

Portobello Grupo 2Q22 Results



Portobello Grupo

PBG S.A.

Release of 2Q22 results

June 30, 2022

Share Price (PTBL3): R\$ 6.36

Market value: R\$ 896.7 Million (US\$ 171.2 Million)

Number of shares: 140,986,886

Treasury shares: No treasury shares

Free Float: 39.1%

Investor Relations

dri@portobello.com.br

John Suzuki

Chief Financial and Investor Relations Officer

Renato Dias Dzierva

Investor Relations Specialist

IR website: ri.portobello.com.br

Index

Company Information	
Breakdown of Capital	1
Individual financial statements	
Balance sheet - Assets	2
Balance sheet - Liabilities	3
Statement of income	5
Statement of comprehensive income	6
Statement of cash flows - Indirect method	7
Statement of changes in shareholders' equity	
DMPL - 01/01/2022 à 06/30/2022	9
DMPL - 01/01/2021 à 06/30/2021	10
Statement of added value	11
Consolidated financial statements	
Balance sheet - Assets	12
Balance sheet - Liabilities	13
Statement of income	15
Statement of comprehensive income	16
Statement of cash flows - Indirect method	17
Statement of changes in shareholders' equity	
DMPL - 01/01/2022 à 06/30/2022	19
DMPL - 01/01/2021 à 06/30/2021	20
Statement of added value	21

Company information / Breakdown of Capital

Quantity of shares (Thousand)	Current Period 06/30/2022
Paid-in capital	
Common	140,987
Preferred	0
Total	140,987
Treasury	
Common	0
Preferred	0
Total	0

**Individual financial statements / Balance sheet – assets
 (Thousand)**

Account Code	Account Description	Current Period 06/30/2022	Previous Period 12/31/2021
1	Total Assets	2,005,299	1,967,593
1.01	Current Assets	751,420	700,143
1.01.01	Cash and Cash Equivalents	91,906	125,516
1.01.03	Accounts Receivable	311,413	296,195
1.01.03.01	Trade Receivables	311,413	296,195
1.01.04	Inventory	307,824	233,108
1.01.06	Taxes to recover	9,596	26,662
1.01.06.01	Current taxes recoverable	9,596	26,662
1.01.06.01.01	Recoverable Income Tax and CS	1,192	1,192
1.01.06.01.02	Other Recoverable Taxes	8,404	25,470
1.01.07	Prepaid Expenses	1,470	267
1.01.08	Others Current Assets	29,211	18,395
1.01.08.03	Other	29,211	18,395
1.01.08.03.01	Advance to Suppliers	3,252	10,353
1.01.08.03.03	Derivative financial instruments	20,860	2,474
1.01.08.03.04	Other Accounts Receivable	5,099	5,568
1.02	Non-Current Assets	1,253,879	1,267,450
1.02.01	Long-Term Assets	558,115	631,718
1.02.01.07	Deferred Taxes	8,216	27,293
1.02.01.07.01	Deferred Income and Social Contribution Taxes	8,216	27,293
1.02.01.09	Receivables from related parties	149,361	119,130
1.02.01.09.02	Subsidiaries Credits	149,361	119,130
1.02.01.10	Other Non-Current Assets	400,538	485,295
1.02.01.10.03	Judicial Deposits	106,311	185,332
1.02.01.10.04	Escrow deposit	77,340	89,700
1.02.01.10.05	Receivables - Eletrobras	12,821	12,821
1.02.01.10.06	Taxes to recover	15,168	14,765
1.02.01.10.07	Legal assets	139,016	136,367
1.02.01.10.08	Actuarial assets	18,677	18,677
1.02.01.10.09	Restricted investments	14,359	13,679
1.02.01.10.10	Derivative financial instruments	0	150
1.02.01.10.11	Other Accounts Receivable	16,846	13,804
1.02.02	Investments	107,177	64,495
1.02.02.01	Ownership Interest	107,177	64,495
1.02.02.01.02	Interest in Subsidiaries	106,829	64,147
1.02.02.01.04	Other investments	348	348
1.02.03	Property, Plant and Equipment	564,264	548,913
1.02.03.01	Property, Plant and Equipment	503,581	519,423
1.02.03.02	Right to Use in Rent	17,419	20,603
1.02.03.03	Construction in Progress	43,264	8,887
1.02.04	Intangibles Assets	24,323	22,324
1.02.04.01	Intangibles Assets	24,323	22,324

Individual financial statements / Balance sheet Liabilities (Thousand)

Account Code	Account Description	Current Period 06/30/2022	Previous Period 12/31/2021
2	Total Liabilities	2,005,299	1,967,593
2.01	Current Liabilities	624,821	585,607
2.01.01	Social and labor obligations	65,941	49,780
2.01.02	Suppliers	363,809	322,176
2.01.02.01	National suppliers	347,011	305,459
2.01.02.01.01	Suppliers	198,901	187,245
2.01.02.01.02	Credit granting from suppliers	122,607	97,717
2.01.02.01.03	Asset Accounts Payable	25,503	20,497
2.01.02.02	Foreign suppliers	16,798	16,717
2.01.03	Tax Obligations	23,831	21,677
2.01.03.01	Federal tax obligations	9,870	7,999
2.01.03.01.01	Income and social contribution tax payable	2,746	124
2.01.03.01.02	PIS AND COFINS	1,356	0
2.01.03.01.03	IRRF	4,044	7,599
2.01.03.01.04	Other Taxes	1,724	276
2.01.03.02	State Taxes	13,961	13,678
2.01.03.02.01	ICMS	13,961	13,678
2.01.04	Loans and Financing	82,046	98,115
2.01.04.01	Loans and Financing	70,077	90,922
2.01.04.01.01	In National Currency	61,875	69,642
2.01.04.01.02	Foreign Currency	8,202	21,280
2.01.04.02	Debentures	11,969	7,193
2.01.05	Other Obligations	78,837	69,609
2.01.05.01	Liabilities Related Party	9,440	8,056
2.01.05.01.02	Debts with Subsidiaries	4,511	1,989
2.01.05.01.04	Other Payables to Related Parties	4,929	6,067
2.01.05.02	Other	69,397	61,553
2.01.05.02.01	Dividends and interest on equity	979	970
2.01.05.02.04	Lease Obligations	7,793	8,036
2.01.05.02.06	Other bills to pay	20,322	17,440
2.01.05.02.07	Taxes payable in installments	11,951	11,663
2.01.05.02.08	Advances from clients	16,352	23,444
2.01.05.02.09	Anticipated dividends	12,000	0
2.01.06	Provisions	10,357	24,250
2.01.06.02	Other provisions	10,357	24,250
2.01.06.02.04	Provision for profit sharing	10,357	24,250
2.02	Non-current Liabilities	927,171	1,025,850
2.02.01	Loans and Financing	649,020	664,277
2.02.01.01	Loans and Financing	351,260	366,872
2.02.01.01.01	In National Currency	351,260	366,872
2.02.01.02	Debentures	297,760	297,405
2.02.02	Other Obligations	199,228	284,067
2.02.02.01	Liabilities Related Party	65,988	56,330
2.02.02.01.04	Other Payables to Related Parties	65,988	56,330
2.02.02.02	Other	133,240	227,737
2.02.02.02.03	Suppliers	90,545	171,195

**Individual financial statements / Balance sheet Liabilities
 (Thousand)**

Account Code	Account Description	Current Period 06/30/2022	Previous Period 12/31/2021
2.02.02.02.04	Asset Accounts Payable	12,361	18,739
2.02.02.02.05	Taxes payable in installments	15,927	21,406
2.02.02.02.06	Lease Obligations	12,303	15,383
2.02.02.02.07	Other bills to pay	2,104	1,014
2.02.04	Provisions	78,923	77,506
2.02.04.01	Provision for profit sharing	78,923	77,506
2.02.04.01.01	Tax provisions	31,467	30,313
2.02.04.01.02	Social Security and Labor Provisions	17,258	19,716
2.02.04.01.04	Civil provisions	30,198	27,477
2.03	Shareholders' Equity	453,307	356,136
2.03.01	Capital	250,000	250,000
2.03.02	Capital reserves	0	-91,351
2.03.02.05	Treasury shares	0	-91,351
2.03.04	Profit Reserves	157,657	240,097
2.03.04.01	Revenue reserves	43,016	43,016
2.03.04.05	Retained Earnings Reserve	823	92,174
2.03.04.06	Special Reserve for Undistributed Dividends	35,633	35,633
2.03.04.07	Tax Incentive Reserve	78,185	65,785
2.03.04.08	Additional dividends	0	3,489
2.03.05	Profits / Losses	79,550	0
2.03.06	Equity valuation adjustments	30,646	31,139
2.03.07	Cumulative translation adjustments	-69,421	-66,490
2.03.08	Other Comprehensive Income	4,875	-7,259
2.03.08.02	Other Comprehensive Income	4,875	-7,259

Individual financial statements / Statement of income (Thousand)

Account Code	Account Description	Current Quarter Current Period 01/04/2022 à 30/06/2022	Accumulated of the Current Period 01/01/2022 à 30/06/2022	Same Quarter of the Previous Year Period 01/04/2021 à 30/06/2021	Accumulated of the Previous Period 01/01/2021 à 06/30/2021
3.01	Sales revenue of Goods and / or Services	464,113	892,146	385,005	732,319
3.02	Cost of Goods and / or Services Sold	-293,440	-554,732	-254,025	-479,091
3.03	Raw score	170,673	337,414	130,980	253,228
3.04	Operating Income / Expenses	-93,345	-174,838	-70,309	-133,711
3.04.01	Selling Expenses	-78,926	-154,196	-66,028	-128,745
3.04.02	General and Administrative Expenses	-23,104	-40,601	-15,248	-28,496
3.04.04	Other Operating Income	390	5,686	11,535	10,396
3.04.05	Other Operating Expenses	-3,996	-11,551	-7,988	-14,717
3.04.06	Equity income	12,291	25,824	7,420	27,851
3.05	Income before financial result and taxes	77,328	162,576	60,671	119,517
3.06	Financial result	-6,799	-46,205	-22,298	-32,854
3.06.01	Financial income	4,218	7,598	1,190	3,956
3.06.02	Financial expenses	-11,017	-53,803	-23,488	-36,810
3.06.02.01	Financial expenses	-25,817	-49,538	-19,842	-33,976
3.06.02.02	Foreign exchange variations, net	14,800	-4,265	-3,646	-2,834
3.07	Income before Income Taxes	70,529	116,371	38,373	86,663
3.08	Income Tax and Social Contribution on Net Income	-16,715	-24,914	1,797	-6,083
3.08.01	Current	-2,537	-12,089	5,513	386
3.08.02	Deferred	-14,178	-12,825	-3,716	-6,469
3.09	Net Income from Continuing Operations	53,814	91,457	40,170	80,580
3.11	Profit / Loss for the Period	53,814	91,457	40,170	80,580

Individual financial statements / Statement of comprehensive income (Thousand)

Account Code	Account Description	Current Quarter Current Period 01/04/2022 à 30/06/2022	Accumulated of the Current Period 01/01/2022 à 30/06/2022	Same Quarter of the Previous Year Period 01/04/2021 à 30/06/2021	Accumulated of the Previous Period 01/01/2021 à 06/30/2021
4.01	Net income for the period	53,814	91,457	40,170	80,580
4.02	Other Comprehensive Income	-9,072	9,203	-3,366	-860
4.02.01	Exchange Variation of Subsidiaries Abroad	4,316	-2,931	-3,366	-860
4.02.02	Hedge Accounting Operations	-20,285	18,385	0	0
4.02.03	Deferred income tax and social contribution on hedge accounting	6,897	-6,251	0	0
4.03	Results Comprehensive Period	44,742	100,660	36,804	79,720

Individual financial statements / Statement of cash flows - Indirect method (Thousand)

Account Code	Account Description	Current Quarter	Accumulated of the
		Period 01/01/2022 à 06/30/2022	Previous Period 01/01/2021 à 06/30/2021
6.01	Net cash from operating activities	63,751	74,561
6.01.01	Cash provided by operating activities	150,316	94,497
6.01.01.01	Income (loss) before income tax	116,371	86,663
6.01.01.02	Depreciation and amortization	29,591	25,126
6.01.01.03	Equity income or loss	-25,824	-27,225
6.01.01.04	Unrealized exchange variation	-1,404	19,405
6.01.01.05	Provision for valuation of inventories at market value	2,851	-435
6.01.01.06	Provision for impairment of trade receivables	-1,397	-1,671
6.01.01.07	Civil, Labor, Social Security and Tax Provisions	6,596	-5,127
6.01.01.08	Provision for PPR	-13,893	0
6.01.01.09	Provision for Long-Term Incentives	1,089	-1,041
6.01.01.11	Restatement of tax assets	-4,936	0
6.01.01.14	Provision for interest on loans and debentures	39,788	-947
6.01.01.15	Interest and exchange variation on leases	591	574
6.01.01.16	Lease Rescission	326	0
6.01.01.17	Other	0	-738
6.01.01.18	ADV Prodec (loans)	567	-87
6.01.02	Changes in assets and liabilities	-40,067	10,991
6.01.02.01	Accounts Receivable	-13,821	-30,322
6.01.02.02	Inventory	-77,567	-23,001
6.01.02.03	Judicial Deposits	-8,079	-10,185
6.01.02.04	Recoverable Taxes	16,957	16,941
6.01.02.05	Restricted investments	-680	5,127
6.01.02.06	Other assets	-3,776	5,529
6.01.02.07	Accounts Payable	43,077	52,358
6.01.02.08	Advance to Suppliers	7,101	-7,712
6.01.02.09	Civil, Labor, Social Security and Tax Provisions	-5,179	-2,335
6.01.02.10	Installments	-7,092	-214
6.01.02.11	Advances from customers	-5,191	-4,617
6.01.02.12	Tax installment payment	-468	-5,515
6.01.02.13	Judicial assets	14,647	0
6.01.02.15	Debts to subsidiaries and related parties	-19,189	0
6.01.02.16	Other trade payables	2,882	-2,803
6.01.02.17	Tax and labor obligations	16,161	17,445
6.01.02.18	Derivatives	150	295
6.01.03	Other	-46,498	-30,927
6.01.03.01	Interest paid	-36,737	-19,439
6.01.03.02	Income Tax and Social Contribution Paid	-9,761	-11,488
6.02	Net cash used in investing activities	-56,037	44
6.02.01	Acquisition of property, plant and equipment	-41,868	-43,827
6.02.02	Acquisition of intangible assets	-5,008	-4,583
6.02.03	Dividends received	30,000	67,844
6.02.04	Advance for future capital increase (AFAC)	-37,789	-10,800
6.02.06	Payment of Capital to Subsidiaries	0	-8,590
6.02.07	Payables of Fixed Assets	-1,372	0

Individual financial statements / Statement of cash flows - Indirect method (Thousand)

Account Code	Account Description	Current Quarter	Accumulated of the
		Period	Previous Period
		01/01/2022 à 06/30/2022	01/01/2021 à 06/30/2021
6.03	Net cash provided by (used in) financing activities	-41,324	-210,039
6.03.01	Loans and financing and debentures	14,806	56,873
6.03.02	Payment of Loans and Financing	-48,346	-140,011
6.03.03	Dividends paid	-3,479	-60,725
6.03.04	lease payment	-4,305	-2,816
6.03.05	Acquisition of treasury shares	0	-63,360
6.05	Increase/(decrease) in cash and cash equivalents	-33,610	-135,434
6.05.01	Opening balance of cash and cash equivalents	125,516	245,779
6.05.02	Closing balance of cash and cash equivalents	91,906	110,345

**Individual financial statements / Statement of changes in shareholders' equity / DMPL - 01/01/2022– 06/30/2022
 (Thousand)**

Account Code	Account Description	Paid-in share capital	Capital Reserves, Options Awarded and Treasury Stock	Profit Reserves	Retained Earnings or Accumulated Losses	Other Comprehensive Income	Individual Shareholders' Equity
5.01	Opening Balances	250,000	-91,351	240,097	0	-42,610	356,136
5.03	Adjusted Opening Balances	250,000	-91,351	240,097	0	-42,610	356,136
5.04	Capital Transactions with Partners	0	91,351	-94,840	0	0	-3,489
5.04.06	Dividends	0	0	-3,489	0	0	-3,489
5.04.09	Treasury Shares Canceled	0	91,351	-91,351	0	0	0
5.05	Total Comprehensive Income	0	0	0	91,457	9,203	100,660
5.05.01	Net Income for the Period	0	0	0	91,457	0	91,457
5.05.02	Other Comprehensive Income	0	0	0	0	9,203	9,203
5.05.02.04	Foreign exchange variation of subsidiary located abroad	0	0	0	0	-2,931	-2,931
5.05.02.06	Deferred Income Tax on Hedge accounting	0	0	0	0	-6,251	-6,251
5.05.02.07	Hedge accounting operations	0	0	0	0	18,385	18,385
5.06	Internal changes in shareholders' equity	0	0	12,400	-11,907	-493	0
5.06.01	Reserve is constituted	0	0	12,400	-12,400	0	0
5.06.02	Realization of the Revaluation Reserve	0	0	0	493	-493	0
5.07	Closing Balances	250,000	0	157,657	79,550	-33,900	453,307

**Individual financial statements / Statement of changes in shareholders' equity / DMPL - 01/01/2021– 06/30/2021
 (Thousand)**

Account Code	Account Description	Paid-in share capital	Capital Reserves, Options Awarded and Treasury Stock	Profit Reserves	Retained Earnings or Accumulated Losses	Other Comprehensive Income	Individual Shareholders' Equity
5.01	Opening Balances	200,000	-14,095	281,388	0	-50,125	417,168
5.03	Adjusted Opening Balances	200,000	-14,095	281,388	0	-50,125	417,168
5.04	Capital Transactions with Partners	50,000	13,099	-156,906	0	0	-93,807
5.04.01	Capital Increase	50,000	0	-50,000	0	0	0
5.04.04	Treasury shares acquired	0	-63,360	0	0	0	-63,360
5.04.06	Dividends	0	0	-30,447	0	0	-30,447
5.04.08	Cancellation of shares after Boarding meeting 01/20/2021	0	76,459	-76,459	0	0	0
5.05	Total Comprehensive Income	0	0	0	80,580	-837	79,742
5.05.01	Net Income for the Period	0	0	0	80,580	0	80,579
5.05.02	Other Comprehensive Income	0	0	0	0	-837	-837
5.05.02.06	Exchange variation of subsidiary located abroad	0	0	0	0	-860	-860
5.05.02.07	Other Comprehensive Income	0	0	0	0	23	23
5.06	Internal changes in shareholders' equity	0	0	0	592	-592	0
5.06.02	Realization of the Revaluation Reserve	0	0	0	592	-592	0
5.07	Closing Balances	250,000	-996	124,482	81,172	-51,554	403,103

**Individual financial statements / Statement of added value
 (Thousand)**

Account Code	Account Description	Current Quarter	Accumulated of the
		Period 01/01/2022 à 06/30/2022	Previous Period 01/01/2021 à 06/30/2021
7.01	Revenues	1,111,703	915,634
7,01,01	Sales of goods, products and services	1,103,525	900,895
7,01,02	Other revenues	6,781	13,069
7,01,04	Reversal/Allowance for doubtful accounts	1,397	1,670
7,02	Inputs acquired from third-parties	-526,206	-440,827
7,02,01	Cost of products, goods and services sold	-403,562	-335,515
7,02,02	Materials, energy, third party services and other	-125,586	-107,174
7,02,03	Loss/Recovery of assets	2,942	1,862
7,03	Gross value added	585,497	474,807
7,04	Retentions	-29,591	-25,126
7,04,01	Depreciation and amortization	-29,591	-25,126
7,05	Net value added produced	555,906	449,681
7,06	Value added received in transfer	39,441	32,462
7,06,01	Equity income	25,824	27,851
7,06,02	Financial income	13,617	4,611
7,07	Total value added to be distributed	595,347	482,143
7,08	Distribution of value added	595,347	482,143
7,08,01	Personnel	171,917	151,999
7,08,01,01	Direct remuneration	146,433	129,168
7,08,01,02	Benefits	15,559	14,240
7,08,01,03	Government Severance Indemnity Fund for Employee (FGTS)	9,925	8,591
7,08,02	Taxes, fees and contributions	260,124	202,738
7,08,02,01	Federal	123,612	84,311
7,08,02,02	State	135,919	117,848
7,08,02,03	Municipal	593	579
7,08,03	Remuneration of third party capital	71,849	46,827
7,08,03,01	Interest	59,822	35,461
7,08,03,02	Rentals	12,027	11,366
7,08,04	Remuneration of own capital	91,457	80,579
7,08,04,03	Retained earnings	91,457	80,579

Consolidated financial statements / Balance sheet - Assets (Thousand)

Account Code	Account Description	Current Period 06/30/2022	Previous Period 12/31/2021
1	Total Assets	2,219,926	2,157,347
1.01	Current Assets	1,026,505	906,131
1.01.01	Cash and Cash Equivalents	190,606	189,718
1.01.03	Accounts Receivable	412,889	375,624
1.01.03.01	Trade Receivables	412,889	375,624
1.01.04	Inventory	370,076	285,364
1.01.06	Taxes to recover	11,418	27,454
1.01.06.01	Current taxes recoverable	11,418	27,454
1.01.06.01.01	Recoverable Income Tax and CS	2,623	1,864
1.01.06.01.02	Other Recoverable Taxes	8,795	25,590
1.01.07	Prepaid Expenses	5,659	5,447
1.01.08	Others Current Assets	35,857	22,524
1.01.08.03	Other	35,857	22,524
1.01.08.03.01	Advance to Suppliers	7,156	12,624
1.01.08.03.02	Derivative financial instruments	20,860	2,474
1.01.08.03.03	Other Accounts Receivable	7,841	7,426
1.02	Non-Current Assets	1,193,421	1,251,216
1.02.01	Long-Term Assets	414,610	536,077
1.02.01.07	Deferred Taxes	13,609	31,942
1.02.01.07.01	Deferred Income and Social Contribution Taxes	13,609	31,942
1.02.01.10	Other Non-Current Assets	401,001	504,135
1.02.01.10.03	Judicial Deposits	106,362	185,382
1.02.01.10.04	Escrow deposit	77,340	89,700
1.02.01.10.05	Receivables - Eletrobras	12,821	12,821
1.02.01.10.06	Taxes to recover	15,231	14,859
1.02.01.10.07	Legal assets	139,016	155,153
1.02.01.10.08	Actuarial assets	18,677	18,677
1.02.01.10.09	Restricted investments	14,359	13,679
1.02.01.10.11	Derivative financial instruments	0	150
1.02.01.10.12	Other Accounts Receivable	17,195	13,714
1.02.02	Investments	348	348
1.02.02.01	Ownership Interest	348	348
1.02.02.01.05	Other investments	348	348
1.02.03	Property, Plant and Equipment	744,422	685,994
1.02.03.01	Property, Plant and Equipment	531,933	566,121
1.02.03.02	Right to Use in Rent	127,031	71,536
1.02.03.03	Construction in Progress	85,458	48,337
1.02.04	Intangibles Assets	34,041	28,797
1.02.04.01	Intangibles Assets	34,041	28,797

Consolidated financial statements / Balance sheet - Liabilities (Thousand)

Account Code	Account Description	Current Period 06/30/2022	Previous Period 12/31/2021
2	Total Liabilities	2,219,926	2,157,347
2.01	Current Liabilities	788,558	714,127
2.01.01	Social and labor obligations	79,905	58,991
2.01.02	Suppliers	434,646	365,652
2.01.02.01	National suppliers	396,269	331,541
2.01.02.01.01	Suppliers	212,869	195,717
2.01.02.01.02	Credit granting from suppliers	122,607	97,717
2.01.02.01.03	Asset Accounts Payable	60,793	38,107
2.01.02.02	Foreign suppliers	38,377	34,111
2.01.03	Tax Obligations	32,890	28,070
2.01.03.01	Federal tax obligations	18,148	13,974
2.01.03.01.01	Income and social contribution tax payable	6,805	3,865
2.01.03.01.02	PIS AND COFINS	3,614	1,176
2.01.03.01.03	IRRF	5,359	8,385
2.01.03.01.04	Other Taxes	2,370	548
2.01.03.02	State Taxes	14,742	14,096
2.01.03.02.01	ICMS	14,742	14,096
2.01.04	Loans and Financing	82,046	98,115
2.01.04.01	Loans and Financing	70,077	90,922
2.01.04.01.01	In National Currency	61,875	69,642
2.01.04.01.02	Foreign Currency	8,202	21,280
2.01.04.02	Debentures	11,969	7,193
2.01.05	Other Obligations	148,714	139,049
2.01.05.01	Liabilities Related Party	4,929	6,067
2.01.05.01.04	Other Payables to Related Parties	4,929	6,067
2.01.05.02	Other	143,785	132,982
2.01.05.02.01	Dividends and interest on equity	979	1,043
2.01.05.02.04	Lease Obligations	18,488	19,456
2.01.05.02.06	Other bills to pay	36,380	31,256
2.01.05.02.07	Taxes payable in installments	11,951	11,663
2.01.05.02.08	Advances from customers	75,987	69,564
2.01.06	Provisions	10,357	24,250
2.01.06.02	Other provisions	10,357	24,250
2.01.06.02.04	Provision for profit sharing	10,357	24,250
2.02	Non-current Liabilities	978,025	1,087,063
2.02.01	Loans and Financing	649,020	664,277
2.02.01.01	Loans and Financing	351,260	366,872
2.02.01.01.01	In National Currency	351,260	366,872
2.02.01.02	Debentures	297,760	297,405
2.02.02	Other Obligations	237,540	333,772
2.02.02.02	Other	237,540	333,772
2.02.02.02.03	Suppliers	90,545	171,195
2.02.02.02.04	Asset Accounts Payable	12,361	18,739
2.02.02.02.05	Taxes payable in installments	15,927	21,406
2.02.02.02.06	Debts with Related Parties	56,330	56,363
2.02.02.02.07	Lease Obligations	42,063	45,397

Consolidated financial statements / Balance sheet - Liabilities (Thousand)

Account Code	Account Description	Current Period 06/30/2022	Previous Period 12/31/2021
2.02.02.02.08	Other	20,314	20,672
2.02.04	Provisions	91,465	89,014
2.02.04.01	Provision for profit sharing	91,465	89,014
2.02.04.01.01	Tax provisions	31,518	30,344
2.02.04.01.02	Social Security and Labor Provisionsy	17,575	20,291
2.02.04.01.04	Civil provisions	42,372	38,379
2.03	Consolidated Shareholders' Equity	453,343	356,157
2.03.01	Capital	250,000	250,000
2.03.02	Capital reserves	0	-91,351
2.03.02.05	Treasury shares	0	-91,351
2.03.04	Profit Reserves	157,657	240,097
2.03.04.01	Revenue reserves	43,016	43,016
2.03.04.05	Retained Earnings Reserve	823	92,174
2.03.04.06	Special Reserve for Undistributed Dividends	35,633	35,633
2.03.04.07	Tax Incentive Reserve	78,185	65,785
2.03.04.08	Additional dividends	0	3,489
2.03.05	Profits / Losses	79,550	0
2.03.06	Equity valuation adjustments	30,646	31,139
2.03.07	Cumulative translation adjustments	-69,421	-66,490
2.03.08	Other Comprehensive Income	4,875	-7,259
2.03.09	Participation of Non-Controlling Shareholders	36	21

Consolidated financial statements / Statement of income (Thousand)

Account Code	Account Description	Current Quarter Current Period 01/04/2022 à 30/06/2022	Accumulated of the Current Period 01/01/2022 à 30/06/2022	Same Quarter of the Previous Year Period 01/04/2021 à 30/06/2021	Accumulated of the Previous Period 01/01/2021 à 06/30/2021
3.01	Sales revenue of Goods and / or Services	577,458	1,102,413	464,261	880,654
3.02	Cost of Goods and / or Services Sold	-324,894	-611,462	-273,848	-511,757
3.03	Raw score	252,564	490,951	190,413	368,897
3.04	Operating Income / Expenses	-163,091	-303,363	-123,883	-237,099
3.04.01	Selling Expenses	-129,523	-248,424	-101,558	-193,238
3.04.02	General and Administrative Expenses	-24,089	-42,420	-15,620	-29,149
3.04.04	Other Operating Income	406	21,980	12,296	11,158
3.04.05	Other Operating Expenses	-9,885	-34,499	-19,001	-25,870
3.05	Income before financial result and taxes	89,473	187,588	66,530	131,798
3.06	Financial result	-9,711	-51,055	-24,509	-36,000
3.06.01	Financial income	5,738	10,021	1,834	4,926
3.06.02	Financial expenses	-15,449	-61,076	-26,343	-40,926
3.06.02.01	Financial expenses	-30,246	-56,837	-22,717	-38,106
3.06.02.02	Foreign exchange variations, net	14,797	-4,239	-3,626	-2,820
3.07	Income before Income Taxes	79,762	136,533	42,021	95,798
3.08	Income Tax and Social Contribution on Net Income	-25,936	-45,062	-1,835	-15,198
3.08.01	Current	-11,915	-32,981	-628	-11,238
3.08.02	Deferred	-14,021	-12,081	-1,207	-3,960
3.09	Net Income from Continuing Operations	53,826	91,471	40,186	80,600
3.11	Consolidated Profit/Loss for the Period	53,826	91,471	40,186	80,600
3.11.01	Attributed to Controlling Partners	53,814	91,457	40,178	80,579
3.11.02	Attributed to Non-Controlling Partners	12	14	8	21

