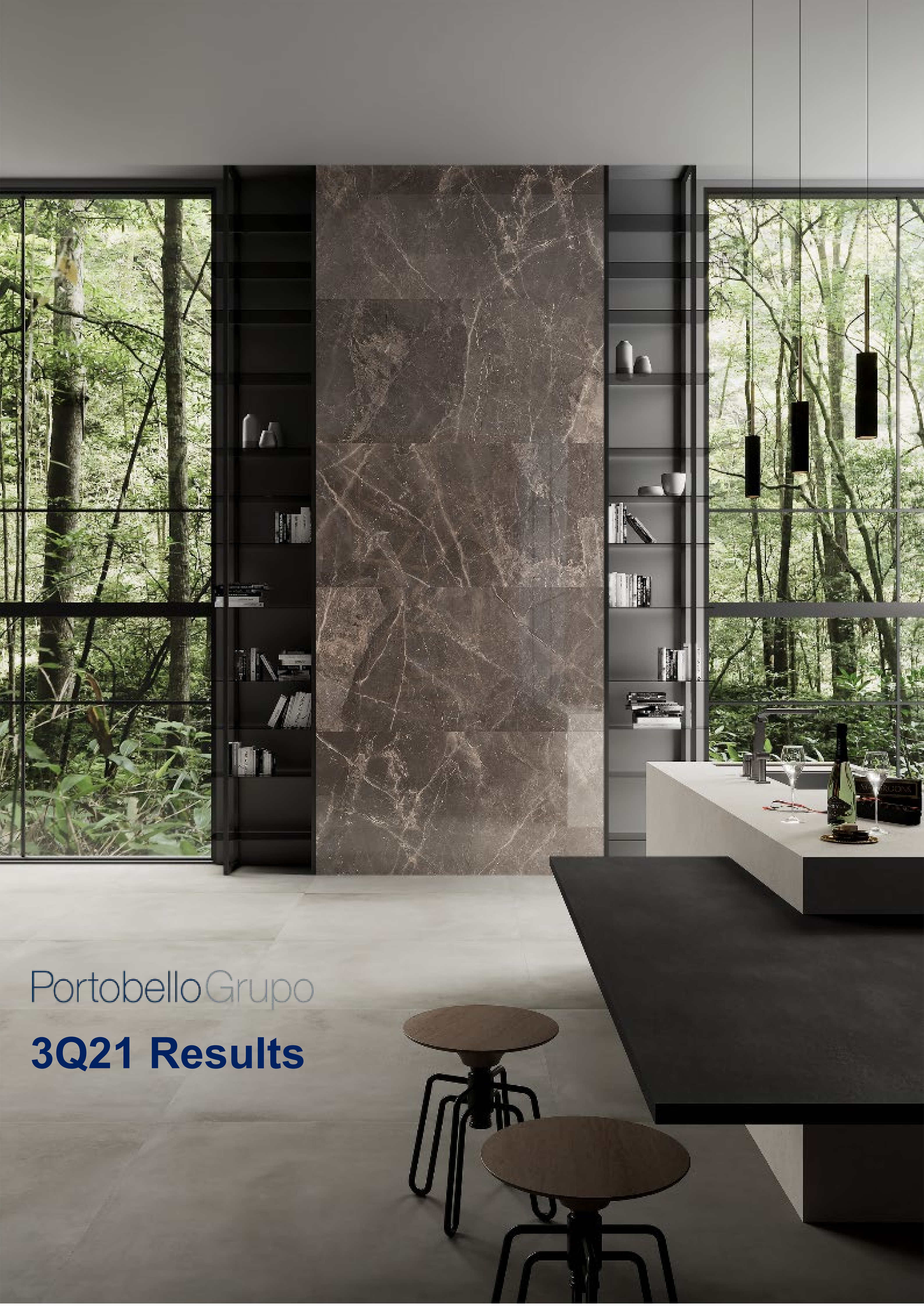


PortobelloGrupo

3Q21 Results

PBG S.A.

Release of 3Q21 results

September 30, 2021

Share price (09/30/2021)

PTBL3 – R$ 10.85

Market Value (09/30/2021)

R$ 1,600.7 million

US$ 294.3 million

Number of shares (09/30/2021)

Common: 147,529,703

Treasury: 6,542,817

Free Float = 39.5%

Investor Relations

Ronei Gomes
Chief Financial and Investor Relations Officer

Roger Nickhorn
Financial Planning and Investor Relations Sr. Manager

dri@portobello.com.br

http://ri.portobello.com.br/

Interim Financial Information for the quarter ended September 30, 2021
In thousands of Brazilian reais, unless otherwise started.

Company information / Breakdown of Capital

Quantity of shares (Thousand)	**Last fiscal year 09/30/2021**
Paid-in capital	
Common	147.529
Preferred	-
Total	**147.529**
Treasury	
Common	6.543
Preferred	-
Total	**6.543**

Interim Financial Information for the quarter ended September 30, 2021
In thousands of Brazilian reais, unless otherwise started.

Individual financial statements / Balance sheet - Assets

(Thousand) Account Code	Account Description	Current Period 09/30/2021	Previous Period 12/31/2020
1	Total Assets	2.047.510	1.935.793
1.01	Curent Assets	853.019	823.115
1.01.01	Cash and Cash Equivalents	277.270	245.779
1.01.03	Accounts Receivable	288.301	261.227
1.01.03.01	Trade Receivables	288.301	261.227
1.01.04	Inventory	212.705	172.897
1.01.06	Taxes to recover	52.618	76.614
1.01.06.01	Current taxes recoverable	52.618	76.614
1.01.06.01.01	Income tax and social contribution recoverable	12.324	3.274
1.01.06.01.02	Other taxes recoverable	40.294	73.340
1.01.07	Prepaid Expenses	224	1.375
1.01.08	Others Current Assets	21.901	65.223
1.01.08.03	Other	21.901	65.223
1.01.08.03.01	Advance to Suppliers	11.769	4.678
1.01.08.03.02	Dividends Receivable	3.385	53.023
1.01.08.03.03	Other	6.747	7.522
1.02	Non-Current Assets	1.194.491	1.112.678
1.02.01	Long-Term Assets	587.228	522.653
1.02.01.07	Deferred Taxes	29.345	37.807
1.02.01.07.01	Deferred Income and Social Contribution Taxes	29.345	37.807
1.02.01.09	Receivables from related parties	88.803	53.768
1.02.01.09.02	Subsidiaries Credits	88.803	53.768
1.02.01.10	Other Non-Current Assets	469.080	431.078
1.02.01.10.03	Judicial Deposits	174.589	156.296
1.02.01.10.04	Escrow deposit	87.145	87.402
1.02.01.10.05	Receivables - Eletrobras	12.821	12.821
1.02.01.10.06	Taxes to recover	15.097	13.106
1.02.01.10.07	Tax assets	130.331	105.305
1.02.01.10.08	Restricted investments	8.905	8.905
1.02.01.10.09	Lease Assets	8.269	13.317
1.02.01.10.10	Lease Assets	21.409	18.977
1.02.01.10.11	Derivatives	153	1.995
1.02.01.10.12	Other	10.361	12.954
1.02.02	Investments	62.378	54.151
1.02.02.01	Ownership Interest	62.378	54.151
1.02.02.01.02	Interest in Subsidiaries	62.030	53.803
1.02.02.01.04	Other investments	348	348
1.02.03	Property, Plant and Equipment	524.220	522.817
1.02.04	Intangibles Assets	20.665	13.057

Interim Financial Information for the quarter ended September 30, 2021
In thousands of Brazilian reais, unless otherwise started.

Individual financial statements / Balance sheet - Assets

(Thousand)

Account Code	**Account Description**	**Current Period 09/30/2021**	**Previous Period 12/31/2020**
2	Total Liabilities	2.047.510	1.935.793
2.01	Current Liabilities	656.406	668.993
2.01.01	Social and labor obligations	62.871	40.078
2.01.02	Suppliers	219.817	181.746
2.01.04	Loans and Financing	143.943	223.908
2.01.04.01	Loans and Financing	143.943	174.842
2.01.04.02	Debentures	-	49.066
2.01.05	Other Obligations	213.778	212.492
2.01.05.01	Liabilities Related Party	7.434	4.067
2.01.05.01.02	Debts with Subsidiaries	7.434	4.067
2.01.05.02	Other	206.344	208.425
2.01.05.02.01	Dividends and interest on equity	727	31.005
2.01.05.02.04	Credit granting from suppliers	79.827	66.418
2.01.05.02.05	Taxes payable in installments	11.364	9.290
2.01.05.02.06	Taxes, fees and contributions	18.276	19.492
2.01.05.02.07	Advances from customers	30.529	21.940
2.01.05.02.08	Asset Accounts Payable	18.517	31.303
2.01.05.02.10	Income tax and social contribution payable	6.959	-
2.01.05.02.11	Lease Obligations	7.456	7.594
2.01.05.02.12	Derivatives	5.728	2.354
2.01.05.02.13	Other	26.961	19.029
2.01.06	Provisions	15.997	10.769
2.01.06.02	Other provisions	15.997	10.769
2.01.06.02.04	Provision for profit sharing	15.997	10.769
2.02	Non-current Liabilities	1.017.714	849.632
2.02.01	Loans and Financing	678.319	503.858
2.02.01.01	Loans and Financing	379.971	354.666
2.02.01.02	Debentures	298.348	149.192
2.02.02	Other Obligations	279.321	282.232
2.02.02.02	Other	279.321	282.232
2.02.02.02.03	Suppliers	162.537	144.021
2.02.02.02.04	Asset Accounts Payable	18.671	25.700
2.02.02.02.05	Taxes payable in installments	24.156	34.416
2.02.02.02.06	Debts with Related Parties	56.330	56.330
2.02.02.02.07	Lease Obligations	16.899	12.879
2.02.02.02.08	Other	728	8.886
2.02.04	Provisions	60.074	63.542
2.02.04.01	Provision for profit sharing	60.074	63.542
2.03	Shareholders' Equity	373.390	417.168
2.03.01	Capital	250.000	200.000
2.03.02	Capital reserves	- 91.351	- 14.095
2.03.02.05	Treasury shares	- 91.351	- 14.095
2.03.04	Profit Reserves	124.482	250.941
2.03.05	Profits / Losses	143.813	-
2.03.06	Equity valuation adjustments	- 53.554	- 50.125
2.03.08	Other Comprehensive Income	-	30.447
2.03.08.01	Additional dividends	-	30.447

Interim Financial Information for the quarter ended September 30, 2021
In thousands of Brazilian reais, unless otherwise started.

Individual financial statements / Statement of income

(Thousand)

Account Co	Account Description	Current Quarter Period 01/01/2021 to 09/30/2021	Accumulated of the Current Period 01/01/2021 to 09/30/2021	Same Quarter of the Previous Year Period 01/01/2020 to 09/30/2020	Accumulated of the Previous Period 01/01/2020 to 09/30/2020
3.01	Sales revenue of Goods and / or Services	422.606	1.154.925	360.022	815.458
3.02	Cost of Goods and / or Services Sold	-272.047	-751.138	-252.882	-612.430
3.03	Raw score	150.559	403.787	107.140	203.028
3.04	Operating Income / Expenses	-74.308	-208.018	-66.484	-158.548
3.04.01	Selling Expenses	-68.079	-196.824	-61.520	-159.423
3.04.02	General and Administrative Expenses	-17.334	-45.830	-11.322	-31.658
3.04.04	Other Operating Income	-12.449	-16.769	-7.835	7.653
3.04.06	Equity income	23.554	51.405	14.193	24.880
3.05	Income before financial result and taxes	76.251	195.769	40.656	44.480
3.06	Financial result	-12.369	-45.224	-20.401	-12.932
3.06.01	Financial income	1.947	5.903	3.295	16.892
3.06.02	Financial expenses	-14.316	-51.127	-23.696	-29.824
3.06.02.01	Financial expenses	-20.311	-54.288	-23.237	-55.832
3.06.02.02	Foreign exchange variations, net	5.995	3.161	-459	26.008
3.07	Income before Income Taxes	63.882	150.545	20.255	31.548
3.08	Income Tax and Social Contribution on Net Income	16.786	10.702	359	61.818
3.08.01	Current	3.393	3.778	-6.763	-6.763
3.08.02	Deferred	13.393	6.924	7.122	68.581
3.09	Net Income from Continuing Operations	80.668	161.247	20.614	93.366
3.11	Profit / Loss for the Period	80.668	161.247	20.614	93.366
3.99.01.01	ON	1	1	0	1

Interim Financial Information for the quarter ended September 30, 2021
In thousands of Brazilian reais, unless otherwise started.

Individual financial statements / Statement of comprehensive income

(Thousand)

Account Code	Account Description	Current Quarter Period 01/01/2021 to 09/30/2021	Accumulated of the Current Period 01/01/2021 to 09/30/2021	Same Quarter of the Previous Year Period 01/01/2020 to 09/30/2020	Accumulated of the Previous Period 01/01/2020 to 09/30/2020
4.01	Net income for the period	80.668	161.247	20.614	93.366
4.02	Other Comprehensive Income	-1.681	-2.540	-2.975	-24.519
4.02.01	Exchange variation of subsidiaries located abroad	2.099	1.240	-2.975	-24.519
4.02.02	Hedge Accounting Operations	-5.728	-5.728	-	-
4.02.03	Deferred income tax and social contribution on hedge accounting	1.948	1.948	-	-
4.03	Results Comprehensive Period	78.987	158.707	17.639	68.847

Interim Financial Information for the quarter ended September 30, 2021
In thousands of Brazilian reais, unless otherwise started.

Individual financial statements / Statement of cash flows - Indirect method

(Thousand)

Account Coc	Account Description	Accumulated of the Current Period 01/01/2021 to 09/30/2021	Accumulated of the Previous Period 01/01/2020 to 09/30/2020
6.01	Net cash from operating activities	147.701	168.529
6.01.01	Cash provided by operating activities	177.810	121.370
6.01.01.01	Income (loss) before income tax	150.545	31.548
6.01.01.02	Depreciation and amortization	38.734	41.093
6.01.01.03	Equity income or loss	- 51.405	24.880
6.01.01.04	Unrealized exchange variation	442	77.888
6.01.01.05	Provision for valuation of inventories at market value	- 59	- 7.103
6.01.01.06	Provision for impairment of trade receivables	- 1.818	1.191
6.01.01.07	Civil, Labor, Social Security and Tax Provisions	18	66.231
6.01.01.08	Provision for social and labor obligations	-	- 11.088
6.01.01.09	Provision for Profit Sharing and Long Term Incentive	728	-
6.01.01.10	Other provisions	5.228	- 1.667
6.01.01.11	Tax Assets	-	- 67.440
6.01.01.12	Restatement of Credits with Other Related Parties	-	- 100.935
6.01.01.13	Restatement of Financial Charges with Taxes Installments	-	531
6.01.01.14	Provision for interest on loans and debentures	34.319	36.584
6.01.01.16	Interest and adjustment to present value on lease	1.205	- 896
6.01.01.17	Lease amortization	35	- 6.528
6.01.01.18	Negative goodwill on credits received from related parties	-	- 8.307
6.01.01.19	Debts with Related Parties - Assets Liabilities Compl. - at market value	-	45.061
6.01.01.20	Other	- 162	327
6.01.02	Changes in assets and liabilities	6.824	77.317
6.01.02.01	Accounts Receivable	- 25.256	- 46.765
6.01.02.02	Inventory	- 39.749	51.314
6.01.02.03	Judicial Deposits	- 18.036	- 4.258
6.01.02.04	Recoverable Taxes	31.055	9.737
6.01.02.05	Restricted investments	5.048	- 6.180
6.01.02.06	Other assets	5.497	- 5.002
6.01.02.07	Accounts Payable	69.996	38.873
6.01.02.08	Advance to Suppliers	- 7.091	4.329
6.01.02.09	Civil, Labor, Social Security and Tax Provisions	- 3.486	- 4.874
6.01.02.10	Advances to Clients	8.589	- 4.736
6.01.02.11	Installments	- 8.186	- 6.969
6.01.02.12	Tax and labor obligations	22.793	38.815
6.01.02.13	Investment Accounts Payable	-	47.631
6.01.02.14	Payables to related parties	3.367	- 11.269
6.01.02.15	Debts with related parties - supplementary portion - asset side	-	4.162
6.01.02.16	Other trade payables	- 954	- 15.611
6.01.02.17	Lease asset	-	- 11.880
6.01.02.18	Derivatives	- 512	-
6.01.02.19	Taxes, fees and contributions	- 1.216	-
6.01.02.20	Receivables from Related Parties	- 35.035	-
6.01.03	Other	- 36.933	- 30.158
6.01.03.01	Interest paid	- 29.949	- 25.739
6.01.03.02	Income Tax and Social Contribution Paid	- 6.984	- 4.419
6.02	Net cash used in investing activities	31.030	- 162.662
6.02.01	Acquisition of property, plant and equipment	- 33.349	- 77.077
6.02.02	Acquisition of intangible assets	- 9.862	- 4.111
6.02.03	Dividends received	105.807	10.575
6.02.06	Payment of Capital to Subsidiaries	- 11.751	- 125.072
6.02.07	Payables of Fixed Assets	- 19.815	33.023
6.03	Net cash provided by (used in) financing activities	- 147.240	- 35.526
6.03.01	Loans and financing and debentures	466.820	94.616
6.03.02	Payment of Loans and Financing	- 376.949	- 123.582
6.03.03	Dividends paid	- 79.047	- 32
6.03.04	Lease amortization	- 4.348	- 6.528
6.03.05	Acquisition of treasury shares	- 153.716	-
6.05	Increase/(decrease) in cash and cash equivalents	31.491	- 29.659
6.05.01	Opening balance of cash and cash equivalents	245.779	249.448
6.05.02	Closing balance of cash and cash equivalents	277.270	219.789

Interim Financial Information for the quarter ended September 30, 2021
In thousands of Brazilian reais, unless otherwise started.

Individual financial statements / Statement of added value

(Thousand)

Account Co(	Account Description	Accumulated of the Current Period 01/01/2021 to 09/30/2021	Accumulated of the Previous Period 01/01/2020 to 09/30/2020
7.01	Revenues	1.437.816	1.075.855
7.01.01	Sales of goods, products and services	1.422.251	995.764
7.01.02	Other revenues	13.749	84.676
7.01.04	Reversal/Allowance for doubtful accounts	1.816	-4.585
7.02	Inputs acquired from third-parties	-699.014	-619.202
7.02.01	Cost of products, goods and services sold	-535.604	-432.867
7.02.02	Materials, energy, third party services and other	-167.068	-188.924
7.02.03	Loss/Recovery of assets	3.658	2.589
7.03	Gross value added	738.802	456.653
7.04	Retentions	-38.734	-34.058
7.04.01	Depreciation and amortization	-38.734	-34.058
7.05	Net value added produced	700.068	422.595
7.06	Value added received in transfer	71.445	108.260
7.06.01	Equity income	51.405	24.880
7.06.02	Financial income	20.040	83.380
7.07	Total value added to be distributed	771.513	530.855
7.08	Distribution of value added	771.513	530.855
7.08.01	Personnel	232.099	177.700
7.08.01.01	Direct remuneration	197.531	149.706
7.08.01.02	Benefits	21.562	17.975
7.08.01.03	Government Severance Indemnity Fund for Employee (FGTS)	13.006	10.019
7.08.02	Taxes, fees and contributions	298.656	152.844
7.08.02.01	Federal	109.683	27.151
7.08.02.02	State	188.313	125.044
7.08.02.03	Municipal	660	649
7.08.03	Remuneration of third party capital	79.511	106.945
7.08.03.01	Interest	63.259	95.981
7.08.03.02	Rentals	16.252	10.964
7.08.04	Remuneration of own capital	161.247	93.366
7.08.04.03	Retained earnings	161.247	93.366

Interim Financial Information for the quarter ended September 30, 2021
In thousands of Brazilian reais, unless otherwise started.

Individual financial statements / Statement of changes in shareholders' equity / DMPL - 01/01/2021– 09/30/2021

(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	-	-50.125	417.168
5.03	Adjusted Opening Balances	200.000	-14.095	281.388	-	-50.125	417.168
5.04	Capital Transactions with Partners	50.000	-77.256	-156.906	-	-	-184.162
5.04.01	Capital Increase	50.000	-	-50.000	-	-	-
5.04.04	Treasury shares acquired	-	-153.715	-	-	-	-153.715
5.04.06	Dividends	-	-	-30.447	-	-	-30.447
5.04.08	Cancellation of shares after Boarding meeting 01/20/2021	-	76.459	-76.459	-	-	-
5.05	Total Comprehensive Income	-	-	-	161.247	1.240	162.487
5.05.01	Net Income for the Period	-	-	-	161.247	-	161.247
5.05.02	Other Comprehensive Income	-	-	-	-	1.240	1.240
5.05.02.06	Exchange variation of subsidiary located abroad	-	-	-	-	1.240	1.240
5.06	Internal changes in shareholders' equity	-	-	-	-17.433	-4.669	-22.102
5.06.02	Realization of the Revaluation Reserve	-	-	-	888	-888	-
5.06.04	Anticipated dividends	-	-	-	-18.322	-	-18.322
5.06.06	Hedge accounting operations	-	-	-	-	-5.728	-5.728
5.06.07	Deferred Income Tax on Hedge accounting	-	-	-	-	1.948	1.948
5.07	Closing Balances	250.000	-91.351	124.482	143.814	-53.554	373.390

Interim Financial Information for the quarter ended September 30, 2021
In thousands of Brazilian reais, unless otherwise started.

Individual financial statements / Statement of changes in shareholders' equity / DMPL - 01/01/2020– 09/30/2020

(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	-	189.844	-	-22.224	367.620
5.03	Adjusted Opening Balances	200.000	-	189.844	-	-22.224	367.620
5.04	Capital Transactions with Partners	-	-9.027	-5.808	-	-	-14.835
5.04.04	Treasury shares acquired	-	-7.498	-	-	-	-7.498
5.04.05	Treasury shares acquired	-	-1.529	-	-	-	-1.529
5.04.06	Dividends	-	-	-5.808	-	-	-5.808
5.05	Total Comprehensive Income	-	-	-	93.366	-24.521	68.845
5.05.01	Net Income for the Period	-	-	-	93.366	-	93.366
5.05.02	Other Comprehensive Income	-	-	-	-	-24.521	-24.521
5.05.02.04	Foreign exchange variation of subsidiary located abroac	-	-	-	-	-24.521	-24.521
5.06	Internal changes in shareholders' equity	-	-	-	888	-888	-
5.06.02	Realization of the Revaluation Reserve	-	-	-	888	-888	-
5.07	Closing Balances	200.000	-9.027	184.036	94.254	-47.633	421.630

Interim Financial Information for the quarter ended September 30, 2021
In thousands of Brazilian reais, unless otherwise started.

