



Belo Horizonte, January 12th, 2023 - Direcional Engenharia S.A., one of the largest homebuilders and real estate development companies in Brazil, focused on the development of low-income and medium-income projects and operating in several regions of the Brazilian Territory, discloses here its operating statements for the third quarter of 2022 (3Q22). Unless otherwise stated, the information in this document is expressed in national currency (Brazilian Reais – R\$ or BRL) and the Potential Sales Value (“PSV”) demonstrates the consolidated amount (100%).

NOTICE TO THE MARKET

4Q22 OPERATING PREVIEW

- ✓ RECORD-HIGH LAUNCHES IN 2022 (BRL 3.6 BILLION), GROWING 16% VERSUS 2021.
- ✓ NET SALES RECORD IN 2022 (BRL 3.0 BILLION), AN INCREASE OF 23% OVER 2021
- ✓ CASH GENERATION OF BRL 93 MILLION IN THE QUARTER
- ✓ PAYMENT OF DIVIDENDS OF BRL 0.70 PER SHARE IN 4Q22, REPRESENTING BRL 104 MILLION AND TOTALING BRL 174 MILLION IN 2022, 10% OF DIVIDEND YIELD IN 2022¹

HIGHLIGHTS

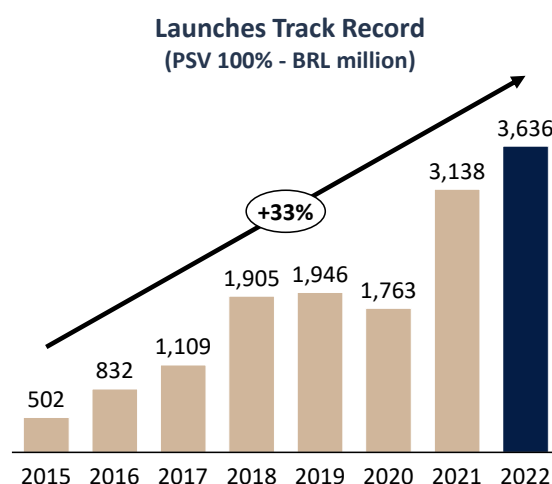
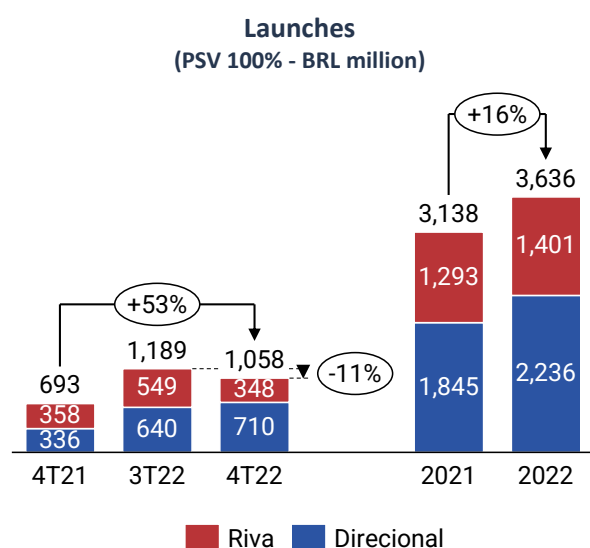
- Launches reached BRL 1.1 billion in 4Q22, a 53% growth versus 4Q21.
- Contracted net sales of BRL 694 million in 4Q22, a growth rate of 4% versus 4Q21.
- Cash Generation of BRL 73 million in 2022.
- Riva's Launches reached BRL 1.4 billion in 2022, a 8% growth relative to 2021
- Net Sales in Riva's segment reached BRL 940 million in 2022, a 21% growth relative to 2021

1- The calculation of the dividend yield considers the quotation on 12/30/2021

LAUNCHES

In 2022, the total PSV launched by the Company reached the mark of BRL 3.6 billion (BRL 3.1 billion % of the Company), a growth of 16% when compared to the year of 2021. Thus, **Direcional reached the highest level in its history in this key metric.**

The Company launched 11 new projects in 4Q22, representing a PSV of BRL 1.1 billion (BRL 896 million % Company), 53% above the amount launched in 4Q21 and 11% below 3Q22. The representativeness of Direcional's products in the mix of launches reached 67%, while Riva's represented 33% of launched PSV.



