DIRECIONAL

Belo Horizonte, March 11th, 2024 - Direcional Engenharia S/A, one of the largest homebuilders and real estate development companies in Brazil, focused on the development of low-income and medium-income projects, and operating in several regions of the Brazilian Territory, discloses here its operating and financial statements for the fourth quarter of 2023 (4Q23). Unless otherwise expressed, the information in this document is expressed in the national currency (Brazilian Reais – R$ or BRL) and the Potential Sales Value (PSV) demonstrates the value consolidated (100%). The Company's consolidated financial statements are prepared in accordance with accounting practices adopted in Brazil, which are based on Brazilian Corporate Law and on the regulations issued by the Brazilian Securities Commission (CVM).

4Q23 AND 2023 EARNINGS RELEASE

✓ **RECORD-HIGH NET INCOME: BRL 332 MILLION IN 2023, A 74% GROWTH OVER 2022**

✓ **NET MARGIN OF 15.7% IN 4Q23 AND 14.1% IN 2023**

✓ **THE HIGHEST NET REVENUE IN COMPANY'S HISTORY: BRL 2.4 BILLION IN 2023**

✓ **ADJUSTED GROSS MARGIN[1] OF 37.1% IN 4Q23 AND 36.7% IN 2023**

✓ **ADJUSTED ANNUALIZED ROE[2] OF 20.1% IN 4Q23**

✓ **PAYMENT OF BRL 0.47 PER SHARE IN DIVIDENDS, TOTALING BRL 81 MILLION**

OTHER HIGHLIGHTS

- Record-high Net Sales: BRL 4 billion in 2023 and BRL 1.2 billion in 4Q23, +33% and +76% versus the same periods of the previous year.
- Launches reached BRL 4.9 billion in 2023, a 34% increase over 2022: the highest annual volume in Company's history.
- In 4Q23, Net Income reached BRL 100 million, a 45% growth in relation to 3Q23 and a 27% growth in relation to 4Q22.
- 4Q23 G&A Expenses over Total Gross Revenue[3] showed a 110-bps dilution when compared to 4Q22.
- Sales Expenses remained flat in 2023 in comparison with 2022.
- Deferred Revenue from Real Estate Sales (Backlog Revenue) reached BRL 1.7 billion at the end of 2023, +60% versus 2022.
- Backlog Margin of 42.5% at the end of 2023, an increase of 280 bps over 2022.

1 - Adjusted Gross Margin: adjustment excluding interest capitalized in COGS and the effects of *Pode Entrar* program.
2 - Adjustment excluding non-recurring expenses with sales of receivables and equity swap result.
3 - Total Gross Revenue: Adjustment including gross revenue from non-consolidated SPVs (jointly controlled or non-controlled entities).

DIRECIONAL

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MESSAGE FROM THE BOARD

It is with great pleasure that we present to our shareholders and the market our results for 4Q23 and 2023. If, exactly one year ago, we were talking about taking the best of the opportunities there were ahead of us, we believe that we have taken a very assertive path in this direction.

Looking back, we can tell that 2023 was the best year in our history. We delivered results that were unthinkable not long ago, taking the Company to another level. Over the year, we successfully concluded our follow-on offering, relying on a very precise reading of the timing and the window of opportunities before us, executing everything we intended to do effectively.

We closed 2023 with over 17,000 new housing units launched. This volume represents a Potential Sales Value of BRL 4.9 billion (BRL 4.3 billion % Company), a 34% growth when compared to the launches in 2022. This is the highest level ever achieved by Direcional Group and keeps us focused in achieving the goals we have set for the coming years.

In addition, for the first time in our history, we sold BRL 4.0 billion in one year (BRL 3.1 billion % Company). Those who make us move forward and do our best, purchased 14,785 housing units: our customers. In 4Q23, we had a net contracted PSV of over BRL 1.2 billion, with an essential contribution both from products sold under Direcional and Riva brands, besides the projects sold within the *Programa Pode Entrar*. The latter is an initiative by the municipality of São Paulo that aims to purchase properties to be built by private entities, within the scope of the social housing policies, reducing costs and delivery times and increasing the number of families benefiting.

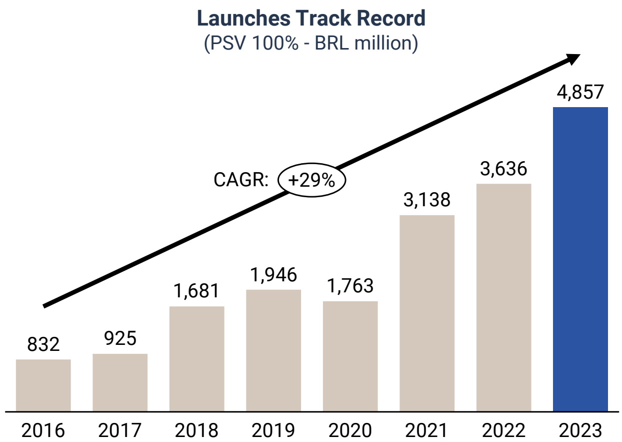
As we announced to the market at the end of 2023, the contract we signed with *Companhia Metropolitana de Habitação de São Paulo* provided for the sale of 990 housing units, totaling a PSV of BRL 206 million (BRL 206 million % Company).

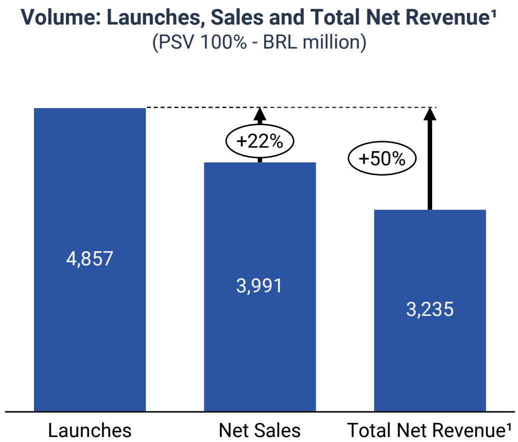
Initiatives like this have been more and more present on the agenda of city halls and state governments across Brazil and could represent a big step towards expanding access to housing for families with limited purchasing power, further contributing to the popular housing segment in the country.

We had already begun 2023 with an optimistic view of the market and the demand for our products. Not only did we accelerate the operation throughout the year, having identified good windows of opportunity, but we are even more prepared to seek an even better 2024.

The chart on the left shows part of the evolution of our operations in the latest years, showing significant figures for our launches. In 2023, we achieved approximately BRL 4.9 billion, which translated into a 29% compound annual growth rate during the period concerned.

The chart on the right presents our launches, net sales, and net revenue for 2023. Looking at the standard schedule of our business – first we launch, then we sell and, finally, we build, with the respective revenue recognition –, we should note that the gap between the volume of launches and the current level of revenue suggests that if the volume of launches is maintained over the coming quarters, revenue should continue to grow, reaching the volume of launches.

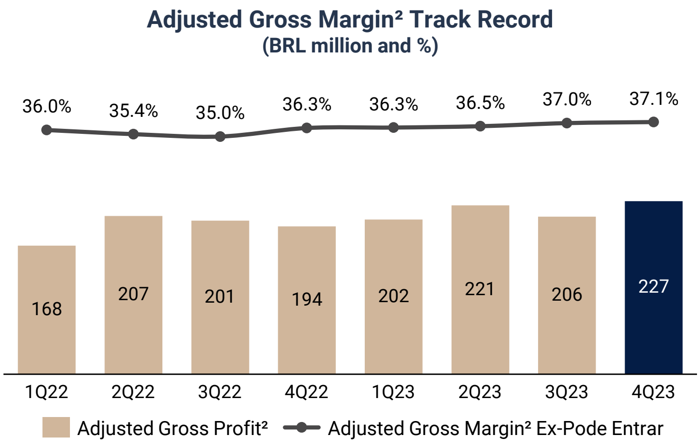




Such a year with such results has positively affected the Company's financial earnings. In this sense, we saw our Net Revenue reach its highest annual figure in history, BRL 2.4 billion, even though a significant part of the sales in the year came from products developed in partnership, which are not consolidated in the Company's balance sheet – and therefore contribute to the result not through Net Revenue, but through Equity Income. In 4Q23, Net Revenue totaled BRL 635 million, a growth rate of 12% over 3Q23 and 15% over 4Q22.

In order to evaluate the Total Net Revenue[1] earned from the sale of Direcional Group's products, we should add the revenue from non-consolidated projects to the accounting Net Revenue from Sales. Thus, Total Net Revenue[1] achieved BRL 892 million in 4Q23 (+42% over 4Q22) and BRL 3.2 billion in 2023 (+26% over 2022), which still corresponds to 66% of the volume launched by the Direcional Group, as commented above.

Maintaining the solid profitability track record that we have delivered period after period, always focusing on efficiency in product pricing and construction execution, we achieved an Adjusted Gross Margin[2] of 37.1% in 4Q23, excluding interest capitalized in COGS and also the effect of the Pode Entrar program, given the particular characteristics of this program in relation to a traditional development project. This recurring growth in recent quarters has also been reflected in the indicator's upward trajectory year-on-year. In that sense, in 2023, Adjusted Gross Margin[2] reached 36.7%, 110 bps above the figure reported in 2022, also disregarding the *Pode Entrar* program, as mentioned above, totaling an Adjusted Gross Profit[2] of BRL 856 million (+11% over the previous year).



G&A totaled BRL 45 million in 4Q23, in line with the figures reported in 3Q23. When analyzing G&A over Total Gross Revenue[1], we find a 4.9% index, representing a significant dilution of 50 bps over the previous quarter and 110 bps when compared to the same quarter of 2022. In 2023, G&A totaled BRL 175 million, accounting for 5.3% of the Total Gross Revenue[1], a 40-bps dilution when compared to 2022.

The same can be observed in the Sales Expenses. In the 4th quarter, it totaled BRL 57 million and its representativeness over Development Gross Revenue came in at 8.6% in the period, reducing 20 bps over 3Q23 and 40 bps over 4Q22. In 2023, Sales Expenses totaled BRL 202 million, an amount lower than that reported one year earlier in nominal terms, even with a 33% higher sales volume! Thus, with the growth seen in the Development Gross Revenue in the period, its representativeness went down from 9.1% to 8.4%, which translated into a dilution of 70 bps.

As in recent quarters, there was a significant contribution from the projects of non-controlled and jointly controlled SPVs to the result for 4Q23 and, consequently, for the year. As already known, the sale of units from these developments does not directly contribute to the revenue as the construction works progress – as is the case with consolidated projects. The result is instead recognized as Equity Income, under the percentage of interest in that SPV. As a result, Equity Income totaled BRL 54 million in 2023, a 147% growth over 2022.