Consolidated financial statements / Balance sheet - Assets

(Thousand)

Account Code	Account Description	Current Period 09/30/2021	Previous Period 12/31/2020
1	Total Assets	2.223.585	2.034.288
1.01	Curent Assets	1.043.809	916.703
1.01.01	Cash and Cash Equivalents	332.911	326.325
1.01.03	Accounts Receivable	379.410	289.090
1.01.03.01	Trade Receivables	379.410	289.090
1.01.04	Inventory	250.965	204.562
1.01.06	Taxes to recover	52.947	77.822
1.01.06.01	Current taxes recoverable	52.947	77.822
1.01.07	Income tax and social contribution recoverable	12.440	3.852
1.01.08	Other recoverable taxes	40.507	73.970
1.01.08.01	Prepaid Expenses	5.058	4.164
1.01.08.02	Others Current Assets	22.518	14.740
1.01.08.03.02	Other	22.518	14.740
1.02	Advance to Suppliers	13.650	6.706
1.02.01	Other	8.868	8.034
1.02.01.01	Non-Current Assets	1.179.776	1.117.585
1.02.01.01.01	Long-Term Assets	575.289	535.888
1.02.01.08	Deferred Taxes	31.759	37.713
1.02.01.09	Deferred Income and Social Contribution Taxes	31.759	37.713
1.02.01.10.02	Other Non-Current Assets	543.530	498.175
1.02.01.10.05	Judicial Deposits	174.587	156.324
1.02.01.10.06	Escrow deposit	87.145	87.402
1.02.01.10.07	Eletrobrás receivables	12.821	12.821
1.02.01.10.08	Taxes to recover	15.210	13.276
1.02.01.10.09	Tax assets	144.677	119.651
1.02.01.10.10	Restricted investments	8.905	8.905
1.02.01.10.11	Related financial investments	8.269	13.317
1.02.01.10.12	Lease Assets	81.357	71.391
1.02.02	Derivatives	153	1.995
1.02.02.01	Other	10.406	13.093
1.02.02.01.01	Investments	348	348
1.02.03.01	Property, Plant and Equipment	567.284	552.876
1.02.04.01	Intangibles Assets	36.855	28.473

Interim Financial Information for the quarter ended September 30, 2021
In thousands of Brazilian reais, unless otherwise started.

Consolidated financial statements / Balance sheet - Liabilities

(Thousand)

Account Code	Account Description	Current Period 09/30/2021	Previous Period 12/31/2020
2	Total Liabilities	2.223.585	2.034.288
2.01	Current Liabilities	769.758	740.620
2.01.01	Social and labor obligations	73.985	46.499
2.01.02	Suppliers	244.608	194.929
2.01.03	Tax Obligations	10.856	2.997
2.01.03.01	Federal tax obligations	10.856	2.997
2.01.03.01.01	Income and social contribution tax payable	10.856	2.997
2.01.04	Loans and Financing	143.943	223.908
2.01.04.01	Loans and Financing	143.943	174.842
2.01.04.02	Debentures	-	49.066
2.01.05	Other Obligations	274.488	261.518
2.01.05.02	Other	274.488	261.518
2.01.05.02.01	Dividends and interest on equity	800	31.079
2.01.05.02.04	Credit granting from suppliers	79.827	66.418
2.01.05.02.05	Taxes payable in installments	14.356	9.354
2.01.05.02.06	Taxes, fees and contributions	17.742	21.443
2.01.05.02.07	Advances from customers	72.377	43.825
2.01.05.02.08	Lease Obligations	28.492	31.303
2.01.05.02.10	Lease Obligations	18.116	34.803
2.01.05.02.11	Derivatives	5.728	2.354
2.01.05.02.12	Other	37.050	20.939
2.01.06	Provisions	21.878	10.769
2.01.06.02	Other provisions	21.878	10.769
2.01.06.02.04	Provision for profit sharing	15.997	10.769
2.01.07	Debts to subsidiaries and related persons	5.881	-
2.02.01	Non-current Liabilities	1.080.423	876.484
2.02.01.01	Loans and Financing	678.319	503.858
2.02.01.01.01	Loans and Financing	379.971	354.666
2.02.01.03	Debentures	298.348	149.192
2.02.02.01	Other Obligations	331.187	309.053
2.02.02.02.01	Other	331.187	309.053
2.02.02.02.04	Suppliers	162.537	144.021
2.02.02.02.05	Lease Obligations	18.671	25.700
2.02.02.02.06	Taxes payable in installments	24.156	34.653
2.02.02.02.07	Debts with Related Parties	56.389	56.326
2.02.02.02.08	Lease Obligations	66.545	38.379
2.02.03	Other	2.889	9.974
2.02.04.01	Provisions	70.917	63.573
2.02.04.01.01	Provision for profit sharing	70.917	63.573
2.03.01	Consolidated Shareholders' Equity	373.404	417.184
2.03.02	Capital	250.000	200.000
2.03.02.01	Capital reserves	- 91.351	- 14.095
2.03.02.05	options Granted	- 91.351	- 14.095
2.03.04.01	Profit Reserves	124.482	250.941
2.03.07	Equity valuation adjustments	- 53.554	- 50.125
2.03.09	Other Comprehensive Income	-	30.447

Interim Financial Information for the quarter ended September 30, 2021
In thousands of Brazilian reais, unless otherwise started.

Consolidated financial statements / Statement of income

(Thousand)

Account Co	Account Description	Current Quarter Period 01/01/2021 to 09/30/2021	Accumulated of the Current Period 01/01/2021 to 09/30/2021	Same Quarter of the Previous Period Period 01/01/2020 to 09/30/2020	Accumulated of the Previous Period 01/01/2020 to 09/30/2020
3.01	Sales revenue of Goods and / or Services	519.380	1.400.034	414.732	930.655
3.02	Cost of Goods and / or Services Sold	- 295.875	- 807.632	- 262.592	- 627.727
3.03	Raw score	223.505	592.402	152.140	302.928
3.04	Operating Income / Expenses	- 138.111	- 375.210	- 106.291	- 244.813
3.04.01	Selling Expenses	- 105.678	- 298.916	- 86.857	- 231.613
3.04.02	General and Administrative Expenses	- 17.757	- 46.906	- 11.614	- 32.540
3.04.04	Other Operating Income	-	-	-	19.340
3.04.05	Other Operating Expenses	- 14.676	- 29.388	- 7.820	-
3.05	Income before financial result and taxes	85.394	217.192	45.849	58.115
3.06	Financial result	- 14.653	- 50.653	- 21.109	- 12.746
3.06.01	Financial income	2.321	7.247	3.590	20.552
3.06.02	Financial income	2.321	7.247	3.590	20.552
3.06.02.01	Financial expenses	- 16.974	- 57.900	- 24.699	- 33.298
3.06.02.02	Financial expenses	- 22.962	- 61.068	- 24.240	- 59.278
3.07	Foreign exchange variations, net	5.988	3.168	- 459	25.980
3.06.02.01	Income before Income Taxes	70.741	166.539	24.740	45.369
3.08.01	Income Tax and Social Contribution on Net Income	9.947	- 5.251	- 4.113	48.024
3.08.02	Current	- 3.445	- 14.683	- 11.235	- 16.109
3.09	Deferred	13.392	9.432	7.122	64.133
3.10	Net Income from Continuing Operations	80.688	161.288	20.627	93.393
3.11.01	Consolidated Profit/Loss for the Period	80.688	161.288	20.627	93.393
3.11.02	Attributed to Controlling Partners	80.668	161.247	20.614	93.366
3.99	Attributed to Non-Controlling Partners	20	41	13	27
3.99.02	ON	1	1	0	0

Interim Financial Information for the quarter ended September 30, 2021
In thousands of Brazilian reais, unless otherwise started.

Consolidated financial statements / Statement of comprehensive income

(Thousand)

Account Co	Account Description	Current Quarter Period 01/01/2021 to 09/30/2021	Accumulated of the Current Period 01/01/2021 to 09/30/2021	Same Quarter of the Previous Period Period 01/01/2020 to 09/30/2020	Accumulated of the Previous Period 01/01/2020 to 09/30/2020
4.01	Net income for the period	80.688	161.288	20.627	93.393
4.02	Other Comprehensive Income	-1.681	-2.540	-2.975	-24.519
4.02	Exchange variation of subsidiaries located abroad	2.099	1.240	-2.975	-24.519
4.02	Hedge Accounting Operations	-5.728	-5.728	-	-
4.02	Deferred income tax and social contribution on hedge accounting	1.948	1.948	-	-
4.02	Results Comprehensive Period	79.007	158.748	17.652	68.874
4.02	Attributed to Partners of the Parent Company	78.987	158.707	17.639	68.847
4.02	Attributed to Minority Partners	20	41	13	27

Interim Financial Information for the quarter ended September 30, 2021
In thousands of Brazilian reais, unless otherwise started.

Conslidated financial statements / Statement of cash flows - Indirect method

(Thousand)

Account Coc	Account Description	Accumulated of the Current Period 01/01/2021 to 09/30/2021	Accumulated of the Previous Period 01/01/2020 to 09/30/2020
6.01	Net cash from operating activities	239.971	130.128
6.01.01	Cash provided by operating activities	277.312	76.961
6.01.01.01	Income (loss) before income tax	166.539	45.369
6.01.01.02	Depreciation and amortization	53.296	46.250
6.01.01.04	Unrealized exchange variation	442	77.888
6.01.01.05	Provision for valuation of inventories at market value	- 689	- 7.103
6.01.01.06	Provision for impairment of trade receivables	- 1.420	3.468
6.01.01.07	Civil, Labor, Social Security and Tax Provisions	11.669	66.231
6.01.01.08	Provision for social and labor obligations	-	- 11.700
6.01.01.09	Provision for Profit Sharing and Long Term Incentive	728	-
6.01.01.10	Other provisions	5.228	- 1.667
6.01.01.11	Tax Assets	-	- 81.786
6.01.01.12	Updating of Credits with Other Related Parties	-	- 100.935
6.01.01.13	Restatement of Financial Charges with Taxes Installments	-	531
6.01.01.14	Provision for interest on loans and debentures	34.319	36.584
6.01.01.16	Interest and adjustment to present value on lease	3.730	- 1.675
6.01.01.17	Lease amortization	- 191	- 23.240
6.01.01.18	Negative goodwill on credits received from related parties	-	- 8.307
6.01.01.19	Debts with Related Parties - Assets Liabilities Compl. - at market value	-	45.061
6.01.01.20	Other	3.661	- 8.008
6.01.02	Changes in assets and liabilities	16.691	84.176
6.01.02.01	Accounts Receivable	- 88.900	- 59.350
6.01.02.02	Inventory	- 45.714	33.476
6.01.02.03	Judicial Deposits	- 18.006	- 4.248
6.01.02.04	Recoverable Taxes	31.529	10.177
6.01.02.05	Linked Financial Investment	5.048	- 6.180
6.01.02.06	Other assets	629	- 2.966
6.01.02.07	Accounts Payable	81.604	42.516
6.01.02.08	Advance to Suppliers	- 6.944	4.051
6.01.02.09	Civil, Labor, Social Security and Tax Provisions	- 4.325	- 4.874
6.01.02.10	Installments	28.552	15.485
6.01.02.11	Installments	- 8.486	- 6.950
6.01.02.12	Tax and labor obligations	27.486	35.475
6.01.02.13	Investment Accounts Payable	-	63.505
6.01.02.14	Payables to related parties	5.944	- 11.269
6.01.02.15	Debts with related parties - supplementary portion - asset side	-	4.162
6.01.02.16	Taxes, fees and contributions	- 710	-
6.01.02.17	Lease asset	-	- 28.834
6.01.02.18	Derivatives	- 512	-
6.01.02.19	Other trade payables	9.496	-
6.01.03	Other	- 54.032	- 31.009
6.01.03.01	Interest paid	- 29.949	- 25.739
6.01.03.02	Income Tax and Social Contribution Paid	- 24.083	- 5.270
6.02	Net cash used in investing activities	- 77.032	- 64.039
6.02.01	Acquisition of property, plant and equipment	- 54.009	- 88.258
6.02.02	Acquisition of intangible assets	- 13.183	- 7.186
6.02.07	Payables of Fixed Assets	- 9.840	31.405
6.03	Net cash provided by (used in) financing activities	- 156.353	- 52.238
6.03.01	Borrowings, Financing and Debentures	466.820	94.616
6.03.02	Payment of Loans and Financing	- 376.949	- 123.582
6.03.03	Dividends paid	- 79.048	- 32
6.03.04	Lease amortization	- 13.460	- 23.240
6.03.05	Acquisition of treasury shares	- 153.716	-
6.05	Increase/(decrease) in cash and cash equivalents	6.586	13.851
6.05.01	Opening balance of cash and cash equivalents	326.325	275.378
6.05.02	Closing balance of cash and cash equivalents	332.911	289.229

Interim Financial Information for the quarter ended September 30, 2021
In thousands of Brazilian reais, unless otherwise started.

Consolidated financial statements / Statement of added value

(Thousand)

Account Code	Account Description	Accumulated of the Current Period 01/01/2021 to 09/30/2021	Accumulated of the Previous Period 01/01/2020 to 09/30/2020
7.01	Revenues	1.706.874	1.214.735
7.01.01	Sales of goods, products and services	1.699.633	1.130.469
7.01.02	Other revenues	6.652	92.103
7.01.04	Reversal/Allowance for doubtful accounts	589	-7.837
7.02	Inputs acquired from third-parties	-788.024	-649.409
7.02.01	Cost of products, goods and services sold	-581.105	-443.455
7.02.02	Materials, energy, third party services and other	-209.679	-208.373
7.02.03	Loss/Recovery of assets	2.760	2.419
7.03	Gross value added	918.850	565.326
7.04	Retentions	-53.296	-42.523
7.04.01	Depreciation and amortization	-53.296	-42.523
7.05	Net value added produced	865.554	522.803
7.06	Value added received in transfer	21.400	87.050
7.06.02	Financial income	21.400	87.050
7.07	Total value added to be distributed	886.954	609.853
7.08	Distribution of value added	886.954	609.853
7.08.01	Personnel	285.055	216.941
7.08.01.01	Direct remuneration	245.639	185.168
7.08.01.02	Benefits	24.274	20.094
7.08.01.03	Government Severance Indemnity Fund for Employee (FC	15.142	11.679
7.08.02	Taxes, fees and contributions	348.584	184.644
7.08.02.01	Federal	154.803	56.775
7.08.02.02	State	193.016	127.158
7.08.02.03	Municipal	765	711
7.08.03	Remuneration of third party capital	92.027	114.875
7.08.03.01	Interest	69.983	99.306
7.08.03.02	Rentals	22.044	15.569
7.08.04	Remuneration of own capital	161.288	93.393
7.08.04.03	Retained earnings	161.247	93.366
7.08.04.04	Minority interests in retained earnings	41	27

Interim Financial Information for the quarter ended September 30, 2021
In thousands of Brazilian reais, unless otherwise started.

Consolidated financial statements / Statement of changes in shareholders' equity / DMPL - 01/01/2021– 09/30/2021

(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	Shareholders' Equity	Minority Interests	Consolidated Shareholders' Equity
5.01	Opening Balances	200.000	-14.095	281.388	-	-50.125	417.168	16	417.184
5.03	Adjusted Opening Balances	200.000	-14.095	281.388	-	-50.125	417.168	16	417.184
5.04	Capital Transactions with Partners	50.000	-77.256	-156.906	-	-	-184.162	-	-184.162
5.04.04	Treasury shares acquired	-	-153.715	-	-	-	-153.715	-	-153.715
5.04.06	Dividends	-	-	-30.447	-	-	-30.447	-	-30.447
5.05	Total Comprehensive Income	-	-	-	161.247	1.240	162.487	41	162.528
5.05.01	Net Income for the Period	-	-	-	161.247	-	161.247	41	161.288
5.05.02	Other Comprehensive Income	-	-	-	-	1.240	1.240	-	1.240
5.05.02.06	Exchange variation of subsidiary located abroad	-	-	-	-	1.240	1.240	-	1.240
5.06	Internal changes in shareholders' equity	-	-	-	-17.433	-4.669	-22.102	-	-22.102
5.06.04	Anticipated dividends	-	-	-	-18.322	-	-18.322	-43	-18.365
5.06.06	Hedge accounting operations	-	-	-	-	-5.728	-5.728	-	-5.728
5.06.07	Deferred Income Tax on Hedge accounting	-	-	-	-	1.948	1.948	-	1.948
5.07	Closing Balances	250.000	-91.351	124.482	143.814	-53.554	373.390	14	373.404

Interim Financial Information for the quarter ended September 30, 2021
In thousands of Brazilian reais, unless otherwise started.

Consolidated financial statements / Statement of changes in shareholders' equity / DMPL - 01/01/2020–09/30/2020

(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	-	189.844	-	-22.224	367.620	16	367.636
5.03	Adjusted Opening Balances	200.000	-	189.844	-	-22.224	367.620	16	367.636
5.04	Capital Transactions with Partners	-	-9.027	-5.808	-	-	-14.835	-	-14.835
5.04.04	Treasury shares acquired	-	-7.498	-	-	-	-7.498	-	-7.498
5.04.05	Treasury shares acquired	-	-1.529	-	-	-	-1.529	-	-1.529
5.04.06	Dividends	-	-	-5.808	-	-	-5.808	-	-5.808
5.05	Total Comprehensive Income	-	-	-	93.366	-24.521	68.845	27	68.872
5.05.01	Net Income for the Period	-	-	-	93.366	-	93.366	27	93.393
5.05.02	Other Comprehensive Income	-	-	-	-	-24.521	-24.521	-	-24.521
5.05.02.04	Foreign exchange variation of subsidiary located abroad	-	-	-	-	-24.521	-24.521	-	-24.521
5.06	Internal changes in shareholders' equity	-	-	-	888	-888	-	-	-
5.06.02	Realization of the Revaluation Reserve	-	-	-	888	-888	-	-	-
5.07	Closing Balances	200.000	-9.027	184.036	94.254	-47.633	421.630	43	421.673

PortobelloGrupo

Portobello Group registers growth in Net Revenue, EBITDA and Net Income. Net Revenue over R$ 500 million and EBITDA over R$ 100 million

Tijucas, November 11, 2021. PBG S.A. (B3: PTBL3), the largest ceramic tile company in Brazil, announces its results for the third quarter of 2021. 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 Pronouncements Committee (CPC) and the International Financial Reporting Standards (IFRS).

3Q21 Highlights

- **Net Revenue of R$ 519.4 million in 3Q21**, with growth of **25.2% over 3Q20** due to the performance of **retail and international market operations**. Net Revenue grew **50.4%** in 9M21 **over 9M20**.

- **Adjusted and Recurring Gross Margin** of **43.0%** in **3Q21**, up **6.0 pp over 3Q20**. In 9M21, Adjusted and Recurring Gross Margin reached **42.3%, 6.7 pp above 9M20**.

- **Adjusted and Recurring EBITDA** of **R$ 105.7 million in 3Q21, R$ 44.6 million or 72.9% over 3Q20,** with an **improvement in the EBITDA Margin of 5.6 pp over 3Q20**. In 9M21, Adjusted and Recurring EBITDA was **R$ 269.0 million, R$ 169.2 million or 169.7% higher than 9M20**.

- **Adjusted and Recurring Net Income** of **R$ 58.2 million in 3Q21, R$ 28.0 million or 92.7% higher than in 3Q20**. In 9M21, Adjusted and Recurring Net Income climbed to **R$ 138.8 million,** a growth of **R$ 87.3 million or 169.5% vs 9M20.**

- **Working Capital Investment** of R$ 241.3 million, a reduction of **R$ 18.0 million over 3Q20**, due to an **improvement in the Cash Conversion Cycle** from 63 days in 3Q20 **to 24 days in 3Q21 (reduction of 39 days)**.

- **Net Debt** of R$ 489.4 million in 3Q21, an increase of **R$ 28.6 million over 3Q20**, although **Net Debt/Adjusted and Recurring EBITDA reduced to 1.4 times in 3Q21,** an **improvement of 2.1 times over 3Q20**.

- **PTBL3 price** ended 3Q21 at **R$ 10.85**, an appreciation of **106.3% vs 3Q20**.

	R$ Million	3Q20	3Q21	▲ %	▲ Abs	2Q21	9M20	9M21	▲ %	▲ Abs
Performance	**Net Revenue**	**414.7**	**519.4**	**25.2%**	**104.6**	**464.3**	**930.7**	**1,400.0**	**50.4%**	**469.4**
	Adjusted and Recurring Gross Margin	37.0%	43.0%	6.0 p.p.		41.0%	35.6%	42.3%	6.7 p.p.	
	EBITDA	**59.9**	**103.2**	**72.3%**	**43.3**	**82.6**	**100.5**	**266.5**	**165.2%**	**166.0**
	Adjusted and Recurring EBITDA	**61.2**	**105.7**	**72.9%**	**44.6**	**82.6**	**99.8**	**269.0**	**169.7%**	**169.2**
	Adjusted and Recurring EBITDA Margin	14.7%	20.4%	5.6 p.p.		17.8%	10.7%	19.2%	8.5 p.p.	
	Net Income	**20.6**	**80.7**	**291.7%**	**60.1**	**40.3**	**93.3**	**161.3**	**72.8%**	**67.9**
	Adjusted and Recurring Net Income	**30.2**	**58.2**	**92.7%**	**28.0**	**40.3**	**51.5**	**138.8**	**169.5%**	**87.3**
	Working Capital (R$)	259.3	241.3	-7.0%	(18.0)	223.9				
	Cash Conversion Cycle (days)	63	24	-61.9%	(39)	27				
Debt	**Net Debt**	**460.8**	**489.4**	**6.2%**	**28.6**	**469.4**				
	Net Debt/EBITDA	3.5	1.4	-59.3%	(2.1)	1.6				
	Net Debt/Adjusted and Recurring EBITDA	3.5	1.4	-59.8%	(2.1)	1.6				
PTBL3	**Share Price**	**5.26**	**10.85**	**106.3%**	**5.59**	**17.47**				

Message from Management

In 3Q21 Portobello Group continued to demonstrate consistent growth in its operations, with positive evolution in all business segments, but mainly in retail operations and international businesses. The ceramic tile market continues presenting an extremely positive moment, with high demand, and Portobello Group's units producing at full capacity since July 2020.

During the quarter, the Company evolved in the implementation of its strategy of strengthening and lengthening its bank debt profile, completing the 4th issue of debentures, in the amount of R$ 300 million, and issuing Export Credit Notes (NCEs) in the amount of R$ 130 million. Furthermore, the Board of Directors recently approved an investment of US$ 160 million for the construction of a new plant in the United States, of which approximately US$ 80 million will be financed by a strategic partner in the United States in a BtS (Built to Suit) operation. The start-up of the operations is scheduled for 2023. This investment reinforces the Company's strategy of growing in the international market and in Brazilian retail, with a focus on generating value for shareholders.