Consolidated financial statements / Statement of comprehensive income (Thousand)

Account Code	Account Description	Current Quarter Current Period 01/04/2022 à 30/06/2022	Accumulated of the Current Period 01/01/2022 à 30/06/2022	Same Quarter of the Previous Year Period 01/04/2021 à 30/06/2021	Accumulated of the Previous Period 01/01/2021 à 06/30/2021
4.01	Net income for the period	53,826	91,471	40,186	80,600
4.02	Other Comprehensive Income	-9,072	9,203	-3,366	-860
4.02.01	Exchange variation of subsidiaries located abroad	4,316	-2,931	-3,366	-860
4.02.02	Hedge Accounting Operations	-20,285	18,385	0	0
4.02.03	Deferred IR/CS on Hedge accounting	6,897	-6,251	0	0
4.03	Results Comprehensive Period	44,754	100,674	36,820	79,740
4.03.01	Attributed to Partners of the Parent Company	44,742	100,660	36,812	79,719
4.03.02	Attributed to Minority Partners	12	14	8	21

Consolidated financial statements / Statement of cash flows - Indirect method (Thousand)

Account Code	Account Description	Current Quarter	Accumulated of the
		Period 01/01/2022 à 06/30/2022	Previous Period 01/01/2021 à 06/30/2021
6.01	Net cash from operating activities	123,892	119,201
6.01.01	Cash provided by operating activities	198,525	150,468
6.01.01.01	Income (loss) before income tax	136,533	95,798
6.01.01.02	Depreciation and amortization	41,874	33,556
6.01.01.04	Unrealized exchange variation	-1,404	19,405
6.01.01.05	Provision for valuation of inventories at market value	802	-1,065
6.01.01.06	Provision for impairment of trade receivables	-2,121	-1,479
6.01.01.07	Civil, Labor, Social Security and Tax Provisions	7,855	5,533
6.01.01.08	Provision for PPR	-13,893	0
6.01.01.09	Provision for Long-Term Incentives	1,089	-1,041
6.01.01.11	Restatement of Judicial Assets	-4,936	0
6.01.01.13	Lease Rescission	326	0
6.01.01.14	Provision for interest on loans and debentures	39,788	-947
6.01.01.15	Interest and exchange variation on leases	1,719	1,616
6.01.01.16	Debts with Related Persons - Active Pole Compl. - the Market Value	0	39
6.01.01.17	Exchange variation not realized Portobello America	0	-860
6.01.01.18	Write-offs of fixed and intangible assets	-9,674	0
6.01.01.19	AVP Prodec (borrowings)	567	-87
6.01.02	Changes in assets and liabilities	-7,686	9,563
6.01.02.01	Accounts Receivable	-35,144	-52,823
6.01.02.02	Inventory	-85,514	-19,319
6.01.02.03	Judicial Deposits	-8,080	-10,151
6.01.02.04	Recoverable Taxes	15,833	16,871
6.01.02.05	Linked Financial Investment	-680	5,127
6.01.02.06	Other assets	-4,108	1,334
6.01.02.07	Accounts Payable	52,758	54,469
6.01.02.08	Advance to Suppliers	5,468	-8,765
6.01.02.09	Civil, Labor, Social Security and Tax Provisions	-5,404	-2,366
6.01.02.10	Advances from customers	6,423	11,085
6.01.02.11	Tax installment payment	-5,191	-4,918
6.01.02.12	Tax and labor obligations	20,914	20,431
6.01.02.13	Judicial assets	33,433	0
6.01.02.15	Debts to subsidiaries and related parties	-1,171	0
6.01.02.16	Other trade payables	747	2,886
6.01.02.17	Derivatives	150	295
6.01.02.18	Taxes, fees and contributions	1,880	-4,593
6.01.03	Other	-66,947	-40,830
6.01.03.01	Interest paid	-36,737	-19,439
6.01.03.02	Income Tax and Social Contribution Paid	-30,210	-21,391
6.02	Net cash used in investing activities	-73,917	-55,645
6.02.01	Acquisition of property, plant and equipment	-78,206	-48,158
6.02.02	Acquisition of intangible assets	-7,601	-7,487
6.02.04	Receipt for sale and reimbursement of fixed assets	55,764	0
6.02.05	Goodwill asset acquisition	-60,182	0
6.02.06	Payables of Fixed Assets	16,308	0

Consolidated financial statements / Statement of cash flows - Indirect method (Thousand)

Account Code	Account Description	Current Quarter Period	Accumulated of the Previous Period
		01/01/2022 à 06/30/2022	01/01/2021 à 06/30/2021
6.03	Net cash provided by (used in) financing activities	-49,087	-215,689
6.03.01	Borrowings, Financing and Debentures	14,806	56,873
6.03.02	Payment of Loans and Financing	-48,346	-140,011
6.03.03	Dividends paid	-3,553	-60,725
6.03.05	Acquisition of treasury shares	0	-63,360
6.03.06	lease payment	-11,994	-8,466
6.05	Increase/(decrease) in cash and cash equivalents	888	-152,133
6.05.01	Opening balance of cash and cash equivalents	189,718	326,325
6.05.02	Closing balance of cash and cash equivalents	190,606	174,192

**Consolidated financial statements / Statement of changes in shareholders' equity / DMPL - 01/01/2022– 03/31/2022
 (Thousand)**

Account Code	Account Description	Paid-in share capital	Capital Reserves, Options Awarded and Treasury Stock	Profit Reserves	Retained Earnings or Accumulated Losses	Other Comprehensive Income	Shareholders' Equity	Minority Interests	Consolidated Shareholders' Equity
5.01	Opening Balances	250,000	-91,351	240,097	0	-42,610	356,136	21	356,157
5.03	Adjusted Opening Balances	250,000	-91,351	240,097	0	-42,610	356,136	21	356,157
5.04	Capital Transactions with Partners	0	91,351	-94,840	0	0	-3,489	0	-3,489
5.04.06	Dividends	0	0	-3,489	0	0	-3,489	0	-3,489
5.04.08	Treasury Shares Canceled	0	91,351	-91,351	0	0	0	0	0
5.05	Total Comprehensive Income	0	0	0	91,457	9,203	100,660	15	100,675
5.05.01	Net Income for the Period	0	0	0	91,457	0	91,457	15	91,472
5.05.02	Other Comprehensive Income	0	0	0	0	9,203	9,203	0	9,203
5.05.02.06	Hedge accounting operations	0	0	0	0	18,385	18,385	0	18,385
5.05.02.07	Deferred Income Tax on Hedge accounting	0	0	0	0	-6,251	-6,251	0	-6,251
5.05.02.08	Exchange variation of subsidiary located abroad	0	0	0	0	-2,931	-2,931	0	-2,931
5.06	Internal changes in shareholders' equity	0	0	12,400	-11,907	-493	0	0	0
5.06.01	Reserve is constituted	0	0	12,400	-12,400	0	0	0	0
5.06.02	Realization of the Revaluation Reserve	0	0	0	493	-493	0	0	0
5.07	Closing Balances	250,000	0	157,657	79,550	-33,900	453,307	36	453,343

**Consolidated financial statements / Statement of changes in shareholders' equity / DMPL - 01/01/2021–03/31/2021
 (Thousand)**

Account Code	Account Description	Paid-in share capital	Capital Reserves, Options Awarded and Treasury Stock	Profit Reserves	Retained Earnings or Accumulated Losses	Other Comprehensive Income	Shareholders' Equity	Minority Interests	Consolidated Shareholders' Equity
5.01	Opening Balances	200,000	-14,095	281,388	0	-50,125	417,168	16	417,184
5.03	Adjusted Opening Balances	200,000	-14,095	281,388	0	-50,125	417,168	16	417,184
5.04	Capital Transactions with Partners	50,000	13,099	-156,906	0	0	-93,807	0	-93,807
5.04.01	Capital Increase	50,000	0	-50,000	0	0	0	0	0
5.04.04	Treasury shares acquired	0	-63,360	0	0	0	-63,360	0	-63,360
5.04.06	Dividends	0	0	-30,447	0	0	-30,447	0	-30,447
5.04.08	Cancellation of shares after Boarding meeting 01/20/2021	0	76,459	-76,459	0	0	0	0	0
5.05	Total Comprehensive Income	0	0	0	80,579	-837	79,742	11	79,753
5.05.01	Net Income for the Period	0	0	0	80,579	0	80,579	11	80,590
5.05.02	Other Comprehensive Income	0	0	0	0	-837	-837	0	-837
5.05.02.06	Exchange variation of subsidiary located abroad	0	0	0	0	-860	-860	0	-860
5.05.02.07	Other Comprehensive Income	0	0	0	0	23	23	0	23
5.06	Internal changes in shareholders' equity	0	0	0	592	-592	0	0	0
5.06.02	Realization of the Revaluation Reserve	0	0	0	592	-592	0	0	0
5.07	Closing Balances	250,000	-996	124,482	81,171	-51,554	403,103	27	403,130

Consolidated financial statements / Statement of added value (Thousand)

Account Code	Account Description	Current Quarter	Accumulated of the
		Period 01/01/2022 à 06/30/2022	Previous Period 01/01/2021 à 06/30/2021
7.01	Revenues	1,353,031	1,079,043
7.01.01	Sales of goods, products and services	1,333,765	1,069,511
7.01.02	Other revenues	17,145	8,429
7.01.04	Reversal/Allowance for doubtful accounts	2,121	1,103
7.02	Inputs acquired from third-parties	-620,803	-499,963
7.02.01	Cost of products, goods and services sold	-444,948	-364,630
7.02.02	Materials, energy, third party services and other	-178,972	-136,871
7.02.03	Loss/Recovery of assets	3,117	1,538
7.03	Gross value added	732,228	579,080
7.04	Retentions	-41,874	-33,556
7.04.01	Depreciation and amortization	-41,874	-33,556
7.05	Net value added produced	690,354	545,524
7.06	Value added received in transfer	16,086	5,604
7.06.02	Financial income	16,086	5,604
7.07	Total value added to be distributed	706,440	551,128
7.08	Distribution of value added	706,440	551,128
7.08.01	Personnel	223,185	182,048
7.08.01.01	Direct remuneration	193,256	156,057
7.08.01.02	Benefits	18,024	16,044
7.08.01.03	Government Severance Indemnity Fund for Employee (FGTS)	11,905	9,947
7.08.02	Taxes, fees and contributions	310,506	233,949
7.08.02.01	Federal	170,746	112,598
7.08.02.02	State	139,072	120,710
7.08.02.03	Municipal	688	641
7.08.03	Remuneration of third party capital	81,278	54,530
7.08.03.01	Interest	67,153	39,525
7.08.03.02	Rentals	14,125	15,005
7.08.04	Remuneration of own capital	91,471	80,601
7.08.04.03	Retained earnings	91,457	80,580
7.08.04.04	Minority interests in retained earnings	14	21

Portobello Grupo

Portobello Grupo records yet another quarter with record-breaking results: Net Revenue R\$ 577 million, Growth 24%, EBITDA R\$ 111 million, and Leverage 1.3x

Tijucas, August 08, 2022. PBG S.A. (B3: PTBL3), the largest ceramic tile company in Brazil, announces its results for the second quarter of 2022. The financial information reported herein is derived from PBG S.A.'s consolidated Quarterly Financial Information, prepared in accordance with the standards issued by the Accounting Pronouncement Committee (CPC) and the International Financial Reporting Standards (IFRS).

2Q22 Highlights

- **Net Revenue of R\$ 577 million in 2Q22, a 24.4% increase versus 2Q21** in the Business Units, highlighting the **retail market and international operations**. In 1H22, Net Revenue reached **R\$ 1,102 million, a 25.2% growth** compared to the same period of the previous year.
- **Adjusted and Recurring Gross Margin of 43.7% in 2Q22 and 44.3% in 1H22**, an improvement of **2.7 p.p.** and **2.4 p.p.**, respectively, compared to the same periods in 2021.
- **Adjusted and Recurring EBITDA of R\$ 111 million in 2Q22, 34.3% higher than in 2Q21**, with Adjusted and Recurring EBITDA Margin of 19.2%, up 1.4 p.p. vs. 2Q21. **In 1H22, Adjusted and Recurring EBITDA grew by 35.3%**, reaching R\$ 221 million, with a Margin of 20.1%.
- **Adjusted and Recurring Net Income of R\$ 52.4 million in 2Q22**, 30.2% above 2Q21. Year-to-date, income totals R\$ 83.5 million, 3.5% higher than in the same period the previous year.
- **Investment in Working Capital was R\$ 335 million, a 49.8% increase vs. 2Q21. Cash Conversion Cycle was 43 days** in 2Q22 vs. 27 days in 2Q21, an increase of 16 days due to an increase in inventories, in part to improve the service level of the Business Units.
- **Net Indebtedness of R\$ 543 million in 2Q22, a R\$ 73.4 million increase vs. 2Q21. Net Debt/Adjusted and Recurring EBITDA remained at the lowest level ever, reaching 1.3x in 2Q22, an improvement of 0.3x vs. 2Q21**, given the strong growth in Adjusted and Recurring EBITDA.
- **PTBL3 price ended 2Q22 quoted at R\$ 6.36, -63.6% below the 2Q21 closing.**

R\$ million	2Q21	2Q22	▲ %	▲ Abs	1H21	1H22	▲ %	▲ Abs
Net Revenue	464.3	577.5	24.4%	113.2	880.7	1,102.4	25.2%	221.8
Adjusted and Recurring Gross Profit	190.4	252.6	32.6%	62.2	368.9	488.5	32.4%	119.6
Adjusted and Recurring Gross Margin	41.0%	43.7%	2.7 p.p.		41.9%	44.3%	2.4 p.p.	
Net income	40.3	53.8	33.5%	13.5	80.7	91.5	13.3%	10.8
Net Margin	8.7%	9.3%	0.6 p.p.		9.2%	8.3%	-0.9 p.p.	
Adjusted and Recurring Net Income	40.3	52.4	30.2%	12.2	80.7	83.5	3.5%	2.8
Adjusted and Recurring Net Margin	8.7%	9.1%	0.4 p.p.		9.2%	7.6%		
EBITDA	82.6	110.8	34.2%	28.2	163.4	229.4	40.4%	66.0
EBITDA Margin	17.8%	19.2%	1.4 p.p.		18.6%	20.8%	2.3 p.p.	
Adjusted and Recurring EBITDA	82.6	111.0	34.3%	28.4	163.4	221.1	35.3%	57.7
Adjusted and Recurring EBITDA Margin	17.8%	19.2%	1.4 p.p.		18.6%	20.1%	1.5 p.p.	
Working Capital (R\$)	223.9	335.4	49.8%	111.5				
Cash Conversion Cycle (days)	27	43	59.3%	16				
Net Debt	469.4	542.8	15.6%	73.4				
Net Debt/EBITDA	1.6	1.3	-19.3%	(0.3)				
Net Debt/Adjusted and Recurring EBITDA	1.6	1.3	-18.2%	(0.3)				
Quotation	17.47	6.36	-63.6%	(11.11)				

Video conference

August 10, 2022

at 09:00 am (Brazi's time)

Link for connection: [Click here](https://ri.portobello.com.br/)

Presentation in Portuguese with simultaneous translation into English

The videoconference will be broadcasted over the internet, accompanied by the slideshow, which will be available at: <https://ri.portobello.com.br/>

The video of the results' presentation will be made available in full, with access directly through the Company's IR website (<https://ri.portobello.com.br/>).

Portobello Grupo

Message from Management

From a macroeconomic viewpoint, 2022 continues to be severely impacted by reflections of the crisis brought on by the COVID-19 pandemic and the state of war between Russia and Ukraine; when combined, these factors have been causing a serious rupture in the global supply chain. During the second quarter, the scenario of uncertainties has been worsening, with concerns about high inflation rates and the consequent rise in interest rates, thus increasing the risk of recession in major European economies, in addition to the United States.

On the Brazilian market, despite a less pessimistic expectation, the behavior is still one of caution and risk aversion. Coupled with this, the high inflation and the consequent interest rate hikes observed in the last twelve months have caused a significant change in the consumption habits of the populace, which has been prioritizing basic and essential expenses. As a reflection of this, according to data from the ICVA (Cielo Broad Retail Index), underwent a retraction of 1.0% in 2Q22 compared to 2Q21 in the construction materials sector. Data from ABRAMAT (Brazilian Association of Construction Materials) show that the revenue of the industries in the sector was also impacted, showing a retraction of 6.9% in 2Q22 vs. 2Q21 (deflated data).

Nonetheless, despite the adverse situation, the real estate market still presents robust results in terms of both new property launches and sales, especially in the mid- and high-end segment, the Company's primary market, with volumes above the historical average.

Portobello Grupo, in turn, has maintained the strong pace used over the previous quarters and presented growth of 24.4% in 2Q22 compared to the same period in 2021, reaching the highest level of revenue ever obtained in a single quarter. This result was supported by the significant increase in sales to foreign markets, reinforcing the strategic direction of increasing the Company's international share. In addition, sales on the domestic market also showed significant growth compared to the sector as a whole, generating market share gains for Portobello Grupo.

In addition to the strong growth in sales, this quarter the Company focused on maintaining profitability. In this regard, Portobello Grupo continues to show efficiency in the qualification of sales with continuous improvement in the management of the mix of channels, products and pricing, and was able to offset the increase in costs. These actions – combined with improved productivity and tighter discipline in managing costs and expenses – have made the Company's Adjusted and Recurring Gross Margin reach levels above 43.0% and the highest operating income ever reported, reaching an Adjusted and Recurring EBITDA of R\$ 111 million, with a margin of 19.2%.

In 2Q22, we observed an increase in the Company's inventory levels, partly due to a strategic decision to improve service levels at the Portobello Shop and Portobello América BUs, but also as a reflection of the slowdown on the construction market in the North and Northeast regions of Brazil, which led to an increase in inventories at Pointer. As a result, there was an increase in investment in working capital, which was partially offset by the optimization of the receivables portfolio and the negotiation of payment terms with suppliers. Investment in Working Capital was R\$ 335 million and the Cash Conversion Cycle was 43 days, levels considered adequate by the Company from a strategic standpoint.

Regarding investments, the Company continues to focus on strategic projects that add value to shareholders in the medium and long term, such as the expansion of retail, with the enlargement of the chain of stores and acquisition of new stores, as well as an increase in US market share, with the construction of the Portobello América factory. In the second quarter, the Company invested approximately R\$ 99.3 million, 63.3% of which in the expansion and acquisition of stores and 26.2% in the modernization of the industrial complex in Tijucas (SC). The remaining investments were mainly allocated to commercial and corporate projects.

The strong operating performance combined with discipline in cash management allowed the Company to maintain the lowest leverage ever recorded (1.3x Net Debt/Adjusted and Recurring EBITDA) while Net Debt closed out the quarter at R\$ 543 million.

Another strategic mainstay for the Company concerns ESG practices. In the first quarter, we published our Sustainability Report, in addition to reporting the Company's entry as a signatory to the UN Global Compact. Between June 20 and 24, the second edition of the Portobello Sustainability Week was held. This corporate event provides continuity to the Company's strategy of conferring consistency and maturity to our ESG Plan, which is already starting to be translated into actions and projects that strengthen our banners, initiatives, and communication with all

Portobello Grupo

stakeholders with whom we interact. Whereas in the 2021 edition we had an exclusively online programming due to the health crisis brought on by COVID-19, this year we have a hybrid agenda, with in-person events and live webcast on our YouTube channel, with the aim of democratizing access to information.

Business Unit Performance

The Portobello Business Unit (“BU”) continues to show positive results, reflecting the assertiveness of the international expansion strategy, product positioning, and multichannel approach. In 2Q22, Net Revenue of the BUs was R\$ 275 million, up 21.6% vs. 2Q21. Portobello has been able to work with a portfolio of products with greater added value and more attractive profitability on foreign markets, without losing competitiveness in terms of price and quality. Additionally, the advance in the qualification of the product mix, especially with the growth in sales of porcelain tile panels and large formats, produced at the Tijucas-SC plant, and the effective work carried out in the management of distribution channels also generated growth in the domestic market.

During 2Q22, Portobello operated with 98% of its capacity being utilized, which – combined with the program to gain efficiency, improve the mix of products sold, and price readjustments enabled Gross Margin to grow to 45.6%. Portobello continues to prioritize continuous improvement in service levels, efficiency in balancing inventory levels, and meet growing demand, in addition to implementing ESG actions, such as the modernization of the Tijucas-SC plant and actions to reduce water consumption.

Portobello Shop currently has 143 stores in operation nationwide, three of which opened in 2Q22. Of the total number of stores, 22 are own units and 121 are franchises. Recently, the Company announced the acquisition of three franchised stores (in the cities of Balneário Camboriú, Tijucas, and São José), which will be integrated and consolidated in the income of company-owned stores starting in 3Q22.

Portobello Shop closed out 2Q22 with Net Revenue of R\$ 196 million. Company-owned stores showed an increase of 58.7% in Net Revenue in 2Q22 vs. 2Q21, partly due to the merger of the recently acquired Pacaembu and Gabriel stores, and began to be consolidated as from May, which increased the BU’s share in the total amount to 39.6%. Stores that were already in operation in 2Q21 presented Same Store Sale growth of 26.7% in 2Q22. Moreover, Portobello Shop’s Gross Margin reached 47.2%, mainly due to price adjustments – partially offset by the increase in production costs.

The favorable operating income, coupled with Portobello Shop’s expansion strategy, reinforce the positive performance compared to the market’s performance overall, which – according to the ICVA (Cielo Broad Retail Index), which measures the retail construction materials sector in Brazil – showed a nominal decline of 1.0% in 2Q22 vs. 2Q21.

The Pointer, the Group’s democratic design brand, positioned in the North and Northeast regions of Brazil, was impacted by the slowdown in the civil construction market, which was more significant in these regions due to economic factors, in addition to the change in the population’s consumption behavior, with the resumption of activities with less imposed restrictions imposed by the pandemic.. These factors caused a slowdown in sales via the sales channels / home centers throughout 2022.

As a result of this scenario, in 2Q22 Pointer obtained a Net Revenue of R\$ 60.7 million and a Gross Margin of 35.4%. When compared to 2Q21, Gross Margin decreased, largely due to strategic pricing in commercial campaigns aimed at reducing inventories and optimizing productivity level. Despite the adverse scenario, 2Q22 showed growth vs. 1Q22, mainly with the strengthening of the engineering channel, which has been showing a recovery on the local market.

Portobello América continues to show significant results. In 2Q22, it reached Net Revenue of R\$ 66.0 million, a significant growth of 74.6% vs. 2Q21, with emphasis on the local distribution operation. The BU presented a Gross Margin of 22.2% in the period, an improvement of 4.6 p.p. compared to 2Q21. Since the end of 2021, the Business Unit has been implementing a price adjustment process, taking into account the profitability estimate combined with the planning to gain scale, necessary for the occupation of the factory’s capacity in the United States. This price adjustment process offset the impacts of the increase in production costs, in Reais, in addition to the significant

Portobello Grupo

increase in international freight costs, which has been observed since 2S21. These cost-pressure factors will be minimized when the Unit's local production gets underway in 2023.

During 2Q22, Portobello América made progress on the project for the new factory that is being built in Baxter, Tennessee, in the United States. The plant is expected to begin operating in the first semester of 2023; in the first phase of the project it will have an annual production capacity of around 3.6 million square meters. This production – combined with the consolidation of Portobello América on the US market – will be an important strategic milestone for the Company.

Outlook for 2022 and 3Q22

- The Company expects the market for premium construction/finishing materials to remain more resilient throughout 2022, with an opportunity for growth compared to 2021, via product-mix qualification and channels management.
- The Company expects to show real growth in 2022 Net Revenue, supported by the greater share of retail and exports, combined with our maintaining the strategy of gains in product mix, pricing and channels management, in order to offset cost pressure and sustain our sales volume.
 - In 3Q22, the Company expects to maintain growth in Net Revenue above 20% vs. 3Q21. In 1H22, the Company showed a of 25.2% growth in Net compared to same period in 2021.
- The Company continues working to improve its service levels, with the purpose of reducing delivery times, minimizing the risk of disruption and increasing the level of satisfaction of its clients. This initiative covers all Business Units and reflects the Group's effort to seek greater logistics efficiency and optimization of transport costs.
- In 2022, the Company's focus continues to be the maintenance of the Adjusted and Recurring Gross Margin in a level similar to 2021, despite the greater inflationary pressure on costs (mainly energy) through price increases, qualification of the product mix and factory productivity, in addition to strict management in the choices related to operating costs.
- The Company expects its Adjusted and Recurring EBITDA Margin in 2022 to remain close to the level reached in 2021, despite inflation pressures and adjustments in consumption on the domestic market.
- The 2022 CapEx investment plan is estimated by the Company in R\$ 280 million of financial effect (R\$ 460 million of accounting effect), of which around 25% will be allocated to the acquisition of equipment and infrastructure for the Portobello América's plant, approximately 40% for strategic projects related to the growth of retail in Brazil and strengthening of the digital initiatives of the Portobello Shop Business Unit, and around 35% for investments in technological updating and expansion of the industrial plants of the Portobello and Pointer Business Units.
- Although working capital management remains a priority for the Company, our expectation is that the Cash Conversion Cycle will end the year at a higher level than in 2021, albeit still at adequate levels. The main factors for this increase are higher inventories to support better levels of customer service and possible increases in terms of export customers, notably those in Argentina.
- The Company continues adopting its strong discipline in financial management, focusing on preserving liquidity and austerity in investment choices. The expectation is that the Net Debt/EBITDA ratio will remain at a level below 2.5 times the Adjusted and Recurring EBITDA for the year, which is the maximum limit approved by the Board of Directors.

Portobello Grupo

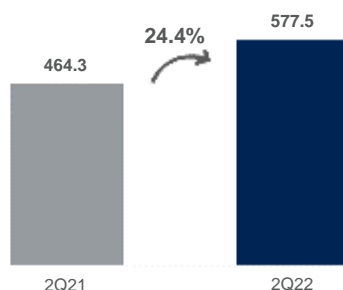
- Standouts among key risks to its operation throughout the year include: attention to inflation pressure, high interest rates affecting consumption of durable goods, and supply chain management, especially in international freight, which affects the competitiveness of exports.
- The US macroeconomic scenario still presents challenges, with high inflation levels and the recent GDP data presented, which put that country in a technical recession. However, the market is showing signs of recovery, with a reduction in the unemployment rate to pre-pandemic levels, in addition to the growth of Housing Starts.

Economic and Financial Performance

	2Q21	2Q22	▲ %	▲ Abs	1H21	1H22	▲ %	▲ Abs	
Performance	Net Revenue	464.3	577.5	24.4%	113.2	880.7	1,102.4	25.2%	221.8
	Gross Profit	190.4	252.6	32.6%	62.2	368.9	491.0	33.1%	122.1
	Gross Margin	41.0%	43.7%	2.7 p.p.		41.9%	44.5%	2.6 p.p.	
	Adjusted and Recurring Gross Profit	190.4	252.6	32.6%	62.2	368.9	488.5	32.4%	119.6
	Adjusted and Recurring Gross Margin	41.0%	43.7%	2.7 p.p.		41.9%	44.3%	2.4 p.p.	
	EBIT	66.7	89.5	34.1%	22.7	131.8	187.6	42.3%	55.8
	EBIT Margin	14.4%	15.5%	1.1 p.p.		15.0%	17.0%	1.4 p.p.	
	Net income	40.3	53.8	33.5%	13.5	80.7	91.5	13.3%	10.8
	Net Margin	8.7%	9.3%	0.6 p.p.		9.2%	8.3%	-0.9 p.p.	
	Adjusted and Recurring Net Income	40.3	52.4	30.2%	12.2	80.7	83.5	3.5%	2.8
	Adjusted and Recurring Net Margin	8.7%	9.1%	0.4 p.p.		9.2%	7.6%	-1.6 p.p.	
	EBITDA	82.6	110.8	34.2%	28.2	163.4	229.4	40.4%	66.0
	EBITDA Margin	17.8%	19.2%	1.4 p.p.		18.6%	20.8%	2.3 p.p.	
Adjusted and Recurring EBITDA	82.6	111.0	34.3%	28.4	163.4	221.1	35.3%	57.7	
Adjusted and Recurring EBITDA Margin	17.8%	19.2%	1.4 p.p.		18.6%	20.1%	1.5 p.p.		
Indicators	Working Capital (R\$)	223.9	335.4	49.8%	111.5				
	Cash Conversion Cycle (days)	27	43	59.3%	16				
	Net Debt	469.4	542.8	15.6%	73.4				
	Net debt/EBITDA	1.6	1.3	-19.3%	(0.3)				
Adjusted and Recurring Net Debt/EBITDA	1.6	1.3	-18.2%	(0.3)					
PTBL3	Closing Quotation	17.47	6.36	-63.6%	(11.11)				
	Market Value	2,577.3	896.7	-65.2%	(1,680.6)				
	Monthly Average Trading Volume (12 Months)	523.6	367.1	-29.9%	(156.5)				
	Average Daily Trading Volume (ADTV)	52.4	5.4	-89.7%	(47.0)				

Net Revenue

Net Revenue totaled R\$ 577 million in 2Q22, a 24.4% increase vs. 2Q21. This growth is mainly due to: (i) price readjustments made, in order to offset cost pressure, and improvement of the product mix (ii) expansion of the participation of the Portobello Shop chain of stores, and (iii) expansion of the participation of international businesses (mainly Portobello exports and distribution in the United States from Portobello América).



