

# **Quarterly Information (ITR)**

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

September 30, 2022

with Independent Auditor's Review Report

# **Direcional Engenharia S.A.**

Interim financial information

September 30, 2022

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A free translation from Portuguese into English of Independent Auditor's Review Report on quarterly information prepared in Brazilian currency in accordance with Brazilian Accounting Standard NBC TG 21 and 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)

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## Independent auditor's review report on quarterly information

To the  
Shareholders, Board of Directors and Officers  
**Direcional Engenharia S.A.**  
Belo Horizonte - 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 September 30, 2022, which comprises the statement of financial position as at September 30, 2022 and the statements of profit or loss and of comprehensive income for the three- and nine-month periods then ended, and of changes in equity and of cash flows for the nine-month period then ended, including explanatory information.

Management is responsible for preparation of the individual and consolidated interim financial information in accordance with Accounting Pronouncement NBC TG 21 – Interim Financial Reporting, and IAS 34 – Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), applicable to real estate development entities in Brazil registered with the Brazilian Securities 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**

Based on our review, nothing has come to our attention that causes us to believe that the individual and consolidated interim financial information included in the quarterly information referred to above was 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 CVM, and presented consistently with the rules issued by the CVM applicable to Quarterly Information (ITR).

## **Emphasis of matter**

As described in Note 2, the individual and consolidated interim financial information contained in the Quarterly Information Form (ITR) 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 quarterly information referred to above includes individual and consolidated interim statements of value added (SVA) for the nine-month period ended September 30, 2022, prepared by the Company's executive board and presented as supplementary information under IAS 34. These statements have been subject to review procedures performed in conjunction with the review of quarterly information, to conclude whether they are prepared consistently with the interim financial information and accounting records, as applicable, and whether their form and content are in accordance with the criteria defined in NBC TG 09 - Statement of Value Added. Based on our review, nothing has come to our attention that causes us to believe that these statements of value added were not prepared, in all material respects, in accordance with the criteria set forth by this Standard and consistently with the individual and consolidated interim financial information taken as a whole.

Belo Horizonte, November 07, 2022.

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 quarterly information prepared in Brazilian currency in accordance with Brazilian Accounting Standard NBC TG 21 and 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)

## Direcional Engenharia S.A.

Statements of financial position  
September 30, 2022  
(In thousands of reais)

	Note	Individual		Consolidated	
		09/30/2022	12/31/2021	09/30/2022	12/31/2021
<b>Current assets</b>					
Cash and cash equivalents	3.1	<b>427,510</b>	287,215	<b>693,706</b>	723,954
Short-term investments	3.2	<b>442,616</b>	323,337	<b>486,114</b>	325,206
Accounts receivable	4.1	<b>14,923</b>	11,340	<b>346,492</b>	231,761
Inventories	5	<b>181</b>	181	<b>1,380,506</b>	1,230,591
Receivables from related parties	6.1	<b>113,146</b>	132,735	<b>61,936</b>	82,261
Taxes recoverable	-	<b>15,876</b>	12,228	<b>30,866</b>	24,462
Accounts receivable from divestiture	4.2	<b>501</b>	10,258	<b>501</b>	17,540
Other receivables	4.3	<b>151,313</b>	130,126	<b>285,320</b>	220,565
<b>Total current assets</b>		<b>1,166,066</b>	907,420	<b>3,285,441</b>	2,856,340
<b>Noncurrent assets</b>					
Accounts receivable	4.1	<b>1,191</b>	1,026	<b>291,178</b>	244,585
Inventories	5	<b>33,056</b>	97,322	<b>2,290,827</b>	2,303,436
Receivables from related parties	6.1	-	-	<b>1,581</b>	1,636
Judicial deposits	-	<b>10,220</b>	8,918	<b>17,324</b>	16,097
Accounts receivable from divestiture	4.2	-	-	<b>14,129</b>	-
Other receivables	4.3	<b>22,764</b>	21,247	<b>24,276</b>	21,457
Investments	7	<b>1,618,434</b>	1,519,013	<b>128,210</b>	117,980
Property and equipment	8	<b>99,519</b>	68,011	<b>135,843</b>	99,075
Intangible assets		<b>19,179</b>	17,315	<b>20,707</b>	19,013
<b>Total noncurrent assets</b>		<b>1,804,363</b>	1,732,852	<b>2,924,075</b>	2,823,279
<b>Total assets</b>		<b>2,970,429</b>	2,640,272	<b>6,209,516</b>	5,679,619

	Note	Individual		Consolidated	
		09/30/2022	12/31/2021	09/30/2022	12/31/2021
<b>Current liabilities</b>					
Loans and financing	9.1	<b>294,756</b>	125,358	<b>296,727</b>	127,205
Trade accounts payable	-	<b>6,708</b>	8,337	<b>105,049</b>	92,054
Labor obligations	10	<b>21,224</b>	12,649	<b>49,692</b>	31,827
Tax obligations	11	<b>1,707</b>	1,480	<b>27,585</b>	25,094
Lease financing	9.2	<b>9,129</b>	9,339	<b>9,795</b>	10,088
Real estate commitments payable	12	-	-	<b>69,934</b>	62,779
Advances from customers	13	-	-	<b>43,336</b>	14,705
Other accounts payable	14	<b>157,043</b>	28,991	<b>101,989</b>	90,346
Assignment liabilities	14.1	-	-	<b>92,662</b>	-
Provision for warranty	15.1	<b>1,270</b>	2,258	<b>29,705</b>	28,143
Payables to related parties	6.1	<b>12,027</b>	10,741	<b>11,900</b>	14,600
<b>Total current liabilities</b>		<b>503,864</b>	199,153	<b>838,374</b>	496,841
<b>Noncurrent liabilities</b>					
Loans and financing	9.1	<b>1,047,982</b>	1,012,001	<b>1,180,793</b>	1,114,197
Trade accounts payable	-	<b>194</b>	210	<b>8,928</b>	5,958
Provision for warranty	15.1	-	-	<b>14,593</b>	12,051
Tax obligations	11	-	-	<b>11,785</b>	9,701
Lease financing	9.2	<b>20,736</b>	24,985	<b>20,842</b>	25,129
Real estate commitments payable	12	<b>12,482</b>	70,877	<b>2,105,100</b>	2,060,218
Advances from customers	13	<b>21,255</b>	27,086	<b>382,304</b>	375,344
Provision for tax, labor and civil contingencies	15.2	<b>3,765</b>	4,055	<b>23,987</b>	24,008
Other accounts payable	14	<b>2,028</b>	2,028	<b>97,392</b>	97,392
<b>Total noncurrent liabilities</b>		<b>1,108,442</b>	1,141,242	<b>3,845,724</b>	3,723,998
<b>Equity</b>					
Capital	16.1	<b>752,982</b>	752,982	<b>752,982</b>	752,982
Capital reserves	16.3	<b>177,690</b>	177,690	<b>177,690</b>	177,690
Stock options granted	-	<b>1,829</b>	2,259	<b>1,829</b>	2,259
Equity adjustment	-	<b>(30,296)</b>	(29,847)	<b>(30,296)</b>	(29,847)
Treasury shares	-	<b>(9,749)</b>	(7,360)	<b>(9,749)</b>	(7,360)
Income reserve	16.4	<b>465,667</b>	404,153	<b>465,667</b>	404,153
		<b>1,358,123</b>	1,299,877	<b>1,358,123</b>	1,299,877
<b>Noncontrolling interests</b>		-	-	<b>167,295</b>	158,903
		<b>1,358,123</b>	1,299,877	<b>1,525,418</b>	1,458,780
<b>Total liabilities and equity</b>		<b>2,970,429</b>	2,640,272	<b>6,209,516</b>	5,679,619

See accompanying notes.

## Direcional Engenharia S.A.

Statements of profit or loss  
 Period ended September 30, 2022  
 (In thousands of reais, unless otherwise stated)

	Note	Individual				Consolidated			
		01/01/2022 to 09/30/2022	07/01/2022 to 09/30/2022	01/01/2021 to 09/30/2021	07/01/2021 to 09/30/2021	01/01/2022 to 09/30/2022	07/01/2022 to 09/30/2022	01/01/2021 to 09/30/2021	07/01/2021 to 09/30/2021
		Net revenue	17	<b>17,891</b>	<b>2,753</b>	26,506	7,042	<b>1,628,631</b>	<b>574,411</b>
Cost of real estate sold and services rendered	18	<b>(11,998)</b>	<b>(3,994)</b>	(7,980)	(2,883)	<b>(1,057,766)</b>	<b>(375,869)</b>	(819,945)	(291,148)
Gross profit		<b>5,893</b>	<b>(1,241)</b>	18,526	4,159	<b>570,865</b>	<b>198,542</b>	469,464	162,214
Operating income (expenses)									
General and administrative expenses	18	<b>(93,255)</b>	<b>(33,364)</b>	(83,850)	(29,414)	<b>(111,447)</b>	<b>(39,730)</b>	(97,953)	(33,785)
Selling expenses	18	<b>(4,965)</b>	<b>(1,626)</b>	(3,153)	(480)	<b>(150,416)</b>	<b>(52,788)</b>	(137,776)	(49,549)
Equity pickup	7	<b>284,536</b>	<b>103,642</b>	208,240	61,154	<b>17,425</b>	<b>8,371</b>	11,299	6,059
Other operating income (expenses)	-	<b>(7,119)</b>	<b>(4,652)</b>	26,050	30,406	<b>(48,932)</b>	<b>(21,872)</b>	(17,000)	1,897
		<b>179,197</b>	<b>64,000</b>	147,287	61,666	<b>(293,370)</b>	<b>(106,019)</b>	(241,430)	(75,378)
Finance costs	19	<b>(179,334)</b>	<b>(65,877)</b>	(87,065)	(36,976)	<b>(199,974)</b>	<b>(71,080)</b>	(96,831)	(40,401)
Finance income	19	<b>126,228</b>	<b>66,382</b>	36,262	18,341	<b>141,357</b>	<b>70,823</b>	42,449	20,725
Finance income (costs)	19	<b>(53,106)</b>	<b>505</b>	(50,803)	(18,635)	<b>(58,617)</b>	<b>(257)</b>	(54,382)	(19,676)
Income before income and social contribution taxes (IRPJ and CSLL)		<b>131,984</b>	<b>63,264</b>	115,010	47,190	<b>218,878</b>	<b>92,266</b>	173,652	67,160
Income and social contribution taxes	20	<b>(15)</b>	-	(31)	(6)	<b>(34,622)</b>	<b>(12,246)</b>	(25,659)	(8,255)
Net income for the period		<b>131,969</b>	<b>63,264</b>	114,979	47,184	<b>184,256</b>	<b>80,020</b>	147,993	58,905
Net income attributable to Direcional Engenharia S.A.		<b>131,969</b>	<b>63,264</b>	114,979	47,184	<b>131,969</b>	<b>63,264</b>	114,979	47,184
Noncontrolling interests in SPEs and SCPs		-	-	-	-	<b>52,287</b>	<b>16,756</b>	33,014	11,721
Earnings per share									
Basic		<b>0.89</b>	<b>0.43</b>	0.79	0.32				
Diluted		<b>0.88</b>	<b>0.42</b>	0.79	0.32				

See accompanying notes.

## Direcional Engenharia S.A.

Statements of comprehensive income  
 Period ended September 30, 2022  
 (In thousands of reais)

	Individual				Consolidated			
	01/01/2022 to 09/30/2022	07/01/2022 to 09/30/2022	01/01/2021 to 09/30/2021	07/01/2021 to 09/30/2021	01/01/2022 to 09/30/2022	07/01/2022 to 09/30/2022	01/01/2021 to 09/30/2021	07/01/2021 to 09/30/2021
Net income for the period	<b>131,969</b>	<b>63,264</b>	114,979	47,184	<b>184,256</b>	<b>80,020</b>	147,993	58,905
Total comprehensive income for the period	<b>131,969</b>	<b>63,264</b>	114,979	47,184	<b>184,256</b>	<b>80,020</b>	147,993	58,905
Attributable to:								
Company shareholders					<b>131,969</b>	<b>63,264</b>	114,979	47,184
Noncontrolling interests					<b>52,287</b>	<b>16,756</b>	33,014	11,721
					<b>184,256</b>	<b>80,020</b>	147,993	58,905

See accompanying notes.