The table below provides further information on projects launched in 4Q22 and 2022:

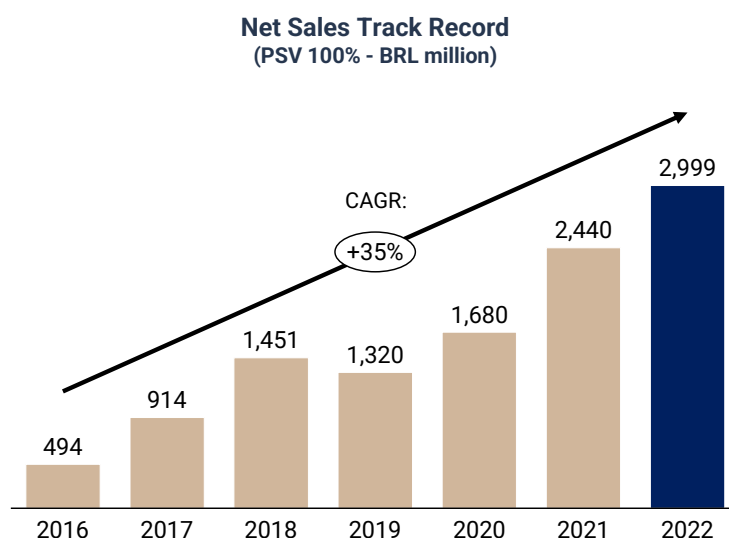
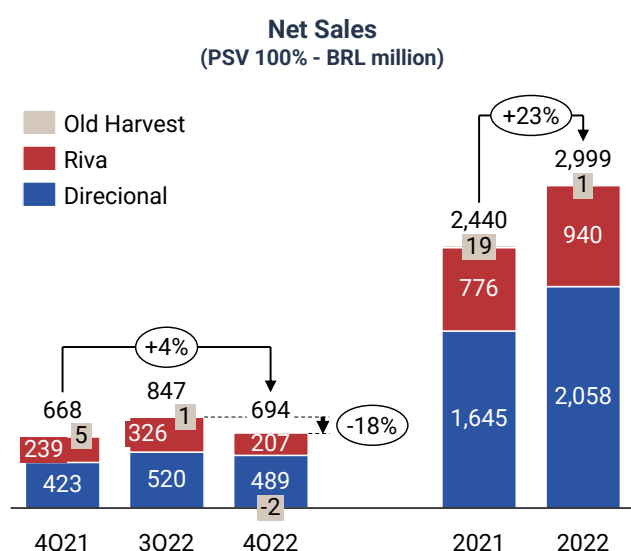
Launches	4Q22 (a)	3Q22 (b)	4Q21 (c)	Δ % (a/b)	Δ % (a/c)	2022 (d)	2021 (e)	Δ % (d/e)
PSV Launched - 100% (BRL '000)	1,057,713	1,189,068	693,381	-11.0%	52.5%	3,636,219	3,137,984	15.9%
Direcional	709,849	639,760	335,827	11.0%	111.4%	2,235,635	1,845,200	21.2%
Riva	347,864	549,308	357,554	-36.7%	-2.7%	1,400,584	1,292,784	8.3%
PSV Launched - % Company (BRL '000)	896,097	966,707	633,817	-7.3%	41.4%	3,123,737	2,677,635	16.7%
Direcional	651,342	556,566	335,827	17.0%	94.0%	2,029,727	1,597,807	27.0%
Riva	244,756	410,141	297,990	-40.3%	-17.9%	1,094,010	1,079,827	1.3%
Launched Units	4,320	4,113	3,146	5.0%	37.3%	14,525	13,534	7.3%
Direcional	3,504	2,711	1,909	29.3%	83.6%	10,787	9,103	18.5%
Riva	816	1,402	1,237	-41.8%	-34.0%	3,738	4,431	-15.6%
Average % Company	84.7%	81.3%	91.4%	3 p.p.	-7 p.p.	85.9%	85.3%	1 p.p.

CONTRACTED SALES

In 2022, Contracted Net Sales totaled a PSV of BRL 3.0 billion (BRL 2.4 billion % Company), a growth of 23% compared to the net PSV contracted in 2021. Once again, **Direcional set its best year in terms of Net Sales in the history**.