R\$ million	2Q21	2Q22	▲ %	▲ Abs	1H21	1H22	▲ %	▲ Abs
Net Revenue	464.3	577.5	24.4%	113.2	880.7	1,102.4	25.2%	221.7
Domestic Market	365.3	427.3	17.0%	62.1	693.6	818.1	17.8%	124.5
Foreign Market	99.0	150.1	51.6%	51.1	187.1	284.3	52.1%	97.2
US\$ million	2Q21	2Q22	▲ %	▲ Abs	1H21	1H22	▲ %	▲ Abs
Foreign Market	18.7	28.6	53.1%	9.9	34.8	53.5	53.8%	18.7

Portobello Grupo

On the Brazilian domestic market, Net Revenue grew 17.0% in 2Q22 vs. 2Q21, reaching R\$ 427 million in the period. Comparing this result to the construction materials sector, which reduced 6.9% in deflated data in 2Q22 vs. 2Q21, according to data from the Brazilian Association of Construction Materials Industry (ABRAMAT), and with the sales volume of ceramic tiles (in square meters), which decreased 13.4% in 1Q22 vs. 2Q21 according to data from ANFACER (Brazilian Association of Ceramic Tiles Manufacturers), it is possible to verify the consistent gain in market share of Portobello Group.

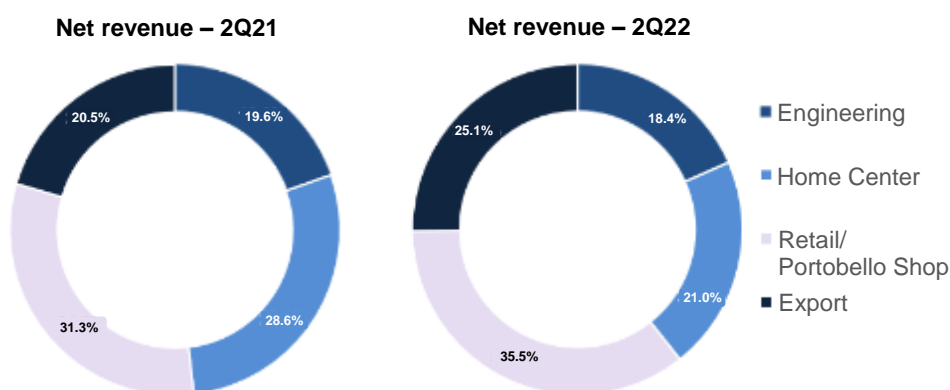
With regard to sales in the foreign market, the growth was 51.6% in 2Q22 vs. 2Q21 (53.1% in US dollars). This increase was influenced by the constant expansion of Portobello América (growth of 74.6% in the period) and the growth of Portobello's exports (55.5% vs. 2Q21).

In 2Q22, Portobello América represented 11.4% of total net revenue, with growth of 74.6% vs. 2Q21. Portobello Shop accounted for 34.0%, an increase of 33.1% vs. 2Q21. Portobello represented 47.6% of total Net Revenue, with growth of 21.6% vs. 2Q21, and Pointer's share was 10.5% – down 8.3% vs. 2Q21.

R\$ million	2Q21	2Q22	▲ %	▲ Abs	1H21	1H22	▲ %	▲ Abs
Consolidated	464.3	577.5	24.4%	113.2	880.7	1,102.4	25.2%	221.7
BU Portobello	225.9	274.8	21.6%	48.9	430.4	531.5	23.4%	101.0
BU Shop	147.4	196.1	33.1%	48.8	271.8	368.3	35.4%	96.6
BU Pointer	66.2	60.7	-8.3%	(5.5)	128.6	115.2	-10.6%	(13.4)
BU Portobello América	37.8	66.0	74.6%	28.2	76.8	124.2	61.7%	47.3
(-) Eliminations ¹	(13.0)	(20.2)	55.2%	(7.2)	(26.9)	(36.7)	36.4%	(9.8)
US\$ million	2Q21	2Q22	▲ %	▲ Abs	1H21	1H22	▲ %	▲ Abs
BU Portobello América	7.2	12.4	73.7%	5.3	14.3	22.9	60.5%	8.6

¹ Intercompany operations

The share of sales channels in 2Q22 continues to confirm the consistent execution of the group's strategy of accelerating growth in the Brazilian retail market and international expansion. It is worth mentioning retail sales, which account for 35.5% of the Group's total Net Revenue in 2Q22 vs. 31.3% in 2Q21, and exports, which in 2Q22 achieved 25.1% share in the Group's Net Revenue vs. 20.5% in 2Q21, 11.0% with sales made by Portobello América in the United States and 14.1% for the other markets of the Portobello and Pointer Business Units. The engineering channel, which serves the largest domestic and regional high-end construction companies, represents 18.4% of the Group's Net Revenue in 2Q22, in line with the performance in 2Q21.

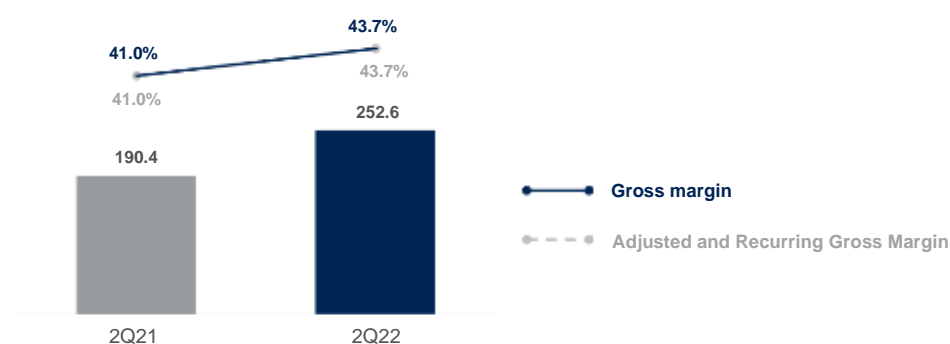


Gross Profit

Adjusted and Recurring Gross Income in 2Q22 increased 32.6% vs. 2Q21, reaching R\$ 253 million in the period. The Adjusted and Recurring Gross Margin reached 43.7% in 2Q22, an increase of 2.7 p.p. vs. 2Q21, as a result of active management of the product mix and price adjustments made to offset cost increases combined with the dilution of fixed production costs. The Adjusted and Recurring Gross Margin reached in 2Q22 shows that, despite inflationary pressures and restrictions in the global economy faced in recent months, the Company has been able to deliver results above the market performance, reinforcing its positioning and strategic direction adopted.

Portobello Grupo

R\$ Million	2Q21	2Q22	▲ %	▲ Abs	1H21	1H22	▲ %	▲ Abs
Net Operating Revenue	464.3	577.5	24.4%	113.2	880.7	1,102.4	25.2%	221.8
Cost of Goods Sold (COGS)	(273.8)	(324.9)	18.6%	51.0	(511.8)	(611.5)	19.5%	99.7
Gross operating income	190.4	252.6	32.6%	62.2	368.9	491.0	33.1%	122.1
Gross Margin	41.0%	43.7%	2.7 p.p.		41.9%	44.5%	2.6 p.p.	
Non-Recurring Events:						(2,5)		
1) Difal unconstitutionality reversal	-	-			-	(2,5)		
Adjusted and Recurring Gross Profit	190.4	252.6	32.6%	62.2	368.9	488.5	32.4%	119.6
Adjusted and Recurring Gross Margin	41.0%	43.7%	2.7 p.p.		41.9%	44.3%	2.4 p.p.	



Operating Expenses

Adjusted Operating Expenses in 2Q22, when analyzed as a percentage of Net Revenue, remained in line with 2Q21. The largest changes in absolute terms occurred in sales expenses; however, they remain in line in terms of percentage of Net Revenue. In 1H22, Adjusted Operating Expenses showed a change of 1.1 p.p. in the share of Net Revenue and 30.4% in absolute amounts, partly as a consequence of the non-recurring effect regarding the tax gain related to the reversal of the Tax Rate Difference (DIFAL), recognized in 1Q22.

R\$ Million	2Q21	%NR	2Q22	%NR	▲ %	▲ Abs	1H21	%NR	1H22	%NR	▲ %	▲ Abs
Operating Expenses												
Selling	(101.6)	21.9%	(129.5)	22.4%	27.5%	28.0	(193.2)	21.9%	(248.4)	22.5%	28.6%	55.2
General and Administrative	(15.6)	3.4%	(24.1)	4.2%	54.2%	8.5	(29.1)	3.3%	(42.4)	3.8%	45.5%	13.3
Other Revenues (Expenses)	(6.7)	-1.4%	(9.5)	1.6%	41.5%	(2.8)	(14.7)	1.7%	(12.5)	1.1%	-14.9%	2.2
Operating Expenses	(123.9)	26.7%	(163.1)	28.2%	31.7%	39.2	(237.1)	26.9%	(303.4)	27.5%	28.0%	66.3
Non-Recurring Expenses / Revenues	-	-	0.2	-			-	-	(5.8)	-		
Adjusted Operating Expenses	(123.9)	26.7%	(162.9)	28.2%	31.5%	39.1	(237.1)	26.9%	(309.2)	28.0%	30.4%	72.1

Sales Expenses in 2Q22 represented 22.4% of Net Revenue, an increase of 0.5 p.p. compared to 2Q21. In absolute terms, Sales Expenses increased by 27.5% vs. 2Q21 and grew 28.6% year-to-date compared to the same period the previous year, largely due to our participation at Expo Revestir 2022, which this year was an in-person event, and at the Coverings trade show in the USA. Both fairs had positive impacts on sales performance and brand positioning.

General and Administrative Expenses corresponded to 4.2% of Net Revenue in 2Q22, an increase of 0.8 p.p. compared to 2Q21. In absolute terms, growth was 54.2%, largely due to investments in structuring our teams in the operations with the highest growth, mainly in the Business Units Portobello América and Portobello Shop. These investments are in line with the Company's strategic planning and should be supported by the expected growth; expenses are expected to be diluted as operations develop.

Portobello Grupo

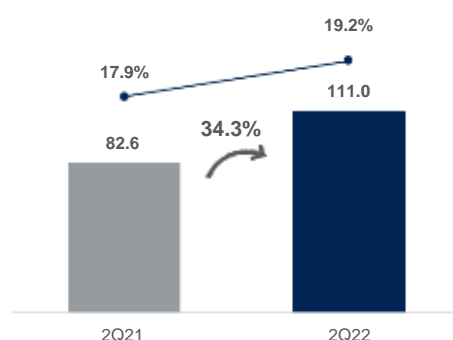
Other Revenues and Expenses in 2Q22 refer mainly to the provisioning of the Profit Sharing Program (PPR) and the Long-Term Incentive Plan (ILP), which totaled R\$ 2.1 million, and civil, labor and tax provisions in the amount of R\$ 2.9 million.

In 1H22, Operating Expenses were positively impacted by the non-recurring effect related to the tax gain related to the reversal of the DIFAL – Tax Rate Difference, since it was considered unconstitutional, in the amount of R\$ 4.6 million and by the change in the legal asset Rural Credit Bill, in the amount of R\$ 1.5 million, among other less relevant effects.

EBITDA

Adjusted and Recurring EBITDA was R\$ 111 million in 2Q22, an increase of R\$ 28.4 million (or 34.3%) vs. 2Q21. Adjusted and Recurring EBITDA Margin was 19.2% in 2Q22, 1.4 p.p. higher than in 2Q21, mainly due to the expansion of Adjusted and Recurring Gross Margin. During the semester, Adjusted and Recurring EBITDA presented a growth of R\$ 57.7 million or 35.3%, and it increased by 1.5 p.p. due to the normalization of Operating Expenses.

The Company once again presented the highest historical operating income, mainly because of the efficient optimization of the equation between volume performance, price flexibility and improvement of the product mix, combined with the culture of cost and expense management.



R\$ Million	2Q21	2Q22	▲ %	▲ Abs	1H21	1H22	▲ %	▲ Abs
Net income	40.3	53.8	33.5%	13.5	80.7	91.5	13.3%	10.8
(+) Financial Expenses	24.5	9.7	-60.4%	(14.8)	36.0	51.1	41.8%	15.1
(+) Depreciation and Amortization	15.9	21.3	34.3%	5.4	31.5	41.8	32.8%	10.3
(+) Income Taxes	1.9	25.9	1275.9%	24.1	15.2	45.1	196.5%	29.9
EBITDA	82.6	110.8	34.2%	28.2	163.4	229.4	40.4%	66.0
EBITDA Margin	17.8%	19.2%	1.4 p.p.		18.6%	20.8%	2.3 p.p.	
Non-Recurring Events:	-	0.2			-	(8.3)		
1) DIFAL unconstitutionality reversal	-	-			-	(7.1)		
2) Other Favorable Outcomes in Lawsuits	-	0.2			-	(1.2)		
Adjusted and Recurring EBITDA	82.6	111.0	34.3%	28.4	163.4	221.1	35.3%	57.7
Adjusted and Recurring EBITDA Margin	17.8%	19.2%	1.4 p.p.		18.6%	20.1%	1.5 p.p.	

The amount of non-recurring events of R\$ 0.2 million recorded in 2Q22 refers to the tax gain related to the reversal of the Tax Rate Difference (DIFAL), which was deemed unconstitutional. In 1H22, these amounts were R\$ 7.1 million and R\$ 1.2 million related to the updating of the lawsuits of legal assets of the credit bill.

Net income

Adjusted and Recurring Net Income in 2Q22 totaled R\$ 52.4 million, a 30.2% increase vs. 2Q21, because of the significant improvement in the Company's operating income and better financial performance. In 1H22, Adjusted and Recurring Net Income reached R\$ 83.5 million, particularly operating income, which was partially offset by the increase in financial expenses in 1Q22 due to higher interest rates and changes in foreign exchange rates.

Portobello Grupo

R\$ Million	2Q21	2Q22	▲ %	▲ Abs	1H21	1H22	▲ %	▲ Abs
EBITDA	82.6	110.8	34.2%	28.2	163.4	229.4	40.4%	66.0
(-) Financial expenses	(24.5)	(9.7)	-60.4%	14.8	(36.0)	(51.1)	41.8%	(15.1)
(-) Depreciation and Amortization	(15.9)	(21.3)	34.3%	(5.4)	(31.5)	(41.8)	32.8%	(10.3)
(-) Income Taxes	(1.9)	(25.9)	1240.4%	(24.0)	(15.2)	(45.1)	196.5%	(29.9)
Net income	40.3	53.8	33.7%	13.6	80.7	91.4	13.3%	10.7
Net margin	8.7%	9.3%	0.6 p.p.		9.2%	8.3%	-0.9 p.p.	
Non-Recurring Events	-	(1.4)			-	(7.9)		
(1) DIFAL unconstitutionality reversal	-	-			-	(7.1)		
(2) Selic on income tax/social contribution bases	-	(0.5)			-	(0.5)		
(3) Recognition and Restatements of Lawsuits	-	(1.1)			-	(1.8)		
(4) Recognition and Restatements of Lawsuits Legal – Other revenues/expenses	-	0.2			-	(1.2)		
(5) Recognition and Restatements of Lawsuits IR (Income Tax)/CSLL (Social Contribution on Net Income)	-	-			-	2.6		
Adjusted and Recurring Net Income	40.3	52.4	30.2%	12.2	80.7	83.5	3.5%	2.8
Adjusted and Recurring Net Margin	8.7%	9.1%	0.4 p.p.		9.2%	7.6%	-1.6 p.p.	

In 1H22, Net Income was positively impacted by the non-recurring effect related to the tax gain related to the reversal of the DIFAL – Tax Rate Difference, which was considered unconstitutional, in the amount of R\$ 7.1 million, R\$ 1.8 million referring to the update of lawsuits for legal assets of credit bills, and R\$ 0.7 million referring to the financial update of the Excise Tax - IPI premium credit, partially offset by the levy of R\$ 2.6 million referring to Income Tax - IR/Social Contribution on Net Income - CSLL.

Cash Flow

The Company closed out 2Q22 with a cash position of R\$ 191 million, a R\$ 16.4 million increase vs. 2Q21. The increase in the level of cash reflects the consistent improvement in the Company's financial performance. In 1H22, an amount of R\$ 35.4 million was raised, which positively impacted the line of operating activities, referring to: (i) rural credit bills, in the amount of R\$ 20.3 million; (ii) redemption of deposits pledged in guarantee in the amount of R\$ 15.2 million.

R\$ Million	2Q21	2Q22	▲ Abs	1H21	1H22	▲ Abs
Activities						
Operating	78.2	39.5	(38.7)	119.2	123.9	(4.7)
Investment	(38.8)	(58.4)	(19.6)	(55.7)	(73.9)	(18.2)
Financing	(108.1)	(14.7)	93.4	(215.6)	(49.1)	166.5
Changes in Cash	(68.7)	(33.6)	35.1	(152.1)	0.9	153.0
Opening Balance	242.9	224.2	(18.7)	326.3	189.7	(136.6)
Closing Balance	174.2	190.5	16.4	174.2	190.6	16.4

The Company's operating activities totaled R\$ 39.5 million in 2Q22, driven by the generation of EBITDA, albeit impacted by the change in working capital, mainly the increase in inventory levels.

The Company's investment activities amounted to R\$ 58.4 million in 2Q22, earmarked mainly for the expansion of the company's chain of stores; the CapEx of the Tijucas-SC plant, with the refurbishment of the industrial complex to produce higher-value and larger-sized products; Portobello América, with investments in the new factory; and the Marechal Deodoro-AL plant, for refurbishing and revitalizing the factory.

Portobello Grupo

Additionally, in 1Q22, there was a positive impact in the amount of US\$ 11.8 million (R\$ 55.8 million) in investment activities as a result of the recognition of the sale of assets, specifically the land in Tennessee for the amount of R\$ 18.1 million, and the reimbursement made by Oak Street for investments made in the construction of the new factory in the amount of R\$ 37.6 million in the BtS operation closed in March 2022.

Financing activities resulted in an effect of R\$ 14.7 million in 2Q22, largely due to the payment of loans and financing, which totaled R\$ 18.7 million, partially offset by proceeds raised, in the amount of R\$ 12.6 million. Complementary Dividends in the amount of R\$ 3.5 million referring to the 2021 result were also paid in the period.

Working Capital

The Company's Working Capital in 2Q22 was R\$ 335 million, an increase of R\$ 47.9 million or 16.6% compared to 1Q22. The Cash Conversion Cycle in 2Q22 was 43 days, an increase of 1 day compared to 1Q22, highlighting the fact that the Company was able to maintain the term of the receivables portfolio at the lowest historical level ever reached by the Company. Compared to 2Q21, the change in Working Capital was R\$ 111 million, and the change in Cash Conversion Cycle was 16 days. A major part of this change was due to the increase in inventory levels, mainly at Pointer, as a result of the slowdown in the civil construction market in the North and Northeast regions of Brazil, and at Portobello América, as a result of a strategic decision aimed at improving service level and customer service on the US market. This result was partially offset by the increase in supplier terms and the improvement in the receivables portfolio.

	2Q21	2Q22	▲ %	▲ Abs	1Q22	▲ %	▲ Abs	
In R\$ million	Accounts receivable	288.5	336.9	16.8%	48.4	288.2	16.9%	48.7
	Inventories	224.9	370.1	64.6%	145.2	325.8	13.6%	44.3
	Suppliers	289.5	371.6	28.4%	82.1	326.5	13.8%	45.1
	Working Capital	223.9	335.4	49.8%	111.5	287.5	16.6%	47.9
In days	Accounts receivable	48	43	-10.4%	(5)	43	0.0%	-
	Inventories	80	108	35.0%	28	101	6.9%	7
	Suppliers	101	108	6.9%	7	102	5.9%	6
	Cash Conversion Cycle (CCC)	27	43	59.3%	16	42	2.4%	1

Investments

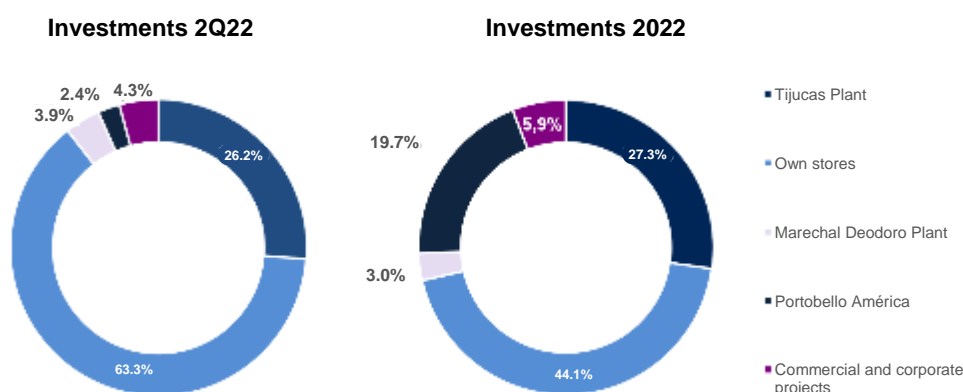
Investments in 2Q22 totaled R\$ 99.3 million, and 63.3% were allocated to investments in own stores, 26.2% were allocated to the Tijucas-SC plant, 2.4% were allocated to Portobello América and the remainder to commercial and corporate projects and to the industrial plant in Marechal Deodoro-AL.

The investments made in company-owned stores in 2Q22 were largely related to the acquisition of Pacaembu and Gabriel stores, announced by the Company in March of this year.

In 1H22, investments totaled R\$ 146 million, of which 44.1% was allocated to company-owned stores, 27.3% to the Tijucas-SC plant, 19.7% to Portobello América, and the remainder to commercial and corporate projects and the industrial unit in Marechal Deodoro-AL.

The investments made in the Portobello América are largely related to the acquisition of machinery and equipment for phase 1 of the new factory, which should start operating in early 2023. The plant, when completed, will be one of the most modern ceramic tile and flooring plants in the United States, with state-of-the-art technology in all its facilities. The total investment of such equipment purchases will be roughly USD 40 million.

Portobello Grupo



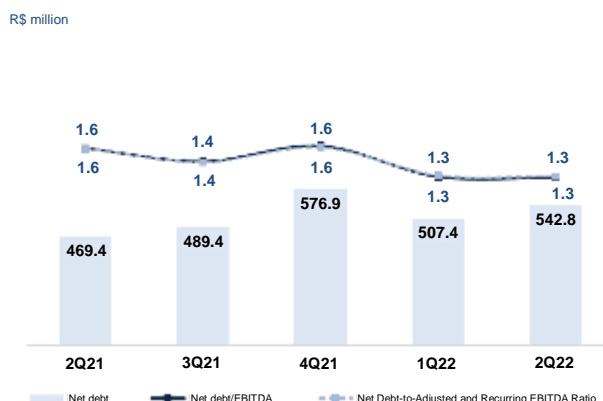
Indebtedness and Capital structure

The Company's Net Debt ended 2Q22 at R\$ 543 million, a R\$ 35.4 million increase vs. 1Q22, due to change in cash level. Compared to 2Q21, there was an increase of R\$ 73.4 million as a result of investments in working capital and CapEx. The increase in Adjusted and Recurring EBITDA in the last 12 months to R\$ 423 million, and discipline in financial management – whose focus is on the constant optimization of the Cash Conversion Cycle – resulted in the Company's maintaining financial leverage at 1.3 times Adjusted and Recurring EBITDA, the lowest indebtedness level ever reached by the Company.

R\$ million	2Q21	3Q21	4Q21	1Q22	2Q22
Gross Banking Debt ¹	643.6	822.3	766.7	731.6	733.4
Cash and Cash Equivalents	(174.2)	(332.9)	(189.7)	(224.2)	(190.6)
Net Indebtedness	469.4	489.4	576.9	507.4	542.8
EBITDA (Last 12 months)	298.1	341.2	360.9	398.7	427.1
Adjusted and Recurring EBITDA (Last 12 months)	299.4	343.7	365.4	394.9	423.1
Net Debt-to-EBITDA Ratio	1.6	1.4	1.6	1.3	1.3
Net Debt-to-Adjusted and Recurring EBITDA Ratio	1.6	1.4	1.6	1.3	1.3

¹As from 4Q21, includes lease liabilities with a call option

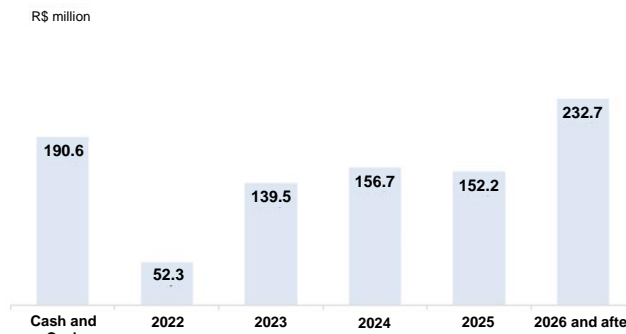
In 2Q22, R\$ 18.7 million of contracted Bank Debt were amortized. Funding totaled R\$ 12.6 million. In 1H22, R\$ 48.3 million was amortized and R\$ 14.8 million was raised.



At the end of 2Q22, all covenants related to the leverage ratio were met, which could lead to the early maturity of financing contracts and Debentures if not complied with.

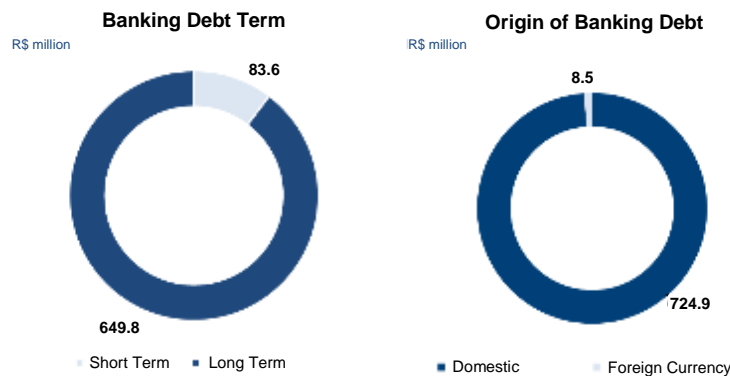
The details of the amortization schedule (Gross Banking Debt) can be found below:

Portobello Grupo



Gross Bank Debt maturing in the short term represents 11.4% of the total, an increase of 1.0 p.p. compared to 1Q22, due to the amortizations carried out in accordance with debt maturities in 2Q22. The remaining debt matures in the long term, as shown in the amortization schedule above. The Gross Banking Debt is mostly in domestic currency (98.9%). The average total cost of Bank Debt is 12.4% p.a. and the average term is 4.4 years vs. 3.6 in the 2Q21 due to the debt extension strategy starting in 2021.

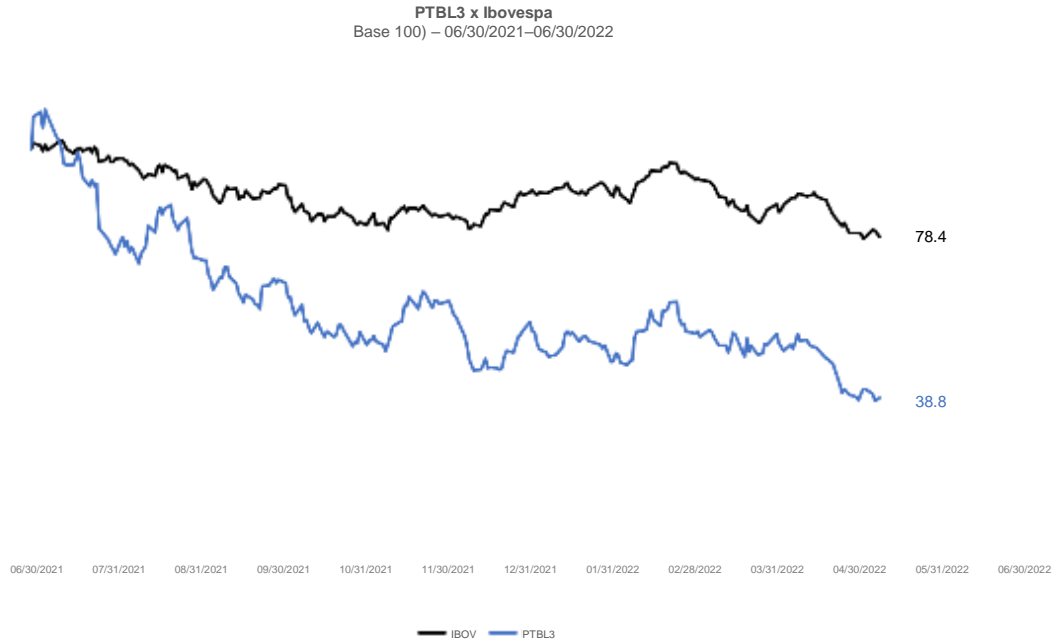
This new debt profile will provide greater flexibility for the Company to develop its strategic plan, focused on the growth of retail in Brazil and international business, mainly in the USA through Portobello América.



