

# **Quarterly Information (ITR)**

## **Direcional Engenharia S.A.**

June 30, 2021  
with Independent Auditor's Report

# Direcional Engenharia S.A.

## Interim financial information

June 30, 2021

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A free translation from Portuguese into English of independent auditor's report on individual and consolidated interim financial information prepared in Brazilian currency in accordance with NBC TG 21 and IAS 34 - Interim Financial Reporting applicable to real estate development entities, and with the rules issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of Quarterly Information (ITR)

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## Independent auditor's report on interim financial information

The Shareholders, Board of Directors and Officers  
**Direcional Engenharia S.A.**  
Belo Horizonte, Minas Gerais (MG)

### Introduction

We have reviewed the accompanying individual and consolidated interim financial information contained in the Quarterly Information Form (ITR) of Direcional Engenharia S.A. (the "Company") for the quarter ended June 30, 2021, comprising the statement of financial position as at June 30, 2021 and the related statements of profit or loss for the three- and six-month periods then ended, and the statements of comprehensive income, of changes in equity and of cash flows for the six-month period then ended, including the explanatory notes.

Management is responsible for the preparation of the individual interim financial information in accordance with NBC TG 21 – Interim Financial Reporting and of the consolidated interim financial information in accordance with NBC TG 21 and international standard IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), applicable to Brazilian real estate development entities registered with the Brazilian Securities and Exchange Commission (CVM), as well as for the fair presentation of this information in conformity with the rules issued by the CVM applicable to the preparation of the Quarterly Information Form (ITR). Our responsibility is to express a conclusion on this interim financial information based on our review.

### Scope of review

We conducted our review in accordance with Brazilian and international standards on review engagements (NBC TR 2410 and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



**Conclusion on the individual and consolidated interim financial information prepared in accordance with the accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) applicable to Brazilian real estate development entities registered with the CVM**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual and consolidated interim financial information included in the quarterly information referred to above is not prepared, in all material aspects, in accordance with NBC TG 21 and IAS 34 applicable to Brazilian real estate development entities registered with the Brazilian Securities and Exchange Commission (CVM), and presented consistently with the rules issued by the CVM.

**Emphasis of matter**

**Revenue recognition in purchase and sale contracts for real estate units under construction**

As described in Note 2, the individual and consolidated interim financial information was prepared in accordance with NBC TG 21 and IAS 34 applicable to Brazilian real estate development entities registered with the CVM. Accordingly, the determination of the accounting policy adopted by the Company for recognition of revenue in contracts for the purchase and sale of unfinished real estate units on the aspects related to transfer of control follow the Company management's understanding as to application of NBC TG 47, aligned with CVM's determination expressed in Memorandum Circular CVM/SNC/SEP No. 02/2018. Our conclusion is not qualified in respect of this matter.



## **Other matters**

### **Statements of value added**

The above mentioned quarterly information include the individual and consolidated Statements of Value Added (SVA) for the six-month period ended June 30, 2021, prepared under the Company management responsibility and presented as supplementary information under IAS 34 applicable to Brazilian real estate development entities registered with the CVM. These statements have been subject to review procedures performed together with the review of the quarterly information with the objective to conclude whether they are reconciled to the interim financial information and the accounting records, as applicable, and if their format and content are in accordance with the criteria set forth by NBC TG 09 - Statement of Value Added. Based on our review, nothing has come to our attention that causes us to believe that they were not prepared, in all material respects, pursuant to the criteria set forth in this Accounting Pronouncement and consistently with the overall individual and consolidated interim financial information.

Belo Horizonte, August 9, 2021

ERNST & YOUNG  
Auditores Independentes S.S.  
CRC-2SP015199/O-6

Rogério Xavier Magalhães  
Accountant CRC-1MG080613/O-1

A free translation from Portuguese into English of individual and consolidated interim financial information prepared in Brazilian currency in accordance with NBC TG 21 and IAS 34 - Interim Financial Reporting applicable to real estate development entities, and with the rules issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of Quarterly Information (ITR)

## Direcional Engenharia S.A.

Statements of financial position  
June 30, 2021 and December 31, 2020  
(In thousands of reais)

	Note	Individual		Consolidated	
		06/30/2021	12/31/2020	06/30/2021	12/31/2020
Assets					
Current assets					
Cash and cash equivalents	3.1	<b>333,591</b>	416,630	<b>757,124</b>	731,569
Short-term investments	3.2	<b>188,000</b>	194,246	<b>189,465</b>	195,360
Accounts receivable	4.1	<b>9,125</b>	6,540	<b>274,076</b>	246,717
Inventories	5	<b>577</b>	1,369	<b>1,245,972</b>	1,268,195
Receivables from related parties	6.1	<b>122,482</b>	47,417	<b>53,588</b>	37,363
Taxes recoverable		<b>11,237</b>	11,051	<b>22,262</b>	21,185
Accounts receivable from divestiture	4.2	-	40,000	<b>22,795</b>	50,000
Other receivables		<b>74,323</b>	72,499	<b>124,982</b>	115,943
Total current assets		<b>739,335</b>	789,752	<b>2,690,264</b>	2,666,332
Noncurrent assets					
Accounts receivable	4.1	<b>661</b>	765	<b>209,044</b>	128,727
Inventories	5	<b>75,327</b>	72,457	<b>2,280,785</b>	2,071,074
Receivables from related parties	6.1	-	-	<b>1,636</b>	1,636
Judicial deposits		<b>9,189</b>	9,064	<b>16,083</b>	15,928
Accounts receivable from divestiture	4.2	<b>6,708</b>	30,685	<b>6,708</b>	30,685
Other receivables		<b>12,397</b>	10,004	<b>12,607</b>	10,214
Investments	7	<b>1,537,281</b>	1,457,058	<b>117,386</b>	73,064
Property and equipment	8	<b>59,538</b>	62,583	<b>84,920</b>	89,594
Intangible assets		<b>15,938</b>	12,988	<b>17,016</b>	14,155
Total noncurrent assets		<b>1,717,039</b>	1,655,604	<b>2,746,185</b>	2,435,077
Total assets		<b>2,456,374</b>	2,445,356	<b>5,436,449</b>	5,101,409

	Note	Individual		Consolidated	
		06/30/2021	12/31/2020	06/30/2021	12/31/2020
Liabilities and equity					
Current liabilities					
Loans and financing	9.1	<b>118,773</b>	217,365	<b>122,243</b>	219,061
Trade accounts payable		<b>5,490</b>	5,615	<b>88,375</b>	90,086
Labor obligations	10	<b>12,719</b>	9,637	<b>33,542</b>	28,253
Tax obligations	11	<b>680</b>	663	<b>19,265</b>	25,227
Lease financing	9.2	<b>8,913</b>	9,190	<b>9,630</b>	9,887
Real estate commitments payable	12	-	-	<b>93,487</b>	77,434
Advances from customers	13	-	2,362	<b>16,827</b>	22,249
Other accounts payable	14	<b>18,592</b>	25,086	<b>69,522</b>	49,536
Provision for warranty	15.1	<b>2,839</b>	3,687	<b>29,553</b>	27,377
Payables to related parties	6.1	<b>14,542</b>	14,605	<b>20,124</b>	23,022
Total current liabilities		<b>182,548</b>	288,210	<b>502,568</b>	572,132
Noncurrent liabilities					
Loans and financing	9.1	<b>971,919</b>	797,751	<b>1,068,396</b>	812,107
Trade accounts payable		<b>335</b>	1,915	<b>4,748</b>	17,368
Provision for warranty	15.1	<b>875</b>	557	<b>11,248</b>	11,530
Tax obligations	11	-	36	<b>8,127</b>	3,594
Lease financing	9.2	<b>27,799</b>	29,199	<b>28,075</b>	29,679
Real estate commitments payable	12	<b>75,047</b>	69,577	<b>1,957,665</b>	1,878,215
Advances from customers	13	<b>380</b>	380	<b>430,500</b>	372,800
Provision for tax, labor and civil contingencies	15.2	<b>4,061</b>	4,329	<b>26,048</b>	29,142
Other accounts payable	14	<b>5,913</b>	8,844	<b>101,277</b>	34,844
Payables to related parties	6.1	<b>18,246</b>	18,246	-	-
Total noncurrent liabilities		<b>1,104,575</b>	930,834	<b>3,636,084</b>	3,189,279
Equity					
Capital	16.1	<b>752,982</b>	752,982	<b>752,982</b>	752,982
Capital reserves	16.3	<b>177,735</b>	208,484	<b>177,735</b>	208,484
Stock options granted		<b>2,222</b>	4,050	<b>2,222</b>	4,050
Equity adjustment		<b>(18,470)</b>	(19,023)	<b>(18,470)</b>	(19,023)
Treasury shares		<b>(43,907)</b>	(52,129)	<b>(43,907)</b>	(52,129)
Income reserves	16.4	<b>298,689</b>	331,948	<b>298,689</b>	331,948
		<b>1,169,251</b>	1,226,312	<b>1,169,251</b>	1,226,312
Noncontrolling interests		-	-	<b>128,546</b>	113,686
		<b>1,169,251</b>	1,226,312	<b>1,297,797</b>	1,339,998
Total liabilities and equity		<b>2,456,374</b>	2,445,356	<b>5,436,449</b>	5,101,409

See accompanying notes.

## Direcional Engenharia S.A.

Statements of profit or loss  
 Periods ended June 30, 2021 and 2020  
 (In thousands of reais, unless otherwise stated)

	Note	Individual				Consolidated			
		01/01/2021 to 06/30/2021	04/01/2021 to 06/30/2021	01/01/2020 to 06/30/2020	04/01/2020 to 06/30/2020	01/01/2021 to 06/30/2021	04/01/2021 to 06/30/2021	01/01/2020 to 06/30/2020	04/01/2020 to 06/30/2020
Net revenue	17	19,465	6,818	20,303	8,637	836,048	422,162	699,877	408,408
Cost of real estate sold and services rendered	18	(5,097)	(2,586)	(12,570)	(5,392)	(528,797)	(262,580)	(463,652)	(276,269)
Gross profit		14,368	4,232	7,733	3,245	307,251	159,582	236,225	132,139
Operating income (expenses)									
General and administrative expenses	18	(54,436)	(29,119)	(49,663)	(21,499)	(64,167)	(33,690)	(56,060)	(24,736)
Selling expenses	18	(2,673)	(2,144)	(1,797)	(256)	(88,227)	(45,477)	(74,616)	(39,904)
Equity pickup	7	147,086	84,141	111,269	62,153	5,240	2,536	(317)	(1,059)
Other operating income (expenses)	-	(4,356)	(2,011)	(10,468)	(7,989)	(18,897)	(6,100)	(22,004)	(17,526)
		85,621	50,867	49,341	32,409	(166,051)	(82,731)	(152,997)	(83,225)
Finance costs	19	(50,089)	(24,888)	(35,002)	(16,136)	(56,430)	(27,319)	(37,372)	(17,375)
Finance income	19	17,921	10,488	22,020	14,410	21,725	12,896	25,286	15,982
Finance income (costs)	19	(32,168)	(14,400)	(12,982)	(1,726)	(34,705)	(14,423)	(12,086)	(1,393)
Income before income and social contribution taxes		67,821	40,699	44,092	33,928	106,495	62,428	71,142	47,521
Income and social contribution taxes	20	(25)	(10)	(145)	(34)	(17,405)	(9,448)	(14,365)	(8,468)
Net income for the period		67,796	40,689	43,947	33,894	89,090	52,980	56,777	39,053
Net income attributable to									
Direcional Engenharia S.A.		67,796	40,689	43,947	33,894	67,796	40,689	43,947	33,894
Noncontrolling interests in SPEs and SCPs		-	-	-	-	21,294	12,291	12,830	5,159
Net earnings per share									
Basic		0.47	0.28	0.30	0.23				
Diluted		0.46	0.28	0.30	0.23				

See accompanying notes.

## Direcional Engenharia S.A.

Statements of comprehensive income  
 Periods ended June 30, 2021 and 2020  
 (In thousands of reais)

	Individual				Consolidated			
	01/01/2021 to 06/30/2021	04/01/2021 to 06/30/2021	01/01/2020 to 06/30/2020	04/01/2020 to 06/30/2020	01/01/2021 to 06/30/2021	04/01/2021 to 06/30/2021	01/01/2020 to 06/30/2020	04/01/2020 to 06/30/2020
Net income for the period	<b>67,796</b>	<b>40,689</b>	43,947	33,894	<b>89,090</b>	<b>52,980</b>	56,777	39,053
Total comprehensive income for the period	<b>67,796</b>	<b>40,689</b>	43,947	33,894	<b>89,090</b>	<b>52,980</b>	56,777	39,053
Attributable to:								
Company shareholders					<b>67,796</b>	<b>40,689</b>	43,947	33,894
Noncontrolling interests					<b>21,294</b>	<b>12,291</b>	12,830	5,159
					<b>89,090</b>	<b>52,980</b>	56,777	39,053

See accompanying notes.

## Direcional Engenharia S.A.

Statements of changes in equity  
 Periods ended June 30, 2021 and 2020  
 (In thousands of reais)

	Note	Capital reserves				Income reserves				E	Noncontrolling interests	E
		Capital	Treasury shares	Shares issued/ disposed of	Stock options granted	Equity adjustment	Legal	For investments	Retained earnings (accumulated losses)			
Balances at December 31, 2019 (restated)		752,982	(32,076)	208,484	5,951	(18,679)	30,370	309,895	-	1,256,927	112,417	1,369,344
Capital increase by noncontrolling shareholders	16.6	-	-	-	-	-	-	-	-	-	5,040	5,040
Net income (loss) for the period		-	-	-	-	-	-	-	43,947	43,947	12,830	56,777
Disposal of treasury shares	16.2	-	2,782	-	(2,645)	-	-	-	(137)	-	-	-
Prior years' adjustments	16.7	-	-	-	-	-	-	-	(924)	(924)	-	(924)
Transactions with noncontrolling shareholders	16.6	-	-	-	-	(408)	-	-	-	(408)	-	(408)
Balances at June 30, 2020 (restated)		752,982	(29,294)	208,484	3,306	(19,087)	30,370	309,895	42,886	1,299,542	130,287	1,429,829
Balances at December 31, 2020		752,982	(52,129)	208,484	4,050	(19,023)	36,022	295,926	-	1,226,312	113,686	1,339,998
Stock options recognized	16.3	-	-	-	1,781	-	-	-	-	1,781	-	1,781
Cancellation of treasury shares		-	30,749	(30,749)	-	-	-	-	-	-	-	-
Capital reduction by noncontrolling shareholders	16.6	-	-	-	-	-	-	-	-	-	(6,434)	(6,434)
Net income (loss) for the period		-	-	-	-	-	-	-	67,796	67,796	21,294	89,090
Dividends proposed	16.4.3	-	-	-	-	-	-	(100,135)	-	(100,135)	-	(100,135)
Disposal of treasury shares	16.2	-	4,527	-	(3,609)	-	-	-	(920)	(2)	-	(2)
Share buyback		-	(27,054)	-	-	-	-	-	-	(27,054)	-	(27,054)
Transactions with noncontrolling shareholders	16.6	-	-	-	-	553	-	-	-	553	-	553
Balances at June 30, 2021		752,982	(43,907)	177,735	2,222	(18,470)	36,022	195,791	66,876	1,169,251	128,546	1,297,797

See accompanying notes.