Net Revenue in 3Q21 reached R$ 519.4 million, surpassing the level of R$ 500 million for the first time, with growth of 25.2% over 3Q20. Moreover, Net Revenue totaled R$ 1,400.0 million in 9M21, 50.4% above 9M20. When compared to 2Q21, the growth is 11.9%, which demonstrates the consistency of the Company's growth and performance over the past quarters.

Net Revenue in the domestic market grew 23.0% in 3Q21 over 3Q20 and 48.8% in 9M21 over 9M20. According to ABRAMAT (Brazilian Association of Construction Materials Industries), the sales of the construction materials market grew 15.2% in the year to 2021 over the same period in 2020, which demonstrates the strong growth of operations compared to the domestic market and the consistent gain in market share.

Net Revenue from the external market (exports) grew 34.3% in 3Q21 vs 3Q20 (42.4% in US Dollars), and 56.7% in 9M21 over 9M20 (50.7% in US Dollars). This growth was due to the expansion of distribution and increase in the average ticket in United States through the Portobello America Business Unit, as well as the greater international presence of Portobello and Pointer Business Units.

Net Revenue Growth is the result of the product mix qualification, with better profitability and price increases, coupled with the productivity/cost efficiency and gains of scale. Said initiatives continue to drive the Adjusted and Recurring Gross Margin to better levels, reaching 43.0% in 3Q21, an increase of 6.0 pp over 3Q20, and 42.3% in 9M21, improving 6.7 pp in comparison to 9M20.

The significant improvement in Adjusted and Recurring Gross Margin led Adjusted and Recurring EBITDA to reach R$ 105.7 million in 3Q21, surpassing the level of R$ 100 million for the first time, with Adjusted and Recurring EBITDA Margin of 20.4%, accounting for an increase of 5.6 pp over 3Q20. In 9M21, Adjusted and Recurring Gross Margin increased 6.7 pp, while Operating Expenses decreased 2.8 pp over 9M20 in relation to Net Revenue. As a result, the Company's Adjusted and Recurring EBITDA reached R$ 269.0 million in the 9M21, with Adjusted and Recurring EBITDA Margin of 19.2% and increase of 8.5 pp vs 9M20.

The investment in Working Capital in 3Q21 was R$ 241.3 million, with a decrease of R$ 18.0 million over 3Q20, despite the growth in business scale. This reduction was due to the 39-day improvement in the Cash Conversion Cycle, based on the optimization/qualification of the inventory level and improvement in the conversion of the receivables portfolio.

The Company ended 3Q21 with a net debt of R$ 489.4 million, with a Net Debt/Adjusted and Recurring EBITDA of 1.4 times. The 2.1x decrease in leverage compared to 3Q20 was due to the consistent increase in Adjusted and Recurring EBITDA in the last 12 months, coupled with an improvement in the Cash Conversion Cycle. Part of the cash balance in 3Q21 comes from issues of debentures and NCEs carried out in the quarter and will be used in the beginning of 4Q21 to settle shorter term debt, in line with the strategy of lengthening the bank debt profile.

CapEx in 3Q21 totaled R$ 21.3 million, 44% of which was allocated to investments in Portobello America, and 32% to investments in the industrial park in Tijucas (SC). The remaining investment amounts were mainly allocated to commercial and corporate projects.

Business Units Performance

The Portobello Shop Business Unit ended 3Q21 with Net Revenue growth of 54.5% over 3Q20, and of 67.6% in 9M21 over 9M20, including the positive effect of the opening of 8 new franchised stores and 1 own store in the period. The ICVA (Cielo Broad Retail Index), which measures the construction materials retail sector in Brazil in value, presented a growth of 9.6% in 9M21 over 9M20. The Business Unit's Adjusted and Recurring Gross Margin also improved, with an increase in 3Q21 of 10.5 pp over 3Q20, and an improvement of 8.7 pp in 9M21 over 9M20.

The Portobello Business Unit recorded Net Revenue growth of 8.1% in 3Q21 vs 3Q20, and of 36.5% in 9M21 over 9M20. The growth achieved in 9M21 in all channels (exports, multibrand retailers and engineering) was leveraged by the strong advance in the mix qualification, particularly with strong growth in slabs (large formats) produced in Tijucas and channel management, with highlight to External Market (exports), with growth of 49.6% in the year (43.2% in US Dollars), and strengthening of partnerships in the Domestic Market. 3Q21 presented strong cost pressure, especially energy, which were offset by an internal efficiency program and the rebalancing between the sales mix and manufacturing capacity, resulting in an Adjusted and Recurring Gross Margin growth of 7.7 pp over 3Q20 and 7.4 pp over 9M20. The plant is producing at full capacity, maintaining the priority of balancing inventories and service deadlines in a market that remains in strong demand.

The Pointer Business Unit, the Group's democratic design brand, recorded a 13.6% growth in Net Revenue in 3Q21 in comparison to 3Q20, due to the volume increase, price management and mix. A 66.3% growth in Net Revenue in the 9M21 vs 9M20, with a positive performance in all channels due to the volume increase, productivity gains, price management and a more qualified mix with "Superceramic" items. Adjusted and Recurring Gross Margin increased 10.2 pp over 3Q20 due to the positive effects of the qualification of the product mix, pricing and the brand's positioning in the North and Northeast regions of Brazil. In 9M21, Adjusted and Recurring Gross Margin increased by 13.2 pp, confirming the Unit's performance. Also producing at full capacity, the Business Unit continues focused on maintaining the service level in a highly demanded market.

The Portobello America Business Unit achieved a 54.9% growth in Net Revenue in 3Q21 over 3Q20 (64.9% in US Dollars) and a 51.6% growth in 9M21 vs 9M20 (47.1% in Dollars). This growth was due to the increase in sales volume in the North American market and the exchange rate variation. The Business Unit presented a one-off decrease in Adjusted and Recurring Gross Margin of 4.1 pp over 9M20, due to the increase in costs in Reais and in international freights, which has not yet been fully offset by price increases in US Dollars, as the Business Unit's priority is to increase its scale by practicing prices in line with the market. The Business Unit's Gross Margin level is expected to resume normal levels in the coming quarters, as prices are gradually correct in the United States.

4Q21 Outlook

- The short-term expectation is that the Company will continue presenting consistent performance, with Net Revenue in 4Q21 maintaining the pace of growth presented in 3Q21 over the same period of the previous year, similar to 3Q21 in absolute terms, exceeding the R$ 500 million threshold.
    - In October 2021, the Company reached a new monthly sales record, with Net Revenue totaling approximately R$ 188 million and growth around 26% over October 2020, driven by the performance of retail in Brazil and international market (Portobello America and exports by Portobello and Pointer).
    - The Company remains focused in improving its service levels, seeking logistic efficiency improvement and transport costs reduction, to therefore have lower disruption and improve delivery times as well as our clients satisfaction level.
- The focus continues to be the maintenance of the Gross Margin above 40.0%, despite the greater inflationary pressure on costs (mainly energy and imported materials) through price increases, qualification of the product mix and factory productivity, in addition to strict management in the choices related to operating costs and expenses.
- The expectation is that Adjusted and Recurring EBITDA Margin in the 4Q21 present a positive evolution in comparison to the margin presented in 4Q20.
- The CapEx investment plan continues to focus on strategic projects for growth in retail with the expansion of the Portobello Shop chain, the expansion of the Tijucas (SC) plant, as well as the expansion of Portobello América's businesses, with investments in the architectural design of the plant and earthworks for land preparation and advance for the order of manufacturing equipment.
- Working Capital management also continues to be a priority, focusing on strategic management of suppliers and improvement of the customer base, but with small corrections in the inventory level to improve the service level.
- The maintenance of the Net Debt/EBITDA ratio below 2.5 times the Adjusted and Recurring EBITDA also remains a priority that has been materializing through discipline in cash management, optimization of the Cash Conversion Cycle and preservation of liquidity.

COVID-19

In 3Q21 we had the continued reduction of restrictions on commercial establishments, with mass vaccination against COVID-19 in Brazil and worldwide, with a gradual return to normality and a large portion of the population vaccinated.

Since the beginning of the pandemic, the Company maintains all the safety protocols required to guarantee the health of its employees, with the guidance and monitoring of the Crisis Management Committee. Remote work for administrative areas prioritizes people from the risk groups. For other employees, the Company adopted the hybrid model, whose actions are synchronized in all units where the Company operates. The company also reinforces its contribution to combating the impacts of the pandemic in the communities where the units are located, by donating equipment and food to the most vulnerable population, as well as personal protective equipment.

The Company deeply regrets the enormous loss of human lives caused by the pandemic, which is why we are even more grateful to all employees and partners who face the challenge of continuing to move the world with excellence and respect for people with us daily, even in front of all the adversities.

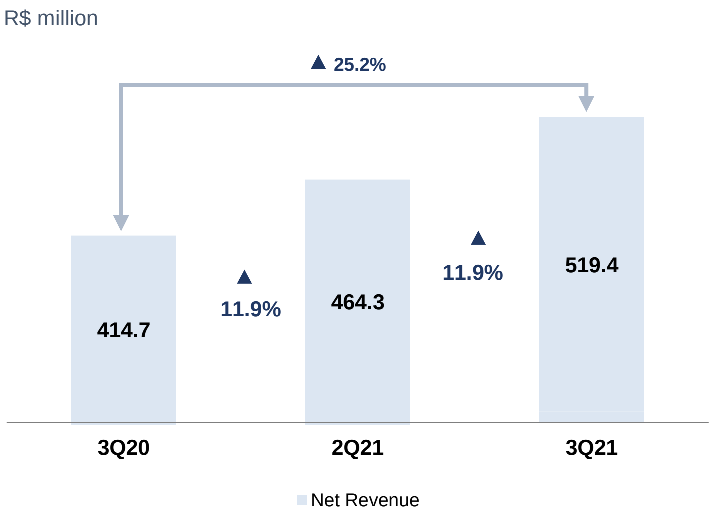
PortobelloGrupo

Economic and Financial Performance

		3Q20	3Q21	▲ %	▲ Abs	2Q21	9M20	9M21	▲ %	▲ Abs
Performance	**Net Revenue**	**414.7**	**519.4**	**25.2%**	**104.6**	**464.3**	**930.7**	**1,400.0**	**50.4%**	**469.4**
	Gross Profit	**152.1**	**223.5**	**46.9%**	**71.4**	**190.4**	**302.9**	**592.4**	**95.6%**	**289.5**
	Gross Margin	36.7%	43.0%	6.3 p.p.		41.0%	32.5%	42.3%	9.8 p.p.	
	Adjusted and Recurring Gross Profit	**153.4**	**223.5**	**45.7%**	**70.1**	**190.4**	**330.9**	**592.4**	**79.0%**	**261.5**
	Adjusted and Recurring Gross Margin	37.0%	43.0%	6.0 p.p.		41.0%	35.6%	42.3%	6.7 p.p.	
	EBIT	**45.8**	**85.4**	**86.2%**	**39.5**	**66.7**	**58.1**	**217.2**	**273.7%**	**159.1**
	EBIT Margin	11.1%	16.4%	5.4 p.p.		14.4%	6.2%	15.5%	1.4p.p.	
	Net Income	**20.6**	**80.7**	**291.7%**	**60.1**	**40.3**	**93.3**	**161.3**	**72.8%**	**67.9**
	Net Margin	5.0%	15.5%	10.6 p.p.		8.7%	10.0%	11.5%	1.5 p.p.	
	Adjusted and Recurring Net Income	**30.2**	**58.2**	**92.7%**	**28.0**	**40.3**	**51.5**	**138.8**	**169.5%**	**87.3**
	Adjusted and Recurring Net Margin	7.3%	11.2%	3.9 p.p.		8.7%	5.5%	9.9%	4.4 p.p.	
	EBITDA	**59.9**	**103.2**	**72.3%**	**43.3**	**82.6**	**100.5**	**266.5**	**165.2%**	**166.0**
	EBITDA Margin	14.4%	19.9%	5.4p.p.		17.8%	10.8%	19.0%	8.2 p.p.	
	Adjusted and Recurring EBITDA	**61.2**	**105.7**	**72.9%**	**44.6**	**82.6**	**99.8**	**269.0**	**169.7%**	**169.2**
	Adjusted and Recurring EBITDA Margin	14.7%	20.4%	5.6 p.p.		17.8%	10.7%	19.2%	8.5 p.p.	
Indicators	**Working Capital (R$)**	**259.3**	**241.3**	**-7.0%**	**(18.0)**	**223.9**				
	Cash Conversion Cycle (days)	**63**	**24**	**-61.9%**	**(39)**	**27**				
	Net Debt	**460.8**	**489.4**	**6.2%**	**28.6**	**469.4**				
	Net debt/EBITDA	3.5	1.4	-59.3%	(2.1)	1.6				
	Adjusted and Recurring Net Debt/EBITDA	**3.5**	**1.4**	**-59.8%**	**(2.1)**	1.6				
PTBL3	Share Price	5.26	10.85	106.3%	5.59	17.47				
	Market Value	833.6	1,600.7	92.0%	767.1	2,577.3				
	Average Trading Volume (12 Months)	136.8	777.8	468.6%	641.0	523.6				
	Average daily trading volume (ADTV)	10.1	44.6	341.0%	34.5	52.4				

Net Revenue

Net Revenue totaled R$ 519.4 million in 3Q21, an increase of 25.2% over 3Q20 and 11.9% over 2Q21. In 9M21, Net Revenue reached R$ 1,400.0 million, an increase of 50.4% vs 9M20. This growth is mainly due to: (i) the higher sales volume due to market growth, (ii) higher value-added product mix, with higher prices, (iii) expansion of the retail segment share, (iv) expansion of the share of international business, and (iv) favorable effect of the exchange rate on sales in international market.



Net Revenue from the domestic market grew 23.0% in 3Q21 over 3Q20 and 48.8% in 9M21 vs 9M20, while the construction materials sector (in value) grew 15.2% in 9M21 over 9M20, according to data from ABRAMAT (Brazilian Association of Construction Materials Industries). According to ANFACER (Brazilian Association of Ceramic Tiles Manufacturers), the volume of ceramic tiles sales (in square meters) grew by 17.3% in the 9M21 over 9M20.

Net Revenue from the export market grew 34.3% in 3Q21 over 3Q20 (42.4% in US Dollars) and 56.7% in 9M21 vs 9M20 (50.7% in US Dollars). This increase was influenced by the expansion of the Portobello America Business Unit, the growth in exports by the Portobello and Pointer Business Units and the effect of the exchange rate variation.

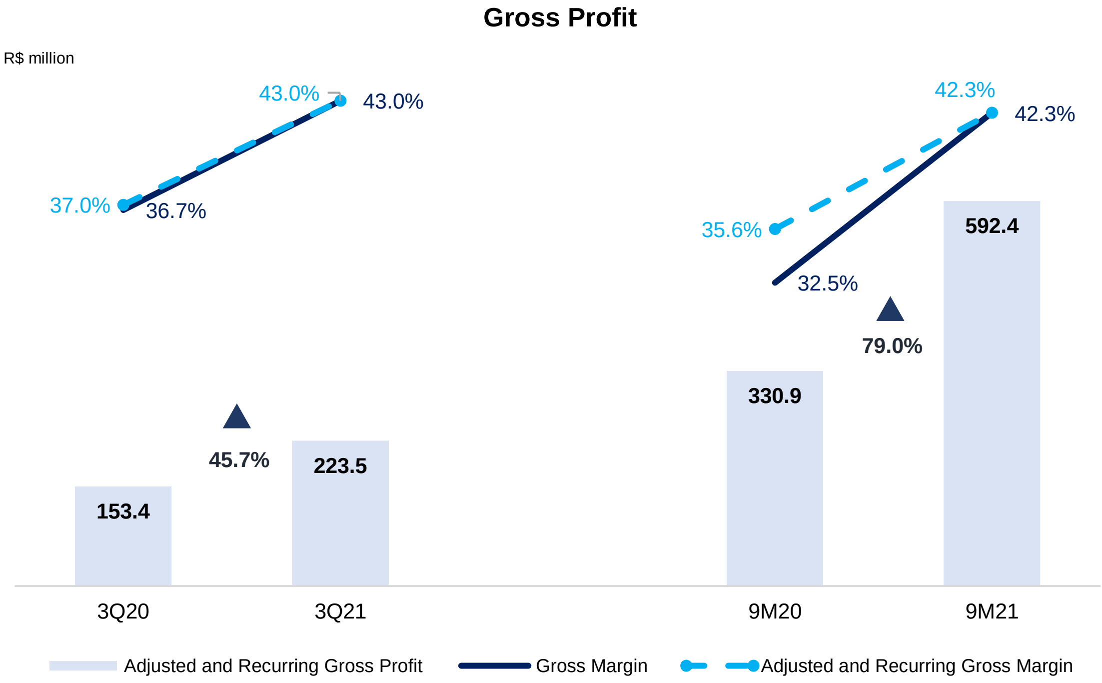
R$ million	3Q20	3Q21	▲ %	▲ Abs	9M20	9M21	▲ %	▲ Abs
Net Revenue	**414.7**	**519.4**	**25.2%**	**104.6**	**930.7**	**1,400.0**	**50.4%**	**469.4**
Domestic Market	332.7	409.1	23.0%	76.5	740.8	1,102.7	48.8%	361.9
International Market	82.1	110.2	34.3%	28.2	189.9	297.4	56.7%	107.5
US$ million	**3Q20**	**3Q21**	**▲ %**	**▲ Abs**	**9M20**	**9M21**	**▲ %**	**▲ Abs**
International Market	15.2	21.7	42.4%	6.5	37.5	56.5	50.7%	19.0

Gross Profit

Adjusted and Recurring Gross Profit in 3Q21 increased 45.7% over 3Q20 and 79.0% in 9M21 vs 9M20. In 9M20, Gross Profit was negatively impacted by the non-dilution of fixed costs arising from idleness (R$ 26.7 million arising from non-recurring stoppage costs during the pandemic).

The positive variation in Adjusted and Recurring Gross Margin is mainly due to: (i) increase in sales volume due to market performance, (ii) increase products with higher added value in the mix, (iii) price readjustments, and (iv) dilution of fixed production costs. Thus, there was an increase in Adjusted and Recurring Gross Margin of 6.0 pp over 3Q20 and 6.7 pp over 9M20.

R$ Million	3Q20	3Q21	▲ %	▲ Abs	9M20	9M21	▲ %	▲ Abs
Net Operating Revenue	414.7	519.4	25.2%	104.6	930.7	1,400.0	50.4%	469.4
Cost of Goods Sold (COGS)	(261.4)	(295.9)	13.2%	34.5	(599.8)	(807.6)	34.7%	207.8
Idleness Costs	(1.2)	-	-	(1.2)	(27.9)	-	-	(27.9)
Gross Operating Profit	**152.1**	**223.5**	**46.9%**	**71.4**	**302.9**	**592.4**	**95.6%**	**289.5**
Gross Margin	36.7%	43.0%	6.3 pp		32.5%	42.3%	9.8 pp	
Adjusted and Recurring Gross Margin	37.0%	43.0%	6.0 pp		35.6%	42.3%	6.7 pp	
Adjusted and Recurring Gross Profit	**153.4**	**223.5**	**45.7%**	**70.1**	**330.9**	**592.4**	**79.0%**	**261.5**



Operating Expenses

Adjusted and Recurring Operating Expenses, when analyzed as a percentage of Net Revenue, grew 0.5 pp in 3Q21, reaching 26.1%, mainly due to the investment in the opening of new Portobello Shop stores and in the operating structure of Portobello America. In 9M21, expenses accounted for 26.6% of net revenue, presenting a gain of scale and a dilution of 2.9 pp over 9M20, due to revenue growth of 25.2% in 3Q21 and 50.4% in 9M21.

R$ Million	3Q20	%Net Rev	3Q21	%Net Rev	▲ %	▲ Abs	9M20	%Net Rev	9M21	%Net Rev	▲ %	▲ Abs
Operating Expenses												
Selling	(86.9)	20.9%	(105.7)	20.3%	21.7%	18.8	(231.6)	24.9%	(298.9)	21.4%	29.1%	67.3
General and Administrative	(11.6)	2.8%	(17.8)	3.4%	52.9%	6.1	(32.5)	3.5%	(46.9)	3.4%	44.2%	14.4
Other Revenues (Expenses)	(7.8)	-1.9%	(14.7)	-2.8%	87.8%	(6.9)	19.3	2.1%	(29.4)	-2.1%	-252.0%	(48.7)
Operating Expenses	**(106.3)**	**25.6%**	(138.1)	**26.6%**	**29.9%**	**31.8**	(244.8)	**26.3%**	(375.2)	**26.8%**	**53.3%**	**130.4**
Non-Recurring Revenues	-	-	2.5	-			(29.4)	-	2.5	-		
Adjusted Operating Expenses	**(106.3)**	**25.6%**	**(135.6)**	**26.1%**	**27.6%**	**29.3**	**(274.2)**	**29.5%**	**(372.7)**	**26.6%**	**35.9%**	**98.5**

Selling Expenses reached 20.3% of Net Revenue in 3Q21 and 21.4% in the 9M21, with a dilution of 0.6 pp over 3Q20 and 3.5 pp over 9M20. In absolute figures, Selling Expenses grew 21.7% over 3Q20 and 29.1% over 9M20 due to the increase in sales volume, the intensification of retail operations, the opening of a new Distribution Center in Curitiba (PR) and salary readjustments related to the collective bargaining agreement.

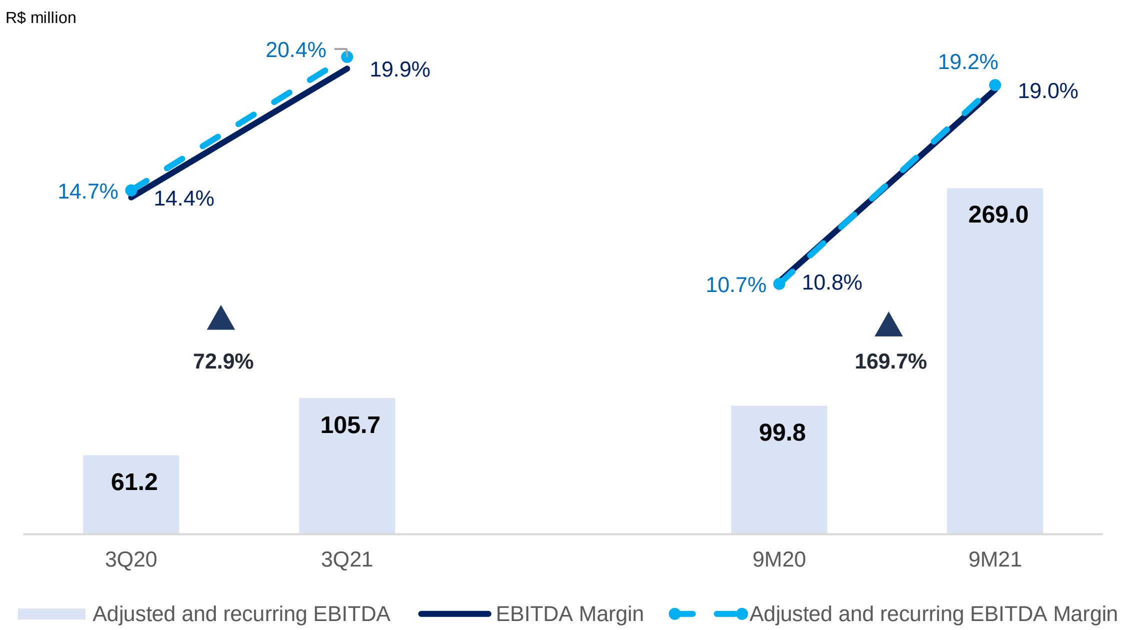
General and Administrative Expenses reached 3.4% of Net Revenue in 3Q21 and in the 9M21, with a dilution of 0.6 pp over 3Q20 and 0.1 pp over 9M20. In absolute figures, General and Administrative Expenses grew 52.9% over 3Q20 and 44.2% over 9M20 due to the implementation of the new organizational structure with focus on the Business Units, strengthening of corporate governance and salary readjustments according to the collective bargaining agreement and investment in advisory for Strategic Planning.