## Direcional Engenharia S.A.

Statements of changes in equity  
 Period ended September 30, 2022  
 (In thousands of reais)

	Attributable to Company shareholders											
	Note	Capital reserves				Income reserves						Consolidated equity
		Capital	Treasury shares	Shares issued/ disposed of	Stock options granted	Equity adjustment	Legal	Investment	Retained earnings (accumulated losses)	Individual equity	Noncontrolling interests	
Balances at December 31, 2020 (restated)		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	-	-	-	2,688	-	-	-	-	2,688	-	2,688
Cancellation of treasury shares	-	-	30,749	(30,749)	-	-	-	-	-	-	-	-
Capital reduction by noncontrolling interests	16.6	-	-	-	-	-	-	-	-	-	(4,984)	(4,984)
Net income (loss) for the period	-	-	-	-	-	-	-	-	114,979	114,979	33,014	147,993
Dividends proposed	16.4.3	-	-	-	-	-	-	(100,147)	-	(100,147)	-	(100,147)
Disposal of treasury shares	16.2	-	4,610	-	(3,668)	-	-	-	(944)	(2)	-	(2)
Share buyback	-	-	(28,967)	-	-	-	-	-	-	(28,967)	-	(28,967)
Transactions with noncontrolling shareholders	16.6	-	-	-	-	(85)	-	-	-	(85)	-	(85)
Balance at September 30, 2021		752,982	(45,737)	177,735	3,070	(19,108)	36,022	195,779	114,035	1,214,778	141,716	1,356,494
Balances at December 31, 2021		<b>752,982</b>	<b>(7,360)</b>	<b>177,690</b>	<b>2,259</b>	<b>(29,847)</b>	<b>43,997</b>	<b>360,156</b>	-	<b>1,299,877</b>	<b>158,903</b>	<b>1,458,780</b>
Stock options recognized	18	-	-	-	2,230	-	-	-	-	2,230	-	2,230
Capital reduction by noncontrolling interests	16.6	-	-	-	-	-	-	-	-	-	(43,895)	(43,895)
Net income (loss) for the period	-	-	-	-	-	-	-	-	131,969	131,969	52,287	184,256
Dividends proposed	16.4.3	-	-	-	-	-	-	-	(69,964)	(69,964)	-	(69,964)
Disposal of treasury shares	16.2	-	3,150	-	(2,660)	-	-	-	(491)	(1)	-	(1)
Share buyback	16.2	-	(5,539)	-	-	-	-	-	-	(5,539)	-	(5,539)
Transactions with noncontrolling shareholders	16.6	-	-	-	-	(449)	-	-	-	(449)	-	(449)
Balance at September 30, 2022		<b>752,982</b>	<b>(9,749)</b>	<b>177,690</b>	<b>1,829</b>	<b>(30,296)</b>	<b>43,997</b>	<b>360,156</b>	<b>61,514</b>	<b>1,358,123</b>	<b>167,295</b>	<b>1,525,418</b>

See accompanying notes.

## Direcional Engenharia S.A.

Statements of cash flows  
 Period ended September 30, 2022  
 (In thousands of reais)

	Individual		Consolidated	
	09/30/2022	09/30/2021 (Restated)	09/30/2022	09/30/2021 (Restated)
Cash flows from operating activities				
Income before income and social contribution taxes	<b>131,984</b>	115,010	<b>218,878</b>	173,652
Adjustments to reconcile income to cash from operating activities				
Depreciation and amortization	<b>16,760</b>	16,500	<b>40,657</b>	37,625
Equity pickup	<b>(284,536)</b>	(208,240)	<b>(17,425)</b>	(11,299)
Short-term investment yield	<b>(28,099)</b>	(5,834)	<b>(32,469)</b>	(5,870)
Provision for warranty	<b>1,524</b>	530	<b>17,115</b>	21,125
Interest on loans and financing	<b>110,140</b>	70,212	<b>120,739</b>	75,780
Hedge accounting – fair value	<b>(10,025)</b>	(9,507)	<b>(10,025)</b>	(9,507)
Exchange differences on loans and financing	-	1,098	-	1,098
Provision for tax, labor and civil contingencies	<b>3,633</b>	1,086	<b>11,382</b>	5,047
Gains (losses) on barter transactions	-	-	<b>(10,876)</b>	(13,678)
Gains (losses) on disposal of equity interests	-	(28,706)	<b>(886)</b>	(28,902)
Restatement of accounts receivable for disposal of equity interests	-	(330)	<b>(2,373)</b>	(330)
Present value adjustment on accounts receivable	-	-	<b>5,149</b>	7,057
Present value adjustment on lease financing	<b>1,477</b>	1,764	<b>1,515</b>	1,812
Adjustment to net realizable value of finished inventories	-	-	<b>117</b>	(501)
Allowance for doubtful accounts	-	-	<b>7,572</b>	12,273
Provision for stock option plan	<b>2,230</b>	2,688	<b>2,230</b>	2,688
Provision for profit sharing	<b>7,934</b>	7,125	<b>8,865</b>	7,879
Increase (decrease) in assets				
Accounts receivable	<b>(3,748)</b>	(3,234)	<b>(174,045)</b>	(180,536)
Inventories	<b>47</b>	3,538	<b>140,691</b>	89,780
Sundry receivables	<b>(22,704)</b>	(10,583)	<b>(67,574)</b>	(21,560)
Transactions with related parties	<b>44,752</b>	(998)	<b>23,405</b>	(6,872)
Judicial deposits	<b>(1,302)</b>	2	<b>(1,227)</b>	400
Taxes recoverable	<b>(3,648)</b>	(374)	<b>(6,404)</b>	(1,302)
(Decrease) increase in liabilities				
Trade accounts payable	<b>(15,957)</b>	(5,190)	<b>634</b>	(9,350)
Labor obligations	<b>641</b>	(2,603)	<b>9,000</b>	(1,900)
Tax obligations	<b>219</b>	58	<b>3,415</b>	730
Real estate commitments payable	-	-	<b>(188,229)</b>	(148,132)
Advances from customers	-	(2,362)	<b>8,485</b>	(13,629)
Accounts payable	<b>128,052</b>	(16,525)	<b>104,305</b>	93,633
Provision for tax, labor and civil contingencies	<b>(3,923)</b>	(701)	<b>(11,403)</b>	(9,247)
Transactions with related parties	<b>1,286</b>	(88)	<b>(2,700)</b>	(919)
Construction warranty	<b>(2,512)</b>	(1,879)	<b>(13,011)</b>	(19,978)
Income and social contribution taxes paid	<b>(7)</b>	(15)	<b>(33,462)</b>	(25,092)
Net cash flows from operating activities	<b>74,218</b>	(77,558)	<b>152,045</b>	21,975

## Direcional Engenharia S.A.

Statements of cash flows (Continued)  
 Period ended September 30, 2022  
 (In thousands of reais)

	Individual		Consolidated	
	09/30/2022	09/30/2021 (Restated)	09/30/2022	09/30/2021 (Restated)
Cash flows from investing activities				
Increase (decrease) in investments (SCPs and SPEs)	<b>(154,206)</b>	(198,897)	<b>(4,163)</b>	(220,785)
Dividends received	<b>326,808</b>	75,425	<b>5,115</b>	8,700
Disposal of equity interests	<b>9,757</b>	212,533	<b>12,412</b>	261,450
Increase in property and equipment	<b>(26,597)</b>	(703)	<b>(36,392)</b>	(8,000)
Property and equipment leased	-	(1,717)	-	(1,717)
Increase in intangible assets	<b>(11,167)</b>	(9,572)	<b>(13,894)</b>	(9,700)
Short-term investments	<b>(91,180)</b>	(67,215)	<b>(128,439)</b>	(67,893)
Net cash flows from (used in) investing activities	<b>53,415</b>	9,854	<b>(165,361)</b>	(37,945)
Cash flows from financing activities				
Disposal of treasury shares	<b>(1)</b>	-	<b>(1)</b>	-
Dividends paid out	<b>(69,964)</b>	(100,147)	<b>(69,964)</b>	(100,147)
Share buyback	<b>(5,539)</b>	(31,965)	<b>(5,539)</b>	(31,965)
Additions to lease financing	-	1,717	-	1,717
Amortization of lease financing	<b>(5,656)</b>	(6,273)	<b>(5,815)</b>	(6,563)
Interest paid on lease	<b>(579)</b>	(521)	<b>(579)</b>	(521)
Loans taken out	<b>300,000</b>	194,786	<b>518,407</b>	338,637
Payment of debt structuring costs	<b>(15,553)</b>	-	<b>(15,553)</b>	-
Repayment of loans	<b>(111,770)</b>	(150,973)	<b>(304,807)</b>	(204,698)
Interest paid	<b>(77,827)</b>	(37,173)	<b>(88,737)</b>	(41,350)
Capital increase (decrease) by noncontrolling shareholders	<b>(449)</b>	(85)	<b>(44,344)</b>	(5,069)
Net cash flows used in financing activities	<b>12,662</b>	(130,634)	<b>(16,932)</b>	(49,959)
Increase (decrease) in cash and cash equivalents	<b>140,295</b>	(198,338)	<b>(30,248)</b>	(65,929)
Cash and cash equivalents				
At beginning of period	<b>287,215</b>	416,630	<b>723,954</b>	731,569
At end of period	<b>427,510</b>	218,292	<b>693,706</b>	665,640

See accompanying notes.

## Direcional Engenharia S.A.

Statements of value added  
 Period ended September 30, 2022  
 (In thousands of reais)

	Individual		Consolidated	
	09/30/2022	09/30/2021	09/30/2022	09/30/2021
Revenues				
Real estate sold and services rendered	<b>25,729</b>	29,897	<b>1,709,844</b>	1,390,641
Other operating income (expenses)	<b>(7,119)</b>	26,050	<b>(48,932)</b>	(17,000)
(Set-up) reversal of allowance for doubtful accounts	-	-	<b>(7,572)</b>	(11,802)
	<b>18,610</b>	55,947	<b>1,653,340</b>	1,361,839
Bought-in inputs				
Raw materials consumed	<b>(2,872)</b>	(6,244)	<b>(868,419)</b>	(671,559)
Materials, power, outsourced services and other operating expenses	<b>(6,045)</b>	(6,845)	<b>(16,753)</b>	(17,447)
Other	<b>(12,236)</b>	(9,854)	<b>(158,419)</b>	(145,999)
	<b>(21,153)</b>	(22,943)	<b>(1,043,591)</b>	(835,005)
Gross value added	<b>(2,543)</b>	33,004	<b>609,749</b>	526,834
Depreciation and amortization, net	<b>(16,760)</b>	(16,500)	<b>(40,657)</b>	(37,625)
Net value added produced by the Company	<b>(19,303)</b>	16,504	<b>569,092</b>	489,209
Value added received in transfer				
Equity pickup	<b>284,536</b>	208,240	<b>17,425</b>	11,299
Finance income	<b>126,228</b>	36,262	<b>141,357</b>	42,449
	<b>410,764</b>	244,502	<b>158,782</b>	53,748
Total value added to be distributed	<b>391,461</b>	261,006	<b>727,874</b>	542,957
Distribution of value added				
Personnel	<b>72,304</b>	55,540	<b>229,723</b>	180,240
Taxes, charges and contributions	<b>7,854</b>	3,422	<b>108,263</b>	115,089
Debt remuneration	<b>179,334</b>	87,065	<b>205,632</b>	99,635
Retained profits/losses	<b>131,969</b>	114,979	<b>131,969</b>	114,979
Portion of profit or loss attributed to noncontrolling interests	-	-	<b>52,287</b>	33,014
	<b>391,461</b>	261,006	<b>727,874</b>	542,957

See accompanying notes.

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

Notes to interim financial information  
September 30, 2022  
(In thousands of reais, unless otherwise stated)

### **1. Operations**

Direcional Engenharia S.A. (“Direcional” or “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 41 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 ordinary 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 November 07, 2022, 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 global pandemic due to the new 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, Company management created a crisis committee, comprised of 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.

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

Notes to interim financial information (Continued)  
September 30, 2022  
(In thousands of reais, unless otherwise stated)

### **1. Operations (Continued)**

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

After two years, the world remains under the effects of the COVID-19 pandemic, but there has been a significant advance in vaccination and, consequently, a considerable reduction in cases, which has made it possible to resume activities that were previously prohibited due to social distancing restrictions. The Company has carried out actions that aim to reinforce the importance of vaccination and raise awareness as to personal hygiene, the use of masks, and avoiding agglomerations among employees. These actions have been carried out by means of internal communications and notices posted in elevators, corridors and construction sites. Employees remain in a hybrid working regime, aiming to reduce the number of people in the office. The Company continues to provide hand sanitizers in the work environments and to maintain the hygiene at the end of the workday, in addition to requiring the use of masks in closed spaces. Direcional is attentive to communications from health authorities and government entities to always position itself correctly and preventively, aiming at the well-being and health of all employees and business partners.

Although the pandemic caused a major recession in the market, the Company faced this critical period without any layoffs. There was a positive effect on sales volume, due to the strong investment in the digitalization of sales channels, and also to the assertiveness in the projects that were launched.

#### **1.2. Analysis of the impacts of the Russia-Ukraine conflict**

Since February 2022, the conflict between Russia and Ukraine is being closely monitored, especially because of the tension caused in the markets and the direct consequence of the increase in prices of certain inputs directly affected by the conflict, either due to the impossibility of importing or exporting as a direct result of the war, or restrictions imposed by the allied countries. This new scenario of product shortages and price increases has raised concerns about inflation in the domestic and global markets.

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

Notes to interim financial information (Continued)  
September 30, 2022  
(In thousands of reais, unless otherwise stated)

### **1. Operations (Continued)**

#### **1.2. Analysis of the impacts of the Russia-Ukraine conflict (Continued)**

The Company was able to transfer part of the cost increase to its products, gradually increasing the sales price. The excellent sales performance helps to keep margins stable, confirming how well positioned the Company is in the market, and shows that the launch and sales strategy has been assertive. The Company opts for a conservative position in the preparation of budgets, considering the impacts of the past, the current situation and future projections. This resilience is a result of a conservative and professional management of the day-to-day activities of the business. Direcional has undergone turbulent and difficult times, always adopting a humble and realistic position. It is a long journey that starts with the assertive choice of land and the best form of payment, approval of the economic feasibility of the project, marketing and sales strategy, and budget development and project execution. Any changes in the economic scenario, from rising interest rates, increased inflation, and even the political scenario, are being closely monitored by the managing officers.

#### **1.3. 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.

### **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 Brazil's Financial Accounting Standards Board - FASB ("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 to manage the Company's operations.

The accounting practices adopted in the accompanying interim financial information are consistent with those described in Note 2 to the Company's financial statements for the year ended December 31, 2021, as filed with the CVM. Those accounting practices have been consistently applied to the periods presented.

