



Belo Horizonte, July 11th, 2022 - Direcional Engenharia S.A., one of the largest homebuilders and real estate development companies in Brazil, focused on the development of low-income and medium-income projects and operating in several regions of the Brazilian Territory, discloses here its operating statements for the second quarter of 2022 (2Q22). Unless otherwise stated, the information in this document is expressed in national currency (Brazilian Reais – R\$ or BRL) and the Potential Sales Value (“PSV”) demonstrates the consolidated amount (100%).

NOTICE TO THE MARKET

2Q22 OPERATING PREVIEW

- ✓ **NET SALES RECORD IN 2Q22 (BRL 836 MILLION), A 34% GROWTH VERSUS 1Q22 AND 36% VERSUS 2Q21.**
- ✓ **CASH GENERATION OF BRL 18 MILLION IN THE QUARTER.**
- ✓ **SUBSEQUENT EVENT: PAYMENT OF DIVIDENDS OF BRL 0.47 PER SHARE, APPROXIMATE TOTAL AMOUNT OF BRL 70 MILLION.**

HIGHLIGHTS

- Contracted net sales totaled BRL 1.5 billion in the first semester of 2022 (1H22), a growth rate of 29% when compared to 1H21.
- In 2Q22, net sales of Direcional projects reached BRL 601 million, exceeding by 34% the volume sold in 1Q22 and by 39% the volume sold in 2Q21.
- Net sales speed index (VSO) reached 20% in the quarter and 23% in Direcional segment.

RIVA

- 2Q22 net sales totaled BRL 236 million, a 38% growth versus 2Q21.
- In 1H22, net sales grew 35% over 1H21, totaling BRL 407 million.
- Riva’s VSO reached 17% in the quarter, 3 p.p. above 1Q22.

LAUNCHES

During 2Q22, Direcional launched 10 new projects, totaling a PSV of BRL 790 million (BRL 704 million % Company), 32% above the amount launched in 1Q22 and in line with launched PSV in 2Q21. The representativeness of Direcional's products in the mix of launches reached 62% in the quarter, while Riva's represented 38% of launched PSV.

Considering the the first semester of 2022 (1H22), the volume of launches grew 2% compared to the first semester of 2021 (1H21).

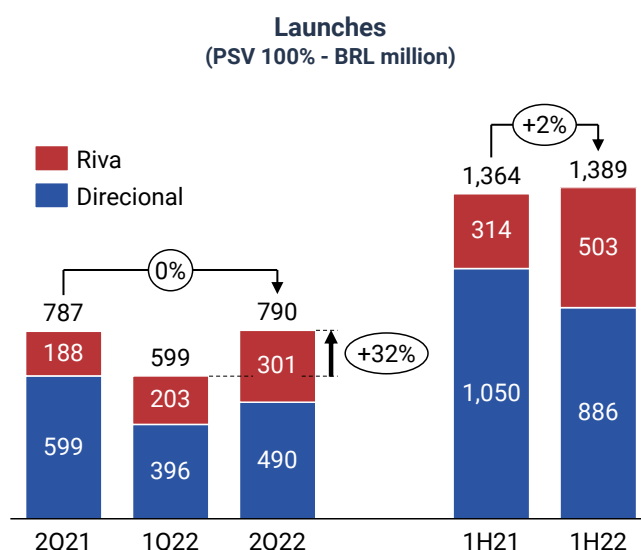


Table below provides further information on projects launched in 2Q22 and in 1H22:

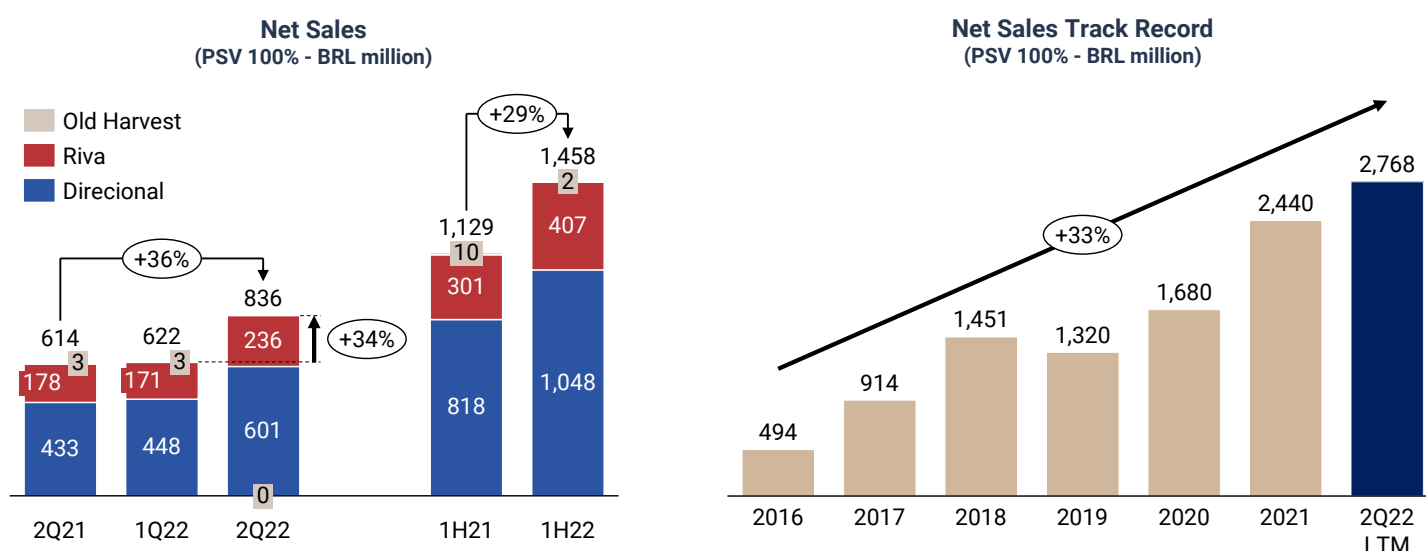
Launches	2Q22 (a)	1Q22 (b)	2Q21 (c)	Δ % (a/b)	Δ % (a/c)	1H22 (d)	1H21 (e)	Δ % (d/e)
PSV Launched - 100% (BRL '000)	790,369	599,069	786,923	31.9%	0.4%	1,389,438	1,363,983	1.9%
Direcional	489,581	396,445	599,155	23.5%	-18.3%	886,026	1,050,017	-15.6%
Riva	300,788	202,623	187,768	48.4%	60.2%	503,412	313,965	60.3%
PSV Launched - % Company (BRL '000)	703,651	557,281	662,361	26.3%	6.2%	1,260,933	1,116,590	12.9%
Direcional	467,161	354,658	474,593	31.7%	-1.6%	821,819	802,625	2.4%
Riva	236,490	202,623	187,768	16.7%	25.9%	439,113	313,965	39.9%
Launched Units	3,261	2,831	4,153	15.2%	-21.5%	6,092	6,624	-8.0%
Direcional	2,436	2,136	3,385	14.0%	-28.0%	4,572	5,394	-15.2%
Riva	825	695	768	18.7%	7.4%	1,520	1,230	23.6%
Average % Company	89.0%	93.0%	84.2%	-4 p.p.	5 p.p.	90.8%	81.9%	9 p.p.
Average Price (BRL/unit)	242,370	211,610	189,483	14.5%	27.9%	228,076	205,915	10.8%
Direcional	200,977	185,602	177,003	8.3%	13.5%	193,794	194,664	-0.4%
Riva	364,592	291,544	244,490	25.1%	49.1%	331,192	255,256	29.7%

CONTRACTED SALES

Contracted Net Sales reached a PSV of BRL 863 million in 2Q22 (BRL 674 million % Company), a growth rate of 34% in comparison with 1Q22 and 36% when compared to 2Q21. This performance marked 2Q22 as the **best quarter in terms of net sales in Direcional's history**, surpassing by 25% the previous record, which had been reached in 4Q21.

