

# **Quarterly Information (ITR)**

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

September 30, 2021  
with Independent Auditor's Review Report

# Direcional Engenharia S.A.

## Interim financial information

September 30, 2021

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**A free translation from Portuguese into English of Independent Auditor's Review Report on interim financial information prepared in Brazilian currency in accordance with NBC TG 21 and IAS 34 applicable to the preparation of Quarterly Information (ITR) and with the rules issued by the Brazilian Securities and Exchange Commission (CVM)**

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## Independent auditor's review report on interim financial information

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

### Introduction

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

Management is responsible for the preparation of the individual and consolidated interim financial information in accordance with Brazilian Accounting Standard NBC TG 21 - Interim Financial Reporting and with IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), applicable to Brazilian real estate development entities registered with the Brazilian Securities and Exchange Commission (CVM), as well as for the fair presentation of this information in accordance with the rules issued by the CVM applicable to the preparation of Quarterly Information (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 the Brazilian and International Standards on Review Engagements (NBC TR 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



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

Based on our review, nothing has come to our attention that causes us to believe that the individual and consolidated interim financial information included in the quarterly information referred to above was not prepared, in all material respects, 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**

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

As described in Note 2, the individual and consolidated interim financial information 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 real estate units under construction, on the aspects related to transfer of control, follows the Company management's understanding as to application of NBC TG 47, aligned with CVM's determination expressed in CVM/SNC/SEP Memorandum Circular 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 the individual and consolidated Statements of Value Added (SVA) for the nine-month period ended September 30, 2021, prepared under the responsibility of Company management and presented as supplementary information for IAS 34 purposes applicable to Brazilian real estate development entities registered with the CVM. 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 - Statements 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 8, 2021.

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

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

A free translation from Portuguese into English of Interim Financial Information prepared in Brazilian currency in accordance with NBC TG 21 and IAS 34 applicable to the preparation of Quarterly Information (ITR) and with the rules issued by the Brazilian Securities and Exchange Commission (CVM)

## Direcional Engenharia S.A.

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

	Note	Individual		Consolidated	
		09/30/2021	12/31/2020	09/30/2021	12/31/2020
Current assets					
Cash and cash equivalents	3.1	<b>218,292</b>	416,630	<b>665,640</b>	731,569
Short-term investments	3.2	<b>267,295</b>	194,246	<b>269,123</b>	195,360
Accounts receivable	4.1	<b>9,885</b>	6,540	<b>259,389</b>	246,717
Inventories	5	<b>954</b>	1,369	<b>1,100,928</b>	1,268,195
Receivables from related parties	6.1	<b>146,512</b>	47,417	<b>53,132</b>	37,363
Taxes recoverable		<b>11,425</b>	11,051	<b>22,487</b>	21,185
Accounts receivable from divestiture	4.2	<b>3,151</b>	40,000	<b>21,734</b>	50,000
Other receivables		<b>74,545</b>	72,499	<b>128,966</b>	115,943
Total current assets		<b>732,059</b>	789,752	<b>2,521,399</b>	2,666,332
Noncurrent assets					
Accounts receivable	4.1	<b>654</b>	765	<b>277,261</b>	128,727
Inventories	5	<b>35,616</b>	72,457	<b>2,459,306</b>	2,071,074
Receivables from related parties	6.1	-	-	<b>1,636</b>	1,636
Judicial deposits		<b>9,062</b>	9,064	<b>15,528</b>	15,928
Accounts receivable from divestiture	4.2	-	30,685	-	30,685
Other receivables		<b>18,541</b>	10,004	<b>18,751</b>	10,214
Investments	7	<b>1,587,141</b>	1,457,058	<b>123,181</b>	73,064
Property and equipment	8	<b>59,364</b>	62,583	<b>86,763</b>	89,594
Intangible assets		<b>15,921</b>	12,988	<b>17,101</b>	14,155
Total noncurrent assets		<b>1,726,299</b>	1,655,604	<b>2,999,527</b>	2,435,077
Total assets		<b>2,458,358</b>	2,445,356	<b>5,520,926</b>	5,101,409

	Note	Individual		Consolidated	
		09/30/2021	12/31/2020	09/30/2021	12/31/2020
Current liabilities					
Loans and financing	9.1	<b>149,997</b>	217,365	<b>151,780</b>	219,061
Trade accounts payable		<b>7,426</b>	5,615	<b>108,310</b>	90,086
Labor obligations	10	<b>14,159</b>	9,637	<b>34,232</b>	28,253
Tax obligations	11	<b>773</b>	663	<b>19,105</b>	25,227
Lease financing	9.2	<b>8,707</b>	9,190	<b>9,471</b>	9,887
Real estate commitments payable	12	-	-	<b>81,492</b>	77,434
Advances from customers	13	-	2,362	<b>7,087</b>	22,249
Other accounts payable	14	<b>12,127</b>	25,086	<b>77,373</b>	49,536
Provision for warranty	15.1	<b>2,551</b>	3,687	<b>27,738</b>	27,377
Payables to related parties	6.1	<b>14,517</b>	14,605	<b>22,103</b>	23,022
Total current liabilities		<b>210,257</b>	288,210	<b>538,691</b>	572,132
Noncurrent liabilities					
Loans and financing	9.1	<b>944,869</b>	797,751	<b>1,049,421</b>	812,107
Trade accounts payable		<b>244</b>	1,915	<b>5,089</b>	17,368
Provision for warranty	15.1	<b>344</b>	557	<b>12,316</b>	11,530
Tax obligations	11	-	36	<b>11,013</b>	3,594
Lease financing	9.2	<b>26,369</b>	29,199	<b>26,540</b>	29,679
Real estate commitments payable	12	<b>35,877</b>	69,577	<b>2,057,511</b>	1,878,215
Advances from customers	13	<b>380</b>	380	<b>341,267</b>	372,800
Provision for tax, labor and civil contingencies	15.2	<b>4,714</b>	4,329	<b>24,942</b>	29,142
Other accounts payable	14	<b>2,280</b>	8,844	<b>97,642</b>	34,844
Payables to related parties	6.1	<b>18,246</b>	18,246	-	-
Total noncurrent liabilities		<b>1,033,323</b>	930,834	<b>3,625,741</b>	3,189,279
Equity					
Capital	16.1	<b>752,982</b>	752,982	<b>752,982</b>	752,982
Capital reserves	16.3	<b>177,735</b>	208,484	<b>177,735</b>	208,484
Stock options granted		<b>3,070</b>	4,050	<b>3,070</b>	4,050
Equity adjustment		<b>(19,108)</b>	(19,023)	<b>(19,108)</b>	(19,023)
Treasury shares		<b>(45,737)</b>	(52,129)	<b>(45,737)</b>	(52,129)
Income reserves	16.4	<b>345,836</b>	331,948	<b>345,836</b>	331,948
		<b>1,214,778</b>	1,226,312	<b>1,214,778</b>	1,226,312
Noncontrolling interests					
		-	-	<b>141,716</b>	113,686
		<b>1,214,778</b>	1,226,312	<b>1,356,494</b>	1,339,998
Total liabilities and equity					
		<b>2,458,358</b>	2,445,356	<b>5,520,926</b>	5,101,409

See accompanying notes.

## Direcional Engenharia S.A.

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

	Note	Individual				Consolidated			
		01/01/2021 to 09/30/2021	07/01/2021 to 09/30/2021	01/01/2020 to 09/30/2020	09/01/2020 to 09/30/2020	01/01/2021 to 09/30/2021	07/01/2021 to 09/30/2021	01/01/2020 to 09/30/2020	09/01/2020 to 09/30/2020
Net revenue	17	26,506	7,042	29,989	9,686	1,289,409	453,362	1,075,409	375,532
Cost of real estate sold and services rendered	18	(7,980)	(2,883)	(17,377)	(4,807)	(819,945)	(291,148)	(705,454)	(241,802)
Gross profit		18,526	4,159	12,612	4,879	469,464	162,214	369,955	133,730
Operating income (expenses)									
General and administrative expenses	18	(83,850)	(29,414)	(75,387)	(25,724)	(97,953)	(33,785)	(83,976)	(27,916)
Selling expenses	18	(3,153)	(480)	(1,975)	(178)	(137,776)	(49,549)	(114,321)	(39,705)
Equity pickup	7	208,240	61,154	173,081	61,812	11,299	6,059	2,589	2,906
Other operating income (expenses)	-	26,050	30,406	(14,542)	(4,074)	(17,000)	1,897	(34,342)	(12,338)
		147,287	61,666	81,177	31,836	(241,430)	(75,378)	(230,050)	(77,053)
Finance costs	19	(87,065)	(36,976)	(50,485)	(15,483)	(96,831)	(40,401)	(53,669)	(16,297)
Finance income	19	36,262	18,341	29,368	7,347	42,449	20,725	33,666	8,381
Finance income (costs)	19	(50,803)	(18,635)	(21,117)	(8,136)	(54,382)	(19,676)	(20,003)	(7,916)
Income before income and social contribution taxes		115,010	47,190	72,672	28,579	173,652	67,160	119,902	48,761
Income and social contribution taxes	20	(31)	(6)	(170)	(25)	(25,659)	(8,255)	(21,931)	(7,567)
Net income for the period		114,979	47,184	72,502	28,554	147,993	58,905	97,971	41,194
Net income attributable to Direcional Engenharia S.A.		114,979	47,184	72,502	28,554	114,979	47,184	72,502	28,554
Noncontrolling interests in SPEs and SCPs		-	-	-	-	33,014	11,721	25,469	12,640
Earnings per share (in R\$)									
Basic		0.79	0.32	0.49	0.19				
Diluted		0.79	0.32	0.49	0.19				

See accompanying notes.



## Direcional Engenharia S.A.

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

	Individual				Consolidated			
	01/01/2021 to 09/30/2021	07/01/2021 to 09/30/2021	01/01/2020 to 09/30/2020	09/01/2020 to 09/30/2020	01/01/2021 to 09/30/2021	07/01/2021 to 09/30/2021	01/01/2020 to 09/30/2020	09/01/2020 to 09/30/2020
Net income for the period	114,979	47,184	72,502	28,554	147,993	58,905	97,971	41,194
Total comprehensive income for the period	<b>114,979</b>	<b>47,184</b>	<b>72,502</b>	<b>28,554</b>	<b>147,993</b>	<b>58,905</b>	<b>97,971</b>	<b>41,194</b>
Attributable to:								
Company shareholders					114,979	47,184	72,502	28,554
Noncontrolling interests					33,014	11,721	25,469	12,640
					<b>147,993</b>	<b>58,905</b>	<b>97,971</b>	<b>41,194</b>

See accompanying notes.