## Direcional Engenharia S.A.

Notes to interim financial information (Continued)  
September 30, 2022  
(In thousands of reais, unless otherwise stated)

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

#### 2.1. Restatement of corresponding interim financial information as of 09/30/2021

As of September 30, 2022, the Company carried out accounting reclassifications referring to the breakdown of short-term investment yield in the cash flow. The table below shows the amounts after reclassification:

	09/30/2021					
	Individual			Consolidated		
	As originally stated	Adjustments	(Restated)	As originally stated	Adjustments	(Restated)
Cash flows from operating activities						
Short-term investment yield	-	(5,834)	(5,834)	-	(5,870)	(5,870)
Net cash flows from operating activities	(71,724)	(5,834)	(77,558)	27,845	(5,870)	21,975
Cash flows from investing activities						
Short-term investments	(73,049)	5,834	(67,215)	(73,763)	5,870	(67,893)
Net cash flows from investing activities	4,020	5,834	9,854	(43,815)	5,870	(37,945)

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

#### 3.1. Cash and cash equivalents

Description	Individual		Consolidated	
	09/30/2022	12/31/2021	09/30/2022	12/31/2021
Cash and banks	2,430	1,332	207,380	239,215
Cash equivalents – short-term investments	425,080	285,883	486,326	484,739
Total	427,510	287,215	693,706	723,954

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 92.61% to 106.00% of the CDI, according to the nature and timing of each instrument. At September 30, 2022, the average annual profitability of the Company's short-term investments in the past 12 months corresponded to 103,68% of CDI.

## Direcional Engenharia S.A.

Notes to interim financial information (Continued)  
September 30, 2022  
(In thousands of reais, unless otherwise stated)

### 3. Cash and cash equivalents and short-term investments (Continued)

#### 3.2. Short-term investments

	Individual		Consolidated	
	09/30/2022	12/31/2021	09/30/2022	12/31/2021
Investment in Financial Treasury Bills (government bonds)	<b>420,487</b>	251,412	<b>461,599</b>	252,985
Financial Bills (corporate bonds)	<b>22,129</b>	71,925	<b>24,515</b>	72,221
Total	<b>442,616</b>	323,337	<b>486,114</b>	325,206

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 securities of other financial institutions, and open-ended investment funds, which provide liquidity and allow the best financial return within the pre-established risk limits.

### 4. Accounts receivable

#### 4.1. Accounts receivable from operations

Accounts receivable for real estate development	Individual		Consolidated	
	09/30/2022	12/31/2021	09/30/2022	12/31/2021
Completed units	<b>3,173</b>	4,215	<b>199,181</b>	170,034
Units under construction	-	-	<b>467,824</b>	329,174
Receivables for land sold	-	-	<b>3,971</b>	2,126
(-) Allowance for doubtful accounts	-	-	<b>(33,108)</b>	(25,536)
(-) Present value adjustment	-	-	<b>(19,890)</b>	(14,741)
	<b>3,173</b>	4,215	<b>617,978</b>	461,057
<b>Accounts receivable for services rendered</b>				
Real estate intermediation	-	-	<b>1,145</b>	1,476
Firm-price construction contract	<b>8,934</b>	5,802	<b>14,389</b>	11,323
Other services	<b>4,007</b>	2,349	<b>4,158</b>	2,490
	<b>12,941</b>	8,151	<b>19,692</b>	15,289
	<b>16,114</b>	12,366	<b>637,670</b>	476,346
Current	<b>14,923</b>	11,340	<b>346,492</b>	231,761
Noncurrent	<b>1,191</b>	1,026	<b>291,178</b>	244,585

## Direcional Engenharia S.A.

Notes to interim financial information (Continued)  
September 30, 2022  
(In thousands of reais, unless otherwise stated)

### 4. Accounts receivable (Continued)

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

The Company recognizes allowance for doubtful accounts receivable from installments of direct financing with the customer. The changes in the balance are as follows:

	<u>12/31/2021</u>	<u>(-) Allowance</u>	<u>(+) Reversal</u>	<u>09/30/2022</u>
Changes in ADA	(25,536)	(21,682)	14,110	(33,108)

Because of the revenue recognition criteria, the balance of accounts receivable from units under construction 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 units under construction and recorded the amount considering the average discount rate of 5.04% p.a., which is represented by the average funding rate of loans and financing, less the Extended Consumer Price Index (IPCA).

Accounts receivable from real estate sales are restated according to the Brazilian Construction Cost Index ("INCC") variation until the occupancy permit has been registered, or a fixed rate equivalent to the INCC. After the occupancy permit is registered, these amounts are mostly restated by reference to IPCA, bearing interest of 12% p.a., or a fixed rate equivalent to the IPCA + 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 September 30, 2022, the balance receivable related to this transaction was R\$156.

On December 13, 2021, the Company entered into a new Real Estate Credit Assignment agreement, through its subsidiaries, with True Securitizadora S.A. The net value of the assignment was of R\$100,789. At September 30, 2022, the balance receivable totaled R\$336.

On June 23, 2022 the Company entered into a Real Estate Credit Rights Assignment agreement, through its subsidiaries, with True Securitizadora S.A. The net value of the assignment was of R\$43,281. At September 30, 2022, the balance receivable totaled R\$1,132.

## Direcional Engenharia S.A.

Notes to interim financial information (Continued)  
September 30, 2022  
(In thousands of reais, unless otherwise stated)

### 4. Accounts receivable (Continued)

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

In 3Q22, the Company entered into a Definitive Real Estate Credit Rights Assignment agreement, through its subsidiaries, with Banco XP S.A. The net amount of the transaction was of R\$113,520, which was received in full at September 30, 2022. For this item, a Credit Rights Assignment liability was established, as explained in Note 14.

At September 30, 2022 and December 31, 2021, the aging list of accounts receivable from real estate development and services rendered, recorded in current assets, is as follows:

	Consolidated	
	09/30/2022	12/31/2021
Falling due		
Within 3 months	153,220	97,924
From 3 to 6 months	41,814	26,915
From 6 to 9 months	75,545	27,090
From 9 months to 1 year	34,931	38,572
	<b>305,510</b>	<b>190,501</b>
Overdue		
Within 1 month	3,007	8,847
From 1 to 2 months	1,637	1,486
From 2 to 3 months	1,204	936
From 3 to 4 months	1,049	1,066
From 4 to 6 months	1,781	1,309
Above 6 months	32,304	27,616
	<b>40,982</b>	<b>41,260</b>
	<b>346,492</b>	<b>231,761</b>

At September 30, 2022 and December 21, 2021, notes falling due, recorded in noncurrent assets, are as follows:

	09/30/2022	12/31/2021
1-2 years	141,356	153,089
Up to 3 years	84,516	52,957
Up to 4 years	23,002	12,548
After 4 years	42,304	25,991
	<b>291,178</b>	<b>244,585</b>

## Direcional Engenharia S.A.

Notes to interim financial information (Continued)  
September 30, 2022  
(In thousands of reais, unless otherwise stated)

### 4. Accounts receivable (Continued)

#### 4.2. Other accounts receivable

	Individual		Consolidated	
	09/30/2022	12/31/2021	09/30/2022	12/31/2021
Accounts receivable for disposal of units of interest	<b>501</b>	10,258	<b>14,630</b>	17,540
	<b>501</b>	10,258	<b>14,630</b>	17,540
Current	<b>501</b>	10,258	<b>501</b>	17,540
Noncurrent	-	-	<b>14,129</b>	-

Changes in accounts receivable for disposal of units of interest are as follows:

	Individual	Consolidated
12/31/2021	10,258	17,540
(+) Disposals	-	<b>7,129</b>
(+/-) Corrections	-	<b>2,373</b>
(-) Receipts	<b>(9,757)</b>	<b>(12,412)</b>
<b>09/30/2022</b>	<b>501</b>	<b>14,630</b>

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 to occur by June 30, 2023. In the 3Q21, an agreement was reached between the parties and three (3) installments were paid relating to those 10 installments, remaining only 7 installments conditioned on the permit. At September 30, 2022, the balance receivable is R\$7,000.

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 December 31, 2021, the balance receivable totaled R\$4,743, which was fully settled on February 23, 2022.

On June 2, 2021, the Company entered into another transaction with Eztec and sold 50% of the interest held in Osasco Lote 3 Empreendimentos Imobiliários SPE Ltda. for R\$9,250. The balance was settled on July 23, 2022.

On August 20, 2021, the Company carried out a new sale transaction of Lago da Pedra Participações S.A. to a new real estate fund, with disposal of 90% of the units of interest for R\$55,051. The balance receivable at September 30, 2022 amounts to R\$501.

## Direcional Engenharia S.A.

Notes to interim financial information (Continued)  
September 30, 2022  
(In thousands of reais, unless otherwise stated)

### 4. Accounts receivable (Continued)

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

On February 3, 2021, the Company sold 100% of the units of interest of SPE Braga Empreendimentos Imobiliarios Ltda. for R\$6,822. This amount was settled on June 6, 2022.

On April 13, 2021, the Company sold 100% of the units of interest of SPE Nova Brasilia Empreendimentos Imobiliarios Ltda. for R\$8. This amount was settled on June 6, 2022.

On March 9, 2021, the Company sold 100% of the units of interest of SPE Verona Empreendimentos Imobiliários Ltda. for R\$2,927. This amount was settled on June 6, 2022.

On April 28, 2022, Riva Incorporadora S.A. sold 25% of the units of interest of Braga Empreendimentos Imobiliários Ltda. to Balandria Desenvolvimento Imobiliários Ltda. for R\$1,832, and this amount remains outstanding at September 30, 2022.

On June 21, 2022, Riva Incorporadora S.A. sold 35% of the units of interest of Riva Incorporadora S/A – SCP Riva Barra to Ager Projeto 11 Empreendimentos Imobiliários Ltda. for R\$5,297, and this amount remains outstanding at September 30, 2022.

#### 4.3. Other receivables

Description	Individual		Consolidated	
	09/30/2022	12/31/2021	09/30/2022	12/31/2021
Receivables for sale of property and equipment	7,951	7,272	7,951	7,272
Sundry advances	17,700	17,700	18,020	18,020
Receivables from customers	47,376	39,736	71,090	49,155
Derivatives receivable	15,434	-	15,434	-
Intercompany loans receivable	22,760	21,243	24,070	21,243
New business prospecting	6,970	6,470	15,535	8,927
Prepaid selling expenses	503	27	34,653	26,638
Prepaid finance costs	-	-	54,803	32,891
Other receivables	55,383	58,925	68,040	77,876
Total	174,077	151,373	309,596	242,022
Current	151,313	130,126	285,320	220,565
Noncurrent	22,764	21,247	24,276	21,457

## Direcional Engenharia S.A.

Notes to interim financial information (Continued)  
September 30, 2022  
(In thousands of reais, unless otherwise stated)

### 5. Inventories

	Individual		Consolidated	
	09/30/2022	12/31/2021	09/30/2022	12/31/2021
Completed units	181	181	67,088	77,447
Units under construction	-	-	698,662	660,864
Land to be developed	33,056	97,322	2,905,583	2,795,716
	<b>33,237</b>	<b>97,503</b>	<b>3,671,333</b>	<b>3,534,027</b>
Current	181	181	1,380,506	1,230,591
Noncurrent	33,056	97,322	2,290,827	2,303,436

At September 30, 2022, inventories of completed real estate units were submitted to impairment tests. The total balance of adjustment to realizable value in September 2022 is R\$3,173 (R\$3,056 in December 2021).

	12/31/2021	(+) Adjustment to net recoverable amount	(-) Reversal of adjustment to net recoverable amount	09/30/2022
Individual	-	-	-	-
Subsidiaries	(3,056)	(117)	-	(3,173)
Consolidated	(3,056)	(117)	-	(3,173)

#### 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 September 30, 2022, interest totaling R\$7,095 (R\$1,364 for the period ended September 30, 2021) was capitalized in the inventories account. The amount of R\$8,366 (R\$6,929 at December 31, 2021) remains capitalized in the inventories account, referring to unsold units. The average interest capitalization rate was 16.71% in September 2022 (9.70% for the year ended December 31, 2021). At September 30, 2022 and December 31, 2021, there was no production financing in the individual financial information.

## Direcional Engenharia S.A.

Notes to interim financial information (Continued)  
September 30, 2022  
(In thousands of reais, unless otherwise stated)

### 6. Transactions with related parties

#### 6.1. Related companies

Assets	Individual		Consolidated	
	09/30/2022	12/31/2021	09/30/2022	12/31/2021
Receivables from venture partners in projects (a)	4,515	5,578	19,974	36,120
Checking account with ventures in projects (b)	108,631	127,157	43,543	47,777
	<b>113,146</b>	<b>132,735</b>	<b>63,517</b>	<b>83,897</b>
Current	113,146	132,735	61,936	82,261
Noncurrent	-	-	1,581	1,636
Liabilities	Individual		Consolidated	
	09/30/2022	12/31/2021	09/30/2022	12/31/2021
Payables to venture partners in projects (a)	325	325	10,038	8,264
Checking account with ventures in projects (b)	11,702	10,416	1,862	6,336
	<b>12,027</b>	<b>10,741</b>	<b>11,900</b>	<b>14,600</b>
Current	12,027	10,741	11,900	14,600
Noncurrent	-	-	-	-

(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. There was no additional provision in the year ended December 31, 2021 and period ended September 30, 2022.

(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. The amounts of R\$40,000 and R\$18,246 were paid to the Company on September 30, 2021 and November 5, 2021, respectively, as capital reduction made on February 17, 2021. At September 30, 2022, the balance receivable from Riva is R\$28,285.

#### 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 September 30, 2022, the average monthly amount of R\$218 related to aircraft chartering was paid. ALVG is a company controlled by the same controlling group as that of Direcional.