Considering the sales mix in 2Q22, in the Direcional segment, net sales reached BRL 601 million (BRL 494 million % Company), growing 34% over 1Q22 and 39% over 2Q21. In the Riva segment, net sales reached a PSV of BRL 236 million (BRL 181 million % Company), 38% above the previous quarter and 32% above the same quarter of 2021.

In 1H22, net sales totaled BRL 1.5 billion (BRL 1.2 billion % Company), a 29% increase in comparison with 1H21. As a result, Direcional products represented about 72% of the volume sold in the period, while Riva products accounted for 28%. In both segments, there was an increase in net contracted PSV.



The table below presents information about Net Sales in 2Q22 and in 1H22:

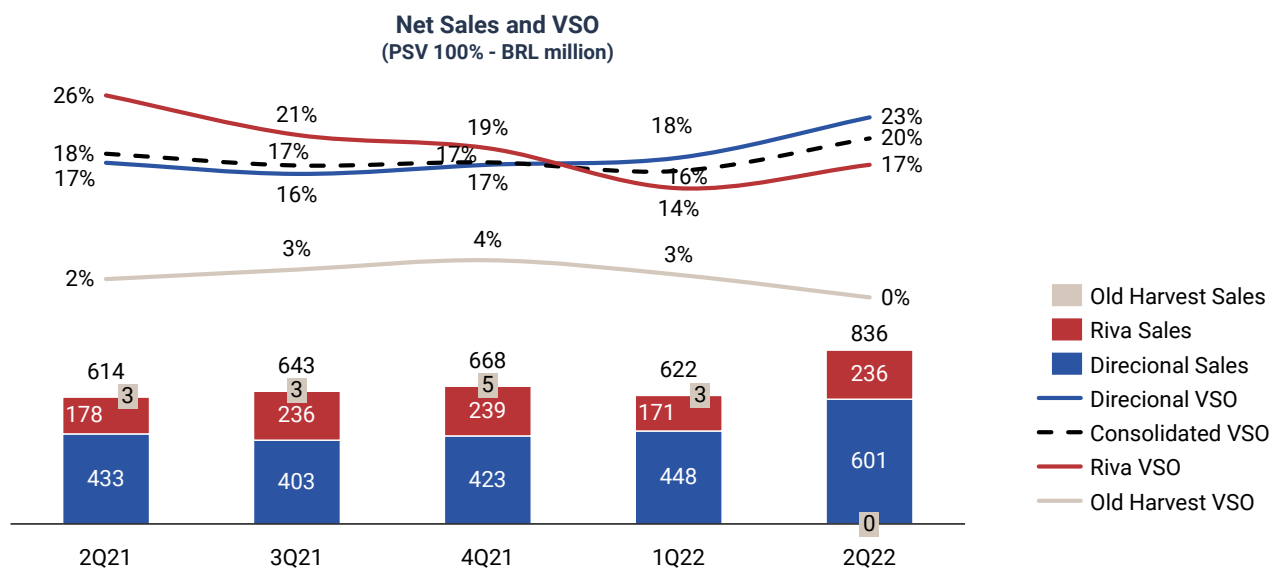
Contracted Net Sales	2Q22 (a)	1Q22 (b)	2Q21 (c)	Δ % (a/b)	Δ % (a/c)	1H22 (d)	1H21 (e)	Δ % (d/e)
Net Contracted Sales - PSV 100% (BRL '000)	835,691	621,942	614,496	34.4%	36.0%	1,457,633	1,129,460	29.1%
Direcional	600,542	447,912	433,406	34.1%	38.6%	1,048,454	818,474	28.1%
Riva	235,603	171,226	178,387	37.6%	32.1%	406,829	300,537	35.4%
Old Harvest ¹	-454	2,803	2,703	-116.2%	-116.8%	2,349	10,449	-77.5%
Net Contracted Sales - PSV % Company (BRL '000)	674,215	507,991	515,665	32.7%	30.7%	1,182,205	954,609	23.8%
Direcional	493,738	371,973	364,201	32.7%	35.6%	865,711	687,669	25.9%
Riva	180,563	134,559	149,183	34.2%	21.0%	315,123	259,201	21.6%
Old Harvest	-86	1,458	2,281	-105.9%	-103.8%	1,372	7,740	-82.3%
Contracted Units	3,920	2,945	3,168	33.1%	23.7%	6,865	5,870	17.0%
Direcional	3,118	2,347	2,491	32.9%	25.2%	5,465	4,741	15.3%
Riva	804	592	668	35.8%	20.4%	1,396	1,098	27.1%
Old Harvest	-2	6	9	-133.3%	-122.2%	4	31	-87.1%
Net Sales Speed (VSO) in PSV	20%	16%	18%	4 p.p.	2 p.p.	31%	29%	2 p.p.
Direcional	23%	18%	17%	5 p.p.	6 p.p.	35%	28%	7 p.p.
Riva	17%	14%	26%	3 p.p.	-9 p.p.	26%	37%	-11 p.p.
Old Harvest	0%	3%	2%	-3 p.p.	-2 p.p.	2%	7%	-5 p.p.