## Direcional Engenharia S.A.

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

	Note	Attributable to Company shareholders										
		Capital reserves					Income reserves					
		Capital	Treasury shares	Shares issued/ disposed of	Stock options granted	Equity adjustment	Legal	For investments	Retained earnings/ (accumulated losses)	Individual equity	Noncontrolling interests	Consolidated Equity
Balances at December 31, 2019 (restated)		752,982	(32,076)	208,484	5,951	(18,679)	30,370	309,895	-	1,256,927	112,417	1,369,344
Capital reduction by noncontrolling shareholders	16,6	-	-	-	-	-	-	-	-	-	(15,670)	(15,670)
Net income (loss) for the period		-	-	-	-	-	-	-	72,502	72,502	25,469	97,971
Disposal of treasury shares	16,2	-	2,782	-	(2,645)	-	-	-	(137)	-	-	-
Prior years' adjustments	16,7	-	-	-	-	-	-	-	(924)	(924)	-	(924)
Transactions with noncontrolling shareholders	16,6	-	-	-	-	(344)	-	-	-	(344)	-	(344)
Balances at September 30, 2020 (restated)		752,982	(29,294)	208,484	3,306	(19,023)	30,370	309,895	71,441	1,328,161	122,216	1,450,377
Balances at December 31, 2020		<b>752,982</b>	<b>(52,129)</b>	<b>208,484</b>	<b>4,050</b>	<b>(19,023)</b>	<b>36,022</b>	<b>295,926</b>	-	<b>1,226,312</b>	<b>113,686</b>	<b>1,339,998</b>
Recognized options granted	16,3	-	-	-	<b>2,688</b>	-	-	-	-	<b>2,688</b>	-	<b>2,688</b>
Cancellation of treasury shares		-	<b>30,749</b>	<b>(30,749)</b>	-	-	-	-	-	-	-	-
Capital reduction by noncontrolling shareholders	16,6	-	-	-	-	-	-	-	-	-	<b>(4,984)</b>	<b>(4,984)</b>
Net income (loss) for the period		-	-	-	-	-	-	-	<b>114,979</b>	<b>114,979</b>	<b>33,014</b>	<b>147,993</b>
Dividends proposed	16,4,3	-	-	-	-	-	-	<b>(100,147)</b>	-	<b>(100,147)</b>	-	<b>(100,147)</b>
Disposal of treasury shares	16,2	-	<b>4,610</b>	-	<b>(3,668)</b>	-	-	-	<b>(944)</b>	<b>(2)</b>	-	<b>(2)</b>
Share buyback		-	<b>(28,967)</b>	-	-	-	-	-	-	<b>(28,967)</b>	-	<b>(28,967)</b>
Transactions with noncontrolling shareholders	16,6	-	-	-	-	<b>(85)</b>	-	-	-	<b>(85)</b>	-	<b>(85)</b>
Balance at September 30, 2021		<b>752,982</b>	<b>(45,737)</b>	<b>177,735</b>	<b>3,070</b>	<b>(19,108)</b>	<b>36,022</b>	<b>195,779</b>	<b>114,035</b>	<b>1,214,778</b>	<b>141,716</b>	<b>1,356,494</b>

See accompanying notes.

## Direcional Engenharia S.A.

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

	Individual		Consolidated	
	09/30/2021	09/30/2020	09/30/2021	09/30/2020
Cash flows from operating activities				
Income before income and social contribution taxes	<b>115,010</b>	72,672	<b>173,652</b>	119,902
Adjustments to reconcile income to cash from operating activities				
Depreciation and amortization	<b>16,500</b>	11,336	<b>37,625</b>	29,532
Equity pickup	<b>(208,240)</b>	(173,081)	<b>(11,299)</b>	(2,589)
Provision for warranty	<b>530</b>	467	<b>21,125</b>	19,664
Interest on charges and financing	<b>70,212</b>	34,664	<b>75,780</b>	41,567
Hedge accounting - Fair value	<b>(9,507)</b>	-	<b>(9,507)</b>	-
Exchange differences on loans and financing	<b>1,098</b>	9,584	<b>1,098</b>	9,584
Provision for tax, labor and civil contingencies	<b>1,086</b>	1,435	<b>5,047</b>	2,200
Gains (losses) on barter transactions	-	-	<b>(13,678)</b>	(17,062)
Gains (losses) on disposal of equity interest	<b>(28,706)</b>	(441)	<b>(28,902)</b>	(427)
Restatement of accounts receivable for acquisition of equity interest	<b>(330)</b>	-	<b>(330)</b>	-
Present value adjustment on accounts receivable	-	-	<b>7,057</b>	4,285
Present value adjustment on lease financing	<b>1,764</b>	1,994	<b>1,812</b>	2,013
Adjustment to net recoverable amount of finished inventories	-	-	<b>(501)</b>	-
Allowance for expected credit losses	-	-	<b>12,273</b>	7,456
Provision for losses on related parties	-	-	-	5,240
Provision for stock option plan	<b>2,688</b>	-	<b>2,688</b>	-
Provision for profit sharing	<b>7,125</b>	207	<b>7,879</b>	207
Increase (decrease) in assets				
Accounts receivable	<b>(3,234)</b>	(5,706)	<b>(180,536)</b>	(33,802)
Inventories	<b>3,538</b>	1,696	<b>89,780</b>	119,748
Sundry receivables	<b>(10,583)</b>	(23,142)	<b>(21,560)</b>	(21,982)
Transactions with related parties	<b>(998)</b>	24,001	<b>(6,872)</b>	3,525
Judicial deposits	<b>2</b>	(350)	<b>400</b>	(250)
Taxes recoverable	<b>(374)</b>	2,044	<b>(1,302)</b>	2,349
(Decrease) increase in liabilities				
Trade accounts payable	<b>(5,190)</b>	(9,043)	<b>(9,350)</b>	33,451
Labor obligations	<b>(2,603)</b>	2,533	<b>(1,900)</b>	11,616
Tax obligations	<b>58</b>	175	<b>730</b>	(1,906)
Real estate commitments payable	-	-	<b>(148,132)</b>	(120,753)
Advances from customers	<b>(2,362)</b>	(9,907)	<b>(13,629)</b>	(5,582)
Accounts payable	<b>(16,525)</b>	(14,143)	<b>93,633</b>	(8,183)
Provision for tax, labor and civil contingencies	<b>(701)</b>	(628)	<b>(9,247)</b>	(7,735)
Transactions with related parties	<b>(88)</b>	821	<b>(919)</b>	(1,196)
Construction warranty	<b>(1,879)</b>	(1,578)	<b>(19,978)</b>	(13,952)
Income and social contribution taxes paid	<b>(15)</b>	(125)	<b>(25,092)</b>	(23,139)
Net cash from (used in) operating activities	<b>(71,724)</b>	(74,515)	<b>27,845</b>	153,781

## Direcional Engenharia S.A.

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

	Individual		Consolidated	
	09/30/2021	09/30/2020	09/30/2021	09/30/2020
Cash flows from investing activities				
Decrease in investments (SPCs and SPEs)	<b>(198,897)</b>	(84,591)	<b>(220,785)</b>	(4,059)
Dividends received	<b>75,425</b>	199,978	<b>8,700</b>	1,570
Disposal of equity interests	<b>212,533</b>	11,123	<b>261,450</b>	12,123
Additions to property and equipment	<b>(703)</b>	(375)	<b>(8,000)</b>	(4,159)
Increase in leased property and equipment	<b>(1,717)</b>	(2,690)	<b>(1,717)</b>	(3,246)
Additions to intangible assets	<b>(9,572)</b>	(7,461)	<b>(9,700)</b>	(7,705)
Short-term investments	<b>(73,049)</b>	(19,207)	<b>(73,763)</b>	(11,557)
Net cash flows from (used in) investing activities	<b>4,020</b>	96,777	<b>(43,815)</b>	(17,033)
Cash flows from financing activities				
Dividends paid out	<b>(100,147)</b>	-	<b>(100,147)</b>	-
Share buyback	<b>(31,965)</b>	-	<b>(31,965)</b>	-
Additions to lease financing	<b>1,717</b>	2,675	<b>1,717</b>	3,107
Amortization of lease financing	<b>(6,273)</b>	(6,210)	<b>(6,563)</b>	(6,356)
Interest paid on leases	<b>(521)</b>	(325)	<b>(521)</b>	(325)
Borrowings	<b>194,786</b>	493,539	<b>338,637</b>	609,190
Repayment of borrowings	<b>(150,973)</b>	(194,693)	<b>(204,698)</b>	(344,045)
Interest paid	<b>(37,173)</b>	(26,448)	<b>(41,350)</b>	(29,535)
Capital reduction by noncontrolling interests	<b>(85)</b>	(344)	<b>(5,069)</b>	(16,014)
Net cash flows from (used in) financing activities	<b>(130,634)</b>	268,194	<b>(49,959)</b>	216,022
Increase (decrease) in cash and cash equivalents	<b>(198,338)</b>	290,456	<b>(65,929)</b>	352,770
Cash and cash equivalents				
At beginning of period	<b>416,630</b>	337,067	<b>731,569</b>	533,795
At end of period	<b>218,292</b>	627,523	<b>665,640</b>	886,565

See accompanying notes.

## Direcional Engenharia S.A.

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

	Individual		Consolidated	
	09/30/2021	09/30/2020	09/30/2021	09/30/2020
Revenues				
Real estate sold and services rendered	29,897	34,732	1,390,641	1,183,268
Other operating income (expenses)	26,050	(14,542)	(17,000)	(34,342)
Allowance for expected credit losses - reversal (recognition)	-	-	(11,802)	(7,997)
	<b>55,947</b>	20,190	<b>1,361,839</b>	1,140,929
Materials acquired from third parties				
Raw materials used	(6,244)	(14,167)	(671,559)	(570,421)
Materials, power, outsourced services and other operating expenses	(6,845)	(9,986)	(17,447)	(15,975)
Other	(9,854)	(7,333)	(145,999)	(121,330)
	<b>(22,943)</b>	(31,486)	<b>(835,005)</b>	(707,726)
Gross value added	<b>33,004</b>	(11,296)	<b>526,834</b>	433,203
Depreciation and amortization, net	<b>(16,500)</b>	(11,336)	<b>(37,625)</b>	(29,532)
Net value added	<b>16,504</b>	(22,632)	<b>489,209</b>	403,671
Value added received in transfers				
Equity pickup	208,240	173,081	11,299	2,589
Finance income	36,262	29,368	42,449	33,666
	<b>244,502</b>	202,449	<b>53,748</b>	36,255
Total value added to be distributed	<b>261,006</b>	179,817	<b>542,957</b>	439,926
Distribution of value added				
Personnel	55,540	51,917	180,240	160,563
Taxes, charges and contributions	3,422	4,913	115,089	121,793
Debt remuneration	87,065	50,485	99,635	59,599
Retained profits/losses	114,979	72,502	114,979	72,502
Portion of profit or loss attributed to noncontrolling interests	-	-	33,014	25,469
	<b>261,006</b>	179,817	<b>542,957</b>	439,926

See accompanying notes.

# Direcional Engenharia S.A.

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

## 1. Operations

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

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

The Company carries out its development and construction activities through Silent Partnerships (SCPs) and Special Purpose Entities (SPEs) used in the 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 8, 2021, the Company’s Board of Directors approved this interim financial information and authorized its disclosure.

### 1.1. Covid-19 analysis

In March 2020, the World Health Organization (WHO) declared a state of 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, the Company management created a crisis committee, comprising the Executive Board members, to address the matters relating to Covid-19. This committee continuously monitors the news about this matter in the media and from government authorities, so as to define the best strategy for keeping all employees safe, in the first place, and for the smooth running of the Company’s business.

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

## Direcional Engenharia S.A.

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

### 1. Operations (Continued)

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

In general terms, these measures were as follows:

##### Safety measures

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

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

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

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

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

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

## Direcional Engenharia S.A.

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

### 1. Operations (Continued)

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

##### Safety measures (Continued)

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

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

During the 1st quarter of 2021, the city of Belo Horizonte adopted lockdown measures to curb the spread of Covid-19. Approximately 70% of employees at the administrative headquarters migrated to the remote work regime, which remained in the 2<sup>nd</sup> and 3<sup>rd</sup> quarters.