## Direcional Engenharia S.A.

Notes to interim financial information (Continued)  
September 30, 2022  
(In thousands of reais, unless otherwise stated)

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

#### 6.1. Related companies (Continued)

##### Profit or loss (Continued)

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 September 30, 2022, the average amount of R\$638 was paid monthly (monthly amounts of R\$591 as of December 31, 2021) 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, the Company 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. Management and Supervisory Board compensation

Total annual compensation of management and board members (i) proposed by Company management for decision at the GSM that held on April 29, 2022; and (ii) paid in 2021 is as follows:

Proposal for 2022	2022			Total
	Board of Directors	Supervisory Board	Statutory Board	
Number of members (*)	7	3	7	17
Fixed annual compensation (R\$)	1,800	200	4,100	6,100
Variable compensation (R\$)	500	-	2,500	3,000
Share-based payment (R\$) (**)	-	-	4,000	4,000
	<b>2,300</b>	<b>200</b>	<b>10,600</b>	<b>13,100</b>

## Direcional Engenharia S.A.

Notes to interim financial information (Continued)  
September 30, 2022  
(In thousands of reais, unless otherwise stated)

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

#### 6.2. Management and Supervisory Board compensation (Continued)

Paid in 2021	2021			Total
	Board of Directors	Supervisory Board	Statutory Board	
Number of members (*)	7	3	6	16
Fixed annual compensation (R\$)	1,610	157	3,320	5,087
Variable compensation (R\$)	337	-	1,871	2,208
Share-based payment (R\$) (**)	42	-	716	758
	<u>1,989</u>	<u>157</u>	<u>5,907</u>	<u>8,053</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 2021 was R\$386, while the amount proposed for 2022 is R\$246.

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)  
September 30, 2022  
(In thousands of reais, unless otherwise stated)

### 7. Investments

#### a) Most significant changes in balances from December 31, 2021 to September 30, 2022

Subsidiaries	Equity interest	12/31/2021	Dividends/ amortization	Equity pickup	Capital subscription (reduction)/Future capital contribution	09/30/2022
RIVA INCORPORADORA S/A	94.50%	305,477	-	45,945	76	351,498
CANARIO ENGENHARIA LTDA.	100.00%	92,444	-	13,181	(13,772)	91,853
ITAPEMA EMPREENDIMENTOS IMOBILIÁRIOS SPE LTDA	99.90%	55,643	(29,509)	27,608	13,960	67,702
BELLA MOEDA EMPREENDIMENTOS IMOBILIÁRIOS LTDA	100.00%	44,467	-	(4)	26	44,489
DIRECIONAL TAGUATINGA ENGENHARIA LTDA	100.00%	53,184	(25,239)	9,795	(3,370)	34,370
VISTA SERRANA EMPREENDIMENTOS IMOBILIARIOS LTDA	99.90%	18,118	-	7,272	4,492	29,882
AZURITA EMPREENDIMENTOS IMOBILIARIOS LTDA	99.90%	30,879	-	(738)	(722)	29,419
SAQUAREMA EMPREENDIMENTOS IMOBILIARIOS LTDA	99.90%	23,933	-	12,487	(7,645)	28,775
RIO LARGO EMPREENDIMENTO IMOBILIÁRIOS LTDA	99.90%	28,331	-	(337)	660	28,654
COLINA EMPREENDIMENTOS IMOBILIARIOS SPE LTDA	100.00%	20,198	-	9,493	(1,824)	27,867
NOVA ALMENARA EMPREENDIMENTOS IMOBILIARIOS LTDA	99.90%	17,052	-	6,776	2,380	26,208
ABRANTES EMPREENDIMENTOS IMOBILIARIOS LTDA	99.90%	2,402	-	3,469	16,348	22,219
PARQUE DAS CEREJEIRAS EMPREENDIMENTOS IMOBILIARIOS LTDA	100.00%	24,349	-	(8,259)	5,919	22,009
ARAPUA EMPREENDIMENTOS IMOBILIARIOS LTDA	99.90%	8,692	-	621	11,419	20,732
ALCOBAÇA CONSTRUÇÕES E EMPREENDIMENTOS IMOBILIÁRIOS SPE LTDA	99.90%	18,761	-	1	115	18,877
ARAGUACEMA EMPREENDIMENTOS IMOBILIARIOS LTDA	99.90%	27,251	(12,313)	11,743	(8,738)	17,943
ALEGRE EMPREENDIMENTOS IMOBILIÁRIOS LTDA	99.90%	16,952	-	1,301	(1,703)	16,550
DIRECIONAL FEIJO EMPREENDIMENTOS IMOBILIARIOS LTDA	99.90%	15,314	-	-	55	15,369
NOVO HAMBURGO EMPREENDIMENTOS IMOBILIARIOS LTDA	50.00%	13,144	(2,686)	6,006	(1,262)	15,202
Other subsidiaries	-	640,111	(255,432)	130,126	137,040	651,845
<b>Total subsidiaries:</b>		<b>1,456,702</b>	<b>(325,179)</b>	<b>276,486</b>	<b>153,454</b>	<b>1,561,463</b>
<b>Joint ventures (Individual)</b>	-	<b>62,311</b>	<b>(1,629)</b>	<b>8,050</b>	<b>(11,761)</b>	<b>56,971</b>
<b>Total - Individual</b>		<b>1,519,013</b>	<b>(326,808)</b>	<b>284,536</b>	<b>141,693</b>	<b>1,618,434</b>
Joint ventures (Individual)	-	62,311	(1,629)	8,050	(11,761)	56,971
Joint ventures (subsidiaries)	-	55,669	(3,486)	9,375	9,681	71,239
<b>Total - Consolidated</b>		<b>117,980</b>	<b>(5,115)</b>	<b>17,425</b>	<b>(2,080)</b>	<b>128,210</b>

## Direcional Engenharia S.A.

Notes to interim financial information (Continued)  
September 30, 2022  
(In thousands of reais, unless otherwise stated)

### 7. Investments (Continued)

#### b) Breakdown of balances of subsidiaries and joint ventures at September 30, 2022

Subsidiaries	Equity interest	Assets		Liabilities		Equity
		Current	Noncurrent	Current	Noncurrent	
RIVA INCORPORADORA S/A	94.50%	77,735	539,960	81,169	150,068	386,458
Canario Engenharia Ltda.	100.00%	156,595	2,235	21,079	45,898	91,853
Itapema Empreendimentos Imobiliários Spe Ltda	99.90%	59,073	61,894	8,745	44,452	67,770
Bella Moeda Empreendimentos Imobiliários Ltda	100.00%	-	44,493	4	-	44,489
Santa Ines Empreendimentos Imobiliários Ltda	100.00%	59,690	46,998	45,599	21,913	39,176
Alto Buritis Participações Societárias Ltda	60.00%	4,333	36,162	2,061	-	38,434
Manauara Vii Empreendimentos Imobiliários Spe Ltda	100.00%	45,758	6,387	15,755	592	35,798
Direcional Taguatinga Engenharia Ltda	100.00%	23,097	23,339	9,309	2,757	34,370
Coroados Empreendimentos Imobiliários Ltda	99.90%	41,043	6,327	9,910	3,117	34,343
Novo Hamburgo Empreendimentos Imobiliários Ltda	50.00%	45,739	1,832	859	16,307	30,405
Vista Serrana Empreendimentos Imobiliários Ltda	99.90%	20,951	56,004	4,120	42,923	29,912
Altos Pilares Empreendimentos Imobiliários Ltda	100.00%	30,977	124	2,332	-	28,769
Rio Largo Empreendimento Imobiliários Ltda	99.90%	31,674	1,854	4,365	480	28,683
Direcional Santo Antônio Empreendimentos Imobiliários Ltda	100.00%	1	27,906	14	-	27,893
Colina Empreendimentos Imobiliários Spe Ltda	100.00%	43,830	5,559	8,172	13,350	27,867
Nova Itabira Empreendimentos Imobiliários Ltda - Scp Confisco	50.00%	18,350	10,692	5,553	987	22,502
Parque Das Cerejeiras Empreendimentos Imobiliários Ltda	75.00%	17,768	8,356	3,295	820	22,009
Bello Villarinho Empreendimentos Imobiliários Spe Ltda	50.00%	12,059	8,698	1,445	136	19,176
Araguacema Empreendimentos Imobiliários Ltda	99.90%	27,680	5,892	2,084	13,528	17,960
Riacho Branco Empreendimentos Imobiliários Ltda	95.87%	17,123	4,369	7,380	1,131	12,981
Arantina Empreendimentos Imobiliários Ltda	99.90%	12,623	4,697	1,787	2,848	12,685
Nova Olinda Empreendimentos Imobiliários Ltda	99.90%	34,367	21,466	8,369	36,004	11,460
Sao Gotardo Empreendimentos Imobiliários Ltda	99.90%	3,311	380	1,484	72	2,135
Other subsidiaries	-	1,409,236	2,094,490	354,135	2,115,506	1,034,085
<b>TOTAL - SUBSIDIARIES</b>		<b>2,193,013</b>	<b>3,020,114</b>	<b>599,025</b>	<b>2,512,889</b>	<b>2,101,213</b>
<b>JOINT VENTURES</b>		<b>194,427</b>	<b>143,868</b>	<b>79,595</b>	<b>70,453</b>	<b>188,247</b>

At September 30, 2022 and December 31, 2021, 56.88% and 51.23% 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)

September 30, 2022

(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 12/31/2021	12,186	144,516	3,568	779	8,122	9,353	52,806	227	231,557
Additions	-	49,912	139	-	832	126	299	-	51,308
Write-offs	-	-	-	-	-	-	-	-	-
Balance at 09/30/2022	<b>12,186</b>	<b>194,428</b>	<b>3,707</b>	<b>779</b>	<b>8,954</b>	<b>9,479</b>	<b>53,105</b>	<b>227</b>	<b>282,865</b>
Depreciation									
Balance at 12/31/2021	(11,729)	(116,088)	(2,531)	(753)	(4,952)	(5,251)	(22,022)	(220)	(163,546)
Depreciation for the period	<b>(108)</b>	<b>(12,650)</b>	<b>(209)</b>	<b>(11)</b>	<b>(783)</b>	<b>(625)</b>	<b>(5,409)</b>	<b>(5)</b>	<b>(19,800)</b>
Write-offs	-	-	-	-	-	-	-	-	-
Balance at 09/30/2022	<b>(11,837)</b>	<b>(128,738)</b>	<b>(2,740)</b>	<b>(764)</b>	<b>(5,735)</b>	<b>(5,876)</b>	<b>(27,431)</b>	<b>(225)</b>	<b>(183,346)</b>
Carrying amount									
At 12/31/2021	457	28,428	1,037	26	3,170	4,102	30,784	7	68,011
At 09/30/2022	<b>349</b>	<b>65,690</b>	<b>967</b>	<b>15</b>	<b>3,219</b>	<b>3,603</b>	<b>25,674</b>	<b>2</b>	<b>99,519</b>

## Direcional Engenharia S.A.

Notes to interim financial information (Continued)  
September 30, 2022  
(In thousands of reais, unless otherwise stated)

### 8. Property and equipment (Continued)

#### Consolidated

	<b>Machinery and equipment</b>	<b>Aluminum molds</b>	<b>Furniture and fixtures</b>	<b>Vehicles</b>	<b>IT equipment</b>	<b>Leasehold improvements</b>	<b>Sales stands</b>	<b>Right-of-use assets</b>	<b>Other</b>	<b>Total property and equipment</b>
Depreciation rate	10%	(b)	10%	20%	20%	8%	(a)	(c)	-	
Cost										
Balance at 12/31/2021	23,970	148,871	8,629	2,458	14,538	9,903	100,011	54,271	1,260	363,911
Additions	<b>108</b>	<b>56,937</b>	<b>397</b>	-	<b>1,931</b>	<b>134</b>	<b>8,674</b>	<b>299</b>	-	<b>68,480</b>
Write-offs	-	-	-	-	-	-	-	-	-	-
Balance at 09/30/2022	<b>24,078</b>	<b>205,808</b>	<b>9,026</b>	<b>2,458</b>	<b>16,469</b>	<b>10,037</b>	<b>108,685</b>	<b>54,570</b>	<b>1,260</b>	<b>432,391</b>
Depreciation										
Balance at 12/31/2021	(21,600)	(119,601)	(6,156)	(2,419)	(9,392)	(5,313)	(76,117)	(23,016)	(1,222)	(264,836)
Depreciation for the period	<b>(524)</b>	<b>(12,651)</b>	<b>(459)</b>	<b>(18)</b>	<b>(1,400)</b>	<b>(706)</b>	<b>(10,227)</b>	<b>(5,718)</b>	<b>(9)</b>	<b>(31,712)</b>
Write-offs	-	-	-	-	-	-	-	-	-	-
Balance at 09/30/2022	<b>(22,124)</b>	<b>(132,252)</b>	<b>(6,615)</b>	<b>(2,437)</b>	<b>(10,792)</b>	<b>(6,019)</b>	<b>(86,344)</b>	<b>(28,734)</b>	<b>(1,231)</b>	<b>(296,548)</b>
Carrying amount										
At 12/31/2021	2,370	29,270	2,473	39	5,146	4,590	23,894	31,255	38	99,075
At 09/30/2022	<b>1,954</b>	<b>73,556</b>	<b>2,411</b>	<b>21</b>	<b>5,677</b>	<b>4,018</b>	<b>22,341</b>	<b>25,836</b>	<b>29</b>	<b>135,843</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)  
September 30, 2022  
(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 26 finance lease agreements for the acquisition of aluminum molds. The carrying amount of property and equipment items under finance lease agreements at September 30, 2022 totaled R\$46,866 (R\$148,871 at December 31, 2021). Property and equipment items acquired in the period on a conditional sale basis amounted to R\$14,657 and are guaranteed by the leased items.