Other Revenues and Expenses in 3Q21 and 9M21 refer mostly to the provision for the Profit Sharing Program (PPR) and the Long-Term Incentive Plan (ILP), growing in relation to the same periods of 2020 due to the positive evolution of results.

In 3Q21 a non-recurring effect was recorded related to the taxation of income tax/social contribution on amounts related to the monetary restatement of Tax Overpayments adjusted by the Selic rate (Brazilian basic interest rate defined by the Brazilian Central Bank), of which R$ 2.5 million is related to attorney's fees recorded in Other Expenses, indicated in the table above.

In addition to the effect above, in 2Q20, the Company recorded a reversal of taxation (PIS/COFINS) based on the IPI premium credit proceeding (Plaintiff), in the amount of R$ 16.2 million, due to a decision by the STF (Federal Supreme Court) with binding effect and general repercussion. Besides this event, in 1Q20 the Company recognized the complementary portion of the IPI premium credit (Plaintiff), related to the update and complementation of lawsuits, in the amount of R$ 13.2 million, totaling R$ 29.4 million in 9M20.

EBITDA



R$ Million	3Q20	3Q21	▲ %	▲ Abs	9M20	9M21	▲ %	▲ Abs
Net Income	20.6	80.7	291.7%	60.1	93.3	161.3	72.8%	67.9
(+) Financial Expenses	21.1	14.7	-30.6%	(6.5)	12.7	50.7	297.4%	37.9
(+) Depreciation and Amortization	14.2	17.8	25.9%	3.7	42.5	49.3	15.9%	6.8
(+) Income Taxes	4.1	(9.9)	-345.6%	(14.0)	(48.0)	5.3	-110.9%	53.3
EBITDA	**59.9**	**103.2**	**72.3%**	**43.3**	**100.5**	**266.5**	**165.2%**	**166.0**
EBITDA Margin	**14.4%**	**19.9%**	**5.4 p.p.**		**10.8%**	**19.0%**	**8.2 p.p.**	
Non-Recurring Events:	**1.2**	**2.5**			**(0.7)**	**2.5**		
1) COVID (Idleness Costs)	1.2	-			28.6	-		
2) Reversal of Taxation (Plaintiff)	-	-			(16.2)	-		
3) Other Favorable Outcomes in Lawsuits	-	-			(13.2)	-		
4) Selic on income tax/social contribution basis	-	2.5			-	2.5		
Adjusted and Recurring EBITDA	**61.2**	**105.7**	**72.9%**	**44.6**	**99.8**	**269.0**	**169.7%**	**169.2**
Adjusted and Recurring EBITDA Margin	**14.7%**	**20.4%**	**5.6 p.p.**		**10.7%**	**19.2%**	**8.5 p.p.**	

In 3Q21, Adjusted and Recurring EBITDA reached R$ 105.7 million, R$ 44.6 million or 72.9% higher than in 3Q20. In 9M21, Adjusted and Recurring EBITDA reached R$ 269.0 million, R$ 169.2 million or 169.7% above 9M20. Adjusted and Recurring EBITDA Margin was 20.4% in 3Q21, 5.6 pp above 3Q20. In 9M21, Adjusted and Recurring EBITDA Margin was 19.2%, 8.5 pp above 9M20.

The Company continues to show a constant increase in Adjusted and Recurring EBITDA in absolute figures and in Adjusted and Recurring EBITDA Margin, even with pressure from input and energy costs. The main factors that contributed to the generation of EBITDA and improvement in the EBITDA Margin were: (i) increase in sales due to market growth in volume, (ii) price increases, (iii) mix of more profitable products and channels, (iv) favorable exchange rate effect and (v) productivity gains and greater operational efficiency with the dilution of fixed costs and expenses.

In 3Q21, a non-recurring effect related to the income tax/social contribution taxation was recorded on amounts related to the restatement of Tax Overpayments by the Selic rate. The amount above of R$ 2.5 million refers to attorney's fees related to this proceeding.

Moreover, the Company recognized R$ 28.0 million in idleness costs in 9M20 due to non-recurring stoppages and R$ 0.6 million in non-recurring expenses during the pandemic. Favorable Outcomes in Lawsuits from restatement of rural credit bills in the amount of R$ 13.2 million were recognized in the 1Q20 and in 2Q20, Other Favorable Outcomes of R$ 16.2 million refer to the reversal of taxation (PIS/COFINS) of the IPI premium credit proceeding (Plaintiff), due to a decision by the STF (Federal Supreme Court) with binding effect and general repercussion.

Net Income

Adjusted and Recurring Net Income in 3Q21 totaled R$ 58.2 million, an increase of 44.2% or R$ 17.8 million over 3Q20. In 9M21, Adjusted and Recurring Net Income reached R$ 138.8 million, an increase of 169.5% or R$ 87.3 million over 9M20. The growth in Adjusted and Recurring EBITDA was the main reason for the increase in Adjusted and Recurring Net Income in 3Q21 and 9M21.

R$ Million	3Q20	3Q21	▲ %	▲ Abs	9M20	9M21	▲ %	▲ Abs
Net Income	**20.6**	**80.7**	**291.7%**	**60.1**	**93.3**	**161.3**	**72.8%**	**67.9**
Non-Recurring Events	**9.6**	**(22.5)**			**(41.9)**	**(22.5)**		
(1) Financial Expenses	8.3	-			7.1	-		
(2) Selic on income tax/social contribution basis - Effect on IR/CSLL	-	(25.0)			(48.1)	(25.0)		
(3) Selic on income tax/social contribution bases - Effect on Other revenues/expenses	-	2.5			-	2.5		
(4) Recognition and Restatements of Lawsuits	-	-			(29.4)	-		
(5) COVID Effect	1.2	-			28.6	-		
Adjusted and Recurring Net Income	**30,2**	**58.2**	**92.7%**	**28.0**	**51.5**	**138.8**	**169.5%**	**87.3**
Adjusted and Recurring Net Margin	**7.3%**	**11.2%**			**5.5%**	**9.9%**	**4.4 pp**	

In 3Q21, there was a non-recurring effect related to the taxation of income tax/social contribution on amounts related to the monetary restatement of Taxes Overpaid by the Selic rate in the net amount of R$ 22.5 million, of which R$ 25.0 million was considered in the IR/CSLL line of the P&L statement and R$ 2.5 million related to attorney's fees were recorded in Other Expenses.

There were also financial and tax effects from tax changes in the 9M20, since in the 2Q20 there was a R$ 54.0 million decrease in income tax, due to the reversal of provisions on the realization of the IPI premium credit (Plaintiff) due to the STF decision with binding effect and general repercussion.

Cash Flow

The Company ended 3Q21 with a cash position of R$ 332.9 million, accounting for an increase of R$ 158.7 million when compared to 2Q21, mainly due to the financing activities related to the 4th issue of debentures in the amount of R$ 300 million, and the issuance of NCEs (Export Credit Notes) in the amount of R$ 130 million, as well as the settlement of the 3rd issue debentures, in the amount of R$ 150 million.

At the end of 9M21, the cash level remained stable in relation to 4Q20, due to the growth in operating cash generation, financing activities related to the amortization schedule, payment of dividends and disbursement in investments, specially the share buyback program, as well as the debt issues carried out during 3Q21.

The Company's operating activities totaled R$ 120.8 million in 3Q21 and R$ 240.0 million in 9M21, mainly due to EBITDA generation and working capital optimization.

The Company's investment activities totaled R$ 21.3 million in 3Q21 and R$ 77.0 million in 9M21, allocated to CapEx in Portobello America, in Tijucas-SC plant, to update the industrial park for the manufacturing of products with greater added value and larger formats, in the plant in Marechal Deodoro (Alagoas state), to update and revitalize the plant, and also to expand the sales area of own stores.

R$ Million	3Q20	3Q21	▲ Abs	9M20	9M21	▲ Abs
Activities						
Operating	(2.7)	120.8	123.5	130.1	240.0	109.9
Investment	14.2	(21.3)	(35.5)	(64.1)	(77.0)	(13.0)
Financing	(4.2)	59.2	63.4	(52.2)	(156.4)	(104.1)
Changes in Cash	7.3	158.7	151.4	13.8	6.6	(7.2)
Opening Balance	**281.9**	**174.2**	**(107.7)**	**275.4**	**326.3**	**50.9**
Closing Balance	**289.2**	**332.9**	**43.7**	**289.2**	**332.9**	**43.7**

Working Capital

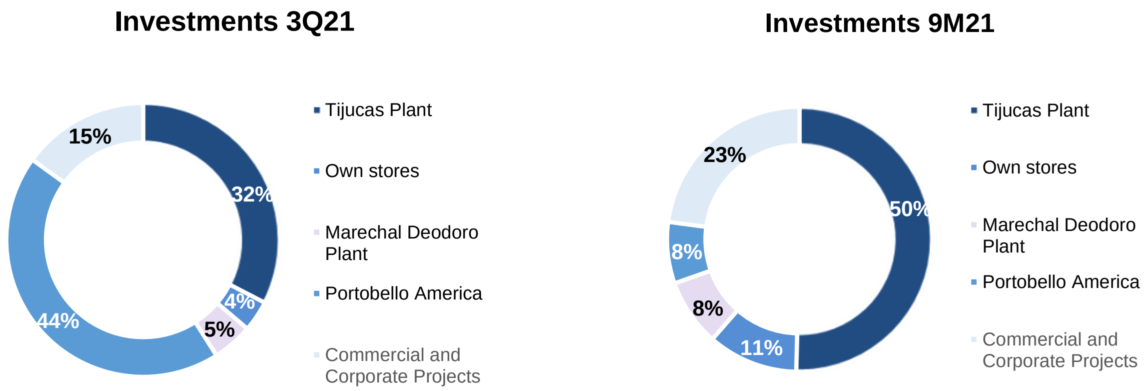
The Company's Working Capital in 3Q21 totaled R$ 241.3 million, accounting for a decrease of R$ 18.0 million over 3Q20, with an increase in the absolute amounts invested in inventories and accounts receivable more than offset by the increase in suppliers and decrease in the average terms. The Cash Conversion Cycle in 3Q21 reached 24 days, with a significant reduction of 39 days over 3Q20, due to the optimization of inventories and of the receivables portfolio, with lower default levels, coupled with an increase in suppliers' term.

		3Q20	3Q21	▲ %	▲ Abs
In R$ million	Trade Receivables	268.3	307.0	14.4%	38.7
	Inventories	217.0	251.0	15.7%	34.0
	Suppliers	226.0	316.7	40.1%	90.7
	Working Capital	**259.3**	**241.3**	**-7.0%**	**(18.0)**
In days	Trade Receivables	57	48	-15.8%	(9)
	Inventories	99	83	-16.2%	(16)
	Suppliers	93	107	15.1%	14
	Cash Conversion Cycle (CCC)	**63**	**24**	**-61.9%**	**(39)**

Investments

Investments in 3Q21 totaled R$ 21.3 million, accumulating R$ 77.0 million in 9M21 (additions to PP&E and Intangibles totaled R$ 67.2 million), of which 44% were allocated to investments in Portobello America, 32% were allocated to the Tijucas-SC plant, 15% to commercial and corporate projects, 5% to Marechal Deodoro-AL plant and 4% to own stores.

At Portobello America, investments were made to start the construction process of the new plant in the United States (architectural project and land leveling), while at the Tijucas-SC plant, investments were aimed at optimizing the industrial park for the production of products with greater added value and larger formats. At the Marechal Deodoro-AL plant, most of the investments were allocated to the structural adjustment of the industrial park. The remaining investments were for the digital transformation of the commercial area, the expansion of own stores and the updating of points of sale, taking the innovation of large size formats to the front of stores.



Indebtedness / Capital structure

The Company's Net Debt ended 3Q21 at R$ 489.4 million, an increase of R$ 28.6 million over 3Q20. The increase in Adjusted and Recurring EBITDA in the last 12 months, reaching R$ 343.8 million, and the Company's financial management discipline, whose focus is on optimizing the Cash Conversion Cycle, resulted in the reduction of financial leverage to 1.4 times Adjusted and Recurring EBITDA, an improvement of 2.1 times over 3Q20.

In 3Q21, a total of R$ 236.9 million in Bank Debt was amortized, referring to several operations, such as 3rd Series Debentures, NCE and Working Capital. Funding totaled R$ 409.9 million, of which R$ 300.0 million arises from the 4th Series Debentures and R$ 100.0 million from NCE with Banco do Brasil. At the end of 3Q21, 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.

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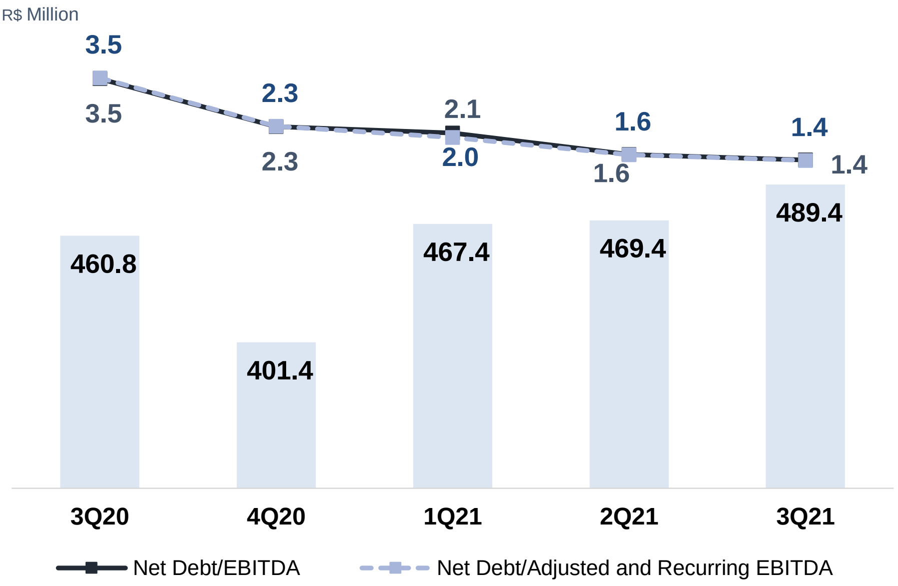
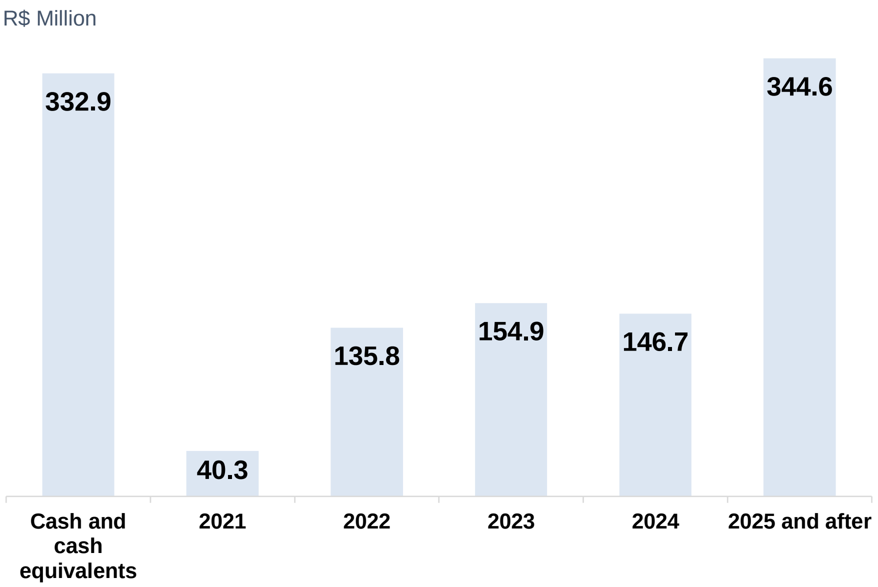


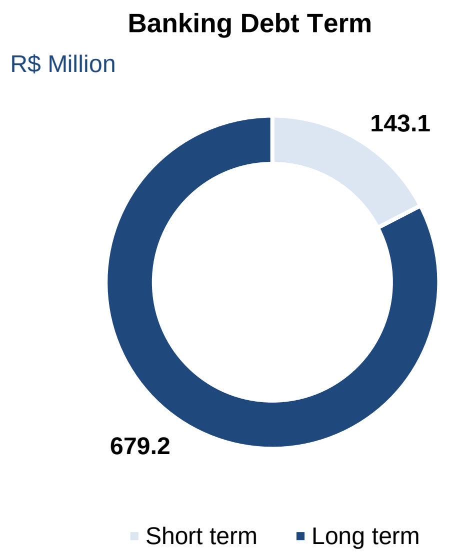
R$ million	3Q20	4Q20	1Q21	2Q21	3Q21
Gross Banking Debt	**750.0**	**727.8**	**710.3**	**643.6**	**822.3**
Cash and Cash Equivalents	(289.2)	(326.4)	(242.9)	(174.2)	(332.9)
Net Indebtedness	**460.8**	**401.4**	**467.4**	**469.4**	**489.4**
EBITDA (Last 12 months)	130.9	175.3	220.1	298.1	341.3
Adjusted and Recurring EBITDA (Last 12 months)	130.0	174.5	232.4	299.4	343.8
Net Debt-to-EBITDA Ratio	3.5	2.3	2.1	1.6	1.4
Net Debt-to-Adjusted and Recurring EBITDA Ratio	**3.5**	**2.3**	**2.0**	**1.6**	**1.4**

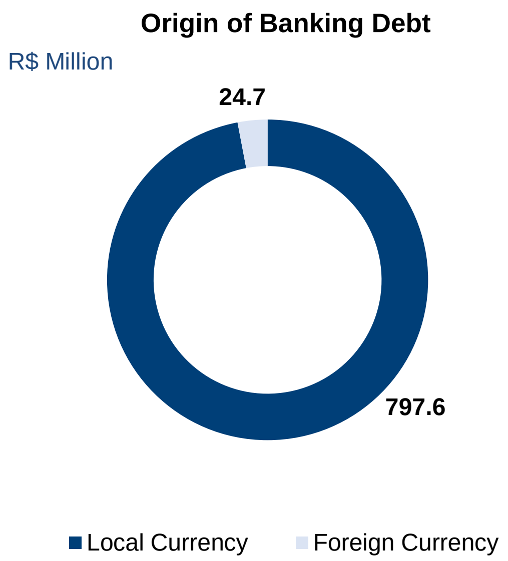
The details of the amortization schedule (Gross Banking Debt) can be found below:



Gross Banking Debt maturing in the short term represents 17.3% of the total, a reduction of 17.4 pp over the previous quarter due to operations carried out to increase the debt duration, and the remainder matures in the long term, as shown in the amortization schedule above. The Gross Banking Debt is mostly in domestic currency (97.0%). The average total cost of Bank Debt is 7.8% pa and the average duration is 3.8 years. After settlements made in October 2021, the average duration of the debt increased to 4.2 years, and amortizations for 2022 and 2023 were reduced to 90.0 million and 140.4 million, respectively.

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 United States, through Portobello America.





Conclusion of the 4th Issue of Debentures - Extension of the Debt Profile

In September 2021, Portobello Group completed the 4th Issue of Debentures, in the amount of R$ 300 million. This issue has a maturity term of 5 years from the issue date, with a grace period of 2 years, and will be entitled to remuneration corresponding to 100% of the CDI plus a spread of 3.0% per annum. Also, in September 2021, the Company's 3rd issue of debentures was repaid in advance in the amount of R$ 150 million, using part of the proceeds of the 4th issue.

Said operations, along with the contracting of NCEs in the amount of R$ 130 million, have the objective of improving the Company's indebtedness profile, due to the grace period of 2 years for these issues, as well as the increase in the average duration of the debt.

Investment in the construction of Portobello América plant in the United States

In October 2021, the Company's Board of Directors approved an investment for the construction of the Portobello America plant in the United States. The facility will have approximately 895,000 square feet (equivalent to 83 thousand square meters) and will be located in the city of Baxter, TN.

The total investment is estimated to be USD 160 million, out of which close to USD 80 million are related to the construction of the unity, in a Build-to-Suit transaction ("BtS"). After the conclusion of the construction, expected to be in the end of 2022, Portobello will execute a long-term lease (20 years) of the facility. The remaining USD 80 million refer mainly to the investment in machinery, and should be financed by suppliers, with a duration of 5 year. The Company estimates the facility will create about 220 local jobs and generate over USD 100 million in annual revenue.

The 92-acre (around 370 thousand square meters) project site is located on the south side of Interstate 40 within the city limits of Baxter, TN. The site was formerly known as the Tennessee Speedway Dirt Racetrack. It stays in Putnam County, considered a national hotbed for ceramic tile manufacturing due to the region's vast natural supplies of clay and feldspar.

Portobello America started operating in the United States in the 1990's as part of Portobello Group's internationalization strategy. It currently has two distribution centers in the U.S. market, strategically located in Florida and Tennessee, where the future industrial facility will be located, as well as Portobello America's U.S. headquarters.

Avison Young's Capital Markets Group has been exclusively retained by Portobello America to arrange financing for the construction of the factory (phase 1). As soon as the BtS contract is signed, the Company will inform its shareholders and the public in general about which investor it has selected as its long term financial partner on Portobello America's industrial facility and headquarters.

Remuneration to Shareholders and Resolutions in Meetings

The total remuneration distributed to shareholders for 2020 represented R$ 60.9 million, which represented a dividend yield (dividend per share divided by final share price in the end of the period) of 6.11%. On May 13, 2021, the residual dividends for 2020 were paid.

