PSV refers to completed units, with about 1% related to Direcional projects (ex-Old Harvest products).**

	Total PSV				% Company PSV			
Breakdown of Inventory at Market Value	Direcional	Riva	Old Harvest	Total	Direcional	Riva	Old Harvest	Total
In progress (BRL million)	3,078	1,865	0	4,942	2,517	1,486	0	4,003
% Total	*61%*	*37%*	*0%*	*98%*	*62%*	*37%*	*0%*	*98%*
Completed (BRL million)	40	2	37	79	38	2	22	62
% Total	*1%*	*0%*	*1%*	*2%*	*1%*	*0%*	*1%*	*2%*
Total (BRL million)	3,118	1,867	37	5,021	2,555	1,487	22	4,064
% Total	*62%*	*37%*	*1%*	*100%*	*63%*	*37%*	*1%*	*100%*
Total Units	12,848	4,658	111	17,617	12,848	4,658	111	17,617
% Total Units	*73%*	*26%*	*1%*	*100%*	*73%*	*26%*	*1%*	*100%*

The following charts show further information on the Inventory and its breakdown. It should be noted that **87% of the PSV in Inventory accounts for projects launched from 2022 on.**

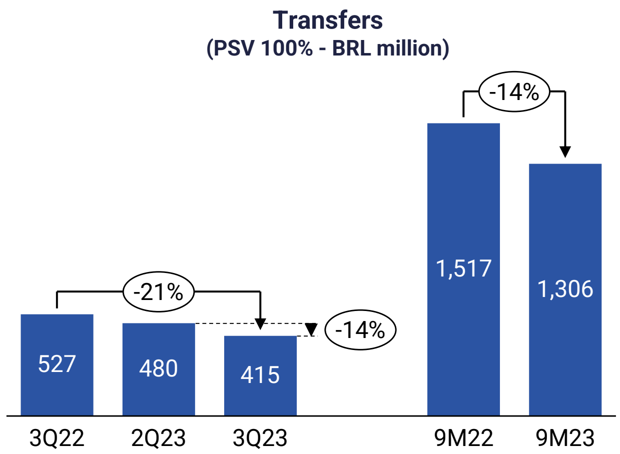




TRANSFERS

In the third quarter of 2023, PSV of transferred units totaled R$ 415 million, a 14% decrease when compared to 2Q23 and a 21% decrease versus 3Q22.

In 9M23, Transfers totaled R$ 1.3 billion, 14% lower than in 9M22.



PROJECTS DELIVERED

Direcional Group delivered 9 projects/stages during the third quarter of 2023, representing a total number of 2,834 units, 76% of which are products under Direcional brand and 24% under Riva brand.

Considering September year-to-date, a total of 20 projects/stages have been delivered, corresponding to 6,313 units, 84% of which at Direcional and 16% at Riva.

LANDBANK

The landbank totaled a development potential of 181,036 units at the end of 3Q23, representing a PSV of BRL 35.8 billion (BRL 32.3 billion % Company).

The average cost of acquisition was equivalent to 11% of the PSV, and 83% of the payment shall be made through swaps, which causes a reduced impact on the Company's cash position before the beginning of the development of the projects.

Landbank Evolution (BRL million)	2022 Landbank	9M23 Acquisitions	9M23 Launches	Adjustment[1]	9M23 Landbank	9M23 (PSV % Co.)	Units
Total PSV	32,459	6,738	(3,467)	40	35,770	32,296	181,036

[1] Adjustments: update of sales price, canceled sales and swaps.

Land Acquisition

During 3Q23, 7 plots of lands were acquired, with a construction potential of 5,339 units and a PSV of BRL 1.5 billion (BRL 1.5 billion % Company). The average cost of acquisition in the quarter was equivalent to 13% of total PSV, and 87% of the payment shall be made via swaps.

As per 9M23 acquisitions, the PSV totaled BRL 6.7 billion (BRL 6.2 billion % Company), at an average cost of acquisition of 11% in the period, with 89% of the payment being made through swaps.

ECONOMIC AND FINANCIAL PERFORMANCE

Gross Revenue

In 3Q23, Direcional Group reported a Gross Revenue of BRL 583 million, which represents a 7% decrease in relation to 2Q23, and 4% in relation to 3Q22.

Considering 9M23, Gross Revenue reached BRL 1.8 billion, a 5% growth when compared to 9M22. Revenue from Real Estate sales accounted for 97% of the total amount in the period.

Gross Revenue (BRL million)	3Q23 (a)	2Q23 (b)	3Q22 (c)	Δ % (a/b)	Δ % (a/c)	9M23 (d)	9M22 (e)	Δ % (d/e)
Gross Operating Revenue	582.5	625.7	604.9	-6.9%	-3.7%	1,786.4	1,707.4	4.6%
Real Estate Sales	566.3	607.2	589.2	-6.7%	-3.9%	1,732.3	1,651.8	4.9%
Services	16.2	18.5	15.7	-12.6%	2.9%	54.1	55.6	-2.8%

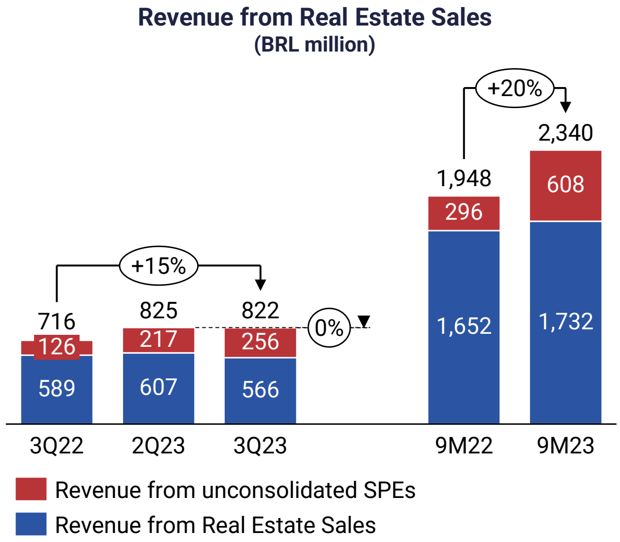
Revenue from Real Estate Sales

Gross Revenue from Real Estate Sales, which comprises the sales of units under Direcional and Riva brands, totaled BRL 566 million in 3Q23, a reduction of 7% when compared to 2Q23 and 4% versus 3Q22.