## Direcional Engenharia S.A.

### Statements of cash flows Periods ended June 30, 2021 and 2020 (In thousands of reais)

	Individual		Consolidated	
	06/30/2021	06/30/2020	06/30/2021	06/30/2020
Cash flows from operating activities				
Income before income and social contribution taxes	<b>67,821</b>	44,092	<b>106,495</b>	71,142
Adjustments to reconcile net income to cash flows from operating activities				
Depreciation and amortization	<b>10,638</b>	7,993	<b>24,620</b>	18,921
Equity pickup	<b>(147,086)</b>	(111,269)	<b>(5,240)</b>	317
Provision for warranty	<b>450</b>	(737)	<b>11,688</b>	4,340
Interest on charges and financing	<b>39,696</b>	25,778	<b>43,314</b>	29,817
Exchange differences on loans and financing	<b>1,097</b>	-	<b>1,097</b>	-
Provision for tax, labor and civil contingencies	<b>17</b>	(194)	<b>2,541</b>	(5,188)
Gains (losses) on barter transactions	-	-	<b>(8,434)</b>	(15,304)
Gains (losses) on disposal of equity interest	-	(241)	<b>(17,500)</b>	(227)
Restatement of accounts receivable for acquisition of equity interest	<b>(292)</b>	-	<b>(292)</b>	-
Present value adjustment on accounts receivable	-	-	<b>4,601</b>	1,638
Present value adjustment on lease financing	<b>1,212</b>	1,420	<b>1,245</b>	1,434
Adjustment to net recoverable amount of finished inventories	-	-	<b>(406)</b>	-
Allowance for doubtful accounts	-	-	<b>5,712</b>	8,215
Provision for stock option plan	<b>1,781</b>	-	<b>1,781</b>	-
Provision for profit sharing	<b>3,559</b>	2,305	<b>3,975</b>	2,305
Increase (decrease) in assets				
Accounts receivable	<b>(2,481)</b>	(2,987)	<b>(117,989)</b>	(29,114)
Inventories	<b>3,380</b>	919	<b>53,678</b>	49,777
Sundry receivables	<b>(4,217)</b>	(18,090)	<b>(11,432)</b>	(19,495)
Transactions with related parties	<b>17,997</b>	13,128	<b>(15,479)</b>	7,438
Judicial deposits	<b>(125)</b>	(210)	<b>(155)</b>	(1,340)
Taxes recoverable	<b>(186)</b>	1,747	<b>(1,077)</b>	1,947
(Decrease) increase in liabilities				
Trade accounts payable	<b>(4,025)</b>	(7,221)	<b>(17,326)</b>	14,074
Labor obligations	<b>(477)</b>	(1,204)	<b>1,314</b>	7,268
Tax obligations	<b>(36)</b>	543	<b>(1,725)</b>	3,044
Real estate commitments payable	-	-	<b>(82,171)</b>	(86,255)
Advances from customers	<b>(2,362)</b>	(5,855)	<b>(4,049)</b>	18,897
Accounts payable	<b>(9,425)</b>	(451)	<b>86,419</b>	4,201
Provision for tax, labor and civil contingencies	<b>(285)</b>	-	<b>(5,635)</b>	-
Transactions with related parties	<b>(63)</b>	(1,211)	<b>(2,898)</b>	(3,153)
Construction warranty	<b>(980)</b>	-	<b>(9,794)</b>	-
Income and social contribution taxes paid	<b>(8)</b>	(129)	<b>(17,109)</b>	(17,083)
Net cash flows from (used in) operating activities	<b>(24,400)</b>	(51,874)	<b>29,769</b>	67,616
Cash flows from investing activities				
Increase (decrease) in investments (SPCs and SPEs)	<b>(81,191)</b>	(79,434)	<b>(48,912)</b>	7,493
Dividends received	<b>62,388</b>	103,662	<b>9,830</b>	549
Disposal of equity interests	<b>64,269</b>	9,500	<b>68,974</b>	10,500
Additions to property and equipment	<b>(309)</b>	290	<b>(4,812)</b>	459
Increase in leased property	<b>(1,717)</b>	(2,690)	<b>(1,717)</b>	(2,797)
Additions to intangible assets	<b>(7,930)</b>	-	<b>(8,000)</b>	-
Short-term investments	<b>6,246</b>	(27,883)	<b>5,895</b>	(28,339)
Net cash flows from (used in) investing activities	<b>41,756</b>	3,445	<b>21,258</b>	(12,135)

## Direcional Engenharia S.A.

Statements of cash flows (Continued)  
 Periods ended June 30, 2021 and 2020  
 (In thousands of reais)

	Individual		Consolidated	
	06/30/2021	06/30/2020	06/30/2021	06/30/2020
Cash flows from financing activities				
Dividends paid	(100,135)	-	(100,135)	-
Share buyback	(27,054)	-	(27,054)	-
Additions to lease financing	1,717	2,676	1,717	2,657
Amortization of lease financing	(4,279)	(4,163)	(4,495)	(4,249)
Interest paid on leases	(327)	(198)	(328)	(198)
Borrowings	195,149	245,023	311,784	358,576
Repayment of borrowings	(145,279)	(192,784)	(178,165)	(316,277)
Interest paid	(20,740)	(20,413)	(22,915)	(22,800)
Capital increase (decrease) by noncontrolling shareholders	553	(408)	(5,881)	4,632
Net cash flows from (used in) financing activities	(100,395)	29,733	(25,472)	22,341
Increase in cash and cash equivalents	(83,039)	(18,696)	25,555	77,822
Cash and cash equivalents				
At beginning of period	416,630	337,067	731,569	533,795
At end of period	333,591	318,371	757,124	611,617

See accompanying notes.

## Direcional Engenharia S.A.

Statements of value added  
 Periods ended June 30, 2021 and 2020  
 (In thousands of reais)

	Individual		Consolidated	
	06/30/2021	06/30/2020	06/30/2021	06/30/2020
Revenue				
Real estate sold and services rendered	21,792	23,549	906,608	774,442
Other operating income (expenses)	(4,356)	(10,468)	(18,897)	(22,004)
Allowance for doubtful accounts – reversal (recognition)	-	-	(5,766)	(8,656)
	<b>17,436</b>	13,081	<b>881,945</b>	743,782
Materials acquired from third parties				
Raw materials used	(4,208)	(10,223)	(424,842)	(379,246)
Materials, power, services from suppliers and other	(4,621)	(6,660)	(12,171)	(11,236)
Other	(6,953)	(5,629)	(92,717)	(80,155)
	<b>(15,782)</b>	(22,512)	<b>(529,730)</b>	(470,637)
Gross value added	<b>1,654</b>	(9,431)	<b>352,215</b>	273,145
Depreciation and amortization, net	<b>(10,638)</b>	(7,993)	<b>(24,620)</b>	(18,921)
Net value added	<b>(8,984)</b>	(17,424)	<b>327,595</b>	254,224
Value added received from transfers				
Share of profit of a subsidiary, an associate and a joint venture	147,086	111,269	5,240	(317)
Finance income	17,921	22,020	21,725	25,286
	<b>165,007</b>	133,289	<b>26,965</b>	24,969
Total value added to be distributed	<b>156,023</b>	115,865	<b>354,560</b>	279,193
Value added distributed				
Employee benefits expense	35,787	33,525	124,863	101,104
Taxes and contributions	2,351	3,391	82,198	80,273
Debt remuneration	50,089	35,002	58,409	41,039
Profits/losses withheld	67,796	43,947	67,796	43,947
Portion of profit or loss attributed to noncontrolling shareholders	-	-	21,294	12,830
	<b>156,023</b>	115,865	<b>354,560</b>	279,193

See accompanying notes.

# Direcional Engenharia S.A.

Notes to interim financial information

June 30, 2021

(In thousands of reais, unless otherwise stated)

## 1. Operations

Direcional Engenharia S.A. (“Direcional” or the “Company”) is a publicly-held company headquartered in Belo Horizonte, Minas Gerais state, with shares traded on B3, under ticker symbol DIRR3.

Direcional is a real estate development and construction company engaged in developing medium low-income-oriented projects through its wholly-owned subsidiary Riva, primarily in the Northern, Northeastern, Midwestern and Southeastern regions of Brazil. Over its 40 years’ experience in developing and building low-income-oriented projects, the Company established a verticalized structure and a standardized and industrial construction process, which has allowed the construction of projects with high operational efficiency.

The Company carries out its development and construction activities through Silent Partnerships (SCPs) and Special Purpose Entities (SPEs) used in the normal course of business with a view to establishing partnerships, allowing the individual monitoring of projects, facilitating new financing lines for production as well as financial accounting control. The SCPs and the SPEs operate exclusively in the real estate sector, and in most cases are linked to a specific project.

On August 9, 2021, the Company’s Board of Directors approved this interim financial information and authorized its disclosure.

### 1.1. Covid-19 analysis

In March 2020, the World Health Organization (WHO) declared a state of pandemic due to the novel coronavirus, Covid-19. This disease spread rapidly around the world, which led governments and private sector entities to adopt social distancing measures in order to curb the pandemic.

To deal with this unexpected situation, the Company management created a crisis committee, comprising the Executive Board members, to address the matters relating to Covid-19. This committee continuously monitors the news about this matter in the media and from government authorities, so as to define the best strategy for keeping all employees safe, in the first place, and for the smooth running of the Company’s business.

All measures adopted also aim at preserving, to the highest extent possible, all the ecosystem involved in the business, i.e. from the Company employees to suppliers and service providers.

## Direcional Engenharia S.A.

Notes to interim financial information (Continued)  
June 30, 2021  
(In thousands of reais, unless otherwise stated)

### 1. Operations (Continued)

#### 1.1. Covid-19 analysis (Continued)

In general terms, these measures are as follows:

##### Safety measures

###### *Procedures at construction sites*

For our construction workers to be kept safe and appropriately perform their roles, the following procedures became mandatory: before entering the construction site, measuring the employee's or visitor's temperature (this procedure is repeated after lunch), wearing appropriate protection masks (mandatorily during the entire work shift), hand hygiene procedures (inputs provided by the Company), daily screening by a security technician in each regional office to assess the employees' health. Construction sites are well-ventilated and spacious, which enables Company employees to maintain the appropriate security distancing suggested by WHO.

Common spaces such as canteens, water fountains and dressing rooms at work sites are sanitized at least 4 times a day. For the hygiene of work tools, the Company provides 70% alcohol, disinfectants and bleach. Work and meal times are also more flexible in order to prevent crowds.

###### *Procedures at the administrative office*

For the safety and proper performance of administrative activities, we made the working schedule more flexible for main office workers. Employees whose activities do not require their physical presence at the Company's main office as well as professionals belonging to risk groups are working from home.

We provided masks to all employees, who must wear them during their working hours, and 70% alcohol in all floors and restrooms. Work stations and the building's common areas are sanitized at least twice a day. Additionally, the employees' temperature is measured twice a day. The employees that display any Covid-19 symptoms are released from work and take the appropriate tests and, if necessary, go into quarantine.

Additionally, the Company monitors suspected and confirmed cases until full recovery with the aid of a medical team. Before the affected employee returns to work, tests are performed to confirm that he/she can return to work, in order to control and avoid further contamination.

## Direcional Engenharia S.A.

Notes to interim financial information (Continued)  
June 30, 2021  
(In thousands of reais, unless otherwise stated)

### 1. Operations (Continued)

#### 1.1. Covid-19 analysis (Continued)

##### Safety measures (Continued)

##### *Procedures at the administrative office* (Continued)

During the 1<sup>st</sup> quarter of 2021, the city of Belo Horizonte adopted lockdown measures to curb the spread of Covid-19. Since then and during the 2<sup>nd</sup> quarter, 70% of employees of the administrative headquarters have been working from home .

##### *Cash protection*

With a view to reinforcing Company cash in these unstable times, the Board of Directors approved the 1<sup>st</sup> issue of commercial promissory notes amounting to R\$100,000 over a one-year period at the CDI+4% p.a. rate. On June 16, 2020, the Company took out another longer credit line in the amount of R\$100,000 at a more attractive rate (CDI + 2.5% p.a.) and settled the previous promissory notes. On September 21, the Company carried out the 6<sup>th</sup> issue of Debentures in the total nominal value of R\$250,000, maturing on September 21, 2025, at the rate of CDI + 2.85% p.a.

From March to August 2020, the working hours of administrative employees was also changed, leading to significant reduction in the work volume. Employees were put on furlough in locations where, due to a state or municipal decree, we are not allowed to operate, in accordance with the guidance set out by Provisional Executive Order No. 936/2020. In September, all employees resumed work full-time.

In the first half of 2021, there was no need for additional borrowings to protect cash due to the pandemic in addition to those usually raised to maintain the Company's activities.

##### *Analysis of impacts on the business*

Management carefully considers the information available and government decisions in the Company decision-making process. Its activities are classified as essential and, as such, the construction sites are operating normally. In the state of Ceará, due to a state decree, activities were suspended from April 20 to May 29, 2020, resuming in June 2020. Prudently, we took all safety measures required, both at the construction sites and our main office, with a view to protecting the health of our employees.

## Direcional Engenharia S.A.

Notes to interim financial information (Continued)  
June 30, 2021  
(In thousands of reais, unless otherwise stated)

### 1. Operations (Continued)

#### 1.1. Covid-19 analysis (Continued)

##### Safety measures (Continued)

##### *Analysis of impacts on the business* (Continued)

In the 1<sup>st</sup> quarter of 2021, due to the increasingly spread of Covid-19, several states and municipalities

adopted tougher measures to curb the virus, lockdown being one of them. In the city of Manaus, construction work was interrupted from January 25 to February 11. In the city of São Paulo, construction work was interrupted from March 26 to April 5. In the city of Ribeirão Preto, construction work was interrupted from March 17 to March 19.

In the second quarter of 2021, the construction work was not suspended due to lockdown. In addition, the Company's net sales increased by 51% compared to net sales in the same period of 2020. We believe that the strong sales performance is due to the Company's business model focused on the Casa Verde Amarela (CVA) Program (former MCMV Program), in which the transfer from the customer to the financing agent occurs at the time of sale during the construction work (associative method) and not at the end of the project, allowing the shortening of the business financial cycle and reducing the impacts on the operation's cash flow. In addition, there was no restriction on bank credit for the sector. Stands and points of sale were gradually opened and the Company is working hard on the online digital sales channels. There was no significant increase in the Company's defaults in the period.

##### *Social cooperation*

The Company is inserted in the social context of the cities where it develops its projects. As such, we believe in the large social impact that safe and decent housing represents for a family. Therefore, we are sparing no efforts to maintain our Company operational, always keeping in mind all WHO recommendations and prioritizing our employees' health.

#### 1.2. Going concern

Management assessed the Company's ability to continue as a going concern and is comfortable with its financial and operating position. It is not aware of any significant uncertainty that could put its operational capacity at risk. Accordingly, this interim financial information has been prepared based on the going concern assumption.

## **Direcional Engenharia S.A.**

Notes to interim financial information (Continued)

June 30, 2021

(In thousands of reais, unless otherwise stated)

### **2. Summary of significant accounting practices and policies and statement of compliance**

The individual and consolidated interim financial information has been prepared in accordance with CPC 21 (R1) - Interim Financial Reporting and IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), including the pronouncements issued by the Brazilian Financial Accounting Standards Board (CPC) and the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB). Accordingly, all relevant information in the interim information is being disclosed and corresponds to the information used in managing the Company.

The accounting practices adopted in the accompanying interim financial information are consistent with those described in Note 2 to the Company financial statements for the year ended December 31, 2020, as filed with the CVM. Those accounting practices have been consistently applied to the periods presented.

#### **2.1. Restatement of the individual and consolidated interim financial information as of June 30, 2020**

As of June 30, 2021, the Company made accounting reclassifications related to the recognition of the matching plan. As described in Note 22, the matching plan is a program that grants the right to purchase shares and grants incentive shares to management and employees of the Company and/or of the SPEs in which the Company holds interest ("beneficiaries"), previously selected by the Board of Directors, with the objective of attracting, motivating and retaining such professionals, as well as aligning their interests with those of the Company and its shareholders.