##### *Cash protection*

With a view to reinforcing Company cash in these unstable times, the Board of Directors approved the 1st issue of commercial promissory notes amounting to R\$100,000 over a one-year period at the CDI+4% p.a. rate. On June 16, 2020, the Company took out another longer credit facility of R\$100,000, at a more attractive rate (CDI+2.5% p.a.) and settled the previously contracted promissory notes. On September 21, 2020, the Company carried out the 6th issue of Debentures where the total par value was R\$250,000,000.00, maturing on September 21, 2025 at the CDI rate + 2.85% p.a.

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

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



## Direcional Engenharia S.A.

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

### 1. Operations (Continued)

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

##### Safety measures (Continued)

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

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

In the 1st quarter of 2021, due to the increasingly spread of Covid-19, several states and municipalities adopted tougher measures to curb the virus, lockdown being one of them. In the city of Manaus, construction works were interrupted from January 25 to February 11. In the city of São Paulo, construction works were interrupted from March 26 to April 5. In the city of Ribeirão Preto, construction works were interrupted from March 17 to March 19.

In the 2<sup>nd</sup> and 3<sup>rd</sup> quarters of 2021, the construction works were not suspended due to lockdown. The Company understands the strong sales performance is due to the is business model focused on the *Casa Verde Amarela* (CVA) Program (former MCMV Program), in which the transfer from the customer to the financing agent occurs at the time of sale during the construction work (associative method) and not at the end of the project, allowing the shortening of the business financial cycle and reducing the impacts on the operation's cash flow. In addition, there was no restriction on bank credit for the sector. Stands and points of sale were gradually opened and the Company is working hard on the online digital sales channels. There was no significant increase in the Company's defaults in the period.

##### *Social cooperation*

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

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

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

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

#### **1.2. Going concern**

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

### **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, 2020, as filed with the CVM. Those accounting practices have been consistently applied to the periods presented.

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

As of September 30, 2020, the Company made accounting reclassifications related to the recognition of the matching plan. As described in Note 22, the matching plan is a program that grants the right to purchase shares and grants incentive shares to management and employees of the Company and/or of the SPEs in which the Company holds interest ("beneficiaries"), previously selected by the Board of Directors, with the objective of attracting, motivating and retaining such professionals, as well as aligning their interests with those of the Company and its shareholders.

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

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

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

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

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

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

## Direcional Engenharia S.A.

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

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

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

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

	Capital reserve								
	Shares issued/disposed of			Stock options granted			Income reserves		
	As originally stated	Adjustments	Restated	As originally stated	Adjustments	Restated	As originally stated	Adjustments	Restated
Balances at 12/31/2019	198,160	10,324	208,484	15,508	(9,557)	5,951	341,032	(767)	340,265
Disposal of treasury shares	(2,782)	2,782	-	-	(2,645)	(2,645)	-	(137)	(137)
Other changes	-	-	-	-	-	-	71,578	-	71,578
Balance at 09/30/2020	<b>195,378</b>	<b>13,106</b>	<b>208,484</b>	<b>15,508</b>	<b>(12,202)</b>	<b>3,306</b>	<b>412,610</b>	<b>(904)</b>	<b>411,706</b>

## Direcional Engenharia S.A.

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

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

#### 3.1. Cash and cash equivalents

Description	Individual		Consolidated	
	09/30/2021	12/31/2020	09/30/2021	12/31/2020
Cash and banks	2,854	1,563	313,066	217,303
Cash equivalents - short-term investments	215,438	415,067	352,574	514,266
Total	218,292	416,630	665,640	731,569

The Company's investments are made through investment funds or in transactions performed directly with first-tier financial institutions. The Company's policy is to invest resources in funds or directly in conservative, highly liquid financial instruments. These short-term investments have yields pegged to the Interbank Deposit Certificate (CDI) rate, ranging from 93.17% to 117.71% of the CDI, according to the nature and timing of each instrument. At September 30, 2021, the accumulated average gross remuneration of the Company's short-term investments was 103.94% of the CDI.

#### 3.2. Short-term investments

	Individual		Consolidated	
	09/30/2021	12/31/2020	09/30/2021	12/31/2020
Investment in Financial Treasury Bills (government bonds)	227,531	97,507	229,087	128,391
Financial Bills (corporate bonds)	39,764	96,739	40,036	66,969
Total	267,295	194,246	269,123	195,360

The Company invests in funds limited to the Group companies, managed by first-tier banks, aimed at ensuring investments in conservative instruments that ensure capital preservation. The funds set up are intended to monitor the variation of the Interbank Deposit Certificate (CDI), with investments in fixed income securities, government 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.

## Direcional Engenharia S.A.

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

### 4. Accounts receivable

#### 4.1. Accounts receivable from operations

Accounts receivable - real estate development	Individual		Consolidated	
	09/30/2021	12/31/2020	09/30/2021	12/31/2020
Completed units	3,700	3,499	185,988	176,015
Units under construction	-	-	375,515	192,288
Receivables for land sold	-	-	2,049	1,425
(-) Allowance for expected credit losses	-	-	(29,303)	(17,030)
(-) Present value adjustment	-	-	(11,759)	(4,702)
	<b>3,700</b>	3,499	<b>522,490</b>	347,996
<b>Accounts receivable - services rendered</b>				
Real estate intermediation	-	-	1,686	923
Firm-price construction contract	4,634	3,623	9,088	25,170
Other services	2,205	183	3,386	1,355
	<b>6,839</b>	3,806	<b>14,160</b>	27,448
	<b>10,539</b>	7,305	<b>536,650</b>	375,444
Current	9,885	6,540	259,389	246,717
Noncurrent	654	765	277,261	128,727

The Company recognizes an allowance for expected credit losses and changes in the balance of this allowances were as follows:

	12/31/2020	(-) Allowance	(+) Reversal	09/30/2021
Changes in allowance for expected credit losses	(17,030)	(19,294)	7,021	(29,303)

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 3.69% p.a., which is represented by the average funding rate of loans and financing, less the Extended Consumer Price Index (IPCA).

## Direcional Engenharia S.A.

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

### 4. Accounts receivable (Continued)

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

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, 2021, the balance receivable related to this transaction was R\$43.

On March 30, 2021, the Company entered into a new Real Estate Credit Assignment agreement, through its subsidiaries, with ISEC Securitizadora S.A. The net amount of the transaction was of R\$38,920. On April 21, 2021, the balance was fully received.

At September 30, 2021 and December 31, 2020, the aging list of accounts receivable from real estate development and services rendered, recorded in current assets, is as follows:

	Consolidated	
	09/30/2021	12/31/2020
Falling due		
Within to 3 months	154,374	120,965
From 3 to 6 months	21,918	25,179
From 6 to 9 months	23,776	25,401
From 9 months to 1 year	21,964	36,136
	<u>222,032</u>	<u>207,681</u>
Overdue		
Within 1 month	2,796	13,293
From 1 to 2 months	1,585	917
From 2 to 3 months	980	4,201
From 3 to 4 months	1,088	1,671
From 4 to 6 months	4,989	754
Above 6 months	25,919	18,200
	<u>37,357</u>	<u>39,036</u>
	<u>259,389</u>	<u>246,717</u>

## Direcional Engenharia S.A.

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

### 4. Accounts receivable (Continued)

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

At September 30, 2021 and December 21, 2020, notes falling due, recorded in noncurrent assets, are as follows:

	<u>09/30/2021</u>	<u>12/31/2020</u>
1-2 years	<b>160,977</b>	63,898
Up to 3 years	<b>63,581</b>	39,435
Up to 4 years	<b>27,675</b>	9,207
After 4 years	<b>25,028</b>	16,187
	<b><u>277,261</u></b>	<u>128,727</u>

#### 4.2. Other accounts receivable

	<u>Individual</u>		<u>Consolidated</u>	
	<u>09/30/2021</u>	<u>12/31/2020</u>	<u>09/30/2021</u>	<u>12/31/2020</u>
Accounts receivable for Disposal of units of interest	<b>3,151</b>	70,685	<b>21,734</b>	80,685
	<b><u>3,151</u></b>	<u>70,685</u>	<b><u>21,734</u></b>	<u>80,685</u>
Current	<b>3,151</b>	40,000	<b>21,734</b>	50,000
Noncurrent	-	30,685	-	30,685

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

	<u>Individual</u>	<u>Consolidated</u>
12/31/2020	70,685	80,685
<b>(+) New acquisitions</b>	<b>144,669</b>	<b>202,169</b>
<b>(+/-) Corrections</b>	<b>330</b>	<b>330</b>
<b>(-) Receivables</b>	<b>(212,533)</b>	<b>(261,450)</b>
<b>09/30/2021</b>	<b><u>3,151</u></b>	<b><u>21,734</u></b>

On September 3, 2018, the Company sold Lago da Pedra Participações S.A. to a real estate investment fund for R\$183,156. The amount receivable for this sale was settled on August 19, 2021. On that same date, the Company exercised the right to repurchase Lago da Pedra for the amount of R\$8,098 paid upon exercise of the option. It also entered into a Share Purchase and Sale Agreement and Other Covenants and acquired all the shares belonging to Vila Alba Participações S.A., becoming the sole shareholder of Lago da Pedra.



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

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

### **4. Accounts receivable (Continued)**

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

On May 24, 2019, the Company sold all the units of interest held in Linha Verde Participações Ltda. to LMN Empreendimentos e Participações Ltda. for R\$19,000, which will be paid in 19 fixed installments of R\$1,000. The last 10 installments are conditioned on issue of the construction permit in the land paid relating to the SPE sold, which is expected for the end of 2021. In the 3<sup>rd</sup> quarter of 2021, 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, 2021, the balance receivable is R\$7,000.

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

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 September 30, the balance receivable is R\$4,743.

On June 2, 2021, this subsidiary entered into another transaction with Eztec and sold 50% of the interest held in Osasco Lote 2 Empreendimentos Imobiliarios SPE Ltda. for R\$9,250. At September 30, the balance receivable is R\$6,840.

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

On August 20, 2021, the Company entered into a Purchase and Sale Agreement of Units of Interest with Lago da Pedra S.A., through which it sold all units of interest held in SPEs Leme Empreendimentos Imobiliários Ltda., Xapuri Empreendimentos Imobiliários Ltda., Valença Empreendimentos Imobiliários Ltda. and Itaguatins Empreendimentos Imobiliários Ltda. for the amount of R\$89,617. The balance receivable at September 30, 2021 amounts to R\$2,650.

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, for the amount of R\$55,051. The balance receivable at September 30, 2021 amounts to R\$501.

## Direcional Engenharia S.A.

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

### 5. Inventories

	Individual		Consolidated	
	09/30/2021	12/31/2020	09/30/2021	12/31/2020
Completed units	954	1,369	103,324	109,857
Units under construction	-	-	650,066	702,778
Land to be developed	35,616	72,457	2,806,844	2,526,634
	<b>36,570</b>	<b>73,826</b>	<b>3,560,234</b>	<b>3,339,269</b>
Current	954	1,369	1,100,928	1,268,195
Noncurrent	35,616	72,457	2,459,306	2,071,074

At September 30, 2021, inventories of completed real estate units were submitted to impairment tests. The total balance of adjustment to realizable value in September 2021 is R\$3,096 (R\$3,597 in December 2020).