### 9. Loans, financing and leases

#### 9.1. Loans and financing

	<b>Individual</b>		<b>Consolidated</b>	
	<b>09/30/2022</b>	<b>12/31/2021</b>	<b>09/30/2022</b>	<b>12/31/2021</b>
Construction financing	-	-	<b>123,763</b>	42,172
FINAME and finance lease of equipment	<b>9,914</b>	10,800	<b>12,039</b>	12,768
Mortgage-backed securities (CRI)	<b>976,637</b>	668,981	<b>985,532</b>	728,884
Bank Credit Note (CCB)	-	100,445	-	100,445
Debentures	<b>356,187</b>	357,133	<b>356,186</b>	357,133
Grand total	<b>1,342,738</b>	1,137,359	<b>1,477,520</b>	1,241,402
Current	<b>294,756</b>	125,358	<b>296,727</b>	127,205
Noncurrent	<b>1,047,982</b>	1,012,001	<b>1,180,793</b>	1,114,197

#### Construction financing

This type of loan aims to finance projects during construction. Interest rates applicable to these loans vary, according to the transaction, between 8.3% p.a. and 9.75%, restated by the Referential Rate (TR), between 127% and 137% of the CDI, and also savings rate plus spread between 4% and 5% of the CDI. These transactions are backed by mortgages of properties of the respective projects. These transactions are backed by mortgages of properties of the respective projects.

## Direcional Engenharia S.A.

Notes to interim financial information (Continued)  
September 30, 2022  
(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 3.43% per annum, according to the transaction. These transactions are guaranteed by machinery and equipment acquired through the financing arrangements.

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

*175<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 issue date 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 have an issuer's floating guarantee either. Maturity is in December 2024.

In March 2021, a 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. In December 2021, this swap was settled, so as to enable - from a new swap contract taken out on the same date - accounting for the operation under the hedge accounting methodology. The purpose of this change is of a purely accounting nature, to protect the Company's statement of financial position from possible fluctuations arising from the mark-to-market (MtM), while ensuring continuing protection in relation to the variation of the IPCA. This contract allowed the replacement of the IPCA with CDI minus 0.89% p.a. The impacts of this transaction are presented in Note 21.

## Direcional Engenharia S.A.

Notes to interim financial information (Continued)  
September 30, 2022  
(In thousands of reais, unless otherwise stated)

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

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

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

*193<sup>rd</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 issue date of CRIs, comprises conventional interest of 104% 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 have an issuer's floating guarantee either. Maturity is in July 2025.

*356<sup>th</sup> and 357<sup>th</sup> series:* These consist 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 issue date, 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 have an issuer's floating guarantee either. This issue will mature in July 2033 and July 2032, respectively. These securities, however, were partially settled in advance. The early settlement corresponded to a total of R\$51,054 (fifty-one million and fifty-four thousand reais).

*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 non-privileged 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 issue date 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 have 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)  
September 30, 2022  
(In thousands of reais, unless otherwise stated)

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

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

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

*2E Series 001*: These consist of a registered credit instrument exclusively issued by securitization companies and backed by mortgages, representing a promise to pay in cash. This is the 2<sup>nd</sup> issue of non-privileged unsecured nonconvertible debentures of Direcional. Three hundred thousand (300,000) debentures were issued. The remuneration of CRIs, on the balance of unit par value of CRI from the issue date of CRIs, comprises conventional interest of 6.4899% 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 have an issuer's floating guarantee either. This issue will mature in June 2032.

Subsequently to the issue, another derivative financial instrument (swap) was entered into for the same period (up to June 2032), 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 1.2200% p.a.

##### Corporate Bank Credit Notes

CCB Compror issued by Banco Santander in the amount of R\$100,000 (one hundred million reais). The interest rate charged is 2.50% p.a. plus CDI rate, as calculated and disclosed by CETIP ("DI rate"). No specific guarantees were established, whether as a security interest or personal guarantee, on this CCB Compror, which will not have an issuer's floating guarantee either. This issue will mature in July 2023, but the debit balance was fully settled in April 2022.

##### Debentures

*6<sup>th</sup> Issue*: In September 2020, the Company carried out the 6<sup>th</sup> issue of single-series non-privileged unsecured nonconvertible debentures, 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 equivalent 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. No specific guarantees were established, whether as a security interest or personal guarantee, on debentures, which will not have an issuer's floating guarantee either.

## Direcional Engenharia S.A.

Notes to interim financial information (Continued)  
September 30, 2022  
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### 9. Loans, financing and leases (Continued)

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

##### Debentures (Continued)

*8<sup>th</sup> Issue:* In October 2021, the Company carried out its 8<sup>th</sup> issue of single-series non-privileged unsecured nonconvertible debentures, for public distribution with restricted distribution efforts. The Debentures have a maturity of five years, counting from the Issue Date, therefore, maturing in October 2026. Debentures totaling 100,000 (one hundred 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 equivalent to 100% (one hundred percent) of the accumulated variation of the DI Rate, plus a spread (surcharge) equivalent to 1.65% (one point sixty-five percent) p.a. No specific guarantees were established, whether as a security interest or personal guarantee, on debentures, which will not have an issuer's floating guarantee either.

Debenture contracts and CRIs are subject to a financial covenant, which can be calculated using the formula below. Maturities will only be brought forward if they exceed this limit, which at September 30, 2022 was 0.1912.

##### Corporate net debt

Equity < 0.5

The noncurrent portion of loans as at September 30, 2022 matures as follows:

<u>Period</u>	<u>09/30/2022</u>	
	<u>Individual</u>	<u>Consolidated</u>
October 2023 to September 2024	243,932	246,977
October 2024 to September 2025	239,050	243,701
October 2025 to September 2026	114,358	127,846
As from October 2026	450,642	562,269
	<u>1,047,982</u>	<u>1,180,793</u>

#### 9.2. Lease financing

The Company has real estate and vehicle leases. The term of real estate leases ranges from 1 to 5 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.

## Direcional Engenharia S.A.

Notes to interim financial information (Continued)  
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### 9. Loans, financing and leases (Continued)

#### 9.2. Lease financing (Continued)

Breakdown of leases is as follows:

	09/30/2022	
	Individual	Consolidated
Balance at 12/31/2021	34,324	35,217
Additions	299	299
Payment of principal	(5,656)	(5,815)
Payment of interest	(579)	(579)
PVA (interest allocated)	1,477	1,515
Balance at 09/30/2022	<u>29,865</u>	<u>30,637</u>
Current	9,129	9,795
Noncurrent	20,736	20,842

	12/31/2021	
	Individual	Consolidated
Balance at 12/31/2020	38,389	39,566
Additions	795	793
Payment of principal	(8,158)	(8,502)
Payment of interest	(713)	(713)
Restatement	1,717	1,717
PVA (interest allocated)	2,294	2,356
Balance at 12/31/2021	<u>34,324</u>	<u>35,217</u>
Current	9,339	10,088
Noncurrent	24,985	25,129

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

	09/30/2022	
	Individual	Consolidated
Within one year	9,129	9,795
Between 1 and 2 years	6,602	6,658
Between 2 and 3 years	6,113	6,163
More than 3 years	8,021	8,021
	<u>29,865</u>	<u>30,637</u>

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

## Direcional Engenharia S.A.

Notes to interim financial information (Continued)  
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### 9. Loans, financing and leases (Continued)

#### 9.2. Lease financing (Continued)

<b>Consolidated</b>	<b>Consideration (no future inflation)</b>	<b>Consideration (with future inflation)</b>	<b>Inflation not included in contracts</b>
1 <sup>st</sup> year	9,795	10,234	439
2 <sup>nd</sup> year	6,657	7,017	360
3 <sup>rd</sup> year	6,163	6,500	337
4 <sup>th</sup> year	5,737	6,056	319
5 <sup>th</sup> year	2,285	2,414	129
	<b>30,637</b>	<b>32,221</b>	<b>1,584</b>

### 10. Labor obligations

Breakdown of labor obligations is as follows:

<b>Description</b>	<b>Individual</b>		<b>Consolidated</b>	
	<b>09/30/2022</b>	<b>12/31/2021</b>	<b>09/30/2022</b>	<b>12/31/2021</b>
Salaries and withdrawals payable	<b>3,286</b>	2,249	<b>8,109</b>	6,338
Labor and social security charges	<b>1,869</b>	2,032	<b>5,366</b>	5,332
Labor accruals	<b>14,433</b>	6,988	<b>33,948</b>	17,612
Other	<b>1,636</b>	1,380	<b>2,269</b>	2,545
	<b>21,224</b>	12,649	<b>49,692</b>	31,827

### 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:

## Direcional Engenharia S.A.

Notes to interim financial information (Continued)  
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### 11. Tax obligations (Continued)

Current taxes	Individual		Consolidated	
	09/30/2022	12/31/2021	09/30/2022	12/31/2021
PIS	175	157	249	238
COFINS	990	853	1,332	1,228
Special taxation regime	-	-	6,863	11,027
IRPJ	-	-	1,016	703
CSLL	-	-	508	331
Other	453	411	4,247	3,093
	<b>1,618</b>	<b>1,421</b>	<b>14,215</b>	<b>16,620</b>
<b>Current taxes with deferred payment</b>				
PIS	8	6	2,476	1,783
COFINS	39	26	11,381	8,176
Present value adjustment	-	-	(796)	(605)
IRPJ	28	18	8,391	6,031
CSLL	14	9	4,394	3,159
Other	-	-	(691)	(369)
	<b>89</b>	<b>59</b>	<b>25,155</b>	<b>18,175</b>
	<b>1,707</b>	<b>1,480</b>	<b>39,370</b>	<b>34,795</b>
Current	1,707	1,480	27,585	25,094
Noncurrent	-	-	11,785	9,701

### 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.

	12/31/2021	(+) Acquisitions	(-) Payments	(+/-) Revisions	(+/-) Transfer to SPEs	09/30/2022
Individual	70,877	3,050	-	-	(61,445)	12,482
Current	-	-	-	-	-	-
Noncurrent	70,877	-	-	-	-	12,482
	12/31/2021	(+) Acquisitions	(-) Payments	(+/-) Revisions	(-) Cancellation of contracts	09/30/2022
Consolidated	2,122,997	259,505	(188,229)	12,681	(31,920)	2,175,034
Current	62,779	-	-	-	-	69,934
Noncurrent	2,060,218	-	-	-	-	2,105,100

## Direcional Engenharia S.A.

Notes to interim financial information (Continued)

September 30, 2022

(In thousands of reais, unless otherwise stated)

### 12. Real estate commitments payable (Continued)

	Consolidated	
	09/30/2022	12/31/2021
Aging list:		
Within 1 year	69,934	62,779
1-2 years	1,022,007	1,289,516
2-3 years	611,054	446,073
3-4 years	166,305	105,703
After 4 years	305,734	218,926
	<b>2,175,034</b>	<b>2,122,997</b>

### 13. Advances from customers

Individual	12/31/2021	(+) Acquisitions/ receipts	(-) Amortization	(-) Transfer to SPEs	09/30/2022
Advance - physical barter of plot of land (i)	27,086	20,875	-	(26,706)	21,255
Total advances	27,086	20,875	-	(26,706)	21,255
Current	-				-
Noncurrent	27,086				21,255

  

Consolidated	12/31/2021	(+) Acquisitions/ receipts	(-) Amortization	(+/-) Revisions	(-) Write-offs/ cancellations	09/30/2022
Advance - physical barter of plot of land (i)	377,060	47,325	(10,876)	(9,343)	-	404,166
Advances for receipt (ii)	12,989	26,821	(18,336)	-	-	21,474
Total advances	390,049	74,146	(29,212)	(9,343)	-	425,640
Current	14,705					43,336
Noncurrent	375,344					382,304

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

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

## Direcional Engenharia S.A.

Notes to interim financial information (Continued)  
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### 14. Other accounts payable

	Individual		Consolidated	
	09/30/2022	12/31/2021	09/30/2022	12/31/2021
Debts to customers	13,429	6,571	17,826	9,760
Debts to partners (a)	-	-	26,920	26,920
Accounts payable for acquisition of equity interest (b)	2,028	2,028	92,659	116,129
Dividends proposed	-	-	417	417
Capital deficiency (c)	9,559	8,904	-	-
Derivatives payable	9,331	3,669	9,331	3,669
Other credits from Assignments of Receivables (d)	116,842	-	23,080	-
Other	7,882	9,847	29,148	30,843
<b>Total</b>	<b>159,071</b>	<b>31,019</b>	<b>199,381</b>	<b>187,738</b>
Current	157,043	28,991	101,989	90,346
Noncurrent	2,028	2,028	97,392	97,392

- (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 plots of land 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 plots of land 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 December 10, 2020, Riva acquired 100% of the units of interest of Grauna Incorporadora Ltda. for R\$11,400, settled on July 06, 2022. On June 15, 2021, the Company acquired 83.33% equity interest in Jardim Santo Antonio Incorporação Imobiliária SPE Ltda. for R\$4,607, payable in a single installment maturing on June 15, 2024. On this same date, the Company acquired 83.33% equity interest in Jardim Bela Vista Incorporação Imobiliária SPE Ltda. for R\$5,109, maturing on June 15, 2025. On May 5, 2021, subsidiary Riva Incorporadora S.A. acquired 100% equity interest in BFRE Assessoria Empresarial e Participações Ltda. for R\$86,564. The balance payable at September 30 totals 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, subject to restatement by reference to the IPCA. The balance was settled on July 29, 2022. On August 23, 2021, the Company acquired all units of interest of companies Muqui, Mirante, Guarinos, Arapiraca, Mar Turmalina and Lagoa for the amount of R\$28,163, settled on that same date. On July 27, Riva acquired 100% of the units of interest of Diorama Empreendimentos Imobiliários Ltda, for R\$4,550, and this amount remains outstanding at September 30, 2022. On June 22, 2022, the Company acquired the units of interest of Resedas, Dream, Jupiá, Parque das Cerejeiras, Santorini, Florence and Limoeiro for R\$1,420, settled on June 27, 2022.
- (c) This account shows investments in subsidiaries or joint ventures with capital deficiency.
- (d) The company has credits referring to amounts received, on behalf of its subsidiaries, referring to assignment of receivables that are recorded in this account.