In 9M23, Gross Revenue from Real Estate Sales totaled BRL 1.7 billion, a 5% increase when compared to 9M22.

The performance of this line is mainly impacted by the volume of sales and the evolution of the construction works observed in the period. As it has been highlighted in previous quarters, there is a relevant volume in the Revenue from Real Estate Sales that are not consolidated in the Company's balance sheet (jointly controlled and non-controlled SPVs). In accounting terms, this amount does not directly affect the revenue line, but the Equity Income line instead. The significant representativeness that these projects currently have in the mix has contributed to keeping the revenue line closer to stability, while the growth has been reflected in the Equity Income line.

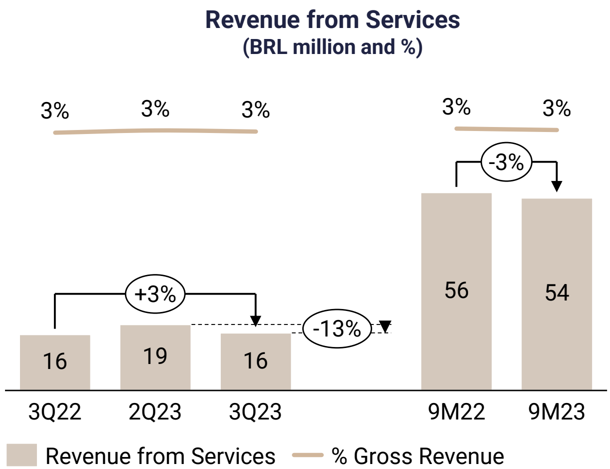
In this sense, by adding the revenue from sales of these non-consolidated projects to the accounting revenue, there was a Gross Revenue from Real Estate of BRL 822 million in 3Q23, a 15% increase when compared to the year-ago period. In 9M23, it reached BRL 2.3 billion, resulting in a 20% growth over 9M22.



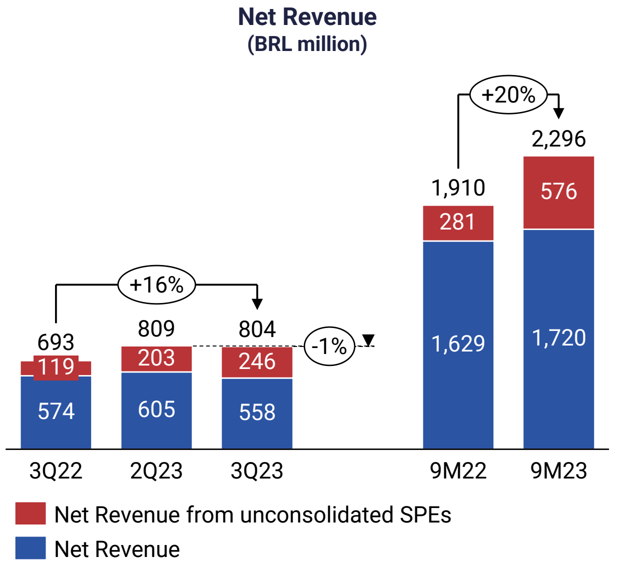
Revenue from Services

Gross Revenue from Services, consisting of (i) brokerage fees on sales made by in-house brokerage firms; and (ii) construction management fees, totaled BRL 16 million in 3Q23, a 13% decrease when compared to 2Q23 and 3% above 3Q22.

In 9M23, the earned revenue totaled BRL 54 million, 3% below the results of 9M22. It accounted for 3% of the revenue mix, both on a quarterly and year-to-date basis.



Net Revenue



In view of the above performance, the Direcional Group's Net Revenue amounted to BRL 558 million in 3Q23, 8% less in comparison with 2Q23 and 3% less than in 3Q22. However, as per 9M23, Net Revenue totaled BRL 1.7 billion, a growth rate of 6% when compared to the same period of the last year.

Also adding the Net Revenue recognized in jointly controlled or non-controlled SPVs – whose accounting impact is actually reflected in the Equity Income line –, Net Revenue totaled BRL 804 million in 3Q23, representing a 16% growth when compared to the year-ago period.

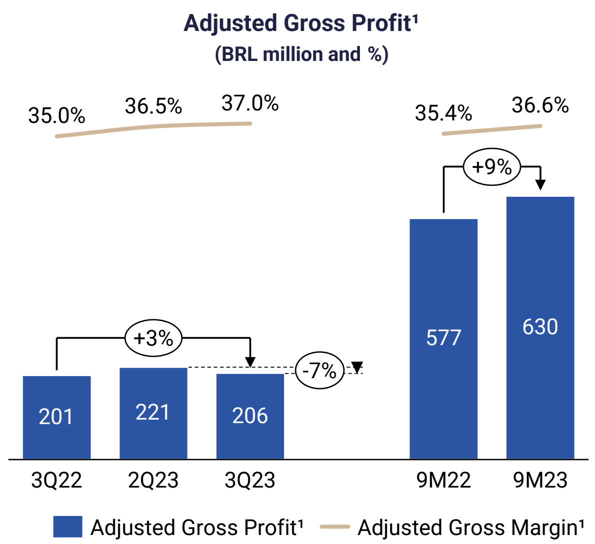
In that sense, Net Revenue totaled BRL 2.3 billion in 9M23, a 20% increase over the results reported in 9M22.

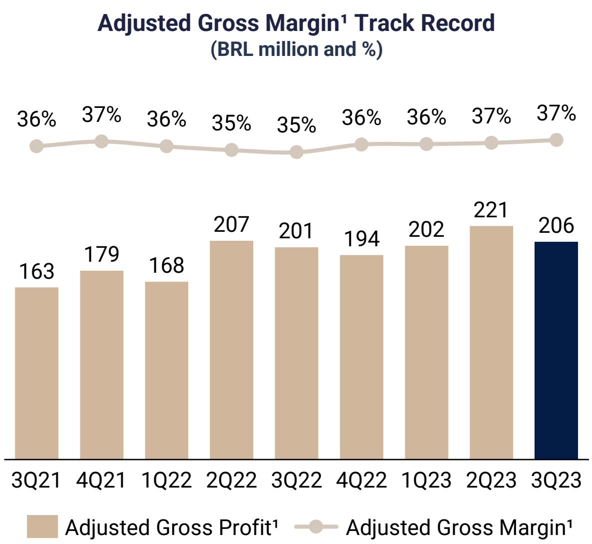
Furthermore, it should be noted that the sales mix for 3Q23 included a significant proportion of units closer to launch, to the detriment of units that had been completed or were at a more advanced stage of construction. This effect generates a lower acceleration of appropriated revenue at first and, consequently, an increase of Deferred Revenue from Real Estate Sales (Backlog Revenue). Thus, the expressive growth of Backlog Revenue in 3Q23 should affect the growth of Net Revenue in a relevant way in the following quarters, as the pace of construction works accelerate.