The Company reclassified the amounts that were presented in the Capital reserves – Shares issued/disposed of column to the Capital reserves – Options granted column. The difference between the price acquisition of treasury shares and of their disposal to plan beneficiaries was reclassified to the income reserves column.

These reclassifications did not result in an increase or decrease in the Company's equity.

## Direcional Engenharia S.A.

Notes to interim financial information (Continued)

June 30, 2021

(In thousands of reais, unless otherwise stated)

### 2. Summary of significant accounting practices and policies and statement of compliance (Continued)

#### 2.1. Restatement of the individual and consolidated interim financial information as of June 30, 2020 (Continued)

For purposes of comparison, the balances as of June 30, 2020 are being restated, as shown below:

	Capital reserve								
	Shares issued/disposed of			Stock options granted			Income reserves		
	As originally stated	Adjustments	Restated	As originally stated	Adjustments	Restated	As originally stated	Adjustments	Restated
Balances at 12/31/2019	198,160	10,324	208,484	15,508	(9,557)	5,951	341,032	(767)	340,265
Disposal of treasury shares	(2,782)	2,782	-	-	(2,645)	(2,645)	-	(137)	(137)
Other changes	-	-	-	-	-	-	43,023	-	43,023
Balance at 06/30/2020	<b>195,378</b>	<b>13,106</b>	<b>208,484</b>	<b>15,508</b>	<b>(12,202)</b>	<b>3,306</b>	<b>384,055</b>	<b>(904)</b>	<b>383,151</b>

## Direcional Engenharia S.A.

Notes to interim financial information (Continued)

June 30, 2021

(In thousands of reais, unless otherwise stated)

### 3. Cash and cash equivalents and short-term investments

#### 3.1. Cash and cash equivalents

Description	Individual		Consolidated	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Cash and banks	2,519	1,563	279,476	217,303
Cash equivalents – short-term investments	331,072	415,067	477,648	514,266
Total	333,591	416,630	757,124	731,569

The Company's investments are made through investment funds or in transactions performed directly with first-tier financial institutions. The Company's policy is to invest resources in funds or directly in conservative, highly liquid financial instruments. These short-term investments have yields pegged to the Interbank Deposit Certificate (CDI) rate, ranging from 94% to 113% of CDI, according to the nature and timing of each instrument. At June 30, 2021, the average annual profitability of the Company's short-term investments in the past 12 months corresponded to 101,59% of CDI.

#### 3.2. Short-term investments

	Individual		Consolidated	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Investment in Financial Treasury Bills (government bonds)	148,811	97,507	149,970	128,391
Financial Bills (corporate bonds)	39,189	96,739	39,495	66,969
Total	188,000	194,246	189,465	195,360

The Company invests in funds limited to the Group companies, managed by first-tier banks, aimed at ensuring investments in conservative instruments that ensure capital preservation. The funds set up are intended to monitor the variation of the Interbank Deposit Certificate (CDI), with investments in fixed income securities, government bonds of other financial institutions, and open-ended investment funds, which provide liquidity and allow the best financial return within the pre-established risk limits.

## Direcional Engenharia S.A.

Notes to interim financial information (Continued)  
June 30, 2021  
(In thousands of reais, unless otherwise stated)

### 4. Accounts receivable

#### 4.1. Accounts receivable from operations

Accounts receivable - real estate development	Individual		Consolidated	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
C	3,953	3,499	171,776	176,015
I	-	-	311,773	192,288
Receivables for land sold	-	-	2,042	1,425
(-) Allowance for doubtful accounts	-	-	(22,742)	(17,030)
(-) Adjustment to present value	-	-	(9,303)	(4,702)
	<b>3,953</b>	<b>3,499</b>	<b>453,546</b>	<b>347,996</b>
<b>Accounts receivable - services rendered</b>				
Real estate intermediation	-	-	983	923
Firm-price construction contract	3,372	3,623	25,979	25,170
Other services	2,461	183	3,654	1,355
	-	-	(1,042)	-
	<b>5,833</b>	<b>3,806</b>	<b>29,574</b>	<b>27,448</b>
	<b>9,786</b>	<b>7,305</b>	<b>483,120</b>	<b>375,444</b>
Current	9,125	6,540	274,076	246,717
Noncurrent	661	765	209,044	128,727

The Company recognizes allowance for doubtful accounts and changes in the year were as follows:

	12/31/2020	(-) Allowance	(+) Reversal	06/30/2021
Changes in allowance for doubtful accounts	(17,030)	(9,960)	4,248	(22,742)

Because of the revenue recognition criteria, the balance of trade accounts receivable from incomplete units sold is not fully reflected in the interim financial information since its recording is limited to the portion of revenue recognized, net of installments already received. Balances receivable not recognized in the interim financial information are presented in Note 17 (a).

The Company calculated the present value of accounts receivable for incomplete units and recorded the amount considering the average discount rate of 3.69% p.a., which is represented by the average funding rate of loans and financing, less the Extended Consumer Price Index (IPCA).

## Direcional Engenharia S.A.

Notes to interim financial information (Continued)  
June 30, 2021  
(In thousands of reais, unless otherwise stated)

### 4. Accounts receivable (Continued)

#### 4.1. Accounts receivable from operations (Continued)

Trade receivables from real estate sales are restated according to the Brazilian Construction Cost Index (INCC) variation until the occupancy permit has been registered. After the occupancy permit is registered, these amounts are mostly restated by reference to IPCA, bearing interest of 12% p.a.

On December 15, 2020 the Company entered into a Real Estate Credit Assignment agreement, through its subsidiaries, with True Securitizadora S.A. The net amount of the transaction was of R\$116,968. At June 30, 2021, the balance receivable related to this transaction was R\$156.

On March 30, 2021 the Company entered into a new Real Estate Credit Assignment agreement, through its subsidiaries, with ISEC Securitizadora S.A. The net amount of the transaction was of R\$38,920. At June 30, 2021, the balance had been fully received.

At June 30, 2021 and December 31, 2020, aging list of trade receivables from real estate development and services rendered, recorded in current assets, is as follows:

	<b>Consolidated</b>	
	<b>06/30/2021</b>	<b>12/31/2020</b>
Falling due		
Up to 3 months	<b>123,807</b>	120,965
From 3 to 6 months	<b>78,673</b>	25,179
From 6 to 9 months	<b>16,727</b>	25,401
From 9 months to 1 year	<b>14,103</b>	36,136
	<b>233,310</b>	207,681
Overdue		
Up to 1 month	<b>10,761</b>	13,293
From 1 to 2 months	<b>1,074</b>	917
From 2 to 3 months	<b>3,152</b>	4201
From 3 to 4 months	<b>1,119</b>	1,671
From 4 to 6 months	<b>1,306</b>	754
Above 6 months	<b>23,354</b>	18,200
	<b>40,766</b>	39,036
	<b>274,076</b>	246,717

## Direcional Engenharia S.A.

Notes to interim financial information (Continued)  
June 30, 2021  
(In thousands of reais, unless otherwise stated)

### 4. Accounts receivable (Continued)

#### 4.1. Accounts receivable from operations (Continued)

The aging list of amounts falling due, recorded in noncurrent assets at June 30, 2021 and December 31, 2020 is as follows:

	<u>06/30/2021</u>	<u>12/31/2020</u>
1-2 years	125,485	63,898
Up to 3 years	50,105	39,435
Up to 4 years	15,285	9,207
After 4 years	18,169	16,187
	<u>209,044</u>	<u>128,727</u>

#### 4.2. Other accounts receivable

	<u>Individual</u>		<u>Consolidated</u>	
	<u>06/30/2021</u>	<u>12/31/2020</u>	<u>06/30/2021</u>	<u>12/31/2020</u>
Accounts receivable for:				
Disposal of units of interest	6,708	70,685	29,503	80,685
	<u>6,708</u>	<u>70,685</u>	<u>29,503</u>	<u>80,685</u>
Current	-	40,000	22,795	50,000
Noncurrent	6,708	30,685	6,708	30,685

On September 3, 2018, the Company sold its investee Lago da Pedra Participações S.A. to a real estate investment fund for R\$183,156. The amount receivable for this sale at June 30, 2021 is R\$6,708. Based on the agreed terms and conditions regarding adjustments to the initial price by reference to the DI rate, this amount refers to an additional installment.

On May 24, 2019, the Company sold all the units of interest held in Linha Verde Participações Ltda. to LMN Empreendimentos e Participações Ltda. for R\$19,000, which will be paid in 19 fixed installments of R\$1,000. The last 10 installments are conditioned on issue of the construction permit in the land paid relating to the SPE sold, which is expected for the end of 2021. At June 30, 2021, the balance receivable is R\$10,000.

On December 30, 2020, the Company sold 51% of the interest held in Napoli Empreendimentos Imobiliários S.A., corresponding to 23,349,751 units of interest, to BDI Realty 05 Sociedade Patrimonial Ltda., for R\$40,000, settled on March 12, 2021.

## Direcional Engenharia S.A.

Notes to interim financial information (Continued)

June 30, 2021

(In thousands of reais, unless otherwise stated)

### 4. Accounts receivable (Continued)

#### 4.2. Other accounts receivable (Continued)

On December 10, 2020, Riva Incorporadora S.A, a Company subsidiary, sold 50% of the interest held in Osasco Lote 2 Empreendimentos Imobiliarios SPE Ltda. to Eztec Empreendimentos e Participações S.A. for R\$8,250. At June 30, the balance receivable is R\$5,377.

On June 2, 2021, this subsidiary entered into another transaction with Eztec and sold 50% of the interest held in Osasco Lote 2 Empreendimentos Imobiliarios SPE Ltda. for R\$9,250. At June 30, the balance receivable is R\$7,418.

On June 29, 2021, Riva Incorporadora S.A. sold 59,81% of the units of interest held in Riva Incorporadora S/A - SCP SELETO to Grendene S.A. for R\$40,000, settled on the transaction date.

### 5. Inventories

	Individual		Consolidated	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Completed units	577	1,369	102,314	109,857
Units under construction	-	-	624,747	702,778
Land to be developed	75,327	72,457	2,799,696	2,526,634
	<b>75,904</b>	<b>73,826</b>	<b>3,526,757</b>	<b>3,339,269</b>
Current	577	1,369	1,245,972	1,268,195
Noncurrent	75,327	72,457	2,280,785	2,071,074

As of June 30, 2021, inventories of completed real estate units were submitted to impairment tests. The total balance of adjustment to realizable value in June 2021 is R\$3,191 (R\$3,597 in December 2020).

	12/31/2020	(+) Adjustment to net recoverable amount	(-) Reversal of adjustment to net recoverable amount	03/31/2021
Individual	-	-	-	-
Subsidiaries	(3,597)	(5)	411	(3,191)
Consolidated	<u>(3,597)</u>			<u>(3,191)</u>

## Direcional Engenharia S.A.

Notes to interim financial information (Continued)

June 30, 2021

(In thousands of reais, unless otherwise stated)

### 5. Inventories (Continued)

#### 5.1. Capitalized interest

Interest incurred in connection with project financing is recorded under “Units under construction” and “Completed units” in accordance with OCPC 01, and posted to profit or loss when the units are sold. At June 30, 2021, interest totaling R\$682 (R\$2,473 for the period ended December 31, 2020) was capitalized in the inventories account. The amount of R\$7,105 (R\$8,402 at December 31, 2020), referring to unsold units, remains capitalized in the inventories account. The average interest capitalization rate was 6,95% in June 2020 (5,98% for the year ended December 31, 2020). As at June 30, 2021 and December 31, 2020, there was no project financing in the individual financial information.

### 6. Transactions with related parties

#### 6.1. Related companies

Assets	Individual		Consolidated	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Receivables from venture partners in projects (a)	28,342	25,166	41,628	33,505
Checking account with ventures in projects (b)	94,140	22,251	13,596	5,494
	<b>122,482</b>	<b>47,417</b>	<b>55,224</b>	<b>38,999</b>
Current	122,482	47,417	53,588	37,363
Noncurrent	-	-	1,636	1,636
Liabilities	Individual		Consolidated	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Payables to venture partners in projects (a)	3,825	3,825	20,124	23,022
Checking account with ventures in projects (b)	28,963	29,026	-	-
	<b>32,788</b>	<b>32,851</b>	<b>20,124</b>	<b>23,022</b>
Current	14,542	14,605	20,124	23,022
Noncurrent	18,246	18,246	-	-

(a) Receivables and payables to venture partners: The Company carries out loan transactions with certain venture partners, generally noncontrolling shareholders of said SPEs, which are settled upon completion of the construction work. These transactions are adjusted by reference to the CDI rate variation plus spread of up to 4.13% p.a. or by the IGPM plus spread of up to 1% p.m., and are secured by the results obtained from the ventures, so that the partners' right to share such results is conditional upon settlement of the transactions. In 2020, the Company recognized a provision for loss of R\$5,240 referring to receivables from a specific partner. No additional provision was recorded at June 30, 2021.

(b) These transactions refer exclusively to the contribution of funds for the construction of units, and are not subject to interest. On February 17, 2021, Riva reduced its capital in order to return capital to shareholders, in the amount of R\$86,531, with R\$85,666 paid to the Company. As at June 30, 2021, R\$40,000 from the balance of the capital reduction conducted on February 17, 2021 was paid to the Company.

## Direcional Engenharia S.A.

Notes to interim financial information (Continued)

June 30, 2021

(In thousands of reais, unless otherwise stated)

### 6. Transactions with related parties (Continued)

#### 6.1. Related companies (Continued)

##### Profit or loss

The Company charters aircraft from ALVG Investimentos e Participações Ltda. ("ALVG") for the transportation of executives during the performance of business-related activities. In the period ended June 30, 2021, the average monthly amount of R\$151 was paid in connection with aircraft chartering. ALVG is a company controlled by the same controlling group as that of Direcional.

On December 10, 2014, the Company entered into a sale and lease back contract relating to the property where its head office is located, effective for 12 years, with Fundo de Investimentos BRL Edifícios Comerciais, the buyer of this property. This transaction was approved by the Company's Board of Directors and carried out at market value, as assessed by CB Richard Ellis (CBRE). In the period ended June 30, 2021, the average monthly amount of R\$584 was paid (December 31, 2020 - monthly amount of R\$563) in connection with the property lease. This investment fund is controlled by the same controlling group as that of Direcional.

During assessment of the lease contracts for adoption of CPC 06 (R2)/IFRS 16, we identified that the lease contract of the property met the requirements of the standard and, as such, the amount of the net debt discounted at the incremental borrowing rate on right-of-use assets was recognized against lease liabilities payable.

#### 6.2. Key management personnel compensation

Total annual compensation of key management personnel (i) proposed by the Company management for decision in the AGM held on April 29, 2021; and (ii) paid in 2020 is as follows:

Proposal for 2021	2021			Total
	Board of Directors	Supervisory Board	Statutory Board	
Number of members (*)	7	3	6	16
Fixed annual compensation (R\$)	1,600	200	3,600	5,400
Variable compensation (R\$)	400	-	2,400	2,800
Share-based payment (R\$) (**)	40	-	3,160	3,200
	<b>2,040</b>	<b>200</b>	<b>9,160</b>	<b>11,400</b>

## Direcional Engenharia S.A.

Notes to interim financial information (Continued)

June 30, 2021

(In thousands of reais, unless otherwise stated)

### 6. Transactions with related parties (Continued)

#### 6.2. Key management personnel compensation (Continued)

Paid in 2020	2020			Total
	Board of Directors	Supervisory Board	Statutory Board	
Number of members (*)	7	3	5	15
Fixed annual compensation (R\$)	1,378	141	2,555	4,074
Variable compensation (R\$)	-	-	416	416
Share-based payment (R\$) (**)	13	-	1,028	1,041
	<u>1,391</u>	<u>141</u>	<u>3,999</u>	<u>5,531</u>

(\*) The number of members of the Company's Board of Directors, Supervisory Board and Statutory Board was calculated in accordance with the provisions in CVM/SEP Memorandum Circular No. 02/2020.