	12/31/2020	(+)	(-) Reversal	09/30/2021
		Adjustment to net recoverable amount	of adjustment to net recoverable amount	
Individual	-	-	-	-
Subsidiaries	(3,597)	(6)	507	(3,096)
Consolidated	(3,597)	(6)	507	(3,096)

#### 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, 2021, interest totaling R\$1,364 (R\$2,473 for the period ended December 31, 2020) was capitalized in the inventories account. The amount of R\$7,168 (R\$8,402 at December 31, 2020) remains capitalized in the inventories account, referring to unsold units. The average interest capitalization rate was 8.21% in September 2021 (5.98% for the year ended December 31, 2020). At September 30, 2021 and December 31, 2020, there was no production financing in the individual financial information.

## Direcional Engenharia S.A.

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

### 6. Transactions with related parties

#### 6.1. Related companies

Assets	Individual		Consolidated	
	09/30/2021	12/31/2020	09/30/2021	12/31/2020
Receivables from venture partners in projects (a)	6,187	25,166	32,259	33,505
Checking account with ventures in projects (b)	140,325	22,251	22,509	5,494
	<b>146,512</b>	<b>47,417</b>	<b>54,768</b>	<b>38,999</b>
Current	146,512	47,417	53,132	37,363
Noncurrent	-	-	1,636	1,636
Liabilities	Individual		Consolidated	
	09/30/2021	12/31/2020	09/30/2021	12/31/2020
Payables to venture partners in projects (a)	3,825	3,825	20,345	23,022
Checking account with ventures in projects (b)	28,938	29,026	1,758	-
	<b>32,763</b>	<b>32,851</b>	<b>22,103</b>	<b>23,022</b>
Current	14,517	14,605	22,103	23,022
Noncurrent	18,246	18,246	-	-

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

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

#### 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, 2021, average monthly amounts of R\$174 were paid for aircraft lease. 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, 2021  
(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, 2021, the average monthly amount of R\$589 was paid (December 31, 2020 - monthly amount of R\$563) in connection with the property lease. This investment fund is controlled by the same controlling group as that of Direcional.

During assessment of the lease contracts for adoption of CPC 06 (R2)/IFRS 16, 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. Key management personnel compensation

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

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

## Direcional Engenharia S.A.

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

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

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

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

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

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

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

## Direcional Engenharia S.A.

Notes to interim financial information (Continued)

September 30, 2021

(In thousands of reais, unless otherwise stated)

### 7. Investments

#### a) Most significant changes in balances from December 31, 2020 to September 30, 2021:

Subsidiaries	Equity interest	12/31/2020	Dividends/ amortization	Equity pickup	Capital subscription (reduction)/ Future capital contribution (a)	09/30/2021
CANARIO ENGENHARIA LTDA.	100.00%	76,872	-	1,422	6,270	84,564
ITAPEMA EMPREENDIMENTOS IMOBILIÁRIOS SPE LTDA.	99.90%	31,981	-	24,228	11,108	67,317
DIRECIONAL TAGUATINGA ENGENHARIA LTDA.	100.00%	43,339	(13,429)	12,145	16,502	58,557
RIVA INCORPORADORA S/A (b)	91.77%	157,432	-	(8,862)	(83,030)	65,540
BELLA MOEDA EMPREENDIMENTOS IMOBILIÁRIOS LTDA.	100.00%	44,443	-	(1)	23	44,465
RIACHO BRANCO EMPREENDIMENTOS IMOBILIÁRIOS LTDA.	95.87%	26,696	(4,889)	14,807	(1,020)	35,594
TARAUACA EMPREENDIMENTOS IMOBILIARIOS LTDA.	99.90%	34,804	-	(2,063)	2,327	35,068
MANAUARA VII EMPREENDIMENTOS IMOBILIARIOS SPE LTDA.	100.00%	21,127	-	1,436	10,811	33,374
AZURITA EMPREENDIMENTOS IMOBILIARIOS LTDA.	99.90%	35,891	-	(948)	(1,854)	33,089
RIO LARGO EMPREENDIMENTO IMOBILIÁRIOS LTDA.	99.90%	30,440	-	3,177	(1,852)	31,765
DIRECIONAL SANTO ANTÔNIO EMPREENDIMENTOS IMOBILIÁRIOS LTDA.	100.00%	26,153	-	(10)	288	26,431
ARAGUACEMA EMPREENDIMENTOS IMOBILIARIOS LTDA.	99.90%	14,290	-	4,313	6,939	25,542
AMATURA EMPREENDIMENTOS IMOBILIARIOS LTDA.	99.90%	25,419	(8,920)	8,701	331	25,531
CONSTANTINA EMPREENDIMENTOS IMOBILIÁRIOS LTDA.	99.90%	24,949	-	1,104	(1,079)	24,974
NOVA DIAMANTINA EMPREENDIMENTOS IMOBILIARIOS LTDA.	99.90%	27,192	-	11,759	(15,219)	23,732
ARANTINA EMPREENDIMENTOS IMOBILIARIOS LTDA.	99.90%	9,728	-	1,896	11,328	22,952
ARARI EMPREENDIMENTOS IMOBILIARIOS LTDA.	99.90%	8,027	-	3,957	9,737	21,721
ALTOS PILARES EMPREENDIMENTOS IMOBILIÁRIOS LTDA.	100.00%	10,840	-	9,031	852	20,723
ALTO SANTO EMPREENDIMENTOS IMOBILIARIOS LTDA.	99.90%	26,472	-	6,838	(13,269)	20,041
SANTA INES EMPREENDIMENTOS IMOBILIARIOS LTDA.	99.90%	5,767	-	10,118	3,420	19,305
Other subsidiaries	-	702,617	(39,487)	95,372	37,430	795,932
Total subsidiaries:		1,384,479	(66,725)	198,420	43	1,516,217
Joint ventures (Individual)	-	72,579	(8,700)	9,820	(2,775)	70,924
<b>Total subsidiaries</b>		<b>1,457,058</b>	<b>(75,425)</b>	<b>208,240</b>	<b>(2,732)</b>	<b>1,587,141</b>
Joint ventures (Individual)	-	72,579	(8,700)	9,820	(2,775)	70,924
Joint ventures (subsidiaries)	-	485	-	1,479	50,293	52,257
<b>Total - Consolidated</b>		<b>73,064</b>	<b>(8,700)</b>	<b>11,299</b>	<b>47,518</b>	<b>123,181</b>

(a) Sales of equity interests in the period resulted in a write-off of R\$115,963 in the individual and R\$173,267 in the consolidated interim financial information, which refers to the cost of divestitures.

(b) As mentioned in Note 6.1 item b, Riva's capital was reduced and the amount of R\$85,666 was provisioned for return to shareholders in due course.

## Direcional Engenharia S.A.

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

### 7. Investments (Continued)

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

Subsidiaries	Equity interest	Assets		Liabilities		Equity
		Current	Noncurrent	Current	Noncurrent	
Canario Engenharia Ltda.	100.00%	114,735	752	14,302	16,621	84,564
Riva Incorporadora S/A	91.77%	102,177	246,647	119,016	158,392	71,416
Itapema Empreendimentos Imobiliários Spe Ltda.	99.90%	62,126	65,669	9,694	50,717	67,384
Direcional Taguatinga Engenharia Ltda.	100.00%	58,051	30,399	17,838	12,055	58,557
Bella Moeda Empreendimentos Imobiliários Ltda.	100.00%	-	44,468	3	-	44,465
Riacho Branco Empreendimentos Imobiliários Ltda.	95.87%	23,536	27,373	4,014	9,961	36,934
Tarauaca Empreendimentos Imobiliarios Ltda.	99.90%	32,690	6,576	4,002	161	35,103
Jardim Amaralina Empreendimentos Imobiliários Spe Ltda.	50.00%	50,451	2,732	19,592	344	33,247
Manauara Vii Empreendimentos Imobiliarios Spe Ltda.	100.00%	29,136	5,311	1,231	290	32,926
Rio Largo Empreendimento Imobiliários Ltda.	99.90%	35,961	2,416	5,341	1,239	31,797
Bello Villarrinho Empreendimentos Imobiliarios Spe Ltda.	50.00%	22,759	6,250	1,208	423	27,378
Direcional Santo Antônio Empreendimentos Imobiliários Ltda.	100.00%	1	26,432	2	-	26,431
Araguacema Empreendimentos Imobiliarios Ltda.	99.90%	23,161	5,061	2,225	430	25,567
Amatura Empreendimentos Imobiliarios Ltda.	99.90%	26,488	27,808	3,390	25,350	25,556
Parque Das Cerejeiras Empreendimentos Imobiliarios Ltda.	75.00%	29,732	1,715	2,913	3,308	25,226
Constantina Empreendimentos Imobiliários Ltda.	99.90%	28,092	1,602	4,369	326	24,999
Nova Diamantina Empreendimentos Imobiliarios Ltda.	99.90%	22,564	3,009	1,680	137	23,756
Arantina Empreendimentos Imobiliarios Ltda.	99.90%	15,485	12,632	1,549	3,593	22,975
Arari Empreendimentos Imobiliarios Ltda.	99.90%	24,817	9,415	3,652	8,837	21,743
Alto Bunitis Participações Societárias Ltda.	60.00%	4,819	17,331	517	-	21,633
Altos Pílares Empreendimentos Imobiliários Ltda.	100.00%	19,471	1,259	7	-	20,723
Alto Santo Empreendimentos Imobiliarios Ltda.	99.90%	29,441	27,802	5,333	31,849	20,061
Novo Hamburgo Empreendimentos Imobiliarios Ltda.	50.00%	18,990	18,498	2,432	15,644	19,412
Santa Ines Empreendimentos Imobiliarios Ltda.	99.90%	26,781	70,371	3,395	74,433	19,324
Other subsidiaries	-	1,066,745	1,947,434	255,939	1,906,983	851,257
<b>TOTAL - SUBSIDIARIES</b>		<b>1,868,209</b>	<b>2,608,961</b>	<b>483,643</b>	<b>2,321,092</b>	<b>1,672,435</b>
<b>JOINT VENTURES</b>		<b>161,295</b>	<b>125,659</b>	<b>57,203</b>	<b>15,522</b>	<b>214,229</b>

At September 30, 2021 and December 31, 2020, 50.83% and 48% of the Company's assets, respectively, were included in the equity segregation structure, as established by Law No. 10931/04.