Gross Profit

Adjusted Gross Profit[1] totaled BRL 206 million in 3Q23, 7% less than in 2Q23 and 3% more than in 3Q22. Adjusted Gross Margin[1] for the period came in at 37.0%, resulting in a 50 bps increase versus the previous quarter and 200 bps versus the same period of the previous year. In this regard, it is worth highlighting Direcional Group's diligence concerning the efficiency and profitability of the operation, which reflects in the solid levels of Gross Margin recorded quarter after quarter.

In 9M23, Adjusted Gross Profit[1] reached BRL 630 million, a 9% growth when compared to 9M22. Accordingly, Adjusted Gross Margin[1] for the period came in at 36.6%, resulting in a 120 bps increase over 9M22.





As discussed in the last Earnings Release, it is worth mentioning that the Company revised the criterion for the recognition of financial charges arising from sale of receivables operations. Those charges were previously recognized as Financial Expenses, being appropriated at the same pace of the receivables. After review, they were considered as capitalized interest – therefore, as Cost of real estate sold – and consequently appropriated to the income statement as the sales of the respective projects progressed.

Thus, the revision of the criteria affected both the speed of recognition of these expenses – as the average term of the assigned portfolios considerably exceeds the average term of the sale of units – as well as the accounting Gross Margin.

In this context, the non-recurring impact on the 3Q23 result came in at the net amount of BRL 9.8 million, being BRL 9.1 million allocated as Cost of Real Estate Sales, as shown in the table below, and BRL 0.7 million as Financial Expenses. It is important to highlight that the interest in inventory – i.e., yet to be recognized in the Company's results – totaled BRL 12.7 million at the end of 3Q23. As explained above, this amount is to be recognized in accordance with the progress of sales.

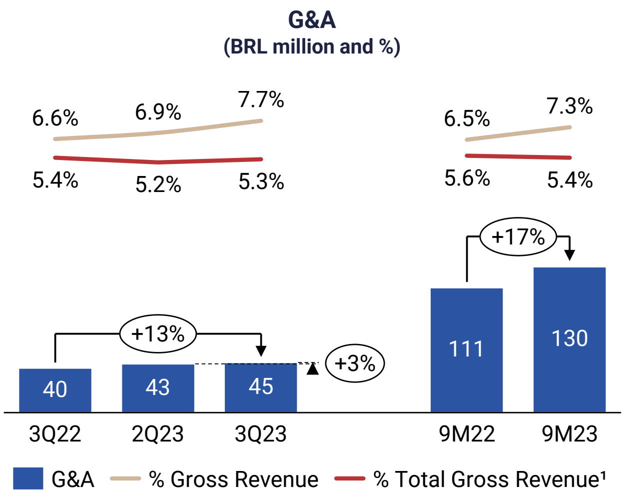
Adjusted Gross Profit[1] (BRL million)	3Q23 (a)	2Q23 (b)	3Q22 (c)	Δ % (a/b)	Δ % (a/c)	9M23 (d)	9M22 (e)	Δ % (d/e)
Gross Profit	192.4	205.2	195.2	-6.2%	-1.4%	595.4	543.0	9.7%
(+) Interest capitalized – Construction Financing	4.7	5.5	2.5	-14.2%	91.2%	14.8	5.7	162.3%
(+) Interest capitalized – Sales of Receivables	9.1	10.4	3.4	-12.2%	170.0%	19.4	27.9	-30.3%
Adjusted Gross Profit[1] (BRL million)	206.2	221.1	201.0	-6.7%	2.6%	629.7	576.5	9.2%
Adjusted Gross Margin[1]	37.0%	36.5%	35.0%	0.5 p.p.	2.0 p.p.	36.6%	35.4%	1.2 p.p.

1 - Adjusted Gross Profit and Margin: excluding interest capitalized in COGS.

General and Administrative Expenses (G&A)

General and Administrative Expenses summed up BRL 45 million in 3Q23, a growth rate of 3% in comparison with 2Q23 and 13% versus 3Q22. It accounted for 7.7% of the Gross Revenue in the quarter. The increase reported resulted from provisions for the payment of profit sharing. In relation to Total Gross Revenue[1], considering the revenue from non-consolidated developments, G&A representativeness came in at 5.3% in the quarter, remaining stable regarding previous periods.

As of September year-to-date, G&A totaled BRL 130 million, a growth rate of 17% when compared to 9M22. As a result, G&A representativeness over Gross Revenue was 7.3% in the period, while the G&A over Total Gross Revenue[1] ratio reached 5.4%, a 20 bps decrease when compared to 9M22.

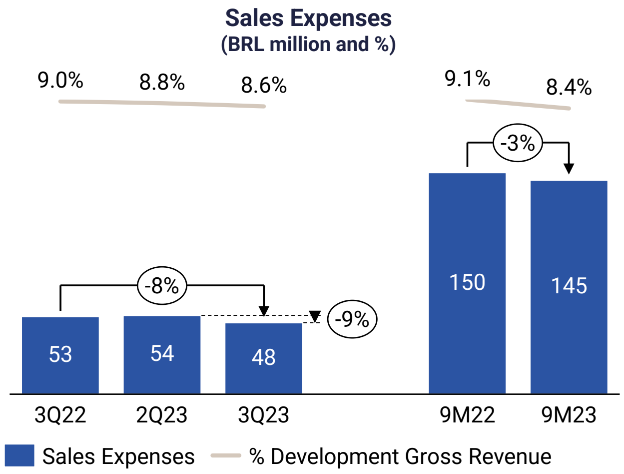


1 - Total Gross Revenue: Adjustment including gross revenue from non-consolidated SPVs (jointly controlled or non-controlled entities).

Sales Expenses

Sales Expenses, which consist of expenses with commissions, marketing, and maintenance of points of sale, totaled BRL 48 million in 3Q23, decreasing 9% and 8% when compared to the results reported in 2Q23 and 3Q22, respectively. Thus, this line represented 8.6% of Gross Revenue from Real Estate Sales, which constitutes a 20-bps dilution when compared to 2Q23 and a 40-bps dilution in comparison with 3Q22.