(\*\*) Share-based payment of Riva is made through the Company's stock option plan. The amount for 2020 was R\$323. The amount proposed for 2021 is R\$340.

Key management personnel also receive compensation through the stock option plan of the Company, as described in Note 22. The Company does not offer private pension plans or any post-employment pension plan or benefits.

## Direcional Engenharia S.A.

Notes to interim financial information (Continued)

June 30, 2021

(In thousands of reais, unless otherwise stated)

### 7. Investments

#### a) Changes in the most significant balances from December 31, 2020 to June 31, 2021

Subsidiaries	Equity interest	12/31/2020	Dividends/ amortization	Equity pickup	Capital subscription (reduction)/ Future capital contribution	06/30/2021
CANARIO ENGENHARIA LTDA.	100.00%	76,872	-	1,834	2,565	81,271
RIVA INCORPORADORA S/A	95.45%	157,432	-	(8,374)	(88,236)	60,822
ITAPEMA EMPREENDIMENTOS IMOBILIÁRIOS SPE LTDA	99.90%	31,981	-	18,152	(1,043)	49,090
AGUA MARINHA EMPREENDIMENTOS IMOBILIÁRIOS LTDA	90.00%	37,273	-	(649)	10,268	46,892
BELLA MOEDA EMPREENDIMENTOS IMOBILIÁRIOS LTDA	100.00%	44,443	-	(1)	22	44,464
DIRECIONAL TAGUATINGA ENGENHARIA LTDA	100.00%	43,339	(13,429)	8,297	(39)	38,168
TARAUACA EMPREENDIMENTOS IMOBILIARIOS LTDA	99.90%	34,804	-	(2,087)	2,262	34,979
RIO LARGO EMPREENDIMENTO IMOBILIÁRIOS LTDA	99.90%	30,440	-	2,007	1,473	33,920
RIACHO BRANCO EMPREENDIMENTOS IMOBILIÁRIOS LTDA	95.87%	26,696	-	8,110	(899)	33,907
AZURITA EMPREENDIMENTOS IMOBILIARIOS LTDA	99.90%	35,891	-	(662)	(1,469)	33,760
NOVA DIAMANTINA EMPREENDIMENTOS LTDA	99.90%	27,192	-	7,276	(6,981)	27,487
ALTO SANTO EMPREENDIMENTOS IMOBILIARIOS LTDA.	99.90%	26,472	-	6,097	(5,139)	27,430
CONSTANTINA EMPREENDIMENTOS IMOBILIÁRIOS LTDA	99.90%	24,949	-	1,540	549	27,038
DIRECIONAL SANTO ANTÔNIO EMPREENDIMENTOS IMOBILIÁRIOS LTDA	100.00%	26,153	-	(8)	219	26,364
MANAUARA VII EMPREENDIMENTOS IMOBILIARIOS SPE LTDA	100.00%	21,127	-	(51)	3,299	24,375
ARANTINA EMPREENDIMENTOS IMOBILIARIOS LTDA	99.90%	9,728	-	1,376	12,813	23,917
ARAGUACEMA EMPREENDIMENTOS IMOBILIARIOS LTDA	99.90%	14,290	-	2,900	5,674	22,864
AMATURA EMPREENDIMENTOS IMOBILIARIOS LTDA	99.90%	25,419	(8,920)	4,804	(196)	21,107
ALCOBAÇA CONSTRUÇÕES E EMPREENDIMENTOS IMOBILIÁRIOS SPE LTDA	99.90%	18,761	-	-	(1)	18,760
ARARI EMPREENDIMENTOS IMOBILIARIOS LTDA	99.90%	8,027	-	1,974	8,253	18,254
Other subsidiaries	-	663,190	(30,209)	89,244	52,426	774,651
Total – Subsidiaries:		1,384,479	(52,558)	141,779	(4,180)	1,469,520
Joint ventures (Individual)	-	72,579	(9,830)	5,307	(295)	67,761
<b>Total - Individual</b>		<b>1,457,058</b>	<b>(62,388)</b>	<b>147,086</b>	<b>(4,475)</b>	<b>1,537,281</b>
Joint ventures (Individual)	-	72,579	(9,830)	5,307	(295)	67,761
Joint ventures (subsidiaries)	-	485	-	(67)	49,207	49,625
<b>Total - Consolidated</b>		<b>73,064</b>	<b>(9,830)</b>	<b>5,240</b>	<b>48,912</b>	<b>117,386</b>

## Direcional Engenharia S.A.

Notes to interim financial information (Continued)

June 30, 2021

(In thousands of reais, unless otherwise stated)

### 7. Investments (Continued)

#### b) Breakdown of balances of subsidiaries and joint ventures at June 30, 2021

Subsidiaries	Equity interest	Assets		Liabilities		Equity
		Current	Noncurrent	Current	Noncurrent	
Canario Engenharia Ltda.	100.00%	110,537	944	11,997	18,213	81,271
Riva Incorporadora S/A	95.45%	116,399	229,423	187,950	94,154	63,718
Agua Marinha Empreendimentos Imobiliários Ltda.	90.00%	34,918	20,783	2,941	658	52,102
Itapema Empreendimentos Imobiliários Spe Ltda.	99.90%	59,821	49,192	12,362	47,512	49,139
Bella Moeda Empreendimentos Imobiliários Ltda.	100.00%	-	44,468	4	-	44,464
Direcional Taguatinga Engenharia Ltda.	100.00%	45,135	27,094	15,267	18,794	38,168
Riacho Branco Empreendimentos Imobiliários Ltda.	95.87%	40,907	9,895	9,682	6,072	35,048
Tarauaca Empreendimentos Imobiliarios Ltda.	99.90%	30,705	6,952	2,382	261	35,014
Rio Largo Empreendimento Imobiliários Ltda.	99.90%	38,999	1,652	5,185	1,513	33,953
Jardim Amaralina Empreendimentos Imobiliários Spe Ltda.	50.00%	53,148	2,793	21,343	1,278	33,320
Nova Diamantina Empreendimentos Ltda.	99.90%	27,286	2,225	1,394	603	27,514
Alto Santo Empreendimentos Imobiliarios Ltda.	99.90%	38,570	27,502	6,492	32,122	27,458
Constantina Empreendimentos Imobiliários Ltda.	99.90%	30,661	1,590	4,274	911	27,066
Direcional Santo Antônio Empreendimentos Imobiliários Ltda.	100.00%	1	26,364	1	-	26,364
Arantina Empreendimentos Imobiliarios Ltda.	99.90%	23,279	5,260	488	4,110	23,941
Manauara Vii Empreendimentos Imobiliarios Spe Ltda.	100.00%	23,047	878	12	1	23,912
Araguacema Empreendimentos Imobiliarios Ltda.	99.90%	21,769	3,363	1,865	380	22,887
Parque Das Cerejeiras Empreendimentos Imobiliarios Ltda.	75.00%	25,003	1,998	5,375	-	21,626
Amatura Empreendimentos Imobiliarios Ltda.	99.90%	14,072	37,043	4,248	25,739	21,128
Alcobaça Construções E Empreend. Imobiliários Spe Ltda.	99.90%	20	177,517	2	158,756	18,779
Arari Empreendimentos Imobiliarios Ltda.	99.90%	22,458	8,873	4,227	8,831	18,273
Sao Gotardo Empreendimentos Imobiliarios Ltda.	99.90%	31,611	958	3,096	12,361	17,112
Alegre Empreendimentos Imobiliários Ltda.	99.90%	90	16,853	1	-	16,942
Direcional Feijo Empreendimentos Imobiliarios Ltda.	99.90%	19	17,627	14	2,301	15,331
Other subsidiaries	-	1,306,951	1,905,317	242,812	2,059,885	909,571
<b>Total - Subsidiaries</b>		<b>2,095,406</b>	<b>2,626,564</b>	<b>543,414</b>	<b>2,494,455</b>	<b>1,684,101</b>
<b>Joint ventures</b>		<b>176,856</b>	<b>92,521</b>	<b>50,655</b>	<b>10,655</b>	<b>208,067</b>

As at June 30, 2021 and December 31, 2020, 46.93% and 48% of the Company's assets, respectively, were included in the equity segregation structure, as established by Law No. 10931/04.

## Direcional Engenharia S.A.

Notes to interim financial information (Continued)

June 30, 2021

(In thousands of reais, unless otherwise stated)

### 8. Property and equipment

#### Individual

	Machinery and equipment	Aluminum molds	Furniture and fixtures	Vehicles	IT equipment	Leasehold improvements	Right-of-use assets	Other	Total property and equipment
Depreciation rate	10%	(b)	10%	20%	20%	8.33%	(c)	-	-
Cost									
Balance at 12/31/2020	12,161	116,092	3,540	779	7,071	9,152	50,294	225	199,314
Additions	13	7,588	1	-	200	-	1,717	-	9,519
Write-offs	-	-	-	-	-	-	-	(1)	(1)
Balance at 06/30/2021	<b>12,174</b>	<b>123,680</b>	<b>3,541</b>	<b>779</b>	<b>7,271</b>	<b>9,152</b>	<b>52,011</b>	<b>224</b>	<b>208,832</b>
Depreciation									
Balance at 12/31/2020	(11,267)	(99,310)	(2,252)	(734)	(4,104)	(4,449)	(14,414)	(201)	(136,731)
Depreciation for the period	(245)	(7,385)	(140)	(9)	(397)	(399)	(3,967)	(21)	(12,563)
Write-offs	-	-	-	-	-	-	-	-	-
Balance at 06/30/2021	<b>(11,512)</b>	<b>(106,695)</b>	<b>(2,392)</b>	<b>(743)</b>	<b>(4,501)</b>	<b>(4,848)</b>	<b>(18,381)</b>	<b>(222)</b>	<b>(149,294)</b>
Book value									
At 12/31/2020	894	16,782	1,288	45	2,967	4,703	35,880	24	62,583
At 06/30/2021	<b>662</b>	<b>16,985</b>	<b>1,149</b>	<b>36</b>	<b>2,770</b>	<b>4,304</b>	<b>33,630</b>	<b>2</b>	<b>59,538</b>

## Direcional Engenharia S.A.

Notes to interim financial information (Continued)

June 30, 2021

(In thousands of reais, unless otherwise stated)

### 8. Property and equipment (Continued)

#### Consolidated

	Machinery and equipment	Aluminum molds	Furniture and fixtures	Vehicles	IT equipment	Leasehold improvements	Sales stands	Right-of-use assets	Other	Total property and equipment
Depreciation rate	10%	(b)	10%	20%	20%	8%	(a)	(c)	-	
Cost										
Balance at 12/31/2020	23,936	120,448	8,005	2,458	12,698	9,221	79,890	51,761	1,262	309,679
Additions	179	7,588	112	-	530	-	4,566	1,717	1	14,693
Write-offs	(110)	-	-	-	-	-	-	-	(1)	(111)
Balance at 06/30/2021	<b>24,005</b>	<b>128,036</b>	<b>8,117</b>	<b>2,458</b>	<b>13,228</b>	<b>9,221</b>	<b>84,456</b>	<b>53,478</b>	<b>1,262</b>	<b>324,261</b>
Depreciation										
Balance at 12/31/2020	(20,705)	(102,200)	(5,573)	(2,392)	(8,052)	(4,472)	(60,686)	(14,795)	(1,210)	(220,085)
Depreciation for the period	(578)	(8,007)	(299)	(14)	(668)	(405)	(5,082)	(4,272)	(33)	(19,358)
Write-offs	102	-	-	-	-	-	-	-	-	102
Balance at 06/30/2021	<b>(21,181)</b>	<b>(110,207)</b>	<b>(5,872)</b>	<b>(2,406)</b>	<b>(8,720)</b>	<b>(4,877)</b>	<b>(65,768)</b>	<b>(19,067)</b>	<b>(1,243)</b>	<b>(239,341)</b>
Book value										
At 12/31/2020	3,231	18,248	2,432	66	4,646	4,749	19,204	36,966	52	89,594
At 06/30/2021	<b>2,824</b>	<b>17,829</b>	<b>2,245</b>	<b>52</b>	<b>4,508</b>	<b>4,344</b>	<b>18,688</b>	<b>34,411</b>	<b>19</b>	<b>84,920</b>

(a) Sales stands are subject to depreciation in accordance with the estimated flow of sales of each project, written off or due to discontinuance.

(b) The aluminum molds used in the construction of units are subject to depreciation using the unit of production method, which results in expenses recognized based on production.

(c) Right-of-use assets are subject to depreciation on a straight-line basis over the life of each lease contract.

## Direcional Engenharia S.A.

Notes to interim financial information (Continued)

June 30, 2021

(In thousands of reais, unless otherwise stated)

### 8. Property and equipment (Continued)

#### Consolidated (Continued)

The Company's right-of-use assets comprise properties, vehicles, machinery and equipment. The most significant leased asset is the Company's administrative head office.

The Company and its subsidiaries have entered into 30 finance lease agreements for the acquisition of aluminum molds. The carrying amount of property and equipment under finance lease agreements at June 30, 2021 amounted to R\$128,036 (R\$120,448 at December 31, 2020). Property and equipment acquired for the period on a conditional sale basis amounted to R\$7,588 and are guaranteed by the leased items.

### 9. Loans, financing and leases

#### 9.1. Loans and financing

	Individual		Consolidated	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Construction financing	-	-	<b>37,430</b>	12,607
FINAME and finance lease of equipment	<b>9,853</b>	12,196	<b>12,552</b>	15,641
Mortgage-backed securities (CRI)	<b>727,773</b>	602,123	<b>787,591</b>	602,123
Bank Credit Note (CCB)	<b>100,232</b>	48,999	<b>100,232</b>	48,999
Working capital	-	100,165	-	100,165
Debentures	<b>252,834</b>	251,633	<b>252,834</b>	251,633
Grand total	<b>1,090,692</b>	1,015,116	<b>1,190,639</b>	1,031,168
Current	<b>118,773</b>	217,365	<b>122,243</b>	219,061
Noncurrent	<b>971,919</b>	797,751	<b>1,068,396</b>	812,107

#### Construction financing

This type of loan aims to finance projects during construction. Interest rates applicable to these loans range from 8.3% to 9.75% p.a., according to the transaction, restated by the Referential Rate (TR) and also 137% of the CDI. These transactions are backed by mortgages of properties of the respective projects.

## Direcional Engenharia S.A.

Notes to interim financial information (Continued)

June 30, 2021

(In thousands of reais, unless otherwise stated)

### 9. Loans, financing and leases (Continued)

#### 9.1. Loans and financing (Continued)

##### Leases

This type of loan aims to finance investments in machinery and equipment. Interest rates applicable to these loans are variable interest with margins on CDI of 1.49% to 3.27% per annum, according to the transaction. These transactions are guaranteed by machinery and equipment acquired through the financing arrangements.

##### Mortgage-backed securities (CRI)

*107<sup>th</sup> series:* This consists of a registered credit instrument exclusively issued by securitization companies and backed by mortgages, representing a promise to pay in cash. The remuneration of CRIs, on the balance of unit par value of CRIs from the date of issue of CRIs, comprises conventional interest of 0.80% per annum, plus accumulated variation of the DI rate. No specific guarantees were established, whether as a security interest or personal guarantee, on CRIs, which will not be an issuer's floating guarantee either. This security was settled in April 2021.

*105<sup>th</sup> series:* This consists of a registered credit instrument exclusively issued by securitization companies and backed by mortgages, representing a promise to pay in cash. The remuneration of CRIs, on the balance of unit par value of CRIs from the date of issue of CRIs, comprises conventional interest of 5.08% per annum, plus IPCA. No specific guarantees were established, whether as a security interest or personal guarantee, on CRIs, which will not be an issuer's floating guarantee either. Maturity is in December 2024.