Portobello Grupo

PTBL3 Stock Performance

Shares traded under the PTBL3 code closed the trading session on June 30, 2022, at R\$ 6.36, presenting a devaluation of 63.6% when compared to the closing of 2Q21 (quoted at R\$ 17.47). The average daily financial volume traded (ADTV) in 2Q22 was R\$ 5.4 million. In late June 2022, the Company had a market value equivalent to R\$ 897 million.



Portobello Grupo

Independent Audit

The policy of the Company in relation to its independent auditors, with regard to the provision of services not related to the external audit of financial statements, is based on the principles that preserve professional independence. These principles are based on the assumption that the auditor should not audit their own work, perform managerial functions, or act as a lawyer for their client.

Management

Statutory Executive Board

Name	Position
Mauro do Valle Pereira	Chief Executive Officer
John Shojiro Suzuki	Vice-President and Chief Financial and Investor Relations Officer
Edson Luiz Mees Stringari	Vice-President of Legal and Compliance Matters

Board of Directors

Name	Member
César Gomes Júnior	Chairman of the Board
Cláudio Ávila da Silva	Vice Chairman
Nilton Torres de Bastos Filho	Board Member
Glauco José Côte	Independent Board Member
Geraldo Luciano Mattos Junior	Independent Board Member
Walter Roberto de Oliveira Longo	Independent Board Member
Marcos Gouvêa de Souza	Independent Board Member

Portobello Grupo

Corporate Governance

The Company made the adjustment to the requirements of the Novo Mercado regulations, in relation to inspection and control bodies, including the creation of the Audit Committee and the Compliance and Internal Audit areas, in addition to the Internal Controls area. New policies were also recently approved, aimed at improving Corporate Governance and adapting to the new requirements of the Novo Mercado regulations. These are:

- (i) Remuneration Policy;
- (ii) Policy for Nomination of Members of the Board of Directors, Committees, and Statutory Board;
- (iii) Related Party Transactions Policy;
- (iv) Risk management policy;
- (v) Review of the Policy for Disclosure of Relevant Act or Fact and Securities Trading.

All policies are available on the websites of B3, CVM, and the Company (<https://ri.portobello.com.br/>).

The main topics related to Corporate Governance at Portobello are presented below:

- Shares listed on the Novo Mercado of B3;
- Only outstanding common shares, that is, each share entitles their holders to one vote in General Shareholders' Meetings;
- Tag-Along of 100%;
- Four independent members on the Board of Directors;
- Policy on minimum mandatory dividend of 50% of adjusted net income, as provided in the Shareholders' Agreement;
- Independent Audit Committee
- Internal control area;
- Policies mentioned above.

Electronic address to communicate corporate governance related issues to senior management
dri@portobello.com.br.

Portobello Grupo

Financial Statements

Balance Sheet

Assets	2Q21	AV %	2Q22	AV %	Var%
Current assets	851.7	43.1%	1,026.5	46.2%	20.5%
Cash and Cash Equivalents	174.2	8.8%	190.6	8.6%	9.4%
Accounts receivable	343.4	17.4%	412.9	18.6%	20.2%
Inventories	225.0	11.4%	370.1	16.7%	64.5%
Other	109.1	5.5%	52.9	2.4%	-51.5%
Non-current assets	1,123.4	56.9%	1,193.4	53.8%	6.2%
Long-term assets	455.5	23.1%	414.6	18.7%	-9.0%
Judicial deposits	166.8	8.4%	106.4	4.8%	-36.2%
Judicial assets	119.7	6.1%	139.0	6.3%	16.1%
Guarantee deposit	87.1	4.4%	77.3	3.5%	-11.3%
Receivables - Eletrobrás	12.8	0.6%	12.8	0.6%	0.0%
Restricted interest earning bank deposits	8.2	0.4%	14.4	0.6%	75.1%
Recoverable taxes and deferred tax	33.8	1.7%	15.2	0.7%	-54.9%
Other non-current assets	27.0	1.4%	49.5	2.2%	83.2%
Fixed assets	667.9	33.8%	778.8	35.1%	16.6%
Intangible assets, property, plant and equipment and investments	587.4	29.7%	651.4	29.3%	10.9%
Lease assets	80.2	4.1%	127.0	5.7%	58.4%
Other investments	0.3	0.0%	0.3	0.0%	0.0%
Total Assets	1,975.1	100.0%	2,219.9	100.0%	12.4%
Liabilities	2Q21	AV %	2Q22	AV %	Var%
Current liabilities	758.0	38.4%	788.6	35.5%	4.0%
Loans/Debentures	223.9	11.3%	82.0	3.7%	-63.4%
Suppliers and Credit Granting	316.9	16.0%	439.6	19.8%	38.7%
Lease obligations	17.1	0.9%	18.5	0.8%	8.1%
Tax liabilities	33.2	1.7%	44.8	2.0%	35.1%
Social and labor charges	67.0	3.4%	79.9	3.6%	19.3%
Advance from clients	54.9	2.8%	76.0	3.4%	38.4%
Other	45.0	2.3%	47.7	2.1%	6.0%
Non-current liabilities	814.1	41.2%	978.0	44.1%	20.1%
Loans/Debentures	419.7	21.2%	649.0	29.2%	54.6%
Suppliers	176.1	8.9%	102.9	4.6%	-41.6%
Related party debts	56.4	2.9%	56.3	2.5%	-0.1%
Provisions	66.7	3.4%	91.5	4.1%	37.1%
Lease obligations	65.7	3.3%	42.1	1.9%	-36.0%
Other	29.5	1.5%	36.2	1.6%	22.9%
Shareholders' equity	403.0	20.4%	453.3	20.4%	12.5%
Capital	250.0	12.7%	250.0	11.3%	0.0%
Treasury Shares	(1.0)	-0.1%	-	0.0%	-100.0%
Profit reserves	237.3	12.0%	237.2	10.7%	0.0%
Other comprehensive income	(83.3)	-4.2%	(33.9)	-1.5%	-59.3%
Total liabilities	1,975.1	100.0%	2,219.9	100.0%	12.4%

Portobello Grupo

Statement of income

R\$ million	2Q21	2Q22	1H21	1H22
Net sales revenue	461.4	577.5	877.8	1,102.4
Gross operating profit	190.4	252.6	368.9	491.0
Net operating revenues (expenses)	(123.9)	(163.1)	(237.1)	(303.4)
Selling	(101.5)	(129.5)	(193.2)	(248.4)
General and Administrative	(15.7)	(24.1)	(29.2)	(42.4)
Other operating revenues (expenses), net	(6.7)	(9.5)	(14.7)	(12.5)
Operating profit (loss) before financial income (loss)	66.5	89.5	131.8	187.6
Financial Income (Loss)	(24.4)	(9.7)	(35.9)	(51.1)
Financial revenues	1.9	5.7	5.0	10.0
Financial expenses	(22.7)	(30.2)	(38.1)	(56.8)
Net exchange rate change	(3.6)	14.8	(2.8)	(4.2)
Income (loss) before income taxes	42.1	79.8	95.9	136.5
Income tax and social contribution	(1.9)	(25.9)	(15.3)	(45.1)
Net income (loss) for the period	40.2	53.8	80.6	91.5

Cash Flow

R\$ million	2Q21	2Q22	1H21	1H22
Net cash from operating activities	78.2	39.5	119.2	123.9
Cash generated in operations	55.2	97.9	150.5	198.5
Changes in assets and liabilities	48.8	(30.9)	9.6	(7.7)
Interest paid and income taxes paid	(25.8)	(27.5)	(40.9)	(66.9)
Net cash from investment activities	(38.8)	(58.4)	(55.7)	(73.9)
Acquisition of property, plant and equipment	(35.2)	(35.3)	(48.2)	(78.2)
Acquisition of intangible assets	(3.6)	(3.9)	(7.5)	(7.6)
Acquisition of lease assets	-	(60.2)	-	(60.2)
Receipts for the sale and reimbursement of property, plant and equipment	-	-	-	55.8
Other - Investments	-	41.1	-	16.3
Net cash from financing activities	(108.1)	(14.7)	(215.6)	(49.1)
Funding of loans and financing	40.0	12.6	56.9	14.8
Payment of loans and financing	(98.6)	(18.7)	(140.0)	(48.3)
Dividends paid	(43.5)	(3.5)	(60.7)	(3.6)
Lease Amortization	(5.2)	(5.1)	(8.5)	(12.0)
Treasury acquisitions	(0.8)	-	(63.3)	-
Increase/(Decrease) in Cash for the period/year	(68.7)	(33.6)	(152.1)	0.9
Opening Balance	242.9	224.2	326.3	189.7
Closing Balance	174.2	190.6	174.2	190.6

Please visit the Investor Relations website:

<https://ri.portobello.com.br/>

(A free translation of the original in Portuguese)

PBG S.A. and subsidiaries

Notes to the Interim Financial Information for the quarter ended June 30, 2022
All amounts in thousands of reais, unless otherwise stated.

1 General information

PBG S.A., hereinafter referred to as “Company” or “Parent Company”, is a publicly-held company and its shares are traded on the Novo Mercado segment of B3 S.A. - Brasil, Bolsa, Balcão (“B3”), under ticker symbol PTBL3. The Company is controlled by a group of shareholders, formalized in the agreement entered into on April 15, 2011, and amended on August 5, 2021, which holds 60.93% of the Company’s shares at June 30, 2022. The remaining balance of 39.07% refers to outstanding shares (free float).

The Company, with registered head office in the city of Tijucas, State of Santa Catarina, and its direct and indirect subsidiaries, individually or in the aggregate, are primarily engaged in the manufacture and sale of ceramic and porcelain products in general, such as floor tiles, enameled and non-enameled porcelain tiles, decorated and special pieces, mosaics, products intended for inner wall and external facade coatings, as well as in the provision of supplementary services involving the application of its products in the construction material industry in Brazil and overseas. The Company has a plant in Tijucas city in Santa Catarina State and another in Marechal Deodoro city in Alagoas State, in addition to the distribution centers.

The Company also holds equity interest in the following subsidiaries: (i) Portobello Shop, which manages the Portobello Shop franchising network, specialized in porcelain tiles and ceramic coatings; (ii) PBTech, which manages the Portobello Shop own stores and currently manages 22 stores; (iii) Mineração Portobello, which supplies part of the raw materials used in the manufacture of ceramic coatings; (iv) Companhia Brasileira de Cerâmica, which as of the 2nd quarter of 2018 operates the special cuts factory in the Southeast; and (v) Portobello América, which distributes Portobello products in the U.S. market and started to build a plant in the USA through its subsidiary Portobello America Manufacturing LLC, which is expected to be concluded in April 2023.

2. Presentation of interim financial information

a) Statement of compliance

The interim financial information has been prepared in accordance with IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) and CPC 21 (R1) – Interim Financial Reporting and presented according to the standards issued and approved by the Securities and Exchange Commission of Brazil (CVM), applicable to the preparation of Quarterly Financial Information - ITR.

This interim financial information contains selected explanatory notes on significant events and transactions, which allow the understanding of the changes occurred in the Company’s financial position and performance since its last Parent Company and Consolidated annual financial statements.

Therefore, this interim financial information should be read in conjunction with the Company’s financial statements for the year ended December 31, 2021, which have been prepared and presented in accordance with the International Financial Reporting Standards - IFRS issued by the International Accounting Standards Board - IASB, and also in accordance with the accounting practices adopted in Brazil (BR GAAP), which include those included in Brazilian corporate law and the standards, guidelines and interpretations issued by the Brazilian Accounting Pronouncements Committee (CPC) and approved by the Brazilian Securities and Exchange Commission (CVM). All significant information in the interim financial information, and only this information, is being disclosed and corresponds to that

PBG S.A. and subsidiaries

Notes to the Interim Financial Information for the quarter ended June 30, 2022
All amounts in thousands of reais, unless otherwise stated.

used by Management in its activities. This interim financial information was approved and authorized for issue by the Board of Directors on August 5, 2022.

The presentation of the Parent Company and Consolidated statements of value added (DVA) is required by the Brazilian corporate legislation and the accounting practices adopted in Brazil applicable to listed companies. The DVA was prepared in accordance with the criteria defined in Technical Pronouncement CPC 09 - "Statement of Value Added". IFRS does not require the presentation of this statement. Therefore, under IFRS, this statement is presented as supplementary information, and not part of the set of interim financial information.

b) Use of judgment and estimates

In preparing this interim financial information, the Company has made judgments and estimates that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgments made by Management during the application of the Company's accounting policies and the information on the uncertainties related to the assumptions and estimates that have significant risk of resulting in a material adjustment are the same as those disclosed in the last Parent Company and Consolidated annual financial statements.

3. Significant accounting policies

The significant accounting policies applied in the preparation of these Parent Company and Consolidated financial statements are as follows. These policies have been consistently applied in the years presented, unless otherwise stated. The accounting practices adopted by the Company and its subsidiaries in the preparation of the quarterly information for the quarter ended June 30, 2022 are consistent with those used in the preparation of the last annual financial statements at December 31, 2021, and are disclosed in Note 3 to those financial statements.

This quarterly information should be read together with those annual financial statements disclosed on March 16, 2022. The quarterly information for the quarter and six-month period ended June 30, 2022 includes all information significant for the understanding of the Company's financial position and performance during the period.

3.1 Consolidations

3.1.1 Consolidated interim financial information

a) Subsidiaries

Subsidiaries are all entities over which the Company has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights (voting capital). The existence and effect of possible voting rights that are currently exercised or convertible are considered when assessing whether the Company controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases.

PBG S.A. and subsidiaries

Notes to the Interim Financial Information for the quarter ended June 30, 2022
All amounts in thousands of reais, unless otherwise stated.

The Company's ownership interest in subsidiaries at June 30, 2022 is as follows:

	Country of incorporation	Direct ownership	Indirect ownership
Portobello América Inc.	United States	100.00%	0.00%
Portobello America Manufacturing	United States	0.00%	100.00%
PBTech Ltda.	Brazil	99.94%	0.06%
Portobello Shop S/A	Brazil	99.90%	0.00%
Mineração Portobello Ltda.	Brazil	99.99%	0.00%
Companhia Brasileira de Cerâmica S/A	Brazil	98.85%	1.15%

Transactions between the Company and its subsidiaries, as well as unrealized balances, gains and losses, have been eliminated on consolidation.

The accounting policies of subsidiaries are altered, where necessary, to ensure consistency with the policies adopted by the Company.

b) Transactions and non-controlling interests

The Company and its subsidiaries treat transactions with non-controlling interests in the same way as transactions with owners of assets classified as related parties. For purchases from non-controlling interests, the difference between any consideration paid and the proportion of the carrying amount of the net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interest are also recognized in equity.

3.1.2 Parent company interim financial information

In the Parent Company interim financial information, subsidiaries are accounted for under the equity method. In accordance with this method, an investment is initially recognized at cost and subsequently adjusted to recognize the interest of the Company in changes in the investee's net assets. Adjustments to the investment's carrying amount are also necessary to recognize the Company's proportionate interest in changes in the investee's carrying value adjustments, recorded directly in equity. These changes are also recognized directly in the Parent Company's equity as carrying value adjustments.

Under the equity method of accounting, the Company's share of dividends declared by subsidiaries is recognized as dividends receivable, in current assets. Accordingly, the investment is stated net of dividends proposed by the subsidiary. Accordingly there is no recognition of income from dividends.

3.2 Segment reporting

Information on business segments is presented in a manner consistent with the internal reporting provided by the Executive Board, which is responsible for assessing the performance of the business segments and the making of strategic decisions of the Company and its subsidiaries.

3.3 Functional currency and foreign currency translation

a) Transactions and balances

Foreign currency transactions are translated into Brazilian reais using the exchange rates prevailing at the dates of the transactions, or the dates of valuation when items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currency are recognized in profit or loss as finance income (costs), as presented in Note 34, except when deferred in equity as qualifying cash flow hedge transactions.

b) Foreign subsidiaries

The assets and liabilities recorded in foreign currency (US Dollars and Euro) recorded for the subsidiary located abroad were translated into Brazilian reais at the foreign exchange rate in effect at the balance sheet date and operations' profit or loss were translated at the monthly average foreign exchange rates. The exchange variation on the foreign investment was recorded as a cumulative translation adjustment in equity under "Carrying value adjustments".

3.4 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of products and services in the ordinary course of the Company's and its subsidiaries' activities and is presented net of taxes, returns, rebates and discounts, as well as the eliminations of sales between the Company and its subsidiaries.

Sales revenue is recognized when control is transferred, i.e., at the time of physical delivery of the goods or services and transfer of ownership. After delivery, customers assume the significant risks and rewards of ownership of the goods (they have the power to decide on the distribution method and selling price, responsibility for resale, and assume the risks of obsolescence and loss with respect to the goods). At this point a receivable is recognized because that is when the right to consideration becomes unconditional.

a) Product sales - wholesale

The Company produces and sells a variety of ceramic tiles in the wholesale market. Sales of products are recognized whenever the Company transfers the control, i.e., makes the delivery of the products to the wholesaler, who then has total freedom over the channel and resale price of the products and there is no unfulfilled obligation that could affect the acceptance of the products by the wholesaler. Delivery does not occur until: (i) the products have been shipped to the specified location; (ii) the risks of obsolescence and loss have been transferred to the wholesaler; (iii) the wholesaler has accepted the products in accordance with the sales contract; and (iv) the acceptance provisions have been agreed upon, or the Company has objective evidence that all criteria for acceptance have been met.

Ceramic tiles are eventually sold at volume discounts. Customers have the right to return defective products to the wholesale market. Sales are recorded based on the price specified in the sales contracts. Sales are made with payment terms that vary according to the type of customer (Home Centers, Builders, Franchised stores), which are not in the nature of financing and are consistent with market practice; therefore, these sales are not discounted to present value.

PBG S.A. and subsidiaries

Notes to the Interim Financial Information for the quarter ended June 30, 2022
All amounts in thousands of reais, unless otherwise stated.

In the wholesale sales of products in large Home Centers, there is a kind of commercial discount or rebate that appeared as a special discount linked to the achievement of sales volume for a certain period of time, it is the granting of discounts always after the purchase, i.e., retroactively, equivalent to a payment made by the seller to the buyer and not a discount, per se, on the final purchase price.

b) Income from franchisees

Income from franchisees' royalties is recognized on the accrual basis in conformity with the essence of the relevant agreements applicable to subsidiaries.

c) Finance income

Interest income is recognized on the accrual basis, using the effective interest method, to the extent that it is expected to be realized.

4. Critical accounting estimates and judgments

The main judgments and uncertainties in the estimates used in the application of accounting policies remain the same as those detailed in the financial statements for the year ended December 31, 2021 and should therefore be read together.

5 Financial risk management

5.1 Financial risk factors

The activities of the Company and its subsidiaries expose them to several financial risks: market risk, credit risk and liquidity risk. The overall risk management program focuses on the unpredictability of the financial markets and aims to minimize any adverse impacts on the consolidated financial performance.

Risks are managed by the management in charge, in accordance with the policies approved by the Board of Directors. The Treasury Area and the finance vice-president identify, assess and hedge the Company and its subsidiaries against possible financial risks in cooperation with the operational units. The Board of Directors sets the overall risk management principles and the criteria for specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments, and the investment of cash surpluses.

a) Market risk

i) Foreign exchange risk

The Company operates globally and is exposed to the foreign exchange risk arising from exposures of some currencies, basically in relation to the US Dollar and Euro. The foreign exchange risk arises from future commercial transactions and recognized assets and liabilities and net investments in operations abroad.

The Company adopts the policy of maintaining the foreign exchange liability exposure at an amount equivalent to up to one year of exports.

PBG S.A. and subsidiaries

Notes to the Interim Financial Information for the quarter ended June 30, 2022

All amounts in thousands of reais, unless otherwise stated.

The balances of assets and liabilities exposed to exchange rate changes are broken down as follows:

	In thousands of Brazilian reais			
	Parent Company		Consolidated	
	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021
Trade receivables	79,636	60,407	151,877	123,330
Checking account	42	4,516	46,467	21,717
Receivables from subsidiaries	134,775	111,796	-	-
Exposed assets	214,453	176,719	198,344	145,047
Suppliers	(16,798)	(16,717)	(38,377)	(34,111)
Suppliers of property, plant and equipment and intangible assets	(27,997)	(23,980)	(27,997)	(41,590)
Borrowings	(8,202)	(21,280)	(8,202)	(21,280)
(-) Swap transaction	-	3,790	-	3,790
Exposed liabilities	(52,997)	(58,187)	(74,576)	(93,191)
Net exposure	161,456	118,532	123,768	51,856

The foreign exchange exposure is divided into:

1. Euro:

	In Euro			
	Parent Company		Consolidated	
	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021
Trade receivables	322	264	322	264
Suppliers	(1,669)	(1,419)	(1,669)	(1,419)
Suppliers of property, plant and equipment and intangible assets	(5,105)	(3,795)	(5,105)	(3,795)
	(6,452)	(4,949)	(6,452)	(4,949)

2. US Dollar:

	In thousands of US Dollars			
	Parent Company		Consolidated	
	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021
Trade receivables	14,866	8,020	28,658	11,344
Checking account	8	288	8,871	4,215
Receivables from subsidiaries	25,730	8,718	-	-
Suppliers	(1,460)	(1,730)	(5,579)	(6,062)
Borrowings	(1,566)	(9,453)	(1,566)	(9,453)
(-) Swap transactions	-	2,717	-	2,717
	37,578	8,560	30,384	2,761

PBG S.A. and subsidiaries

Notes to the Interim Financial Information for the quarter ended June 30, 2022
All amounts in thousands of reais, unless otherwise stated.

ii) Cash flow or fair value risk associated with interest rate

The interest rate risk arises from long-term borrowings obtained at floating rates that expose the Company and its subsidiaries to the interest rate and cash flow risks, as described in note 22. Borrowings that bear fixed interest expose the entities to the fair value risk associated with interest rate.

The Company and its subsidiaries continuously monitor market interest rates to assess whether new transactions should be entered into to hedge against interest rate fluctuations.

Short-term investments are made in CDBs with a small portion in investment funds, as stated in Note 6 and 5.3.

b) Credit risk

The Company and its subsidiaries hold strict controls over the granting of credits to their customers and adjust those credit limits whenever material changes in the perceived risk level are identified.

c) Liquidity risk

Refers to the risk that the Company and its subsidiaries may not have sufficient funds available to honor their financial commitments as a result of mismatching of terms or volumes between expected amounts collectible and payable.

To manage cash liquidity both in domestic and foreign currencies, future disbursement and cash inflow assumptions are established and monitored on a daily basis by the Treasury Area and the finance vice-president.

The table below presents Parent Company and Consolidated non-derivative financial liabilities, by maturity ranges, corresponding to the remaining period in the balance sheet through the contractual maturity date. The amounts disclosed in the table are the contracted non-discounted cash flows.

	Parent Company				
	December 31, 2021				
	Borrowings and debentures	Lease liabilities	Trade payables and credit assignment	Installment payment of tax obligations	Total
Less than 1 year	98,115	8,036	322,176	11,663	439,953
From 1 to 2 years	136,218	11,049	188,167	11,590	347,024
From 2 to 5 years	431,752	4,334	1,767	9,816	447,669
Over 5 years	96,307	-	-	-	96,307
	<u>762,392</u>	<u>23,419</u>	<u>512,110</u>	<u>33,069</u>	<u>1,330,953</u>

PBG S.A. and subsidiaries

Notes to the Interim Financial Information for the quarter ended June 30, 2022

All amounts in thousands of reais, unless otherwise stated.

	Parent company				Total
	Borrowings and debentures	Lease liabilities	Trade payables and credit assignment	Installment payment of tax obligations	
	June 30, 2022				
Less than 1 year	82,046	7,793	368,738	11,951	470,171
From 1 to 2 years	188,064	6,102	98,214	12,096	304,476
From 2 to 5 years	386,632	6,201	4,692	3,831	401,713
Over 5 years	74,324	-	-	-	74,324
	<u>731,066</u>	<u>20,096</u>	<u>471,644</u>	<u>27,878</u>	<u>1,250,684</u>
	Consolidated				
	Borrowings and debentures	Lease liabilities	Trade payables and credit assignment	Installment payment of tax obligations	Total
	December 31, 2021				
Less than 1 year	98,115	19,456	365,652	11,663	494,849
From 1 to 2 years	136,218	28,016	188,167	11,663	364,064
From 2 to 5 years	431,752	15,626	1,767	9,743	458,888
Over 5 years	96,307	1,755	-	-	98,062
	<u>762,392</u>	<u>64,853</u>	<u>555,586</u>	<u>33,069</u>	<u>1,415,863</u>
	Consolidated				
	Borrowings and debentures	Lease liabilities	Trade payables and credit assignment	Installment payment of tax obligations	Total
	June 30, 2022				
Less than 1 year	82,046	18,488	434,646	11,951	546,774
From 1 to 2 years	188,064	16,797	98,214	12,096	315,171
From 2 to 5 years	386,632	24,205	4,692	3,831	419,717
Over 5 years	74,324	1,061	-	-	75,385
	<u>731,066</u>	<u>60,551</u>	<u>537,552</u>	<u>27,878</u>	<u>1,357,047</u>

d) Sensitivity analysis

i) Sensitivity analysis of interest rate variations

The Company's Management conducted a study of the potential impact of interest rates changes on the amounts of finance costs and income arising from borrowings, debentures, tax installments and short-term investments, which are affected by changes in interest rates, such as the CDI and Selic rates.

This study is based on the likely scenario of an increase in the CDI rate to 13.64% per year, based on the future interest curve by B3 S.A. - Brasil, Bolsa e Balcão and Selic to 13.64% per year. The probable rate was then stressed by 25% and 50% and used as benchmark for the possible and remote scenarios, respectively.

PBG S.A. and subsidiaries

Notes to the Interim Financial Information for the quarter ended June 30, 2022

All amounts in thousands of reais, unless otherwise stated.

The scenarios below were estimated for a one-year period:

	Consolidated in Reais							
	June 30, 2022	Risk	Probable Rate		Possible (25%)*		Remote (50%)*	
			%	R\$	%	R\$	%	R\$
Financial investments	138,604	CDI increase	13.64%	18,906	17.05%	23,632	20.46%	28,358
Borrowings	(134,720)	CDI increase	13.64%	(18,376)	17.05%	(22,970)	20.46%	(27,564)
Debentures	(309,729)	CDI increase	13.64%	(42,247)	17.05%	(52,809)	20.46%	(63,371)
Installment payment of tax obligations	(27,878)	Selic increase	13.64%	(3,803)	17.05%	(4,753)	20.46%	(5,704)
	(333,723)			(45,520)		(56,900)		(68,280)

* Selic and CDI rates obtained from the B3 (Brasil, Bolsa e Balcão) website on July 20, 2022.

ii) Sensitivity analysis of changes in exchange rates

The Company has assets and liabilities pegged to a foreign currency in the balance sheet at June 30, 2022, and for sensitivity analysis purposes, it has adopted as probable scenario the future market rate effective in the period of preparation of these interim financial information. The probable rate was then stressed by 25%, 50%, -25% and -50%, used as benchmark for the possible and remote scenarios, respectively.

Accordingly, the table below simulates the effects of foreign exchange differences on future profit or loss:

	Consolidated						
	June 30, 2022		Probable scenario	Currency appreciation		Currency depreciation	
	(Payable)	Receivable		Possible +25%	Remote +50%	Possible -25%	Remote -50%
	US Dollar	Reais	5.5469	6.9337	8.3204	4.1602	2.7735
Trade receivables	28,658	150,108	8,856	48,597	88,338	(30,885)	(70,626)
Checking account	8,871	46,466	2,741	15,042	27,344	(9,561)	(21,863)
Suppliers of property, plant and equipment and intangible assets	-	(2)	2	2	2	2	2
Suppliers	(5,579)	(29,227)	(1,719)	(9,456)	(17,192)	6,017	13,754
Borrowings	(1,566)	(8,203)	(483)	(2,655)	(4,827)	1,688	3,860
Net exposure	30,384	159,142	9,396	51,530	93,665	(32,740)	(74,872)
	Euro	Reais	5.6692	7.0865	8.5038	4.2519	2.8346
Trade receivables	322	1,766	59	516	972	(397)	(853)
Suppliers	(1,669)	(9,153)	(309)	(2,674)	(5,040)	2,057	4,422
Suppliers of property, plant and equipment and intangible assets	(5,105)	(27,997)	(944)	(8,180)	(15,415)	6,291	13,526
Net exposure	(6,452)	(35,384)	(1,194)	(10,338)	(19,482)	7,952	17,096

*Possible and remote scenarios calculated based on the probable future rate of the Euro and the US Dollar for 90 days, obtained from the B3 (Brasil, Bolsa e Balcão) website on July 20, 2022.