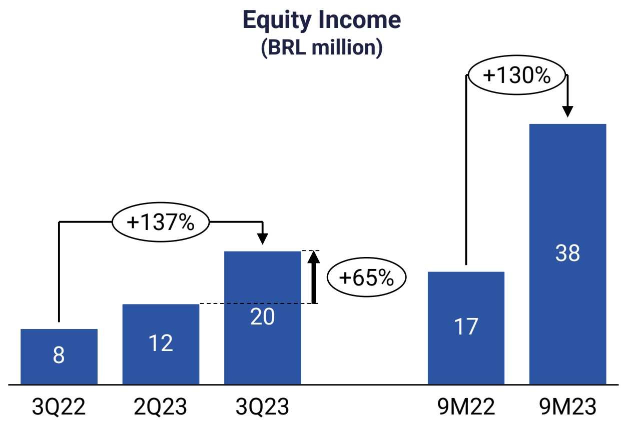
In 9M23, Sales Expenses totaled BRL 145 million, 3% less than the figures reported in 9M22. Besides the reduction in nominal terms, the representativeness over Development Gross Revenue decreased from 9.1% to 8.4%, a 70-bps dilution in the period.



Equity Income

As mentioned before, in 3Q23, there was a relevant number of sales of units from developments which are not consolidated in the Company's balance sheet (jointly controlled and non-controlled ventures). In this scenario, these projects do not directly contribute to the revenue. Instead, the result is recognized as Equity Income, under the percentage of interest held by the Company. With that, the Equity Income reached BRL 20 million in the quarter, a 65% growth versus 2Q23 and 137% versus 3Q22.

As of September year-to-date, the Equity Income totaled BRL 38 million, resulting in a relevant 130% increase when compared to the same period of 2022, when the line amounted to BRL 17 million.



Other Operating Income and Expenses

Other Operating Income and Expenses had a negative balance of BRL 10 million in the quarter. The main impacts result from: (i) recurring legal expenses and related expenses in the amount of BRL 6 million; and (ii) assessments and reversals of provisions, totaling a net loss of BRL 5 million; among other less relevant expenses. As a result, the line accounted for 1.7% of the Net Revenue earned in 3Q23.

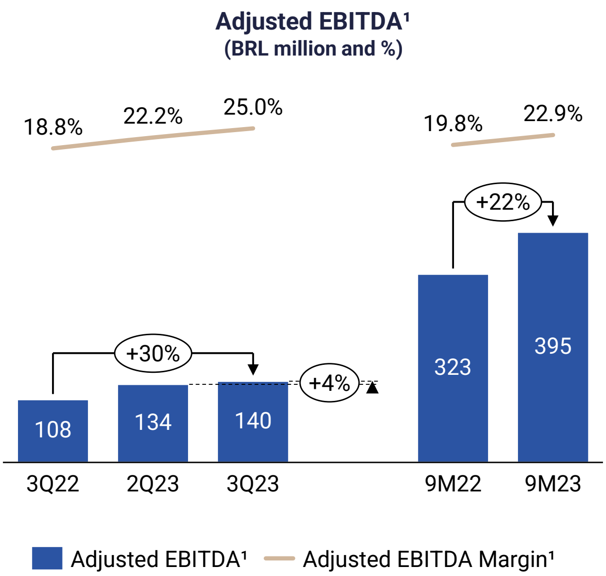
EBITDA

In 3Q23, Adjusted EBITDA[1], which considers adjustments by interest capitalized in COGS and, as per 2Q23, the non-recurring results that affected Other Operating Income and Expenses line, totaled BRL 140 million, a 4% increase when compared to the figures reported in 2Q23 and a 30% increase versus 3Q22. **This is the highest level ever achieved for this metric in Direcional's history**.

Consequently, Adjusted EBITDA Margin[1] came in at 25.0%, representing a 2.9 p.p. increase over 2Q23 and 6.3 p.p. over 3Q22, also setting a new record for the Company for a quarter.

Considering the 9M23, the Adjusted EBITDA[1] totaled BRL 395 million, a 22% growth when compared to 9M22. Adjusted EBITDA Margin[1] reached 22.9%, resulting in a 3.1 p.p. increase in the period.

Table below breaks down the EBITDA and Adjusted EBITDA[1]:



EBITDA and Adjusted EBITDA (BRL million)	3Q23 (a)	2Q23 (b)	3Q22 (c)	Δ % (a/b)	Δ % (a/c)	9M23 (d)	9M22 (e)	Δ % (d/e)
Net Income	68.8	104.4	62.3	-34.2%	10.4%	232.0	111.4	108.2%
(+) Depreciation and Amortization	16.6	17.1	12.8	-3.2%	29.3%	47.3	40.7	16.2%
(+) Income Tax and Social Contribution	11.1	13.6	12.2	-18.2%	-9.4%	36.0	34.6	4.0%
(+) Minority Interest	17.1	10.3	16.7	65.6%	2.6%	41.0	49.6	-17.5%
(+/-) Financial Results	12.2	1.2	(2.1)	957.5%	-676.8%	32.6	53.2	-38.7%
EBITDA	125.7	146.6	101.9	-14.2%	23.4%	388.8	289.5	34.3%
EBITDA Margin	22.5%	24.2%	17.7%	-2 p.p.	4.8 p.p.	22.6%	17.8%	5 p.p.
(+) Interest capitalized in COGS	13.8	15.9	5.8	-12.9%	136.5%	34.3	33.5	2.2%
(-) Non-recurring result adjustment		-28.3		n/a	n/a	-28.3		n/a
Adjusted EBITDA¹	139.6	134.2	107.8	4.0%	29.5%	394.8	323.1	22.2%
Adjusted EBITDA Margin¹	25.0%	22.2%	18.8%	2.9 p.p.	6.3 p.p.	22.9%	19.8%	3.1 p.p.

1 - EBITDA and Adjusted EBITDA Margin: excluding interest capitalized in COGS. As per 2Q23 (and, therefore, 9M23), there is also the exclusion of a non-recurring result contained in the "Other Operating Income and Expenses", in the amount of BRL 28 million.