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



NET SALES SPEED (VSO)

In 2Q22, net sales speed, measured by the VSO index (Sales-Over-Supply ratio), reached 20%, establishing an increase of 4 p.p. versus 1Q22. The VSO of projects at Direcional, excluding Old Harvest segment, reached 23% in the quarter (+ 5 p.p. over 1Q22). Riva's VSO reached 17% in the period (+ 3 p.p. over 1Q22).



INVENTORY

Direcional ended 2Q22 with 13,678 units in inventory, totaling a PSV of BRL 3.3 billion (BRL 2.8 billion % Company).

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

Breakdown of Inventory at Market Value	PSV Total				PSV % Company			
	Direcional	Riva	Old Harvest	Total	Direcional	Riva	Old Harvest	Total
In progress (BRL million)	2,034	1,157	0	3,191	1,793	938	0	2,731
% Total	62%	35%	0%	98%	64%	34%	0%	98%
Completed (BRL million)	22	8	46	76	19	7	30	56
% Total	1%	0%	1%	2%	1%	0%	1%	2%
Total (BRL million)	2,057	1,164	46	3,267	1,812	946	30	2,788
% Total	63%	36%	1%	100%	65%	34%	1%	100%
Total Units	9,881	3,672	125	13,678	9,881	3,672	125	13,678
% Total Units	72%	27%	1%	100%	72%	27%	1%	100%

LANDBANK

Direcional's landbank ended 2Q22 with a development potential of 154,547 units and PSV of BRL 28 billion (BRL 25 billion % Company).

The average cost of acquisition was equivalent to 11% of the PSV, and 80% of the payment shall be made through swaps, which causes a reduced impact on the Company's cash position before the beginning of the development stage of the projects.

During 2Q22, 8 plots of lands were acquired, with a construction potential of more than 4,500 units and a PSV of BRL 1.2 billion (BRL 1.0 billion % Company).

The average cost of acquisition in the quarter was equivalent to 11% of PSV, and 70% of the payment shall be made via swaps.

Evolution of Landbank (BRL million)	2021 Landbank	1H22 Acquisitions	1H22 Launches	Adjustments ¹	1H22 Landbank	1H22 PSV % Co.	Units
Total PSV	26,807	2,619	(790)	(783)	27,852	25,292	154,547

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

CASH GENERATION (CASH BURN) ¹

Direcional reported cash generation of BRL 18 million in 2Q22. Thus, in the first semestre of 2022, there was a cash consumption of BRL 16 million. As published in the previous quarter, this consumption is due to the significant expansion of launches and sales volumes in recent periods, in addition to the active management of supply inventories, aiming to mitigate the effects of inflation on construction materials.

¹ Cash Generation (Cash Burn): variation in net debt adjusted by payment of dividends, repurchase of shares and the variation in the balance of interest swap operation agreements. Prior unaudited information.

SHARE BUYBACK PROGRAM

In effect since December 27th, 2021, Direcional's share buyback program aims to manage the Company's available resources to enhance value generation for its shareholders, especially through an efficient management of the capital structure. During 2Q22, 549,000 shares were repurchased, for a total amount of around BRL 5.5 million.