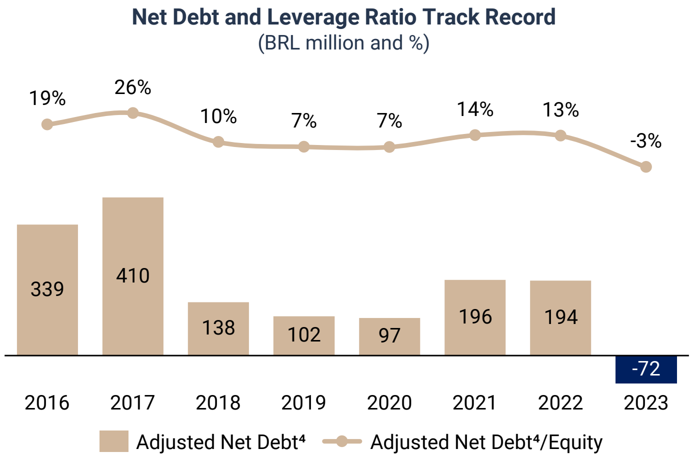
In 4Q23, due to a change in accounting understanding, we made a reclassification between revenue lines, regarding the monetary correction of the reimbursement of expenses related to real estate purchase, which are owed by customers, and in certain cases, anticipated by the Company – more specifically the ITBI (the real estate transfer tax) and notary expenses related to the registration of properties. As a result, this revenue is now accounted for as Financial Revenue, instead of Other Operating Revenue, as was previously the case.

This reclassification, made during the quarter, totaled approximately BRL 40.7 million and took into account the amounts recognized in previous quarters. We should note that the expenses related to this anticipation we make to our customers continue to be accounted for as Other Operating Expenses. Finally, we should emphasize that this reallocation between lines in the Income Statement does not mean any change in the business nor does it have any impact on the Company's results, either for the current year or for subsequent years.

With that, Direcional Group's Net Income totaled BRL 332 million in 2023, with Net Margin at 14.1%. In the quarter, our Net Income reached BRL 100 million, with Net Margin at 15.7%. To evaluate what the Company's recurring profit would be without any interference of specific events, Operating Net Income[3] reached BRL 324 million in the year and the Operating Net Margin[3] came in at 13.8% in the period, which translates into an expressive growth of over 500 bps when compared to 2022. Moreover, our Adjusted Annualized ROE[3] reached 20.1% in 4Q23, showing a continuous growth when compared to previous quarters, resulting from the growth and efficiency gains experienced by our operations over the last years.

We closed the year with BRL 72 million in net cash position. In that context, we had a negative leverage ratio (measured by Adjusted Net Debt[4] over Equity) at 3.4%, following the planning we made by occasion of our follow-on offer, always loyal to the mindset that maintaining a coherent and conservative capital structure is a preponderant factor for the sustainability of our business.

The chart on the side shows the evolution of our Adjusted Net Debt[4] and Leverage Ratio.



Although we had a fantastic 2023, taking the Direcional Group to another level, we believe that achievement alone is not always enough. We need to be forward-thinking, always seeking to be a few steps ahead. In the market where we operate, with all its complexities and its long-cycle nature, laying the foundations is crucial to take the best opportunities that will be ahead. In our way, with humbleness and a lot of dedication, we have sought to do this, and we understand that we are entering 2024 ready to fulfill our plans and make even greater achievements.

To all those who genuinely follow this path with us, transforming less into more, simple solutions into great results and, above all, teamwork into historic achievements, we would like to express our deepest gratitude.

Thank you,

The Management - Direcional Engenharia S/A

1 - Adjustment including Revenue from non-consolidated SPVs
2 - Adjustment excluding interest capitalized in COGS and the effect of *Pode Entrar* Program.
3 - Adjustment excluding non-recurring expenses with sales of receivables and equity swap result.
4 - Net Debt variation adjusted by payment of dividends, share buyback and variation in the balance of interest swap operation agreements.

MAIN INDICATORS

	4Q23 (a)	3Q23 (b)	4Q22 (c)	Δ % (a/b)	Δ % (a/c)	2023 (d)	2022 (e)	Δ % (d/e)
Financial Numbers								
Net Revenue (BRL million)	634.8	557.7	534.0	13.8%	18.9%	2,355.2	2,162.6	8.9%
Adjusted Gross Profit[1] (BRL million)	226.5	206.2	193.6	9.9%	17.0%	856.2	770.1	11.2%
Adjusted Gross Margin[1]	*35.7%*	*37.0%*	*36.3%*	-1.3 p.p.	-0.6 p.p.	*36.4%*	*35.6%*	0.7 p.p.
Adjusted Gross Margin[1] – Ex-Pode Entrar	*37.1%*	*37.0%*	*36.3%*	0.1 p.p.	0.8 p.p.	*36.7%*	*35.6%*	1.1 p.p.
Adjusted Net Income[2] (BRL million)	97.7	82.7	52.6	18.2%	85.6%	324.4	187.9	72.6%
Adjusted Net Margin[2]	*15.4%*	*14.8%*	*9.9%*	0.6 p.p.	5.5 p.p.	*13.8%*	*8.7%*	5.1 p.p.
Launches								
PSV Launched - 100% (BRL million)	1,390.2	1,399.4	1,057.7	-0.7%	31.4%	4,857.5	3,636.2	33.6%
Direcional	703.0	813.5	709.8	-13.6%	-1.0%	2,874.1	2,235.6	28.6%
Riva	481.3	585.9	347.9	-17.9%	38.4%	1,777.4	1,400.6	26.9%
Pode Entrar	206.0	-	-	n/a	n/a	206.0	-	n/a
PSV Launched - % Company (BRL million)	1,336.6	1,259.3	896.1	6.1%	49.2%	4,295.3	3,123.7	37.5%
Direcional	649.3	725.3	651.3	-10.5%	-0.3%	2,562.3	2,029.7	26.2%
Riva	481.3	534.1	244.8	-9.9%	96.6%	1,527.0	1,094.0	39.6%
Pode Entrar	206.0	-	-	n/a	n/a	206.0	-	n/a
Launched Units	4,998	4,152	4,320	20.4%	15.7%	17,180	14,525	18.3%
Direcional	2,936	3,106	3,504	-5.5%	-16.2%	12,025	10,787	11.5%
Riva	1,072	1,046	816	2.5%	31.4%	4,165	3,738	11.4%
Pode Entrar	990	-	-	n/a	n/a	990	-	n/a
Net Sales								
Net Sales - PSV 100% (BRL million)	1,220.6	1,004.6	694.4	21.5%	75.8%	3,991.1	2,998.9	33.1%
Direcional	658.9	560.7	489.3	17.5%	34.7%	2,371.7	2,057.8	15.3%
Riva	353.1	441.2	206.7	-20.0%	70.8%	1,408.6	939.6	49.9%
Old Harvest	2.6	2.7	-1.6	-1.9%	n/a	4.9	1.5	232.5%
Pode Entrar	206.0	-	-	n/a	n/a	206.0	-	n/a
Net Sales - PSV % Company (BRL million)	994.4	751.4	551.5	32.3%	80.3%	3,122.6	2,416.0	29.2%
Direcional	513.7	427.2	397.6	20.3%	29.2%	1,871.8	1,713.2	9.3%
Riva	272.8	322.3	153.9	-15.4%	77.2%	1,040.9	701.4	48.4%
Old Harvest	2.0	2.0	0.0	-0.2%	n/a	3.9	1.4	175.7%
Pode Entrar	206.0	-	-	n/a	n/a	206.0	-	n/a
Contracted Units	4,506	3,458	2,899	30.3%	55.4%	14,785	13,167	12.3%
Direcional	2,657	2,344	2,315	13.4%	14.8%	9,991	10,377	-3.7%
Riva	848	1,109	586	-23.5%	44.7%	3,789	2,786	36.0%
Old Harvest	11	5	-2	120.0%	n/a	15	4	275.0%
Pode Entrar	990	-	-	n/a	n/a	990	-	n/a
Net Sales Speed (VSO) in PSV	*19.0%*	*16.8%*	*14.6%*	2.2 p.p.	4.4 p.p.	*44.0%*	*43.5%*	0.5 p.p.
Direcional	*17.2%*	*15.4%*	*16.7%*	1.8 p.p.	0.6 p.p.	*43.7%*	*47.3%*	-3.6 p.p.
Riva	*15.0%*	*19.1%*	*11.6%*	-4.1 p.p.	3.4 p.p.	*41.4%*	*38.6%*	2.8 p.p.
Old Harvest	*7.1%*	*6.7%*	*-4.3%*	0.4 p.p.	11.4 p.p.	*18.5%*	*1.3%*	17.1 p.p.
Consolidated VSO without *Pode Entrar*	*16.4%*	*16.8%*	*14.6%*	-0.4 p.p.	1.7 p.p.	*42.7%*	*43.5%*	-0.8 p.p.
Other Indicators	**4Q23**	**3Q23**	**2Q23**	**1Q23**	**4Q22**	**3Q22**	**2Q22**	**1Q22**
Adjusted Annualized ROE[2]	20%	20%	21%	21%	17%	13%	11%	11%
Adjusted Net Debt[3] (BRL million)	-72.1	-88.8	268.2	289.9	193.4	291.6	216.0	230.3
Cash Generation[4] (BRL million)	-15.5	-51.1	21.7	7.8	98.2	-5.6	19.9	-34.4
Adjusted Net Debt[3] / Equity	-3.4%	-4.2%	16.7%	19.2%	13.3%	19.1%	14.1%	15.4%
Inventory - 100 % (PSV - BRL million)	5,146.3	5,021.4	4,582.8	4,042.6	4,203.2	3,693.2	3,266.0	3,310.4
Landbank - 100 % (PSV - BRL million)	36,271.5	35,769.6	35,133.5	32,505.3	32,458.5	28,896.9	28,204.0	27,797.9

1 - Adjustment excluding interest capitalized in COGS.
2 - Adjustment excluding non-recurring expenses with sales of receivables and equity swap result.
3 - Adjustment: balance of open positions in swap agreements.
4 - Cash Generation: net debt variation adjusted by payment of dividends, share buyback and variation in the balance of interest swap operation agreements.

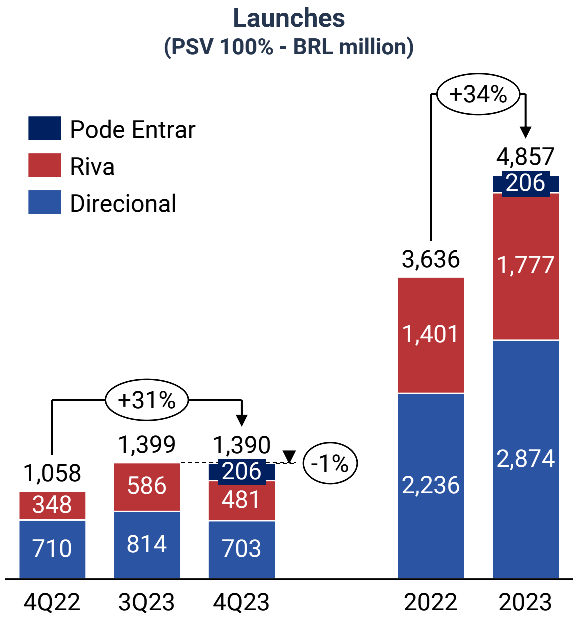
LAUNCHES

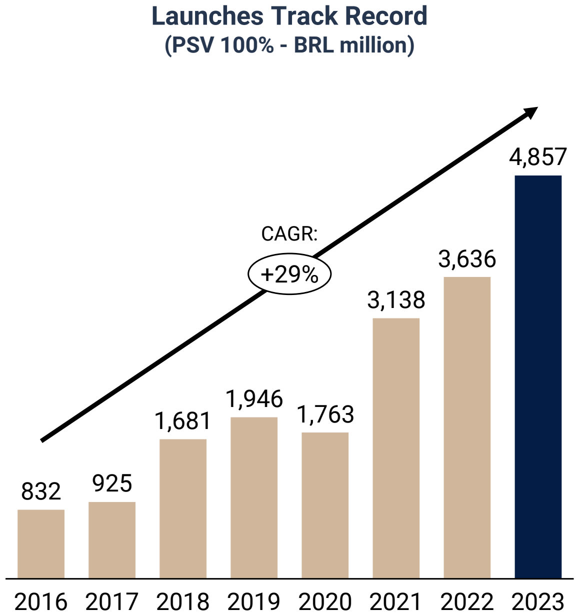
Direcional Group launched 15 new projects in 4Q23, representing a PSV of BRL 1.4 billion (BRL 1.3 billion % Company), a 31% growth versus the same quarter of 2022.