Financial Results

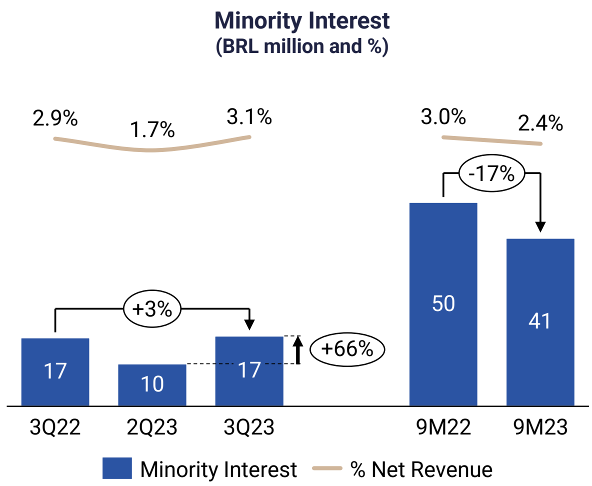
Considering the financial revenue and expenses in 3Q23, a negative net result of BRL 12 million was recorded, mainly as a result of: (i) a positive result of BRL 1 million, considering expenses with interest, bank fees and revenue from financial investments occurred in the period – it is worth mentioning that the Company reached a net cash position in the quarter due to the amount raised in the follow-on; (ii) non-recurring expenses of approximately BRL 0.7 million with transfer of receivables; (iii) financial expenses of BRL 4 million regarding the equity swap mark-to-market; and (iv) BRL 9 million in expenses regarding other swap contracts (Real Estate Receivables Certificates-indexed).

Non-controlling interests in SCPs and SPVs (“Minority Interest”)

In 3Q23, results attributed to non-controlling shareholders in SCPs and SPVs ("Minority Interest") totaled BRL 17 million, which represents a 66% increase over the previous quarter, staying in line with the same quarter of the previous year.

Considering the 9 first months of 2023, Minority Interest totaled BRL 41 million, a 17% decrease when compared to 9M22, representing a contraction to 2.4% of Net Revenue.

It is worth to highlight that the development of projects in partnership was part of the strategy to accelerate the Company’s growth at the beginning of the growth cycle, allowing the entry into strategic markets and the dilution of expenses with the accelerated pace of launches. Furthermore, it should also be noted, the increasing representativeness of projects with no minority shareholders in the Company's pipeline.



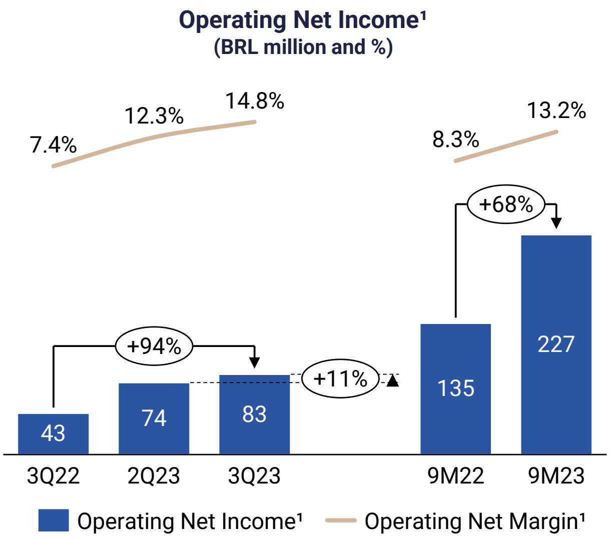
Net Income

In 3Q23, Direcional Group reached BRL 83 million in Operating Net Income[1], an 11% growth when compared to 2Q23 and a 94% increase over 3Q22. The metric considers adjustments by (i) the result arising from equity swap; (ii) expenses with sale of receivables; and (iii) as per 2Q23, non-recurring results under “Other Operating Income and Expenses” – for purposes of quarterly comparison.

As a result, the Operating Net Margin[1] came in at 14.8% in 3Q23, a 260-bps increase when compared to 2Q23 and a 740-bps increase over 3Q22.

Considering September year-to-date, Operating Net Income[1] totaled BRL 227 million, resulting in an Operating Net Margin[1] of 13.2% in the period.

That performance shows the Company’s ability to gain margin and efficiency with scale gains as well. As an example, it is worth noting that while Net Sales and Net Revenue (including the non-consolidated SPVs), grew 20% in 9M23 versus 9M22, Operating Net Income[1] went up by 68%.



It should also be noted that Direcional Group’s accounting Net Income – that is, disregarding any adjustment made to show what the recurring profit should be – totaled BRL 69 million in 3Q23, and Net Margin reached 12,3%. In 9M23, it totaled BRL 232 million, with a 13.5% Net Margin.

Operating Net Income [1] (BRL million)	3Q23 (a)	2Q23 (b)	3Q22 (c)	Δ % (a/b)	Δ % (a/c)	9M23 (d)	9M22 (e)	Δ % (d/e)
Net Income	68.8	104.4	62.3	-34.2%	10.4%	232.0	111.4	108.2%
(+/-) Result with equity swap	4.2	-9.9	-24.0	-142.1%	-117.3%	-5.3	-10.6	-49.9%
(+) Expenses with sale of receivables	9.8	7.9	4.3	23.1%	124.7%	28.4	34.5	-17.7%
(+/-) Other expenses (revenue) non-recurring	0.0	-28.3	0.0	-100.0%	n/a	-28.3	0.0	n/a
Operating Net Income [1]	82.7	74.2	42.6	11.5%	94.1%	226.7	135.3	67.6%
Operating Net Margin [1]	14.8%	12.3%	7.4%	2.6 p.p.	7.4 p.p.	13.2%	8.3%	4.9 p.p.

1 - Operating Net Income: adjustment excluding expenses with sale of receivables, equity *swap* results and, in the case of 2Q23, the non-recurring results under “Other Operating Income and Expenses”.

Deferred Results from Real Estate Sales (Backlog Results)

At the end of 3Q23, the Deferred Revenue from Real Estate Sales totaled BRL 1.3 billion, resulting in a 23% growth in comparison with the figures reported in the previous quarter and a 17% increase when compared to the same quarter of 2022. Thus, the Backlog Margin reached 42.7% in the quarter, 3.0 p.p. above the 2Q23 margin and 3.1 p.p. above the 3Q22 margin.