On August 12, 2021, the Board of Directors approved the advance payment of dividends in the amount of R$ 18.3 million, or R$ 0.1298 per share, which represented a dividend yield of 0.74%. Furthermore, the Board of Directors approved a new advance payment of dividends in the amount of R$ 80.9 million, or R$ 0.5736 per share on November 10, 2021, representing a dividend yield of 5.29%, considering the closing price of the shares at the end of the quarter. Dividends will be paid considering the shareholder position as of November 19, 2021, with the shares being traded ex-dividends as of November 22, 2021, and payment is expected for November 30, 2021.

The new amount of dividends approved represents a distribution of approximately 65% of the accumulated results up to September 2021, discounting the advance payment already made. Regarding cash flows, there will be no additional pressure in relation to the forecast, just a difference in the payment timing, as the payment expected for 2022 will be anticipated to 2021.

Buyback Plan

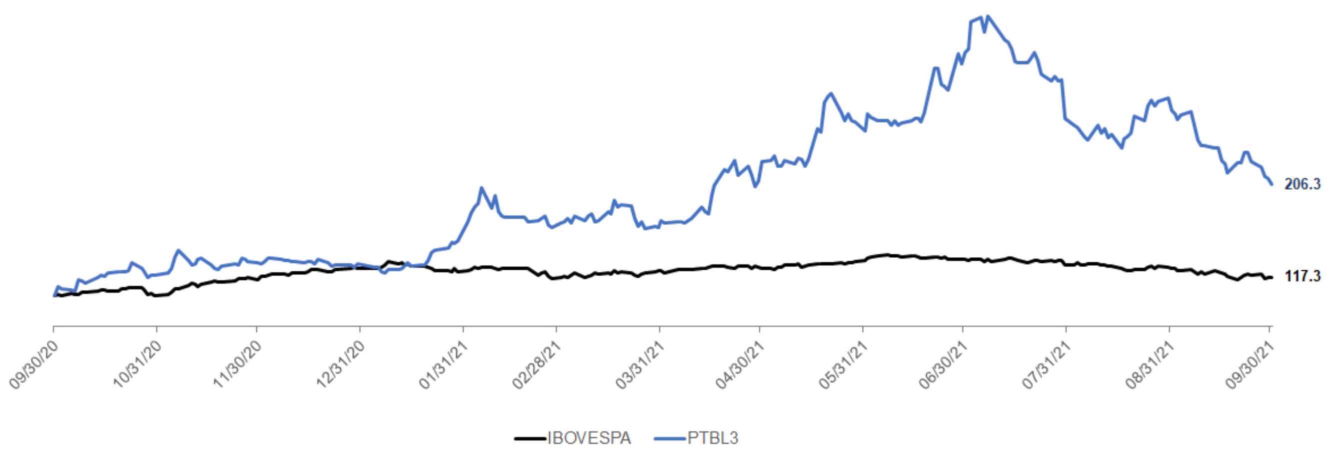
On September 8, 2021, the company informed the market about the completion of the repurchase program approved by the Board of Directors on June 14, 2021, with the repurchase of all shares announced, totaling 6,542,817 shares repurchased at the average price of R$ 13.96 per share. At the moment of the approval by the Board of Directors, this amount corresponded to 4.4% of the total shares issued by the Company or 10% of the free float. The repurchased shares are intended to remain in treasury for later disposal and/or cancellation.

PTBL3 Stock Performance

The shares traded under the ticker symbol PTBL3 closed the last trading session of September 2021 quoted at R$ 10.85, with an increase of 106.3% when compared to the closing of September 2020 (R$ 5.26). The PTBL3 stock performed 75.8% above the Bovespa index during this period. The average monthly financial volume traded in the last twelve months was R$ 777.8 million, an increase of 468.6% compared to the R$ 136.8 million in September 2020. It is worth highlighting that the average daily trading volume (ADTV) exceeded R$ 44.6 million in 3Q21, compared to R$ 10.1 million in 2Q20, an increase of 341.0%.

At the end of 3Q21, the Company had a market cap equivalent to R$ 1,600.7 million, considering the final share price of R$ 10.85, an increase of R$ 767.1 million over 3Q20.

PTBL3 x Ibovespa
Base 100, 12 months ended on Sep 30, 2021



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
Ronei Gomes	VP of Finance and Investor Relations
Edson Luiz Mees Stringari	VP of Legal and Compliance

Board of Directors

Name	Member
César Gomes Júnior	Chairman of the Board
Cláudio Ávila da Silva	Vice-Chairman of the Board
Nilton Torres de Bastos Filho	Board Member
Glauco José Côrte	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

Corporate Governance

Electronic address to communicate corporate governance related issues to senior management *dri@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 to 100% of the shares;
- 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;
- Policies in force on the disclosure of significant acts and facts and on the trading of securities.

The adjustment to regulatory requirements set by Novo Mercado began in relation to the inspection and control bodies, including the Audit Committee, Compliance and Internal Audit departments, in addition to Internal Controls department, which is implementation phase.

Conference Call

On Tuesday, November 16, 2021 at 02:00 pm (Brazil Time) will be conducted the conference call in Portuguese to report the 3Q21 results.

Connection details:

Phone: +55 11 3127-4971 or +55 11 3728-5971
Via the web: https://vcasting.voitel.com.br/?transmissionId=9392

The audio of the teleconference will be transmitted over the Internet, accompanied by the slide presentation, which will be available at: https://ri.portobello.com.br/

For those not able to accompany teleconferences live, full audio record will be made available directly at the Company's IR website (https://ri.portobello.com.br/).

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Financial Statements

Balance Sheet

Assets	3Q20	% T	2Q21	3Q21	% T	Var%
Current assets	**887.7**	**43.9%**	**851.7**	**1,043.8**	**46.9%**	**13.9%**
Cash and cash equivalents	289.2	14.3%	174.2	332.9	15.0%	2.0%
Trade Receivables	307.7	15.2%	343.4	379.4	17.1%	31.2%
Inventories	217.0	10.7%	225.0	251.0	11.3%	22.7%
Other	73.8	3.6%	109.1	80.5	3.6%	-16.8%
Non-current assets	**1,135.6**	**56.1%**	**1,123.4**	**1,179.8**	**53.0%**	**5.6%**
Long-term assets	**502.1**	**24.8%**	**455.5**	**493.9**	**22.2%**	6.3%
Judicial deposits	148.2	7.3%	166.8	174.6	7.9%	11.7%
Judicial assets	119.7	5.9%	119.7	144.7	6.5%	20.9%
Guarantee deposit	89.5	4.4%	87.1	87.1	3.9%	-0.3%
Related party credits	-	0.0%	-	-	0.0%	100.0%
Receivables - Eletrobrás	12.8	0.6%	12.8	12.8	0.6%	0.0%
Restricted financial investments	13.7	0.7%	8.2	8.3	0.4%	-46.0%
Recoverable taxes and deferred tax	96.8	4.8%	33.8	15.2	0.7%	-70.2%
Other non-current assets	21.4	1.1%	27.0	51.2	2.3%	132.9%
Fixed assets	**633.5**	**31.3%**	**667.9**	**685.8**	**30.8%**	5.0%
PPE, Intangible Assets and Investments	569.0	28.1%	587.4	604.1	27.2%	3.9%
Right of Use of Leased Assets	64.5	3.2%	80.2	81.4	3.7%	14.0%
Other investments		0.0%	0.3	0.3	0.0%	0.0%
Total assets	**2,023.3**	**100.0%**	**1,975.1**	**2,223.6**	**100.0%**	**9.3%**

Liabilities	3Q20	% T	2Q21	3Q21	% T	Var%
Current liabilities	**764.2**	**37.8%**	**758.0**	**769.8**	**34.6%**	**3.9%**
Loans and Debentures	272.0	13.4%	223.9	143.9	6.5%	-35.7%
Trade Payables and Credit Assignment	261.8	12.9%	316.9	358.8	16.1%	22.6%
Lease obligations	17.4	0.9%	17.1	18.1	0.8%	-47.9%
Tax liabilities	30.3	1.5%	33.2	43.0	1.9%	27.1%
Payroll and related taxes	64.9	3.2%	67.0	74.0	3.3%	59.1%
Advances from Customers	39.3	1.9%	54.9	72.4	3.3%	65.2%
Other	78.4	3.9%	45.0	59.6	2.7%	-8.5%
Non-current liabilities	**837.5**	**41.4%**	**814.1**	**1,080.4**	**48.6%**	**23.3%**
Loans and Debentures	478.0	23.6%	419.7	678.3	30.5%	34.6%
Suppliers	164.0	8.1%	176.1	181.2	8.1%	6.8%
Debts with related parties	56.3	2.8%	56.4	56.4	2.5%	0.1%
Provisions	64.7	3.2%	66.7	70.9	3.2%	11.6%
Lease obligations	26.0	1.3%	65.7	66.5	3.0%	73.4%
Other Non Current Liabilites	48.5	2.4%	29.5	27.0	1.2%	-39.4%
Equity	**421.6**	**20.8%**	**403.0**	**373.4**	**16.8%**	**-10.5%**
Capital	200.0	9.9%	250.0	250.0	11.2%	25.0%
Treasury shares	(9.0)	-0.4%	(1.0)	(91.4)	-4.1%	548.1%
Earnings reserve	278.3	13.8%	237.3	268.3	12.1%	6.9%
Other comprehensive income	(47.6)	-2.4%	(83.3)	(53.6)	-2.4%	6.8%
Total liabilities	**2,023.3**	**100.0%**	**1,975.1**	**2,223.6**	**100.0%**	**9.3%**

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Income Statement

R$ million	3Q20	3Q21	2Q21	9M20	9M21
Net Sales Revenue	414.7	519.4	464.3	930.7	1,400.0
Gross Operating Profit	152.1	223.5	190.4	302.9	592.4
Operating Income (Expenses), Net	**(106.3)**	**(138.1)**	**(123.9)**	**(244.8)**	**(375.2)**
Selling	(86.9)	(105.7)	(101.5)	(231.6)	(298.9)
General and Administrative	(11.6)	(17.8)	(15.7)	(32.5)	(46.9)
Other Operating Income (Expenses), Net	(7.8)	(14.7)	(6.7)	19.3	(29.4)
Operating Profit before Financial Income	**45.8**	**85.4**	**66.5**	**58.1**	**217.2**
Financial Result	**(21.1)**	**(14.7)**	**(24.4)**	**(12.7)**	**(50.7)**
Financial Revenues	3.6	2.3	1.9	20.6	7.2
Financial Expenses	(24.2)	(23.0)	(22.7)	(59.3)	(61.1)
Net exchange rate change	(0.5)	6.0	(3.6)	26.0	3.2
Income (loss) before income taxes	**24.7**	**70.7**	**42.1**	**45.4**	**166.5**
Income Tax and Social Contribution	(4.1)	9.9	(1.9)	48.0	(5.3)
Net income (loss) for the Period	**20.6**	**80.7**	**40.2**	**93.4**	**161.2**

Cash Flow

R$ million	3Q20	3Q21	2Q21	9M20	9M21
Net cash from operating activities	**(2.7)**	**120.8**	**78.2**	**130.1**	**240.0**
Cash from operations	84.3	103.0	55.2	77.0	253.5
Changes in assets and liabilities	(82.9)	22.2	48.8	84.2	31.8
Interest paid and income taxes paid	(4.1)	(4.5)	(25.8)	(31.1)	(45.4)
Net cash used in investment activities	**14.2**	**(21.3)**	**(38.8)**	**(64.1)**	**(77.0)**
Acquisition of property, plant and equipment	(13.8)	(5.8)	(35.2)	(88.3)	(54.0)
Acquisition of intangible assets	(3.4)	(5.7)	(3.6)	(7.2)	(13.2)
Other investments	31.4	(9.8)	-	31.4	(9.8)
Net cash provided by (used in) financing activities	**(4.2)**	**59.2**	**(108.1)**	**(52.2)**	**(156.4)**
Funding loans and financing	11.2	409.9	40.0	94.6	466.8
Payment of loans and financing	(14.7)	(236.8)	(98.6)	(123.6)	(376.9)
Dividends paid	(0.1)	(18.3)	(43.5)	(0.0)	(79.0)
Lease Amortization	(0.6)	(5.0)	(5.2)	(23.2)	(13.5)
Treasury acquisitions	-	(90.5)	(0.8)	-	(153.7)
Increase/(Decrease) in Cash for the period/year	**7.3**	**158.7**	**(68.7)**	**13.8**	**6.6**
Opening Balance	**281.9**	**174.2**	**242.9**	**275.4**	**326.3**
Closing Balance	**289.2**	**332.9**	**174.2**	**289.2**	**332.9**

Please visit the Investor Relations website:
https://ri.portobello.com.br/

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 05, 2021, which holds 55,76% of the Company’s shares at September 30, 2021. The remaining balance is composed by 4.4% treasury shares and 39.47% 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 networks, with a network of franchised stores specializing in porcelain tiles and ceramic coatings; (ii) PBTech, which manages the Portobello Shop own stores and currently manages 17 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 foresees to build a plant in the USA through its subsidiary Portobello America Manufacturing, LLC.

1.1 Effects of Covid - 19 and actions taken by the Company

The Company continues to work actively on the preventive measures of COVID-19, following all prevention guidelines suggested by the World Health Organization (WHO), as well as governmental determinations at the Federal, State and Municipal levels.

Through the Crisis Committee, the Company implemented a series of actions in order to minimize the impacts on its community. In addition, it has been monitoring the economic impacts, as well as the effects on its statements and informs that:

- the industrial units operated at their normal capacity in the quarter;
- there was no need to raise a credit facility to cover the impacts of the pandemic;
- there were no new losses on trade receivables requiring the establishment of impairment;
- there was no extension of term for the customers, suppliers or for the payment of taxes.

The restrictions generated by the pandemic were not sufficient to impact the Company's figures in 2021, maintaining the production, sales and dispatch forecasts of its products.

2. Presentation of financial statements

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, 2020, 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 used by Management in its activities. This interim financial information was approved and authorized for issue by the Board of Directors on November 10, 2021.

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, the presentation of this statement is considered supplementary information, and not part of the set of interim financial statements.

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 to all 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 and nine-month period ended September 30, 2021 are consistent with those used in the preparation of the last annual financial statements at December 31, 2020, and are disclosed in Note 2 to those financial statements, except for the use of hedge accounting adopted as from July 29, 2021 with the accounting practice described below.

All amounts in thousands of reais, unless otherwise stated.

This quarterly information should be read together with those annual financial statements disclosed on March 25, 2021. The quarterly information for the quarter and nine-month period ended September 30, 2021 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 financial statements

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.

The Company's ownership interest in subsidiaries at September 30, 2021, 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	99,76%	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 of non-controlling interests, the difference between any consideration paid and the portion acquired of the carrying value of the net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

3.1.2 Parent company financial statements

In the parent company financial statements, 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 33, 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 Interpretation of IFRS issued by IASB – ICPC 22/IFRIC 23 - Uncertainty over income tax treatments

The Company reviewed the treatments given to income taxes in order to determine the impact on the parent company and consolidated financial statements, as determined by IFRIC 23/ICPC 22- Uncertainty over Income Tax Treatments.

The Company considered the main income tax and social contribution calculation treatments and applied the interpretation of this rule.

The Company understands as a relevant fact and impact on the financial statements as of September 30, 2021, as detailed in note 15 letter "d", the decision of the STF Collegiate on the unconstitutionality of taxation of Income Tax and Social Contribution on Profits on the Selic rate received by taxpayers due to tax undue payment.

3.5 Revenue recognition

Sales revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the activities of the Company and its subsidiaries, and is shown net of value-added tax, returns, rebates and discounts and after eliminating 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 arising from ownership of the goods (they have the power to decide on the method of distribution and the selling price, responsibility for resale and bears the risks of obsolescence and loss with respect to the goods). At that moment, receivables are recognized because that is when the right to consideration becomes unconditional.

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

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

3.6 Derivative financial instruments

Derivatives are measured at fair value with fair value variations recorded in profit or loss, except when the derivative is designated as a hedge accounting, according to IFRS 9/CPC 48.

The Company documents, at the inception of the transaction, the relationship between the hedging instruments and the hedged items, with the risk management objectives and strategy for undertaking hedging transactions.

The changes in the fair value of derivatives designated as cash flow hedges have their effective component recorded in equity within "Carrying value adjustments", and the ineffective component is recorded in profit or loss for the year, in finance income. Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, and the related effects are recorded in "Net sales revenue", in order to minimize variations in the hedged item.

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, 2020 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.

All amounts in thousands of reais, unless otherwise stated.

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 U.S. dollar and Euro. The foreign exchange risk arises from future business transactions, assets and liabilities recognized and net investments in foreign transactions.

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

	In reais			
	Parent Company		Consolidated	
	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020
Trade receivables	59.460	42.935	59.864	60.211
Checking account	4.373	1.502	4.373	21.912
Receivables from subsidiaries	85.631	45.308	-	-
Exposed assets	149.464	89.745	64.237	82.123
Suppliers	(19.178)	(15.332)	(20.941)	(37.845)
Suppliers of property, plant and equipment and intangible assets	(25.835)	(45.210)	(25.835)	(45.210)
Lease liabilities	-	-	-	(4.734)
Borrowings	(24.676)	(49.123)	(24.676)	(49.123)
(-) Swap transaction	7.440	14.117	7.440	14.117
Derivative financial instruments	(97.365)	-	(97.365)	-
Exposed liabilities	(159.614)	(95.548)	(161.377)	(122.795)
Net exposure	(10.150)	(5.803)	(97.140)	(40.672)

The foreign exchange exposure is divided into:

1. Euro:

	In Euro			
	Parent Company		Consolidated	
	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020
Trade receivables	144	197	144	197
Suppliers, commissions, net of advances	(1.195)	(1.012)	(1.195)	(1.012)
Suppliers of property, plant and equipment and intangible assets	(4.102)	(7.071)	(4.102)	(7.071)
	(5.153)	(7.886)	(5.153)	(7.886)

2. US dollar:

All amounts in thousands of reais, unless otherwise stated.

	In U.S. dollar			
	Parent Company		Consolidated	
	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020
Trade receivables	10.765	8.020	10.839	11.344
Checking account	804	288	804	4.215
Receivables from subsidiaries	15.743	8.718	-	-
Suppliers	(2.142)	(1.730)	(2.466)	(6.062)
Lease liabilities	-	-	-	(911)
Borrowings	(4.536)	(9.453)	(4.536)	(9.453)
(-) Swap transactions	1.368	2.717	1.368	2.717
Derivative financial instruments - NDF	(17.900)	-	(17.900)	-
	4.102	8.560	(11.891)	1.850

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

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. 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.

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 discounted cash flows.

All amounts in thousands of reais, unless otherwise stated.

	Parent Company									
	September 30, 2021					December 31, 2020				
	Borrowings and debentures	Lease liabilities	Trade payables and credit assignment	Installment payment of tax obligations	Total	Borrowings and debentures	Lease liabilities	Trade payables and credit assignment	Installment payment of tax obligations	Total
Less than one year	143.613	7.456	318.161	11.364	480.594	223.908	7.594	280.943	9.290	521.735
From one to two years	148.747	6.950	178.244	9.255	343.196	210.603	4.763	151.364	9.290	376.020
From two to five years	413.717	9.949	2.964	14.901	441.531	215.592	8.117	18.357	25.127	267.193
Over five years	116.185	-	-	-	116.185	77.663	-	-	-	77.663
	822.262	24.355	499.369	35.520	1.381.506	727.766	20.474	450.664	43.707	1.242.611

	Consolidated									
	September 30, 2021					December 31, 2020				
	Borrowings and debentures	Lease liabilities	Trade payables and credit assignment	Installment payment of tax obligations	Total	Borrowings and debentures	Lease liabilities	Trade payables and credit assignment	Installment payment of tax obligations	Total
Less than one year	143.613	18.116	352.927	11.365	526.021	223.908	34.803	295.244	9.354	563.309
From one to two years	148.747	17.537	178.244	9.255	353.784	210.603	11.963	151.364	9.354	383.284
From two to five years	413.717	31.140	2.964	14.901	462.722	215.592	24.878	18.357	25.298	284.125
Over five years	116.185	17.868	-	-	134.053	77.663	1.538	-	-	79.200
	822.262	84.661	534.135	35.521	1.476.580	727.766	73.182	464.965	44.006	1.309.919

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 financial 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 2.99% per year, based on the future interest curve by B3 S.A. - Brasil, Bolsa e Balcão and Selic to 6.25% per year. The probable rate was then stressed by 25% and 50% and used as benchmark for the possible and remote scenarios, respectively.

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

	Consolidated in Reais							
	September 30, 2021	Risk	Probable Rate		Possible (25%)*		Remote (50%)*	
			%	R$	%	R$	%	R$
Financial investments	47.852	CDI increase	8,73%	4.177	10,91%	5.222	13,10%	6.266
Borrowings	(219.898)	CDI increase	8,73%	(19.197)	10,91%	(23.996)	13,10%	(28.796)
Debentures	(298.348)	CDI increase	8,73%	(26.046)	10,91%	(32.557)	13,10%	(39.069)
Installment payment of tax obligations	(35.520)	Selic increase	8,73%	(3.101)	10,91%	(3.876)	13,10%	(4.651)
	(505.914)			(44.166)		(55.208)		(66.249)

* Selic and CDI rates obtained from the B3 (Brasil, Bolsa e Balcão) website on October 19, 2021.

ii) Sensitivity analysis of changes in exchange rates

The Company has assets and liabilities pegged to a foreign currency in the balance sheet at September 30, 2021, and for sensitivity analysis purposes, it has adopted as probable scenario the future market rate effective in the period of preparation of these financial statements. 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:

All amounts in thousands of reais, unless otherwise stated.

	Consolidated						
	September 30, 2021		Probable	Currency appreciation		Currency depreciation	
	(Payable) Receivable		scenario	Possible +25%	Remote +50%	Possible -25%	Remote -50%
	U.S. dollar	Reais	5,6306	7,0382	8,4459	4,2229	2,8153
Trade receivables	10.839	58.958	2.072	17.330	32.587	(13.185)	(28.443)
Checking account	804	4.373	154	1.285	2.417	(978)	(2.110)
Receivables from subsidiaries	15.743	85.631	3.011	25.172	47.332	(19.149)	(41.310)
Suppliers	(2.466)	(13.414)	(471)	(3.943)	(7.414)	3.000	6.471
Borrowings	(4.536)	(24.673)	(867)	(7.252)	(13.637)	5.518	11.903
(-) Swap contract	1.368	7.441	262	2.187	4.113	(1.664)	(3.590)
Derivative financial instruments	(17.900)	(97.365)	(3.422)	(28.619)	(53.816)	21.774	46.971
Net exposure	3.852	20.951	739	6.160	11.582	(4.685)	(10.106)
	Euro	Reais	6,1121	7,6401	9,1681	4,5841	3,0560
Trade receivables	144	907	(26)	194	414	(246)	(466)
Trade payables, net of advances	(1.195)	(7.523)	219	(1.607)	(3.433)	2.045	3.871
Suppliers of property, plant and equipment an	(4.102)	(25.824)	752	(5.516)	(11.784)	7.020	13.288
Net exposure	(5.153)	(32.440)	945	(6.929)	(14.803)	8.819	16.693

*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 October 20, 2021.

e) Financial instruments

The Company decided to use hedge accounting to record part of its financial instruments. The instruments elected were the sales in U.S. dollar for 2021, which were classified as a cash flows hedge of highly likely transactions (future sales).