## Direcional Engenharia S.A.

Notes to interim financial information (Continued)

September 30, 2021

(In thousands of reais, unless otherwise stated)

### 8. Property and equipment

#### Individual

	Machinery and equipment	Aluminum molds	Furniture and fixtures	Vehicles	IT equipment	Leasehold improvements	Right-of-use assets	Other	Total property and equipment
Depreciation rate	10%	(b)	10%	20%	20%	8.33%	(c)	-	-
Cost									
Balance at 12/31/2020	12,161	116,092	3,540	779	7,071	9,152	50,294	225	199,314
Additions	13	14,577	1	-	526	40	1,717	-	16,874
Write-offs	-	-	-	-	-	-	-	(24)	(24)
Balance at 09/30/2021	<b>12,174</b>	<b>130,669</b>	<b>3,541</b>	<b>779</b>	<b>7,597</b>	<b>9,192</b>	<b>52,011</b>	<b>201</b>	<b>216,164</b>
Depreciation									
Balance at 12/31/2020	(11,267)	(99,310)	(2,252)	(734)	(4,104)	(4,449)	(14,414)	(201)	(136,731)
Depreciation for the period	(368)	(12,400)	(209)	(14)	(612)	(597)	(5,851)	(21)	(20,072)
Write-offs	-	-	-	-	-	-	-	3	3
Balance at 09/30/2021	<b>(11,635)</b>	<b>(111,710)</b>	<b>(2,461)</b>	<b>(748)</b>	<b>(4,716)</b>	<b>(5,046)</b>	<b>(20,265)</b>	<b>(219)</b>	<b>(156,800)</b>
Carrying amount									
At 12/31/2020	894	16,782	1,288	45	2,967	4,703	35,880	24	62,583
At 09/30/2021	<b>539</b>	<b>18,959</b>	<b>1,080</b>	<b>31</b>	<b>2,881</b>	<b>4,146</b>	<b>31,746</b>	<b>(18)</b>	<b>59,364</b>



## Direcional Engenharia S.A.

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

### 8. Property and equipment (Continued)

#### Consolidated

	Machinery and equipment	Aluminum molds	Furniture and fixtures	Vehicles	IT equipment	Leasehold improvements	Sales stands	Right-of-use assets	Other	Total property and equipment
Depreciation rate	10%	(b)	10%	20%	20%	8%	(a)	(c)	-	
Cost										
Balance at 12/31/2020	23,936	120,448	8,005	2,458	12,698	9,221	79,890	51,761	1,262	309,679
Additions	167	14,577	391	-	1,008	160	16,825	1,717	1	34,846
Write-offs	(206)	-	(10)	-	(48)	-	(1,747)	-	(24)	(2,035)
Balance at 09/30/2021	<b>23,897</b>	<b>135,025</b>	<b>8,386</b>	<b>2,458</b>	<b>13,658</b>	<b>9,381</b>	<b>94,968</b>	<b>53,478</b>	<b>1,239</b>	<b>342,490</b>
Depreciation										
Balance at 12/31/2020	(20,705)	(102,200)	(5,573)	(2,392)	(8,052)	(4,472)	(60,686)	(14,795)	(1,210)	(220,085)
Depreciation for the period	(777)	(13,021)	(436)	(20)	(1,011)	(607)	(14,592)	(6,314)	(21)	(36,799)
Write-offs	102	-	3	-	27	-	1,009	-	16	1,157
Balance at 09/30/2021	<b>(21,380)</b>	<b>(115,221)</b>	<b>(6,006)</b>	<b>(2,412)</b>	<b>(9,036)</b>	<b>(5,079)</b>	<b>(74,269)</b>	<b>(21,109)</b>	<b>(1,215)</b>	<b>(255,727)</b>
Carrying amount										
At 12/31/2020	3,231	18,248	2,432	66	4,646	4,749	19,204	36,966	52	89,594
At 09/30/2021	<b>2,517</b>	<b>19,804</b>	<b>2,380</b>	<b>46</b>	<b>4,622</b>	<b>4,302</b>	<b>20,699</b>	<b>32,369</b>	<b>24</b>	<b>86,763</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, 2021  
(In thousands of reais, unless otherwise stated)

### 8. Property and equipment (Continued)

#### Consolidated (Continued)

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

The Company and its subsidiaries have entered into 29 finance lease agreements for the acquisition of aluminum molds. The carrying amount of property and equipment items under finance lease agreements at September 30, 2021 totaled R\$135,025 (R\$120,448 at December 31, 2020). Property and equipment items acquired in the period on a conditional sale basis amounted to R\$14,577 and are guaranteed by the leased items.

### 9. Loans, financing and leases

#### 9.1. Loans and financing

	Individual		Consolidated	
	09/30/2021	12/31/2020	09/30/2021	12/31/2020
Construction financing	-	-	<b>44,161</b>	12,607
FINAME and finance lease of equipment	<b>9,786</b>	12,196	<b>12,118</b>	15,641
Mortgage-backed securities (CRI)	<b>735,415</b>	602,123	<b>795,257</b>	602,123
Bank Credit Note (CCB)	<b>100,284</b>	48,999	<b>100,284</b>	48,999
Working capital	-	100,165	-	100,165
Debentures	<b>249,381</b>	251,633	<b>249,381</b>	251,633
Grand total	<b>1,094,866</b>	1,015,116	<b>1,201,201</b>	1,031,168
Current	<b>149,997</b>	217,365	<b>151,780</b>	219,061
Noncurrent	<b>944,869</b>	797,751	<b>1,049,421</b>	812,107

#### Construction financing

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

## Direcional Engenharia S.A.

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

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

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

##### Leases

This type of loan aims to finance investments in machinery and equipment. Interest rates applicable to these loans are variable interest with margins on CDI of 1.49% to 3.43% per annum, according to the transaction. These transactions are guaranteed by machinery and equipment acquired through the financing arrangements.

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

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

*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. The impacts of this transaction are presented in Note 21.

*193<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 104.00% of the accumulated variation of the DI rate. No specific guarantees were established, whether as a security interest or personal guarantee, on CRIs, which will not have an issuer's floating guarantee either. Maturity is in July 2025.

## Direcional Engenharia S.A.

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

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

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

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

*356<sup>th</sup> and 357<sup>th</sup> series:* 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.

*371<sup>th</sup> series:* This consists of a registered credit instrument exclusively issued by securitization companies and backed by mortgages, representing a promise to pay in cash. This is the 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, 2021  
(In thousands of reais, unless otherwise stated)

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

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

##### Working capital

Foreign loan issued by Banco Itaú, referring to Loan 4131, amounting to EUR7,497,656.98 (seven million, four hundred and ninety-seven thousand, six hundred and fifty-six euros and ninety-eight cents). The exchange rate agreed for this transaction was R\$5.3350, which resulted in R\$39,999,999.99 (thirty-nine million, nine hundred and ninety-nine thousand, nine hundred and ninety-nine reais and ninety-nine cents). The CCBs were issued in March 2020 and will mature within one year. The interest rate is 2.3625% p.a. No specific guarantees were established, whether as a security interest or personal guarantee, on the loan, which will not have an issuer's floating guarantee either. For this transaction, a derivative financial instrument (swap) was entered into for the same period (March 2020 to March 2021), to hedge the Company exposure to foreign currency. The swap transaction aims at equity hedge, mitigating the effects of currency fluctuation by replacing BRL/EUR for CDI plus a fixed spread of 4% p.a. This agreement was settled in March 2021.

##### Corporate Bank Credit Notes

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

##### Debenture

On September 21, 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, 2021  
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### 9. Loans, financing and leases (Continued)

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

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, 2021 was 0.19.

$$\frac{\text{Corporate net debt}}{\text{Equity}} < 0.5$$

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

Period	09/30/2021	
	Individual	Consolidated
October 2022 to September 2023	285,104	285,806
October 2023 to September 2024	232,854	247,114
October 2024 to September 2025	233,426	242,136
From October 2025	193,485	274,365
	<u>944,869</u>	<u>1,049,421</u>

#### 9.2. Lease financing

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

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

Breakdown of leases is as follows:

	09/30/2021	
	Individual	Consolidated
Balance at 12/31/2020	38,389	39,566
Payment of principal	(6,273)	(6,563)
Payment of interest	(521)	(521)
Restatement	1,717	1,717
PVA (interest allocated)	1,764	1,812
Balance at 09/30/2021	<u>35,076</u>	<u>36,011</u>
Current	8,707	9,471
Noncurrent	26,369	26,540

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

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

	<b>09/30/2021</b>	
	<b>Individual</b>	<b>Consolidated</b>
Within one year	<b>8,707</b>	<b>9,471</b>
Between 1 and 2 years	<b>6,910</b>	<b>6,983</b>
Between 2 and 3 years	<b>6,195</b>	<b>6,245</b>
More than 3 years	<b>13,264</b>	<b>13,312</b>
	<u><b>35,076</b></u>	<u><b>36,011</b></u>

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

<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	9,471	9,955	484
2 <sup>nd</sup> year	6,982	7,369	387
3 <sup>rd</sup> year	6,245	6,593	348
4 <sup>th</sup> year	5,785	6,112	327
5 <sup>th</sup> year	5,384	5,692	308
6 <sup>th</sup> year	2,144	2,269	125
	<u>36,011</u>	<u>37,990</u>	<u>1,979</u>

## Direcional Engenharia S.A.

Notes to interim financial information (Continued)  
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### 10. Labor obligations

Breakdown of labor obligations is as follows:

Description	Individual		Consolidated	
	09/30/2021	12/31/2020	09/30/2021	12/31/2020
Salaries and withdrawals payable	2,482	1,431	6,303	5,019
Labor accruals	10,831	5,879	26,066	16,221
Other	846	2,327	1,863	7,013
	<b>14,159</b>	<b>9,637</b>	<b>34,232</b>	<b>28,253</b>

### 11. Tax obligations

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

	Individual		Consolidated	
	09/30/2021	12/31/2020	09/30/2021	12/31/2020
<b>Current taxes</b>				
Contribution Tax on Gross Revenue for Social Integration Program (PIS)	57	75	140	118
Contribution Tax on Gross Revenue for Social Security Financing (COFINS)	284	384	667	581
Special taxation regime	-	-	4,992	11,358
Corporate Income Tax (IRPJ)	-	-	349	205
Social Contribution Tax on Net Profit (CSLL)	-	-	190	100
Other	386	204	3,071	2,598
	<b>727</b>	<b>663</b>	<b>9,409</b>	<b>14,960</b>
<b>Deferred taxes</b>				
Contribution Tax on Gross Revenue for Social Integration Program (PIS)	4	3	2,047	1,437
Contribution Tax on Gross Revenue for Social Security Financing (COFINS)	20	16	9,335	6,219
Present value adjustment	-	-	(485)	(199)
Corporate Income Tax (IRPJ)	14	11	6,892	4,632
Social Contribution Tax on Net Profit (CSLL)	8	6	3,610	2,426
Other	-	-	(690)	(654)
	<b>46</b>	<b>36</b>	<b>20,709</b>	<b>13,861</b>
	<b>773</b>	<b>699</b>	<b>30,118</b>	<b>28,821</b>
Current	773	663	19,105	25,227
Noncurrent	-	36	11,013	3,594



## Direcional Engenharia S.A.

Notes to interim financial information (Continued)

September 30, 2021

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### 12. Real estate commitments payable

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

	12/31/2020	(+) Acquisitions	(-) Payments	(+/-) Revisions	(+/-) Transfer to SPEs	09/30/2021
Individual	69,577	60,563	-	-	(94,263)	35,877
Current	-					-
Noncurrent	69,577					35,877

  

	12/31/2020	(+) Acquisitions	(-) Payments	(+/-) Revisions	(-) Cancellation of contracts	09/30/2021
Consolidated	1,955,649	471,659	(148,132)	(23,636)	(116,537)	2,139,003
Current	77,434					81,492
Noncurrent	1,878,215					2,057,511

	Consolidated	
	09/30/2021	12/31/2020
Aging list:		
Within 1 year	81,492	77,434
1-2 years	1,194,592	932,308
2-3 years	471,826	575,383
3-4 years	205,369	134,342
After 4 years	185,724	236,182
	<b>2,139,003</b>	<b>1,955,649</b>

### 13. Advances from customers

Individual	12/31/2020	(+) Acquisitions/ receipts	(-) Amortization	(-) Transfer to SPEs	09/30/2021
Advances - physical barter of plot of land (i)	380	-	-	-	380
Advances for receipt (ii)	2,362	-	(2,362)	-	-
Total advances	2,742	-	(2,362)	-	380
Current	2,362				-
Noncurrent	380				380

## Direcional Engenharia S.A.

Notes to interim financial information (Continued)

September 30, 2021

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### 13. Advances from customers (Continued)

Consolidated	12/31/2020	(+) Acquisitions/ receipts	(-) Amortization	(+/-) Revisions	(-) Write-offs/ cancellations	09/30/2021
Advance - physical barter of plot of land (i)	374,392	62,956	(13,678)	1,805	(84,149)	341,326
Advances for receipt (ii)	20,657	16,402	(30,031)	-	-	7,028
Total advances	395,049	79,358	(43,709)	1,805	(84,149)	348,354
Current	22,249					7,087
Noncurrent	372,800					341,267

- (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.