In March 2021, another derivative financial instrument (swap) was entered into for the same period (up to December 2024), to hedge the Company exposure to the IPCA rate. The swap transaction aims at equity hedge, mitigating the effects of rate fluctuations by replacing IPCA for CDI less 1.45% p.a. The impacts of this transaction are presented in Note 21.

*193<sup>d</sup> series:* This consists of a registered credit instrument exclusively issued by securitization companies and backed by mortgages, representing a promise to pay in cash. The remuneration of CRIs on the balance of unit par value of CRIs from the date of issue of CRIs, comprises conventional interest of 104.00% of the accumulated variation of the DI rate. No specific guarantees were established, whether as a security interest or personal guarantee, on CRIs, which will not be an issuer's floating guarantee either. Maturity is in July 2025.

## Direcional Engenharia S.A.

Notes to interim financial information (Continued)  
June 30, 2021  
(In thousands of reais, unless otherwise stated)

### 9. Loans, financing and leases (Continued)

#### 9.1. Loans and financing (Continued)

##### Mortgage-backed securities (CRI) (Continued)

*356<sup>th</sup> and 357<sup>th</sup> series:* This consists of a registered credit instrument exclusively issued by securitization companies and backed by mortgages, representing a promise to pay in cash. This is the 1<sup>st</sup> issue of subsidiary Riva Incorporadora S/A, carried out in two series, and Direcional is its guarantor within the scope of the debenture issue indenture. For each series, thirty thousand (30,000) unsecured debentures were issued. The remuneration of CRIs on the balance of unit par value from the date of issue comprises conventional interest ranging from 3.60% to 3.40% p.a., plus accumulated variation of the DI rate. No specific guarantees were established, whether as a security interest or personal guarantee, on CRIs, which will not be an issuer's floating guarantee either. This issue will mature in July 2033 and July 2032, respectively.

*371<sup>st</sup> series:* This consists of a registered credit instrument exclusively issued by securitization companies and backed by mortgages, representing a promise to pay in cash. This is the 7<sup>th</sup> issue of unsecured nonconvertible debentures of Direcional. Two hundred thousand (200,000) debentures were issued. The remuneration of CRIs, on the balance of unit par value of CRI from the date of issue of CRIs, comprises conventional interest of 4,8444% p.a., plus 100% of the accumulated variation of IPCA. No specific guarantees were established, whether as a security interest or personal guarantee, on CRIs, which will not be an issuer's floating guarantee either. Maturity is in April 2028.

Subsequently to the issue, another derivative financial instrument (swap) was entered into for the same period (up to April 2028), to hedge the Company exposure to the IPCA rate. The swap transaction aims at equity hedge, mitigating the effects of the price index volatility. Accordingly, the exposure to the debenture yield is now pegged to the CDI variation plus 1.4522% p.a. The impacts of this transaction are presented in Note 21.

## Direcional Engenharia S.A.

Notes to interim financial information (Continued)  
June 30, 2021  
(In thousands of reais, unless otherwise stated)

### 9. Loans, financing and leases (Continued)

#### 9.1. Loans and financing (Continued)

##### Working capital

Foreign loan issued by Banco Itaú, referring to Loan 4131, amounting to EUR7,497,656.98 (seven million, four hundred and ninety-seven thousand, six hundred and fifty-six euros and ninety-eight cents). The exchange rate agreed for this transaction was R\$5.3350, which resulted in R\$39,999,999.99 (thirty-nine million, nine hundred and ninety-nine thousand, nine hundred and ninety-nine reais and ninety-nine cents). The CCBs were issued in March 2020 and will mature within one year. The interest rate is 2.3625% p.a. For this transaction, a derivative financial instrument (swap) was entered into for the same period (March 2020 to March 2021), to hedge the Company exposure to foreign currency. The swap transaction aims at equity hedge, mitigating the effects of currency fluctuation by replacing BRL/EUR for CDI plus a fixed spread of 4% p.a. This agreement was settled in March 2021.

##### Corporate Bank Credit Notes

CCB Compror issued by Banco Santander in the amount of R\$100,000.00 (one hundred million reais). The interest rate charged is 2.50% p.a. plus CDI rate, as calculated and disclosed by CETIP ("DI rate"). This issue will mature in July 2023.

##### Debenture

On September 21, 2020, the Company carried out the 6<sup>th</sup> issue of non-privileged unsecured nonconvertible debentures in a single series, for public distribution with restricted distribution efforts. The Debentures have a maturity of five years, counting from the Issue Date, therefore, maturing in September 2025. Debentures totaling 250,000 (two hundred and fifty thousand) were issued, whose unit value on the issue date was R\$1,000.00 (one thousand reais). Regarding the remuneration, the debenture unit par value will bear conventional interest corresponding to 100% (one hundred percent) of the accumulated variation of the DI Rate, plus a spread (surcharge) equivalent to 2.85% (two point eighty-five percent) p.a.

## Direcional Engenharia S.A.

Notes to interim financial information (Continued)  
June 30, 2021  
(In thousands of reais, unless otherwise stated)

### 9. Loans, financing and leases (Continued)

#### 9.1. Loans and financing (Continued)

##### Debenture (Continued)

The noncurrent portion of loans as at June 30, 2021 matures as follows:

Period	06/30/2021	
	Individual	Consolidated
July 2022 to June 2023	178,773	179,759
July 2023 to June 2024	235,287	235,289
July 2024 to June 2025	234,960	252,674
July 2025 onwards	322,899	400,674
	<u>971,919</u>	<u>1,068,396</u>

#### 9.2. Lease financing

The Company has real estate and vehicle leases. The term of real estate leases varies from 1 to 6 years, while vehicles have a term of one year.

The Company's main leases are the building where the headquarters are located, properties for regional offices, and fleet vehicles.

Breakdown of leases is as follows:

	06/30/2021	
	Individual	Consolidated
Balance at 12/31/2020	38,389	39,566
Additions	-	-
Write-offs/cancellations	-	-
Payment of principal	(4,279)	(4,495)
Payment of interest	(327)	(328)
Restatement	1,717	1,717
P	1,212	1,245
Balance at 06/30/2021	<u>36,712</u>	<u>37,705</u>
Current	8,913	9,630
Noncurrent	27,799	28,075

## Direcional Engenharia S.A.

Notes to interim financial information (Continued)

June 30, 2021

(In thousands of reais, unless otherwise stated)

### 9. Loans, financing and leases (Continued)

#### 9.2. Lease financing (Continued)

	<b>12/31/2020</b>	
	<b>Individual</b>	<b>Consolidated</b>
Balance at 12/31/2019	41,559	41,933
Additions	1,767	3,063
Write-offs/cancellations	(32)	(353)
Payment of principal	(8,507)	(8,717)
Payment of interest	(452)	(452)
Restatement	1,445	1,445
PVA (interest appropriated)	2,609	2,647
Balance at 12/31/2020	<u>38,389</u>	<u>39,566</u>
Current	9,190	9,887
Noncurrent	29,199	29,679

Breakdown of the lease balance by maturity of the installments is as follows:

	<b>06/30/2021</b>	
	<b>Individual</b>	<b>Consolidated</b>
Maturity within one year	<b>8,913</b>	<b>9,630</b>
Between 1 and 2 years	<b>7,020</b>	<b>7,186</b>
Between 2 and 3 years	<b>6,255</b>	<b>6,305</b>
More than 3 years	<b>14,524</b>	<b>14,584</b>
	<u><b>36,712</b></u>	<u><b>37,705</b></u>

The table below shows the effects of projected inflation on the balance of lease agreements:

<b>Consolidated</b>	<b>Consideration (no future inflation)</b>	<b>Consideration (with future inflation)</b>	<b>Inflation not included in agreements</b>
1 <sup>st</sup> year	9,630	10,066	436
2 <sup>nd</sup> year	7,186	7,532	346
3 <sup>rd</sup> year	6,305	6,599	294
4 <sup>th</sup> year	5,785	6,052	267
5 <sup>th</sup> year	5,396	5,647	251
6 <sup>th</sup> year	3,403	3,565	162
	<u>37,705</u>	<u>39,461</u>	<u>1,756</u>

## Direcional Engenharia S.A.

Notes to interim financial information (Continued)

June 30, 2021

(In thousands of reais, unless otherwise stated)

### 10. Labor obligations

Breakdown of labor obligations is as follows:

Description	Individual		Consolidated	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Salaries and withdrawals payable	2,458	1,431	6,407	5,019
Labor and social security charges	676	1,839	2,687	5,557
Labor accruals	9,288	5,879	23,785	16,221
Other	297	488	663	1,456
	<b>12,719</b>	<b>9,637</b>	<b>33,542</b>	<b>28,253</b>

### 11. Tax obligations

The balances below comprise the provision for current taxes whose triggering event is the realization of accounts receivable, as well as the provision for deferred taxes upon recognition of revenue using the POC method, in which the realization of accounts receivable is deferred throughout the flow of each contract:

Current taxes	Individual		Consolidated	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Contribution Tax on Gross Revenue for Social Integration Program (PIS)	67	75	136	118
Contribution Tax on Gross Revenue for Social Security Financing (COFINS)	326	384	647	581
Special taxation regime	15	-	4,884	11,358
Corporate Income Tax (IRPJ)	-	-	231	205
Social Contribution Tax on Net Profit (CSLL)	-	-	170	100
Other	238	204	2,299	2,598
	<b>646</b>	<b>663</b>	<b>8,367</b>	<b>14,960</b>
Deferred taxes				
PIS	3	3	1,845	1,437
COFINS	15	16	8,126	6,219
PVA	-	-	(375)	(199)
IRPJ	10	11	6,606	4,632
CSLL	6	6	3,460	2,426
Other	-	-	(637)	(654)
	<b>34</b>	<b>36</b>	<b>19,025</b>	<b>13,861</b>
	<b>680</b>	<b>699</b>	<b>27,392</b>	<b>28,821</b>
Current	680	663	19,265	25,227
Noncurrent	-	36	8,127	3,594

## Direcional Engenharia S.A.

Notes to interim financial information (Continued)

June 30, 2021

(In thousands of reais, unless otherwise stated)

### 12. Real estate commitments payable

Accounts payable arising from the acquisition of land for real estate development, with land itself being part of the guarantee. These contracts are restated by reference to INCC.

	12/31/2020	(+) Acquisitions	(-) Payments	(-) Transfer to SPEs	06/30/2021	
<u>Individual</u>	69,577	60,562	-	(55,092)	75,047	
Current	-				-	
Noncurrent	69,577				75,047	
	12/31/2020	(+) Acquisitions	(-) Payments	(+/-) Revisions	(-) Cancellation of contracts	06/30/2021
<u>Consolidated</u>	1,955,649	254,898	(82,171)	(25,180)	(52,044)	2,051,152
Current	77,434					93,487
Noncurrent	1,878,215					1,957,665
					<u>Consolidated</u>	
					06/30/2021	12/31/2020
Aging list:					93,487	77,434
Up to 1 year					1,175,145	932,308
1-2 years					469,224	575,383
2-3 years					143,149	134,342
3-4 years					170,147	236,182
After 4 years					<u>2,051,152</u>	<u>1,955,649</u>

### 13. Advances from customers

<u>Individual</u>	12/31/2020	(+) Acquisitions/ receipts	(-) Amortization	(-) Transfer to SPEs	06/30/2021
Advances from customers - physical barter of land plot (i)	380	-	-	-	380
Advances for receipt (ii)	2,362	-	(2,362)	-	-
Total advances	<u>2,742</u>	<u>-</u>	<u>(2,362)</u>	<u>-</u>	<u>380</u>
Current	2,362				-
Noncurrent	380				380

## Direcional Engenharia S.A.

Notes to interim financial information (Continued)

June 30, 2021

(In thousands of reais, unless otherwise stated)

### 13. Advances from customers (Continued)

Consolidated	12/31/2020	(+) Acquisitions/ receipts	(-) Amortization	(+/-) Revisions	(-) Write-offs/ cancellations	06/30/2021
Advances from customers - physical						
barter of land plot (i)	374,392	62,956	(8,434)	1,805	-	430,719
Advances for receipt (ii)	20,657	14,400	(18,449)	-	-	16,608
Total advances	395,049	77,356	(26,883)	1,805	-	447,327
Current	22,249					16,827
Noncurrent	372,800					430,500

(i) Commitments to deliver ready and completed real estate projects in connection with acquisition of land plots through barter, i.e. exchange of land plot for units to be built;

(ii) Advances from customers in connection with sales of real estate units.

### 14. Other accounts payable

	Individual		Consolidated	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Debts to customers	5,081	4,202	7,220	6,236
Debts to partners (a)	-	-	26,920	26,920
Accounts payable for acquisition of equity interest (b)	6,363	8,844	122,145	32,371
Capital deficiency (c)	11,166	10,888	-	-
Other	1,895	9,996	14,514	18,853
Total	24,505	33,930	170,799	84,380
Current	18,592	25,086	69,522	49,536
Noncurrent	5,913	8,844	101,277	34,844

(a) On April 20, 2011 the Company entered into a commercial agreement with an investor for the development of projects that will be built in four land plots located in the Federal District, in exchange for R\$44,300 received in cash, with no further remuneration thereon. In December 2012, the green light was given to the project of one of the land plots addressed by the commercial agreement, capitalizing R\$10,380 in SPE Direcional Turquesa Empreendimentos Imobiliários, responsible for the development, construction and sales of the project to be constructed. In April 2014, R\$7,000 was capitalized in SPE Ouro Branco Empreendimentos Imobiliários Ltda., responsible for the construction and sale of the second project to be built.

(b) This account represents the balance of accounts payable for acquisition of equity interest in companies in which the Group has investments. On June 15, 2021, the Company acquired 83.33% interest in Jardim Santo Antonio Incorporação Imobiliária SPE Ltda. for R\$4,607, to be paid in a single installment on June 15, 2024. On May 5, 2021, Riva Incorporadora S.A., a Direcional subsidiary, acquired 100% interest in BFRE Assessoria Empresarial e Participações Ltda. for R\$86,564. The balance payable at June 30 was R\$76,364. On June 2, 2021, Riva acquired 100% of the units of interest of Osasco Lote 3 Empreendimentos Imobiliários SPE Ltda. for R\$18,500, with installments adjusted using the IPCA rate. The debit balance as of June 30 was R\$15,404.

(c) This account shows investments in subsidiaries or joint ventures with capital deficiency.

## Direcional Engenharia S.A.

Notes to interim financial information (Continued)

June 30, 2021

(In thousands of reais, unless otherwise stated)

### 15. Provisions

#### 15.1. Provision for warranty

	<u>Individual</u>	<u>Consolidated</u>		
Balance at 12/31/2020	4,244	38,907		
(+) Provisions	450	11,704		
(-) Reversals/write-offs	-	(16)		
(-) Payments	(980)	(9,794)		
<b>Balance at 06/30/2021</b>	<b>3,714</b>	<b>40,801</b>		
	<u>Individual</u>		<u>Consolidated</u>	
	<u>06/30/2021</u>	<u>12/31/2020</u>	<u>06/30/2021</u>	<u>12/31/2020</u>
Current	2,839	3,687	29,553	27,377
Noncurrent	875	557	11,248	11,530
	<b>3,714</b>	4,244	<b>40,801</b>	38,907

The Company recognizes provisions for warranty expenses during the construction period only for units already sold, so that maintenance costs, if any, after handover of keys of real estate units will be deducted from the provision.

The provisions for construction warranty are based on reviews of historical cash outflows regarding maintenance expenses, which represent 1.30% in development work and 0.97% in service work of the total budgeted cost of each project in June 2021.