In order to utilize hedge accounting, prospective tests were performed to verify effectiveness. These tests showed that the instruments designated as hedges provide a highly effective offset for the effects of price variations on the value of future sales.

In the case of foreign exchange hedges, derivative financial instruments were designated as cash flow hedges of future sales in foreign currency and contracted through “currency forward contracts” (NDFs) with top-tier financial institutions, as detailed in Note 7.

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 net debt divided by the EBITDA. Net debt is calculated as total borrowings and debentures, less cash and cash equivalents.

At September 30, 2021, the gearing ratios are summarized as follows:

	Parent Company		Consolidated	
	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020
Gross Banking Debt	822.262	727.766	822.262	727.766
Cash and cash equivalents	(277.270)	(245.779)	(332.911)	(326.325)
Net debt	544.992	481.987	489.351	401.441
Total equity	373.390	417.168	373.404	417.184
Total capital	918.382	899.155	862.755	818.625
EBITDA	233.867	175.354	266.488	175.354
Net debt/ EBITDA	2,33	2,75	1,84	2,29
Gearing ratio (%)	59	54	57	49

All amounts in thousands of reais, unless otherwise stated.

5.3 Financial instruments by category

The table below shows the classification of financial instruments by category in each of the reporting periods:

	Parent Company		Consolidated	
	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020
Assets stated at fair value through profit or loss				
Derivatives	7.440	14.117	7.440	14.117
Amortized cost				
Cash and cash equivalents	277.270	245.779	332.911	326.325
Trade receivables	288.301	261.227	379.410	289.090
Dividends receivable and prepaid	3.385	53.023	-	-
Receivables from subsidiaries	88.803	53.768	-	-
Judicial deposits	174.589	156.296	174.587	156.324
Restricted investments	8.269	13.317	8.269	13.317
Other assets	17.108	20.475	19.274	21.127
	865.165	818.002	921.891	820.300
Liabilities stated at fair value through profit or loss				
Derivatives	97.365	-	97.365	-
Amortized cost				
Trade payables and assignment	499.369	450.674	534.135	464.975
Borrowings, financing and debentures	822.262	727.766	822.262	727.766
Dividends payable	727	31.005	800	31.079
Lease liabilities	24.355	20.473	84.661	73.182
Payables to Related Parties	56.330	56.330	56.389	53.723
Other liabilities	27.689	27.915	39.939	30.911
	1.528.097	1.314.163	1.635.551	1.381.636

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$ 8,269 at September 30, 2020 (R$ 13,317 at December31, 2020). This financial investment is classified in non-current assets.

Moreover, in September 2021, there is an investment of R$ 19,250 (R$ 14,047 at December 31, 2020) given as a guarantee for a loan with another financial institution.

6. Cash and cash equivalents

Short-term investments designated as cash equivalents are mostly CDB investments, and a small fraction refers to investment funds which average return at the balance sheet date was equivalent to 100.1% of the Interbank Deposit Certificate (CDI) rate, and which can be redeemed at any time, without penalties.

All amounts in thousands of reais, unless otherwise stated.

	Parent Company		Consolidated	
	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020
Checking accounts	**247.640**	**38.052**	**269.878**	**77.124**
Local currency	243.267	36.551	258.909	55.213
Foreign currency	4.373	1.501	10.969	21.911
Financial investments	**29.630**	**207.727**	**63.033**	**249.201**
Local currency	29.630	207.727	47.852	249.201
Foreign currency	-	-	15.181	-
	277.270	245.779	332.911	326.325

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) Swap

In June 2018, the Company entered into an Export Credit Transaction (NCE) and jointly a Swap transaction, which aims to protect the future payments of these loans and financing from US dollar and interest rate fluctuations. This operation is classified as loans and financing in the balance sheet (current liabilities), with a balance of R$ 7,440 at September 30, 2021. There was a renegotiation in June 2020 for the amount of US$ 2,711, equivalent to R$ 14,430 on that date, at the cost of 2.95% per year plus LIBOR-03 and exchange variation, with a swap for 100% CDI plus 2.95% per year and a payment term of 45 months, with a grace period of approximately 12 months. Amortizations are quarterly. On September 30, 2021 there was a net gain in the amount of R$ 31 in swap operations, according to note 33. The operation has an accumulated gain as of September 30, 2021 of R$ 153.

b) Non-Deliverable Forward (NDF)

In the third quarter of 2021, the Company entered into nine NDF contracts with Banco Itaú, with a total notional amount of U$$ 35,900, under the following conditions:

Maturity	Quotation	Notional value (in U.S. dollar)	Equity and liabilities (Fair value MTM) (Note 29.4)		Operating income or loss (Note 30)		Finance income (loss)	
			September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020
Transactions settled/realized on 09/30/2021								
July 30, 2021	5.0153 R$/US$	6.000	-	-	(295)	-	(22)	-
August 31, 2021	5.0260 R$/US$	5.900	-	-	(859)	-	(139)	-
September 30, 2021	5.0404 R$/US$	6.100	-	-	(2.253)	-	(47)	-
Total		18.000	-	-	(3.407)		(208)	
Transactions to be settled/realized on 09/30/2021								
October 29, 2021	5.0530 R$/US$	3.800	(1.513)	-	-	-	-	-
October 29, 2021	5.2920 R$/US$	2.400	(391)	-	-	-	-	-
November 30, 2021	5.0733 R$/US$	3.800	(1.538)	-	-	-	-	-
November 30, 2021	5.3020 R$/US$	2.400	(444)	-	-	-	-	-
December 31, 2021	5.0824 R$/US$	3.300	(1.409)	-	-	-	-	-
December 31, 2021	5.3220 R$/US$	2.200	(434)	-	-	-	-	-
Total		17.900	(5.728)	-	-	-	-	-

All amounts in thousands of reais, unless otherwise stated.

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, as described in Note 3.6.

At September 30, 2021, there was an unrealized loss (fair value - mark-to-market at the curve of the U.S. dollar of B3) of R$ (5,728), recorded in other comprehensive income and in liabilities (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 losses of R$ (3,407) in the operating result (Note 30) and R$ (208) in finance income (costs).

8. Trade receivables

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.

	Parent Company		Consolidated	
	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020
Receivables from third parties				
Domestic market	230.839	223.585	255.866	234.650
Foreign market	59.460	42.935	125.294	60.211
	290.299	266.520	381.160	294.861
Receivables from related parties:				
Entities related to management	1.819	342	3.749	1.148
	1.819	342	3.749	1.148
Total short-term trade receivables	292.118	266.862	384.909	296.009
Total long-term trade receivables in domestic market	3.391	3.391	3.391	3.391
Total trade receivables	295.509	270.253	388.300	299.400
Impairment of trade receivables				
Provision for impairment of trade receivables - Short-term	(3.817)	(5.635)	(5.499)	(6.919)
Provision for impairment of trade receivables - Long-term	(3.391)	(3.391)	(3.391)	(3.391)
	(7.208)	(9.026)	(8.890)	(10.310)
Total trade receivables, net of provision for impairment of trade receivables	288.301	261.227	379.410	289.090

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

All amounts in thousands of reais, unless otherwise stated.

a) Aging list of trade receivables

	Parent Company					
	September 30, 2021	Estimated losses	Coverage %	December 31, 2020	Estimated losses	Coverage %
Falling due	287.784	(2.453)	0,9%	261.967	(2.826)	1,1%
Past due until 30 days	1.624	(42)	2,6%	1.584	(378)	23,9%
Past due from 31 to 60 days	467	(20)	4,3%	641	(182)	28,4%
Past due from 61 to 90 days	245	(25)	10,2%	354	(98)	27,7%
Past due from 91 to 120 days	510	(63)	12,4%	179	(80)	44,7%
Past due from 121 to 180 days	459	(185)	40,3%	402	(336)	83,6%
Past due from 181 to 360 days	1.029	(1.029)	100,0%	1.735	(1.735)	100,0%
Past due over 361 days	3.391	(3.391)	100,0%	3.391	(3.391)	100,0%
	295.509	(7.208)		270.253	(9.026)	

	Consolidated					
	September 30, 2021	Estimated losses	Coverage %	December 31, 2020	Estimated losses	Coverage %
Falling due	367.962	(3.505)	1,0%	288.038	(3.747)	1,3%
Past due until 30 days	11.811	(143)	1,2%	3.940	(415)	10,5%
Past due from 31 to 60 days	1.425	(65)	4,6%	957	(218)	22,8%
Past due from 61 to 90 days	660	(70)	10,6%	425	(115)	27,1%
Past due from 91 to 120 days	1.076	(209)	19,4%	266	(139)	52,3%
Past due from 121 to 180 days	850	(384)	45,2%	529	(434)	82,0%
Past due from 181 to 360 days	1.125	(1.123)	99,8%	1.854	(1.851)	99,8%
Past due over 361 days	3.391	(3.391)	100,0%	3.391	(3.391)	100,0%
	388.300	(8.890)		299.400	(10.310)	

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

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.

In August 2020, after the approval of the in-court reorganization plan of a specific customer, the amount of R$ 3,391 referring to the balance of trade receivables and the provision for impairment of trade receivables, was reclassified to non-current assets as "Other", and the long-term provision balance will remain.

Changes in the provision for impairment of trade receivables are as follows:

All amounts in thousands of reais, unless otherwise stated.

	Parent Company	Consolidated
Balance at December 31, 2019	(6.228)	(6.271)
Net	(13.942)	(16.951)
Reversal of provision	8.590	10.014
Write-off due to effective loss	2.554	2.898
Balance at December 31, 2020	(9.026)	(10.310)
Net	(3.755)	(5.040)
Reversal of provision	3.902	4.614
Write-off due to effective loss	1.671	1.846
Balance at September 30, 2021	(7.208)	(8.890)

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

At September 30, 2021, the total notes receivable pledged as collateral amounts to R$ 131,179 (R$ 105,108 at December 31, 2020). To guarantee the transactions of third parties with franchisees, collateral amounts to R$ 448 (R$ 70, at December 31, 2020).

9. Inventories

	Parent Company		Consolidated	
	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020
Finished products	147.482	121.468	184.969	153.446
Work in progress	11.264	10.322	11.264	10.626
Raw materials and consumables	57.423	45.916	58.196	45.930
Imports in transit	5.338	4.052	5.338	4.051
Provision for valuation of inventories at realizable value	(8.802)	(8.861)	(8.802)	(9.491)
	212.705	172.897	250.965	204.562

The Company recognizes an allowance for inventory losses taking into consideration the lower of net cost value and the recoverable amount. The expense on the recognition of the allowance for inventory losses was recognized in line item “Cost of sales” in the statement of income for the year. When no recovery is expected, the amounts credited to this line item are realized against the definitive write-off of the inventories.

During the period, the changes in the provision for adjustment of inventories to the realizable value were as follows:

	Parent Company		Consolidated	
	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020
Balance at the beginning of the year	(8.861)	(15.088)	(9.491)	(15.088)
Recognition of provision	(4.155)	(9.067)	(4.155)	(9.697)
Reversal of provision due to sale or write-off	4.214	15.294	4.844	15.294
Balance at the end of the year	(8.802)	(8.861)	(8.802)	(9.491)

All amounts in thousands of reais, unless otherwise stated.

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	
	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020
Current				
PIS/COFINS (a)	30.913	56.098	30.913	56.097
ICMS	464	13.740	487	14.203
IPI (c)	8.260	3.065	8.278	3.072
IRPJ/CSLL (b)	12.324	3.274	12.440	3.852
Special Tax Reintegration Regim	635	410	635	410
Other	22	27	194	188
	52.618	76.614	52.947	77.822
Non-current				
ICMS-ST (d)	9.982	-	9.982	-
ICMS (e)	4.854	5.504	4.967	5.674
PIS/COFINS	261	7.602	261	7.602
	15.097	13.106	15.210	13.276

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

The Company filed a writ of mandamus seeking to alter the calculation basis of PIS and COFINS by expunging the ICMS tax. The Federal Court of Santa Catarina issued a decision on the merits favorable to the exclusion of ICMS from the calculation basis in relief. This decision was confirmed by the Federal Regional Court of the 4th Region. The Federal Government, through the Attorney General Office of the National Treasury (PGFN), appealed the decision to the higher courts (STJ and STF).

On March 15, 2017, in a favorable decision rendered by the STF in general repercussion, in the records of the lawsuit 5032720-26.2014.404.7200, the Company proceeded with the reversal of the amount provisioned at that time.

On July 2, 2018, according to a certificate drawn up by the Secretariat of the Federal Regional Court of the 4th Region, the referred to lawsuit became final and unappealable.

On August 14, 2018, the Company filed with the Federal Revenue Service a request to qualify the credit arising from a Final Judgment, so that it can use the credits between November 2009 and October 2014, as determined in the court decision.

On December 13, 2018, an administrative decision was issued that granted the request for qualification of a credit arising from a final and unappealable judicial decision, in the amount of R$ 59,381, recording this amount in the same period. The Company has been offsetting these credits against federal taxes. With the approval by the Federal Revenue Service this asset was reclassified from tax assets to taxes recoverable.

In addition to the lawsuit recognized above, the Company had another lawsuit with the same content, which became final and unappealable in the second quarter of 2018. With this, the company recognized the ICMS expurgation of PIS and COFINS related to the period from 2003 to 2009, in the amount of R$

All amounts in thousands of reais, unless otherwise stated.

45,072. As there was clearance by the Federal Revenue Service in the third quarter of 2019, the asset moved to the heading taxes recoverable, in non-current.

With the expectation of using the total balance of the credit during the year 2021, the credit was fully reclassified to current as of December 31, 2020.

As of September 30, the balance of the ICMS exclusion from the PIS and Cofins bases is R$ 27,837. The other amounts refer to Pis and Cofins credits arising from the Company's normal operations and will be fully offset in the following calculations.

b) IRPJ/CSLL

In this item is recorded the amount of income tax withheld by the federal court upon receipt of the Precatory - Active Pole (R$ 6,179), as well as the negative balance of Income Tax/Social Security of 2021 that will be confronted with Income Tax/Social Security due in the year (R$ 6,145).

c) IPI

The balance is composed of IPI credits, referring to the period 2021, whose requests for reimbursement have not yet been sent to the Federal Revenue.

d) ICMS-ST

In this item are recorded the ICMS-ST amounts levied on the transfer of products between the Company's establishments, in the amount of R$ 9,982. This amount is the object of a process with the Finance Department of the State of Pernambuco, with a view to its full recovery.

e) ICMS

In this item are recorded the amounts arising from the acquisition of fixed assets

11. Judicial deposits

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	
	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020
Civil (a)	162.537	144.021	162.537	144.021
Civil	160	158	160	191
Labor	2.145	3.250	2.107	3.213
Tax	9.747	8.867	9.783	8.899
	174.589	156.296	174.587	156.324

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

12. Guarantee deposits

In September 2020, the Company signed an "Agreement of Understanding and Discharge of Obligations" with Refinadora Catarinense S.A., relating to the discharge of a debt of the Refinadora with the Company in the amount of R$ 101,990. In this agreement, the parties agreed that Refinadora will pay the amounts transferred, in the amount of R$ 89,517, for the tax foreclosures filed against PBG S.A. This amount was recorded in October 2020 in a guarantee deposit account, classified as non-current assets, since although management expects to receive this amount within the next few months, there is still no date set for its realization.

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

In the first quarter of 2021, the Company redeemed R$ 257, resulting in the balance of R$ 87,145 presented at September 30, 2021.

13. Receivables from Eletrobrás

The Company has filed a lawsuit against Centrais Elétricas Brasileiras S.A. - Eletrobrás in order to be reimbursed for the compulsory loan paid through electricity bills between 1977 and 1993, based on Law 4,156/1962.

In 2016, after the final and unappealable decision of the sentence liquidation process, the Company hired an accounting expert to quantify the credit to be executed, adjusting (reducing) the amount due to a later decision by the STJ.

Eletrobrás (Centrais Elétricas Brasileiras S.A.) has filed an Interlocutory Appeal in the Execution of Judgment and obtained a favorable preliminary injunction reversing the decision that determined the payment in favor of the Company as well as the resumption of the sentence liquidation procedure. The liquidation of judgment became final and unappealable in July 2018, and was favorable to the Company. In February 2019, the Company requested the continuation of the process with the approval of the credit calculations, which indicated the amount of R$ 12,821. The lawsuit is currently awaiting a decision from the Court about the inaccuracies verified in the calculations presented by the Court Accountant.

Management expects that the realization of the judicial asset should occur in 2022.

All amounts in thousands of reais, unless otherwise stated.

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:

	Current assets				Current liabilities			
	Parent Company		Consolidated		Parent Company		Consolidated	
	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020
Income tax	11.023	2.662	11.111	3.118	4.865	-	7.728	2.203
Social contribution	1.301	612	1.329	734	2.094	-	3.128	794
	12.324	3.274	12.440	3.852	6.959	-	10.856	2.997

b) Deferred income tax and social contribution tax

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

	Parent Company		Consolidated	
	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020
Tax losses	31.525	35.276	31.525	35.276
Temporary differences - assets	54.905	57.222	62.197	62.005
Cash basis foreign exchange variations	17.204	20.317	17.204	20.317
Provision for adjustment to market value	1.741	1.500	1.741	1.500
Provision for civil, labor, social security and tax risks	13.526	15.353	13.526	15.731
Provision for profit sharing and long-term incentive	5.687	3.661	5.687	3.661
Tax losses in subsidiaries	-	-	6.862	4.354
Operations of *Hedge Accounting*	1.948	-	1.948	-
Other temporary differences - assets	14.799	16.391	15.229	16.442
Temporary differences - liabilities	(57.085)	(54.691)	(61.963)	(59.569)
Portobello pension plan	(3.029)	(3.028)	(3.029)	(3.028)
Realization of revaluation reserve	(16.193)	(16.651)	(16.193)	(16.651)
Receivables from Eletrobrás	(4.359)	(4.359)	(4.359)	(4.359)
Contingent assets - IPI credit premium - Phase I	(2.647)	(2.645)	(2.647)	(2.645)
Contingent assets - IPI credit premium - Phase II	(7.621)	(7.621)	(7.621)	(7.621)
Contingent assets - adjustment to rural credit notes	-	-	(4.878)	(4.878)
Adjustment to present value	(64)	-	(63)	-
Depreciation adjustment (to the useful lives of goods)	(23.173)	(20.387)	(23.173)	(20.387)
Deferred income tax and social contribution - Net	29.345	37.807	31.759	37.713
Non-current assets	86.430	92.498	93.722	97.282
Non-current liabilities	(57.085)	(54.691)	(61.963)	(59.569)

At September 30, 2020, net variations in deferred income tax and social contribution are as follows:

All amounts in thousands of reais, unless otherwise stated.

	Parent Company	Consolidated
	September 30, 2021	September 30, 2021
December 31, 2020	37.807	37.713
Deferred tax assets charged against (credited to) profit or loss		
Tax losses	(3.751)	(1.243)
Cash basis foreign exchange variations	(3.113)	(3.113)
Provision for adjustment to market value	241	241
Provision for contingencies	(1.827)	(2.205)
Provision for profit sharing and long-term incentive	2.026	2.026
Hedge accounting operations	1.948	1.948
Other temporary differences - assets	(1.593)	(1.213)
	(6.069)	(3.559)
Realization of revaluation reserve	458	458
Adjustment to present value	(64)	(63)
Depreciation adjustment (useful lives of goods)	(2.787)	(2.790)
	(2.393)	(2.395)
September 30, 2021	29.345	31.759

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

Income tax and social contribution expenses for the 3rd quarter are broken down as follows:

	Parent Company		Consolidated	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Profit before tax	63.882	20.663	70.741	25.148
Tax calculated based on the nominal rate - 34%	(21.720)	(7.025)	(24.052)	(8.550)
Equity in the earnings of subsidiaries	8.010	4.826	-	-
Tax incentives	2.537	-	2.537	-
Non-deductible expenses	2.443	2.541	2.443	2.541
Depreciation of revalued assets	(153)	(153)	(153)	(153)
IRPJ and CSLL on undue tax updates (Note 15d)	25.207	-	25.207	-
Other	462	(6.951)	3.965	(5.073)
Current tax on profit for the year	16.786	(6.763)	9.947	(11.235)
Current tax on profit for the year	3.393	(6.763)	(3.445)	(11.235)
Deferred income tax and social contribution	13.393	7.122	13.392	7.122
Income tax and social contribution expense (recognized in profit or loss - current and deferred)	16.786	359	9.947	(4.113)
Effective rate	-26,3%	-1,7%	-14,1%	16,4%

Cumulative variations:

All amounts in thousands of reais, unless otherwise stated.

	Parent Company		Consolidated	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Profit before tax	150.545	31.956	166.539	45.777
Tax calculated based on the nominal rate - 34%	(51.185)	(10.865)	(56.623)	(15.564)
Equity in the earnings of subsidiaries	17.478	8.459	-	-
Tax incentives	6.527	-	6.527	-
Non-deductible expenses	12.071	4.898	12.071	4.898
Depreciation of revalued assets	(458)	(509)	(458)	(509)
IRPJ and CSLL on undue tax updatess (Note 15d)	25.207	-	25.207	-
Other	1.062	(8.746)	8.025	(4.934)
	10.702	(6.763)	(5.251)	(16.109)
Current tax on profit for the year	3.778	(6.763)	(14.683)	(16.109)
Deferred income tax and social contribution	6.924	68.581	9.432	64.133
Income tax and social contribution expense (recognized in profit or loss - current and deferred)	10.702	61.818	(5.251)	48.024
Effective rate	-7,1%	-193,4%	3,2%	-104,9%

In period of 2021, tax incentives of the Superintendency for the Development of the Northeast (SUDENE) calculated on calendar year 2020 and period of 2021 were recorded in the Parent company.

d) Tax losses in the Parent Company and Consolidated

	Parent Company		Consolidated	
	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020
Tax losses	92.720	103.754	112.903	127.081
Deferred income tax and social contribution	31.525	35.276	38.387	43.207
Impairment	-	-	-	(3.578)
Recognized deferred income tax/social contribution	31.525	35.276	38.387	39.629

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 September 30, 2021 at Companhia Brasileira de Cerâmica, where we estimated the following asset recoverability schedule:

Period	Parent Company	Consolidated
2021	10.870	10.903
2022	14.531	17.776
2023	6.124	9.708
	31.525	38.387

All amounts in thousands of reais, unless otherwise stated.