### 14. Other accounts payable

	Individual		Consolidated	
	09/30/2021	12/31/2020	09/30/2021	12/31/2020
Debts to customers	5,571	4,202	7,968	6,236
Debts to partners (a)	-	-	26,920	26,920
Accounts payable for acquisition of equity interest (b)	2,279	8,844	120,325	32,371
Capital deficiency (c)	2,298	10,888	25	-
Derivatives payable	2,720	-	2,720	-
Debts to customers	1,539	9,996	17,057	18,853
Total	14,407	33,930	175,015	84,380
Current	12,127	25,086	77,373	49,536
Noncurrent	2,280	8,844	97,642	34,844

- (a) On April 20, 2011 the Company entered into a commercial agreement with an investor for the development of projects that will be built in four 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 June 15, 2021, the Company acquired 83.33% interest in Jardim Santo Antonio Incorporação Imobiliária SPE Ltda. for R\$4,607, payable in a lump sum on June 15, 2024. On May 5, 2021, Riva Incorporadora S.A., a Direcional subsidiary, acquired 100% interest in BFRE Assessoria Empresarial e Participações Ltda. for R\$86,564. The balance payable at September 30 was R\$76,364. On June 2, 2021, Riva acquired 100% of the units of interest of Osasco Lote 3 Empreendimentos Imobiliários SPE Ltda. for R\$18,500, whose installments is subject to restatement by reference to the IPCA rate. The outstanding balance at September 30 was R\$15,404. 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.
- (c) This account shows investments in subsidiaries or joint ventures with capital deficiency.

## Direcional Engenharia S.A.

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

#### 15.1. Provision for warranty

	<u>Individual</u>	<u>Consolidated</u>		
Balance at 12/31/2020	4,244	38,907		
(+) Provisions	1,060	21,736		
(-) Reversals/write-offs	(530)	(611)		
(-) Payments	(1,879)	(19,978)		
<b>Balance at 09/30/2021</b>	<b>2,895</b>	<b>40,054</b>		
	<u>Individual</u>		<u>Consolidated</u>	
	<u>09/30/2021</u>	<u>12/31/2020</u>	<u>09/30/2021</u>	<u>12/31/2020</u>
Current	2,551	3,687	27,738	27,377
Noncurrent	344	557	12,316	11,530
	<b>2,895</b>	<b>4,244</b>	<b>40,054</b>	<b>38,907</b>

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

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

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

	<u>Individual</u>			
	<u>Tax</u>	<u>Labor</u>	<u>Civil</u>	<u>Total</u>
Balance at December 31, 2020	-	2,583	1,746	4,329
Provisions	-	-	1,213	1,213
Reversals	-	(127)	-	(127)
Payments	-	(477)	(224)	(701)
<b>Balance at September 30, 2021</b>	<b>-</b>	<b>1,979</b>	<b>2,735</b>	<b>4,714</b>
	<u>Consolidated</u>			
	<u>Tax</u>	<u>Labor</u>	<u>Civil</u>	<u>Total</u>
Balance at December 31, 2020	112	11,501	17,529	29,142
Provisions	-	143	9,654	9,797
Reversals	-	(1,036)	(3,714)	(4,750)
Payments	-	(2,799)	(6,448)	(9,247)
<b>Balance at September 30, 2021</b>	<b>112</b>	<b>7,809</b>	<b>17,021</b>	<b>24,942</b>

## Direcional Engenharia S.A.

Notes to interim financial information (Continued)  
September 30, 2021  
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### 15. Provisions (Continued)

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

The Company is a party to other tax, civil and labor claims arising from its ordinary course of business for which the likelihood of loss is considered possible by management and its legal advisors. At September 30, 2021, consolidated amounts are as follows: labor claims total R\$22,968, tax proceedings total R\$15,149, and civil proceedings total R\$179,888. Consequently, no provision was set up to cover a possible unfavorable outcome.

### 16. Equity

#### 16.1. Capital

In May 2021, the Company's Board of Directors approved the cancellation of 3,398,749 (three million, three hundred and ninety-eight thousand, seven hundred and forty-nine) common shares held in treasury. Accordingly, the Company's fully subscribed and paid in capital amounts to R\$752,982, comprising 150,000,000 registered, book-entry common shares with no par value, including 145,006,184 outstanding shares and 4,993,816 treasury shares.

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

For the period ended September 30, 2021, the number of treasury shares were assigned under the Share Matching Programs I and II, and Stock Option Plan Program 1 was 543,265.

	<b>Number granted</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)	-
Treasury shares assigned	543,265	(543,265)	-
Share buyback	(2,242,800)	2,242,800	-
<b>September 30, 2021</b>	<b>145,006,184</b>	<b>4,993,816</b>	<b>150,000,000</b>

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

Notes to interim financial information (Continued)  
September 30, 2021  
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### **16. Equity (Continued)**

#### **16.2. Treasury shares**

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

#### **16.3. Capital reserves**

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

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

#### **16.4. Income reserve**

##### **16.4.1. Legal reserve**

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

##### **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).

##### **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.

## Direcional Engenharia S.A.

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

#### 16.4. Income reserve (Continued)

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

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

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

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

Shareholders holding Company shares on May 19, 2021 were entitled to the dividends, which were paid out in June 2021, in the total amount of R\$100,135, corresponding to R\$0.69 (sixty-nine cents) per share. In the 3<sup>rd</sup> quarter of 2021, the amount of R\$12 was paid out, maintaining the equivalence of R\$0.69 (sixty-nine cents) per share, totaling R\$100.147 in dividends paid out. The variation between the estimated and the paid amount is due to the transfer of shares carried out under the "Matching Program", which is provided for in the stock option and incentive plan linked to the shares of the Company.

## Direcional Engenharia S.A.

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

#### 16.5. Earnings per share

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

	<u>09/30/2021</u>	<u>09/30/2020</u>
Earnings for the period	114,979	72,502
Weighted average number of shares	<u>145,420,284</u>	<u>148,363,470</u>
Basic earnings per share, net - R\$	0.79	0.49
Weighted average number of shares	<u>146,541,404</u>	<u>149,289,332</u>
Diluted earnings per share, net - R\$	0.79	0.49

#### 16.6. Noncontrolling interests

For the period ended September 30, 2021, changes in subsidiaries' equity reduced equity by R\$4,984 in connection with noncontrolling interests. In the same period, noncontrolling interests in profit or loss amounted to R\$33,014.

Acquisitions of interests from noncontrolling shareholders generated an R\$85 reduction recorded directly in the Company's equity.

### 17. Net revenue

	<u>Individual</u>			
	<u>01/01/2021 to 09/30/2021</u>	<u>07/01/2021 to 09/30/2021</u>	<u>01/01/2020 to 09/30/2020</u>	<u>07/01/2020 to 09/30/2020</u>
Gross revenue from sales	910	-	3,544	1,634
Gross revenue from services	28,987	8,106	31,188	9,549
Total gross revenue	<u>29,897</u>	<u>8,106</u>	<u>34,732</u>	<u>11,183</u>
Taxes on sales	(3,284)	(1,021)	(3,149)	(1,107)
Canceled sales	(107)	(43)	(1,594)	(390)
Operating revenue, net	<u>26,506</u>	<u>7,042</u>	<u>29,989</u>	<u>9,686</u>

## Direcional Engenharia S.A.

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

	Consolidated			
	01/01/2021 to 09/30/2021	07/01/2021 to 09/30/2021	01/01/2020 to 09/30/2020	07/01/2020 to 09/30/2020
Gross revenue from sales	1,330,435	462,751	1,128,074	393,597
Gross revenue from services	56,775	18,022	51,524	18,578
Total gross revenue	1,387,210	480,773	1,179,598	412,175
Present value adjustment	(8,370)	(2,776)	(4,328)	(2,690)
Taxes on sales	(34,769)	(12,064)	(29,502)	(10,436)
Canceled sales	(54,662)	(12,571)	(70,359)	(23,517)
Operating revenue, net	1,289,409	453,362	1,075,409	375,532

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

The Company also recognized gross revenue for the period of projects under construction amounting to R\$13,678 at September 30, 2021 and R\$17,062 at September 30, 2020 regarding barter of units to be constructed for plots of land.

#### 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:



## Direcional Engenharia S.A.

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

#### a) Unearned revenue (Continued)

<b>I) Unearned revenue from units sold</b>	<b>824,884</b>
<i>Projects under construction</i>	
<b>a) Revenue from contracted sales</b>	<b>3,107,364</b>
<b>b) Allocated sales revenue, net</b>	<b>2,282,480</b>
<i>Allocated sales revenue</i>	2,371,493
<i>Dissolution of agreements – Reversed revenue</i>	(89,013)
<b>II) Revenues from indemnification for dissolution of agreements</b>	<b>3,254</b>
<b>III) Budgeted cost to be allocated from units sold (a - b - c)</b>	<b>503,654</b>
<i>Projects under construction</i>	
<b>a) Budgeted cost of units (no finance charges)</b>	<b>1,855,635</b>
<b>b) Construction cost incurred</b>	<b>1,408,534</b>
Accrued financial charges	2,641
<b>c) Dissolution of agreements – Construction cost</b>	<b>(56,553)</b>
Dissolution of agreements – Financial charges	(81)
<b>Drive CI/CO (no finance charges)</b>	<b>72.86%</b>
<b>IV) Budgeted cost to be allocated to inventories (a - b)</b>	<b>927,262</b>
<i>Projects under construction</i>	
<b>a) Budgeted cost of units (no finance charges)</b>	<b>1,577,702</b>
<b>b) Construction cost incurred</b>	<b>649,918</b>
Accrued financial charges	522
Units sold	18,521

## Direcional Engenharia S.A.

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

#### b) Earned revenue

Income earned from:	01/01/2021 to 09/30/2021		07/01/2021 to 09/30/2021		01/01/2020 to 09/30/2020		09/01/2020 to 09/30/2020	
	Revenues from units sold	(-) Cost of units sold	Revenues from units sold	(-) Cost of units sold	Revenues from units sold	(-) Cost of units sold	Revenues from units sold	(-) Cost of units sold
Individual								
Services	910	(792)	-	-	2,846	(15,688)	8,057	(3,608)
Development - completed units	25,596	(7,188)	7,042	(2,883)	27,143	(1,689)	1,629	(1,199)
Total - Individual	26,506	(7,980)	7,042	(2,883)	29,989	(17,377)	9,686	(4,807)
Subsidiaries								
Development – completed units	239,904	(158,428)	49,908	(35,751)	150,264	(115,075)	40,406	(27,038)
Development - units under construction	996,612	(622,924)	386,868	(242,094)	877,083	(541,673)	316,764	(197,935)
Services	26,067	(29,829)	9,544	(10,420)	18,073	(31,329)	8,676	(12,022)
Land	320	(784)	-	-	-	-	-	-
Total - Subsidiaries	1,262,903	(811,965)	446,320	(288,265)	1,045,420	(688,077)	365,846	(236,995)
Total - Consolidated	1,289,409	(819,945)	453,362	(291,148)	1,075,409	(705,454)	375,532	(241,802)