As previously mentioned, the significant change in the sales mix – with more units closer to the launch than completed units or in an advanced stage of construction – led to a shorter recognition of the revenue concerning the sales of the quarter, resulting in a remarkable growth of the Backlog Revenue. In view of this, it is understood that the increase observed in the Backlog Revenue should relevantly affect Net Revenue growth in the following quarters, as the stage of construction accelerates.

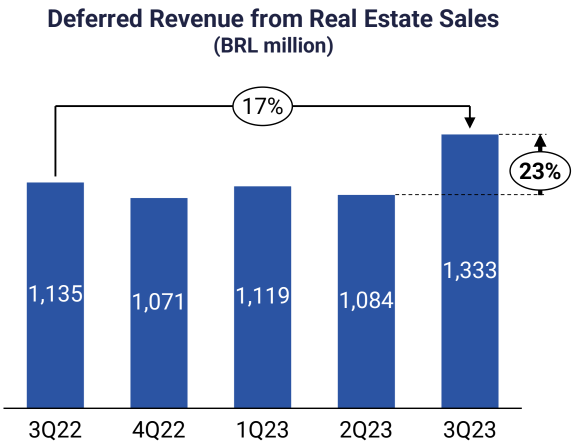


Table below presents more details on Deferred Results from Real Estate Sales:

Deferred Results from Real Estate Sales (BRL million)	3Q23 (a)	2Q23 (b)	3Q22 (c)	Δ % (a/b)	Δ % (a/c)
Deferred Revenue from Real Estate Sales	1,333.0	1,083.7	1,135.1	23.0%	17.4%
Deferred Costs from Real Estate Sales	-764.2	-654.0	-686.0	16.8%	11.4%
Deferred Results from Real Estate Sales	568.8	429.7	449.1	32.4%	26.6%
Backlog Margin	42.7%	39.6%	39.6%	3.0 p.p.	3.1 p.p.

BALANCE SHEET HIGHLIGHTS

Cash and Cash Equivalents and Short-term Investments

The balance of Cash and Cash Equivalents and Short-term Investments totaled BRL 1.3 billion at the end of the third quarter of 2023. The significant increase in the balance was primarily due to the raising of more than BRL 400 million through the Company's successful follow-on.

Regardless, Direcional Group preserves a comfortable cash position in order to enable the growth of operations while maintaining a well-balanced capital structure.

Cash and Cash Equivalents and Short-term Investments (BRL million)	3Q23 (a)	2Q23 (b)	3Q22 (c)	Δ % (a/b)	Δ % (a/c)
Cash and Cash Equivalents	813.7	637.4	693.7	27.7%	17.3%
Short-term Investments	527.4	475.8	486.1	10.9%	8.5%
Total	**1,341.2**	**1,113.2**	**1,179.8**	**20.5%**	**13.7%**

Accounts Receivable

At the end of 3Q23, the book balance of Accounts Receivable[1] was BRL 821 million, representing an increase of 11% when compared to 2Q23 and 29% when compared to 3Q22. Considering the balance of Accounts Receivable from Real Estate Sales, as well as the Net Revenue of this segment, the Accounts Receivable Days[2] index reached 132 days.

Accounts Receivable[1] (BRL million)	3Q23 (a)	2Q23 (b)	3Q22 (c)	Δ % (a/b)	Δ % (a/c)
Real Estate Sales	800.7	719.9	614.0	11.2%	30.4%
Services	16.1	16.0	19.7	0.4%	-18.2%
Land Sales	3.9	4.1	4.0	-5.7%	-1.9%
Total	**820.7**	**740.1**	**637.7**	**10.9%**	**28.7%**
Current	407.9	399.3	346.5	2.2%	17.7%
Non-current	412.8	340.8	291.2	21.1%	41.8%
Accounts Receivable – Real Estate Sales	800.7	719.9	614.0	11.2%	30.4%
Net Revenue – Real Estate Sales	544.1	589.9	562.9	-7.8%	-3.3%
Accounts Receivable Days[2]	132	110	98	20.6%	34.9%

1 - Short-term accounts receivable is composed of the debit balance of customers corrected and recognized in the income proportionally to the PoC (Percentage of Completion), considering the date of permission for occupancy for payment of the financing installment by part of customers to Direcional, plus the recognized revenue of contract works.
2 - Accounts Receivable Days index calculated as Accounts Receivable from Real Estate Sales over Net Revenue from Real Estate Sales in the quarter, multiplied by 90 (number of days in one quarter).

According to current accounting rules, the recognition of Accounts Receivable is proportional to the performance index of the respective construction works (Percentage of Completion - PoC). Therefore, the Accounts Receivable balance from units sold and not completed yet is not totally reflected in the Financial Statements. It is worth to emphasize that the total balance of Direcional's Accounts Receivable at the end of 3Q23 reached BRL 2.2 billion.

Indebtedness

Direcional Group ended 3Q23 with a book balance of Loans and Financing of BRL 1.3 billion, with 75% of the total being long-term. The weighted average maturity was 44 months.

It is important to note that after the completion of the public offering (follow-on), settled at the beginning of 3Q23, the Company reached a cash position of BRL 1.3 billion. With that, considering also the balance of open positions in swap agreements for protection against interest rate float, the Company reached a net cash position of BRL 89 million – that is, the book balance of Cash and Cash Equivalents and Short-term Investments was higher than the book balance of Loans and Financing at the end of the quarter. Thus, the leverage ratio, measured by Adjusted Net Debt² over Equity, ended the quarter at -4.2%.

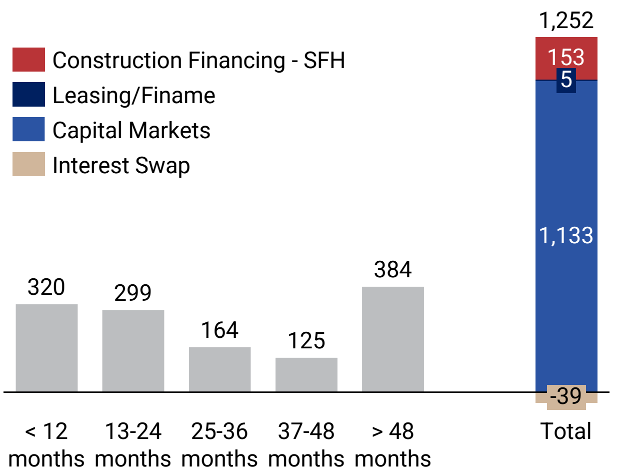
Accordingly, the Company continues to have a well-balanced capital structure to enable the sustainable growth of its operations and to take advantage of the market opportunities that have been emerging.