Considering the year of 2023, BRL 4.9 billion (BRL 4.3 billion % Company) were launched, the highest level ever launched in one year by the Company. As a result, there was a 34% growth observed in relation to the volume launched in 2022, reaffirming the clear evolution made by the Group year after year.

It is worth noting that, according to the Notice to the Market published on December 27, 2023, Direcional signed a contract with *Companhia Metropolitana de Habitação de São Paulo* for the sale of 990 residential units under the *Pode Entrar* program. Thus, considering the total PSV launched in the period, BRL 206 million (BRL 206 million % Company) refers to the global value contracted under the program.

As had already happened in the last quarter, it is important to highlight the increase in Direcional Group´s stake in launches, reaching 96% of the total launched in the quarter (compared to 85% in 4Q22) and 88% when analyzing the annual volume (compared to 86 % in 2022), confirming the trend of higher representativeness of projects with increasing participation from Direcional.





Launches	4Q23 (a)	3Q23 (b)	4Q22 (c)	Δ % (a/b)	Δ % (a/c)	2023 (d)	2022 (e)	Δ % (d/e)
PSV Launched - 100% (BRL million)	1,390.2	1,399.4	1,057.7	-0.7%	31.4%	4,857.5	3,636.2	33.6%
Direcional	703.0	813.5	709.8	-13.6%	-1.0%	2,874.1	2,235.6	28.6%
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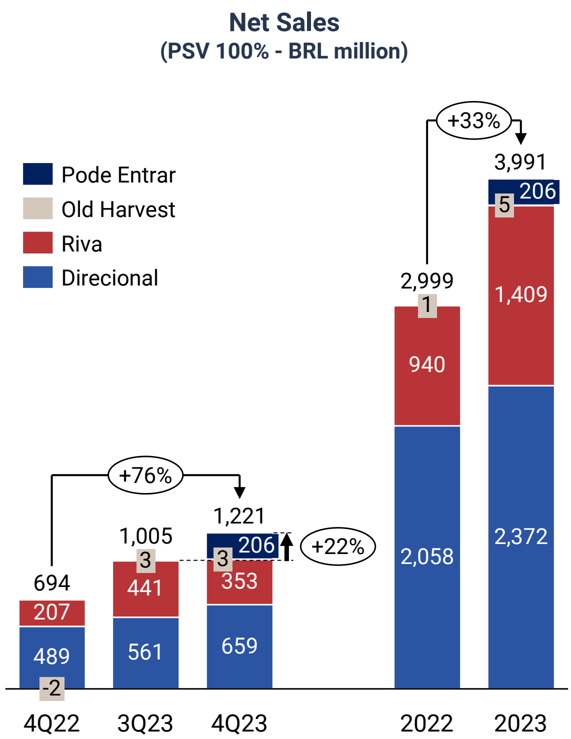
Launched Units	4,998	4,152	4,320	20.4%	15.7%	17,180	14,525	18.3%
Direcional	2,936	3,106	3,504	-5.5%	-16.2%	12,025	10,787	11.5%
Riva	1,072	1,046	816	2.5%	31.4%	4,165	3,738	11.4%
Pode Entrar	990	-	-	n/a	n/a	990	-	n/a
Average % Company	*96.1%*	*90.0%*	*84.7%*	6 p.p.	11 p.p.	*88.4%*	*85.9%*	3 p.p.

CONTRACTED SALES

In 4Q23, the gross contracted PSV reached BRL 1.3 billion (BRL 1.1 billion % Company). Thus, Net Sales reached BRL 1.2 billion (BRL 994 million % Company), **setting a new record quarter in the metric**. When compared to 4Q22, the growth rate was 76%, and when compared to 3Q23, the contracted net PSV was 22% higher.

In 2023, Net Sales reached 4.0 billion (BRL 3.1 billion % Company), a 33% growth versus 2022. It is worth highlighting the growth observed in all segments, with Riva brand products growing 50% in the period, while Direcional segment sales grew 25%, considering the two projects sold under the *Pode Entrar* program, which contributed with a PSV of BRL 206 million (BRL 206 million % Company).

It is also worth noting that part of the quarter´s sales was originated from products developed in SPVs that are not consolidated in the Company´s balance sheet (jointly controlled and non-controlled ventures). In this sense, 80% of the net PSV contracted in the quarter refers to projects whose revenue is consolidated in our results, while 20% of net PSV must contribute to the result via equity income.



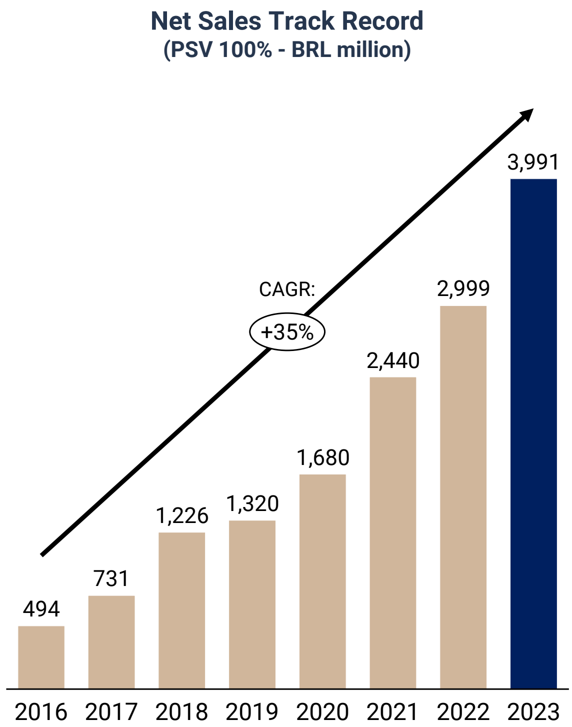


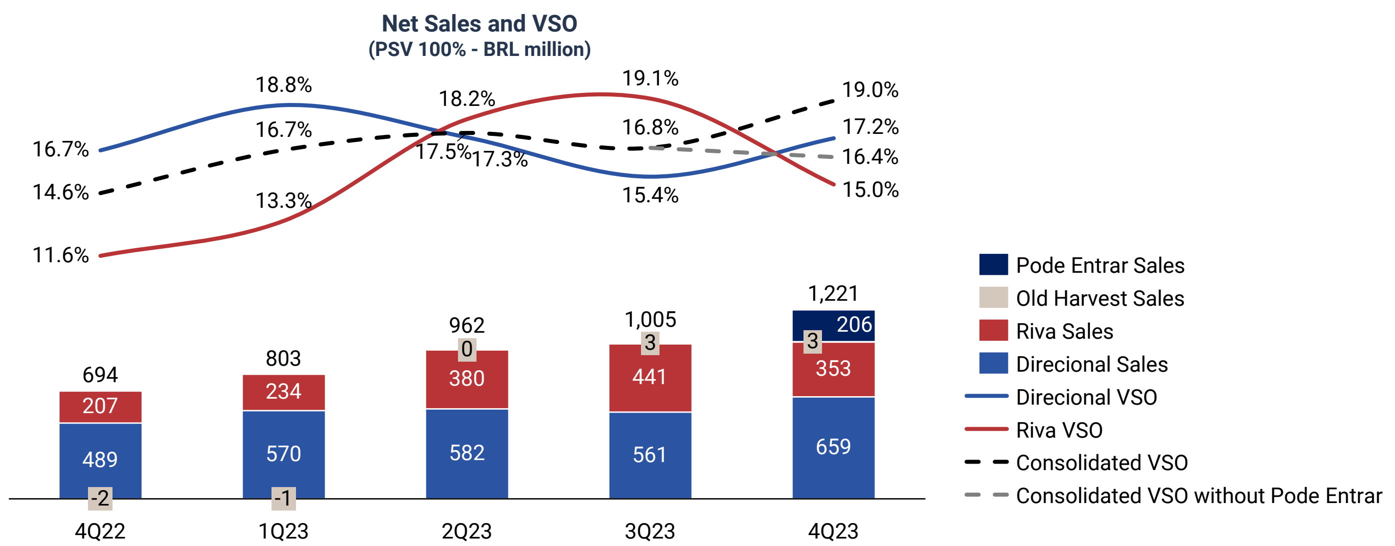
Table below presents information about Net Sales in 4Q23 and in 2023:

Net Sales	4Q23 (a)	3Q23 (b)	4Q22 (c)	Δ % (a/b)	Δ % (a/c)	2023 (d)	2022 (e)	Δ % (d/e)
Net Sales - PSV 100% (BRL million)	1,220.6	1,004.6	694.4	21.5%	75.8%	3,991.1	2,998.9	33.1%
Direcional	658.9	560.7	489.3	17.5%	34.7%	2,371.7	2,057.8	15.3%
Riva	353.1	441.2	206.7	-20.0%	70.8%	1,408.6	939.6	49.9%
Old Harvest[1]	2.6	2.7	-1.6	-1.9%	n/a	4.9	1.5	232.5%
Pode Entrar	206.0	-	-	n/a	n/a	206.0	-	n/a
Net Sales - PSV % Company (BRL million)	994.4	751.4	551.5	32.3%	80.3%	3,122.6	2,416.0	29.2%
Direcional	513.7	427.2	397.6	20.3%	29.2%	1,871.8	1,713.2	9.3%
Riva	272.8	322.3	153.9	-15.4%	77.2%	1,040.9	701.4	48.4%
Old Harvest	2.0	2.0	0.0	-0.2%	n/a	3.9	1.4	175.7%
Pode Entrar	206.0	-	-	n/a	n/a	206.0	-	n/a
Contracted Units	4,506	3,458	2,899	30.3%	55.4%	14,785	13,167	12.3%
Direcional	2,657	2,344	2,315	13.4%	14.8%	9,991	10,377	-3.7%
Riva	848	1,109	586	-23.5%	44.7%	3,789	2,786	36.0%
Old Harvest	11	5	-2	120.0%	n/a	15	4	275.0%
Pode Entrar	990	-	-	n/a	n/a	990	-	n/a
Net Sales Speed (VSO) in PSV	*19.0%*	*16.8%*	*14.6%*	2.2 p.p.	4.4 p.p.	*44.0%*	*43.5%*	0.5 p.p.
Direcional	*17.2%*	*15.4%*	*16.7%*	1.8 p.p.	0.6 p.p.	*43.7%*	*47.3%*	-3.6 p.p.
Riva	*15.0%*	*19.1%*	*11.6%*	-4.1 p.p.	3.4 p.p.	*41.4%*	*38.6%*	2.8 p.p.
Old Harvest	*7.1%*	*6.7%*	*-4.3%*	0.4 p.p.	11.4 p.p.	*18.5%*	*1.3%*	17.1 p.p.
Consolidated VSO without *Pode Entrar*	*16.4%*	*16.8%*	*14.6%*	-0.4 p.p.	1.7 p.p.	*42.7%*	*43.5%*	-0.8 p.p.