### 18. Costs and expenses by nature

Description	Individual			
	01/01/2021 to 09/30/2021	07/01/2021 to 09/30/2021	01/01/2020 to 09/30/2020	07/01/2020 to 09/30/2020
Raw materials and materials for use and consumption	(6,215)	(2,007)	(14,167)	(3,944)
Personnel expenses	(55,540)	(19,753)	(51,917)	(18,392)
Depreciation and amortization	(16,500)	(5,863)	(11,336)	(3,343)
Third-party services	(5,181)	(1,595)	(7,907)	(2,353)
Electric power, water supply and telephone services	(1,693)	(658)	(2,080)	(973)
Sales commissions	-	-	(1,238)	-
Other costs	(9,854)	(2,901)	(6,094)	(1,704)
	(94,983)	(32,777)	(94,739)	(30,709)
<b>Classified as</b>				
Costs of real estate sold	(1,824)	(603)	(2,286)	(1,541)
Costs of services rendered	(6,156)	(2,280)	(15,091)	(3,266)
Selling expenses	(3,153)	(480)	(1,975)	(178)
General and administrative expenses	(83,850)	(29,414)	(75,387)	(25,724)
	(94,983)	(32,777)	(94,739)	(30,709)

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

Description	Consolidated			
	01/01/2021 to 09/30/2021	01/07/2021 to 09/30/2021	01/01/2020 to 09/30/2020	01/07/2020 to 09/30/2020
Raw materials and materials for use and consumption	(671,526)	(246,684)	(570,421)	(191,338)
Personnel expenses	(180,240)	(55,378)	(160,563)	(59,459)
Capitalized interest	(2,805)	(826)	(5,930)	(2,100)
Depreciation and amortization	(37,625)	(13,004)	(29,532)	(10,611)
Third-party services	(13,783)	(4,033)	(12,656)	(3,535)
Electric power, water supply and telephone services	(3,696)	(1,275)	(3,318)	(1,204)
General selling expenses	(52,314)	(20,546)	(37,223)	(12,104)
Sales commissions	(75,579)	(28,261)	(66,813)	(23,471)
Other costs	(18,106)	(4,475)	(17,295)	(5,601)
	<b>(1,055,674)</b>	<b>(374,482)</b>	<b>(903,751)</b>	<b>(309,423)</b>
<b>Classified as</b>				
Costs of real estate sold	(785,060)	(279,549)	(660,440)	(227,920)
Costs of services rendered	(34,885)	(11,599)	(45,014)	(13,882)
Selling expenses	(137,776)	(49,549)	(114,321)	(39,705)
General and administrative expenses	(97,953)	(33,785)	(83,976)	(27,916)
	<b>(1,055,674)</b>	<b>(374,482)</b>	<b>(903,751)</b>	<b>(309,423)</b>

### 19. Finance income (costs)

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

	Individual			
	01/01/2021 to 09/30/2021	07/01/2021 to 09/30/2021	01/01/2020 to 09/30/2020	07/01/2020 to 09/30/2020
<b>Finance income</b>				
Income from short-term investments	12,916	5,575	10,879	2,562
Gain - hedge accounting	9,507	9,507	-	-
Monetary restatement and contract interest	2,015	618	1,854	555
Income from derivatives	10,400	2,642	16,635	4,230
Foreign exchange differences	1,424	-	-	-
	<b>36,262</b>	<b>18,342</b>	<b>29,368</b>	<b>7,347</b>
<b>Finance costs</b>				
Interest expenses	(70,418)	(30,575)	(36,343)	(10,249)
Foreign exchange differences	(2,521)	-	(9,584)	(3,875)
Bank charges	(1,128)	(275)	(1,877)	(657)
Interest paid on leases	(2,166)	(712)	(2,101)	(594)
Expenses with derivatives	(10,832)	(5,415)	(580)	(108)
	<b>(87,065)</b>	<b>(36,977)</b>	<b>(50,485)</b>	<b>(15,483)</b>
Finance income (costs), net	<b>(50,803)</b>	<b>(18,635)</b>	<b>(21,117)</b>	<b>(8,136)</b>

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Notes to interim financial information (Continued)  
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### 19. Finance income (costs) (Continued)

	Consolidated			
	01/01/2021 to 09/30/2021	07/01/2021 to 09/30/2021	01/01/2020 to 09/30/2020	07/01/2020 to 09/30/2020
<b>Finance income</b>				
Income from short-term investments	16,913	7,589	12,953	3,105
Gain - hedge accounting	9,508	9,508	-	-
Monetary restatement and contract interest	4,204	986	4,078	1,046
Income from derivatives	10,400	2,642	16,635	4,230
Foreign exchange differences	1,424	-	-	-
	<b>42,449</b>	<b>20,725</b>	<b>33,666</b>	<b>8,381</b>
<b>Finance costs</b>				
Interest expenses	(74,102)	(32,395)	(36,696)	(10,115)
Foreign exchange differences	(2,522)	-	(9,584)	(3,875)
Bank charges	(4,698)	(1,385)	(4,689)	(1,599)
Expenses with sale of portfolio	(2,402)	(460)	-	-
Interest paid on leases	(2,275)	(746)	(2,120)	(601)
Expenses with derivatives	(10,832)	(5,415)	(580)	(107)
	<b>(96,831)</b>	<b>(40,401)</b>	<b>(53,669)</b>	<b>(16,297)</b>
Finance income (costs), net	<b>(54,382)</b>	<b>(19,676)</b>	<b>(20,003)</b>	<b>(7,916)</b>

### 20. Income and social contribution taxes

	Individual			
	01/01/2021 to 09/30/2021	07/01/2021 to 09/30/2021	01/01/2020 to 09/30/2020	07/01/2020 to 09/30/2020
<b>Income before IRPJ and CSLL</b>	<b>115,010</b>	<b>47,190</b>	<b>72,672</b>	<b>28,579</b>
IRPJ and CSLL at 34%	34%	34%	34%	34%
<b>Estimated expenses with IRPJ and CSLL</b>	<b>39,103</b>	<b>16,045</b>	<b>24,709</b>	<b>9,718</b>
<b>Companies computing taxable profit based on accounting records</b>				
Additions and exclusions	31,468	13,215	7,083	3,580
Addition (exclusion) of equity pickup	208,549	61,462	(173,081)	(61,812)
Tax base	323,574	108,666	(93,324)	(29,651)
<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	2.28%	2.28%	2.28%	2.28%
Tax expenses	-	-	-	-
Expenses with deferred tax	-	-	-	-
<b>Companies taxed under the Special Taxation Regime - RET (1%)</b>				
Tax base	6,559	1,262	36,131	5,231
Rates applicable to the RET	0.47%	0.47%	0.47%	0.47%
Tax expenses	15	-	101	2
Expenses with deferred tax	16	6	69	23
<b>Companies taxed under RET (4%)</b>				
Tax base	-	-	-	-
Rates applicable to the RET	1.92%	1.92%	1.92%	1.92%
Tax expenses	-	-	-	-
Expenses with deferred tax	-	-	-	-
Expenses with IRPJ and CSLL for the period	31	6	170	25
<b>Effective rate</b>	<b>0.03%</b>	<b>0.01%</b>	<b>0.23%</b>	<b>0.09%</b>

## Direcional Engenharia S.A.

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

	Consolidated			
	01/01/2021 to 09/30/2021	07/01/2021 to 09/30/2021	01/01/2020 to 09/30/2020	07/01/2021 to 09/30/2020
<b>Income before IRPJ and CSLL</b>	<b>173,652</b>	<b>67,160</b>	119,902	48,761
IRPJ and CSLL at 34%	34%	34%	34%	34%
<b>Estimated expenses with IRPJ and CSLL</b>	<b>59,042</b>	<b>22,834</b>	40,767	16,579
<b>Companies computing taxable profit based on accounting records</b>				
Additions and exclusions	-	-	-	-
Addition (exclusion) of equity pickup	-	-	-	-
Tax base	-	-	-	-
<b>Companies computing taxable profit as a percentage of gross sales</b>				
Tax base	9,946	17,862	23,764	6,723
Rates applicable to taxable profit computed as a percentage of gross sales	2.28%	2.28%	2.28%	2.28%
Tax expenses	56	243	490	27
Expenses with deferred tax	171	164	52	127
<b>Companies taxed under RET (1%)</b>				
Tax base	34,890	(3,422)	165,543	37,084
Rates applicable to the RET	0.47%	0.47%	0.47%	0.47%
Tax expenses	231	59	785	160
Expenses with deferred tax	(67)	(75)	(7)	14
<b>Companies taxed under RET (4%)</b>				
Tax base	1,316,060	409,551	1,073,507	377,031
Rates applicable to the RET	1.92%	1.92%	1.92%	1.92%
Tax expenses	22,075	7,828	20,612	7,292
Expenses with deferred tax	3,193	36	(1)	(53)
Expenses with IRPJ and CSLL for the period	25,659	8,255	21,931	7,567
<b>Effective rate</b>	<b>14.78%</b>	<b>12.29%</b>	18.29%	15.52%

The breakdown of expenses with income and social contribution taxes for the periods ended September 30, 2021 and 2020 shows the timing difference between the cash basis used by SCPs and SPEs, whose taxable profit is computed as a percentage of gross sales, and RET (Special 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, 2021					
Loans and financing (Note 9)	151,780	285,806	247,114	516,501	1,201,201
Trade accounts payable	108,310	5,089	-	-	113,399
Related parties (Note 6.1)	22,103	-	-	-	22,103
Real estate commitments payable (Note 12)	81,492	1,194,592	471,826	391,093	2,139,003
Advances for receipt (Note 13)	7,028	-	-	-	7,028

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)

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, 2021, 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	
		09/30/2021	12/31/2020	09/30/2021	12/31/2020
<b>Financial assets</b>					
Amortized cost		<b>21,129</b>	88,001	<b>566,145</b>	466,345
Accounts receivable	4.1	<b>10,539</b>	7,305	<b>536,650</b>	375,444
Accounts receivable from divestiture		<b>3,151</b>	70,685	<b>21,734</b>	80,685
Other accounts receivable	-	<b>7,439</b>	10,011	<b>7,761</b>	10,216
Fair value through profit or loss (*)		<b>488,506</b>	617,881	<b>937,682</b>	933,934
Cash and banks	3.1	<b>2,854</b>	1,563	<b>313,066</b>	217,303
Cash equivalents	3.1	<b>215,438</b>	415,067	<b>352,574</b>	514,266
Short-term investments	3.2	<b>267,295</b>	194,246	<b>269,123</b>	195,360
Derivatives receivable		<b>2,919</b>	7,005	<b>2,919</b>	7,005
<b>Total financial assets</b>		<b>509,635</b>	705,882	<b>1,503,827</b>	1,400,279
<b>Financial liabilities</b>					
Amortized cost		<b>1,185,583</b>	1,161,366	<b>3,657,749</b>	3,222,330
Real estate commitments payable	12	<b>35,877</b>	69,577	<b>2,139,003</b>	1,955,649
Advances for receipt	13	-	2,362	<b>7,028</b>	20,657
Loans and financing	9	<b>1,094,866</b>	1,015,116	<b>1,201,201</b>	1,031,168
Trade accounts payable	-	<b>7,670</b>	7,530	<b>113,399</b>	107,454
Transactions with related parties	6.1	<b>32,763</b>	32,851	<b>22,103</b>	23,022
Other accounts payable	14	<b>14,407</b>	33,930	<b>175,015</b>	84,380
<b>Financial liabilities</b>		<b>1,185,583</b>	1,161,366	<b>3,657,749</b>	3,222,330