#### 15.2. Provision for tax, labor and civil contingencies

	<u>Individual</u>			
	<u>Tax</u>	<u>Labor</u>	<u>Civil</u>	<u>Total</u>
Balance at December 31, 2020	-	2,583	1,746	4,329
Provisions	-	-	95	95
Reversals	-	(18)	(60)	(78)
Payments	-	(189)	(96)	(285)
<b>Balance at June 30, 2021</b>	<b>-</b>	<b>2,376</b>	<b>1,685</b>	<b>4,061</b>
	<u>Consolidated</u>			
	<u>Tax</u>	<u>Labor</u>	<u>Civil</u>	<u>Total</u>
Balance at December 31, 2020	112	11,501	17,529	29,142
Provisions	-	219	5,965	6,184
Reversals	-	(768)	(2,875)	(3,643)
Payments	-	(1,506)	(4,129)	(5,635)
<b>Balance at June 30, 2021</b>	<b>112</b>	<b>9,446</b>	<b>16,490</b>	<b>26,048</b>

## Direcional Engenharia S.A.

Notes to interim financial information (Continued)

June 30, 2021

(In thousands of reais, unless otherwise stated)

### 15. Provisions (Continued)

#### 15.2. Provision for tax, labor and civil contingencies (Continued)

The Company is a party to other tax, civil and labor claims arising from its ordinary course of business for which the likelihood of loss is considered possible by management and its legal advisors. At June 30, 2021, consolidated amounts are as follows: labor claims total R\$10,616, tax proceedings total R\$10,687, and civil proceedings total R\$102,174. Consequently, no provision was set up to cover a possible unfavorable outcome.

### 16. Equity

#### 16.1. Capital

In May 2021, the Company's Board of Directors approved the cancellation of 3,398,749 (three million, three hundred and ninety-eight thousand, seven hundred and forty-nine) common shares held in treasury. Accordingly, the Company's fully subscribed and paid in capital amounts to R\$752,982, comprising 150,000,000 registered, book-entry common shares with no par value, including 145,147,118 outstanding shares and 4,852,882 treasury shares.

Authorized capital as at the reporting date is R\$1,200,000.

For the period ended June 30, 2021, 534,199 treasury shares were assigned under the Share Matching Programs I and II, and Stock Option Plan Program 1.

	<b>Number of shares</b>	<b>Treasury shares</b>	<b>Total</b>
<b>December 31, 2017</b>	146,437,554	6,961,195	153,398,749
Treasury shares assigned	556,486	(556,486)	-
<b>December 31, 2018</b>	146,994,040	6,404,709	153,398,749
Treasury shares assigned	930,970	(930,970)	-
<b>December 31, 2019</b>	147,925,010	5,473,739	153,398,749
Treasury shares assigned	663,209	(663,209)	-
Share buyback	(1,882,500)	1,882,500	-
<b>December 31, 2020</b>	146,705,719	6,693,030	153,398,749
Cancellation of treasury shares	-	<b>(3,398,749)</b>	<b>(3,398,749)</b>
Treasury shares assigned	<b>534,199</b>	<b>(534,199)</b>	-
Share buyback	<b>(2,092,800)</b>	<b>2,092,800</b>	-
<b>June 30, 2021</b>	<b>145,147,118</b>	<b>4,852,882</b>	<b>150,000,000</b>

## Direcional Engenharia S.A.

Notes to interim financial information (Continued)  
June 30, 2021  
(In thousands of reais, unless otherwise stated)

### 16. Equity (Continued)

#### 16.2. Treasury shares

The Board of Directors approved five buyback programs of Company shares issued between 2011 and 2021, to be held in treasury and later cancelled or sold, without capital reduction, in order to maximize shareholder value. Accordingly, 12,769,705 shares were acquired, with disbursement of R\$110,416 at an average price of R\$8.65 per share. In May 2021, the Company's Board of Directors approved the cancellation of 3,398,749 (three million, three hundred and ninety-eight thousand, seven hundred and forty-nine) common shares held in treasury.

#### 16.3. Capital reserves

##### 16.3.1. Capital reserve for stock option grants

As described in Note 22, the Company recognizes in this account the services received in consideration for the grant of stock options, together with the exercise of stock options.

#### 16.4. Income reserve

##### 16.4.1. Legal reserve

The legal reserve is set up at 5% of net income for each period, under the terms of article 193 of Law No. 6404/76, limited to 20% of capital stock.

##### 16.4.2. Retained profits reserve

This reserve is set up especially for maintenance of the Company's investment ability and completion of work in progress. Additionally, the Annual General Meeting will decide on the allocation of the amount of income reserves in excess of total capital, pursuant to article 199 of Brazil's Corporation Law (Law No. 11638/2007).

##### 16.4.3. Dividend distribution

The holders of common shares are entitled to a minimum mandatory dividend of 25%, based on net income adjusted for changes in reserves, according to the corporation law in force.

## Direcional Engenharia S.A.

Notes to interim financial information (Continued)  
June 30, 2021  
(In thousands of reais, unless otherwise stated)

### 16. Equity (Continued)

#### 16.4. Income reserve (Continued)

##### 16.4.3. Dividend distribution (Continued)

On October 5, 2020, the Board of Directors approved the distribution of interim dividends, in the estimated amount of R\$120,204, corresponding to R\$0.81 (eighty-one cents) per share, considering the position of 148,399,721 shares on the date in question, not including treasury shares.

Shareholders holding Company shares on October 9, 2020 were entitled to the dividends, which were paid on October 20, 2020, in the total amount of R\$120,364, corresponding to R\$0.81 (eighty-one cents) per share. The variation between the estimated and the paid amount is due to the transfer of shares carried out under the "Matching Program", which is provided for in the stock option and incentive plan linked to the shares of the Company.

On May 10, 2021, the Board of Directors approved the distribution of interim dividends, in the estimated amount of R\$100,152, corresponding to R\$0.69 (sixty-nine cents) per share, considering the position of 145,147,118 shares on the date in question, not including treasury shares.

Shareholders holding Company shares on May 9, 2021 were entitled to the dividends, which were paid on June 2021, in the total amount of R\$100,135, corresponding to R\$0.69 (sixty-nine cents) per share. The variation between the estimated and the paid amount is due to the transfer of shares carried out under the "Matching Program", which is provided for in the stock option and incentive plan linked to the shares of the Company.

#### 16.5. Earnings per share

The table below shows the calculation of earnings per share for the period ended June 30, 2021 and 2020:

	<u>06/30/2021</u>	<u>06/30/2020</u>
Earnings for the period	67,796	43,947
Weighted average number of shares	<u>145,599,476</u>	<u>148,345,246</u>
Basic earnings per share, net - R\$	0,47	0,30
Weighted average number of shares	<u>146,748,906</u>	<u>149,287,070</u>
Diluted earnings per share, net - R\$	0,46	0,30

## Direcional Engenharia S.A.

Notes to interim financial information (Continued)

June 30, 2021

(In thousands of reais, unless otherwise stated)

### 16. Equity (Continued)

#### 16.6. Noncontrolling interests

For the period ended June 30, 2021, changes in subsidiaries' equity reduced equity by R\$6,434 in connection with noncontrolling interests. In the same period, noncontrolling interests in profit or loss amounted to R\$21,294.

Acquisitions of interests from noncontrolling shareholders generated a R\$553 increase recorded directly in the Company's equity.

### 17. Net revenue

	Individual			
	01/01/2021 to 06/30/2021	04/01/2021 to 06/30/2021	01/01/2020 to 06/30/2020	04/01/2020 to 06/30/2020
Gross revenue from sales	910	-	1,910	868
Gross revenue from services	20,882	7,743	21,639	9,804
Total gross revenue	21,792	7,743	23,549	10,672
Taxes on sales	(2,263)	(924)	(2,042)	(1,176)
Canceled sales	(64)	-	(1,204)	(859)
Net operating revenue	19,465	6,819	20,303	8,637
	Consolidated			
	01/01/2021 to 06/30/2021	04/01/2021 to 06/30/2021	01/01/2020 to 06/30/2020	04/01/2020 to 06/30/2020
Gross revenue from sales	867,683	444,503	734,477	438,825
Gross revenue from services	38,753	18,051	32,946	11,886
Total gross revenue	906,436	462,554	767,423	450,711
Present value adjustment	(5,594)	(3,159)	(1,638)	(895)
Taxes on sales	(22,705)	(11,789)	(19,066)	(11,321)
Canceled sales	(42,089)	(25,444)	(46,842)	(30,087)
Net operating revenue	836,048	422,162	699,877	408,408

Taxes on sales and services consist of contribution tax on gross revenue for social integration program (PIS) and contribution tax on gross revenue from social security funding (COFINS), i.e. 1.65% and 7.6%, respectively, for revenue earned under the noncumulative regime, 0.65% and 3%, respectively, for revenue earned under the cumulative regime, 0.37% and 1.71%, respectively, for revenue earned under the special taxation regime applied to construction and real estate development companies, and 0.09% and 0.44%, respectively, for revenue earned in connection with "Programa Casa Verde e Amarela" (PCVA) for units up to R\$100.

## Direcional Engenharia S.A.

Notes to interim financial information (Continued)

June 30, 2021

(In thousands of reais, unless otherwise stated)

### 17. Net revenue (Continued)

The Company also recognized gross revenue for the period of projects under construction amounting to R\$8,434 at June 30, 2021 and R\$15,304 at June 30, 2020 regarding barter of units to be constructed for land plots.

#### a) Unearned revenue

Budgeted costs to be incurred in units sold under construction and unearned revenue from sale of real estate in connection with projects in course, not reflected in the interim financial information, are as follows:

<b>I) Unearned revenue from units sold</b>	<b>1,468,216</b>
<i>Projects under construction</i>	
<b>a) Revenue from contracted sales</b>	<b>4,258,890</b>
<b>b) Allocated sales revenue, net</b>	<b>2,790,674</b>
<i>Allocated sales revenue</i>	<i>2,854,197</i>
<i>Dissolution of agreements – Reversed revenue</i>	<i>(63,523)</i>
<b>II) Revenue from indemnification for dissolution of agreements</b>	<b>772</b>
<b>III) Budgeted cost to be allocated from units sold</b>	<b>974,787</b>
<i>Projects under construction</i>	
<b>a) Budgeted cost of units (no finance charges)</b>	<b>2,566,648</b>
<b>b) Construction cost incurred</b>	<b>1,614,533</b>
<b>Accrued finance charges</b>	<b>3,507</b>
<b>c) Dissolution of agreements – Construction cost</b>	<b>(22,672)</b>
<b>Dissolution of agreements – Finance charges</b>	<b>(37)</b>
<b>Drive CI/CO (no finance charges)</b>	<b>62.02%</b>
<b>IV) Budgeted cost to be allocated to inventories</b>	<b>996,061</b>
<i>Projects under construction</i>	
<b>a) Budgeted cost of units (no finance charges)</b>	<b>1,620,808</b>
<b>b) Construction cost incurred</b>	<b>624,299</b>
<b>Accrued finance charges</b>	<b>448</b>
Units sold (projects under construction)	30,243

## Direcional Engenharia S.A.

Notes to interim financial information (Continued)

June 30, 2021

(In thousands of reais, unless otherwise stated)

### 17. Net revenue (Continued)

#### b) Earned revenue

Income earned from:	01/01/2021 to 06/30/2021		04/01/2021 to 06/30/2021		01/01/2020 to 06/30/2020		04/01/2020 to 06/30/2020	
	Revenues from units sold	(-) Cost of units sold	Revenues from units sold	(-) Cost of units sold	Revenues from units sold	(-) Cost of units sold	Revenues from units sold	(-) Cost of units sold
Individual								
Services	19,465	(5,097)	6,818	(2,586)	19,087	(12,081)	8,462	(5,392)
Development – completed units	-	-	-	-	1,216	(489)	175	-
Total - Individual	19,465	(5,097)	6,818	(2,586)	20,303	(12,570)	8,637	(5,392)
Subsidiaries								
Services	15,376	(19,409)	8,835	(9,817)	9,397	(19,307)	1,203	(9,529)
Land	840	(784)	840	(784)	-	-	-	-
Development – completed units	148,670	(90,836)	47,355	(21,688)	45,605	(53,426)	18,610	(30,188)
Development – units under construction	651,697	(412,671)	358,314	(227,705)	624,572	(378,349)	379,958	(231,160)
Total - Subsidiaries	816,583	(523,700)	415,344	(259,994)	679,574	(451,082)	399,771	(270,877)
Total - Consolidated	836,048	(528,797)	422,162	(262,580)	699,877	(463,652)	408,408	(276,269)

### 18. Costs and expenses by nature

Description	Individual			
	01/01/2021 to 06/30/2021	04/01/2021 to 06/30/2021	01/01/2020 to 06/30/2020	04/01/2020 to 06/30/2020
Raw materials and materials for use and consumption	(4,208)	(1,742)	(10,223)	(4,432)
Personnel expenses	(35,787)	(19,153)	(33,525)	(14,945)
Depreciation and amortization	(10,638)	(5,839)	(7,993)	(3,869)
Third-party services	(3,586)	(2,025)	(5,554)	(2,394)
Electric power, water supply and telephone services	(1,035)	(647)	(1,106)	(559)
General selling expenses	(374)	(442)	72	23
Sales commissions	-	-	(1,238)	-
Other expenses	(6,578)	(4,001)	(4,463)	(971)
	(62,206)	(33,849)	(64,030)	(27,147)
<b>Classified as</b>				
Costs of real estate sold	(1,221)	(353)	(745)	(255)
Costs of services rendered	(3,876)	(2,233)	(11,825)	(5,137)
Selling expenses	(2,673)	(2,144)	(1,797)	(256)
General and administrative expenses	(54,436)	(29,119)	(49,663)	(21,499)
	(62,206)	(33,849)	(64,030)	(27,147)

## Direcional Engenharia S.A.

Notes to interim financial information (Continued)

June 30, 2021

(In thousands of reais, unless otherwise stated)

### 18. Costs and expenses by nature (Continued)

Description	Consolidated			
	01/01/2021 to 06/30/2021	04/01/2021 to 06/30/2021	01/01/2020 to 06/30/2020	04/01/2020 to 06/30/2020
Raw materials and materials for use and consumption	(424,842)	(211,910)	(379,082)	(229,141)
Personnel expenses	(124,863)	(61,468)	(101,104)	(52,157)
Capitalized interest	(1,979)	(692)	(3,830)	(2,347)
Depreciation and amortization	(24,620)	(12,453)	(18,921)	(9,646)
Third-party services	(9,749)	(4,973)	(9,121)	(4,265)
Electric power, water supply and telephone services	(2,421)	(1,346)	(2,114)	(1,112)
General selling expenses	(31,769)	(16,178)	(25,120)	(13,034)
Sales commissions	(47,318)	(25,037)	(43,343)	(22,505)
Other expenses	(13,630)	(7,690)	(11,693)	(6,702)
	<b>(681,191)</b>	<b>(341,747)</b>	<b>(594,328)</b>	<b>(340,909)</b>
<b>Classified as</b>				
Costs of real estate sold	(505,512)	(250,530)	(432,520)	(261,603)
Costs of services rendered	(23,285)	(12,050)	(31,132)	(14,666)
Selling expenses	(88,227)	(45,477)	(74,616)	(39,904)
General and administrative expenses	(64,167)	(33,690)	(56,060)	(24,736)
	<b>(681,191)</b>	<b>(341,747)</b>	<b>(594,328)</b>	<b>(340,909)</b>

### 19. Finance income (costs)

The balances below present the Company's net earnings from short-term investments, collection of interest from contracts, finance costs from some credit facilities used by the Company, and finance costs of accounts held with financial institutions.