SUBSEQUENT EVENT - DIVIDENDS

Following the already consolidated profile of Direcional as one of the greatest exponents in terms of value generation for shareholders, the Company's Board of Directors has approved, according to the Material Fact published on July 11th, 2022, the payment of dividends equivalent to the amount of BRL 0.47 per share, totaling an approximate amount of BRL 70 million. Shareholders with equity position on July 14th, 2022 (after market closes) shall be entitled to proceeds, with the Company's shares trading "ex right" as of July 15th, 2022. The dividends' proceeds will be transferred in up to 10 (ten) days after the "ex right" date.

SUBSEQUENT EVENT – PUBLIC OFFERING (CRI)

Shortly after the end of 2Q22, the Company concluded another successful debt issuance. The public offering of Certificates of Real Estate Receivables (CRI) took place pursuant to CVM Instruction No. 400. Due to the strong demand observed, there was the issuance of additional bonds, increasing the previous amount in 20%, allowing the Company to raise a total amount of BRL 300 million.

With a brAAA rating assigned by S&P, the CRI mature in 10 years, allowing for an even greater extension of the Company's indebtedness. The interest rate is IPCA¹ + 6.4899% per annum, and an interest rate swap was contracted to transform the rate into CDI + 1.22% per annum.

In addition, through a Second Party Opinion issued by an independent company, the CRI was labeled as a social bond. The achievement was mainly based on (i) the analysis of the profile of the target families for which the projects to be built (using the proceeds) will be destined; and (ii) the socioeconomic impacts to be generated in the surroundings of the projects, confirming the alignment of the public offering to the *Social Bond Principles*.

¹ IPCA: Brazil's Consumer Price Index.



RIVA – Operating Highlights

Riva, a subsidiary with operations focused on the mid-low income segment, launched 3 projects in 2Q22, totaling PSV of BRL 301 million (BRL 236 million % Company), up 48% in comparison with 1Q22 and 60% in comparison with 2Q21.

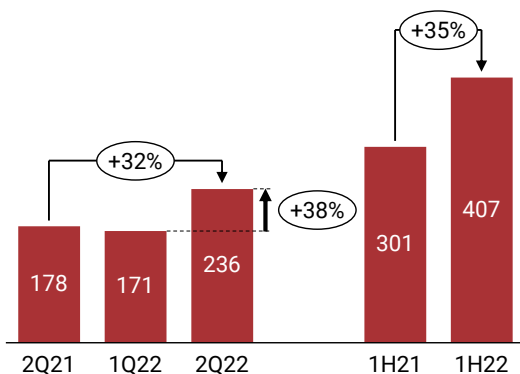
Net sales reached BRL 236 million in 2Q22 (BRL 181 million % Company), a 38% growth in relation to 1Q22 and a 32% growth over 2Q21. Thus, Riva’s net sales speed (VSO) reached 17% in the quarter.

In 1H22, net sales grew 35% in comparison with the amount sold in 1H21, totaling BRL 407 million in the period (BRL 315 million % Company).

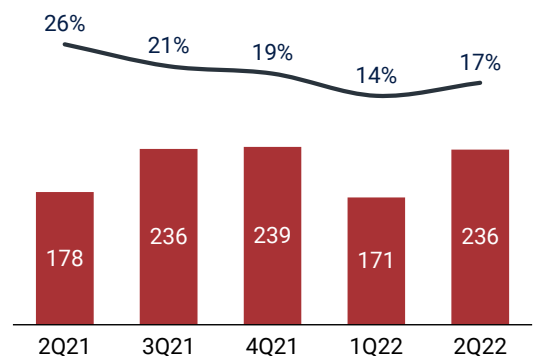
At the end of 2Q22, PSV in inventory totaled BRL 1.2 billion (BRL 946 million % Company), of which less than 1% refers to completed products.



Net Sales
(PSV 100% - BRL million)



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



■ Net Sales — VSO

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

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GLOSSARY

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

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

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

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

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

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

LTM – Last twelve months.

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

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

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

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

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

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

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

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