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

## Direcional Engenharia S.A.

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

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

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

	Individual			Consolidated		
	Carrying amount	Fair value	Difference	Carrying amount	Fair value	Difference
Financial assets						
Amortized cost	21,129	21,129	-	566,145	566,145	-
Accounts receivable	10,539	10,539	-	536,650	536,650	-
Accounts receivable from divestiture	3,151	3,151	-	21,734	21,734	-
Other accounts receivable	7,439	7,439	-	7,761	7,761	-
Fair value through profit or loss	488,506	488,506	-	937,682	937,682	-
Cash and banks	2,854	2,854	-	313,066	313,066	-
Cash equivalents	215,438	215,438	-	352,574	352,574	-
Short-term investments	267,295	267,295	-	269,123	269,123	-
Derivatives receivable	2,919	2,919	-	2,919	2,919	-
Total financial assets	509,635	509,635	-	1,503,827	1,503,827	-
Financial liabilities						
Amortized cost	1,185,583	1,300,418	(114,835)	3,657,749	3,666,249	(8,500)
Real estate commitments payable	35,877	35,877	-	2,139,003	2,139,003	-
Advances for receipt	-	-	-	7,028	7,028	-
Loans and financing	1,094,866	1,209,701	(114,835)	1,201,201	1,209,701	(8,500)
Trade accounts payable	7,670	7,670	-	113,399	113,399	-
Transactions with related parties	32,763	32,763	-	22,103	22,103	-
Other accounts payable	14,407	14,407	-	175,015	175,015	-
Financial liabilities	1,185,583	1,300,418	(114,835)	3,657,749	3,666,249	(8,500)



## 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, 2020, fair value of financial instruments is as follows:

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

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

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

## Direcional Engenharia S.A.

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

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

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:

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

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

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

Type	Taken out in	Assets/Liabilities	Maturity	Notional value	Long position	Short position	Accumulated net effect on P&L	
							Mark-to-market	Gain (loss) in operation
SWAP (a)	Mar/21	IPCA + 0.00% / CDI -1.45%	Dec-24	279,170	278,389	275,470	2,919	-
SWAP (b)	Apr/21	IPCA + 4.8444% / CDI + 1.4522%	Apr/28	200,000	198,055	200,774	(2,719)	9,507

- a) Derivatives not designated as hedging instruments: In March 2021, the Company entered into a SWAP contract to hedge itself from fluctuations in the IPCA, which affects one of the Company's debts. In September 2021, the notional amount was R\$279,170 (there was no balance in December 2020), and it is expected that the Company will receive interest rates of IPCA+0% p.a. and pay a rate of CDI-1.45% p.a. on the Notional amount.
- b) Derivatives designated as fair value hedging instruments: At September 30, 2021, the Company had an interest rate SWAP contract at the notional amount of R\$200,000 (there was no balance in December 2020), 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.

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### 21. Financial instruments (Continued)

#### Sensitivity analysis

The Company and its subsidiaries should present a sensitivity analysis for each type of market risk originating from financial instruments and considered significant by management, to which the Company is exposed at each period end. The exposure refers only to the fluctuation of variable rates that affect both finance income from short-term investments and finance cost from borrowings. Therefore, the financial assets of the Company and its subsidiaries are free of significant risks, as they yield interest at a fixed spread rate plus the CDI, TR or IPCA rate, where, for the latter, a swap of rates pegged to the CDI was used. In March 2021, the Company settled a loan in foreign currency (Euro) which was, however, not subject to currency fluctuation (currency risk), since the Company had a swap pegged to the CDI, maturing on the same date, for hedging purposes. The Company 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.

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

Net assets and liabilities (in thousands of reais)	Net balance at 09/30/2021	50% decrease	25% decrease	Probable scenario	25% increase	50% increase
TR	(105)	-	-	-	-	-
CDI	(88,715)	(3,494)	(5,241)	(6,989)	(8,736)	(10,483)
IPCA	(1,013,281)	(44,200)	(66,300)	(88,399)	(110,499)	(132,599)
INCC	(1,040,928)	(71,086)	(106,629)	(142,172)	(177,715)	(213,258)
<b>Total</b>	<b>(2,143,029)</b>					

  

	-50%	-25%	Probable scenario	25%	50%
<b>Index/rate</b>	<b>50% decrease</b>	<b>25% decrease</b>	<b>Probable scenario</b>	<b>25% increase</b>	<b>50% increase</b>
TR	0.00%	0.00%	<b>0.00%</b>	0.00%	0.00%
CDI	3.94%	5.91%	<b>7.88%</b>	9.85%	11.82%
IPCA	4.36%	6.54%	<b>8.72%</b>	10.91%	13.09%
INCC	6.83%	10.24%	<b>13.66%</b>	17.07%	20.49%

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

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

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

#### Business risk management

##### *Risk control system*

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

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

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

#### Demand risk management

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

## Direcional Engenharia S.A.

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

### 21. Financial instruments (Continued)

#### Capital management

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

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

	<b>Consolidated</b>	
	<b>09/30/2021</b>	<b>12/31/2020</b>
Loans and financing	<b>1,201,201</b>	1,031,168
(-) Cash and cash equivalents	<b>665,640</b>	731,569
(-) Short-term investments	<b>269,123</b>	195,360
(-) Derivatives	<b>200</b>	7,005
Net Debt	<b>266,238</b>	97,234
Payment of dividends	<b>100,147</b>	120,364
Share buyback	<b>31,965</b>	20,961
Equity	<b>1,356,494</b>	1,339,976
Net debt on equity	<b>19.63%</b>	7.25%

In the period ended September 30, 2021, the Company used R\$36,892 in cash, compared to a cash generation of R\$145,777 in 2020 (adjusted for derivatives, payment of dividends and share buybacks).

#### 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, 2021 of R\$15,528 (R\$15,928 at December 31, 2020) as part of the discussion of its contingent liabilities.

## Direcional Engenharia S.A.

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

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

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

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

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

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

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

## Direcional Engenharia S.A.

Notes to interim financial information (Continued)

September 30, 2021

(In thousands of reais, unless otherwise stated)

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

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

In 2020, the Company granted the beneficiaries of the share-based compensation plan the amount of R\$3,886, corresponding to 663,209 shares. By September 2021, the Company granted R\$3,580 to the Plan beneficiaries, corresponding to 543,265 shares. The number of shares granted, vesting periods and exercise, approved by the Board of Directors are shown below:

Program	Year of grant	Period for transfer of shares	Beginning	Shares granted (a)	Grants activated	Grants not activated (b)	Grants canceled (c)	Shares transferred	Grants in force (a-b-c-d)
1st Matching	2015	4 years	2017	506,000	444,800	61,200	127,557	317,243	-
1st Matching	2017	4 years	2018	450,000	363,944	86,056	47,058	253,450	63,436
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	-	-	180,000	180,000
2 <sup>nd</sup> Matching	2018	4 years	2020	170,923	170,923	-	10,768	139,352	20,803
1st Matching	2019	1 year	2020	13,628	13,628	-	1,286	9,703	2,639
2 <sup>nd</sup> Matching	2019	3 years	2020	58,985	58,985	-	4,559	46,214	8,212
1st Matching	2019	3 years	2020	9,662	9,662	-	804	6,192	2,666
2 <sup>nd</sup> Matching	2019	3 years	2020	52,888	52,888	-	4,620	39,887	8,381
1st Matching	2020	4 years	2020	60,000	60,000	-	-	15,000	45,000
2 <sup>nd</sup> Matching	2020	4 years	2020	340,000	340,000	-	-	85,000	255,000
1 <sup>st</sup> Matching	2020	4 years	2020	8,105	8,105	-	106	1,346	6,653
2 <sup>nd</sup> Matching	2020	4 years	2020	55,947	55,947	-	-	28,653	27,294
1st Matching	2020	4 years	2021	378,000	367,600	10,400	4,400	-	363,200
2 <sup>nd</sup> Matching	2021	4 years	2021	26,804	26,804	-	236	466	26,102
2 <sup>nd</sup> Matching	2021	4 years	2021	26,853	26,853	-	-	-	26,853
Total				4,277,795	4,120,139	157,656	301,394	2,782,506	1,036,239

## Direcional Engenharia S.A.

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

### 23. Insurance coverage

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, 2021, insurance coverage is as follows:

Items	Type of coverage	Insured amount
Civil works (engineering risks)	Guarantees, during the period of construction of the project, indemnification arising from damages caused to the work, such as: fire, lightning, theft, among other specific coverages for facilities and assemblies at the insured location.	4,043,867
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.	83,012
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	598,360
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.	191,509
Business insurance	Guarantees indemnification to the Company related to the events covered that take place in the commercial property leased, such as fire, lightning and explosion of any nature, and flood, riots, strike and lock out, windstorm, and smoke.	58,500
Civil liability (D&O)	Guarantees coverage of pain and suffering to the Company's Directors and Officers	60,000
Civil liability (D&O)	Guarantees coverage of "Multiple perils – cyber risks" insurance	16,000



## Direcional Engenharia S.A.

Notes to interim financial information (Continued)  
September 30, 2021  
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### 24. Noncash transactions

	Individual		Consolidated	
	09/30/2021	12/31/2020	09/30/2021	12/31/2020
<b>Financing activities</b>	<b>1,717</b>	5,958	<b>1,717</b>	6,933
Right-of-use financing	1,717	3,180	1,717	4,155
Acquisition of shares - Treasury shares	-	2,778	-	2,778
<b>Investing activities</b>	<b>2,047</b>	45,781	<b>2,047</b>	46,867
Sale of equity interest	-	41,623	-	41,623
Restatement - Sale of equity interest	330	963	330	949
Acquisition of property and equipment - Lease	1,717	3,195	1,717	4,295

### 25. Events after the reporting period

At the Board of Directors' Meeting held on October 13, 2021, the eighth (8<sup>th</sup>) issue of single-series non-privileged unsecured nonconvertible debentures was approved, for public distribution with restricted distribution efforts, under the terms of CVM Ruling No. 476, relating to 100,000 (one hundred thousand) debentures with a unit par value of R\$1 (one thousand reais) each ("Unit Par Value"), totaling R\$100,000 (one hundred million reais) ("Debentures", "Issue" and "Restricted Offer", respectively), according to the "Indenture of the 8<sup>th</sup> Issue of Single-Series Non-privileged Unsecured Nonconvertible Debentures, for Public Distribution with Restricted Distribution Efforts, of Direcional Engenharia S.A." ("Issue Indenture").

This Issue was carried out in a single series, on October 15, 2021 ("Issue Date"), with the Debentures maturing in five (5) years, from the Issue Date, therefore maturing on October 15, 2026 ("Maturity Date").

The Unit Par Value or the balance of the Unit Par Value of the Debentures will bear conventional interest equivalent to 100% (one hundred percent) of the cumulative variation of the average daily rates of one-day Interbank Deposits (DI), over extra group, expressed as a percentage per annum, based on 252 (two hundred and fifty-two) business days, calculated and disclosed daily by B3 S.A. - Brasil, Bolsa, Balcão ("B3"), in the daily newsletter available on its website (<http://www.b3.com.br>), exponentially increased by a spread (surcharge) of 1.65% (one point sixty-five hundredths percent), based on 252 (two hundred and fifty-two) business days ("Remuneration").