In 4Q22, Net Sales reached BRL 694 million (BRL 551 million % Company), representing a 4% increase over 4Q21 and an 18% decrease over 3Q22. It is worth noting that the Brazilian elections and the World Cup took place throughout the 4Q22, events that had a significant impact on sales in the period. The first half of the quarter presented smaller numbers when compared to the average of the rest of year. It was possible to notice a significant increase in sales after those events, that returned to normal levels and December was the best month of the quarter in terms of sales, even considering the seasonal effects of this month usually impacted by the festive period and year-end holidays. It is worth highlighting, as an example, that considering only the period from December 15th, sales totaled BRL 209 million.

Considering the sales mix in the period, the Direcional segment accounted for BRL 489 million (BRL 398 million % Company), equivalent a 70% of total sales. Riva's segment was responsible for BRL 207 million (BRL 154 million % Company), 30% of the PSV sold by the Group in 4Q22.



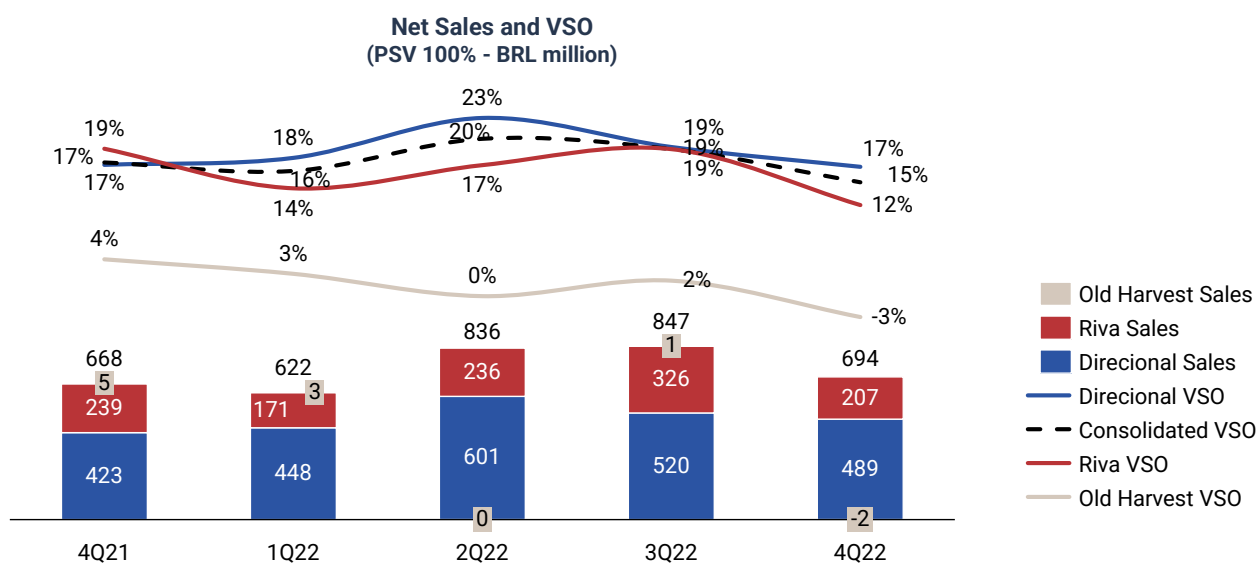
The table below consolidates the information on contracted Net Sales in 4Q22 and 2022:

Contracted Net Sales	4Q22	3Q22	4Q21	Δ %	Δ %	2022	2021	Δ %
Net Contracted Sales - PSV 100% (BRL '000)	694,368	846,855	667,758	-18.0%	4.0%	2,998,856	2,439,934	22.9%
Direcional	489,274	520,070	423,415	-5.9%	15.6%	2,057,798	1,644,732	25.1%
Riva	206,721	326,044	239,152	-36.6%	-13.6%	939,594	776,149	21.1%
Old Harvest ¹	-1,627	741	5,190	-319.6%	-131.3%	1,464	19,054	-92.3%
Net Contracted Sales - PSV % Company (BRL '000)	551,492	682,314	537,662	-19.2%	2.6%	2,416,011	2,017,273	19.8%
Direcional	397,573	449,950	358,639	-11.6%	10.9%	1,713,234	1,388,816	23.4%
Riva	153,924	232,306	175,889	-33.7%	-12.5%	701,353	615,248	14.0%
Old Harvest	-5	57	3,135	-108.5%	-100.2%	1,424	13,209	-89.2%
Contracted Units	2,899	3,403	3,146	-14.8%	-7.9%	13,167	12,227	7.7%
Direcional	2,315	2,597	2,318	-10.9%	-0.1%	10,377	9,429	10.1%
Riva	586	804	813	-27.1%	-27.9%	2,786	2,742	1.6%
Old Harvest	-2	2	15	-200.0%	-113.3%	4	56	-92.9%
Net Sales Speed (VSO) in PSV	15%	19%	17%	-4 p.p.	-3 p.p.	44%	43%	0 p.p.
Direcional	17%	19%	17%	-3 p.p.	0 p.p.	47%	44%	3 p.p.
Riva	12%	19%	19%	-7 p.p.	-7 p.p.	39%	43%	-5 p.p.
Old Harvest	-4%	2%	4%	-6 p.p.	-9 p.p.	1%	12%	-11 p.p.

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

NET SALES SPEED (VSO)

The Net Sales Speed in 4Q22, measured by the VSO index (sales-over-supply ratio), reached 15% in the consolidated view. The reduction of 4 p.p. compared to the previous quarter was mainly impacted by the elections and the World Cup during the quarter. The VSO of projects at Direcional, excluding Old Harvest segment, also reached 17% in the quarter. The VSO of Riva segment reached 12% in the same period.



INVENTORY

Direcional ended 4Q22 with 15,905 units in Inventory, adding a PSV of BRL 4.2 billion (BRL 3.4 billion % Company).

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

Breakdown of Inventory at Market Value	Total PSV				% Company PSV			
	Direcional	Riva	Old Harvest	Total	Direcional	Riva	Old Harvest	Total
In progress (BRL million)	2,492	1,623	0	4,115	2,062	1,297	0	3,359
% Total	59%	38%	0%	97%	59%	37%	0%	97%
Completed (BRL million)	60	2	26	88	58	2	11	72
% Total	1%	0%	2%	2%	2%	0%	2%	2%
Total (BRL million)	2,551	1,625	70	4,203	2,121	1,298	11	3,430
% Total	60%	38%	2%	100%	61%	37%	2%	100%
Total Units	11,190	4,500	90	15,780	11,190	4,500	90	15,780
% Total Units	70%	28%	1%	100%	70%	28%	1%	100%

LANDBANK

At the end of 4Q22, Direcional's land bank totaled a development potential of 168 thousand units and a PSV of BRL 32 billion (BRL 29 billion % Company).

The average cost of acquisition was equivalent to 9% of the PSV, being 78% of the payment shall be made through swaps, which causes a reduced impact on the Company's cash position before the beginning of the development of the projects.

During 4Q22, 19 plots of lands were acquired, with a construction potential of 12,434 units and a PSV of BRL 3.3 billion (BRL 3 billion % Company).

The average cost of acquisition in the quarter was equivalent to 9% of PSV, and 80% of the payment shall be made via swaps.

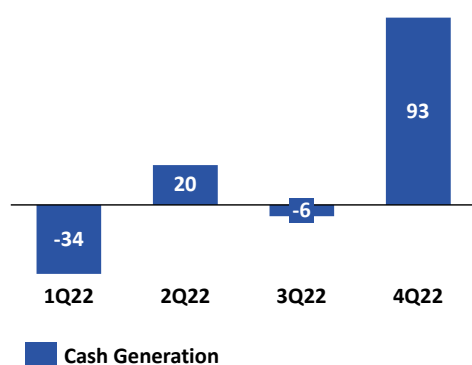
Evolution of Landbank (BRL million)	2021 Landbank	2022 Acquisitions	2022 Launches	Adjustments ¹	2022 Landbank	2022 PSV % Co.	Units
Total PSV	26,807	7,655	(3,636)	995	31,820	29,088	168,006

1 - Adjustments: update of sales price; canceled sales and swaps.