15. Legal assets

	Parent Company		Consolidated	
	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020
IPI premium credit (a)				
Lawsuit No. 1987.0000.645- 9	22.414	22.414	22.414	22.414
Lawsuit No. 1984.00.020114-0	7.784	7.784	7.784	7.784
Adjustment to rural credit notes (b)	-	-	14.346	14.346
IPI premium credit - Plaintiff - Complementary Portion (c)	75.106	75.107	75.106	75.107
Interest on undue tax payments (d)	25.027	-	25.027	-
	130.331	105.305	144.677	119.651

a) IPI premium credit

The Company is a party to a lawsuit claiming the recognition of tax benefits called "IPI tax credit" in different periods. The lawsuit No. 1987.0000.645-9, referring to the period from April 1, 1981 to April 30, 1985, already having a favorable decision for the Company, is in the phase of sentence liquidation with the amounts already calculated by the Federal Justice's bookkeeping, and the amount recognized in November 2009 and maintained at September 30, 2021 is R$ 22,414 (R$ 22,414 at December 31, 2020).

In relation to lawsuit no. 1984.00.020114-0, referring to the period from December 07, 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.

The Federal Government, represented by the National Treasury's Attorney's Office, did not manifest, which led to tacit agreement and, consequently, preclusion. The process is now ready for judgment and there is no more room for 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 maintains as of September 30, 2021 the balance of R$ 7,784 (R$ 7,784 as of December 31, 2020). The Company will endeavor to expedite the payment request until June 2022, so that the financial realization occurs until December 2023.

b) Adjustment to rural credit notes

In March 2017, the subsidiary PBTech, based on a court decision issued in a Public Civil Action filed by the Federal Public Prosecution Office against the Federal Government, proposed the fulfillment of an individual sentence in order to obtain the amount corresponding to the difference between the monetary adjustment indexers for transactions applicable to rural credit bills that occurred in March 1990. Banco do Brasil, in a complaint filed with the Superior Court of Justice, obtained a decision in its favor to determine the suspension of the process.

In March 2020, by decision of the Regional Federal Court of the 4th Region, the process, as it only involves the Company and Banco do Brasil S.A. and supported by a previous decision of the Superior Court of Justice, determined that the process, due to competence by reason of the matter, started to be processed in the State Justice, in one of the Civil Courts of the City of Tijucas/SC.

On March 24, 2021, in the records of RESP nº 1.319.232 (Public Civil Action), the Superior Court of Justice revoked the suspensive effect it had granted in the records and, as of the above-mentioned decision, the individual compliance of sentence went ahead normally.

In light of the decision by the Federal Regional Court of the 4th Region that recognized the lack of federal jurisdiction, PBTech filed an individual compliance claim in the State Court and is awaiting a decision on the appeal filed by PBTech against the decision that determined the summons of the Executed Party (Banco do Brasil) to pay voluntarily or present an opposition, since the Executed Party missed the deadline to comply with the decision that was processed in the Federal Court.

The amount of the executed credit is R$ 14,346, which is in conformity with the decision handed down in RESP Nº 1.319.232 - DF (Sociedade Rural Brasileira Rural x Banco Central do Brasil - BACEN and Others). The Company will endeavor to have the financial realization occur by December 2021.

c) IPI premium credit – Plaintiff

The process began in 1984. During its course, it went to the Federal Supreme Court (STF), after which it returned to the 6th Federal Court of the Federal District Judiciary Section (original court) to proceed with the enforcement of the sentence.

The Company, in view of the statement provided by the Court Accountant - attached to the process in March 2020 - in which it informed that it does not have technical knowledge to present a statement about the oppositions presented by the Federal Government and, considering that the amounts presented by the Company were duly homologated, recognized the portion considered as supplementary in the amount of R$ 66,056 (base August 2015).

In the first quarter of 2020, the amount of R$ 75,107 was recognized. Concomitantly, the amount of R$ 56,330 was recognized in liabilities, referring to the amounts to be paid to 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, as non-current liabilities and results. The amount of success fees was also provisioned. The net amount payable to the Company is R$ 4,823.

Currently, a decision is awaited from the courts regarding the request to reject the opposition filed by the Federal Government and, consequently, the issuance of the payment requisition - "Precatório" (writ of payment) referring to the complementary installment.

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.

All amounts in thousands of reais, unless otherwise stated.

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$ 25,027, of the amount R$ 8,671 represent current IRPJ and CSLL and R$: 16,356 represent deferred IRPJ and CSLL. A provision for legal fees in the amount of R$2,503 was set up on the recorded credits.

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.

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

a) 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".

	Country of incorporation	Direct ownership	Indirect ownership	Assets	Liabilities	Revenue	Profit or loss
At December 31, 2020							
Portobello América Inc.	United States	100,00%	0,00%	96.728	72.562	76.065	(8.559)
Portobello America Manufacturing	United States	0,00%	100,00%	17.066	15.417	-	(12)
PBTech Ltda.	Brazil	99,94%	0,06%	97.507	75.977	139.785	18.198
Portobello Shop S/A	Brazil	99,90%	0,00%	60.969	19.298	74.557	41.192
Mineração Portobello Ltda.	Brazil	99,76%	0,00%	4.551	2.129	5.728	3
Companhia Brasileira de Cerâmica S/A	Brazil	98,00%	2,00%	11.183	3.338	7.813	(4.036)
At September 30, 2021							
Portobello América Inc.	United States	100,00%	0,00%	137.375	113.260	136.828	4.940
Portobello America Manufacturing (a)	United States	0,00%	100,00%	28.290	28.290	-	-
PBTech Ltda.	Brazil	99,94%	0,06%	112.279	94.778	178.553	14.164
Portobello Shop S/A	Brazil	99,90%	0,00%	69.231	19.096	80.048	49.655
Mineração Portobello Ltda.	Brazil	99,76%	0,00%	15.086	14.332	8.084	(1.179)
Companhia Brasileira de Cerâmica S/A	Brazil	98,85%	1,15%	14.784	5.095	5.677	(3.825)

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.

Subsidiaries are closely-held companies, for which variations in the period of 2021 and comparative period are presented below:

All amounts in thousands of reais, unless otherwise stated.

I. Variations at December 31, 2020:

	Percentage of interest	December 31, 2019	Foreign exchange variations	Capital increase	Profit/Loss on inventories	Equity in the earnings of subsidiaries	Dividends proposed	September 30, 2021
Investments								
Portobello América Inc.	100,00%	(61.357)	(26.481)	120.550	(2.794)	(8.559)	-	21.359
PBTech Ltda.	99,94%	9.555	-	-	-	18.198	(6.221)	21.532
Portobello Shop S.A.	99,90%	480	-	-	-	41.192	(41.192)	480
Mineração Portobello Ltda. (a)	99,76%	2.420	-	-	-	3	-	2.423
Companhia Brasileira de Cerâmica S/A (b)	98,00%	8.484	-	3.551	-	(4.036)	-	7.999
Portobello S/A	100,00%	10	-	-	-	-	-	10
Total net investment in subsidiaries		(40.408)	(26.481)	124.101	(2.794)	46.798	(47.413)	53.803
Interest in subsidiaries		20.949						53.803
Provision for subsidiaries' deficiency in net assets		61.357						-

a) In August 2020, through the approval of the Board of Directors and an agreement between the parties, the increase in the capital of subsidiary Portobello America Inc. was approved in the amount of R$ 122,784, resulting from amounts receivable between the Parent Company and the Subsidiary, from 2008 to 2011. It is important to point out that, with the capital contribution, the Company no longer presents the provision for loss on investments; these amounts were recorded in Investments, in non-current assets.

II. Variations at September 30, 2021:

	Percentage of interest	December 31, 2020	Foreign exchange variations	Capital increase	Capital contribution	AFAC	Profit/Loss on inventories	Equity in the earnings of subsidiaries	Dividends proposed	September 30, 2021
Investments										
Portobello América Inc.	100,00%	21.359	1.240	-	-	-	766	(1.288)	-	22.077
PBTech Ltda.	99,94%	21.532	-	-	-	-	-	14.164	(18.206)	17.490
Portobello Shop S.A.	99,90%	480	-	-	-	-	-	49.605	(37.962)	12.123
Mineração Portobello Ltda. (a)	99,76%	2.423	-	-	-	9.000	-	(10.670)	-	753
Companhia Brasileira de Cerâmica S/A (b)	98,85%	7.999	-	11.240	(895)	(7.595)	-	(1.172)	-	9.578
Portobello S/A	100,00%	10	-	-	-	-	-	-	-	10
Total net investment in subsidiaries		53.803	1.240	11.240	(895)	1.405	766	50.639	(56.168)	62.030
Interest in subsidiaries		53.803								62.030

a) In June and September 2021, Mineração Portobello received two Advances for Future Capital Increase (AFAC) of PBG S.A., totaling 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$ 7,595 of AFAC previously accounted for, and remaining with a capital to be paid of R$ 895.

18. Property, plant and equipment

a) Composition

		Parent Company				Consolidated			
		September 30, 2021			December 31, 2020	September 30, 2021			December 31, 2020
	Annual average depreciation rate	Cost	Accumulated depreciation	Net value	Net value	Cost	Accumulated depreciation	Net value	Net value
Land	-	12.603	-	12.603	12.603	13.485	-	13.485	13.485
Buildings, constructions and improvements	3%	221.715	(69.223)	152.492	148.373	244.246	(70.871)	173.375	163.926
Machinery and equipment	15%	743.017	(408.373)	334.644	284.521	747.133	(409.614)	337.519	287.697
Furniture and fixtures	10%	9.821	(9.106)	715	789	14.773	(9.834)	4.939	2.462
Computers	20%	31.565	(25.672)	5.893	6.638	32.472	(26.269)	6.203	6.961
Other property, plant and equipment	20%	6.215	(2.266)	3.949	3.198	9.037	(3.765)	5.272	3.918
Construction in progress	-	13.924	-	13.924	66.695	26.491	-	26.491	74.427
		1.038.860	(514.640)	524.220	522.817	1.087.637	(520.353)	567.284	552.876

In 2010, upon the first-time adoption of international standards CPC 37 and IFRS 1, as well as the adoption of CPC 43 and ICPC 10, the Company elected to adopt the revaluation of the property, plant and equipment carried out in 2006 as deemed cost, as it understands that it significantly represented the fair value on transition date.

Pursuant to Technical Interpretation ICPC 10 of the Accounting Pronouncements Committee, approved by CVM Resolution 619/09, effective beginning January 1, 2009, the Company revised and changed the economic useful life of its property, plant and equipment items in 2008, based on the Technical

All amounts in thousands of reais, unless otherwise stated.

Report issued by the Company's engineers. Since then, the Company has carried out an annual review of the useful life of the assets, through which it concluded that there was no material impact on the economic useful life of property, plant and equipment in the half-year.

b) Changes in property, plant and equipment

	Parent Company					
	December 31, 2019	Additions	Transfers	Depreciation	Write-offs	December 31, 2020
Land	12.603	-	-	-	-	12.603
Buildings and improvements	155.092	-	604	(7.323)	-	148.373
Machinery and equipment	285.951	661	26.566	(28.248)	(409)	284.521
Furniture and fixtures	883	-	107	(201)	-	789
Computers	8.009	-	1.475	(2.761)	(85)	6.638
Other property, plant and eq	1.870	81	1.936	(689)	-	3.198
Construction in progress	5.672	91.711	(30.688)	-		66.695
	470.080	92.453	-	(39.222)	(494)	522.817

	Parent Company					
	December 31, 2020	Additions	Transfers	Depreciation	Write-offs	September 30, 2021
Land	12.603	-	-	-	-	12.603
Buildings and improvements	148.373	6.393	3.324	(5.598)	-	152.492
Machinery and equipment	284.521	12.047	61.444	(23.368)	-	334.644
Furniture and fixtures	789	42	29	(145)	-	715
Computers	6.638	807	388	(1.916)	(24)	5.893
Other property, plant and equipn	3.198	-	1.646	(895)	-	3.949
Construction in progress	66.695	14.060	(66.831)	-	-	13.924
	522.817	33.349	-	(31.922)	(24)	524.220

	Consolidated					
	December 31, 2019	Additions	Transfers	Depreciation	Write-offs	December 31, 2020
Land	13.485	-	-	-	-	13.485
Buildings and improvements	167.027	5.564	2.377	(11.042)	-	163.926
Machinery and equipment	289.115	1.165	26.566	(28.740)	(409)	287.697
Furniture and fixtures	2.326	431	141	(436)	-	2.462
Computers	8.471	145	1.503	(3.073)	(85)	6.961
Other property, plant and eq	1.870	81	2.725	(758)	-	3.918
Construction in progress	5.672	102.067	(33.312)	-	-	74.427
	487.966	109.453	-	(44.049)	(494)	552.876

All amounts in thousands of reais, unless otherwise stated.

	Consolidated					
	December 31, 2020	Additions	Transfers	Depreciation	Write-offs	September 30, 2021
Land	13.485	-	-	-	-	13.485
Buildings and improvements	163.926	13.566	7.751	(9.150)	(2.718)	173.375
Machinery and equipment	287.697	12.210	61.443	(23.679)	(152)	337.519
Furniture and fixtures	2.462	1.005	2.042	(480)	(90)	4.939
Computers	6.961	1.010	388	(2.123)	(33)	6.203
Other property, plant and equipn	3.918	-	2.530	(1.176)	-	5.272
Construction in progress	74.427	26.218	(74.154)	-	-	26.491
	552.876	54.009	-	(36.608)	(2.993)	567.284

Until September 2021, additions of fixed assets in Consolidated totaled R$ 54,009, 50% of which is for the Tijucas plant, 23% for the construction of the plant in the USA, 11% for the company-owned stores, 8% for the Marechal Deodoro plant, and the remainder divided between commercial and corporate projects. At the Tijucas plant, 94% is for optimizing the manufacturing park for the production of products with higher added value and larger formats, and 6% for other commercial and logistics projects. At the Marechal Deodoro plant, most of the investments were destined to the structural adaptation of the industrial park.

The depreciation amounts were recorded as cost of sales, selling expenses and administrative expenses as follows:

	Parent Company		Consolidated	
	Accumulated			
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Cost of sales	(27.130)	(24.969)	(27.547)	(25.107)
Selling expenses	(3.587)	(2.906)	(7.841)	(6.518)
Administrative expenses	(1.205)	(1.299)	(1.220)	(1.343)
	(31.922)	(29.174)	(36.608)	(32.968)

c) Impairment of property, plant and equipment

Property, plant and equipment is tested for impairment at least annually, and for the period ended September 30, 2021, Management reviewed the cash flows projections of assets and did not identify the need to record a provision for impairment.

All amounts in thousands of reais, unless otherwise stated.

19. Intangible assets

a) Breakdown

		Parent Company				Consolidated			
		September 30, 2021			December 31, 2020	September 30, 2021			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%	47.060	(31.916)	15.144	7.504	53.479	(33.910)	19.569	10.180
Right to explore mineral resourc	20%	1.000	(1.000)	-	-	4.073	(3.705)	368	446
Goodwill (a)	7%	-	-	-	-	10.447	(280)	10.167	10.028
Software under development	-	5.371	-	5.371	5.403	6.601	-	6.601	7.669
		53.581	(32.916)	20.665	13.057	74.750	(37.895)	36.855	28.473

(a) Inherent Commercial Funds corresponds to value of the sales points of stores acquired from third parties.

b) Changes in intangible assets

	Parent Company					
	December 31, 2019	Additions	Transfers	Amortizations	Amortizations	December 31, 2020
Trademarks and patents	150	-	-	-	-	150
Software	8.240	-	2.265	(3.001)	-	7.504
Software under development	479	7.189	(2.265)	-	-	5.403
	8.869	7.189	-	(3.001)	-	13.057

	Parent Company					
	December 31, 2020	Additions	Transfers	Amortizations	Write-offs	September 30, 2021
Trademarks and patents	150	-	-	-	-	150
Software	7.504	12	9.882	(2.254)	-	15.144
Software under development	5.403	9.850	(9.882)	-	-	5.371
	13.057	9.862	-	(2.254)	-	20.665

	Consolidated					
	December 31, 2019	Additions	Transfers	Amortizations	Write-offs	December 31, 2020
Trademarks and patents	150	-	-	-	-	150
Software	9.126	2.030	2.665	(3.641)	-	10.180
Right to explore mineral resources	839	-	-	(393)	-	446
Goodwill	10.851			(823)		10.028
Software under development	1.426	8.908	(2.665)	-	-	7.669
	22.392	10.938	-	(4.857)	-	28.473

All amounts in thousands of reais, unless otherwise stated.

	Consolidated					
	December 31, 2020	Additions	Transfers	Amortizations	Write-offs	September 30, 2021
Trademarks and patents	150	-	-	-	-	150
Software	10.180	296	12.320	(3.227)	-	19.569
Right to explore mineral resources	446	-	-	(78)	-	368
Goodwill	10.028	1.620	-	(641)	(840)	10.167
Software under development	7.669	11.267	(12.320)	-	(15)	6.601
	28.473	13.183	-	(3.946)	(855)	36.855

Until September 2021, intangible assets in Consolidated added up to R$ 13,183, a significant portion of which was destined for the Transformation project, which aims to optimize and implement digital improvements in the commercial area.

The amortization amounts were recorded as cost of sales, selling expenses and administrative expenses as follows:

	Parent Company		Consolidated	
	Acumulado			
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Cost of sales	(106)	(438)	(184)	(732)
Selling expenses	(1.222)	(1.069)	(2.736)	(2.076)
Administrative expenses	(926)	(751)	(1.026)	(813)
	(2.254)	(2.258)	(3.946)	(3.621)

c) Projected amortization of consolidated intangible assets:

	2021	2022	2023	2024	2025 to 2038	Total
Software	(1.599)	(5.887)	(4.432)	(3.543)	(4.108)	(19.569)
Right to explore mineral resources	(17)	(68)	(68)	(68)	(147)	(368)
Commercial Funds	(262)	(1.048)	(1.048)	(1.048)	(6.761)	(10.167)
	(1.878)	(7.003)	(5.548)	(4.659)	(11.016)	(30.104)

Trademarks and patents are not subject to amortization due to their indefinite useful lives.

d) Impairment of intangible assets

Intangible assets are tested for impairment at least annually, and for the period ended September 30, 2021, 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.

All amounts in thousands of reais, unless otherwise stated.

At September 30, 2021, the Company had 47 lease agreements (43 at December 31, 2020) for its commercial units. These assets are comprised of the rentals of own stores, distribution centers, vehicles for the Company's managers, land for warehousing, storage and blending of ores extracted from the mines, and equipment.

The agreements are adjusted annually, according to the variation of the main inflation indexes, most of them have terms of five years with the option of renewal after that date. The remaining agreements were recorded according to the expense period. 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.

During 2021, there was an adjustment of rental contracts for the properties of the own stores and distribution centers. New agreements for distribution centers, cars and a property for warehousing of extracted ores were included.

a) Breakdown of lease assets

	Parent Company	Consolidated
December 31, 2020	**18.977**	**71.391**
Foreign exchange variation	-	998
Remeasurement	-	812
Additions	8.214	23.877
Contract terminations	(1.224)	(2.979)
Depreciation	(4.558)	(12.742)
September 30, 2021	**21.409**	**81.357**

b) Breakdown of lease liabilities

	Parent Company	Consolidated
December 31, 2020	**20.473**	**73.182**
Foreign exchange variation	-	931
Remeasurement	-	514
Additions	8.214	23.865
Contract terminations	(1.189)	(3.170)
Payments	(4.348)	(13.460)
Accrued interest in the period	1.205	2.799
September 30, 2021	**24.355**	**84.661**
Current liabilities	7.456	18.116
Non-current liabilities	16.899	66.545

All amounts in thousands of reais, unless otherwise stated.

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

	Parent Company		Consolidated	
	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020
Domestic market				
Supplier credit assignment (a)	79.827	66.418	79.827	66.418
Operation Suppliers	200.639	168.045	198.217	180.513
Foreign market	19.178	13.701	46.391	14.416
Current	299.644	248.164	324.435	261.347
Domestic market (i)	162.537	144.021	162.537	144.021
Non-current	162.537	144.021	162.537	144.021
Total operation suppliers	462.181	392.185	486.972	405.368
Payables for investments (b) (ii)				
Domestic market	11.353	11.792	11.353	11.792
Foreign market	25.835	45.211	35.810	45.211
Total investment suppliers	37.188	57.003	47.163	57.003
	499.369	449.188	534.135	462.371

(i) Provision for payment to gas supplier arising from the matter mentioned in note 11.
(ii) In 2020, as the investment accounts payable balance became representative, it was adjusted to Note.

a) Supplier credit assignment

The Company conducted supplier credit assignment transactions with top-tier financial institutions in the amount of R$ 79,827 at September 30, 2021, (R$ 66,418 at December 31, 2020), 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.

There was no change in the payment conditions and prices negotiated with suppliers in such transactions.

b) Payables for investments

The Company has in the current liabilities the amount of R$ 18,517 in the parent company (R$ 31,303 at December 31, 2020) and R$ 28,492 in the consolidated (R$ 31,303 at December 31, 2020) referring to suppliers of property and equipment and intangible assets. Simultaneously, it has a balance of R$ 18,671 in the parent company and consolidated non-current liabilities, maturing between 2022 and 2025, related to property and equipment for modernization of plants (R$ 25,700 in the parent company and in the consolidated at December 31, 2020).

All amounts in thousands of reais, unless otherwise stated.