Finance income	Individual			
	01/01/2021 to 06/30/2021	04/01/2021 to 06/30/2021	01/01/2020 to 06/30/2020	04/01/2020 to 06/30/2020
Income from short-term investments	7,341	4,402	8,317	3,834
Monetary adjustment and contract interest	1,397	780	1,297	523
Income from derivatives	7,758	5,304	12,406	10,053
Foreign exchange differences	1,424	-	-	-
	<b>17,920</b>	<b>10,486</b>	<b>22,020</b>	<b>14,410</b>
<b>Finance costs</b>				
Interest expenses	(39,825)	(21,813)	(26,096)	(10,838)
Foreign exchange differences	(2,521)	-	(5,709)	(3,323)
Bank charges	(871)	(490)	(1,217)	(712)
Interest paid on leases	(1,454)	(741)	(1,507)	(790)
Expenses with derivatives	(5,417)	(1,842)	(473)	(473)
	<b>(50,088)</b>	<b>(24,886)</b>	<b>(35,002)</b>	<b>(16,136)</b>
Finance income (costs), net	<b>(32,168)</b>	<b>(14,400)</b>	<b>(12,982)</b>	<b>(1,726)</b>

## Direcional Engenharia S.A.

Notes to interim financial information (Continued)

June 30, 2021

(In thousands of reais, unless otherwise stated)

### 19. Finance income (costs) (Continued)

Finance income	Consolidated			
	01/01/2021 to 06/30/2021	04/01/2021 to 06/30/2021	01/01/2020 to 06/30/2020	04/01/2020 to 06/30/2020
Income from short-term investments	9,324	5,700	9,848	4,376
Monetary adjustment and contract interest	3,218	1,890	3,032	1,553
Income from derivatives	7,758	5,305	12,406	10,053
Foreign exchange differences	1,424	-	-	-
	<b>21,724</b>	<b>12,895</b>	<b>25,286</b>	<b>15,982</b>
<b>Finance costs</b>				
Interest expenses	(41,689)	(22,398)	(26,580)	(10,992)
Foreign exchange differences	(2,521)	-	(5,709)	(3,323)
Bank charges	(3,331)	(1,818)	(3,091)	(1,790)
Expenses with sale of portfolio	(1,941)	(467)	-	-
Interest paid on leases	(1,530)	(790)	(1,519)	(797)
Expenses with derivatives	(5,417)	(1,845)	(473)	(473)
	<b>(56,429)</b>	<b>(27,318)</b>	<b>(37,372)</b>	<b>(17,375)</b>
Finance income (costs), net	<b>(34,705)</b>	<b>(14,423)</b>	<b>(12,086)</b>	<b>(1,393)</b>

### 20. Income and social contribution taxes

	Individual			
	01/01/2021 to 06/30/2021	04/01/2021 to 06/30/2021	01/01/2020 to 06/30/2020	04/01/2020 to 06/30/2020
<b>Income before IRPJ and CSLL</b>	<b>67,821</b>	<b>40,699</b>	<b>44,092</b>	<b>33,928</b>
IRPJ and CSLL at 34%	34%	34%	34%	34%
<b>Estimated expenses with IRPJ and CSLL</b>	<b>23,058</b>	<b>13,837</b>	<b>14,991</b>	<b>11,536</b>
<b>Companies computing taxable profit based on accounting records</b>				
Additions and exclusions	18,253	12,662	3,503	2,102
Addition (exclusion) of equity pickup	(147,086)	(84,141)	(111,269)	(62,153)
Tax base	(61,012)	(30,780)	(63,674)	(26,123)
<b>Companies computing taxable profit as a percentage of gross sales</b>				
Tax base	11	11	-	-
Rates applicable to taxable profit computed as a percentage of gross sales	2.28%	2.28%	2.28%	2.28%
Tax expenses	-	-	-	-
Expenses with deferred tax	-	-	-	-
<b>Companies taxed under RET (1%)</b>				
Tax base	5,297	2,066	30,901	7,157
Rates applicable to the special taxation regime (RET)	0.47%	0.47%	0.47%	0.47%
Tax expenses	15	15	99	5
Expenses with deferred tax	10	(5)	46	29
<b>Companies taxed under RET (4%)</b>				
Tax base	-	-	-	-
Rates applicable to the special taxation regime (RET)	1.92%	1.92%	1.92%	1.92%
Tax expenses	-	-	-	-
Expenses with deferred tax	-	-	-	-
Expenses with IRPJ and CSLL for the period	25	10	145	34
<b>Effective rate</b>	<b>0.04%</b>	<b>0.02%</b>	<b>0.33%</b>	<b>0.10%</b>

## Direcional Engenharia S.A.

Notes to interim financial information (Continued)

June 30, 2021

(In thousands of reais, unless otherwise stated)

### 20. Income and social contribution taxes (Continued)

	Consolidated			
	01/01/2021 to 06/30/2021	04/01/2021 to 06/30/2021	01/01/2020 to 06/30/2020	04/01/2020 to 06/30/2020
<b>Income before IRPJ and CSLL</b>	<b>106,495</b>	<b>62,428</b>	71,142	47,521
IRPJ and CSLL at 34%	34%	34%	34%	34%
<b>Estimated expenses with IRPJ and CSLL</b>	<b>36,208</b>	<b>21,226</b>	24,188	16,157
<b>Companies computing taxable profit based on accounting records</b>				
Additions and exclusions	-	-	-	-
Addition (exclusion) of equity pickup	-	-	-	-
Tax base	-	-	-	-
<b>Companies computing taxable profit as a percentage of gross sales</b>				
Tax base	1,231	2,418	18,604	15,059
Rates applicable to taxable profit computed as a percentage of gross sales	2.28%	2.28%	2.28%	2.28%
Tax expenses	8	9	458	368
Expenses with deferred tax	20	45	(34)	(25)
<b>Companies taxed under RET (1%)</b>				
Tax base	38,312	15,624	128,459	40,958
Rates applicable to the special taxation regime (RET)	0.47%	0.47%	0.47%	0.47%
Tax expenses	171	79	625	207
Expenses with deferred tax	9	(5)	(21)	(14)
<b>Companies taxed under RET (4%)</b>				
Tax base	895,647	485,401	694,619	413,111
Rates applicable to the special taxation regime (RET)	1.92%	1.92%	1.92%	1.92%
Tax expenses	14,052	7,156	13,325	7,376
Expenses with deferred tax	3,145	2,164	12	556
Expenses with IRPJ and CSLL for the period	17,405	9,448	14,365	8,468
<b>Effective rate</b>	<b>16.34%</b>	<b>15.13%</b>	20.19%	17.82%

The breakdown of expenses with income and social contribution taxes for the periods ended June 30, 2021 and 2020 shows the timing difference between the cash basis used by SCPs and SPEs, whose taxable profit is computed as a percentage of gross sales, and RET (Special Tax Regime), and the provision for taxes on the balance of accounts receivable. The Company (parent company) has a balance of income and social contribution tax loss carryforwards on which deferred taxes recoverable were not recognized due to the absence of perspectives for realization through future taxable profit, as the Company has characteristics of a holding company. Due to the taxation regime of SCPs and SPEs (taxable profit computed as a percentage of gross sales or RET), they do not present temporary differences and the profits calculated in the SPEs are not subject to offset with the loss determined by the Holding company.

## Direcional Engenharia S.A.

Notes to interim financial information (Continued)

June 30, 2021

(In thousands of reais, unless otherwise stated)

### 21. Financial instruments

The Company and its subsidiaries engage in transactions involving financial instruments in order to fund their activities or invest available financial resources. These risks are managed through conservative strategies aimed at liquidity, profitability and security. The control policy consists of actually monitoring contract rates versus those effective in the market.

The financial instruments usually entered into by Direcional and its subsidiaries are those recorded under "Cash and cash equivalents," and financing for construction of real estate projects and for acquisition of machinery and equipment.

#### Interest rate risk

The Company is exposed to floating interest rates, substantially to the CDI rate, which remunerates short-term investments in Brazilian reais, interest on loans obtained from the Housing Financial System and pegged to the Referential Rate (TR), interest on loans for acquisition of machinery and equipment obtained from BNDES (FINAME) and pegged to the long-term interest rate (TJLP) and TJ462 and interest on working capital loans, leases, debentures and CRI pegged to the CDI and IPCA.

#### Liquidity risk

The Company manages its liquidity risk by managing its cash flows, in order to maintain a level of cash and cash equivalents sufficient to meet its needs. The contractual exposures of financial liabilities are as follows:

	Consolidated				Total
	Less than 1 year	From 1 to 2 years	From 2 to 3 years	More than 3 years	
Balance at June 30, 2021					
Loans and financing (Note 9)	122,243	179,759	235,289	653,348	1,190,639
Trade accounts payable	88,375	4,748	-	-	93,123
Related parties (Note 6.1)	20,124	-	-	-	20,124
Real estate commitments payable (Note 12)	93,487	1,175,145	469,224	313,296	2,051,152
Advances for receipt (Note 13)	16,608	-	-	-	16,608

Cash flows included in the analysis of maturity of the Company and its subsidiaries are not expected to occur significantly earlier or in significantly different amounts.

Regarding accounts receivable, the Company limits its exposure to credit risks through sales to a wide customer base and ongoing credit rating.

## Direcional Engenharia S.A.

Notes to interim financial information (Continued)

June 30, 2021

(In thousands of reais, unless otherwise stated)

### 21. Financial instruments (Continued)

#### Liquidity risk (Continued)

At June 30, 2021, there was no significant concentration of credit risk associated to customers. Today, most trade accounts receivable are transferred while the project is under construction through the “*crédito associativo*” financing modality (a type of financing for off-plan projects granted by public banks in which buyers of the project units participate). Installment payments of direct sales are mostly guaranteed by the units themselves. The company records a provision for ECL for installments that are not guaranteed by the units based on their history of default.

#### Fair value of financial instruments by category

The balances of trade accounts receivable and trade accounts payable at carrying amount, less impairment in case of receivables, are assumed to approximate their fair values.

Fair value hierarchy of assets and liabilities of the Company and its subsidiaries is as follows:

	Note	Individual		Consolidated	
		06/30/2021	12/31/2020	06/30/2021	12/31/2020
<b>Financial assets</b>					
Amortized cost		<b>26,922</b>	88,001	<b>523,366</b>	466,345
Accounts receivable	4.1	<b>9,786</b>	7,305	<b>483,120</b>	375,444
Accounts receivable from divestiture		<b>6,708</b>	70,685	<b>29,503</b>	80,685
Other accounts receivable	-	<b>10,428</b>	10,011	<b>10,743</b>	10,216
Fair value through profit or loss (*)		<b>524,031</b>	617,881	<b>949,029</b>	933,934
Cash and banks	3.1	<b>2,519</b>	1,563	<b>279,476</b>	217,303
Cash equivalents	3.1	<b>331,072</b>	415,067	<b>477,648</b>	514,266
Short-term investments	3.2	<b>188,000</b>	194,246	<b>189,465</b>	195,360
Derivatives receivable		<b>2,440</b>	7,005	<b>2,440</b>	7,005
<b>Total financial assets</b>		<b>550,953</b>	705,882	<b>1,472,395</b>	1,400,279
<b>Financial liabilities</b>					
Amortized cost		<b>1,228,857</b>	1,161,366	<b>3,542,445</b>	3,222,330
Real estate commitments payable	12	<b>75,047</b>	69,577	<b>2,051,152</b>	1,955,649
Advances for receipt	13	-	2,362	<b>16,608</b>	20,657
Loans and financing	9	<b>1,090,692</b>	1,015,116	<b>1,190,639</b>	1,031,168
Trade accounts payable	-	<b>5,825</b>	7,530	<b>93,123</b>	107,454
Transactions with related parties	6.1	<b>32,788</b>	32,851	<b>20,124</b>	23,022
Other accounts payable	14	<b>24,505</b>	33,930	<b>170,799</b>	84,380
<b>Financial liabilities</b>		<b>1,228,857</b>	1,161,366	<b>3,542,445</b>	3,222,330

(\*) Financial assets recognized in the interim financial information at fair value through profit or loss with level 2 measurement in the fair value hierarchy.

## Direcional Engenharia S.A.

Notes to interim financial information (Continued)

June 30, 2021

(In thousands of reais, unless otherwise stated)

### 21. Financial instruments (Continued)

#### Fair value of financial instruments by category (Continued)

At June 30, 2021, fair value of financial instruments is as follows:

	Individual			Consolidated		
	Carrying amount	Fair value	Difference	Carrying amount	Fair value	Difference
Financial assets						
Amortized cost	26,922	26,922	-	523,366	523,366	-
Accounts receivable	9,786	9,786	-	483,120	483,120	-
Accounts receivable from divestiture	6,708	6,708	-	29,503	29,503	-
Other accounts receivable	10,428	10,428	-	10,743	10,743	-
Fair value through profit or loss	524,031	524,031	-	949,029	949,029	-
Cash and banks	2,519	2,519	-	279,476	279,476	-
Cash equivalents	331,072	331,072	-	477,648	477,648	-
Short-term investments	188,000	188,000	-	189,465	189,465	-
Derivatives receivable	2,440	2,440	-	2,440	2,440	-
Total financial assets	550,953	550,953	-	1,472,395	1,472,395	-
Financial liabilities						
Amortized cost	1,228,857	1,236,472	(7,615)	3,542,445	3,550,074	(7,629)
Real estate commitments payable	75,047	75,047	-	2,051,152	2,051,152	-
Advances for receipt	-	-	-	16,608	16,608	-
Loans and financing	1,090,692	1,098,307	(7,615)	1,190,639	1,198,268	(7,629)
Trade accounts payable	5,825	5,825	-	93,123	93,123	-
Transactions with related parties	32,788	32,788	-	20,124	20,124	-
Other accounts payable	24,505	24,505	-	170,799	170,799	-
Financial liabilities	1,228,857	1,236,472	(7,615)	3,542,445	3,550,074	(7,629)

## Direcional Engenharia S.A.

Notes to interim financial information (Continued)

June 30, 2021

(In thousands of reais, unless otherwise stated)

### 21. Financial instruments (Continued)

#### Fair value of financial instruments by category (Continued)

At December 31, 2020, fair value of financial instruments is as follows:

	Individual			Consolidated		
	Carrying amount	Fair value	Difference	Carrying amount	Fair value	Difference
Financial assets						
Amortized cost	88,001	88,001	-	466,345	466,345	-
Accounts receivable	7,305	7,305	-	375,444	375,444	-
Accounts receivable from divestiture	70,685	70,685	-	80,685	80,685	-
Other accounts receivable	10,011	10,011	-	10,216	10,216	-
Fair value through profit or loss	617,881	617,881	-	933,934	933,934	-
Cash and banks	1,563	1,563	-	217,303	217,303	-
Cash equivalents	415,067	415,067	-	514,266	514,266	-
Short-term investments	194,246	194,246	-	195,360	195,360	-
Derivatives receivable	7,005	7,005	-	7,005	7,005	-
Total financial assets	705,882	705,882	-	1,400,279	1,400,279	-
Financial liabilities						
Amortized cost	1,161,366	1,166,958	(5,592)	3,222,330	3,227,946	(5,616)
Real estate commitments payable	69,577	69,577	-	1,955,649	1,955,649	-
Advances for receipt	2,362	2,362	-	20,657	20,657	-
Loans and financing	1,015,116	1,020,708	(5,592)	1,031,168	1,036,784	(5,616)
Trade accounts payable	7,530	7,530	-	107,454	107,454	-
Transactions with related parties	32,851	32,851	-	23,022	23,022	-
Other accounts payable	33,930	33,930	-	84,380	84,380	-
Financial liabilities	1,161,366	1,166,958	(5,592)	3,222,330	3,227,946	(5,616)

Management is of the understanding that the financial instruments present no significant changes compared with their respective fair values.