## Direcional Engenharia S.A.

Notes to interim financial information (Continued)  
September 30, 2022  
(In thousands of reais, unless otherwise stated)

### 14. Other accounts payable (Continued)

#### 14.1. Assignment liabilities

	Individual		Consolidated	
	09/30/2022	12/31/2021	09/30/2022	12/31/2021
Credit from assignment of receivables – sale of portfolio	-	-	92,662	-

The Company and its subsidiaries carried out Assignment of Real Estate Receivables, as described in Note 4, for which accounts receivable were not derecognized, as it is still subject to the risks inherent in the transaction. Consequently, the Company recorded assignment liabilities.

From the assignment date, the assignee enjoys the benefits and already has the right to receive the amounts according to the agreed flow. The Company did not retain any benefit from the accounts receivable subject matter of the assignment.

As the receivables assigned have not yet been performed, it was not possible to transfer all risks to the assignee. Thus, the Company is exposed to a minor risk in the event of default or cancellation of the unit, being required to reimburse the assignee for the respective amount. This risk extinguishes when the units are sold in favor of the assignee.

## Direcional Engenharia S.A.

Notes to interim financial information (Continued)  
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### 15. Provisions

#### 15.1. Provision for warranty

	<b>Individual</b>		<b>Consolidated</b>	
Balance at 12/31/2021	2,258		40,194	
(+) Provisions	<b>1,938</b>		<b>17,678</b>	
(-) Reversals/write-offs	<b>(414)</b>		<b>(563)</b>	
(-) Payments	<b>(2,512)</b>		<b>(13,011)</b>	
<b>Balance at 09/30/2022</b>	<b>1,270</b>		<b>44,298</b>	

  

	<b>Individual</b>		<b>Consolidated</b>	
	<b>09/30/2022</b>	<b>12/31/2021</b>	<b>09/30/2022</b>	<b>12/31/2021</b>
Current	<b>1,270</b>	2,258	<b>29,705</b>	28,143
Noncurrent	-	-	<b>14,593</b>	12,051
	<b>1,270</b>	2,258	<b>44,298</b>	40,194

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 are deducted from the provision.

The provisions for construction guarantee are based on reviews of historical cash outflows regarding maintenance expenses, which represent 1.21% in development work and 0.97% in service work of the total budgeted cost of each project in September 2022.

## Direcional Engenharia S.A.

Notes to interim financial information (Continued)  
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### 15. Provisions (Continued)

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

	Individual			Total
	Tax	Labor	Civil	
Balance at December 31, 2021	-	1,771	2,284	4,055
Provisions	<b>30</b>	<b>4</b>	<b>4,926</b>	<b>4,960</b>
Reversals	-	<b>(269)</b>	<b>(1,058)</b>	<b>(1,327)</b>
Payments	-	<b>(1,046)</b>	<b>(2,877)</b>	<b>(3,923)</b>
<b>Balance at September 30, 2022</b>	<b>30</b>	<b>460</b>	<b>3,275</b>	<b>3,765</b>

  

	Consolidated			Total
	Tax	Labor	Civil	
Balance at December 31, 2021	102	7,508	16,398	24,008
Provisions	<b>30</b>	<b>4,365</b>	<b>15,040</b>	<b>19,435</b>
Reversals	<b>(4)</b>	<b>(3,392)</b>	<b>(4,657)</b>	<b>(8,053)</b>
Payments	-	<b>(3,826)</b>	<b>(7,577)</b>	<b>(11,403)</b>
<b>Balance at September 30, 2022</b>	<b>128</b>	<b>4,655</b>	<b>19,204</b>	<b>23,987</b>

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 September 30, 2022, consolidated amounts are as follows: labor claims total R\$29,360, tax proceedings total R\$14,589, and civil proceedings total R\$316,295. Consequently, no provision was set up to cover a possible unfavorable outcomes.

### 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.

In December 2021, the Company's Board of Directors approved the contracting of a derivative transaction referenced to the Company's shares, which resulted in 4,000,000 shares sold for the consummation of this transaction. This contract was executed with a first-rate financial institution and will be effective for at most 18 (eighteen) months.

## Direcional Engenharia S.A.

Notes to interim financial information (Continued)  
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### 16. Equity (Continued)

#### 16,1. Capital (Continued)

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, of which 148,985,192 are outstanding shares and 1,014,808 are treasury shares.

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

#### 16,2. Treasury shares

For the period ended September 30, 2022, the number of treasury shares assigned under the Share Matching Programs I and II was 337,784, with a remaining balance of 522,290 shares. The expense recognized with respect to assigned treasury shares was R\$3,150 and the average acquisition price of the assigned shares was R\$2,660, thus generating a loss of R\$491 recognized directly in retained earnings (accumulated losses).

In the period ended September 30, 2022, 549,000 shares were repurchased at market value totaling R\$5,539, resulting in 148,985,192 outstanding shares and 1,014,808 treasury shares.

	<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	-	(3,398,749)	(3,398,749)
Treasury shares sold/assigned	4,733,489	(4,733,489)	-
Share buyback	(2,242,800)	2,242,800	-
<b>December 31, 2021</b>	149,196,408	803,592	150,000,000
Cancellation of treasury shares	-	-	-
Treasury shares sold/assigned	<b>337,784</b>	<b>(337,784)</b>	-
Share buyback	<b>(549,000)</b>	<b>549,000</b>	-
<b>September 30, 2022</b>	<b>148,985,192</b>	<b>1,014,808</b>	<b>150,000,000</b>

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

Notes to interim financial information (Continued)  
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### **16. Equity (Continued)**

#### **16.2. Treasury shares (Continued)**

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. In December 2021, the Company's Board of Directors approved the contracting of a derivative transaction referenced to the Company's shares, which resulted in 4,000,000 shares sold and 803,592 treasury shares for the consummation of this transaction. The total value of the transaction was of R\$50,760.

#### **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.

##### **16.4.2. Retained profits reserve**

This reserve is set up especially for maintenance of the Company's investment ability and completion of construction 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).

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### 16. Equity (Continued)

#### 16.4. Income reserve (Continued)

##### 16.4.3. Distribution of dividends

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.

On July 11, 2022, the Company approved the distribution of interim dividends equivalent to the amount of R\$0.47 (forty-seven cents) per share, which totals the amount to be distributed of R\$69,964. The dividends were paid on July 22, 2022.

#### 16.5. Earnings per share

The table below shows the calculation of earnings per share for the period ended September 30, 2022 and 2021:

	<u>09/30/2022</u>	<u>09/30/2021</u>
Income for the period	131,969	114,979
Weighted average number of shares	<u>149,127,967</u>	<u>145,420,284</u>
Basic earnings per share, net - R\$	0.89	0.79
Weighted average number of shares (diluted)	<u>149,780,693</u>	<u>146,541,404</u>
Diluted earnings per share, net - R\$	0.88	0.79

#### 16.6. Noncontrolling interests

For the period ended September 30, 2022, changes in subsidiaries' equity reduced equity by R\$43,895 in connection with noncontrolling interests. In the same period, noncontrolling interests in profit or loss amounted to R\$52,287.

Acquisitions of interests from noncontrolling shareholders generated a reduction of R\$449 recorded directly in the Company's equity.

## Direcional Engenharia S.A.

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### 17. Net revenue

	<b>Individual</b>			
	<b>01/01/2022 to 09/30/2022</b>	<b>07/01/2022 to 09/30/2022</b>	<b>01/01/2021 to 09/30/2021</b>	<b>07/01/2021 to 09/30/2021</b>
Gross revenue from sales	-	-	910	-
Gross revenue from services	<b>25,729</b>	<b>5,383</b>	28,987	8,106
Total gross revenue	<b>25,729</b>	<b>5,383</b>	29,897	8,106
Taxes on sales	<b>(6,576)</b>	<b>(2,530)</b>	(3,284)	(1,021)
Cancelled sales	<b>(1,262)</b>	<b>(100)</b>	(107)	(43)
Operating revenue, net	<b>17,891</b>	<b>2,753</b>	26,506	7,042
	<b>Consolidated</b>			
	<b>01/01/2022 to 09/30/2022</b>	<b>07/01/2022 to 09/30/2022</b>	<b>01/01/2021 to 09/30/2021</b>	<b>07/01/2021 to 09/30/2021</b>
Gross revenue from sales	<b>1,651,840</b>	<b>589,186</b>	1,330,435	462,751
Gross revenue from services	<b>55,582</b>	<b>15,727</b>	56,775	18,022
Total gross revenue	<b>1,707,422</b>	<b>604,913</b>	1,387,210	480,773
Present value adjustment	<b>(5,149)</b>	<b>(5,463)</b>	(8,370)	(2,776)
Taxes on sales	<b>(46,074)</b>	<b>(17,142)</b>	(34,769)	(12,064)
Cancelled sales	<b>(27,568)</b>	<b>(7,897)</b>	(54,662)	(12,571)
Operating revenue, net	<b>1,628,631</b>	<b>574,411</b>	1,289,409	453,362

Taxes on sales and services consist of Contribution Tax on Gross Revenue for Social Integration Program (PIS) and Contribution Tax on Gross Revenue for Social Security Financing (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.

The Company also recognized gross revenue for the period of projects under construction amounting to R\$10,876 at September 30, 2022 (R\$13,678 at September 30, 2021) regarding barter of units to be constructed for plots of land.

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### 17. Net revenue (Continued)

#### 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>	<u>1,135,105</u>
<i>Projects under construction</i>	
<b>a) Revenue from contracted sales</b>	<b>3,694,530</b>
<b>b) Allocated sales revenue, net</b>	<b>2,559,425</b>
<i>Allocated sales revenue</i>	2,665,195
<i>Dissolution of agreements – Reversed revenue</i>	(105,770)
<b>II) Revenues from indemnification for dissolution of agreements</b>	<u>4,673</u>
<b>III) Budgeted cost to be allocated from units sold</b>	<u>685,969</u>
<i>Projects under construction</i>	
<b>a) Budgeted cost of units (no financial charges)</b>	<b>2,208,705</b>
<b>b) Construction cost incurred</b>	<b>1,579,013</b>
<b>Accrued financial charges</b>	<b>5,678</b>
<b>c) Dissolution of agreements – Construction cost</b>	<b>(56,277)</b>
<b>Dissolution of agreements – Financial charges</b>	<b>(135)</b>
<b>Drive CI / CO (no financial charges)</b>	<b>68.94%</b>
<b>IV) Budgeted cost to be allocated to inventories</b>	<u>1,068,977</u>
<i>Projects under construction</i>	
<b>a) Budgeted cost of units (no financial charges)</b>	<b>1,765,346</b>
<b>b) Construction cost incurred</b>	<b>696,369</b>
<b>Accrued financial charges</b>	<b>2,293</b>
<b>Units sold</b>	<b>18,804</b>

## Direcional Engenharia S.A.

Notes to interim financial information (Continued)  
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### 17. Net revenue (Continued)

#### b) Earned revenue

Income earned from:	01/01/2022 to 09/30/2022		07/01/2022 to 09/30/2022		01/01/2021 to 09/30/2021		07/01/2021 to 09/30/2021	
	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	17,891	(11,998)	2,753	(3,994)	25,596	(7,188)	7,042	(2,883)
Development – completed units	-	-	-	-	910	(792)	-	-
Total - Individual	17,891	(11,998)	2,753	(3,994)	26,506	(7,980)	7,042	(2,883)
Subsidiaries								
Services	25,270	(24,799)	8,846	(8,083)	26,067	(29,829)	9,544	(10,420)
Land	2,252	(2,909)	105	-	320	(784)	-	-
Development – completed units	284,660	(179,724)	46,376	(31,074)	239,904	(158,428)	49,908	(35,751)
Development – units under construction	1,298,558	(838,336)	516,331	(332,718)	996,612	(622,924)	386,868	(242,094)
Total - Subsidiaries	1,610,740	(1,045,768)	571,658	(371,875)	1,262,903	(811,965)	446,320	(288,265)
Total - Consolidated	1,628,631	(1,057,766)	574,411	(375,869)	1,289,409	(819,945)	453,362	(291,148)

## Direcional Engenharia S.A.

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### 18. Costs and expenses by nature

Description	Individual			
	01/01/2022	07/01/2022	01/01/2021	07/01/2021
	to	to	to	to
	09/30/2022	09/30/2022	09/30/2021	09/30/2021
Raw materials and materials for use and consumption	(2,872)	(1,222)	(6,215)	(2,007)
Personnel expenses	(64,346)	(22,027)	(55,540)	(19,753)
Depreciation and amortization	(16,760)	(5,335)	(16,500)	(5,863)
Third-party services	(4,270)	(1,909)	(5,181)	(1,595)
Electric power, water supply and telephone services	(1,775)	(535)	(1,693)	(658)
General selling expenses	(2,048)	(661)	-	-
Provision for stock option plan	(2,230)	(747)	-	-
Provision for profit sharing	(7,934)	(3,612)	-	-
Other costs	(7,983)	(2,936)	(9,854)	(2,901)
	<b>(110,218)</b>	<b>(38,984)</b>	<b>(94,983)</b>	<b>(32,777)</b>