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

NET SALES SPEED (VSO)

In 4Q23, Net Sales Speed, measured by the VSO index (sales-over-supply ratio), came in at 19% in the consolidated view, with a 17% index in Direcional's projects (excluding Old Harvest segment) and a 15% index in Riva's projects. Excluding the Net Sales related to the *Pode Entrar* program, the consolidated VSO was 16% in the quarter.



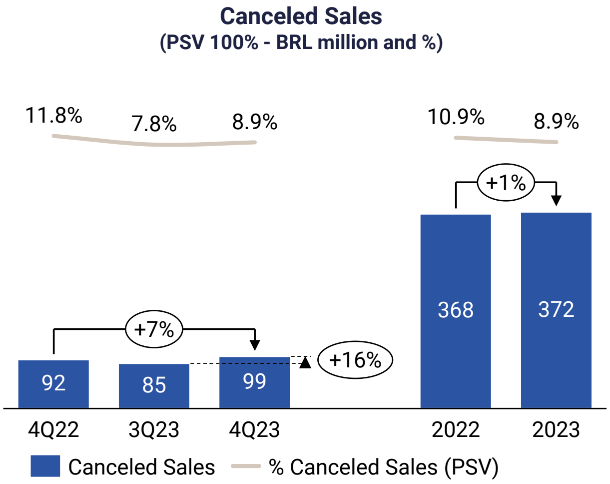
DIRECIONAL

Canceled Sales

The PSV of Canceled Sales totaled BRL 99 million (BRL 80 million % Company) in 4Q23. In view of this, the percentage of Canceled Sales over gross sales was 8.9% in the quarter, representing an increase of 1.0 p.p. in comparison with 3Q23 and a reduction of 2.9 p.p. over 4Q22, remaining at quite low levels.

In 2023, Canceled Sales summed up BRL 372 million (BRL 302 million % Company), in line with the previous year. In that sense, even though the financial amount is almost the same, there was a significant reduction of 2.0 p.p. in its representativeness over gross sales in the period, decreasing from 10.9% to 8.9%.

The table below shows more information regarding 4Q23 and 2023:



Canceled Sales[1]	4Q23 (a)	3Q23 (b)	4Q22 (c)	Δ % (a/b)	Δ % (a/c)	2023 (d)	2022 (e)	Δ % (d/e)
Canceled Sales (100 % - BRL million)	-98.8	-85.3	-92.5	15.7%	6.8%	-371.7	-367.8	1.1%
Gross PSV Contracted (100%)	1,113.5	1,089.9	786.8	2.2%	41.5%	4,156.8	3,366.6	23.5%
% Canceled Sales / Gross PSV Contracted	8.9%	7.8%	11.8%	1.0 p.p.	-2.9 p.p.	8.9%	10.9%	-2.0 p.p.
Canceled Sales (% Company - BRL million)	-80.1	-67.0	-75.4	19.6%	6.3%	-302.3	-301.5	0.3%
Gross PSV Contracted (% Company)	868.6	818.4	626.9	6.1%	38.6%	3,218.9	2,717.5	18.5%
% Canceled Sales / Gross PSV Contracted	9.2%	8.2%	12.0%	1.0 p.p.	-2.8 p.p.	9.4%	11.1%	-1.7 p.p.

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

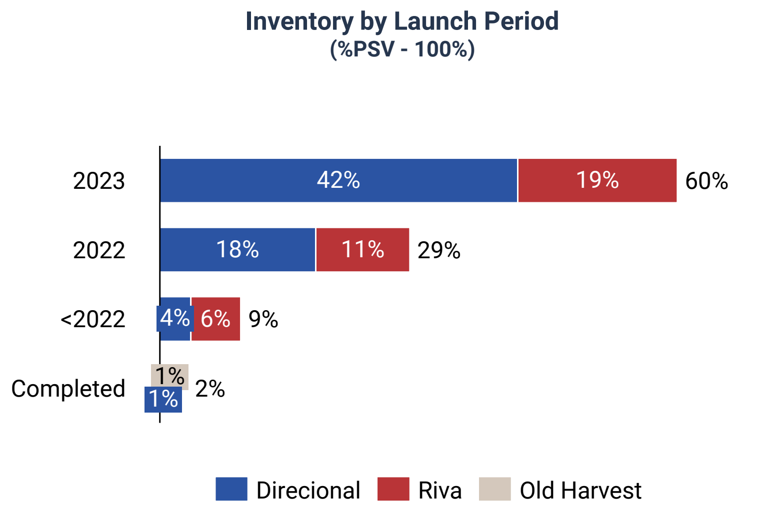
INVENTORY

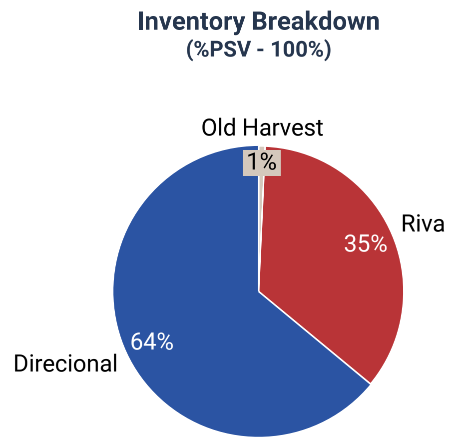
Direcional Group ended 2023 with 17,734 units in Inventory, corresponding to a PSV of BRL 5.1 billion (BRL 4.3 billion % Company).

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

	Total PSV				% Company PSV			
Breakdown of Inventory at Market Value	**Direcional**	**Riva**	**Old Harvest**	**Total**	**Direcional**	**Riva**	**Old Harvest**	**Total**
In progress (BRL million)	3,170	1,903	0	5,073	2,693	1,588	0	4,281
% Total	*62%*	*37%*	*0%*	*99%*	*62%*	*37%*	*0%*	*99%*
Completed (BRL million)	38	2	34	74	36	2	20	58
% Total	*1%*	*0%*	*1%*	*1%*	*1%*	*0%*	*0%*	*1%*
Total (BRL million)	3,207	1,905	34	5,146	2,730	1,590	20	4,339
% Total	*62%*	*37%*	*1%*	*100%*	*63%*	*37%*	*0%*	*100%*
Total Units	13,127	4,507	100	17,734	13,127	4,507	100	17,734
% Total Units	*74%*	*25%*	*1%*	*100%*	*74%*	*25%*	*1%*	*100%*

The following charts show further information on the Inventory and its breakdown. It should be noted that **89% of the PSV in Inventory accounts for projects launched from 2022 onwards.**

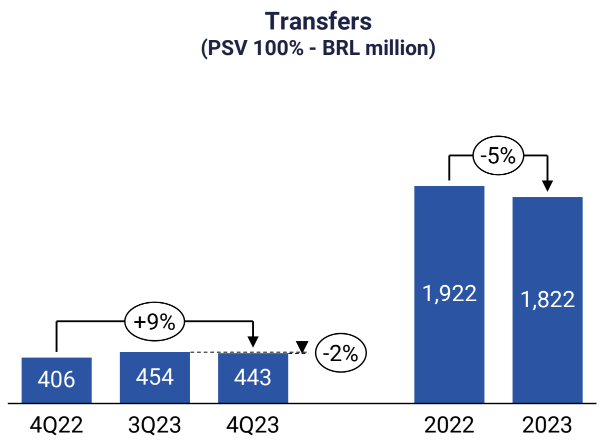




TRANSFERS

In the fourth quarter of 2023, the PSV of transferred units totaled BRL 443 million, 9% higher than in 4Q22 and in line with the volume observed in 3Q23.

Considering 2023, there was a total of BRL 1.8 billion in transfers, a 5% reduction when compared to the previous year. The main reasons are the higher volume of sales in which the customer pays the full purchase price of the unit during the construction period, and also the higher volume of sales in which the mortgage is contracted directly with the homebuilder – given the change in customer profile, especially Riva's customers. In the latter type of sale, the customer usually pays 40% of the unit price during construction and the remaining 60% after completion.



PROJECTS DELIVERED

During 4Q23, Direcional Group delivered 5 projects/stages, representing a total number of 1,464 units, 83% of which are products under Direcional brand and 17% under Riva brand.

In 2023, a total of 25 projects/stages were delivered, corresponding to 7,777 units, 84% of which under Direcional brand and 16% under Riva brand.

LANDBANK

At the end of 2023, Direcional Group's landbank totaled a PSV of BRL 36.3 billion (BRL 32.9 billion % Company), with a development potential of 181,519 units.

The average cost of acquisition was equivalent to 11% of the PSV, and 84% of the payment shall be made through swaps, which causes a reduced impact on the Company's cash position before the beginning of the development of the projects.

Landbank Evolution (BRL million)	2022 Landbank	2023 Acquisitions	2023 Launches	Adjustment[1]	2023 Landbank	2023 (PSV % Co.)	Unidades
Total PSV	32,459	8,928	(4,857)	(228)	36,301	32,915	181,519

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

Land Acquisition

During 4Q23, 17 plots of lands were acquired, with a construction potential of 9,052 units and a PSV of BRL 2.3 billion (BRL 2.2 billion % Company). The average cost of acquisition in the quarter was equivalent to 13% of total PSV, and 84% of the payment shall be made via swaps.

Considering the acquisitions made in 2023, the PSV totaled BRL 8.9 billion (BRL 8.3 billion % Company), at an average cost of acquisition of 11% in the period, with 89% of the payment being made through swaps.

ECONOMIC AND FINANCIAL PERFORMANCE

Gross Revenue

Direcional Group's Gross Revenue totaled BRL 654 million in 4Q23, a 12% increase when compared to 3Q23 and a 15% increase versus 4Q22. With this performance, **Direcional recorded the highest quarterly level in its history in this metric.**

In 2023, Gross Revenue reached BRL 2.4 billion, 7% above the figures reported in 2022, also representing the highest annual Gross Revenue ever recorded by the Company. In terms of sales mix, Revenue from Real Estate Sales accounted for 97% of the total amount recognized in the period, while Revenue from Services accounted for 3%.