The Company does not engage in transactions involving derivatives or any other assets for speculation purposes.

## Direcional Engenharia S.A.

Notes to interim financial information (Continued)

June 30, 2021

(In thousands of reais, unless otherwise stated)

### 21. Financial instruments (Continued)

#### Fair value of financial instruments by category (Continued)

The Company contracted a derivative financial instruments (SWAP) to hedge against a debt pegged to Euro. This derivative is aimed at reducing, or mitigating, the Company's risk of exposure to exchange fluctuation by replacing the exchange rate for CDI. In March 2021 the debt pegged to the Euro was settled and the SWAP was terminated, and the position at the date of termination is as follows:

<b>Fair value hedge</b>	<b>Notional value</b>	<b>Rates</b>	<b>Fair value</b>	<b>MTM (mark to market) – P&amp;L</b>
Bank Credit Notes (hedged item)	40,000	BRL-EUR + 2.36% p.a.	50,479	-
Swap transaction:	<b>Long position</b>	BRL-EUR + 2.36% p.a.	50,479	10,479
	<b>Short position</b>	CDI + 4% p.a.	(42,557)	(2,557)
Net position – SWAP – derivative receivable			<u>7,922</u>	<u>7,922</u>

In March 2021, the Company entered into two new SWAP contracts to hedge itself from fluctuations in the inflation rate measured by the IPCA, which affects the Company debts.

At June 30, the position of SWAP contracts is as follows:

<b>Fair value hedge</b>	<b>Notional value</b>	<b>Rates</b>	<b>Fair value</b>	<b>Gain (loss) on transaction – P&amp;L</b>
Bank Credit Notes (hedged item)	279,170	IPCA+0% p.a.	274,015	-
Swap transaction:	<b>Long position</b>	IPCA+0% p.a.	274,015	(5,155)
	<b>Short position</b>	CDI – 1.45%	(272,051)	7,119
Net position – SWAP – derivative receivable			<u>1,964</u>	<u>1,964</u>

<b>Fair value hedge</b>	<b>Notional value</b>	<b>Rates</b>	<b>Fair value</b>	<b>Gain (loss) on transaction – P&amp;L</b>
Mortgage-backed Securities (CRI) (hedged item)	200,000	IPCA + 4.8444%	214,446	-
Swap transaction:	<b>Long position</b>	IPCA + 4.8444%	214,446	14,446
	<b>Short position</b>	CDI + 1.4522%	(213,971)	(13,971)
Net position – SWAP – derivative receivable			<u>475</u>	<u>475</u>

## Direcional Engenharia S.A.

Notes to interim financial information (Continued)

June 30, 2021

(In thousands of reais, unless otherwise stated)

### 21. Financial instruments (Continued)

#### Sensitivity analysis

The Company and its subsidiaries should present a sensitivity analysis for each type of market risk originating from financial instruments and considered significant by management, to which the Company is exposed at each period-end. The exposure refers only to the fluctuation of variable rates that affect both finance income from short-term investments and finance cost from borrowings. Therefore, the financial assets of the Company and its subsidiaries are free of significant risks, as they yield interest at a fixed spread rate plus the CDI, TR or IPCA rate, where, for the latter, a swap of rates pegged to the CDI was used. In March 2021, the Company settled a loan in foreign currency (Euro) which was, however, not subject to currency fluctuation (currency risk) since the Company had a swap pegged to the CDI, maturing on the same date, for hedging purposes. The Company believes that there was no actual impact from analyzing the risk relating to foreign currency for this contract, reason why management considered, for the sensitivity analysis, the swap contract pegged to the CDI.

To conduct the sensitivity analysis, the Company relied on financial market projections for 2021, considering it as probable scenario. Increasing and decreasing scenarios of 25% and 50% on Net Assets and Liabilities were calculated. The probable scenario adopted by the Company corresponds to the abovementioned projections, that is, the projections expected by the Financial market for the CDI, IPCA and INCC, and the statement of sensitivity analysis is as follows:

Net assets and liabilities (in thousands of reais)	Net balance at 06/30/2021	50% decrease	25% decrease	Probable scenario	25% increase	50% increase
TR	(105)	-	-	-	-	-
CDI	(239,856)	(7,665)	(11,497)	(15,330)	(19,162)	(22,995)
IPCA	(1,027,663)	(31,539)	(47,309)	(63,078)	(78,848)	(94,617)
INCC	(1,028,422)	(66,628)	(99,941)	(133,255)	(166,569)	(199,883)

  

	Index	50% decrease	25% decrease	Probable scenario	25% increase	50% increase
TR		0.00%	0.00%	0.00%	0.00%	0.00%
CDI		3.20%	4.79%	6.39%	7.99%	9.59%
IPCA		3.07%	4.60%	6.14%	7.67%	9.21%
INCC		6.48%	9.72%	12.96%	16.20%	19.44%

## **Direcional Engenharia S.A.**

Notes to interim financial information (Continued)  
June 30, 2021  
(In thousands of reais, unless otherwise stated)

### **21. Financial instruments (Continued)**

#### Business risk management

##### *Risk control system*

In order to efficiently manage its risk, the Company carries out the operational control of all projects in course. In light of the management model, the Company calculates potential losses in simulations of unfavorable conditions for each individual project and for the set of projects as a whole, as well as the required maximum cash exposure.

##### *Control over maximum cash exposure*

The risk control system monitors the future cash requirements to develop the scheduled portfolio projects, based on an economic feasibility study of each project, as well as the individual cash flow requirements in relation to projected cash flows of the set of projects as a whole. This projection assists with the designing of the financing strategy and in making decisions about the selection of projects.

#### Demand risk management

Through market knowledge and local partners' support, Direcional identifies the demand for new projects in different regions, and the income bracket of potential buyers to be served. Launches are defined in view of the potential each region has to absorb a certain amount of real estate and respond to price changes. The Company does not intend to operate in markets where there are no reliable data available for analysis of market potential. Accordingly, the Company believes the demand risk of its launches is reduced.

#### Operational risks

Operational risk management consists basically of ongoing monitoring of projects as to the completion of the physical and financial schedule of work, in relation to the initial planning of the financial and accounting audit by an independent firm, of judicious analysis of legal risks and credit risks of buyers of units through active management of receivables from projects.

## Direcional Engenharia S.A.

Notes to interim financial information (Continued)  
June 30, 2021  
(In thousands of reais, unless otherwise stated)

### 21. Financial instruments (Continued)

#### Capital management

Capital management risk arises from the Company's decision to adopt a financing structure for its operations. The Company manages its capital structure, which consists of a financial debt to equity (net assets, retained earnings and income reserves) ratio, based on internal policies and benchmarks. The key indicators related to this objective are: WACC (Weighted Average Cost of Capital), Net Debt/EBITDA and Net Debt/Equity. Total Debt comprises Loans and Financing (Note 9). The Company may change its capital structure, according to the economic and financing conditions in order to improve its financial leverage and debt management.

The Net Debt structure comprises loans and financing less cash and cash equivalents.

	<b>Consolidated</b>	
	<b>06/30/2021</b>	<b>12/31/2020</b>
Loans and financing	<b>1,190,639</b>	1,031,168
(-) Cash and cash equivalents	<b>757,124</b>	731,569
(-) Short-term investments	<b>189,465</b>	195,360
(-) Derivatives	<b>2,440</b>	7,005
Net debt	<b>241,610</b>	97,234
Payment of dividends	<b>100,135</b>	120,364
Share buyback	<b>30,050</b>	20,961
Equity	<b>1,297,797</b>	1,339,976
Net debt on equity	<b>18.62%</b>	7.25%

In the period ended June 30, 2021, the Company used R\$14,191 in cash, compared to a cash generation of R\$145,777 (adjusted for derivatives, payment of dividends and share buybacks) in 2020.

#### Assets pledged as guarantees

Assets pledged as a guarantee of loans and financing are described in Note 8 and Note 9. The Company and its subsidiaries recorded judicial deposits at June 30, 2021 of R\$16,083 (R\$15,928 at December 31, 2020) as part of the discussion of its contingent liabilities.

## Direcional Engenharia S.A.

Notes to interim financial information (Continued)  
June 30, 2021  
(In thousands of reais, unless otherwise stated)

### **22. Stock option plan and incentives associated with Company shares – share-based payment**

#### Shared-based payment (“Matching Program”)

At the Board of Directors’ meetings held on May 15, 2015 and March 20, 2017, the regulations of the 1<sup>st</sup> and 2<sup>nd</sup> Incentive Programs tied to Direcional Engenharia S.A.’s shares (“Program 1 and Program 2, respectively”), were approved, as amended.

The Programs establish the rules and conditions for granting the right to purchase of shares and granting incentive shares to management and employees of the Company and/or Specific Purpose Entities in which the Company holds an interest (“beneficiaries”), previously selected by the Board of Directors, in order to attract, encourage and retain them, and align their interests with those of the Company and its shareholders.

To participate in the Matching Program, the Beneficiaries should acquire common shares issued by the Company, whose number and deadline are set individually by the Board of Directors. For each common share of the Company acquired by the beneficiaries under the 1<sup>st</sup> Program, the Company will grant the beneficiaries two common shares, while under the 2<sup>nd</sup> Program, five common shares will be granted, to be delivered in lots of 25% of total shares over four years. For the beneficiary to be entitled to receive incentive shares at the end of each Vesting Period, the shares held by such beneficiary under the Program may not be fully or partially sold or transferred.

In the case of termination at the initiative of the beneficiary or termination at the initiative of the Company for cause during a given vesting period, the beneficiary will cease to be entitled to all shares granted thereto under the programs, except for those already transferred due to expiration of previous vesting periods. In cases of termination by the Company without cause or retirement during a given vesting period, the beneficiary will be entitled (i) to the lot of shares that would be transferred at the end of the respective vesting period in proportion to the number of months of the beneficiary’s relationship with the Company over the respective vesting period; and (ii) to all shares that have already been transferred due to expiration of previous vesting periods. The beneficiary of the new plan, however, will not be entitled to the shares that would be transferred due to expiration of the vesting periods that would start after his/her termination. In cases of termination due to death or disability retirement, the retired beneficiary or his/her legal heirs, as the case may be, will receive, regardless of the expiration of the respective vesting periods, all the shares to which they would be entitled under the Matching Programs.

## Direcional Engenharia S.A.

Notes to interim financial information (Continued)

June 30, 2021

(In thousands of reais, unless otherwise stated)

### 22. Stock option plan and incentives associated with Company shares – share-based payment (Continued)

#### Shared-based payment (“Matching Program”) (Continued)

In 2020, the Company granted the beneficiaries of the share-based compensation plan the amount of R\$3,886, corresponding to 663,209 shares. Until June 2021, the Company granted R\$3,521 to the Plan beneficiaries, corresponding to 534,299 shares. The number of shares granted, vesting periods and exercise, approved by the Board of Directors are shown below:

Program	Year of grant	Period for transfer of shares	Beginning	Shares granted (a)	Grants activated	Grants not activated (b)	Grants canceled (c)	S	Grants in force
1 <sup>st</sup> Matching	2015	4 years	2017	<b>506,000</b>	444,800	61,200	127,557	317,243	-
1 <sup>st</sup> Matching	2017	4 years	2018	<b>450,000</b>	363,944	86,056	47,058	245,950	<b>70,936</b>
2 <sup>nd</sup> Matching	2017	4 years	2018	<b>1,760,000</b>	1,760,000	-	100,000	1,660,000	-
2 <sup>nd</sup> Matching	2018	4 years	2019	<b>360,000</b>	360,000	-	-	180,000	<b>180,000</b>
2 <sup>nd</sup> Matching	2018	4 years	2020	<b>170,923</b>	170,923	-	10,768	139,352	<b>20,803</b>
1 <sup>st</sup> Matching	2019	1 year	2020	<b>13,628</b>	13,628	-	1,286	9,391	<b>2,951</b>
2 <sup>nd</sup> Matching	2019	3 years	2020	<b>58,985</b>	58,985	-	4,559	46,214	<b>8,212</b>
1 <sup>st</sup> Matching	2019	3 years	2020	<b>9,662</b>	9,662	-	804	5,878	<b>2,980</b>
2 <sup>nd</sup> Matching	2019	3 years	2020	<b>52,888</b>	52,888	-	4,620	39,887	<b>8,381</b>
1 <sup>st</sup> Matching	2020	4 years	2020	<b>60,000</b>	60,000	-	-	15,000	<b>45,000</b>
2 <sup>nd</sup> Matching	2020	4 years	2020	<b>340,000</b>	340,000	-	-	85,000	<b>255,000</b>
1 <sup>st</sup> Matching	2020	4 years	2020	<b>8,105</b>	8,105	-	106	872	<b>7,127</b>
2 <sup>nd</sup> Matching	2020	4 years	2020	<b>55,947</b>	55,947	-	-	28,653	<b>27,294</b>
1 <sup>st</sup> Matching	2020	4 years	2021	<b>378,000</b>	367,600	10,400	-	-	<b>367,600</b>
2 <sup>nd</sup> Matching	2021	4 years	2021	<b>26,804</b>	26,804	-	-	-	<b>26,804</b>
2 <sup>nd</sup> Matching	2021	4 years	2021	<b>26,853</b>	26,853	-	-	-	<b>26,853</b>
<b>Total</b>				<b>4,277,795</b>	<b>4,120,139</b>	<b>157,656</b>	<b>296,758</b>	<b>2,773,440</b>	<b>1,049,941</b>

## Direcional Engenharia S.A.

Notes to interim financial information (Continued)

June 30, 2021

(In thousands of reais, unless otherwise stated)

### 23. Insurance

The Group adopts a policy on insurance coverage that considers mainly the concentration of risks and their materiality, considering the nature of its activities and advice of insurance advisors. At June 30, 2021, insurance coverage is as follows:

Items	Type of coverage	Insured amount
Civil works (engineering risks)	Guarantees, during the period of construction of the project, indemnification arising from damages caused to the work, such as: fire, lightning, theft, among other specific coverages for facilities and assemblies at the insured location.	3,830,065
Post-delivery warranty insurance	Guarantees the maintenance and resolution of problems in works delivered for up to 5 years, on damages set forth in the consumer code.	79,339
Civil liability (construction in progress)	Guarantees compensation (limited to the sum insured) of the amounts for which the Company may come to be liable for civil damages related to involuntary personal injuries and/or material damages caused to third parties	569,365
Infrastructure	Guarantees given to the Local Government as to execution of the infrastructure works that are required for the licensing processes of the projects under construction.	195,745
Business insurance	Guarantees indemnification to the Company related to the events covered that take place in the commercial property leased, such as fire, lightning and explosion of any nature, and flood, riots, strike and lock out, windstorm, and smoke.	58,500
Civil liability (D&O)	Guarantees coverage of pain and suffering to the Company's Directors and Officers	60,000
Civil liability (D&O)	Guarantees coverage of "Multiple perils – cyber risks" insurance	16,000

## Direcional Engenharia S.A.

Notes to interim financial information (Continued)

June 30, 2021

(In thousands of reais, unless otherwise stated)

### 24. Noncash transactions

	Individual		Consolidated	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
<b>Financing activities</b>	<b>1,717</b>	5,958	<b>1,717</b>	6,933
Right-of-use financing	<b>1,717</b>	3,180	<b>1,717</b>	4,155
Acquisition of shares – Treasury shares	-	2,778	-	2,778
<b>Investing activities</b>	<b>2,009</b>	45,781	<b>19,509</b>	46,867
Sale of equity interest	-	41,623	<b>17,500</b>	41,623
Restatement - Sale of equity interest	<b>292</b>	963	<b>292</b>	949
Acquisition (cancellation) of P&E - Lease	<b>1,717</b>	3,195	<b>1,717</b>	4,295