PBG S.A. and subsidiaries

Notes to the Interim Financial Information for the quarter ended June 30, 2022

All amounts in thousands of reais, unless otherwise stated.

5.2 Capital management

Management's objectives when managing capital are to safeguard its ability and that of its subsidiaries to continue as going concerns in order to provide returns for stockholders and benefits for other stakeholders and to obtain lower borrowing costs when combining own and third-party capital.

Capital is monitored based on the gearing ratio. Net debt is calculated as total borrowings and debentures, lease liability with purchase option less cash and cash equivalents.

At June 30, 2022, the gearing are summarized as follows:

	Parent company		Consolidated	
	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021
Gross Banking Debt	733,395	766,664	733,397	766,664
Cash and cash equivalents	(91,906)	(125,516)	(190,606)	(189,718)
Net indebtedness	641,489	641,148	542,791	576,946
Total equity	453,307	356,136	453,343	356,157
Total Company and third-party capital	1,094,796	997,284	996,134	933,103
Net debt/ EBITDA	1.64	2.01	1.39	1.60
Gearing ratio (%)	59	64	54	62

* Our Covenants are calculated according to the net debt ratio divided by Ebitda (see note 22).

PBG S.A. and subsidiaries

Notes to the Interim Financial Information for the quarter ended June 30, 2022

All amounts in thousands of reais, unless otherwise stated.

5.3 Financial instruments by category

	Parent company		Consolidated	
	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021
Assets stated at fair value through profit or loss and other comprehensive income				
Hedge accounting derivatives	20,860	2,624	20,860	2,624
Financial derivatives - Swaps	-	3,790	-	3,790
Liabilities at amortized cost				
Cash and cash equivalents	91,906	125,516	190,606	189,718
Trade receivables	311,413	296,195	412,889	375,624
Receivables from subsidiaries	149,361	119,130	-	-
Judicial deposits	106,311	185,332	106,362	185,382
Restricted investments	14,359	13,679	14,359	13,679
Other assets	21,945	19,372	25,036	21,140
	<u>716,155</u>	<u>765,638</u>	<u>770,112</u>	<u>791,957</u>
Liabilities at amortized cost				
Trade payables and assignment	471,644	512,073	457,667	555,549
Borrowings and debentures	731,066	762,392	728,939	762,392
Dividends payable	979	970	4,458	1,043
Lease liabilities	20,096	23,419	58,517	64,853
Payables to Related Parties	70,499	56,330	62,414	56,363
Other liabilities	22,426	18,454	48,615	51,928
	<u>1,316,710</u>	<u>1,373,638</u>	<u>1,360,610</u>	<u>1,492,128</u>

The Company's financial investment is linked to a long-term investment fund and is pegged to a reciprocity clause in the loan agreement with Banco do Nordeste in the amount of R\$ 14,359 at June 30, 2022 (R\$ 13,679 at December 31, 2021). This financial investment is classified in non-current assets.

6. Cash and cash equivalents

Short-term investments designated as cash equivalents are mostly CDB investments, the profitability of the financial investments on the balance sheet date is between 70% and 102.00% of the Interbank Deposit Certificate (CDI) rate and have immediate liquidity, and can be redeemed at any time, without penalties.

	Parent company		Consolidated	
	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021
Checking accounts	3,720	91,370	44,239	112,861
Local currency	3,678	86,854	5,535	100,860
Foreign currency	42	4,516	38,704	12,001
Financial investments	88,186	34,146	146,367	76,857
Local currency	88,186	34,146	138,604	67,141
Foreign currency	-	-	7,763	9,716
	<u>91,906</u>	<u>125,516</u>	<u>190,606</u>	<u>189,718</u>

PBG S.A. and subsidiaries

Notes to the Interim Financial Information for the quarter ended June 30, 2022
All amounts in thousands of reais, unless otherwise stated.

7. Financial instruments

Derivatives for trading are classified as current and non-current assets or liabilities. The total fair value of a derivative is classified as non-current assets or non-current liabilities if the remaining period for the maturity of the hedged item is over 12 months, and for current assets or current liabilities if the remaining period for the maturity of the hedged item is below 12 months.

a) Non-Deliverable Forward (NDF)

The Company has open NDF contracts with Banco do Brasil, with a total notional amount of US\$ 27,747, under the following conditions:

Maturity	Quotation set	Notional value (in US Dollar)	(Fair value MTM) (NE 29.4)		Operating income or loss (Note 31)		Finance income (costs)	
			06/30/2022	12/31/2021	06/30/2022	12/31/2021	06/30/2022	12/31/2021
Transactions settled/realized on 06/30/2022								
07/30/2021	5.0153 R\$/US\$	6,000	-	-	-	(317)	-	-
08/31/2021	5.0260 R\$/US\$	5,900	-	-	-	(998)	-	-
09/30/2021	5.0404 R\$/US\$	6,100	-	-	-	(2,299)	-	-
10/29/2021	5.0530 R\$/US\$	3,800	-	-	-	(2,126)	-	-
10/29/2021	5.2920 R\$/US\$	2,400	-	-	-	(769)	-	-
11/30/2021	5.0733 R\$/US\$	3,800	-	-	-	(2,046)	-	-
11/30/2021	5.3020 R\$/US\$	2,400	-	-	-	(744)	-	-
12/31/2021	5.0824 R\$/US\$	3,300	-	-	-	(1,644)	-	-
12/31/2021	5.3220 R\$/US\$	2,200	-	-	-	(499)	-	(68)
01/31/2022	5.6190 R\$/US\$	3,594	-	-	804	-	-	-
02/25/2022	5.6420 R\$/US\$	3,706	-	-	1,944	-	-	-
03/31/2022	5.6913 R\$/US\$	3,879	-	-	3,652	-	-	-
04/29/2022	5.7230 R\$/US\$	4,060	-	-	2,891	-	-	-
05/31/2022	5.7599 R\$/US\$	4,165	-	-	4,324	-	-	-
06/30/2022	5.7965 R\$/US\$	4,229	-	-	2,409	-	-	-
Total		23,633	-	-	16,024	(11,442)	-	(68)
Transactions to be settled/realized								
07/29/2022	6.0183 R\$/US\$	4,375	3,322	-	-	-	-	-
08/31/2022	6.0808 R\$/US\$	4,482	3,238	-	-	-	-	-
09/30/2022	6.1359 R\$/US\$	4,586	3,407	-	-	-	-	-
10/31/2022	6.1850 R\$/US\$	4,775	3,587	-	-	-	-	-
11/30/2022	6.2329 R\$/US\$	4,842	3,678	-	-	-	-	-
12/30/2022	6.2887 R\$/US\$	4,687	3,628	-	-	-	-	-
Total		27,747	20,860	-	-	-	-	-

These contracts were classified as cash flow hedges and were entered into to hedge the operating margin as regards sales in US Dollar, and are recorded under the hedge accounting methodology.

At June 30, 2022, there was an unrealized gain (fair value - mark-to-market at the curve of the US Dollar of B3) of R\$ 20,860 without considering income tax and social contribution, recorded in other comprehensive income and current assets (Note 29.4), for contracts falling due on that date. This amount is shown in the Statement of changes in equity and in the Statement of comprehensive income. There were also accumulated realized gains of R\$ 16,024 in the operating result (Note 31).

PBG S.A. and subsidiaries

Notes to the Interim Financial Information for the quarter ended June 30, 2022

All amounts in thousands of reais, unless otherwise stated.

8. Trade receivables

	Parent company		Consolidated	
	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021
Receivables from third parties				
Domestic market	233,707	239,247	263,757	258,018
Foreign market	79,636	60,407	151,877	123,330
	<u>313,343</u>	<u>299,654</u>	<u>415,634</u>	<u>381,348</u>
Receivables from related parties				
Entities related to management	889	757	1,615	757
	<u>889</u>	<u>757</u>	<u>1,615</u>	<u>757</u>
Total short-term trade receivables	<u>314,232</u>	<u>300,411</u>	<u>417,249</u>	<u>382,105</u>
Total non-current long-term trade receivable in domestic market	<u>3,391</u>	<u>3,391</u>	<u>3,391</u>	<u>3,391</u>
Total trade receivables	<u>317,623</u>	<u>303,802</u>	<u>420,640</u>	<u>385,496</u>
Impairment of trade receivables				
Provision for impairment of trade receivables - short term	(2,819)	(4,216)	(4,360)	(6,481)
Provision for impairment of trade receivables - long current	(3,391)	(3,391)	(3,391)	(3,391)
	<u>(6,210)</u>	<u>(7,607)</u>	<u>(7,751)</u>	<u>(9,872)</u>
Total trade receivables, net of provision for impairment of trade receivables	<u>311,413</u>	<u>296,195</u>	<u>412,889</u>	<u>375,624</u>

a) Aging list of trade receivables

	Parent Company					
	June 30, 2022	Estimated losses	Coverage %	December 31, 2021	Estimated losses	Coverage %
Falling due	308,895	(1,188)	0.4%	295,689	(2,225)	0.8%
Past due until 30 days	2,311	(23)	1.0%	1,763	(103)	5.8%
Past due from 31 to 60 days	502	(25)	5.0%	418	(46)	11.0%
Past due from 61 to 90 days	354	(35)	9.9%	279	(32)	11.5%
Past due from 91 to 120 days	383	(96)	25.1%	273	(62)	22.7%
Past due from 121 to 180 days	670	(335)	50.0%	457	(216)	47.3%
Past due from 181 to 360 days	1,117	(1,117)	100.0%	1,532	(1,532)	100.0%
Past due over 361 days	3,391	(3,391)	100.0%	3,391	(3,391)	100.0%
	<u>317,623</u>	<u>(6,210)</u>		<u>303,802</u>	<u>(7,607)</u>	
	Consolidated					
	June 30, 2022	Estimated losses	Coverage %	December 31, 2021	Estimated losses	Coverage %
Falling due	401,189	(1,259)	0.3%	365,753	(3,289)	0.9%
Past due until 30 days	6,621	(66)	1.0%	7,459	(159)	2.1%
Past due from 31 to 60 days	2,429	(121)	5.0%	3,898	(211)	5.4%
Past due from 61 to 90 days	2,268	(227)	10.0%	1,056	(107)	10.1%
Past due from 91 to 120 days	1,256	(314)	25.0%	970	(234)	24.1%
Past due from 121 to 180 days	1,626	(813)	50.0%	896	(409)	45.6%
Past due from 181 to 360 days	1,860	(1,560)	100.0%	2,073	(2,072)	100.0%
Past due over 361 days	3,391	(3,391)	100.0%	3,391	(3,391)	100.0%
	<u>420,640</u>	<u>(7,751)</u>		<u>385,496</u>	<u>(9,872)</u>	

PBG S.A. and subsidiaries

Notes to the Interim Financial Information for the quarter ended June 30, 2022
All amounts in thousands of reais, unless otherwise stated.

Management believes that the provision for impairment of trade receivables is sufficient to cover probable losses on collection of receivables considering the situation of each customer and respective collaterals offered. Its amount corresponds to the estimated risk of non-collection of past-due receivables based on the analysis of the responsible manager.

The provision for impairment of trade receivables estimated by the Company is calculated by means of a staggered portfolio realization policy, taking into consideration the credit analysis, the recovery performance of receivables up to 360 days after maturity and market information. A monthly analysis is also made on the balances falling due based on the customer portfolio, in addition to the analysis of the customer portfolio falling due in accordance with the loss experience and some specific customers. Such methodology has been supporting the estimated losses on this portfolio, in accordance with IFRS 9/CPC 48.

The recognition and write-off of the provision for impairment of trade receivables are recognized in profit or loss as selling expenses.

	Parent Company	Consolidated
Balance at December 31, 2020	(9,026)	(10,310)
Net	(6,113)	(9,536)
Reversal of provision	5,954	8,396
Write-off due to effective loss	1,578	1,578
Balance at December 31, 2021	(7,607)	(9,872)
Net	(2,312)	(6,791)
Reversal of provision	2,220	7,423
Write-off due to effective loss	1,489	1,489
Balance at June 30, 2022	(6,210)	(7,751)

The Company's receivables are pledged as collateral for some of the borrowings and financing, as described in note 22.

At June 30, 2022, the total notes receivable pledged as collateral amounts to R\$ 83,123 (R\$ 100,657 at December 31, 2021). In order to guarantee the transactions of third parties with franchisees, collateral amounts to R\$ 270 at June 30, 2022 (R\$ 478 at December 31, 2021).

9. Inventories

	Parent Company		Consolidated	
	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021
Finished products	242,166	165,656	295,788	211,876
Work in progress	14,222	10,455	14,441	10,706
Raw materials and consumables	58,250	57,720	59,172	58,576
Imports in transit	4,631	7,871	13,319	16,048
Provision for valuation of inventories at realizable value	(11,445)	(8,594)	(12,644)	(11,842)
	<u>307,824</u>	<u>233,108</u>	<u>370,076</u>	<u>285,364</u>

The Company recognizes an allowance for inventory losses taking into consideration the lower of net cost value and the recoverable amount. When no recovery is expected, the amounts credited to this line item are realized against the definitive write-off of the inventories.

	Parent company	Consolidated
Balance at December 31, 2020	(8,861)	(9,491)

PBG S.A. and subsidiaries

Notes to the Interim Financial Information for the quarter ended June 30, 2022

All amounts in thousands of reais, unless otherwise stated.

Recognition of provision	(6,166)	(9,415)
Reversal of provision due to sale or write-off	6,433	7,064
Balance at December 31, 2021	(8,594)	(11,842)
Recognition of provision	(7,044)	7,083
Reversal of provision due to sale or write-off	4,193	(7,885)
Balance at June 30, 2022	(11,445)	(12,644)

10. Taxes recoverable

The Company and its subsidiaries have tax credits that are recorded in current and non-current assets according to their expected realization, as follows:

	Parent Company		Consolidated	
	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021
Current				
PIS/COFINS (a)	5,304	19,959	5,326	19,951
ICMS	195	218	431	270
IPI (b)	1,596	3,841	1,630	3,859
IRPJ/CSLL	1,192	1,192	2,623	1,864
Special Tax Reintegration Regime for Exporting Companies (REINTEGRA)	915	720	915	720
Other taxes recoverable	394	732	493	790
	<u>9,596</u>	<u>26,662</u>	<u>11,418</u>	<u>27,454</u>
Non-current				
ICMS-ST (c)	9,982	9,982	9,982	9,982
ICMS (d)	5,186	4,783	5,249	4,877
	<u>15,168</u>	<u>14,765</u>	<u>15,231</u>	<u>14,859</u>

a) Exclusion of ICMS from PIS and COFINS calculation basis (2003-2009) and (2009-2014):

At June 30, 2022, the balance of the exclusion of ICMS from PIS and COFINS was fully offset (R\$ 13,368 at December 31, 2021). In addition to the balance of the exclusion of ICMS, this line item also includes the amount of PIS and COFINS on the asset and PIS and COFINS credits arising from the Company's normal operations and will be fully offset in the following calculations.

b) IPI

The balance comprises IPI credits referring to 2022, whose requests for refund have not yet been submitted to the Brazilian Federal Revenue Service.

c) ICMS

This item includes ICMS-ST levied on product transfer operations between the Company's units, in the amount of R\$ 9,982. This amount is the subject matter of a proceeding filed with the Finance Department of the State of Pernambuco, aiming at its full recovery and was reclassified as non-current in 2021, based on Management's assessment of its recovery period.

d) ICMS

This item includes the amounts arising from the purchase of property, plant and equipment.

11. Judicial deposits

PBG S.A. and subsidiaries

Notes to the Interim Financial Information for the quarter ended June 30, 2022
All amounts in thousands of reais, unless otherwise stated.

The Company and its subsidiaries are parties to tax, civil, labor and social security lawsuits (see notes 27 and 28) and are discussing these matters at administrative and judicial level, which are supported by judicial deposits, when applicable. These are recorded at the original amount adjusted by the rates relating to the benchmark interest rates applicable to savings accounts.

Judicial deposits are broken down according to the nature of the lawsuits:

	Parent company		Consolidated	
	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021
Civil (a)	90,545	171,195	90,545	171,195
Other deposits Civil	157	159	157	159
Labor	6,729	2,075	6,737	2,083
Tax	8,880	11,903	8,923	11,945
			-	
	106,311	185,332	106,362	185,382

a) The Company, due to an untimely and unilateral decision by the gas supplier to suspend the discount of the monthly value of the contracted gas, a benefit called loyalty plan, filed a lawsuit requesting the maintenance of this benefit, and an injunction was granted so that the amounts referring to the discount were deposited in court. In January 2022, the priorly granted injunction was vacated in favor of the Gas supplier, who also received the authorization to withdrawal 50% (R\$ 87,100) of the amounts deposited in court. About this decision, the Company filed an appeal before the Court of Appeals, which awaits judgment.

The company has the same amount recorded under the item suppliers, in non-current liabilities (note 21).

12. Guarantee deposits

In September 2020, the Company signed a "Term of Understanding and Settlement of Obligations" with Refinadora Catarinense S.A., referring to the settlement of a debt of the Refinadora with the Company, in the amount of R\$ 101,990. In this Term, the Parties agreed that the Refiner will pay the transferred money, in the amount of R\$ 89,517, for the tax foreclosure proceedings filed against PBG S.A. This amount was recorded in October 2020 in a guarantee deposits account, classified in non-current assets, because, even though Management expects to receive this amount in the coming months, no date has been set for its realization.

Subsequently to the initial recording, the Company partially wrote off a portion of the balance referring to a tax foreclosure of R\$ 2,115, resulting in the balance deposited of R\$ 87,402 at December 31, 2020.

In 2021, the Company redeemed R\$ 257 and recognized financial adjustment of R\$ 2,555, resulting in the balance of R\$ 89,700 presented at December 31, 2021.

In March 2022, the Company withdrew a total amount of R\$ 15,159, of which: i) R\$ 8,737 on March 2, related to Tax Foreclosure 0001185-67.2007.8.24.0072; ii) R\$ 6,422, on March 28 referring to Tax Foreclosure 0004559-23.2009.8.24.0072. In the first half of 2022, the Company carried out the financial adjustment of the assets in the amount of R\$ 2,799, obtaining the balance of R\$ 77,340 at June 30, 2022.

PBG S.A. and subsidiaries

Notes to the Interim Financial Information for the quarter ended June 30, 2022
All amounts in thousands of reais, unless otherwise stated.

In July 2022, the Company obtained a favorable decision for the withdrawal of: i) R\$ 38,619 on July 1, related to Tax Foreclosure 0002437-66.2011.8.24.0072; and ii) R\$ 19,741 on July 11, referring to Tax Foreclosure 0004707-63.2011.8.24.0072.

According to the court order that allowed the withdrawal, the Company presented guarantee insurances in the records of the tax foreclosures No. 0001185-67.2007.8.24.0072 0002437-66.2011.8.24.0072.

The Company informs that there are still amounts recorded as “Guarantee deposits” that remain deposited for another five tax foreclosures.

13. Receivables from Eletrobrás

With the objective of obtaining objective of reimbursement of a compulsory loan paid through invoices for electric energy from 1977 to 1993, based on Law 4,156/1962, the Company filed a legal action against Centrais Elétricas Brasileiras S.A. – Eletrobrás.

In 2016, after the final and unappealable decision of the sentence liquidation process, the Company hired an accounting expert to determine the credit to be executed, adjusting (reducing) the quantity due to the STJ's subsequent decision.

Eletrobrás (Centrais Elétricas Brasileiras S.A.) filed an Interlocutory Appeal upon Decision Enforcement and obtained an injunction to suspend the decision that determined the payment on behalf of the Company, as well as the resumption of the court decision settlement procedure. The judgment became final and unappealable in July 2018, favorable to the Company. In February 2019, the Company requested the continuation of the process with the approval of the tax credit calculations, which indicated the amount of R\$ 12,821. In a new decision, the Federal Court calculated the total amount of R\$ 12,977, monetarily adjusted up to September 2020. The proceeding is currently pending a decision regarding the report submitted by the Federal Court.

14. Income tax and social contribution

a) Income tax and social contribution recoverable and payable

Income tax and social contribution recoverable and payable are broken down as follows:

PBG S.A. and subsidiaries

Notes to the Interim Financial Information for the quarter ended June 30, 2022

All amounts in thousands of reais, unless otherwise stated.

	Current assets			
	Parent Company		Consolidated	
	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021
Income tax	1,192	1,192	2,270	1,690
Social contribution	-	-	353	174
	<u>1,192</u>	<u>1,192</u>	<u>2,623</u>	<u>1,864</u>

	Current liabilities			
	Parent Company		Consolidated	
	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021
Income tax	2,035	124	5,020	2,749
Social contribution	711	-	1,785	1,116
	<u>2,746</u>	<u>124</u>	<u>6,805</u>	<u>3,865</u>

b) Deferred income tax and social contribution

Deferred income tax and social contribution amounts for the Parent Company and Consolidated are as follows:

	Parent Company		Consolidated	
	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021
Tax losses	21,495	27,702	30,287	36,494
Temporary differences - assets	58,371	63,053	61,359	65,297
Cash basis foreign exchange variations	15,076	16,725	15,078	16,725
Provision for adjustment to market value	2,408	1,753	2,408	1,753
Provision for civil, labor, social security and tax risks	19,829	19,423	20,413	19,423
Provision for profit sharing and long-term incentive	4,237	8,590	4,237	8,590
Other temporary differences - assets	16,821	16,562	19,223	18,806
Temporary differences - liabilities	(71,650)	(63,462)	(78,037)	(69,849)
Portobello pension plan	(6,350)	(6,350)	(6,350)	(6,350)
Realization of the revaluation reserve	(15,786)	(16,041)	(15,786)	(16,041)
Receivables from Eletrobrás	(4,359)	(4,359)	(4,359)	(4,359)
Contingent assets - IPI credit premium - Phase I	(3,205)	(2,988)	(3,205)	(2,988)
Contingent assets - IPI credit premium - Phase II	(9,276)	(8,768)	(9,276)	(8,768)
Contingent assets - adjustment to rural credit notes	-	-	(6,387)	(6,387)
Hedge accounting transactions	(7,092)	(841)	(7,092)	(841)
Adjustment to present value	131	(63)	131	(63)
Depreciation adjustment (to the useful lives of goods)	(25,713)	(24,052)	(25,713)	(24,052)
Deferred income tax and social contribution - Net	<u>8,216</u>	<u>27,293</u>	<u>13,609</u>	<u>31,942</u>
Non-current assets	79,866	90,755	91,646	101,791
Non-current liabilities	(71,650)	(63,462)	(78,037)	(69,849)

PBG S.A. and subsidiaries

Notes to the Interim Financial Information for the quarter ended June 30, 2022

All amounts in thousands of reais, unless otherwise stated.

At June 30, 2022, net variations in deferred income tax and social contribution are as follows:

	Parent company	Consolidated
December 31, 2020	37,807	37,713
Tax losses	(7,574)	(3,137)
Temporary differences - assets	4,989	6,804
Temporary differences - liabilities	(8,539)	(10,048)
Revaluation reserve	610	610
December 31, 2021	27,293	31,942
Tax losses	(6,207)	(6,207)
Temporary differences - assets	(4,683)	(3,939)
Temporary differences - liabilities	(2,191)	(2,191)
Hedge accounting transactions	(6,251)	(6,251)
Revaluation reserve	255	255
June 30, 2022	8,216	13,609

c) Income tax and social contribution (P&L)

Income tax and social contribution expenses are broken down as follows:

	Parent company		Consolidated	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Profit before tax	116,371	86,663	136,533	53,777
Tax calculated based on the nominal rate - 34%	(39,566)	(29,465)	(46,421)	(32,571)
Equity in the earnings of subsidiaries	8,780	12,334	-	-
Tax incentives	3,667	-	3,667	-
Tax incentives - Sudene	549	-	549	-
Non-deductible expenses	3,573	10,500	3,573	10,500
Depreciation of revalued assets	(305)	(356)	(305)	(356)
Other	(1,612)	904	(6,125)	7,229
	(24,914)	(6,083)	(45,062)	(15,198)
Current tax on profit for the year	(12,089)	386	(32,981)	(11,238)
Deferred income tax and social contribution	(12,825)	(6,469)	(12,081)	(3,960)
Income tax and social contribution expense (recognized in profit or loss - current and deferred)	(24,914)	(6,083)	(45,062)	(15,198)
Effective tax rate	21.4%	7.0%	33.0%	28.3%

PBG S.A. and subsidiaries

Notes to the Interim Financial Information for the quarter ended June 30, 2022
All amounts in thousands of reais, unless otherwise stated.

d) Tax losses in the Parent Company and Consolidated

	Parent Company		Consolidated	
	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021
Tax losses	63,220	81,476	89,078	107,335
Deferred income tax and social contribution	21,495	27,702	30,287	36,494

Based on studies and projections of results for the following periods, a recoverability test was conducted for deferred tax assets arising from tax and social contribution losses recorded at June 30, 2022 in the Parent Company and its subsidiary Companhia Brasileira de Cerâmica, where we estimated the following asset recoverability schedule:

Period	Parent Company	Consolidated
2022	7,265	17,776
2023	14,230	12,511
	21,495	30,287

15. Legal assets

	Parent Company		Consolidated	
	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021
IPI premium credit (a)				
Lawsuit No. 1987.0000.645- 9	27,283	25,787	27,283	25,787
Lawsuit No. 1984.00.020114-0	9,427	8,787	9,427	8,787
Adjustment to rural credit notes (b)	-	-	-	18,786
IPI premium credit - Plaintiff - Complementary Portion (c)	75,107	75,107	75,107	75,107
IRPJ and CSLL on interest on undue tax payments (d)	27,199	26,686	27,199	26,686
	139,016	136,367	139,016	155,153

a) IPI premium credit

The Company is a party to a lawsuit claiming the recognition of tax benefits called 'IPI premium credit', in different calculation periods. Lawsuit No. 1987.0000.645-9, relating to the period between April 1, 1981 and April 30, 1985, which was decided favorably to the Company, is in the award calculation phase with the amounts already calculated by the Federal Court accounting department; the amount recognized in November 2009, adjusted up to June 30, 2022, is R\$ 27,283 (R\$ 25,787 at December 31, 2021).

In relation to lawsuit No. 1984.00.020114-0, referring to the period from December 7, 1979 to March 31, 1981, after the final and unappealable decision, which occurred more than 10 years ago, the liquidation and execution phase of the sentence began, and an expert opinion was issued by a legal expert. The parties were notified of the 'quantum' so they could manifest their agreement or opposition to the award. The Company agreed with the calculations presented.

PBG S.A. and subsidiaries

Notes to the Interim Financial Information for the quarter ended June 30, 2022
All amounts in thousands of reais, unless otherwise stated.

The Federal Government, represented by the National Treasury's Attorney's Office, did not manifest itself, which led to tacit agreement and, consequently, preclusion. The lawsuit is concluded and there is no further possibility of objection. The Company recognized, in 2015, the amount calculated by the legal expert, in the amount of R\$ 4,983, and, as the Company understands that the gain in the mentioned lawsuit is practically certain, it recorded the tax asset in June 2015, and, after applied the updates, presents the balance of R\$ 9,427 (R\$ 8,787 at December 31, 2021). The Company will ensure that the payment request be dispatched by June 2023, so that the financial realization takes place by December 2024.

b) Adjustment to rural credit notes

In March 2017, the subsidiary PBTECH Company, based on a court decision handed down in relation to the Civil Class Action filed by the General Attorneys' Office against the Federal Government, filed an individual Court Decision Enforcement action to obtain the amount corresponding to the difference between the inflation adjustment rates applied on transactions involving rural credit notes carried out in March 1990. Banco do Brasil filed a petition with the Higher Court obtaining favorable decision for the suspension of the proceeding.

In March 2020, by decision of the Federal Regional Court of the 4th Region, the lawsuit, as it involved only the Company and Banco do Brasil S.A. and reviewing the previous decision of the Superior Court of Justice, determined that the proceeding should be submitted to one of the Civil Courts of the City of Tijucas/Santa Catarina State with jurisdiction to judge the matter.

On March 24, 2021, in the records of RESP No. 1.319.232 (Civil Class Action), the Superior Court of Justice revoked the suspensive effect that it had granted in the records and, as of that decision, the individual decision enforcement returned to proceed normally.

In view of the decision by the Federal Regional Court of the 4th Region that recognized the lack of jurisdiction of the federal court, the subsidiary PBTECH, handled the individual decision enforcement within the State Court and awaits jurisdictional provision on the appeal filed by the subsidiary PBTECH in view of the decision that determined the subpoena of the Judgment Debtor (Banco do Brasil) to voluntarily pay or to file an objection, since the Judgment Debtor has allowed the time limit to elapse in the decision enforcement that was pending before the Federal Courts.