Gross Revenue (BRL million)	4Q23 (a)	3Q23 (b)	4Q22 (c)	Δ % (a/b)	Δ % (a/c)	2023 (d)	2022 (e)	Δ % (d/e)
Gross Revenue	653.6	582.5	569.2	12.2%	14.8%	2,440.0	2,276.6	7.2%
Revenue from Real Estate Sales	635.8	566.3	553.4	12.3%	14.9%	2,368.1	2,205.2	7.4%
Revenue from Services	17.9	16.2	15.8	10.3%	12.9%	71.9	71.4	0.7%

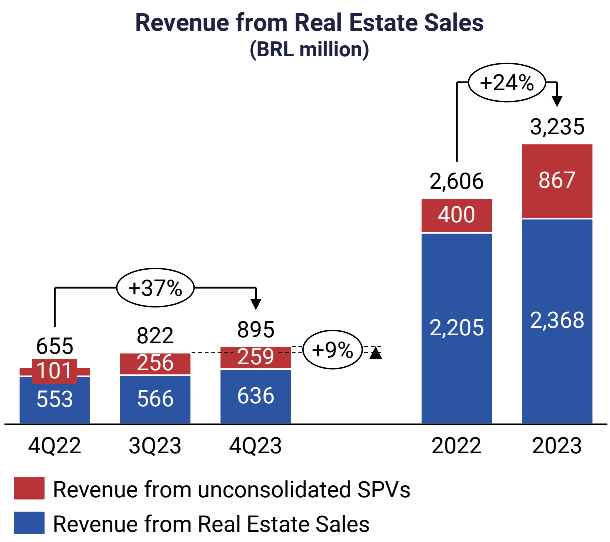
Revenue from Real Estate Sales

Gross Revenue from Real Estate Sales, which comprises the sales of units under Direcional and Riva brands, totaled BRL 636 million in 4Q23, resulting in a 12% increase over 3Q23 and 15% over 4Q22.

In 2023, the line totaled BRL 2.4 billion, a 7% growth versus 2022.

This metric is affected by the volume of sales and the evolution of the construction works observed in a determined period. As highlighted in previous quarters, there is a still relevant volume of revenue originated by products that are not consolidated in the Company's balance sheet (jointly controlled and non-controlled SPVs). In those cases, this amount does not directly affect the revenue line, but the Equity Income line instead.

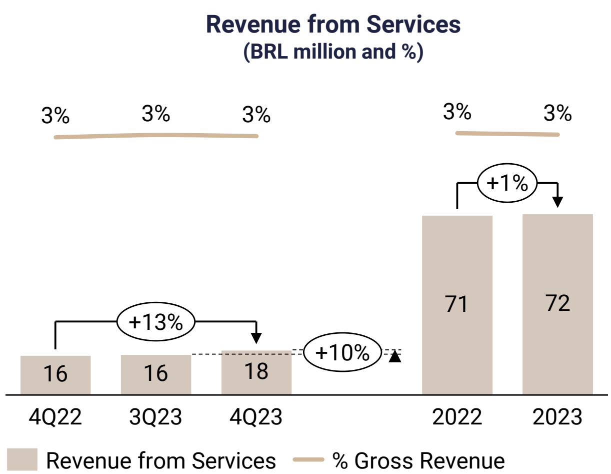
To get an idea of the total Gross Revenue recognized from the sale of all Direcional Group's products, the revenue from sales considering these non-consolidated projects was added to the actual revenue from sales. In that scenario, Total Gross Revenue from Real Estate Sales reached BRL 895 million in 4Q23, 9% higher than in 3Q23, considering the same conditions, and 37% higher than in 4Q22. In 2023, total volume reached BRL 3.2 billion, growing 24% in comparison with the results reported in 2022.



Revenue from Services

Gross Revenue from Services, consisting of (i) brokerage fees on sales made by in-house brokerage firms; and (ii) construction management fees, reached BRL 18 million in 4Q23, representing a 10% increase when compared to the previous quarter, and a 13% increase over the year-ago period.

In 2023, the revenue recognized in that segment remained in line with the results of 2022, totaling BRL 72 million. It accounted for 3% of the revenue mix, both on a quarterly and a yearly basis.

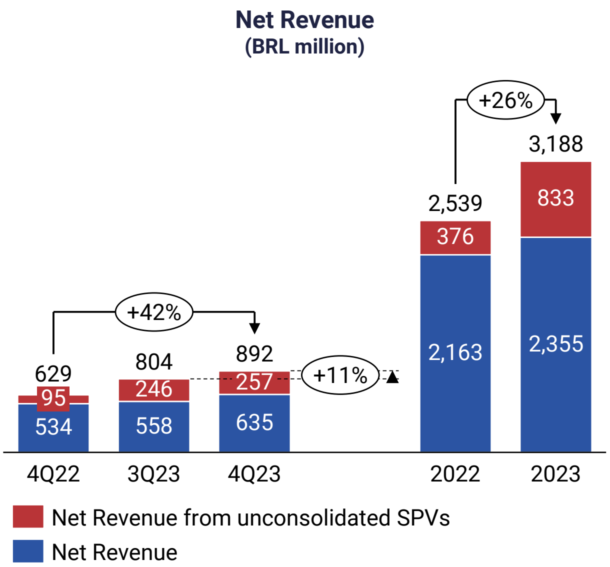


Net Revenue

In view of the above performance, Direcional Group's Net Revenue totaled BRL 635 million in 4Q23, a 14% increase over 3Q23 and a 19% increase over 4Q22. Considering the amount recognized during 2023, Net Revenue totaled BRL 2.4 billion, a growth rate of 9% when compared to 2022.

Just as was done for Gross Revenue, adding also the Net Revenue earned in jointly-controlled and non-controlled SPVs – whose accounting impact is actually reflected in the Equity Income line, after the results of each SPV is calculated –, Total Net Revenue reached BRL 892 million in the quarter, representing an 11% growth versus 3Q23 and a 42% growth versus 4Q22.

In that context, Total Net Revenue came in at BRL 3.2 billion in 2023, a 26% increase when compared to 2022.



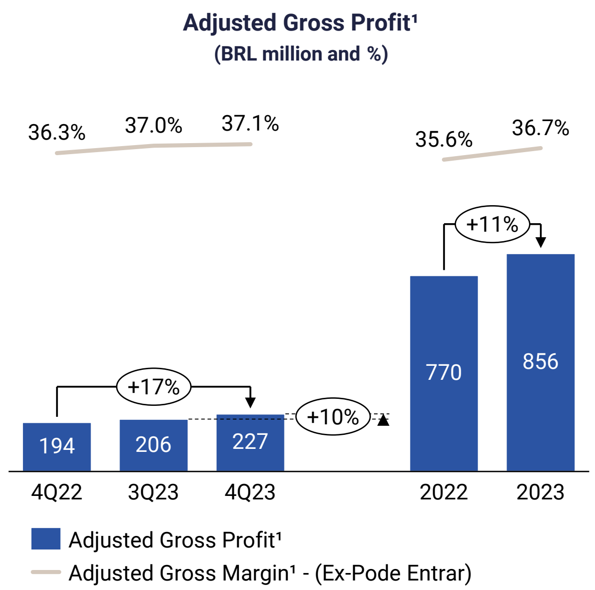
Gross Profit

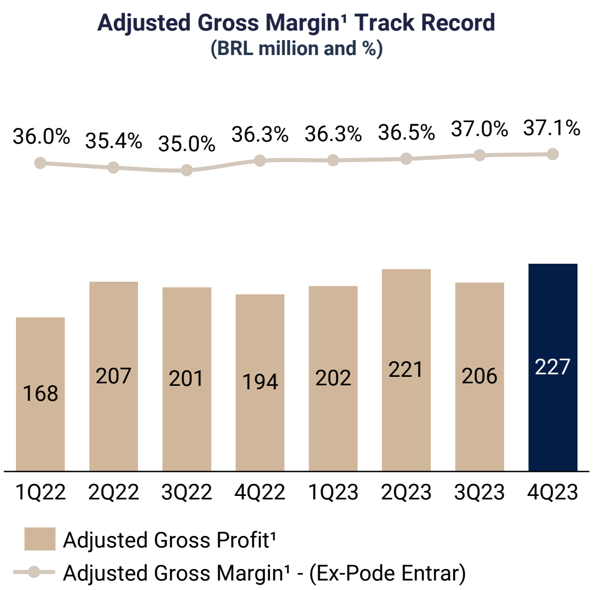
In 4Q23, Adjusted Gross Profit[1] reached BRL 227 million, which translated into a 10% growth over the previous quarter and a 17% growth over the year-ago period.

Maintaining the solid profitability Direcional Group has presented quarter after quarter, the Adjusted Gross Margin[1] reached 37.1% in 4Q23, excluding interest capitalized in the Costs line and also the effect of *Pode Entrar* Program, given the particular characteristics of this program in relation to a traditional development project. In this context, there was an 80-bps growth when compared to the margin reported in 4Q22 and a 10-bps growth versus 3Q23.

In 2023, Adjusted Gross Margin[1] reached 36.7%, 110 bps above the figures reported in 2022, also disregarding the impact of the *Pode Entrar* Program, as mentioned above.

Considering the projects contracted within the *Pode Entrar* Program, Adjusted Gross Margin[1] was at 35.7% in the quarter and 36.4% in the year.





Adjusted Gross Profit[1] totaled BRL 856 million in 2023, the biggest figure already reported by the Company, representing an 11% growth over the previous year.

It is also worth noting that the impact related to the backlog of financial charges arising from sales of receivables totaled BRL 10.1 million in 4Q23, as evidenced in the table below. The interest in inventory – i.e., yet to be recognized in the Company's results – was at BRL 2.7 million at the end of 2023, which will be recognized as the sales progress, as explained in the previous earnings releases.

Adjusted Gross Profit¹ (BRL million)	4Q23 (a)	3Q23 (b)	4Q22 (c)	Δ % (a/b)	Δ % (a/c)	2023 (d)	2022 (e)	Δ % (d/e)
Gross Profit	209.6	192.4	190.7	8.9%	9.9%	805.0	733.7	9.7%
(+) Interest capitalized – Construction Financing	6.9	4.7	2.8	45.1%	146.2%	21.7	8.5	155.3%
(+) Interest capitalized – Sales of Receivables	10.1	9.1	0.1	10.7%	9956.1%	29.5	27.9	5.7%
Adjusted Gross Profit¹ (BRL million)	226.5	206.2	193.6	9.9%	17.0%	856.2	770.1	11.2%
Adjusted Gross Margin¹	35.7%	37.0%	36.3%	-1.3 p.p.	-0.6 p.p.	36.4%	35.6%	0.7 p.p.
Adjusted Gross Margin¹ – Ex-*Pode Entrar* Program	37.1%	37.0%	36.3%	0.1 p.p.	0.8 p.p.	36.7%	35.6%	1.1 p.p.

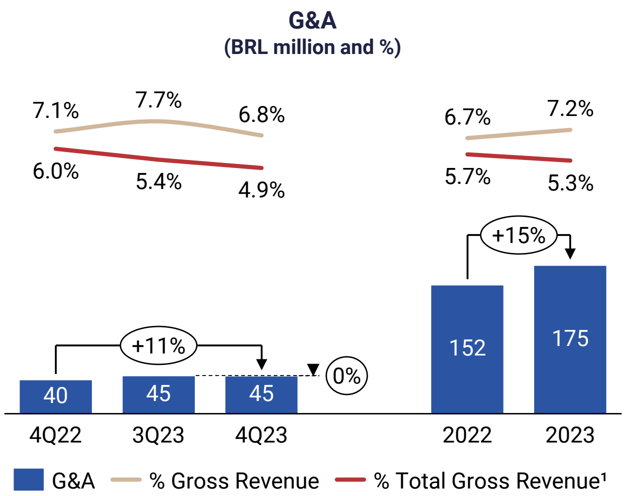
1 - Adjusted Gross Profit and Margin: excluding interest capitalized in COGS.