#### Classified as

Costs of real estate sold	(1,672)	(892)	(1,824)	(603)
Costs of services rendered	(10,326)	(3,102)	(6,156)	(2,280)
Selling expenses	(4,965)	(1,626)	(3,153)	(480)
General and administrative expenses	(93,255)	(33,364)	(83,850)	(29,414)
	<b>(110,218)</b>	<b>(38,984)</b>	<b>(94,983)</b>	<b>(32,777)</b>

#### Consolidated

Description	01/01/2022	07/01/2022	01/01/2021	07/01/2021
	to	to	to	to
	09/30/2022	09/30/2022	09/30/2021	09/30/2021
Raw materials and materials for use and consumption	(868,419)	(312,894)	(671,526)	(246,684)
Personnel expenses	(223,450)	(74,111)	(180,240)	(55,378)
Capitalized interest	(5,658)	(2,484)	(2,805)	(826)
Depreciation and amortization	(40,657)	(12,828)	(37,625)	(13,004)
Third-party services	(12,537)	(4,851)	(13,783)	(4,033)
Electric power, water supply and telephone services	(4,218)	(1,283)	(3,696)	(1,275)
General selling expenses	(54,830)	(18,749)	(52,314)	(20,546)
Sales commissions	(83,980)	(30,695)	(75,579)	(28,261)
Provision for stock option plan	(2,230)	(747)	-	-
Provision for profit sharing	(8,865)	(3,907)	-	-
Other costs	(14,785)	(5,838)	(18,106)	(4,475)
	<b>(1,319,629)</b>	<b>(468,387)</b>	<b>(1,055,674)</b>	<b>(374,482)</b>

#### Classified as

Costs of real estate sold	(1,022,641)	(364,684)	(785,060)	(279,549)
Costs of services rendered	(35,125)	(11,185)	(34,885)	(11,599)

## Direcional Engenharia S.A.

Notes to interim financial information (Continued)

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Selling expenses	<b>(150,416)</b>	<b>(52,788)</b>	(137,776)	(49,549)
General and administrative expenses	<b>(111,447)</b>	<b>(39,730)</b>	(97,953)	(33,785)
	<b><u>(1,319,629)</u></b>	<b><u>(468,387)</u></b>	<u>(1,055,674)</u>	<u>(374,482)</u>

## Direcional Engenharia S.A.

Notes to interim financial information (Continued)  
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### 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			
	01/01/2022 to 09/30/2022	07/01/2022 to 09/30/2022	01/01/2021 to 09/30/2021	07/01/2021 to 09/30/2021
Income from short-term investments	55,154	25,174	12,916	5,575
Gain - hedge accounting	29,507	15,863	9,507	9,507
Monetary restatement and contract interest	1,416	559	2,015	618
Income from derivatives	40,151	24,786	10,400	2,642
Foreign exchange differences	-	-	1,424	-
	<b>126,228</b>	<b>66,382</b>	<b>36,262</b>	<b>18,342</b>
<b>Finance costs</b>				
Interest expenses	(109,817)	(29,293)	(70,418)	(30,575)
Foreign exchange differences	-	-	(2,521)	-
Bank charges	(911)	(248)	(1,128)	(275)
Expenses with sale of portfolio	-	-	-	-
Hedge accounting expense	(19,482)	(13,468)	-	-
Interest paid on leases	(2,066)	(725)	(2,166)	(712)
Expenses with derivatives	(47,058)	(22,143)	(10,832)	(5,415)
	<b>(179,334)</b>	<b>(65,877)</b>	<b>(87,065)</b>	<b>(36,977)</b>
Finance income (costs), net	<b>(53,106)</b>	<b>505</b>	<b>(50,803)</b>	<b>(18,635)</b>
Finance income	Consolidated			
	01/01/2022 to 09/30/2022	07/01/2022 to 09/30/2022	01/01/2021 to 09/30/2021	07/01/2021 to 09/30/2021
Income from short-term investments	67,405	28,861	16,913	7,589
Gain - hedge accounting	29,507	15,863	9,508	9,508
Monetary restatement and contract interest	4,294	1,313	4,204	986
Income from derivatives	40,151	24,786	10,400	2,642
Foreign exchange differences	-	-	1,424	-
	<b>141,357</b>	<b>70,823</b>	<b>42,449</b>	<b>20,725</b>
<b>Finance costs</b>				
Interest expenses	(116,276)	(30,064)	(74,102)	(32,395)
Foreign exchange differences	-	-	(2,522)	-
Bank charges	(5,967)	(2,246)	(4,698)	(1,385)
Expenses with sale of portfolio	(9,009)	(2,395)	(2,402)	(460)
Hedge accounting expense	(19,482)	(13,468)	-	-
Interest paid on leases	(2,182)	(764)	(2,275)	(746)
Expenses with derivatives	(47,058)	(22,143)	(10,832)	(5,415)
	<b>(199,974)</b>	<b>(71,080)</b>	<b>(96,831)</b>	<b>(40,401)</b>
Finance income (costs), net	<b>(58,617)</b>	<b>(257)</b>	<b>(54,382)</b>	<b>(19,676)</b>

## Direcional Engenharia S.A.

Notes to interim financial information (Continued)  
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### 20. Income and social contribution taxes

	<b>Individual</b>			
	<b>01/01/2022 to 09/30/2022</b>	<b>07/01/2022 to 09/30/2022</b>	<b>01/01/2021 to 09/30/2021</b>	<b>07/01/2021 to 09/30/2021</b>
<b>Income before IRPJ and CSLL</b>	<b>131,984</b>	<b>63,264</b>	115,010	47,190
IRPJ and CSLL at 34%	<b>34%</b>	<b>34%</b>	34%	34%
<b>Estimated expenses with IRPJ and CSLL</b>	<b>44,875</b>	<b>21,510</b>	39,102	16,044
<b>Companies computing taxable profit based on accounting records</b>				
Additions and exclusions	<b>36,987</b>	<b>17,530</b>	31,468	13,215
Addition (exclusion) of equity pickup	<b>(284,536)</b>	<b>(103,642)</b>	208,549	(173,081)
Tax base	<b>(115,565)</b>	<b>(22,848)</b>	323,574	(93,324)
<b>Companies computing taxable profit as a percentage of gross sales</b>				
Tax base	-	-	16	5
Rates applicable to taxable profit computed as a percentage of gross sales	<b>34.00%</b>	<b>34.00%</b>	34.00%	34.00%
Tax expenses	-	-	-	-
Expenses with deferred tax	-	-	-	-
<b>Companies taxed under the Special Taxation Regime - RET (1%)</b>				
Tax base	<b>3,131</b>	-	6,559	1,262
Rates applicable to the RET	<b>0.47%</b>	<b>0.47%</b>	0.47%	0.47%
Tax expenses	-	-	15	-
Expenses with deferred tax	<b>15</b>	-	16	6
Expenses with IRPJ and CSLL for the period	<b>15</b>	-	31	6
<b>Effective rate</b>	<b>0.01%</b>	<b>0.00%</b>	0.03%	0.01%

## Direcional Engenharia S.A.

Notes to interim financial information (Continued)  
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### 20. Income and social contribution taxes (Continued)

	Consolidated			
	01/01/2022 to 09/30/2022	07/01/2022 to 09/30/2022	01/01/2021 to 09/30/2021	07/01/2021 to 09/30/2021
<b>Income before IRPJ and CSLL</b>	<b>218,878</b>	<b>92,266</b>	173,652	67,160
IRPJ and CSLL at 34%	34%	34%	34%	34%
<b>Estimated expenses with IRPJ and CSLL</b>	<b>74,419</b>	<b>31,370</b>	59,042	22,834
<b>Companies computing taxable profit as a percentage of gross sales</b>				
Tax base	13,941	5,241	9,946	17,862
Rates applicable to taxable profit computed as a percentage of gross sales	34.00%	34.00%	34.00%	34.00%
Tax expenses	4,816	1,725	56	243
Expenses with deferred tax	(76)	57	171	164
<b>Companies taxed under the Special Taxation Regime - RET (1%)</b>				
Tax base	3,781	318	34,890	(3,422)
Rates applicable to the RET	0.47%	0.47%	0.47%	0.47%
Tax expenses	2	1	231	59
Expenses with deferred tax	16	1	(67)	(75)
<b>Companies taxed under the Special Taxation Regime - RET (4%)</b>				
Tax base	1,555,418	544,902	1,316,060	409,551
Rates applicable to the RET	1.92%	1.92%	1.92%	1.92%
Tax expenses	26,670	8,551	22,075	7,828
Expenses with deferred tax	3,194	1,911	3,193	36
Expenses with IRPJ and CSLL for the period	<b>34,622</b>	<b>12,246</b>	25,659	8,255
<b>Effective rate</b>	<b>15.82%</b>	<b>13.27%</b>	14.78%	12.29%

The breakdown of expenses with income and social contribution taxes for the periods ended September 30, 2022 and 2021 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 Taxation 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)  
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### 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 to ensure 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.

To manage part of the interest rate risk, the Company contracts different swaps, aiming to exchange the variation of the IPCA for the CDI, based on the par value referring to the CRIs indexed to the price index. These derivative instruments are solely intended to hedge debt obligations.

#### 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	
At September 30, 2022					
Loans and financing (Note 9)	296,727	246,977	243,701	690,115	1,477,520
Trade accounts payable	105,049	8,928	-	-	113,977
Related parties (Note 6.1)	11,900	-	-	-	11,900
Real estate commitments payable (Note 12)	69,934	1,022,007	611,054	472,039	2,175,034
Advances for receipt (Note 13)	21,474	-	-	-	21,474

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.

## Direcional Engenharia S.A.

Notes to interim financial information (Continued)  
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### 21. Financial instruments (Continued)

#### Liquidity risk (Continued)

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

At September 30, 2022, there was no significant credit risk concentration associated with customers. Today, most trade accounts receivable are transferred while the project is under construction through the “crédito associativo” financing (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 an Allowance 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 carrying amounts of trade accounts receivable and payable, less impairment loss for the case of accounts receivable, 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	
		09/30/2022	12/31/2021	09/30/2022	12/31/2021
Financial assets					
Amortized cost					
Accounts receivable	4.1	24,798	30,044	661,107	501,579
Accounts receivable from divestiture		16,114	12,366	637,670	476,346
Other accounts receivable	-	501	10,258	14,630	17,540
		8,183	7,420	8,807	7,693
Fair value through profit or loss (*)					
Cash and banks	3.1	885,560	610,552	1,195,254	1,049,160
Cash equivalents	3.1	2,430	1,332	207,380	239,215
Short-term investments	3.2	456,088	285,883	558,030	484,739
Derivatives receivable		411,608	323,337	414,410	325,206
		15,434	-	15,434	-
<b>Total financial assets</b>					
		<b>910,358</b>	<b>640,596</b>	<b>1,856,361</b>	<b>1,550,739</b>
Financial liabilities					
Amortized cost					
Real estate commitments payable	12	1,523,889	1,258,543	4,082,617	3,677,738
Advances for receipt	13	12,482	70,877	2,175,034	2,122,997
Loans and financing	9	-	-	21,474	12,989
Trade accounts payable	-	1,342,738	1,137,359	1,477,520	1,241,402
Transactions with related parties	6.1	6,902	8,547	113,977	98,012
Other accounts payable	14	12,027	10,741	11,900	14,600
		149,740	31,019	282,712	187,738
Fair value through profit or loss					
Derivatives payable	14	9,331	3,669	9,331	3,669
		9,331	3,669	9,331	3,669
<b>Financial liabilities</b>					
		<b>1,533,220</b>	<b>1,258,543</b>	<b>4,091,948</b>	<b>3,677,738</b>

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

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

At September 30, 2022, fair value of financial instruments is as follows:

	Individual			Consolidated		
	Carrying amount	Fair value	Difference	Carrying amount	Fair value	Difference
Financial assets						
Amortized cost	24,798	24,798	-	661,107	661,107	-
Accounts receivable	16,114	16,114	-	637,670	637,670	-
Accounts receivable from divestiture	501	501	-	14,630	14,630	-
Other accounts receivable	8,183	8,183	-	8,807	8,807	-
Fair value through profit or loss	885,560	885,560	-	1,195,254	1,195,254	-
Cash and banks	2,430	2,430	-	207,380	207,380	-
Cash equivalents	456,088	456,088	-	558,030	558,030	-
Short-term investments	411,608	411,608	-	414,410	414,410	-
Derivatives receivable	15,434	15,434	-	15,434	15,434	-
Total financial assets	910,358	910,358	-	1,856,361	1,856,361	-
Financial liabilities						
Amortized cost	1,523,889	1,541,637	(17,748)	4,082,617	4,100,377	(17,760)
Real estate commitments payable	12,482	12,482	-	2,175,034	2,175,034	-
Advances for receipt	-	-	-	21,474	21,474	-
Loans and financing	1,342,738	1,360,486	(17,748)	1,477,520	1,495,280	(17,760)
Trade accounts payable	6,902	6,902	-	113,977	113,977	-
Transactions with related parties	12,027	12,027	-	11,900	11,900	-
Other accounts payable	149,740	149,740	-	282,712	282,712	-
Fair value through profit or loss	9,331	9,331	-	9,331	9,331	-
Derivatives payable	9,331	9,331	-	9,331	9,331	-
Financial liabilities	1,533,220	1,550,968	(17,748)	4,091,948	4,109,708	(17,760)