The amount of the credit enforced is R\$ 18,786, which is in conformity with the decision issued in RESP No. 1.319.232 - DF (Sociedade Rural Brasileira x Central Bank of Brazil and Others).

In January 2022, the State Court issued a decision rejecting the objection filed by Banco do Brasil. In the same decision, considering the expiration of the deadline for voluntary payment, the Court accepted the request made by PBTECH to determine the freezing of Banco do Brasil's financial assets.

The amount frozen was subject to a withdrawal request in favor of PBTECH, upon presentation of guarantee bond.

In March 2022, the release order was issued and the pledged amount was withdrawn, totaling R\$ 20,284, which was deposited in the bank account at Company. Banco do Brasil filed a supersedeas motion in light of the decision that granted the withdrawal, which was denied and is awaiting judgment by the Court of Appeals of the State of Santa Catarina.

PBG S.A. and subsidiaries

Notes to the Interim Financial Information for the quarter ended June 30, 2022
All amounts in thousands of reais, unless otherwise stated.

c) IPI premium credit – Plaintiff

The proceeding was initially filed in 1984. During its course, it was distributed to the Federal Supreme Court (STF) and returned to the 6th Federal Court of the Judiciary Section of the Federal District (original court), for enforcement of the sentence.

In view of the position expressed by the Federal Court accounting department - enclosed with the lawsuit in March 2020 - in which it informs that it does not have technical knowledge to express a position about the challenges filed by the Federal Government and considering that the amounts presented by the Company were duly approved, the Company recognized the portion considered as controversial in the amount of R\$ 66,056 as of August 2015.

In the 1st quarter of 2020 an asset of R\$ 75,107 was recognized. In addition, the amount of R\$ 56,330 was recorded in liabilities, referring to the amounts to be paid to the Refinadora Catarinense, R\$ 1,737 referring to PIS and COFINS recorded in long-term liabilities, R\$ 3,380 referring to Income Tax and Social Contribution recorded in the respective deferred tax accounts, being non-current liabilities and results. The amount of success fees was also accrued. The net amount payable to the Company is R\$ 4,823.

d) IRPJ and CSLL - credits on Special System for Settlement and Custody (SELIC) interest due to the recovery of undue tax payments

The Company filed a writ of mandamus on December 12, 2018 to prevent the levy of IRPJ and CSLL on the Selic rate applicable in undue tax payments recovered at the judicial or administrative level or judicial deposits, which are currently pending judgment by the Federal Regional Court (TRF) of the 4th Region. Additionally, it requested the recognition of the right to date back to five years as from the filing of the proceeding up to the final decision.

In September 2021, the panel of the Federal Supreme Court (STF) judged Extraordinary Appeal 1.063.187, with general repercussion, and established the unconstitutionality of the levy of the Corporate Income Tax (IRPJ) and the Social Contribution on Net Income (CSLL) on the SELIC rate received by taxpayers as a result of undue tax payments.

Considering the above and as determined by IFRIC 23/ICPC 22 - Uncertainty over Income Tax Treatments, due to the likelihood of success in the proceeding as a result of the decision in general repercussion of the STF, the Company recorded its best estimate to date in the amount of R\$ 27,199; of that amount, R\$ 10,241 represents current IRPJ and CSLL and R\$ 16,958 represents deferred IRPJ and CSLL. A provision for attorney's fees in the amount of R\$ 2,719 was made for the credits recorded.

In accordance with the Company's assessment, the amount was recorded in the group of legal assets since it understands that it cannot recover the tax yet because a final decision has not been issued in relation to the proceeding.

PBG S.A. and subsidiaries

Notes to the Interim Financial Information for the quarter ended June 30, 2022
All amounts in thousands of reais, unless otherwise stated.

16. Contingent assets

a) IPI premium credit – Difference in indexes of Tax Assets “Plaintiff”

In view of the different criteria for updating the Payment Request (court-ordered debts) distributed under No. 0154107-24.2019.4.01.9198, issued on April 16, 2019, on the part of the Federal Regional Court of the 1st Region, which quantified the tax asset at R\$ 200,549, as of June 2019, the Company will file a judicial proceeding with a view to adjusting the criteria used to update said court-ordered debt. It should be noted that this amount is not recorded in the Financial Statements.

Management maintains the understanding that the Tax Assets, described in item 15 (c) above, represents the amount of R\$ 220,260 as of June 2018 and, in due course, will claim in court the recognition of the difference in the amount of R\$ 19,711.

17. Investments

Interest in subsidiaries

The Company is the Parent Company of six companies and investments are recorded in non-current assets in line item “Interests in subsidiaries”.

Subsidiaries are closely-held companies, for which variations in the period of 2022 and comparative period are presented below:

	Country of incorporation	Direct ownership	Indirect ownership	Assets	Liabilities	Equity	Revenue (b)	Profit or loss (b)
At December 31, 2021								
Portobello América Inc.	United States	100.00%	0.00%	182,125	158,644	23,481	181,690	(2,548)
Portobello America Manufacturing	United States	0.00%	100.00%	57,708	55,558	2,150	-	-
PBTech Ltda.	Brazil	99.94%	0.06%	119,886	109,923	9,963	211,393	18,637
Portobello Shop S/A	Brazil	99.90%	0.00%	37,012	16,317	20,696	107,649	71,216
Mineração Portobello Ltda.	Brazil	99.76%	0.00%	14,957	14,715	242	9,121	(11,181)
Companhia Brasileira de Cerâmica S/A	Brazil	98.85%	1.15%	13,516	2,386	11,130	6,093	(2,007)
At June 30, 2022								
Portobello América Inc.	United States	100.00%	0.00%	210,367	167,881	42,486	115,959	(11,125)
Portobello America Manufacturing (a)	United States	0.00%	100.00%	69,275	57,682	11,593	-	(1,672)
PBTech Ltda.	Brazil	99.94%	0.06%	196,015	179,495	16,520	139,891	12,553
Portobello Shop S/A	Brazil	99.90%	0.00%	53,683	17,968	35,715	54,793	26,998
Mineração Portobello Ltda.	Brazil	99.99%	0.00%	15,851	16,096	(245)	6,179	(487)
Companhia Brasileira de Cerâmica S/A	Brazil	98.85%	1.15%	15,433	2,077	13,356	4,487	(2,608)

- (a) The Company has an indirect interest in Portobello America Manufacturing, which is consolidated in Portobello America Inc., for this reason Portobello America Manufacturing's variations are not shown below.
- (b) Revenue and income for the year ended December 31, 2021 correspond to 12 months, the period to June 30, 2022 corresponds to 6 months.

PBG S.A. and subsidiaries

Notes to the Interim Financial Information for the quarter ended June 30, 2022

All amounts in thousands of reais, unless otherwise stated.

Variations at December 31, 2021:

	Percentage of interest	December 31, 2020	Foreign exchange variations	Capital increase	Advances for future capital increase	Equity in the earnings of subsidiaries	Dividends	December 31, 2021
Investments								
Portobello América Inc.	100.00%	21,359	1,863	-	-	(1,116)	-	22,106
PBTech Ltda.	99.94%	21,532	-	-	-	18,637	(30,206)	9,963
Portobello Shop S.A.	99.90%	480	-	-	-	71,216	(51,000)	20,696
Mineração Portobello Ltda. (a)	99.99%	2,423	-	-	9,000	(11,181)	-	242
Companhia Brasileira de Cerâmica S/A (b)	98.85%	7,999	-	11,240	(6,102)	(2,007)	-	11,130
Portobello S/A	100.00%	10	-	-	-	-	-	10
Total net investment in subsidiaries		<u>53,803</u>	<u>1,863</u>	<u>11,240</u>	<u>2,898</u>	<u>75,549</u>	<u>(81,206)</u>	<u>64,147</u>
Interest in subsidiaries		<u>53,803</u>						<u>64,147</u>

(a) In June and December 2021, PBG S.A. made AFACs for the subsidiary Mineração Portobello, in the total amount of R\$9,000.

(b) In April 2021, PBG S.A increased its capital by R\$ 11,240 in Companhia Brasileira de Cerâmica (CBC), paying R\$ 6,102 of AFAC previously accounted for.

Variations at June 30, 2022:

	Percentage of interest	December 31, 2021	Foreign exchange variations	Capital increase	Advances for future capital increase	Equity in the earnings of subsidiaries	Dividends	June 30, 2022
Investments								
Portobello América Inc. (a)	100.00%	22,106	(2,931)	-	33,069	(10,641)	-	41,603
PBTech Ltda.	99.94%	9,963	-	-	-	12,547	(6,000)	16,510
Portobello Shop S.A.	99.90%	20,696	-	-	-	26,983	(12,000)	35,679
Mineração Portobello Ltda.	99.99%	242	-	-	-	(487)	-	(245)
Companhia Brasileira de Cerâmica S/A (a)	98.85%	11,130	-	-	4,720	(2,578)	-	13,272
Portobello S/A	100.00%	10	-	-	-	-	-	10
Total net investment in subsidiaries		<u>64,147</u>	<u>(2,931)</u>	<u>-</u>	<u>37,789</u>	<u>25,824</u>	<u>(18,000)</u>	<u>106,829</u>
Interest in subsidiaries		<u>64,147</u>						<u>106,829</u>

(a) Between January and June 2022, Companhia Brasileira de Cerâmica S/A received two advances for future capital increase from PBG S.A in the amount of R\$4,720, and Portobello América received one advance for future capital increase in the amount of R\$ 33,069.

PBG S.A. and subsidiaries

Notes to the Interim Financial Information for the quarter ended June 30, 2022

All amounts in thousands of reais, unless otherwise stated.

18. Property, plant and equipment

a) Breakdown

	Annual average depreciation rate	Parent Company				Consolidated			
		June 30, 2022			December 31, 2021	June 30, 2022			December 31, 2021
		Cost	Accumulated depreciation	Net value	Net value	Cost	Accumulated depreciation	Net value	Net value
Land	-	12,603	-	12,603	12,603	13,486	-	13,486	31,633
Buildings, constructions and improvements	3%	283,643	(81,374)	202,269	206,913	308,996	(88,499)	220,497	226,379
Machinery and equipment	15%	701,582	(429,173)	272,409	283,260	705,620	(430,686)	274,934	286,057
Furniture and fixtures	10%	18,928	(9,705)	9,223	8,224	25,784	(11,054)	14,730	12,270
Computers	20%	31,851	(27,707)	4,144	5,431	32,920	(28,384)	4,536	5,713
Other property, plant and equipment	20%	5,938	(3,005)	2,933	2,992	7,472	(3,722)	3,750	4,069
Construction in progress	-	43,264	-	43,264	8,887	85,458	-	85,458	48,337
		<u>1,097,809</u>	<u>(550,964)</u>	<u>546,845</u>	<u>528,310</u>	<u>1,179,736</u>	<u>(562,345)</u>	<u>617,391</u>	<u>614,458</u>

b) Changes in property, plant and equipment

	Parent Company						
	December 31, 2020	Additions	Transfers	Depreciation	Write-offs	Foreign exchange variation	December 31, 2021
Land	12,603	-	-	-	-	-	12,603
Buildings and improvements	148,373	14,290	54,927	(10,624)	(53)	-	206,913
Machinery and equipment	284,521	17,428	11,205	(29,894)	-	-	283,260
Furniture and fixtures	789	7,298	327	(190)	-	-	8,224
Computers	6,638	1,224	231	(2,662)	-	-	5,431
Other property, plant and equipment	3,198	-	5	(117)	(94)	-	2,992
Construction in progress	66,695	8,887	(66,695)	-	-	-	8,887
	<u>522,817</u>	<u>49,127</u>	<u>-</u>	<u>(43,487)</u>	<u>(147)</u>	<u>-</u>	<u>528,310</u>

	Parent company						
	December 31, 2021	Additions	Transfers	Depreciation	Write-offs	Foreign exchange variation	June 30, 2022
Land	12,603	-	-	-	-	-	12,603
Buildings and improvements	206,913	1,367	-	(6,011)	-	-	202,269
Machinery and equipment	283,260	4,498	-	(15,349)	-	-	272,409
Furniture and fixtures	8,224	1,553	-	(554)	-	-	9,223
Computers	5,431	73	-	(1,360)	-	-	4,144
Other property, plant and equipment	2,992	-	-	(59)	-	-	2,933
Construction in progress	8,887	34,377	-	-	-	-	43,264
	<u>528,310</u>	<u>41,868</u>	<u>-</u>	<u>(23,333)</u>	<u>-</u>	<u>-</u>	<u>546,845</u>

PBG S.A. and subsidiaries

Notes to the Interim Financial Information for the quarter ended June 30, 2022

All amounts in thousands of reais, unless otherwise stated.

	Consolidated						December 31, 2021
	December 31, 2020	Additions	Transfers*	Depreciation	Write-offs	Foreign exchange variation	
Land	13,485	-	18,148	-	-	-	31,633
Buildings and improvements	163,926	16,560	63,236	(15,130)	(2,213)	-	226,379
Machinery and equipment	287,697	17,690	11,203	(30,533)	-	-	286,057
Furniture and fixtures	2,462	9,866	728	(698)	(88)	-	12,270
Computers	6,961	1,436	236	(2,813)	(107)	-	5,713
Other property, plant and equipment	3,918	-	1,259	(1,017)	(91)	-	4,069
Construction in progress	74,427	51,033	(77,123)	-	-	-	48,337
	<u>552,876</u>	<u>96,585</u>	<u>17,687</u>	<u>(50,191)</u>	<u>(2,499)</u>	<u>-</u>	<u>614,458</u>

	Consolidated						June 30, 2022
	December 31, 2021	Additions	Transfers	Depreciation	Write-offs	Foreign exchange variation	
Land	31,633	-	-	-	(14,905)	(3,242)	13,486
Buildings and improvements	226,379	3,492	-	(9,320)	-	(54)	220,497
Machinery and equipment	286,057	4,498	-	(15,495)	-	(126)	274,934
Furniture and fixtures	12,270	3,442	-	(983)	-	1	14,730
Computers	5,713	216	-	(1,415)	-	22	4,536
Other property, plant and equipment	4,069	-	-	(319)	-	-	3,750
Construction in progress	<u>48,337</u>	<u>66,558</u>	<u>-</u>	<u>-</u>	<u>(32,023)</u>	<u>2,586</u>	<u>85,458</u>
	<u>614,458</u>	<u>78,206</u>	<u>-</u>	<u>(27,532)</u>	<u>(46,928)</u>	<u>(813)</u>	<u>617,391</u>

* The amount of R\$ 17,687 in transfer refers to the entry in transfer of a plot of land of the subsidiary Portobello America Manufacturing of assets and rights in the amount of R\$ 18,148 (note 20), and exit in transfer to intangible assets in the amount of R\$ (461) (note 19).

In the first period ended June 30, 2022, additions to property, plant and equipment in the Consolidated amounted to R\$ 42,872, of which 52.8% was allocated to the purchase of equipment for the new polishing plant in Tijucas, 45.3 % to the purchase of equipment for a future plant in the USA, 1.3% to the Company's own stores, and the remainder was divided between commercial and corporate projects and the industrial unit of Marechal Deodoro.

The disposal of property, plant and equipment results from the sale of land in Baxter, Tennessee, in the United States of America. The sale was formalized with the signing of three contracts: Contract for the purchase and sale of the Land and reimbursement of costs incurred for the work in progress until the signing of the contract, Construction Agency Contract and Lease Contract (Built to Suite Operation) with OAK Street winning the bid. The expected delivery date for the construction of the Plant is April 2023. The amount of the land sale is R\$ 18,148 and the reimbursement of the costs of construction in progress is R\$ 37,616. The write-off includes the effects of exchange rate variation.

c) Impairment of property, plant and equipment

Property, plant and equipment is tested for impairment at least annually, and for the period ended June 30, 2022, Management reviewed the cash flows projections of assets and did not identify the need to record a provision for impairment.

PBG S.A. and subsidiaries

Notes to the Interim Financial Information for the quarter ended June 30, 2022

All amounts in thousands of reais, unless otherwise stated.

19. Intangible assets

a) Breakdown

	Parent Company				Consolidated				
	June 30, 2022		December 31, 2021		June 30, 2022		December 31, 2020		
	Annual average amortization rate	Cost	Accumulated amortization	Net value	Net value	Cost	Accumulated amortization	Net value	Net value
Trademarks and patents	-	150	-	150	150	150	-	150	150
Software	20%	49,293	(36,172)	13,121	15,892	58,581	(39,553)	19,028	20,919
Right to explore mineral resources	9%	1,000	(1,000)	-	-	4,074	(3,756)	318	351
Goodwill (a)	7%	-	-	-	-	-	-	-	-
Software under development	-	11,052	-	11,052	6,282	14,545	-	14,545	7,377
		<u>61,495</u>	<u>(37,172)</u>	<u>24,323</u>	<u>22,324</u>	<u>77,350</u>	<u>(43,309)</u>	<u>34,041</u>	<u>28,797</u>

b) Changes in intangible assets

Parent Company						
	December 31, 2020	Additions	Transfers	Amortizations	Write-offs	December 31, 2021
Trademarks and patents	150	-	-	-	-	150
Software	7,504	-	11,910	(3,497)	(25)	15,892
Software under development	5,403	12,789	(11,910)	-	-	6,282
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>13,057</u>	<u>12,789</u>	<u>-</u>	<u>(3,497)</u>	<u>(25)</u>	<u>22,324</u>

Parent company						
	December 31, 2021	Additions	Transfers	Amortizations	Write-offs	June 30, 2022
Trademarks and patents	150	-	-	-	-	150
Software	15,892	238	-	(3,009)	-	13,121
Software under development	6,282	4,770	-	-	-	11,052
	<u>22,324</u>	<u>5,008</u>	<u>-</u>	<u>(3,009)</u>	<u>-</u>	<u>24,323</u>

Consolidated							
	December 31, 2020	Additions	Transfers*	Amortizations	Write-offs	Foreign exchange variation	December 31, 2021
Trademarks and patents	150	-	-	-	-	-	150
Software	10,180	329	15,335	(4,886)	(39)	-	20,919
Right to explore mineral resources	446	-	-	(95)	-	-	351
Goodwill	10,028	3,278	(11,465)	(991)	(850)	-	-
Software under development	7,669	14,582	(14,874)	-	-	-	7,377
	<u>28,473</u>	<u>18,189</u>	<u>(11,004)</u>	<u>(5,972)</u>	<u>(889)</u>	<u>-</u>	<u>28,797</u>

Consolidated

PBG S.A. and subsidiaries

Notes to the Interim Financial Information for the quarter ended June 30, 2022

All amounts in thousands of reais, unless otherwise stated.

	December 31, 2021	Additions	Transfers	Amortizations	Write-offs	Foreign exchange variation	June 30, 2022
Trademarks and patents	150	-	-	-	-	-	150
Software	20,919	433	-	(3,975)	-	1,651	19,028
Right to explore mineral resources	351	-	-	(33)	-	-	318
Software under development	7,377	7,168	-	-	-	-	14,545
	<u>28,797</u>	<u>7,601</u>	<u>-</u>	<u>(4,008)</u>	<u>-</u>	<u>1,651</u>	<u>34,041</u>

* The amount of R\$ (11,004) refers to the entry in reclassification of property, plant and equipment in the amount of R\$ 461 (note 18 - Property, plant and equipment) and the exit in reclassification of goodwill in the amount of R\$ (11,465) for the right-of-use assets (note 20).

In the six-month period of 2022, intangible assets in Consolidated added up to R\$ 7,601, a significant portion of which was destined for the Transformation project, which aims to optimize and implement digital improvements in the commercial area and implement Oracle for Portobello America and Companhia Brasileira de Cerâmica.

c) Impairment of intangible assets

Intangible assets are tested for impairment at least annually, and for the year ended June 30, 2022, Management reviewed the cash flow projections of assets and did not identify the need to record a provision for impairment.

20. Right-of-use assets and lease liabilities

The agreements characterized as leases, in accordance with IFRS 16/CPC 06 (R2), are recorded as Right-of-Use Assets against Lease Liabilities in current and non-current liabilities in the line item Lease Liabilities.

At June 30, 2022, the Company had a total of 54 lease agreements (50 at December 31, 2021), 31 of which are classified as leasing agreements without purchase option (29 at December 31, 2021) for its commercial and logistics units, and 23 leasing agreements with purchase option (21 at December 31, 2021) intended for vehicles for the Company's managers, which refer to leases for which there is a purchase option at the end, resembling a financing operation.

The leases without purchase option at the end of the contract are comprised of the leases of the Company's own stores, distribution centers and of the land for storage, stockpiling and blending of the ores extracted from the mines and equipment. The leasing agreements with purchase option at the end of the agreement are comprised of rental of vehicles used by the Company's managers.

The amount of lease liabilities represents the present value of future lease payments discounted at the Company's average financing interest rate. The Company determines the term of the lease and the physical location for logistics purposes and strategic commercial points. The lease assets are detailed below and represent the initial measurement value of the lease liability, plus any payments made up to the inception date, less incentives, plus dismantling and removal cost and their residual value at the end of the lease, when applicable. The terms of the right-of-use contracts vary between 2 and 7 years depending on the contract, and there is one contract with a 20-year term.

The Company has adopted this new disclosure for its leases in order to provide greater clarity over the nature of the lease agreements.

PBG S.A. and subsidiaries

Notes to the Interim Financial Information for the quarter ended June 30, 2022

All amounts in thousands of reais, unless otherwise stated.

As mentioned above, the agreements are adjusted annually, according to the variation of the main inflation indexes, most of them have terms from five to seven years with the option of renewal after that date. The Company adopts, as a discount rate, the weighted average cost of financing operations, referring to the current month of the adoption of the new lease agreements.

In the period ended June 30, 2022, there was an adjustment of rental contracts for the properties of the Company's own stores and distribution centers. New agreements for stores and vehicles were included.

a) Breakdown of lease assets

Lease	Parent Company			Consolidated		
	Without purchase option	With purchase option	Total	Without purchase option	With purchase option	Total
December 31, 2020	15,224	3,753	18,977	67,638	3,753	71,391
Remeasurement	-	-	-	812	-	812
Foreign exchange variation	-	-	-	1,580	-	1,580
Additions and contractual adjustments	7,327	1,603	8,930	25,649	1,603	27,252
Contract terminations	(1,222)	-	(1,222)	(6,763)	-	(6,763)
Depreciation	(4,998)	(1,084)	(6,082)	(14,969)	(1,084)	(16,053)
Reclassification of goodwill (a)	-	-	-	11,465	-	11,465
Reclassification of PBA Land (b)	-	-	-	(18,148)	-	(18,148)
December 31, 2021	16,331	4,272	20,603	67,264	4,272	71,536
Remeasurement	1,135	-	1,135	2,430	-	2,430
Foreign exchange variation	-	-	-	(547)	-	(547)
Additions and contractual adjustments	1,352	919	2,271	6,186	919	7,105
Additions of acquisition of goodwill (c)	-	-	-	60,182	-	60,182
Contract terminations	(972)	(2,369)	(3,341)	(972)	(2,369)	(3,341)
Depreciation	(2,629)	(620)	(3,249)	(9,714)	(620)	(10,334)
June 30, 2022	15,217	2,202	17,419	124,829	2,202	127,031

(a) The goodwill has been reclassified from intangible assets (note 19) to right-of-use assets according to IFRS 16 / CPC 06 R(2).

(b) Refers to the reclassified of land from the subsidiary Portobello America Manufacturing from right-use assets to PP&E in the amount of R\$ 18,148 (note 18).

(c) Refers to the acquisition of two stores from related parties, acquisition value of R\$60,000 and direct costs of the operation of R\$182. See note 40 on related parties, description of the operation.

PBG S.A. and subsidiaries

Notes to the Interim Financial Information for the quarter ended June 30, 2022

All amounts in thousands of reais, unless otherwise stated.

b) Breakdown of lease liabilities

Lease	Parent Company			Consolidated		
	Without purchase option	With purchase option	Total	Without purchase option	With purchase option	Total
December 31, 2020	18,008	2,465	20,473	70,717	2,465	73,182
Remeasurement	-	-	-	812	-	812
Foreign exchange variation	-	-	-	1,473	-	1,473
Additions and contractual adjustments	7,327	1,603	8,930	25,650	1,603	27,253
Contract terminations	(1,222)	-	(1,222)	(5,816)	-	(5,817)
Payments	(4,894)	(1,228)	(6,122)	(17,502)	(1,228)	(18,730)
Accrued interest in the period	1,136	224	1,360	3,010	226	3,237
Reclassification of PBA Land (b)	-	-	-	(16,557)	-	(16,557)
December 31, 2021	20,355	3,064	23,419	61,787.00	3,066	64,853
Remeasurement	1,135	-	1,135	2,430	-	2,430
Foreign exchange variation	-	-	-	(547)	-	(547)
Additions and contractual adjustments	1,352	919	2,271	6,186	919	7,105
Contract terminations	(2,504)	(511)	(3,015)	(2,504)	(511)	(3,015)
Payments	(2,942)	(1,363)	(4,305)	(10,631)	(1,363)	(11,994)
Accrued interest in the period	371	220	591	1,499	220	1,719
June 30, 2022	17,767	2,329	20,096	58,220	2,331	60,551
Current liabilities			7,793			18,488
Non-current liabilities			12,303			42,063

21. Trade payables, supplier credit assignment and payables for investments

	Parent Company		Consolidated	
	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021
Domestic market				
Supplier credit assignment (a)	122,607	97,717	122,607	97,717
Operation suppliers	198,901	187,245	212,869	195,717
Foreign market	16,798	16,717	38,377	34,111
Current	338,306	301,679	373,853	327,545
Domestic market (i)	90,545	171,195	90,545	171,195
Non-current	90,545	171,195	90,545	171,195
Total operation suppliers	428,851	472,874	464,398	498,740
Payables for investments (b)				
Domestic market	9,867	15,256	45,157	15,256
Foreign market	27,997	23,980	27,997	41,590
Total investment suppliers	37,864	39,236	73,154	56,846
	466,715	512,110	537,552	555,586

Provision for payment to gas supplier arising from the matter mentioned in note 11. During the period, withdrawals of 50% (fifty percent) in the amount of R\$87,100 were authorized.

PBG S.A. and subsidiaries

Notes to the Interim Financial Information for the quarter ended June 30, 2022

All amounts in thousands of reais, unless otherwise stated.

a) Supplier credit assignment

The Company conducted supplier credit assignment transactions with top-tier financial institutions in the amount of R\$ 122,607 at June 30, 2022, (R\$ 97,717 at December 31, 2021), in order to offer to its partner suppliers more attractive credit facilities aiming at maintaining the business relationship. In this transaction, suppliers transfer the right to receive the amounts of the notes to the bank, which in turn, becomes creditor of the transaction.

b) Payables for investments

The Company has the amount of R\$ 25,503 recorded in current liabilities in the Parent Company (R\$ 20,497 at December 31, 2021) and R\$ 60,793 in the Consolidated (R\$ 38,107 at December 31, 2021) referring to suppliers of property and equipment and intangible assets. Simultaneously, it has a balance of R\$ 12,361 in the Parent Company and Consolidated non-current liabilities, maturing between 2023 and 2025, related to property and equipment for modernization of plants (R\$ 18,739 in the Parent Company and in the Consolidated at December 31, 2021).