The table and graphs below show the indebtedness breakdown by type and index, as well as its amortization schedule.

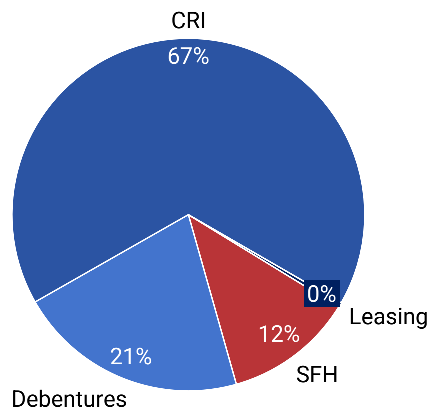
Indebtedness (BRL '000)	3Q23 (a)	2Q23 (b)	3Q22 (c)	Δ % (a/b)	Δ % (a/c)
Loans and Financing Operations	1,291.3	1,444.6	1,477.5	-10.6%	-12.6%
CRI	859.7	914.2	985.5	-6.0%	-12.8%
Debentures	273.0	362.6	356.2	-24.7%	-23.4%
Construction Financing	153.1	160.7	123.8	-4.8%	23.7%
FINAME and Leasing	5.5	7.0	12.0	-21.9%	-54.4%
Cash, Cash Equivalentes and Financial Investments	1,341.2	1,113.2	1,179.8	20.5%	13.7%
Net Debt[1]	-49.9	331.4	297.7	-115.1%	-116.8%
Swap agreements position	38.9	63.2	6.1	-38.4%	537.3%
Adjusted Net Debt[2]	-88.8	268.2	291.6	-133.1%	-130.4%
Adjusted Net Debt / Equity	-4.2%	16.7%	19.1%	-20.9 p.p.	-23.4 p.p.
Loans and Financing Operations by index	1,291.3	1,444.6	1,477.5	-10.6%	-12.6%
TR	153.1	160.7	123.8	-4.7%	23.7%
IPCA[3]	706.8	696.5	748.5	1.5%	-5.6%
CDI	431.3	587.3	605.3	-26.6%	-28.7%

1 - Net Debt: Total balance of Loans and Financing Operations reduced by the balance of Cash and Cash Equivalents and Short-term Investments.
2 - Adjusted Net Debt: Net debt plus the balance of open positions in swap agreements for protection against interest rate float.
3 - For all bonds indexed to the IPCA (Brazil's Consumer Price Index), the Company contracted interest rate *swap* agreements, in order to exchange the interest rate into CDI.

Debt Amortization Schedule
(BRL million)



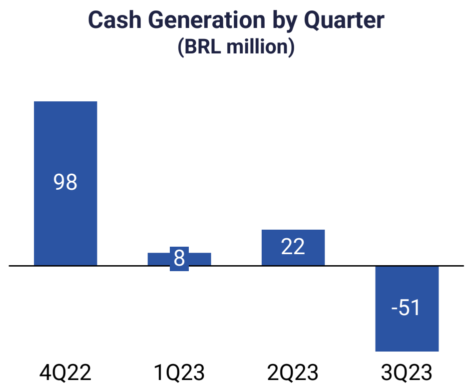
Loans and Financing Breakdown
(% of Debt)

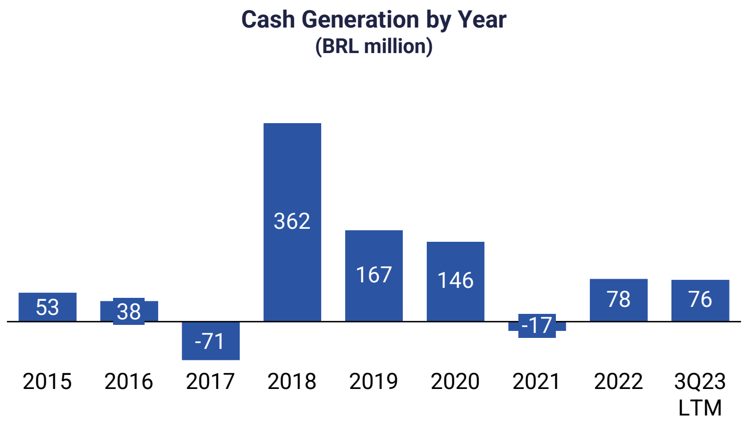


Cash Generation (*Cash Burn*)[1]

Due to the operating growth cycle which is being implemented by the Company, a cash consumption in the amount of BRL 51 million was recorded in 3Q23. Thus, in the year-to-date period, cash consumption totaled BRL 22 million.

Considering the 12-month period ending in 3Q23 (3Q23 LTM), there was a cash generation of BRL 76 million.





1 - Cash Generation: variation in net debt adjusted by payment of dividends, repurchase of shares and the variation in the balance of interest swap operation agreements.

DIRECIONAL

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.

STOCK TICKER: DIRR3

Stock price on 09/29/2023: BRL 19.18

Number of Stocks (Ex-Treasury Shares):
173 million

Market Capitalization:
BRL 3,312 million / USD 662 million

Free Float:
62%

3Q23 Average Daily Volume:
2,387 thousand shares
BRL 48,004 thousand
9,278 transactions

CONFERENCE CALL
(with simultaneous translation into English)

Date: 11/08/2023 - Wednesday
7:00 a.m. – New York Time
9:00 a.m. – Brasília Time

Access:

Zoom
https://us06web.zoom.us/webinar/register/WN_LcMLD68SQV6qhOR1mI0DDg

YouTube
https://www.youtube.com/watch?v=ZF_t69gZmFA

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DIRR B3 LISTED NM

IBRX100 B3 IMOB B3 SMLL B3 INDX B3 ICON B3
IGC-NM B3 IGC B3 IGCT B3 IDIV B3 ITAG B3

CONSOLIDATED BALANCE SHEET

IFRS

Consolidated Balance Sheet (BRL '000)	09/30/2023	12/31/2022 (Adjusted)	Δ %
Current Assets	3,359,245	2,777,103	21%
Cash and cash equivalents and short-term investments	1,341,161	1,187,372	13%
Accounts receivable	407,922	363,372	12%
Inventory	1,318,928	960,135	37%
Receivables from related parties	70,726	64,551	10%
Taxes recoverable	37,992	23,122	64%
Accounts receivable from divestiture	-	501	-
Other receivables	182,516	178,050	3%
Non-Current Assets	3,830,457	3,712,312	3%
Accounts receivable	412,751	314,813	31%
Inventory	2,971,545	3,018,121	-2%
Judicial deposits	17,739	17,367	2%
Taxes recoverable	6,526	6,440	1%
Accounts receivable from divestiture	7,630	7,129	7%
Other receivables	98,509	43,662	126%
Investments	171,047	143,717	19%
Fixed assets	113,832	140,115	-19%
Intangible assets	30,878	20,948	47%
Current Assets	7,189,702	6,489,415	11%