General and Administrative Expenses (G&A)

General and Administrative Expenses totaled BRL 45 million in 4Q23, in line with 3Q23 and 11% above 4Q22 in nominal terms. However, its representativeness over Gross Revenue reached 6.8% in the quarter, which translates into a dilution of 90 bps over 3Q23 and 30 bps over 4Q22.

In relation to Total Gross Revenue[1], considering the revenue from non-consolidated projects, the representativeness of G&A was at 4.9% in the quarter, which translates into a dilution of 50 bps when compared to the previous quarter and 110 bps when compared to the same quarter of 2022.

In 2023, G&A totaled BRL 175 million, a growth rate of 15% when compared to 2022. G&A accounted for 7.2% of the Gross Revenue in the period. As for Total Gross Revenue[1], it had a 40-bps decrease when compared to 2022, going down to 5.3%.



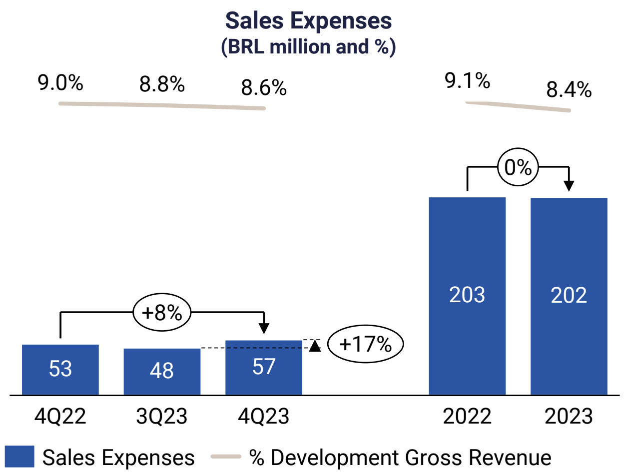
1 - Total Gross Revenue: Adjustment including gross revenue from non-consolidated SPVs (jointly controlled or non-controlled entities).

DIRECIONAL

Sales Expenses

Sales Expenses, which consist of expenses with commissions, marketing and maintenance of points of sale, totaled BRL 57 million in 4Q23, 17% above the figures reported in 3Q23 and 8% above 4Q22. However, its representativeness over Gross Revenue from Real Estate Sales reached 8.6%, representing a dilution of 20 bps over 3Q23 and 40 bps over 4Q22.

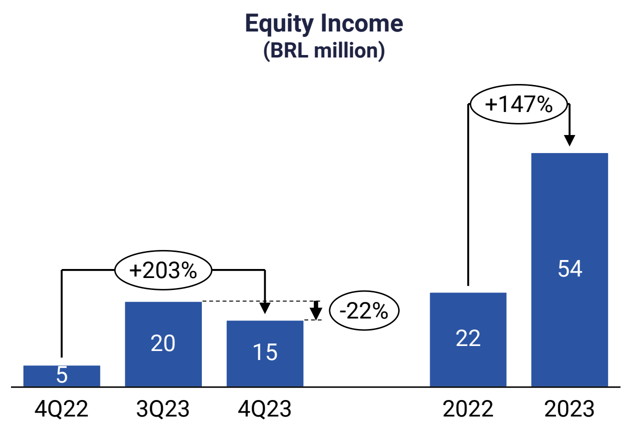
In 2023, Sales Expenses totaled BRL 202 million, in line with the amount reported in 2022. It is worth highlighting that Net Sales went up by 33% year on year, demonstrating all the effects from the operational leverage from which Direcional has benefited, as a result of the growth of operations in recent years. Sales Expenses over Gross Revenue from Real Estate Sales went down from 9.1% to 8.4%, representing a dilution of 70 bps in the period.



Equity Income

In 4Q23, as in the previous quarters, there was a relevant performance in terms of sales of units from projects that are not consolidated in the Company's balance sheet (non-controlled and jointly controlled SPVs) and that therefore do not directly contribute to the revenue line. The result is instead recognized as Equity Income, under the percentage of interest held by Direcional Group in such SPV. With that, Equity Income totaled BRL 15 million in the quarter, 22% below the results reported in 3Q23 and 203% above 4Q22.

When considering 2023, the Equity Income line totaled BRL 54 million, representing a 147% growth in comparison with 2022, when it totaled BRL 22 million, evidencing this greater volume of earnings coming from projects that are not consolidated.



Other Operating Income and Expenses

Other Operating Income and Expenses had a net loss of BRL 42 million in the quarter, mainly affected by the accounting reclassification – which had no impact on Net Income –, in the total amount of BRL 40.7 million, from the adjustment of the reimbursement of fees owed by customers but which, in certain cases, are paid in advance by the Company – more specifically the ITBI (the real estate transfer tax) and notary expenses related to the registration of the property – currently classified as Financial Revenue, instead of Other Operating Revenue. Said reclassification, occurred in 4Q23, also consider amounts from previous quarters. However, it should be noted that expenses related to these fees anticipated by the Company (basically made up of the provisions for possible customer default) are classified as Other Operating Expenses. For these reasons, in 4Q23, there was a negative net amount under Other Operating Income and Expenses, and a positive net amount under Financial Results.

Please note that reallocation in these items of the Income Statement does not represent any change in the Company's business, nor has it had any impact – upward or downward – on the Company's results. The change occurred merely because of the accounting understanding on the nature of the transaction.

In 2023, Other Operational Income (and Expenses) had a net loss of BRL 59 million, accounting for 2.5% of the Net Revenue in the year.

Financial Results

Considering the financial revenue and financial expenses in 4Q23, there was a positive net result of BRL 47 million. It is important noting that, as explained above for Other Operational Income (and Expenses), a significant part of this amount was due to the reclassification between lines of the amounts relating to the correction on the reimbursement of notary fees and ITBI owed by customers and anticipated by the Company. Once again, it is worth saying that the reclassification occurred in this quarter considers retroactive amounts and that the expenses related to said revenue continue to be accounted for as Other Operating Expenses.

In addition to this effect, the other impacts on Financial Results were mainly due to:

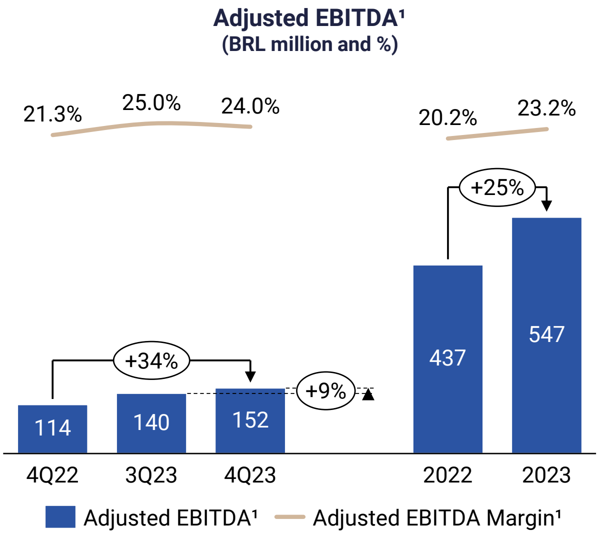
(i) positive net result of BRL 13 million considering expenses with interest, bank fees and revenue from financial investments occurred in the period – the Company had a cash balance higher than its debt balance during the quarter, given the total amount raised in the follow-on offer; (ii) BRL 13 million in financial revenue from the equity swap mark-to-market; (iii) BRL 5 million in expenses regarding other swap contracts (Real Estate Receivables Certificates-indexed); and (iv) approximately BRL 0.7 million in non-recurring expenses with transfer of receivables. As a result, at the end of 2023, there was a positive net financial result of BRL 14 million in the year.

EBITDA

Adjusted EBITDA[1] reached BRL 152 million in 4Q23, a growth rate of 9% versus 3Q23 and 34% versus 4Q22. With that, Adjusted EBITDA Margin[1] came in at 24.0% in the quarter. In order to calculate this margin, said adjustment excludes interest capitalized as Costs and also the impact of the reclassification of revenues that were previously recognized as Other Operating Revenues and that are currently recognized as Financial Income (as explained above).

In 2023, Adjusted EBITDA[1] totaled BRL 547 million, a 25% growth when compared to 2022. Adjusted EBITDA Margin[1] reached 23.2%, a 300-bps increase in the period.

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



EBITDA and Adjusted EBITDA¹ (BRL million)	4Q23 (a)	3Q23 (b)	4Q22 (c)	Δ % (a/b)	Δ % (a/c)	2023 (d)	2022 (e)	Δ % (d/e)
Net Income	99.6	68.8	78.6	44.9%	26.7%	331.6	190.0	74.5%
(+) Depreciation and Amortization	13.3	16.6	12.8	-19.8%	4.2%	60.6	53.4	13.3%
(+) Income Tax and Social Contribution	14.0	11.1	11.2	26.1%	24.7%	50.0	45.8	9.0%
(+) Minority Interest	14.4	17.1	16.0	-16.1%	-10.4%	55.3	65.7	-15.8%
(+/-) Financial Results	(46.8)	12.2	20.7	-483.8%	-326.2%	(14.1)	73.9	-119.1%
EBITDA	94.5	125.7	139.3	-24.8%	-32.2%	483.3	428.8	12.7%
EBITDA Margin	14.9%	22.5%	26.1%	-8 p.p.	-11.2	20.5%	19.8%	1 p.p.
(+) Interest capitalized in COGS	16.9	13.8	2.9	22.5%	492.6%	51.2	36.4	40.8%
(+) Monetary update and contractual interest (reclassification)	40.7	-	-	n/a	n/a	40.7	-	n/a
(-) Non-recurring result adjustment	-	-	-28.3	n/a	n/a	-28.3	-28.3	0%
Adjusted EBITDA¹	152.2	139.6	113.9	9.0%	33.6%	546.9	436.9	25.2%
Adjusted EBITDA Margin¹	24.0%	25.0%	21.3%	-1.1 p.p.	2.6 p.p.	23.2%	20.2%	3.0 p.p.

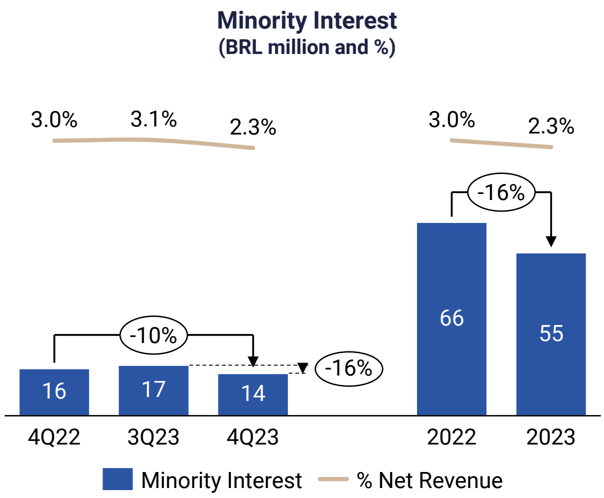
1- EBITDA and Adjusted EBITDA Margin: excluding interest capitalized in COGS and the impact of the reclassification of some revenues that were previously recognized in the Other Operating Revenues line and are now appropriated in the Financial Result. As per 2Q23 and 4Q22 (and, therefore, in 2023 and 2022), there is also the exclusion of a non-recurring result contained in the "Other Operating Income and Expenses", occurred in the quarters in question.