22. Borrowings and debentures

	Currency	Maturity	Charges	Parent Company and Consolidated	
				June 30, 2022	December 31, 2021
Current					
Banco do Nordeste S.A (a)	R\$	Jun-27	3.79% p.a. ¹ +IPCA	43,373	60,537
NCE (b)	R\$	Aug-27	2.85% p.a. ¹ +CDI	5,075	646
NCE	US\$	Mar-22	3.08% p.a. ¹ +VC	-	3,790
PRODEC (c)	R\$	Jun-26	3.40% p.a. ¹ +AVP	4,749	4,959
FINEP (d)	R\$	Nov-30	8.14% p.a. ¹	8,669	3,500
DEBENTURES 4th series (e)	R\$	Sep-26	3.00% p.a. ¹ +CDI	11,969	7,193
ACC (f)	US\$	Oct-22	2.50% p.a. ¹ +VC	8,202	17,490
National Bank for Economic and Social Development (BNDES) (g)	R\$	Jun-26	1.80% p.a. ¹ + SELIC	9	-
Total current			4.74% p.a.¹	82,046	98,115
Total domestic currency		R\$		73,844	76,835
Total foreign currency		US\$		8,202	21,280
Non-current					
Banco do Nordeste S.A (a)	R\$	Jun-27	3.79% p.a. ¹ +IPCA	45,448	60,069
PRODEC (c)	R\$	Jun-26	3.40% p.a. ¹ +AVP	18,773	14,687
FINEP (d)	R\$	Nov-30	8.14% p.a. ¹	157,403	162,116
NCE (b)	R\$	Aug-27	2.85% p.a. ¹ +CDI	125,714	130,000
DEBENTURES 4th series (e)	R\$	Sep-26	3.00% p.a. ¹ +CDI	297,760	297,405
National Bank for Economic and Social Development (BNDES) (g)	R\$	Jun-26	1.80% p.a. ¹ + SELIC	3,922	-
Total non-current			10.30% p.a.¹	649,020	664,277
Total domestic currency		R\$		649,020	664,277
Total foreign currency		US\$		-	-
Total			9.57% p.a.¹	731,066	762,392
Total domestic currency		R\$		722,864	741,112
Total foreign currency		US\$		8,202	21,280

¹ Weighted average rate (p.a. - per annum)

AVP - Adjustment to present value

Amplified Consumer Prices Index (IPCA)

VC - Foreign exchange variation

CDI - Interbank Deposit Certificate

PBG S.A. and subsidiaries

Notes to the Interim Financial Information for the quarter ended June 30, 2022

All amounts in thousands of reais, unless otherwise stated.

a) Information on agreements

Note	Institution/ Modality	Date of contract	Maturity	Term (months)	Grace period (months)	Amortization	Amount Raised	Releases (in thousands of R\$)		Guarantees/Notes
								Amount	Date	
a)	Banco do Nordeste	Jun/13	Jun/25	133	24	Monthly	R\$ 105,646	R\$ 29,223	Aug/14	Mortgage for real estate and machinery and equipment. Renegotiated in April/2020.
								R\$ 45,765	Jan/15	
								R\$ 14,700	Sep/15	
								R\$ 4,713	Mar/16	
								R\$ 2,418	Dec/16	
								R\$ 8,827	Feb/19	
								R\$ 105,646	Total	
	Jul/19	Jun/27	95	24	Monthly	R\$ 31,147	R\$ 7,246	Jul/19	Mortgage for real estate and machinery and equipment in 2nd degree. Renegotiated in April/2020.	
							R\$ 4,681	Feb/20		
							R\$ 4,261	Sep/20		
							R\$ 7,000	Jun/22		
	R\$ 23,188	Total								
	Sep/19	Aug/22	12	2	Monthly	R\$ 23,500	R\$ 23,500	Sep/19	PBTech and CBC guarantee. Renegotiated in April/2020.	
Jun/20	Jul/23	37	13	Monthly	R\$ 35,000	R\$ 35,000	Jun/20	Mortgage for real estate in 2nd degree. Renegotiated in April/2020.		
b)	Export Credit (NCE)	Jun/21	Jun/26	60	24	Semiannual	R\$ 30,000	R\$ 30,000	Jun/21	Receivables from Portobello S.A. of 20% of the outstanding balance of the contract)
		Aug/21	Aug/27	72	24	Semiannual	R\$ 100,000	R\$ 100,000	Aug/21	Receivables from Portobello S.A. of 30% of the outstanding balance of the contract)
c)	Santa Catarina State Corporation Development Program (PRODEC)	Aug/20	Aug/24	48	*	*	R\$ 437	R\$ 437	Aug/20	Special Regime obtained in June/2009. Subject to Adjustment to Present Value (AVP). Monetary restatement of 4% p.a. UFIR variation. Rate: average working capital (5.24% p.a.). Deferred amount: 60% of the tax balance generated in the month.
		Sep/20	Sep/24	48	*	*	R\$ 1,318	R\$ 1,318	Sep/20	
		Oct/20	Oct/24	48	*	*	R\$ 1,779	R\$ 1,779	Oct/20	
		Nov/20	Nov/24	48	*	*	R\$ 1,194	R\$ 1,194	Nov/20	
		Dec/20	Dec/24	48	*	*	R\$ 1,519	R\$ 1,519	Dec/20	
		Jan/21	Jan/25	48	*	*	R\$ 401	R\$ 401	Jan/21	
		Feb/21	Feb/25	48	*	*	R\$ 1	R\$ 1	Feb/21	
		Mar/21	Mar/25	48	*	*	R\$ 473	R\$ 473	Mar/21	
		Apr/21	Apr/25	48	*	*	R\$ 654	R\$ 654	Apr/21	
		Jun/21	Jun/25	48	*	*	R\$ 539	R\$ 539	Jun/21	
		Jul/21	Jul/25	48	*	*	R\$ 368	R\$ 368	Jul/21	
		Aug/21	Aug/25	48	*	*	R\$ 99	R\$ 99	Aug/21	
		Sep/21	Sep/25	48	*	*	R\$ 758	R\$ 758	Sep/21	
		Oct/21	Oct/25	48	*	*	R\$ 1,098	R\$ 1,098	Oct/21	
		Nov/21	Nov/25	48	*	*	R\$ 1,894	R\$ 1,894	Nov/21	
		Dec/21	Dec/25	48	*	*	R\$ 1,247	R\$ 1,247	Dec/21	
		Dec/21	Dec/25	48	*	*	R\$ 457	R\$ 457	Jan/22	
		Dec/21	Dec/25	48	*	*	R\$ 830	R\$ 830	Feb/22	
Dec/21	Dec/25	48	*	*	R\$ 927	R\$ 927	Mar/22			
Apr/22	Apr/26	48		Bullet	Bullet	R\$ 693	R\$ 693	Apr/22		

PBG S.A. and subsidiaries

Notes to the Interim Financial Information for the quarter ended June 30, 2022

All amounts in thousands of reais, unless otherwise stated.

		May/22	May/26	48	<i>Bullet</i>	<i>Bullet</i>	R\$ 482	R\$ 482	May/22	
		Jun/22	Jun/26	48	<i>Bullet</i>	<i>Bullet</i>	R\$ 494	R\$ 494	Jun/22	
d)	FINEP	Dec/19	Sep/29	117	32	Monthly	R\$ 66,771	R\$ 25,008	Dec/19	Bank guarantee.
								R\$ 33,000	Mar/20	
								R\$ 8,763	Aug/21	
								R\$ 66,771	Total	
		Nov/20	Nov/30	120	36	Monthly	R\$ 98,487	R\$ 64,274	Nov/20	
								R\$ 34,213	Dec/21	
								R\$ 98,487	Total	
e)	Debentures (4 th issue/1st series)	Sep/21	Sep/26	60	24	Semiannual	R\$ 300,000	R\$ 300,000	Sep/21	Proceeds partially allocated to the redemption of 3 rd issue (R\$ 150 million). Real guarantee and additional fiduciary guarantee. This contract has covenants that have been met.
f)	ACC	Oct/21	Oct/22	12	*	*	US\$ 1,538	R\$ 8,461	Oct/21	Clean
i)	National Bank for Economic and Social Development (BNDES)	Jun/22	Jun/26	48	12	<i>Quarterly</i>	10,000	R\$ 3,923	Jun/22	BNDES Cadeiras Produtivas. Program 100% of the amount transferred to Portobello Shop franchisees.

*Single settlement at the end of the contract

Restricted investments, real estate mortgages, equipment, Parent Company's and subsidiary's receivables (note 8) were pledged as collateral for other borrowings.

The Company has a borrowing with the following financial covenants: Net Debt by EBITDA cannot be higher than 3.50x.

The covenants were complied with at June 30, 2022.

Long-term borrowings mature as follows:

	Parent Company and Consolidated	
	June 30, 2022	December 31, 2021
2022	52,279	98,115
2023	139,466	136,218
2024	156,731	153,458
2025	152,204	148,384
2026	136,942	132,539
2027 to 2030	93,444	93,678
	<u>731,066</u>	<u>762,392</u>

The fair value of current borrowings approximates their carrying amount, as the carrying amounts are stated at amortized cost and restated on a pro rata basis.

Changes in borrowings and debentures are as follows:

PBG S.A. and subsidiaries

Notes to the Interim Financial Information for the quarter ended June 30, 2022

All amounts in thousands of reais, unless otherwise stated.

	<u>Parent Company and Consolidated</u>
Total debt at December 31, 2020	727,766
Changes affecting cash flow	
Proceeds from borrowings and debentures	513,735
Payment of principal	(488,798)
Payment of interest	(40,672)
Changes not affecting cash flow	
Unrealized foreign exchange variations	1,116
Accrued interest	50,520
Adjustment to present value – Prodec	(187)
Allocation of debenture costs	(1,088)
Total debt at December 31, 2021	762,392
Changes affecting cash flow	
Proceeds from borrowings and debentures	14,806
Payment of principal	(48,346)
Payment of interest	(36,737)
Changes not affecting cash flow	
Unrealized foreign exchange variations	(1,404)
Accrued interest	39,460
Adjustment to present value – Prodec	567
Allocation of debenture costs	328
Total debt at June 30, 2022	731,066

Debentures

The Company approved at the Extraordinary General Meeting held on September 16, 2021, according to the proposal of the Board of Directors, the 4th issuance of simple, non-convertible debentures, with real guarantee and additional fiduciary guarantee, in two series, for public distribution with restricted placement efforts. The covenants for the period ended June 30, 2022 were complied with.

Issue	4 th
Fiduciary Agent	PENTÁGONO S.A.
ISIN code	BRPTBLDBS000
Settling bank	Banco Itaú BBA S/A
Lead Coordinator	Banco Itaú BBA S/A
Issue date	09/17/2021
Maturity date	09/17/2026
Issue Rating	No
Remuneration	CDI + 3.00 p.a. (252 b.d.)
Trading	CETIP
Serial Number	1
Issue Volume R\$	300,000,000.00
Total Debentures	300,000
Par Value R\$	1,000.00
Covenants	EBITDA net debt ratio < 3.50 times
Payment Remuneration	Semiannual, with first remuneration date on 03/17/2022

PBG S.A. and subsidiaries

Notes to the Interim Financial Information for the quarter ended June 30, 2022
All amounts in thousands of reais, unless otherwise stated.

23. Installment payment of tax obligations

The Company has federal installment plan, the adhesion of which occurred in November 2009 by the enactment of Law 11,941/09, with twenty-eight (28) installments remaining to be paid.

The installments fall due as follows:

	Parent Company and Consolidated	
	June 30, 2022	December 31, 2021
2022	6,048	11,663
2023	12,096	12,179
2024	9,734	9,227
	<u>27,878</u>	<u>33,069</u>
Current	11,951	11,663
Non-current	15,927	21,406

24. Taxes, fees and contributions

At June 30, 2022, taxes, fees and contributions recorded in current liabilities were classified as follows:

	Parent Company		Consolidated	
	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021
ICMS	13,961	13,678	14,742	14,096
IRRF	4,044	7,599	5,359	8,385
PIS/COFINS	1,356	-	3,614	1,176
Other	1,724	276	2,370	548
	<u>21,085</u>	<u>21,553</u>	<u>26,085</u>	<u>24,205</u>

25. Other payables

At June 30, 2022, other payables were classified as presented in the table below:

	Parent Company		Consolidated	
	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021
Current				
Asset decommissioning	-	-	482	482
Consigned suppliers	2,045	967	2,045	967
Commissions	10,429	8,569	10,429	8,569
Advertising fund	-	-	6,460	7,023
Other payables	7,848	7,904	16,964	14,215
	<u>20,322</u>	<u>17,440</u>	<u>36,380</u>	<u>31,256</u>
Non-current				
Asset decommissioning	-	-	1,114	955
Long-term incentives	2,103	1,014	2,103	1,014
Government grant	-	-	15,540	16,556
Other payables	1	-	1,557	2,147
	<u>2,103</u>	<u>1,014</u>	<u>20,314</u>	<u>20,672</u>

PBG S.A. and subsidiaries

Notes to the Interim Financial Information for the quarter ended June 30, 2022
All amounts in thousands of reais, unless otherwise stated.

26. Tax Debts Law 12,249/10 (MP 470 and MP 472)

In November 2009, the Company adhered to the installment plan provided for by MP 470/09 (improper use of IPI premium credit), with Federal Revenue Secretary (SRF) and General Attorneys' Office of the National Treasury (PGFN). In this adhesion, in addition to the installment plan, reduction of charges and the possibility for the Company to use tax credits arising from tax losses until 2008, for payment of debts.

Upon the conversion of this Provisional Measure (Law 12,249/2010) in June 2010, it was authorized to use tax credits arising from tax losses existing at December 31, 2009. The Company made use of this benefit and recorded in the second quarter of 2010 the amount of R\$ 3,252 considering the installment paid.

PGFN partially rejected the request in June 2010 alleging the need to withdraw from the lawsuits challenging the credit, and recorded the non-fulfillment of the requirement of "undue use". In view of the deny of the decision, the Company filed a Writ of Mandamus in order to obtain the judicial approval of the installment plan. After the favorable decision in the Writ of Mandamus, the Company was successful in order to fully approve the installment payments governed by MP 470. On January 18, 2021, a certificate was drawn up stating that on December 21, 2020 a final and unappealable decision was rendered for the approval of the installment plan intended by the Company.

Due to the provision of the Writ of Mandamus filed by the Company in 2010, PGFN promoted the partial extinction of tax credits taken to extraordinary installments governed by MP 470.

27. Provision for civil, labor, social security and tax risks

The Company and its subsidiaries are parties to civil, labor and social security lawsuits and tax administrative proceedings. Based on the opinion of its tax and legal advisors, Management and legal advisors believes that the balance of provisions is sufficient to cover the necessary expenses to settle obligations.

Provisions for contingencies are measured based on the estimated expenses necessary to settle the obligation. Civil and labor lawsuits are individually assessed by the Company's legal advisors who classify them according to the likelihood of favorable outcome in the lawsuits.

The balance of provisions is broken down as follows:

Amount accrued	Parent company		Consolidated	
	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021
Civil	30,198	27,477	42,372	38,379
Labor	12,708	15,166	13,025	15,741
Social security	4,550	4,550	4,550	4,550
Tax	31,467	30,313	31,518	30,344
	78,923	77,506	91,465	89,014

PBG S.A. and subsidiaries

Notes to the Interim Financial Information for the quarter ended June 30, 2022
All amounts in thousands of reais, unless otherwise stated.

The changes in the balance of provisions for contingencies are broken down as follows:

	Parent Company				
	Civil	Labor	Social Security	Tax	Total
At December 31, 2020	25,072	9,013	4,511	24,946	63,542
Charged (credited) to the statement of income:	3,352	9,441	39	6,088	18,920
Additional provisions	9,590	11,787	18	3,882	25,277
Reversal - not used	(2,444)	(2,003)	-	(535)	(4,982)
Transfers (a)	(9,673)	(957)	-	-	(10,630)
Monetary adjustment (Reversal)	5,879	614	21	2,741	9,255
Reversal due to realization	(947)	(3,288)	-	(721)	(4,956)
At December 31, 2021	27,477	15,166	4,550	30,313	77,506
Charged (credited) to the statement of income:	5,108	173	-	1,315	6,596
Additional provisions	3,230	3,350	-	1,014	7,594
Reversal - not used	(452)	(3,964)	-	-	(4,416)
Monetary adjustment (Reversal)	2,330	787	-	301	3,418
Reversal due to realization	(2,387)	(2,631)	-	(161)	(5,179)
At June 30, 2022	30,198	12,708	4,550	31,467	78,923
	Consolidated				
	Civil	Labor	Social Security	Tax	Total
At December 31, 2020	25,072	9,013	4,511	24,977	63,573
Charged (credited) to the statement of income:	14,379	10,104	39	6,088	30,610
Additional provisions	10,158	11,516	18	3,882	25,574
Reversal - not used	(2,542)	(2,074)	-	(535)	(5,151)
Monetary adjustment (Reversal)	6,763	662	21	2,741	10,187
Reversal due to realization	(1,072)	(3,375)	-	(721)	(5,168)
At December 31, 2021	38,379	15,742	4,550	30,343	89,014
Charged (credited) to the statement of income:	6,517	2	-	1,336	7,855
Additional provisions	3,526	3,364	-	1,027	7,917
Reversal - not used	(365)	(4,116)	-	-	(4,481)
Monetary adjustment (Reversal)	3,356	754	-	309	4,419
Reversal due to realization	(2,524)	(2,719)	-	(161)	(5,404)
At June 30, 2022	42,372	13,025	4,550	31,518	91,465

Civil

The Company and its subsidiaries are defendants in 434 civil lawsuits (393 lawsuits at December 31, 2021), before the Common Courts and Special Civil Courts.

The amounts provisioned are comprised of indemnification claims filed by Final Consumers and construction companies who are Customers of the Company, in which they make claims related to purchased products, in addition to public civil actions filed by the Attorney General's Office (AGU) against Mineração Portobello Ltda. (subsidiary), seeking to compensate for the alleged illegal extraction of ores, and claims related to the Portobello Shop Franchise network. When applicable, escrow deposits were made (note 11).

PBG S.A. and subsidiaries

Notes to the Interim Financial Information for the quarter ended June 30, 2022
All amounts in thousands of reais, unless otherwise stated.

Labor

The Company and its subsidiaries are defendants in 760 labor claims (458 claims at December 31, 2021), filed by former employees and third parties. The other lawsuits refer to payment of severance amounts, additional amounts, overtime, equal pay and indemnity for pain and suffering and damage to property arising from work accident/ occupational illness. Provisions are revised by Management according to its legal advisors. Some lawsuits are supported by escrow deposits.

Social security

Based on the low expectation of success in administrative and judicial actions involving corporate awards, the Company recognized a provision for these debts in the total amount of R\$ 4,904, which still depend on a court decision in the Tax Execution phase, or in some cases, an administrative before the Brazilian Federal Revenue Service.

Tax

a) Tax on legal asset - Plaintiff

In the second quarter of 2018, the Company recognized under "tax contingencies" the amount relating to PIS, COFINS, IRPJ and CSLL on the legal asset IPI Premium Credit – Plaintiff.

As a result of the decision of the STF disclosed in June 2020, and based on external opinions, the Company reversed the provisions related to the amounts of the IPI Premium Credit - Plaintiff, totaling R\$ 70,187 related to PIS, COFINS, IRPJ and CSLL.

b) Tax assessment notice No 10340.720236/2021-00

On March 15, 2021, the Company was notified of the issuance of the tax assessment notice for the tax credit entry in the amount of R\$ 6,421, which originated administrative proceeding No. 10340.720236/2021-00 for the period from 2017 to 2018, for the non-payment of social security contributions on a) Profit Sharing payments (PLR) made to individual taxpayer insured persons; b) payments of amounts nominated by the company as "Assiduity Bonus", made to insured employees; and, c) contribution destined to the National Institute of Colonization and Agrarian Reform (INCRA) not included in the FGTS Collection Guide and Social Security Information (GFIP), which levies on the payment made to insured employees. The Company challenged the entries and is awaiting decision by the Federal Revenue Service of Brazil.

For the aforementioned tax assessment notice, the Company set up a provision of R\$ 620, the remainder being considered as a remote loss.

28. Lawsuits assessed as possible losses

a) Possible loss

In addition to the provisions recorded in its financial statements, assessed as probable losses, there are other civil, labor, social security lawsuits and Tax, which were assessed as possible losses based on the risk assessments arising from the aforementioned lawsuits, and the Company, based on the opinion of its legal advisors, estimates the amounts of contingent liabilities as follows:

PBG S.A. and subsidiaries

Notes to the Interim Financial Information for the quarter ended June 30, 2022

All amounts in thousands of reais, unless otherwise stated.

	Parent Company		Consolidated	
	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021
Civil	5,528	5,510	5,613	5,570
Labor	12,041	11,576	12,212	11,753
Social security	10,433	10,985	10,433	10,985
Tax	10,141	10,141	13,851	13,850
	<u>38,143</u>	<u>38,212</u>	<u>42,109</u>	<u>42,158</u>

29. Equity

29.1 Capital

At June 30, 2022, the Company has a subscribed and paid-up capital in the total amount of R\$ 250,000 (R\$ 250,000 at December 31, 2021), divided into 140,986,886 common, registered and book-entry shares, with no par value (147,529,703 shares at December 31, 2021).

At June 30, 2022, there were 55,137,750 outstanding shares, corresponding to 39.07% of the total shares issued (55,664,577 at December 31, 2021, corresponding to 37.73% of the total). The balance of outstanding shares comprises all securities available for trading in the market, other than those held by controlling shareholders, members of the Board of Directors, Supervisory Board, Managers and treasury shares.

During the period, the Company had variations in its shares due to purchase of shares to be held in treasury and cancellation of shares referring to the buyback plan of 2020 and 2021. Share variations are shown below:

	Treasury share movement	Shares	Treasury shares	Shares held by shareholders
December 31, 2020	Opening balance	158,488,517	3,959,156	154,529,361
January 2021	Purchase	-	14,800	154,514,561
February 2021	Purchase	-	2,081,900	152,432,661
March 2021	Cancellation	(3,959,156)	(3,959,156)	152,432,661
March 2021	Purchase	-	4,902,958	147,529,703
June 2021	Cancellation	(6,999,658)	(6,999,658)	147,529,703
June 2021	Purchase	-	71,200	147,458,503
August 2021	Purchase	-	4,643,000	142,815,503
September 2021	Purchase	-	1,828,617	140,986,886
December 31, 2021	Closing Balance	147,529,703	6,542,817	140,986,886
March 2022	Cancellation	(6,542,817)	(6,542,817)	140,986,886
June 30, 2022	Closing Balance	140,986,886	-	140,986,886

29.2 Treasury shares

Until December 31, 2021, the Company canceled 10,958,814 treasury shares acquired under the buyback program approved in 2020 and 2021, and their respective amount of R\$ 76,459 was recorded in the profit retention reserve.

PBG S.A. and subsidiaries

Notes to the Interim Financial Information for the quarter ended June 30, 2022
All amounts in thousands of reais, unless otherwise stated.

On June 14, 2021, the Board of Directors approved a new Buyback program of up to 6,542,817 shares, which corresponds to 4.4% of the shares issued and 10% of the outstanding shares ("free float"), effective until June 14, 2022. Up to December 31, 2021, the Company purchased 6,542,817 common shares, for the total amount of R\$ 91,351. Up to March 28, 2022, the Company cancelled 6,542,817 common shares, which remain in treasury.

29.3 Earnings reserve

At June 30, 2022, the balance of the legal reserve amounts to R\$ 43,016 (R\$ 43,016 at December 31, 2021) as provided for in Article 193 of the Brazilian Corporation Law (Law 6,404/76).

The objective of the unallocated earnings reserve, in the amount of R\$ 35,633 (R\$ 35,633 at December 31, 2021), is to show the portion of profits whose allocation will be decided and allocated at the Annual General Meeting.

At June 30, 2022, the balance of the unrealized profit retention reserve totals R\$ 80,373 (R\$ 92,174 at December 31, 2021).

At June 30, 2022, the balance of the tax incentive reserve amounts to R\$ 78,185 (R\$ 65,785 at December 31, 2021). In 2022, the Company recorded tax incentive reserves in the amount of R\$ 12,400 (R\$ 30,634 at December 31, 2021). These reserves arise from government grants for ICMS tax incentives related to Prodesin (Integrated Development Program of the State of Alagoas) to the Differentiated Tax Treatment of Santa Catarina (TTD), to Sudene and to Simples Nacional.

29.4 Carrying valuation adjustments

Parent Company and Consolidated	Carrying value adjustments			Total
	Deemed cost (a)	Cumulative translation adjustment (b)	Other comprehensive income (c)	
At December 31, 2020	32,323	(68,353)	(14,095)	(50,125)
Realization of the revaluation reserve	(1,184)	-	-	(1,184)
Foreign exchange variation of subsidiary located abroad	-	1,863	-	1,863
Actuarial gain / (loss)	-	-	7,883	7,883
Deferred income tax and social contribution on actuarial gain (loss)	-	-	(2,680)	(2,680)
Hedge accounting transactions	-	-	2,474	2,474
Deferred income tax and social contribution on hedge accounting	-	-	(841)	(841)
At December 31, 2021	31,139	(66,490)	(7,259)	(42,610)
Realization of the revaluation reserve	(493)	-	-	(493)
Foreign exchange variation of subsidiary located abroad	-	(2,931)	-	(2,931)
Hedge accounting transactions	-	-	18,385	18,385
Deferred income tax and social contribution on hedge accounting	-	-	(6,251)	(6,251)
At June 30, 2022	30,646	(69,421)	4,875	(33,900)

a) Deemed cost

In 2010, upon the first-time adoption of IFRS 1/CPC 37, as well as the adoption of CPC 43 and ICPC 10, the Company adopted the option to use the property, plant and equipment revaluation made in 2006 as deemed cost, understanding that the same represented substantially the fair value at the date of transition. Such revaluation included land, constructions and improvements, supported by a revaluation report prepared by an independent appraiser. It is being realized based on the depreciation of revalued

PBG S.A. and subsidiaries

Notes to the Interim Financial Information for the quarter ended June 30, 2022
All amounts in thousands of reais, unless otherwise stated.

constructions and improvements recorded against retained earnings. The same effect of the realization of the carrying value adjustments is reflected in profit or loss, based on the depreciation of revalued assets.

b) Cumulative translation adjustment

The changes in assets and liabilities in foreign currency (US Dollar) arising from currency fluctuation, as well as the variations between the daily rates and the closing rate of the changes in profit or loss of the foreign subsidiary are recognized in this line item of cumulative translation adjustments. At June 30, 2022, the foreign exchange variation amounted to R\$ (2,931) (R\$ 1,863 at December 31, 2021), as mentioned in note 17.

c) Other comprehensive income

At June 30, 2022, the balance of R\$ 4,875 (R\$ (7,259) at December 31, 2021) arises from:

- i) Fair value of private pension plans (actuarial) of R\$ (8,892) (R\$ (8,892) at December 31, 2021);
- ii) Hedge accounting fair value of R\$ (20,860) (R\$ 2,474 at December 31, 2021), due to the positive result of the operations with derivative financial instruments classified as hedge accounting not yet realized in the quarter, with an effect of R\$ (R\$ 7,093) (R\$ (841) at December 31, 2021) related to the deferred income tax and social contribution on this balance, net of hedge accounting fair value of R\$ 13,767 (R\$ 1,633 at December 31, 2021). These amounts are transferred from equity to profit or loss to the extent that the NDF contracts mature and sales in US Dollars are shipped in the respective month of maturity of the contracts.

30. Employee benefits

30.1 Private pension plan

Since 1997, the Company and its subsidiaries sponsor a pension plan called Portobello Prev, managed by Bradesco, which has 4,453 active participants (4,449 at December 31, 2021) and 23 retirees and pensioners (23 at December 31, 2021). The plan is a defined contribution plan in the fund contribution stage. During the benefit granting stage, the plan shows defined benefit features, ensuring life retirement and pension benefits to its members. Moreover, it offers a minimum retirement benefit based on the length of service or age, which is exclusively financed by the sponsors.

In the six-month period ended June 30, 2022, there were no changes in the conditions and benefits of the plan, as well as in respect to the assumptions used for its assessment and bookkeeping.

PBG S.A. and subsidiaries

Notes to the Interim Financial Information for the quarter ended June 30, 2022
All amounts in thousands of reais, unless otherwise stated.

31. Revenue

The reconciliation from gross revenue to net revenue is as follow:

	Parent Company				Consolidated			
	Quarter ended June 30, 2022	Quarter ended June 30, 2021	Accumulated ended June 30, 2022	Accumulated ended June 30, 2021	Quarter ended June 30, 2022	Quarter ended June 30, 2021	Accumulated ended June 30, 2022	Accumulated ended June 30, 2021
Gross sales revenue	569,194	490,241	1,104,625	932,162	701,333	581,034	1,349,789	1,102,777
Result from hedge accounting transactions	9,623	-	16,024	-	9,623	-	16,024	-
Deductions from gross revenue	(114,704)	(105,236)	(228,503)	(199,843)	(133,498)	(116,773)	(263,400)	(222,123)
Taxes on sales	(106,373)	(98,671)	(211,379)	(186,274)	(120,457)	(107,169)	(236,623)	(202,395)
Returns and rebates	(8,331)	(6,565)	(17,124)	(13,569)	(13,041)	(9,604)	(26,777)	(19,728)
Net sales revenue	464,113	385,005	892,146	732,319	577,458	464,261	1,102,413	880,654

The operating nature and net revenue are shown in the following structure:

	Parent Company				Consolidated			
	Quarter ended June 30, 2022	Quarter ended June 30, 2021	Accumulated ended June 30, 2022	Accumulated ended June 30, 2021	Quarter ended June 30, 2022	Quarter ended June 30, 2021	Accumulated ended June 30, 2022	Accumulated ended June 30, 2021
Sale of own products	439,010	364,107	841,256	690,200	498,918	415,642	970,157	809,967
Sale of third-party products	25,103	20,898	50,890	42,119	49,797	23,678	76,721	45,745
Royalties	-	-	-	-	28,743	24,941	55,535	24,942
Net operating revenue	464,113	385,005	892,146	732,319	577,458	464,261	1,102,413	880,654

Generally, the Company has no customers that individually account for more than 10% of the net sales revenue.

PBG S.A. and subsidiaries

Notes to the Interim Financial Information for the quarter ended June 30, 2022

All amounts in thousands of reais, unless otherwise stated.