Consolidated Balance Sheet (BRL '000)	09/30/2023	12/31/2022 (Adjusted)	Δ %
Current Liabilities	942,553	918,216	3%
Loans and financing	319,628	309,722	3%
Suppliers	122,771	112,474	9%
Forfait	6,709	10,220	-34%
Labor obligations	55,581	39,233	42%
Tax obligations	30,233	28,690	5%
Lease financing	10,456	11,324	-8%
Real estate commitments payable	114,228	113,361	1%
Advances from customers	75,765	28,540	165%
Other accounts payable	101,293	84,799	19%
Proposed dividends	-	104,287	-
Assignment liability	18,274	13,826	32%
Provision for guarantee	21,940	28,392	-23%
Payables to related parties	65,675	33,348	97%
Non-Current Liabilities	4,153,638	4,121,504	1%
Loans and financing	971,640	1,080,104	-10%
Suppliers	9,284	9,471	-2%
Provision for guarantee	19,576	13,887	41%
Tax obligations	16,117	12,737	27%
Lease financing	15,139	19,821	-24%
Real estate commitments payable	2,544,262	2,388,485	7%
Advances from customers	360,703	398,915	-10%
Provision for labor, tax and civil contingencies	27,705	26,198	6%
Other accounts payable	95,392	97,392	-2%
Assignment liability	93,820	74,494	26%
Shareholder's Equity	2,093,511	1,449,695	44%
Capital	1,161,091	752,982	54%
Capital reserves	177,690	177,690	-
Stock options granted	4,827	2,513	92%
Equity adjustment	-31,760	-31,880	-0%
Treasury shares	-7,748	-9,749	-21%
Income reserves	398,412	398,425	-0%
Net Income	231,954	0	-
	1,934,466	1,289,981	50%
Non-controlling interest	159,045	159,714	-0%
Total Liabilities and Shareholder's Equity	7,189,702	6,489,415	11%

DIRECIONAL

CONSOLIDATED INCOME STATEMENT

Consolidated Income Statement (BRL '000)	3Q23 (a)	2Q23 (b)	3Q22[1] (c)	Δ % (a/b)	Δ % (a/c)	9M23 (d)	9M22[1] (e)	Δ % (d/e)
Real Estate Sales Revenue	566,347	607,155	589,186	-6.7%	-3.9%	1,732,348	1,651,840	4.9%
Revenue from Services	16,181	18,524	15,727	-12.6%	2.9%	54,051	55,582	-2.8%
Gross Revenue	582,528	625,679	604,913	-6.9%	-3.7%	1,786,399	1,707,422	4.6%
Deductions from Gross Revenue (taxes and others)	-24,860	-20,271	-30,502	22.6%	-18.5%	-66,054	-78,791	-16.2%
Net Operating Revenue	557,668	605,408	574,411	-7.9%	-2.9%	1,720,345	1,628,631	5.6%
Cost of real estate sales and services	-365,299	-400,227	-379,234	-8.7%	-3.7%	-1,124,951	-1,085,639	3.6%
Gross Profit	192,369	205,181	195,177	-6.2%	-1.4%	595,394	542,992	9.7%
General and administrative expenses	-44,732	-43,423	-39,730	3.0%	12.6%	-130,112	-111,447	16.7%
Sales expenses	-48,466	-53,518	-52,788	-9.4%	-8.2%	-145,344	-150,416	-3.4%
Equity income	19,669	11,933	8,302	64.8%	136.9%	38,356	16,693	129.8%
Other operating income and expenses	-9,690	9,315	-21,872	-204.0%	-55.7%	-16,758	-48,932	-65.8%
Other Operating Revenues (Expenses)	-83,219	-75,694	-106,088	9.9%	-21.6%	-253,858	-294,102	-13.7%
Financial Expenses	-75,551	-69,299	-68,711	9.0%	10.0%	-214,110	-194,562	10.0%
Financial Revenues	63,367	68,147	70,823	-7.0%	-10.5%	181,477	141,357	28.4%
Financial Results	-12,184	-1,152	2,112	957.5%	-676.8%	-32,633	-53,205	-38.7%
Income before Income and Social Contribution Taxes	96,966	128,335	91,201	-24.4%	6.3%	308,903	195,685	57.9%
Income and social contribution taxes - current and def.	-11,091	-13,564	-12,246	-18.2%	-9.4%	-35,991	-34,622	4.0%
Net Income before Interests in SCPs and SPEs	85,875	114,771	78,955	-25.2%	8.8%	272,912	161,063	69.4%
Interest in SCPs and SPEs (Minority Interest)	-17,112	-10,333	-16,680	65.6%	2.6%	-40,958	-49,646	-17.5%
Net Income	68,763	104,439	62,275	-34.2%	10.4%	231,954	111,417	108.2%
Gross Margin	34.5%	33.9%	34.0%	0.6 p.p.	0.5 p.p.	34.6%	33.3%	1.3 p.p.
Adjusted Gross Margin	37.0%	36.5%	35.0%	0.5 p.p.	2.0 p.p.	36.6%	35.4%	1.2 p.p.
Net Margin	12.3%	17.3%	10.8%	-4.9 p.p.	1.5 p.p.	13.5%	6.8%	6.6 p.p.

1 - Information adjusted as per explanatory notes.

GLOSSARY

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*" (MCMV) 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 unit above the MCMV ceiling price up to BRL 500 thousand.
Upper Middle-Income	Residential projects with an average price per unit 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 (earnings before financial result, Income Tax and Social Contribution, depreciation and amortization expenses) less the participation of non-controlling stockholders and less the financial charges included in cost of units sold. 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.

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.

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

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.

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

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

LTM – Last twelve months.

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.

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.

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.

Programa Minha Casa, Minha Vida (MCMV) - Current name given to the popular housing incentive program (previously, *Programa Casa Verde e Amarela*).

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.

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