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

The income attributed to non-controlling participants in SCPs and SPVs ("Minority Interest") came in at BRL 14 million in 4Q23, a 16% decrease over 3Q23 and a 10% decrease over 4Q22.

In 2023, the Minority Interest totaled BRL 55 million, a 16% decrease versus 2022, in line with the Company's strategy of having fewer developments with minority shareholders.

There was a significant dilution when looking at the representativeness of Minority Interest over Net Revenue, accounting for 2.3% both in 4Q23 and 2023. In both cases, there was a 70-bps decrease when compared to the same period of the previous year.



It is worth to highlight that the development of projects in partnership was part of the strategy to accelerate the Company's growth at the beginning of the growth cycle, allowing the entry into strategic markets and the dilution of expenses with the accelerated pace of launches. However, the share of projects without minority shareholders is currently increasing in the Company's pipeline, as expected.

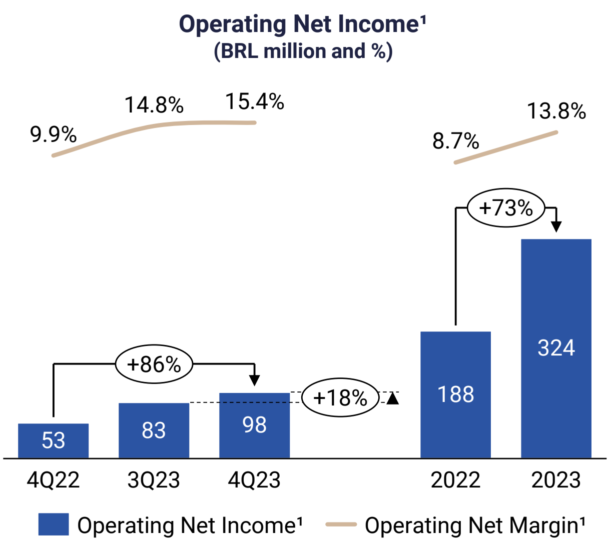
Net Income

In 4Q23, Direcional Group reached BRL 98 million in Operating Net Income[1], an 18% increase over 4Q23 and 86% over 4Q22. The metric considers adjustments by (i) the results arising from equity swap; and (ii) non-recurring expenses with transfers of receivables.

As a result, Operating Net Margin[1] reached 15.4% in the quarter, representing a 60-bps increase over 3Q23 and 550 bps versus 4Q22. Thus, Adjusted Annualized ROE[1] reached 20.1%.

In 2023, Operating Net Income[1] totaled BRL 324 million, a record-high achievement in Direcional Group's history. Operating Net Margin[1] came in at 13.8%, which translated into a remarkable 510-bps increase over 2022.

As has been the case in recent periods, the performance shows the Company's ability to gain margin and efficiency with scale gains as well. In that sense, while Net Sales grew by 33% in 2023, and Net Revenue, including non-consolidated SPVs, grew by 26% in the period, Net Income showed a 73% growth.



It should also be noted that the Direcional Group's accounting Net Income – that is, disregarding any adjustment made to show what the recurring income should be – totaled BRL 100 million in 4Q23, with a 15.7% Net Margin. In 2023, it summed BRL 332 million, and Net Margin reached 14.1%.

Operating Net Income [1] (BRL million)	4Q23 (a)	3Q23 (b)	4Q22 (c)	Δ % (a/b)	Δ % (a/c)	2023 (d)	2022 (e)	Δ % (d/e)
Net Income	99.6	68.8	78.6	44.9%	26.7%	331.6	190.0	74.5%
(+/-) Result with equity swap	-12.6	4.2	1.8	-404.2%	-799.9%	-18.0	-8.8	104.1%
(+) Expenses with sale of receivables	10.7	9.8	0.5	9.9%	1885.3%	39.1	35.0	11.7%
(+/-) Other non-recurring expenses (revenue)	0.0	0.0	-28.3	n/a	-100.0%	-28.3	-28.3	0.1%
Operating Net Income [1]	97.7	82.7	52.6	18.2%	85.6%	324.4	187.9	72.6%
Operating Net Margin [1]	15.4%	14.8%	9.9%	0.6 p.p.	5.5 p.p.	13.8%	8.7%	5.1 p.p.

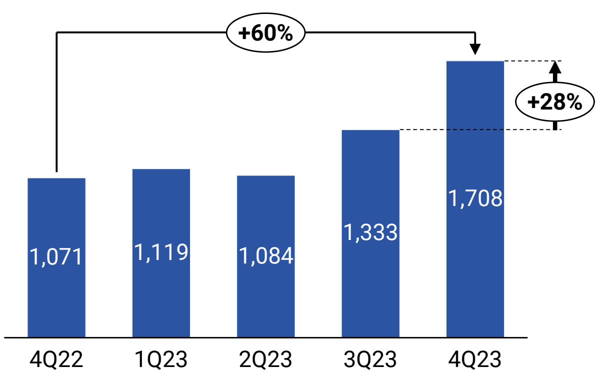
1 – Operating Net Income: adjustment excluding expenses with sale of receivables, equity *swap* results and the non-recurring results under "Other Operating Income and Expenses" (as per 2Q23 and 4Q22, and therefore, 2023 and 2022 fiscal years).

Deferred Results from Real Estate Sales (Backlog Results)

At the end of 4Q23, the Deferred Revenue from Real Estate Sales (Backlog Revenue) totaled BRL 1.7 billion, resulting in a 28% increase when compared to the figures reported in the previous quarter and a 60% increase versus the year-ago period. The Backlog Margin in the quarter came in at 42.5%, virtually in line with the results of 3Q23 and 2.8 p.p. above the 4Q22 margin.

Table below presents more details on Deferred Results from Real Estate Sales and the Backlog Margin:

Deferred Revenue from Real Estate Sales
(BRL million)



Deferred Results from Real Estate Sales (BRL million)	4Q23 (a)	3Q23 (b)	4Q22 (c)	Δ % (a/b)	Δ % (a/c)
Deferred Revenue from Real Estate Sales	1,707.8	1,333.0	1,070.6	28.1%	59.5%
Deferred Costs from Real Estate Sales	-981.4	-764.2	-645.1	28.4%	52.1%
Deferred Results from Real Estate Sales	726.3	568.8	425.5	27.7%	70.7%
Backlog Margin	42.5%	42.7%	39.7%	-0.2 p.p.	2.8 p.p.

BALANCE SHEET HIGHLIGHTS

Cash and Cash Equivalents and Short-term Investments

Cash, Cash Equivalents and Short-term Investments closed 2023 with a BRL 1.3 billion balance. Thus, Direcional Group preserves a comfortable cash position allowing the growth of operations and the maintenance of a well-balanced capital structure.

Cash and Cash Equivalents and Short-term Investments (BRL million)	4Q23 (a)	3Q23 (b)	4Q22 (c)	Δ % (a/b)	Δ % (a/c)
Cash and Cash Equivalents	634.0	813.7	733.1	-22.1%	-13.5%
Short-term Investments	693.2	527.4	454.2	31.4%	52.6%
Total	**1,327.2**	**1,341.2**	**1,187.4**	**-1.0%**	**11.8%**

Accounts Receivable

The book balance of Accounts Receivable[1] at the end of 2023 was BRL 986 million, an increase of 20% versus 3Q23 and 45% versus 4Q22. Considering the balance of Accounts Receivable from Real Estate Sales, as well as the Net Revenue from this segment, the Accounts Receivable Days[2] index reached 140 days.

Accounts Receivable[1] (BRL million)	4Q23 (a)	3Q23 (b)	4Q22 (c)	Δ % (a/b)	Δ % (a/c)
Real Estate Sales	966.4	800.7	656.6	20.7%	47.2%
Services	15.6	16.1	17.6	-3.5%	-11.4%
Land Sales	4.0	3.9	4.0	3.9%	1.0%
Total	**986.0**	**820.7**	**678.2**	**20.1%**	**45.4%**
Current	521.9	407.9	363.4	28.0%	43.6%
Non-current	464.0	412.8	314.8	12.4%	47.4%
Accounts Receivable – Real Estate Sales	966.4	800.7	656.6	20.7%	47.2%
Net Revenue – Real Estate Sales	619.4	544.1	523.0	13.8%	18.4%
Accounts Receivable Days[2]	140	132	113	6.0%	24.3%

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

According to current accounting rules, the recognition of Accounts Receivable is proportional to the performance index of the respective construction works (Percentage of Completion - PoC). Therefore, the Accounts Receivable balance from units sold and not completed yet is not totally reflected in the Financial Statements. It is worth to emphasize that the total balance of Direcional's Accounts Receivable at the end of 2023 reached BRL 2.7 billion.

Indebtedness

The gross balance of Loans and Financing line was BRL 1.3 billion in 2023, with 82% of the total being long-term.

During the quarter, another successful issuance of Real Estate Receivables Certificates (CRI) has been concluded, raising BRL 250 million, with a 5-year maturity and a brAAA rating, attributed by S&P. It is also worth highlighting the Company's assertiveness in paying in advance the most expensive securities with the shortest maturities. As a result, we have consistently reduced the cost of debt and lengthened the Company's weighted average maturity, which ended 2023 at 52 months.

Considering the balance of Loans and Financing, as well as the balance of Cash, Cash Equivalents and Short-term Investments, in addition to interest swap agreement position, Direcional Group had BRL 72 million in net cash position at the end of the period. Leverage ratio, measured by Adjusted Net Debt² over Equity, reached -3.4%.

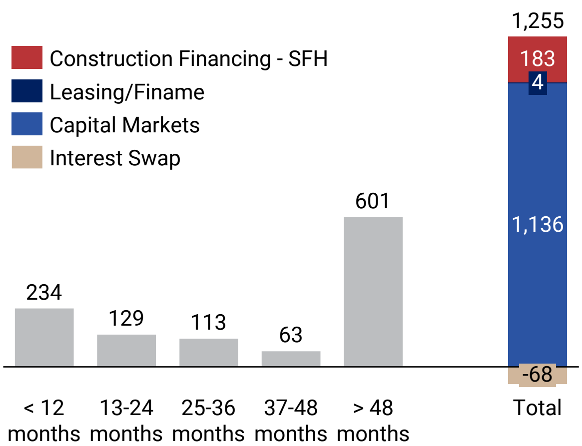
As a result, the Company continues to have a well-balanced capital structure to allow the sustainable growth of its operations and to take advantage of market opportunities.