## Direcional Engenharia S.A.

Notes to interim financial information (Continued)  
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### 21. Financial instruments (Continued)

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

At December 31, 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	30,044	30,044	-	501,579	501,579	-
Accounts receivable	12,366	12,366	-	476,346	476,346	-
Accounts receivable from divestiture	10,258	10,258	-	17,540	17,540	-
Other accounts receivable	7,420	7,420	-	7,693	7,693	-
Fair value through profit or loss	610,552	610,552	-	1,049,160	1,049,160	-
Cash and banks	1,332	1,332	-	239,215	239,215	-
Cash equivalents	285,883	285,883	-	484,739	484,739	-
Short-term investments	323,337	323,337	-	325,206	325,206	-
Total financial assets	640,596	640,596	-	1,550,739	1,550,739	-
Financial liabilities						
Amortized cost	1,258,543	1,266,561	(8,018)	3,677,738	3,683,542	(5,804)
Real estate commitments payable	70,877	70,877	-	2,122,997	2,122,997	-
Advances for receipt	-	-	-	12,989	12,989	-
Loans and financing	1,137,359	1,145,377	(8,018)	1,241,402	1,247,206	(5,804)
Trade accounts payable	8,547	8,547	-	98,012	98,012	-
Transactions with related parties	10,741	10,741	-	14,600	14,600	-
Other accounts payable	31,019	31,019	-	187,738	187,738	-
Financial liabilities	1,258,543	1,266,561	(8,018)	3,677,738	3,683,542	(5,804)

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

The Company contracted a derivative financial instrument (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:

## Direcional Engenharia S.A.

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

### 21. Financial instruments (Continued)

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

<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)	200,000	IPCA	203,727	
Swap transaction:	<b>Long position</b>	IPCA	203,727	3,727
	<b>Short position</b>	CDI -1.45%	(201,360)	(1,360)
Swap position, net			2,367	2,367
(+/-) Hedge accounting - Fair value			21,951	21,951
<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)	229,554	IPCA + 4.8444%	241,488	
Swap transaction:	<b>Long position</b>	IPCA + 4.8444%	241,488	11,934
	<b>Short position</b>	CDI + 1.4522%	(239,026)	(9,472)
Swap position, net			2,462	2,462
(+/-) Hedge accounting - Fair value			4,098	4,098
	<b>Notional value</b>	<b>Rates</b>	<b>Fair value</b>	<b>Gain (loss) on transaction – P&amp;L</b>
	16,920	DIRR3+Proceeds	22,456	
Swap transaction:	<b>Long position</b>	DIRR3+Proceeds	22,456	5,536
	<b>Short position</b>	CDI + 1.75%	(18,910)	(1,990)
Swap position, net			3,546	3,546

## Direcional Engenharia S.A.

Notes to interim financial information (Continued)  
September 30, 2022  
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### 21. Financial instruments (Continued)

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

	<b>Notional value</b>	<b>Rates</b>	<b>Fair value</b>	<b>Gain (loss) on transaction – P&amp;L</b>
	16,920	DIRR3+Proceeds	22,456	
Swap transaction:	<b>Long position</b>	DIRR3+Proceeds	22,456	5,536
	<b>Short position</b>	CDI + 1.75%	(18,922)	(2,002)
Swap position, net			3,534	3,534
	<b>Notional value</b>	<b>Rates</b>	<b>Fair value</b>	<b>Gain (loss) on transaction – P&amp;L</b>
	16,920	DIRR3+Proceeds	22,456	
Swap transaction:	<b>Long position</b>	DIRR3+Proceeds	22,456	5,536
	<b>Short position</b>	CDI + 1.75%	(18,929)	(2,009)
Swap position, net			3,527	3,527
<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)	300,000	IPCA+6.4899%	301,236	
Swap transaction:	<b>Long position</b>	IPCA+6.4899%	301,236	1,236
	<b>Short position</b>	CDI + 1.22%	(310,567)	(10,567)
Swap position, net			(9,331)	(9,331)
(+/-) Hedge accounting - Fair value			1,220	1,220

## Direcional Engenharia S.A.

Notes to interim financial information (Continued)  
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### 21. Financial instruments (Continued)

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

At September 30, 2022, the position of SWAP contracts is as follows:

Transaction type	Taken out in	Assets/Liabilities	Maturity	Notional value	Long position	Short position	Gain (loss) on transaction –	
							P&L	Hedge
SWAP (b)	Apr/21	IPCA + 4.8444% / CDI + 1.4522%	Apr/28	200,000	203,727	201,360	2,367	21,951
SWAP (b)	July/22	IPCA+6.4899% / CDI + 1.22%	Jun/32	300,000	301,236	310,567	(9,331)	1,220
SWAP (b)	Dec/21	IPCA+4.00% / CDI – 0.8900%	Dec/24	229,554	241,488	239,026	2,462	4,098
SWAP (a)	Dec/21	DIRR3+Proceeds / CDI + 1.75%	May/23	16,920	22,456	18,910	3,546	-
SWAP (a)	Dec/21	DIRR3+Proceeds / CDI + 1.75%	Jun/23	16,920	22,456	18,922	3,534	-
SWAP (a)	Dec/21	DIRR3+Proceeds / CDI + 1.75%	Jun/23	16,920	22,456	18,929	3,527	-
SWAP	Apr/22	US\$/R\$	Sept/22	7,396	-	-	-	-

- (a) Derivatives not designated as hedging instruments: In December 2021, the Company sold 4,000,000 (four million) shares that were held in treasury for the amount of R\$50,760. On the same date, the Company contracted a swap, under which it undertook to pay CDI +1.75% p.a. in exchange for the variation in the price of its shares plus any proceeds possible paid during the term of the swap.
- (b) Derivatives designated as fair value hedging instruments: At September 30, 2022, the Company had an interest rate SWAP contract at the notional amount of R\$200,000 (there was no balance in December 2021), which provides that the Company will receive interest rates of IPCA+4.8444% p.a. and pay a rate of CDI+1.4522% p.a. on the Notional amount. The Swap has been used to hedge the exposure in the loan's fair value. There is a savings relationship between the hedged item and the hedging instrument, as the interest rate swap term matches the loan terms (i.e., amount, notional, term, and payment). The Group established a coverage ratio of 100% for hedging relationships, considering that the swap risk is identical to the hedged risk component. To test the hedge effectiveness, the Company uses the hypothetical derivative method and compares changes in the fair value of the hedging instrument with changes in the fair value of the hedged item. Hedge ineffectiveness may arise from: 1) Different interest rate curve applied to discount hedged item and hedging instrument. 2) Temporary differences in cash flows of hedged items and hedging instruments. 3) Difference in Credit Risk of counterparties and changes in the fair value of the hedging instrument and hedged item.

#### 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 from significant risks, as they yield interest at a fixed spread rate plus the CDI, TR, Savings, or IPCA rate, where, for the latter, a swap of rates pegged to the CDI is 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 understands 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.

## Direcional Engenharia S.A.

Notes to interim financial information (Continued)  
September 30, 2022  
(In thousands of reais, unless otherwise stated)

### 21. Financial instruments (Continued)

#### Sensitivity analysis (Continued)

To conduct the sensitivity analysis, the Company relied on financial market projections for 2022, 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, Savings, and INCC, and the statement of sensitivity analysis is as follows:

Net assets and liabilities (in thousands of reais)	Net balance at 09/30/2022	50% decrease	25% decrease	Probable scenario	25% increase	50% increase
TR	(112,391)	(629)	(944)	(1,259)	(1,573)	(1,888)
CDI	368,759	25,168	37,752	50,336	62,920	75,503
IPCA	(1,206,414)	(37,916)	(56,874)	(75,832)	(94,790)	(113,748)
Savings rate	(11,370)	(336)	(504)	(672)	(841)	(1,009)
<b>Total</b>	<b>(961,416)</b>					

  

Index/rate	50% decrease	25% decrease	Probable scenario	25% increase	50% increase
TR	0.56%	0.84%	1.12%	1.40%	1.68%
CDI	6.83%	10.24%	13.65%	17.06%	20.48%
IPCA	3.14%	4.71%	6.29%	7.86%	9.43%
Savings rate	2.96%	4.44%	5.91%	7.39%	8.87%
INCC	3.32%	4.97%	6.63%	8.29%	9.95%

#### 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.

## Direcional Engenharia S.A.

Notes to interim financial information (Continued)  
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### 21. Financial instruments (Continued)

#### Business risk management (Continued)

##### *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 understands 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.

##### 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.

## Direcional Engenharia S.A.

Notes to interim financial information (Continued)  
September 30, 2022  
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### 21. Financial instruments (Continued)

#### Capital management (Continued)

The Net Debt structure comprises loans and financing less cash and cash equivalents, as shown in the table below:

	Consolidated	
	09/30/2022	12/31/2021
Loans and financing	1,477,520	1,241,402
(-) Cash and cash equivalents	765,410	723,954
(-) Short-term investments	414,410	325,206
(-) Derivatives	6,103	(3,668)
Net debt	291,597	195,910
Payment of dividends	69,964	100,147
Share buyback	5,539	31,965
Sale of treasury shares	-	(50,760)
Equity	1,525,418	1,458,804
Net debt on equity	19.12%	13.43%

#### Assets pledged as guarantees

Assets pledged as a guarantee of loans and financing are disclosed in Notes 8 and 9. The Company and its subsidiaries recorded judicial deposits at September 30, 2022 of R\$17,324 (R\$16,097 at December 31, 2021) as part of the discussion of its contingent liabilities.

### 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.

## Direcional Engenharia S.A.

Notes to interim financial information (Continued)  
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### **22. Stock option plan and incentives associated with Company shares - share-based payment (Continued)**

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

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)  
September 30, 2022  
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### 22. Stock option plan and incentives associated with Company shares - share-based payment (Continued)

#### Shared-based payment ("Matching Program") (Continued)

In 2021, the Company granted R\$4,991 to the Plan beneficiaries, corresponding to 733,489 shares. In 2022, the Company granted R\$3,077 to the Plan beneficiaries, corresponding to 337,784 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 cancelled (c)	Shares transferred	Grants in force (a-b-c-d)
1 <sup>st</sup> Matching	2015	4 years	2017	506,000	444,800	61,200	127,557	317,243	-
1 <sup>st</sup> Matching	2017	4 years	2018	450,000	363,944	86,056	47,058	316,884	2
2 <sup>nd</sup> Matching	2017	4 years	2018	1,760,000	1,760,000	-	100,000	1,660,000	-
2 <sup>nd</sup> Matching	2018	4 years	2019	360,000	360,000	-	-	360,000	-
2 <sup>nd</sup> Matching	2018	4 years	2020	170,923	170,923	-	10,768	157,136	3,019
1 <sup>st</sup> Matching	2019	1 year	2020	13,628	13,628	-	1,286	12,342	-
2 <sup>nd</sup> Matching	2019	3 years	2020	58,985	58,985	-	4,559	54,426	-
1 <sup>st</sup> Matching	2019	3 years	2020	9,662	9,662	-	804	8,858	-
2 <sup>nd</sup> Matching	2019	3 years	2020	52,888	52,780	108	4,620	48,160	-
1 <sup>st</sup> Matching	2020	4 years	2020	60,000	60,000	-	-	30,000	30,000
2 <sup>nd</sup> Matching	2020	4 years	2020	340,000	340,000	-	-	170,000	170,000
1 <sup>st</sup> Matching	2020	4 years	2020	8,105	8,105	-	106	6,255	1,744
2 <sup>nd</sup> Matching	2020	4 years	2020	55,947	55,947	-	-	46,067	9,880
1 <sup>st</sup> Matching	2020	4 years	2021	378,000	367,600	10,400	15,650	90,800	261,150
2 <sup>nd</sup> Matching	2021	4 years	2021	26,804	26,804	-	845	10,197	15,762
2 <sup>nd</sup> Matching	2021	4 years	2021	26,853	26,703	150	-	17,055	9,648
2 <sup>nd</sup> Matching	2021	4 years	2021	13,107	13,107	1,350	-	-	11,757
2 <sup>nd</sup> Matching	2021	4 years	2021	13,071	13,071	-	-	5,091	7,980
<b>Total</b>				<b>4,303,973</b>	<b>4,146,059</b>	<b>159,264</b>	<b>313,253</b>	<b>3,310,514</b>	<b>520,942</b>

## Direcional Engenharia S.A.

Notes to interim financial information (Continued)  
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### 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 September 30, 2022, insurance coverage is as follows:

<b>Items</b>	<b>Type of coverage</b>	<b>Insured amount</b>
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.	<b>3,938,565</b>
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.	<b>115,858</b>
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.	<b>595,915</b>
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	<b>165,722</b>
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 lockout, windstorm, and smoke.	<b>58,500</b>
Civil liability (D&O)	Guarantees coverage of pain and suffering to the Company's Directors and Officers	<b>60,000</b>
Civil liability (D&O)	Guarantees coverage of "Multiple perils – cyber risks" insurance	<b>10,000</b>

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### 24. Noncash transactions

	Individual		Consolidated	
	09/30/2022	12/31/2021	09/30/2022	12/31/2021
<b>Financing activities</b>	<b>299</b>	2,512	<b>7,394</b>	2,510
Right-of-use financing	<b>299</b>	2,512	<b>299</b>	2,510
Capitalization of interest	-	-	<b>7,095</b>	-
<b>Investing activities</b>	<b>299</b>	2,842	<b>2,672</b>	2,840
Restatement - Sale of equity interest	-	330	<b>2,373</b>	330
Acquisition of property and equipment - Lease	<b>299</b>	2,512	<b>299</b>	2,510