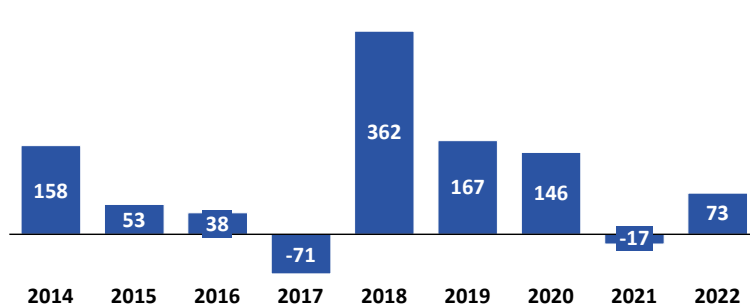
CASH GENERATION ¹

Direcional presented cash generation in the amount of BRL 93 million in the 4Q22. In 2022, the cash generation totaled R\$ 73 million.

Cash Generation by Quarter
(BRL million)



Cash Generation by Year
(BRL million)



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

DIVIDENDS

During 4Q22, Direcional announced the payment of interim dividends in the amount of BRL 0.70 per share, totaling BRL 104 million. Investors who held a shareholding position at the close of trading on December 16, 2022 were entitled to receive the proceeds.

The Company totaled an amount of more than BRL 170 million in Dividends in a 6-month period. It should be noted that, considering dividends and share buybacks, Direcional has surpassed the BRL 1 billion mark in capital returned to shareholders since its IPO, which took place in 2009.

RIVA – Operating Highlights

In 2022, the PSV launched by Riva (a subsidiary with operations focused on the mid-low income segment) reached BRL 1.4 billion (BRL 1.1 billion % Company), an increase of 8% when compared to 2021. In 4Q22, the Company launched 4 projects, totaling a PSV of BRL 348 million (BRL 244 million % Company), a volume 37% lower than 3Q22.

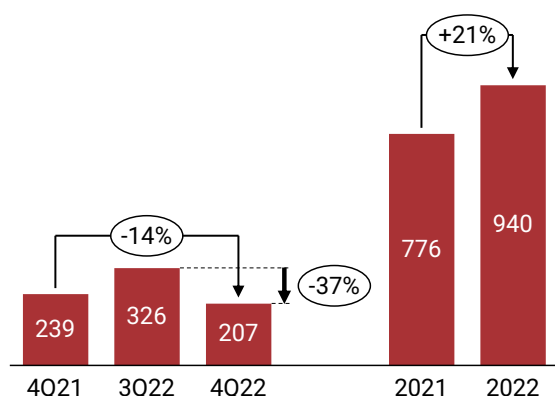
In 2022, net sales reached a PSV of BRL 940 million (BRL 701 million % Company), growth of 21% in relation to the volume registered in 2021.

Net Sales reached BRL 207 million in 4Q22 (BRL 153 million % Company), representing a decrease of 37% compared to 3Q22 and 14% over 4Q21. The Riva's VSO was 12% in the quarter. As previously mentioned, sales were impacted by the atypical events that occurred during this period. Riva's best sales month of 4Q22 was December, but still below the average levels shown throughout the year.

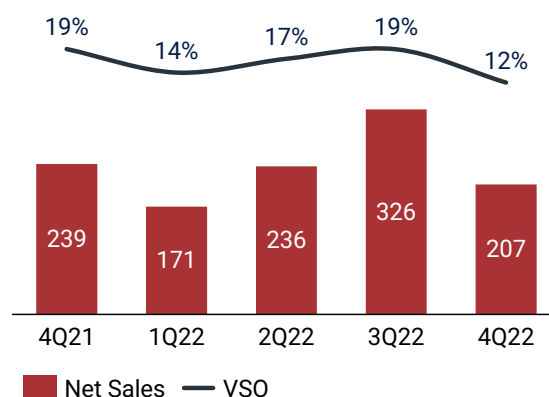
At the end of the period, the segment's Inventory was BRL 1.6 billion (BRL 1.3 billion % Company), of which less than 1% refers to finished products.



Net Sales
(PSV 100% - BRL million)



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



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

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GLOSSARY

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

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

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

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

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

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

LTM – Last twelve months.

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

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

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

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

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

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

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

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