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

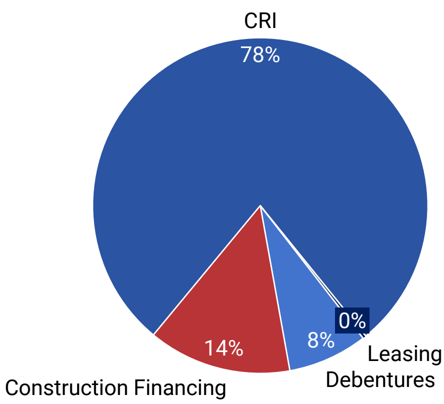
Indebtedness (BRL '000)	4Q23 (a)	3Q23 (b)	4Q22 (c)	Δ % (a/b)	Δ % (a/c)
Loans and Financing Operations	1,323.0	1,291.3	1,389.8	2.5%	-4.8%
CRI	1,034.2	859.7	902.1	20.3%	14.6%
Debentures	101.6	273.0	362.5	-62.8%	-72.0%
Construction Financing	183.0	153.1	115.0	19.5%	59.1%
FINAME and Leasing	4.3	5.5	10.2	-21.2%	-57.8%
Cash, Cash Equivalentes and Financial Investments	1,327.2	1,341.2	1,187.4	-1.0%	11.8%
Net Debt¹	-4.1	-49.9	202.5	-91.7%	-102.0%
Swap agreements position	-68.0	-38.9	-9.0	74.7%	652.8%
Adjusted Net Debt²	-72.1	-88.8	193.4	-18.8%	-137.3%
Adjusted Net Debt / Equity	-3,4%	-4,2%	13,3%	0.8 p.p.	-16.8 p.p.
Loans and Financing Operations by index	1,323.0	1,291.3	1,389.8	2.5%	-4.8%
TR	183.0	153.1	115.0	19.5%	59.1%
IPCA³	621.3	706.8	670.5	-12.1%	-7.3%
CDI	454.8	431.3	604.3	5.4%	-24.7%

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

Debt Amortization Schedule
(BRL million)



Loans and Financing Breakdown
(% of Debt)



Cash Generation (*Cash Burn*)[1]

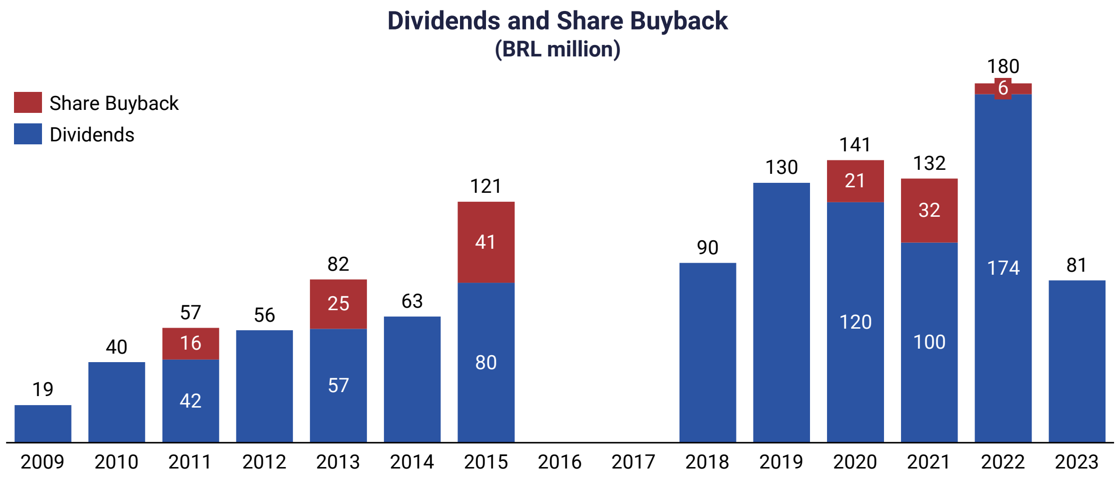
Due to the acceleration of operational growth that has been carried out by the Company since the follow-on offer, a cash consumption of BRL 15 million was observed in 4Q23. Thus, cash consumption totaled BRL 37 million in 2023.

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

In November 2023, Direcional's Board of Directors approved the payment of interim dividends at BRL 0.47 per share, totaling BRL 81 million. Shareholders with ownership interest at the close of the trading day of December 5, 2023, received the dividends. The payment was made on January 3, 2024.

As a result, considering dividends and share buybacks, the company has reached BRL 1.2 billion in capital returned to shareholders since its IPO, seeking to remain true to its essence of creating value for investors, always with extreme diligence and responsibility regarding its capital structure.



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

STOCK TICKER: DIRR3

Stock price on 12/28/2023: BRL 22.39

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

Market Capitalization:
BRL 3,867 million / USD 743 million

Free Float:
63%

4Q23 Average Daily Volume:
2,271 thousand shares
BRL 43,354 thousand
9,903 transactions

CONFERENCE CALL
(with simultaneous translation into English)

Date: 03/12/2024 - Tuesday
2:00 p.m. – (EDT)
3:00 p.m. – (BRT)

Access:
Zoom
https://us06web.zoom.us/webinar/register/WN_x1pZzqO5RA6-U71M_q-low

YouTube
https://youtube.com/live/n0Gx__zjpnQ?feature=share

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DIRR B3 LISTED NM

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

CONSOLIDATED BALANCE SHEET

IFRS

Consolidated Balance Sheet (BRL '000)	12/31/2023	12/31/2022 (Adjusted)	Δ %
Current Assets	3,583,355	2,777,103	29%
Cash and cash equivalents and short-term investments	1,327,171	1,187,372	12%
Accounts receivable	521,946	363,372	44%
Inventory	1,420,699	960,135	48%
Receivables from related parties	67,184	64,551	4%
Taxes recoverable	25,753	23,122	11%
Accounts receivable from divestiture	-	501	-
Other receivables	220,602	178,050	24%
Non-Current Assets	3,988,243	3,712,312	7%
Accounts receivable	464,035	314,813	47%
Inventory	3,041,218	3,018,121	1%
Judicial deposits	18,111	17,367	4%
Taxes recoverable	27,548	6,440	328%
Accounts receivable from divestiture	7,630	7,129	7%
Other receivables	113,274	43,662	159%
Investments	169,375	143,717	18%
Fixed assets	111,474	140,115	-20%
Intangible assets	35,578	20,948	70%
Current Assets	7,571,598	6,489,415	17%

Balanço Patrimonial - Consolidado (RS Mil)	12/31/2023	12/31/2022 (Adjusted)	Δ %
Current Liabilities	1,042,766	918,216	14%
Loans and financing	234,933	309,722	-24%
Suppliers	121,652	112,474	8%
Forfait	7,879	10,220	-23%
Labor obligations	45,411	39,233	16%
Tax obligations	36,179	28,690	26%
Lease financing	7,456	11,324	-34%
Real estate commitments payable	146,827	113,361	30%
Advances from customers	69,264	28,540	143%
Other accounts payable	120,996	84,799	43%
Assignment liability	58,926	13,826	326%
Proposed Dividends	81,162	104,287	-22%
Provision for guarantee	24,259	28,392	-15%
Payables to related parties	87,822	33,348	163%
Non-Current Liabilities	4,418,246	4,121,504	7%
Loans and financing	1,088,111	1,080,104	1%
Suppliers	10,004	9,471	6%
Provision for guarantee	16,303	13,887	17%
Tax obligations	18,589	12,737	46%
Lease financing	13,648	19,821	-31%
Real estate commitments payable	2,668,090	2,388,485	12%
Advances from customers	378,427	398,915	-5%
Provision for labor, tax and civil contingencies	27,657	26,198	6%
Other accounts payable	69,157	97,392	-29%
Assignment liability	128,260	74,494	72%
Shareholder's Equity	2,110,586	1,449,695	46%
Capital	1,159,863	752,982	54%
Capital reserves	177,690	177,690	-
Stock options granted	6,550	2,513	161%
Equity adjustment	-31,760	-31,880	-0%
Treasury shares	-7,748	-9,749	-21%
Income reserves	648,810	398,425	63%
	1,953,405	1,289,981	51%
Non-controlling interest	157,181	159,714	-2%
Total Liabilities and Shareholder's Equity	7,571,598	6,489,415	17%

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CONSOLIDATED INCOME STATEMENT

Consolidated Income Statement (BRL '000)	4Q23 (a)	3Q23 (b)	4Q22[1] (c)	Δ % (a/b)	Δ % (a/c)	2023 (d)	2022[1] (e)	Δ % (d/e)
Real Estate Sales Revenue	635,768	566,347	553,371	12.3%	14.9%	2,368,117	2,205,210	7.4%
Revenue from Services	17,852	16,181	15,808	10.3%	12.9%	71,903	71,390	0.7%
Gross Revenue	653,620	582,528	569,179	12.2%	14.8%	2,440,020	2,276,600	7.2%
Deductions from Gross Revenue (taxes and others)	-18,782	-24,860	-35,194	-24.4%	-46.6%	-84,837	-113,984	-25.6%
Net Operating Revenue	634,838	557,668	533,985	13.8%	18.9%	2,355,183	2,162,616	8.9%
Cost of real estate sales and services	-425,257	-365,299	-343,252	16.4%	23.9%	-1,550,208	-1,428,891	8.5%
Gross Profit	209,581	192,369	190,733	8.9%	9.9%	804,975	733,725	9.7%
General and administrative expenses	-44,598	-44,732	-40,183	-0.3%	11.0%	-174,710	-151,631	15.2%
Sales expenses	-56,898	-48,466	-52,665	17.4%	8.0%	-202,242	-203,082	-0.4%
Equity income	15,345	19,669	5,065	-22.0%	203.0%	53,701	21,758	146.8%
Other operating income and expenses	-42,231	-9,690	23,575	335.8%	-279.1%	-58,989	-25,357	132.6%
Other Operating Revenues (Expenses)	-128,382	-83,218	-64,209	54.3%	99.9%	-382,240	-358,312	6.7%
Financial Expenses	-73,935	-75,551	-74,805	-2.1%	-1.2%	-288,045	-269,367	6.9%
Financial Revenues	120,692	63,367	54,132	90.5%	123.0%	302,169	195,489	54.6%
Financial Results	46,757	-12,184	-20,673	-483.8%	-326.2%	14,124	-73,878	-119.1%
Income before Income and Social Contribution Taxes	127,956	96,967	105,851	32.0%	20.9%	436,859	301,535	44.9%
Income and social contribution taxes - current and def.	-13,991	-11,091	-11,224	26.1%	24.7%	-49,982	-45,846	9.0%
Net Income before Interests in SCPs and SPEs	113,965	85,876	94,628	32.7%	20.4%	386,877	255,689	51.3%
Interest in SCPs and SPEs (Minority Interest)	-14,359	-17,112	-16,023	-16.1%	-10.4%	-55,317	-65,669	-15.8%
Net Income	99,606	68,764	78,605	44.9%	26.7%	331,560	190,020	74.5%
Gross Margin	33.0%	34.5%	35.7%	-1.5 p.p.	-2.7 p.p.	34.2%	33.9%	0.3 p.p.
Adjusted Gross Margin	35.7%	37.0%	36.3%	-1.3 p.p.	-0.6 p.p.	36.4%	35.6%	0.7 p.p.
Net Margin	15.7%	12.3%	14.7%	3.4 p.p.	1.0 p.p.	14.1%	8.8%	5.3 p.p.

1 - Information adjusted as per explanatory notes.

GLOSSARY

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

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

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

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

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

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

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

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

LTM – Last twelve months.

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

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

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

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

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

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