32. Expenses by nature

Cost of sales, selling and administrative expenses are broken down as follows

	Parent Company				Consolidated			
	Quarter ended June 30, 2022	Quarter ended June 30, 2021	Accumulated at June 30, 2022	Accumulated at June 30, 2021	Quarter ended June 30, 2022	Quarter ended June 30, 2021	Accumulated at June 30, 2022	Accumulated at June 30, 2021
Costs and expenses								
Cost of sales and/or services	(293,440)	(254,025)	(554,732)	(479,091)	(324,894)	(273,848)	(611,462)	(511,757)
Selling expenses	(78,926)	(66,028)	(154,196)	(128,745)	(129,523)	(101,558)	(248,424)	(193,238)
General and administrative	(23,104)	(15,248)	(40,601)	(28,496)	(24,089)	(15,620)	(42,420)	(29,149)
	<u>(395,470)</u>	<u>(335,301)</u>	<u>(749,529)</u>	<u>(636,332)</u>	<u>(478,506)</u>	<u>(391,026)</u>	<u>(902,306)</u>	<u>(734,144)</u>
Breakdown of expenses by nature								
Direct production cost (raw materials and inputs)	(206,902)	(154,736)	(404,196)	(301,054)	(204,121)	(152,240)	(399,032)	(296,205)
Salaries, charges and employee benefits	(92,780)	(81,024)	(175,154)	(152,242)	(113,224)	(95,939)	(213,329)	(179,989)
Third-party labor and services	(25,843)	(19,125)	(47,526)	(34,699)	(30,853)	(22,040)	(58,545)	(39,435)
General production expenses (including maintenance)	(19,395)	(18,641)	(33,919)	(33,123)	(20,019)	(18,888)	(35,192)	(33,497)
Cost of goods resold	(19,177)	(15,728)	(42,032)	(31,177)	(49,794)	(36,343)	(97,691)	(64,970)
Amortization and depreciation	(14,915)	(12,454)	(29,591)	(24,627)	(21,386)	(15,912)	(41,874)	(31,482)
Other selling expenses	(3,545)	(2,987)	(7,225)	(6,103)	(14,884)	(11,096)	(27,247)	(21,232)
Sales commissions	(11,100)	(9,558)	(21,903)	(18,326)	(17,197)	(12,323)	(31,559)	(23,400)
Marketing and publicity	(10,519)	(9,429)	(23,401)	(21,239)	(13,867)	(12,494)	(30,322)	(26,176)
Transportation of goods sold	(10,537)	(5,059)	(18,708)	(8,639)	(10,537)	(5,059)	(18,708)	(8,639)
Lease expenses - not applicable to IFRS 16	(7,307)	(4,796)	(14,288)	(9,362)	(8,406)	(6,722)	(16,387)	(12,917)
Other administrative expenses	(2,902)	(1,604)	(4,400)	(3,499)	(3,084)	(1,694)	(5,001)	(3,686)
Changes in inventories of finished products and work in progress (a)	29,452	(160)	72,814	7,758	28,866	(276)	72,581	7,484
Total	<u>(395,470)</u>	<u>(335,301)</u>	<u>(749,529)</u>	<u>(636,332)</u>	<u>(478,506)</u>	<u>(391,026)</u>	<u>(902,306)</u>	<u>(734,144)</u>

a) Changes in inventories of finished products and work in progress is the difference between the cost of the product manufactured and the cost of the product sold, representing the sales of items manufactured in previous years.

PBG S.A. and subsidiaries

Notes to the Interim Financial Information for the quarter ended June 30, 2022

All amounts in thousands of reais, unless otherwise stated.

33. Other operating income and expenses, net

	Parent Company				Consolidated			
	Quarter ended June 30, 2022	Quarter ended June 30, 2021	Accumulated at June 30, 2022	Accumulated at June 30, 2021	Quarter ended June 30, 2022	Quarter ended June 30, 2021	Accumulated at June 30, 2022	Accumulated at June 30, 2021
Other operating income								
Revenue from services	111	203	242	345	111	203	242	345
Sales of property, plant and equipment (a)	-	-	-	-	-	-	14,761	-
Reversal of the unconstitutionality of ICMS tax rate difference	-	-	4,583	-	-	-	4,583	-
Legal asset - rural credit notes	-	-	-	-	-	-	1,497	-
Reversal of provisions for civil, labor, social security and tax issues	-	8,192	-	8,192	-	8,192	-	8,192
Other revenues	279	3,140	861	1,859	295	3,901	897	2,621
	<u>390</u>	<u>11,535</u>	<u>5,686</u>	<u>10,396</u>	<u>406</u>	<u>12,296</u>	<u>21,980</u>	<u>11,158</u>
Other operating expenses								
Provisions for civil, labor, social security and tax issues	(2,765)	(2,076)	(4,160)	(4,572)	(2,853)	(11,941)	(4,452)	(14,437)
Attorney's fees	376	-	-	-	376	-	-	-
Taxes on other revenues	(125)	(113)	(304)	(203)	(146)	(132)	(329)	(259)
Bonus for achievement of goals	(1,569)	-	(1,569)	-	(1,569)	-	(1,569)	-
Provision for profit sharing	813	(5,147)	(4,704)	(8,958)	(2,309)	(5,818)	(7,933)	(9,630)
Disposal of property, plant and equipment (a)	-	-	-	-	-	-	(14,905)	-
Other expenses	(726)	(652)	(814)	(984)	(3,384)	(1,110)	(5,311)	(1,544)
Total	<u>(3,996)</u>	<u>(7,988)</u>	<u>(11,551)</u>	<u>(14,717)</u>	<u>(9,885)</u>	<u>(19,001)</u>	<u>(34,499)</u>	<u>(25,870)</u>
Total - net	<u>(3,606)</u>	<u>3,547</u>	<u>(5,865)</u>	<u>(4,321)</u>	<u>(9,479)</u>	<u>(6,705)</u>	<u>(12,519)</u>	<u>(14,712)</u>

(a) Refers to the sale of Portobello América's land to Oak Steet, arising from the built-to-suit transaction to the construction of the United States plant, see note 18.

PBG S.A. and subsidiaries

Notes to the Interim Financial Information for the quarter ended June 30, 2022
All amounts in thousands of reais, unless otherwise stated.

34. Finance income (costs)

Finance income (costs) is as follows:

	Parent Company				Consolidated			
	Quarter ended June 30, 2022	Quarter ended June 30, 2021	Accumulated at June 30, 2022	Accumulated at June 30, 2021	Quarter ended June 30, 2022	Quarter ended June 30, 2021	Accumulated at June 30, 2022	Accumulated at June 30, 2021
Finance income								
Interest	1,446	874	2,516	1,807	2,720	1,400	4,403	2,558
Asset adjustment	2,883	312	5,070	556	2,883	312	5,070	556
Gain on swap transactions	-	-	-	1,576	-	-	-	1,576
Other	(111)	4	12	17	135	122	548	236
Total	4,218	1,190	7,598	3,956	5,738	1,834	10,021	4,926
Finance costs								
Interest	(10,582)	(9,802)	(20,217)	(16,732)	(11,548)	(10,334)	(21,630)	(17,800)
Finance charges on taxes	(1,084)	(149)	(1,750)	(418)	(1,146)	(154)	(1,856)	(429)
Adjustment of provision for contingencies	(1,492)	433	(3,170)	(1,115)	(1,943)	433	(4,159)	(1,115)
Commissions and service fees	(1,385)	(1,989)	(2,940)	(3,888)	(3,068)	(3,400)	(6,446)	(5,989)
Bank expenses/Discount	(71)	(3,214)	(71)	(3,265)	(75)	(3,224)	(75)	(3,285)
Gain (loss) on swap transactions	(411)	(1,932)	(411)	(2,191)	(411)	(1,932)	(411)	(2,191)
Interest on debentures	(11,279)	(3,195)	(20,980)	(5,874)	(11,279)	(3,195)	(20,980)	(5,874)
Discounts granted	-	67	-	(395)	-	(45)	-	(509)
Other	487	(61)	1	(98)	(776)	(866)	(1,280)	(914)
Total	(25,817)	(19,842)	(49,538)	(33,976)	(30,246)	(22,717)	(56,837)	(38,106)
Foreign exchange variations, net								
Trade receivables and trade payables	14,850	(6,200)	(4,262)	(2,519)	14,847	(6,180)	(4,236)	(2,505)
Borrowings	(50)	2,554	(3)	(315)	(50)	2,554	(3)	(315)
Total	14,800	(3,646)	(4,265)	(2,834)	14,797	(3,626)	(4,239)	(2,820)
Total - net	(6,799)	(22,298)	(46,205)	(32,854)	(9,711)	(24,509)	(51,055)	(36,000)

35. Earnings (loss) per share

a) Basic

Pursuant to CPC 41 (Earnings per Share), basic earnings (loss) per share are calculated by dividing the profit attributable to the owners of the Company by the weighted average number of common shares issued during the period, less common shares bought by the Company and held as treasury shares.

The table below establishes the calculation of earnings (loss) per share at June 30, 2022 and June 30, 2021:

	Parent Company and Consolidated	
	June 30, 2022	June 30, 2021
Profit attributed to Company shareholders	91,457	80,579
Weighted average number of common shares (a)	140,987	152,252
Basic earnings per share	0.64869	0.52925

PBG S.A. and subsidiaries

Notes to the Interim Financial Information for the quarter ended June 30, 2022
All amounts in thousands of reais, unless otherwise stated.

b) Diluted

Diluted earnings (loss) per share correspond to basic earnings (loss) as the Company's common shares are not subject to dilutive factors.

36. Dividends

The mandatory minimum dividends for 2021, which represent 25% of the Company's profit less the Legal Reserve recognized in 2021, amount to R\$ 51,341. In 2021, the Company distributed the amount of R\$ 102,682 to its shareholders. Dividends were paid throughout 2021 and in April 2022.

37. Segment reporting

Management defined the operating segments based on the reports used for strategic decision-making, reviewed by the Executive Board, which carries out its business analysis by segmenting it from the perspective of the markets in which it operates: Domestic (Internal Market - Brazil) and Export (External Market – Other Countries).

According to the management's definition, currently the Company is structured in four strategic segments formed by the business units denominated Portobello, Portobello Shop (PBShop), Pointer and Portobello America (PBA).

Portobello is the owner of the industrial operation of the Portobello brand products in Tijucas, and it serves the following markets: B2B, multibrand retailers, building companies, large projects, export and other business of the group. Portobello Shop (PBShop) operates as a franchiser of the Group, developing brand retail through the network of own stores and franchises. Pointer is the owner of the industrial operation of the Pointer brand products in Alagoas, with regional operation in the Northeast, North and export markets. Portobello America (PBA) represents the brand in the United States, main market in the Company's strategy of internationalization.

The revenue provided by operating segments reported exclusively derives from the manufacturing and sale of ceramic tiles used in the civil construction industry.

The Executive Board assesses the performance of the operating segments based on the measurement of the gross operating income or loss.

The segment reporting, reviewed by the Executive Board, is as follows:

a) Segment reporting for the second quarter of 2022 and 2021:

	At June 30, 2022			At June 30, 2021		
	Brazil	Other countries	Total	Brazil	Other countries	Total
Continuing operations						
Revenue	427,343	150,115	577,458	365,305	98,956	464,261
Cost of goods sold	(224,769)	(100,125)	(324,894)	(206,492)	(67,356)	(273,848)
Gross profit	202,574	49,990	252,564	158,813	31,600	190,413

PBG S.A. and subsidiaries

Notes to the Interim Financial Information for the quarter ended June 30, 2022
All amounts in thousands of reais, unless otherwise stated.

b) Segment reporting for the six-month periods of 2022 and 2021:

	At June 30, 2022			At June 30, 2021		
	Brazil	Other countries	Total	Brazil	Other countries	Total
Continuing operations						
Revenue	818,096	284,317	1,102,413	693,526	187,128	880,654
Cost of goods sold	(425,153)	(186,309)	(611,462)	(391,337)	(120,420)	(511,757)
Gross profit	392,943	98,008	490,951	302,189	66,708	368,897

In relation to the foreign market, the Company exports to 57 countries.

c) Segment reporting for the second quarter of 2022 and 2021:

	At June 30, 2021					
	Total	*Eliminations	Portobello	Pointer	Portobello Shop	PBA
Continuing operations						
Net revenue	464,261	(12,994)	225,859	66,236	147,362	37,798
Cost of goods sold	(273,848)	11,126	(130,680)	(40,800)	(82,350)	(31,144)
Gross profit	190,413	(1,868)	95,179	25,436	65,012	6,654
*Eliminations between transactions						
	At June 30, 2022					
	Total	*Eliminations	Portobello	Pointer	Portobello Shop	PBA
Continuing operations						
Net revenue	577,458	(20,171)	274,755	60,745	196,135	65,994
Cost of goods sold	(324,894)	18,796	(149,504)	(39,261)	(103,602)	(51,323)
Gross profit	252,564	(1,375)	125,251	21,484	92,533	14,671
*Eliminations between transactions						

d) Segment reporting for the six-month period ended 2022 and 2021:

	At June 30, 2021					
	Total	*Eliminations	Portobello	Pointer	Portobello Shop	PBA
Continuing operations						
Net revenue	880,654	(26,985)	430,414	128,596	271,779	76,850
Cost of goods sold	(511,757)	24,518	(247,107)	(78,388)	(151,409)	(59,371)
Gross profit	368,897	(2,467)	183,307	50,208	120,370	17,479
*Eliminations between transactions						
	At June 30, 2022					
	Total	*Eliminations	Portobello	Pointer	Portobello Shop	PBA
Continuing operations						
Net revenue	1,102,413	(36,716)	531,464	115,158	368,339	124,168
Cost of goods sold	(611,462)	35,746	(282,936)	(73,155)	(195,217)	(95,900)
Gross profit	490,951	(970)	248,528	42,003	173,122	28,268
*Eliminations between transactions						

PBG S.A. and subsidiaries

Notes to the Interim Financial Information for the quarter ended June 30, 2022
All amounts in thousands of reais, unless otherwise stated.

38. Commitments for acquisition of assets

Purchases of property, plant and equipment

At June 30, 2022, expenses recorded but not yet incurred relating to property, plant and equipment amount to R\$ 13,324 (R\$ 9,270 at December 31, 2021). Such expenses correspond to the modernization of manufacturing equipment, according to the Company's investment plan.

Plant Construction Operation of the Portobello Manufacturing LLC Subsidiary

During the first semester of 2022, Portobello America advanced in the project for the new plant which is being built in Baxter, Tennessee. In March, the Company announced to the market the signing of the Built-to-Suit (BtS) contract, in the amount of USD 90 million, which aims to build the new plant, in addition to the long-term commercial conditions for using the space in the form of leasing without purchase option.

In addition, also in March, Portobello America acquired equipment for phase 1 of the project. Investment in equipment in this phase of the project will total approximately USD 45 million and the unit is expected to start operating in early 2023.

39. Insurance coverage (unreviewed)

The insurance coverage at June 30, 2022 is considered sufficient to cover any claims and is summarized as follows:

Insurance Policy	Maximum Indemnity Limit	Maturity
International transport - Portobello imports	USD 9,000	12/31/2022
International transport - Pointer imports	USD 12,000	09/30/2022
Property Insurance - Own Stores	8,400	05/25/2023
Property Insurance - Pointer (Alagoas Building)	61,000	06/13/2023
Directors and Officers Liability Insurance (D&O)	40,000	08/27/2022
General civil liability insurance (Tijucas/Pointer)	6,520	04/14/2023
PBG Property Insurance (Tijucas/Pointer/DCs) - single maximum indemnity limit	305,000	06/13/2023
Group life insurance and funeral assistance	510,964	03/01/2023
Cyber insurance	7,000	07/01/2023
Vehicle fleet	73 (vehicles)	11/15/2022
Guarantee Bond Contract Engie EBC-18. 1710-CVE-CL	2,613	12/31/2022
Guarantee Bond Contract Engie	5,709	03/01/2023
Legal Protection Insurance (a)	28,000	06/18/2025
Legal Protection Insurance	1,408	04/24/2023
Legal Protection Insurance	248	11/13/2023
Legal Protection Insurance	169	11/13/2023
Legal Protection Insurance	3,899	04/26/2024
Legal Protection Insurance	1,534	05/13/2024
Legal Protection Insurance	132	03/03/2023
Legal Protection Insurance	261	01/26/2026
Legal Protection Insurance	129	04/24/2023
Legal Protection Insurance (b)	53,070	05/03/2026
Legal Protection Insurance	1,366	05/03/2026
Legal Protection Insurance	734	05/03/2026
Legal Protection Insurance	171	03/21/2027
Legal Protection Insurance (c)	28,777	03/07/2027
Legal Protection Insurance	10,421	01/21/2024
Legal Protection Insurance (d)	44,720	01/21/2024
Legal Protection Insurance	315	05/10/2025
Legal Protection Insurance	10,603	05/10/2025

PBG S.A. and subsidiaries

Notes to the Interim Financial Information for the quarter ended June 30, 2022

All amounts in thousands of reais, unless otherwise stated.

(a) The guarantee insurance policy, issued in the judicial modality, in the amount of R\$ 28,000, was presented in the records of the Labor Claim, in which it fights for the payment of labor funds, currently pending before the 15th Labor Court of Salvador/BA. The amount of the guarantee expressed in this Policy covers the total amount of the debt under discussion, including the principal, fine, attorney's fees, interest of 1% per month and monetary adjustment by the TR.

(b) The guarantee insurance policy in the amount of R\$ 53,070 was presented in the records of the injunction proposed by the Company, against the Federal Government - National Treasury for the purpose of obtaining the tax regularity certificate. After being cited in an eventual tax execution.

(c) Policy R\$ 28,777 - refers to a bond in the amount of R\$ 28,777, taken out as a legal protection insurance, presented in the records of the decision enforcement filed by PBTECH against Banco do Brasil.

(d) Policy R\$ 44,720 - refers to a bond, taken out as a legal protection insurance, in the amount of R\$ 44,720, presented in the records of the tax execution filed by the Federal Government's National Treasury for the legal collection of tax credits subject to installment plan under MP470. The purpose of the bond recorded is to withdraw the amount deposited in court.

40. Related entities and parties

The operations between the companies of the Portobello Group involve the Parent Company and its subsidiaries, as well as parties related to the Group's controlling shareholders and officers. The operations refer to sales and purchases of finished goods, products in progress and raw materials, dividends, tax proceedings, lease of properties and contracting of logistics, software, infrastructure and marketplace services. The carrying amounts for the aforementioned operations are as follows:

Nature - Assets and liabilities balance	Company	Parent Company	
		June 30, 2022	December 31, 2021
Subsidiaries			
Commercial transactions			
Trade receivables, net of advances	Portobello Shop S.A.	-	1
Trade receivables, net of advances	Portobello America, Inc.	134,775	111,796
Trade receivables, net of advances	Cia Brasileira de Cerâmica	358	402
Trade receivables, net of advances	PBTech Com. Sern. Cer. Ltda.	14,161	6,714
Receivables from related parties	Portobello Shop S.A.	67	-
Trade payables, net of advances	Cia Brasileira de Cerâmica	(3,565)	(170)
Trade payables, net of advances	Mineração Portobello Ltda.	(946)	(1,819)
Assets net of liabilities with subsidiaries		144,850	116,924
Related parties			
Payables to related parties	Refinadora Catarinense S.A.	(56,330)	(56,330)
Payables to related parties	Mineração Portobello Ltda.	(9,614)	-
Payables to related parties	PBTech Com. Sern. Cer. Ltda.	(28)	-
Payables to related parties	Portobello Shop S.A.	(16)	-
Trade receivables, net of advances	Solução Cerâmica Com. Ltda.	-	5
Trade receivables, net of advances	Riveste Comercio Ltda.	164	559
Trade receivables, net of advances	Flooring Revest. Cer. Ltda.	725	193
Accounts payable	Flooring Revest. Cer. Ltda.	(4,892)	(6,058)
Trade payables	AB Parking	(37)	(9)
Assets net of liabilities with other related parties		(70,028)	(61,640)

PBG S.A. and subsidiaries

Notes to the Interim Financial Information for the quarter ended June 30, 2022

All amounts in thousands of reais, unless otherwise stated.

Nature - profit or loss	Company	Parent company	
		Accumulated at June 30, 2022	Accumulated at June 30, 2021
Revenue			
Subsidiaries			
Sale of products	PBTech Com. Sern. Cer. Ltda.	55,427	22,240
Sale of products	Cia Brasileira de Cerâmica	855	154
Sale of products	Portobello America, Inc.	48,904	18,731
Related parties			
Sale of products	Solução Cerâmica Com. Ltda.	31	7,485
Sale of products	Solução Cerâmica Com. Ltda.	13,261	-
Sale of products	Flooring Revest. Cer. Ltda.	7,996	2,575
Expenses			
Subsidiaries			
Acquisition of inputs	Mineração Portobello Ltda.	(6,179)	(2,615)
Related parties			
Rental	Gomes Part Societárias Ltda.	-	(186)
Freight service	Multilog Sul Armazéns S/A	(8)	(1,032)
Cutting service	Flooring Revest. Cer. Ltda.	(6,271)	(2,289)
Parking service	AB Parking	(157)	(78)
		<u>113,859</u>	<u>44,985</u>

Subsidiary Portobello Shop is the Company's guarantor in some financing transactions.

Related-party transactions

Portobello Shop and Pbech recognized receivables, payables for investments and service revenue relating to royalties of related parties.

The transactions are as follows:

Transactions with subsidiaries and related entities	Nature - Property	Subsidiaries	
		June 30, 2022	December 31, 2021
Solução Cerâmica Com. Ltda.	Trade receivables, net of advances	-	61
Riveste Comercio Ltda.	Trade receivables, net of advances	261	968
Flooring Revest. Cer. Ltda.	Trade receivables, net of advances	465	515
Solução Cerâmica Com. Ltda. / Riveste Comercio Ltda	Payables for investments	(35,290)	-
		<u>(34.654)</u>	<u>1,544</u>

Transactions with subsidiaries and related entities	Nature - profit or loss	Subsidiaries	
		Accumulated at June 30, 2022	Accumulated at June 30, 2021
Solução Cerâmica Com. Ltda.	Royalties	3	4,371
Riveste Comercio Ltda.	Royalties	4,485	-
Flooring Revest. Cer. Ltda.	Royalties	2,827	1,929
		<u>7,315</u>	<u>6,300</u>

PBG S.A. and subsidiaries

Notes to the Interim Financial Information for the quarter ended June 30, 2022

All amounts in thousands of reais, unless otherwise stated.

Acquisition of Portobello Shop operations of Gabriel and Pacaembu stores

The Portobello Group, through its wholly-owned subsidiary PBtech, in line with its retail growth plan, acquired the Portobello Shop operations of Gabriel and Pacaembu stores – negotiation between related parties Riveste Comércio Ltda. and Soluções Cerâmica Comércio Ltda.

The operation was approved at a meeting of the Board of Directors on 03/16/2022 and the contract was signed on 04/29/2022.

The transaction value was defined by an independent third-party company, using the Discounted Cash Flow method, analyzing each of the stores individually. The transaction was set at R\$60,000 (sixty million reais) for both stores, valuation consistent with market values, considering the revenue and other economic conditions of the locality. The payment is as follows: 1/3 (one third) of the amount, equivalent to R\$20,000,000.00 (twenty million reais), paid on April 10, 2022; 1/3 of the amount, equivalent to R\$20,000,000.00 (twenty million reais) to be paid in 8 (eight) consecutive monthly installments of R\$2,500,000.00 (two million and five hundred thousand reais), the first one with maturity on May 10, 2022 and the others on the same day of the subsequent months; and 1/3 of the amount, equivalent to R\$20,000,000.00 (twenty million reais), will be paid in a single installment on April 10, 2023.

At June 30, 2022, PBtech has R\$35,290 outstanding from investment providers, comprising principal and interest. In the period, interest was accrued in amount of R\$691 in the financial result.

Key management personnel compensation

Expenses on compensation paid to key management personnel, which comprise the members of the Executive Board, Board of Directors, Supervisory Board and Management, recorded at June 30, 2022, are as follows:

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Fixed compensation				
Salaries	7,143	7,551	8,056	8,361
Fees	4,254	3,840	4,254	3,840
Variable compensation	2,796	1,550	3,187	1,707
Pension Plan	475	543	490	568
Severance benefits	966	-	966	-
Other	3,491	1,061	3,605	1,160
	<u>19,125</u>	<u>14,545</u>	<u>20,558</u>	<u>15,636</u>

41. Events after the reporting period

Acquisition of Franchised Store from Related Parties

On July 29, 2022, the subsidiary PBTech concluded the purchase of three Franchised Stores and the Special Cuts factory in Santa Catarina (Shop Tijucas, Shop Balneário Camboriú and Shop São José) in the amount of R\$54.7 million, as approved in the minutes of the Board of Directors' meeting dated July 5, 2022.

(A free translation of the original in Portuguese)

PBG S.A.
Quarterly Information (ITR) at
June 30, 2022
and report on review of
quarterly information

Report on review of quarterly information

To the Board of Directors and Stockholders
PBG S.A.

Introduction

We have reviewed the accompanying parent company and consolidated interim accounting information of PBG S.A. ("Company"), included in the Quarterly Information Form (ITR) for the quarter ended June 30, 2022, comprising the balance sheet at that date and the statements of income and comprehensive income for the quarter and six-month period then ended, and the statements of changes in equity and cash flows for the six-month period then ended, and explanatory notes.

Management is responsible for the preparation of the parent company and consolidated interim accounting information in accordance with the accounting standard CPC 21, Interim Financial Reporting, of the Brazilian Accounting Pronouncements Committee (CPC) and International Accounting Standard (IAS) 34, Interim Financial Reporting issued by the International Accounting Standards Board (IASB), as well as the presentation of this information in accordance with the standards issued by the Brazilian Securities Commission (CVM), applicable to the preparation of the Quarterly Information (ITR). Our responsibility is to express a conclusion on this interim accounting information based on our review.

Scope of review

We conducted our review in accordance with Brazilian and International Standards on Reviews of Interim Financial Information (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 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 Brazilian and International Standards on Auditing 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 interim information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying parent company and consolidated interim accounting information included in the quarterly information referred to above has not been prepared, in all material respects, in accordance with CPC 21 and IAS 34 applicable to the preparation of the Quarterly Information, and presented in accordance with the standards issued by the CVM.

Other matters

Statements of value added

The quarterly information referred to above includes the parent company and consolidated statements of value added for the six-month period ended June 30, 2022. These statements are the responsibility of the Company's management and are presented as supplementary information under IAS 34. These statements have been subjected to review procedures performed together with the review of the interim accounting information for the purpose of concluding whether they are reconciled with the interim accounting information and accounting records, as applicable, and if their form and content are in accordance with the criteria defined in the accounting standard CPC 09 - "Statement of Value Added". Based on our review, nothing has come to our attention that causes us to believe that these statements of value added have not been properly prepared, in all material respects, in accordance with the criteria established in this accounting standard, and consistent with the parent company and consolidated interim accounting information taken as a whole.

Florianópolis, August 5, 2022

PricewaterhouseCoopers
Auditores Independentes Ltda.
CRC 2SP000160/O-5

Leandro Sidney Camilo da Costa
Contador CRC 1SP236051/O-7

OPINION OF THE FISCAL COUNCIL

The Fiscal Council of PBG SA, in compliance with legal and statutory provisions, examined the Financial Statements for the fiscal year ended June 30, 2022, comprising: balance sheet, statements of income for the year, statements of changes in equity, statements comprehensive income, cash flow statements, value added statements, explanatory notes, as well as the Management Report and the Independent Auditors' Opinion. The consolidated statements were also examined. After the Management's examinations and clarifications, the Fiscal Council, also taking into account the opinion of the auditors Pricewaterhousecoopers Auditores Independentes, issued in Aug 2022 without reservations, and of the opinion that, in its main aspects, the referred financial statements adequately reflect the PBG SA's equity and financial situation and the results of its operations, being in conditions to be submitted to the appreciation and deliberation of the Shareholders. In addition, the management's proposals regarding the modification of share capital and the distribution of dividends were analyzed, which are also in a position to be submitted to the appreciation and deliberation of the Shareholders meeting at the General Meeting.

Tijucas, Aug 05, 2022.

Jorge Muller

Maro Marcos Hadlich Filho

Carlos Eduardo Zoppello Brennand

Directors' Statement on Financial Statements and Review Report
Special of Independent Auditors

Pursuant to CVM Instruction 480/09, item I of article 28, in compliance with the provisions of items V and VI of article 25 of said instruction, the board of directors of PBG S.A., declares that:

(i) reviewed, discussed and agreed with the Company's Quarterly Information for the quarter ended June 30, 2022; and

(ii) reviewed, discussed and agreed with the opinions expressed in the special review report of PRICEWATERHOUSECOOPERS AUDITORES INDEPENDENTES, regarding the Company's Quarterly Information for the quarter ended on June 30, 2022.

Tijucas, August 08, 2022.

Board Composition

Mauro do Valle Pereira - Chief Executive Officer

John Shojiro Suzuki – VP of Finance and Investor Relations

Edson Luiz Mees Stringari – VP of Legal and Compliance