22. Borrowings and debentures

	Currency	Maturity	Charges		Parent Company September 30, 2021	Parent Company December 31, 2020	Consolidated September 30, 2021	Consolidated December 31, 2020
Current								
Banco do Nordeste S.A (a)	R$	dez-21	3,79%	p.a.¹ +IPCA	60.406	32.786	60.406	32.786
NCE (b)	R$	dez-21	2.30% to 3.00%	p.a.¹ +CDI	51.095	84.538	51.095	84.538
NCE (b)	US$	mar-22	3,08%	p.a.¹ +VC	7.440	19.316	7.440	19.316
PRODEC (c)	R$	mar-22	3,40%	p.a.¹ +AVP	6.612	5.813	6.612	5.813
FINEP (d)	R$	mai-21	8,14%	p.a.¹	1.154	5.683	1.154	5.683
DEG (e)	US$	out-21	4,96%	p.a.¹ +VC	8.691	15.577	8.691	15.577
FINAME (f)	R$	ago-23	3,00%	p.a.¹	-	420	-	420
DEBENTURES 2nd series (g)	R$	abr-22	3,10%	p.a.¹ +VC	-	49.066	-	49.066
ACC (h)	US$	dez-21	11,20%	p.a.¹ +AVP	8.545	10.709	8.545	10.709
Total current			**5,60%**	p.a.¹	143.943	223.908	143.943	223.908
Total domestic currency		R$			119.267	178.306	119.267	178.306
Total foreign currency		US$			24.676	45.602	24.676	45.602
Non-current								
Banco do Nordeste S.A (a)	R$	jun-27	3,79%	p.a.¹ +IPCA	69.919	99.901	69.919	99.901
NCE (b)	R$	abr-24	2.30% to 3.00%	p.a.¹ +CDI	168.803	115.927	168.803	115.927
NCE (b)	US$	mar-22	3,08%	p.a.¹ +VC	-	3.523	-	3.523
PRODEC (c)	R$	mar-25	3,40%	p.a.¹ +AVP	10.990	12.478	10.990	12.478
FINEP (d)	R$	nov-30	8,14%	p.a.¹	130.259	122.282	130.259	122.282
FINAME (f)	R$	ago-23	3,00%	p.a.¹	-	555	-	555
DEBENTURES 1st series (I)	R$	set-26	3,00%	p.a.¹ +CDI	298.348	-	298.348	-
DEBENTURES 2nd series (g)	R$	set-26			-	149.192	-	149.192
Total non-current			**8,25%**	p.a.¹	678.319	503.858	678.319	503.858
Total domestic currency		R$			678.319	500.335	678.319	500.335
Total foreign currency		US$			-	3.523	-	3.523
Total			**7,79%**	p.a.¹	822.262	727.766	822.262	727.766
Total domestic currency		R$			797.586	678.641	797.586	678.641
Total foreign currency		US$			24.676	49.125	24.676	49.125

¹ Weighted average rate (p.a. - per year)
AVP - Adjustment to present value
Amplified Consumer Prices Index (IPCA)
VC - Foreign exchange variation

a) Information on agreements

Note	Institution/ Modality	Date of contract	Maturity	Term (months)	Grace period (months)	Amortization	Amount Raised	Releases (in thousands of R$) Amount	Date	Guarantees/Notes
a)	Banco do Nordeste	jun/13	jun/25	133	24	Monthly	R$ 105.646	R$ 29.223	ago/14	Mortgage for real estate and machinery and equipment. Renegotiated in April/2020.
								R$ 45.765	jan/15	
								R$ 14.700	set/15	
								R$ 4.713	mar/16	
								R$ 2.418	dez/16	
								R$ 8.827	fev/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	fev/20	
								R$ 4.261	set/20	
								R$ 16.188	*Total*	
		set/19	ago/22	12	2	*Monthly*	R$ 23.500	R$ 23.500	set/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.
		jan/21	jan/22	12	12	*	R$ 16.000	R$ 16.000	fev/21	PBTech and CBC guarantee.
b)	Export Credit (NCE)	nov/17	nov/21	51	12	Monthly	R$ 50.000	R$ 50.000	nov/17	Receivables from Portobello S.A. of 30% of the outstanding balance of the contract) Covenants for the 4Q. Renegotiated in April/2020.
		jun/18	mar/22	36	12	Quarter	R$ 24.000	R$ 24.000	jun/18	Clean, Renegotiated in April/2020
		mar/19	abr/24	61	24	Annual	R$ 54.000	R$ 54.000	mar/19	Receivables from Portobello S.A. of 20% of the outstanding balance of the contract), or short-term investment.
		mar/19	mar/24	60	24	Quarter	R$ 50.000	R$ 50.000	mar/19	Receivables from Portobello S.A. of 20% of the outstanding balance of the contract)
		mar/19	mar/24	60	24	Quarter	R$ 10.000	R$ 10.000	mar/19	Receivables from Portobello S.A. of 20% of the outstanding balance of the contract), or short-term investment.
		jul/19	jul/23	48	12	Monthly	R$ 20.000	R$ 20.000	jul/19	Receivables from Portobello S.A. of 30% of the outstanding balance of the contract)
		jul/19	jul/23	48	12	Monthly	R$ 20.000	R$ 20.000	jul/19	Receivables from Portobello S.A. of 30% of the outstanding balance of the contract)
		set/19	set/22	36	12	Quarter	R$ 30.000	R$ 30.000	set/19	Receivables from Portobello S.A. of 20% of the outstanding balance of the contract)
		jul/20	dez/21	18	18	Semiannual	R$ 3.500	R$ 3.500	jul/20	Clean
		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)
		ago/21	ago/27	72	24	Semiannual	R$ 130.000	R$ 100.000	ago/21	Receivables from Portobello S.A. of 30% of the outstanding balance of the contract)
c)	Santa Catarina State Corporation Development Program (PRODEC)	ago/20	ago/24	48	*	*	R$ 437	R$ 437	ago/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.
		set/20	set/24	48	*	*	R$ 1.318	R$ 1.318	set/20	
		out/20	out/24	48	*	*	R$ 1.779	R$ 1.779	out/20	
		nov/20	nov/24	48	*	*	R$ 1.194	R$ 1.194	nov/20	
		dez/20	dez/24	48	*	*	R$ 1.519	R$ 1.519	dez/20	
		jan/21	jan/25	48	*	*	R$ 401	R$ 401	jan/21	
		fev/21	fev/25	48	*	*	R$ 1	R$ 1	fev/21	
		mar/21	mar/25	48	*	*	R$ 473	R$ 473	mar/21	
		abr/21	abr/25	48	*	*	R$ 654	R$ 654	abr/21	
		jun/21	jun/25	48	*	*	R$ 539	R$ 539	jun/21	
		jul/21	jul/25	48	*	*	R$ 368	R$ 368	jul/21	
		ago/21	ago/25	48	*	*	R$ 99	R$ 99	ago/21	
		set/21	set/25	48	*	*	R$ 758	R$ 758	set/21	
d)	FINEP	dez/19	set/29	117	32	Monthly	R$ 66.771	R$ 25.008	dez/19	Bank guarantee.
								R$ 33.000	mar/20	
								R$ 8.763	ago/21	
								R$ 66.771	*Total*	
		nov/20	nov/30	120	36	Monthly	R$ 98.487	R$ 64.274	nov/20	
e)	DEG	mai/14	out/21	90	23	Semiannual	US$ 18,000	R$ 48.657	jan/15	Machinery and equipment and promissory notes.
f)	Finame	mai/13	mai/23	120	25	Monthly	R$ 39	R$ 39	mai/13	Machinery and equipment.
		mai/13	abr/23	120	24	Monthly	R$ 601	R$ 601	mai/13	
		jul/13	jul/23	120	25	Monthly	R$ 107	R$ 107	jul/13	
		jul/13	ago/23	120	26	Monthly	R$ 1.890	R$ 1.890	jul/13	
		jan/14	jun/23	114	18	Monthly	R$ 577	R$ 577	jan/14	
g)	Debentures (3rd issue/2nd series)	jun/18	jun/23	60	48	Semiannual	R$ 150.000	R$ 150.000	jun/18	Proceeds allocated to the redemption of 2nd issue. Real guarantee and additional fiduciary guarantee. This contract has covenants that have been met. Settled in September/2021.
i)	Debentures (4th issue/1st series)	set/21	set/26	60	24	Semiannual	R$ 300.000	R$ 300.000	set/21	Proceeds allocated to the redemption of 3rd issue. Real guarantee and additional fiduciary guarantee. This contract has covenants that have been met.
h)	ACC	out/20	out/21	12	*	*	US$ 1,663	R$ 9.253	out/20	PBShop guarantee agreement extended for 6 months.
		abr/21	abr/22	12	*	*	US$ 1,551	R$ 8.805	mai/21	Receivables from Portobello S.A. of 20% of the outstanding balance of the contract.

*Single settlement at the end of the contract

In guarantee of the other loans, linked financial investments, mortgages on properties, equipment, receivables of the Parent Company and Subsidiary (note 8) were granted, as guaranteed by the controlling shareholders and the Subsidiary.

The covenants were met for the date September 30, 2021, except for the clauses involving the contract with DEG. However, on this date, due to the fact that the entire balance referring to this contract was provided for in current liabilities and would be settled days later (see note 40), the Company's management concluded that it was not necessary to obtain a waiver from the financial institution.

All amounts in thousands of reais, unless otherwise stated.

Long-term borrowings mature as follows:

	Parent Company		Consolidated	
	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020
2021	40.356	223.908	40.356	223.908
2022	135.800	210.692	135.800	210.692
2023	154.940	128.277	154.940	128.277
2024	146.746	59.496	146.746	59.496
2025	136.225	27.814	136.225	27.814
2026 to 2030	208.196	77.579	208.196	77.579
	822.262	727.766	822.262	727.766

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:

	Total debt	
	Parent Company	Consolidated
Total debt at December 31, 2019	755.033	756.376
Changes affecting cash flow		
Proceeds from borrowings	171.021	171.021
Payment of principal	(217.769)	(217.769)
Payment of interest	(37.909)	(37.909)
Changes not affecting cash flow		
Unrealized foreign exchange variations	14.294	14.294
Accrued interest	40.041	38.698
Adjustment to present value – Prodec	1.190	1.190
Allocation of debenture costs	1.865	1.865
Total debt at December 31, 2020	727.766	727.766
Changes affecting cash flow		
Proceeds from borrowings	466.820	466.820
Payment of principal	(376.949)	(376.949)
Payment of interest	(29.949)	(29.949)
Changes not affecting cash flow		
Unrealized foreign exchange variations	442	442
Accrued interest	33.815	33.815
Adjustment to present value – Prodec	(187)	(187)
Allocation of debenture costs	504	504
Total debt at September 30, 2021	822.262	822.262

All amounts in thousands of reais, unless otherwise stated.

b) Debentures

The Company approved at the Extraordinary General Meeting held on June 15, 2018, according to the proposal of the Board of Directors, the 3rd 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 3rd quarter of 2021 were complied with. The remaining balance of this issuance was settled at September 30, 2021, with funds from the 4th issuance of debentures, released in the same month.

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 3rd quarter of 2021 were complied with.

	September 30, 2021	December 31, 2020
Borrowing amount		
Debentures 1st series	300.000	50.033
Debentures 2nd series	-	150.090
Gross Balance	300.000	200.123
Borrowings cost	(1.652)	(1.866)
Net Balance	298.348	198.257
Current	-	49.066
Non-current	298.348	149.192

i) Issued in the quarter:

Issue	4th
Fiduciary Agent	PENTÁGONO S.A.
ISIN code	BRPTBLDBS000
Settling bank	Banco Itaú BBA S/A
Lead Coordinator	Banco Itaú BBA S/A
Issue date	17/09/2021
Maturity date	17/09/2026
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

All amounts in thousands of reais, unless otherwise stated.

ii) Settled in the quarter:

Issue	3rd
Fiduciary Agent	PLANNER TRUSTEE DTVM LTDA.
Settling bank	Banco Bradesco S/A
Lead Coordinator	Banco Itaú BBA S/A
Issue Rating	No
Trading	CETIP
Serial Number	1
Issue Volume R$	300.000.000,00
Total Debentures	300.000
Par Value R$	1.000,00

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 thirty-seven (37) installments remaining to be paid.

Tax installments will be paid as follows:

	Parent Company		Consolidated	
Maturity October 1	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020
2021	2.887	11.523	2.888	11.601
2022	11.590	12.108	11.590	12.186
2023	12.179	12.723	12.179	12.801
2024	8.864	7.352	8.864	7.419
	35.520	43.706	35.521	44.007
Current	11.364	9.290	11.365	9.354
Non-current	24.156	34.416	24.156	34.653

24. Taxes, fees and contributions

At September 30, 2021, taxes, fees and contributions recorded in current liabilities were classified as follows:

	Parent Company		Consolidated	
	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020
ICMS	14.299	14.453	14.716	14.746
IRRF	3.057	3.317	3.843	4.046
PIS/COFINS	645	1.513	1.754	2.308
Other	275	209	420	343
	18.276	19.492	20.733	21.443

25. Other payables – Current liabilities

At September 30, 2021, the Company recorded in Other payables, in the consolidated, the amounts of R$ 37,050 (R$ 20,939 at December 31, 2020) in current liabilities and R$ 2,889 (R$ 9.974 at December 31, 2020) in non-current liabilities. The main accounts that make up this balance are provisions, commissions payable, provision for payment of consigned suppliers, pension plan, and provision for freight and transportation expenses.

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

In November 2009, the Company joined the installment plan provided for by MP 470/09 (undue use of IPI premium credit) with the SRF and PGFN. In this adhesion, in addition to the installment plan, there was a reduction in charges, as well as the possibility for the Company to use tax credits arising from tax losses incurred until 2008 to pay the debts.

When this Provisional Measure was converted (Law 12249/2010) in June 2010, the use of tax credits arising from tax losses existing as of December 31, 2009 was authorized. The Company made use of this benefit and recorded in the second quarter of 2010 an amount of R$3,252, considering the installment plan was settled.

The PGFN partially denied the request in June 2010, alleging the need to withdraw the lawsuits contesting the credit, as well as stating that the "undue use" requirement was not met. In view of the dismissal, the Company filed a writ of mandamus with the purpose of obtaining judicial ratification of the installment plan. After a favorable ruling on the Injunction, the Company was successful in having the installment plan governed by MP 470 fully ratified. On January 18, 2021, a certificate was issued, certifying that on December 21, 2020 the decisions that granted approval of the installment plan sought by the Company had become final and unappealable.

The PGFN, in view of the writ of mandamus, partially extinguished the tax credits included in the extraordinary installment plan governed by MP 470. The Company has filed a lawsuit against the PGFN on the grounds of noncompliance with the final and unappealable decision and awaits a judicial decision.

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:

All amounts in thousands of reais, unless otherwise stated.

Amount accrued	Parent Company		Consolidated	
	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020
Civil	20.694	25.072	31.245	25.072
Labor	7.910	9.013	8.571	9.013
Social security	4.511	4.511	4.511	4.511
Tax	26.959	24.946	26.590	24.977
	60.074	63.542	70.917	63.573

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, 2019	17.126	11.891	6.615	84.568	120.200
Charged (credited) to the statement of income:	10.757	(1.126)	-	(56.142)	(48.358)
Additional provisions	18.335	3.794	-	3.031	14.410
Reversal - not used	(10.449)	(4.560)	-	17.134	12.886
Monetary adjustment (Reversal)	2.871	(360)	-	(76.307)	(75.654)
Reversal due to realization	(2.811)	(1.752)	(2.104)	(3.480)	(8.300)
At December 31, 2020	25.072	9.013	4.511	24.946	63.542
Charged (credited) to the statement of income:	(3.823)	1.178	-	2.663	18
Additional provisions	6.046	2.941	-	2.558	11.545
Reversal - not used	(2.290)	(801)	-	-	(3.091)
Transfers (a)	(9.673)	(957)	-	-	(10.630)
Monetary adjustment (Reversal)	2.094	(5)	-	105	2.194
Reversal due to realization	(555)	(2.281)	-	(650)	(3.486)
At September 30, 2021	20.694	7.910	4.511	26.959	60.074

	Consolidated				
	Civil	Labor	Social Security	Tax	Total
At December 31, 2019	17.126	11.891	6.615	84.600	120.232
Charged (credited) to the statement of income:	10.757	(1.126)	-	(56.142)	(48.358)
Additional provisions	18.335	3.794	-	3.031	14.410
Reversal - not used	(10.449)	(4.560)	-	17.134	12.886
Monetary adjustment (Reversal)	2.871	(360)	-	(76.307)	(75.654)
Reversal due to realization	(2.811)	(1.752)	(2.104)	(3.480)	(8.300)
At December 31, 2020	25.072	9.013	4.511	24.977	63.573
Charged (credited) to the statement of income:	6.735	2.270	-	2.664	11.669
Additional provisions	6.614	3.079	-	2.559	12.252
Reversal - not used	(2.388)	(833)	-	-	(3.221)
Monetary adjustment (Reversal)	2.509	24	-	105	2.638
Reversal due to realization	(562)	(2.712)	-	(1.051)	(4.325)
At September 30, 2021	31.245	8.571	4.511	26.590	70.917

Civil

The Company and its subsidiaries are defendants in 382 civil lawsuits (555 lawsuits at December 31, 2020), before the Common Courts and Special Civil Courts. The majority of lawsuits is filed by customers and claim indemnity for alleged pain and suffering and damage to property. When applicable, escrow deposits were made (note 11).

Labor

The Company and its subsidiaries are defendants in 263 labor claims (249 claims at December 31, 2020), 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 in the first quarter of 2018 the provision for these debts, in the total amount of R$ 4,511, which still depend on a court decision, in the Fiscal Execution phase, or in some cases, an administrative decision with the Brazilian Federal Revenue Service.

Tax

a) Tax on legal asset - Plaintiff

In the second quarter of 2018, the Company recognized under “tax contingencies” in the amount of R$ 74,180 relating to PIS, COFINS, IRPJ and CSLL on legal asset - Plaintiff, as mentioned in note 15 (c).

In June 2020, the values of the IPI Premium Credit Tax - Plaintiff were reversed according to the STF decision, totaling R$ 70,187 related to PIS, COFINS, IRPJ and CSLL, as mentioned in Note 15 (c).

The remaining amount of the balance includes the success fees related to tax proceedings and the provision for contingency of PIS and COFINS on finance income.

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 in March 2021, the remainder being considered as a remote loss.

28. Lawsuits assessed as possible and remote losses

a) Possible loss

In addition to the provisions recorded in its financial statements, assessed as probable losses, there are other civil, labor and social security lawsuits, 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:

All amounts in thousands of reais, unless otherwise stated.

	Parent Company		Consolidated	
	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020
Civil	5.580	3.786	5.604	3.786
Labor	11.611	11.956	11.789	11.956
Social security	10.985	10.985	10.985	10.985
	28.176	26.727	28.378	26.727

b) Remote loss - Lawsuit relating to Administrative Proceedings No. 10983-721.445/2014-78, No. 11516-720.299/2016-02 and No. 11516-720.300/2016-91

On December 08, 2014, the Company was informed of the issuance of Tax Assessment Notices, which established IRPJ and CSLL tax credits (as well as monetary penalties and interest), for calendar years from 2009 to 2013. According to the Tax Authorities, the Company would have allegedly committed the following infractions: i) unduly excluded taxable income deriving from tax benefits; ii) deducted unnecessary expenses related to the principal of tax debts (IPI, PIS and COFINS) which were recorded in prior-years' profit or loss; and iii) excluded non-deductible amounts related to the principal of IRPJ and CSLL. On January 6, 2015, the Company filed an objection against the above-mentioned assessments, challenging all infractions attributable to it. In a judgment by the Federal Revenue of Brazil, the assessment was fully upheld. In the context of a Voluntary Appeal filed by the Company, the Administrative Board of CARF partially granted it to repeal the disallowing of exclusions related to the revenues earned by converting income tax and CSLL losses. After the decision of the voluntary appeal, both the Company and the National Treasury handled Special Appeals to the Administrative Board of Tax Appeals (CARF). The Special Appeal of the National Treasury was admitted in judgment of admissibility, while the Special Appeal of the Company was partially admitted. In view of the Special Appeal partial admissibility court order, the Company filed an interlocutory appeal, which was not accepted, thus prevailing the decision of partial admissibility of the Special Appeal. Currently, the administrative proceeding is awaiting judgment of the Special Appeals managed by the Company and the National Treasury. The Company, according to its legal advisors, considers a favorable decision as virtually certain, resulting in the cancellation of the Tax Assessment Notice, the Company understands that the likelihood of loss is remote, and elected not to record the amount of R$ 73,000 as potential liabilities.

On March 7, 2016, the Company was notified about the serving of Tax Assessment Notices relating to the tax administrative proceedings No. 11516-720.299/2016-02 and No. 11516-720.300/2016-91 which established tax credits relating to undue offset of IRPJ and CSLL. However, the Company argued that such discussion is already in progress in Lawsuit No. 10983-721.445/2014-78. The cancellation of the objected tax assessment in the amount of R$ 19,000 was requested due to the double collection by the tax authorities. In the lower court decision, the objections filed were upheld in the sense of recognizing the double collection of the assessment and, consequently, determining the extinguishment of the tax credit. Currently, the tax administrative proceedings No. 11516-720.299/2016-02 and No. 11516-720.300/2016-91 are at the Administrative Council of Tax Appeals (CARF), for judgment of the appeal.

c) Remote loss - ICMS Infraction Notice - I) DIFAL Constructors and II) Acquisition of goods from companies opting for the Simples Nacional

All amounts in thousands of reais, unless otherwise stated.

On April 14, 2021, PBG S/A was notified of the Tax Assessment Notice issued by the Finance Department of the State of Santa Catarina, in the total amount of R$ 22,000, including late charges (fine and interest), provided for in the tax legislation.

According to the tax authorities, the Company: i) appropriated a tax credit not allowed by the tax legislation, related to the reversal of the DIFAL collected in accordance with Constitutional Amendment 87/2015 in interstate exit operations of goods destined to civil construction companies, in the amount of R$ 16,000 and ii) appropriated a tax credit not allowed by the tax legislation, related to acquisition operations of goods from companies opting for the Simples Nacional, whose destination is not the industrialization or commercialization, in the amount of R$ 6,000.
The Company filed an Opposition to the assessments, rejecting all the infractions that were imputed to it, and is awaiting judgment by the Administrative Tax Court of the State of Santa Catarina. The Company reiterates, through its legal advisors, that the understanding for the risk classification of this assessment is remote.

29. Equity

29.1 Capital

At September 30, 2021, the Company has a subscribed and paid-up capital in the total amount of R$ 250,000 (R$ 200,000 at December 31, 2020), divided into 147,529,703 common, registered and book-entry shares, with no par value.

At September 30, 2021, there were 58,223,943 outstanding shares, corresponding to 39.47% of the total shares issued (72,576,171 at December 31, 2020, corresponding to 45.8% 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:

Period	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
September 30, 2021	Closing Balance	147.529.703	6.542.817	140.986.886

All amounts in thousands of reais, unless otherwise stated.

29.2 Treasury shares

Until September 30, 2021, the Company canceled 10,958,814 treasury shares acquired under the buyback program approved in 2020 and 2021, and their respective amount was recorded in the profit retention reserve.

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. Until September 30, 2021, the Company has purchased 6,542,817 common shares, in the amount of R$ 91,351, which remain in treasury.

29.3 Earnings reserve

At September 30, 2021, the balance of the legal reserve amounts to R$ 35,633 (R$ 32,207 at December 31, 2020) 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, is to show the portion of profits whose allocation will be decided and allocated at the Annual General Meeting.

At September 30, 2021, the balance of the unrealized profit retention reserve totaled R$ 2,295 (R$ 97,950 at December 31, 2020).

At September 30, 2021, the balance of the Tax Incentives Reserve amounts to R$ 54,347 (R$ 85,151 at December 31, 2020). Referring to 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) and to Simples Nacional.

29.4 Carrying valuation adjustments

	Carrying value adjustments			
Parent Company and Consolidated	Deemed cost (a)	Cumulative translation adjustment (b)	Other comprehensive income (c)	Total
At December 31, 2020	32.323	(68.353)	(14.095)	(50.125)
Realization of revaluation reserve	(889)	-	-	(889)
Foreign exchange variation of subsidiary located abroa	-	1.240	-	1.240
Hedge accounting transactions	-	-	(5.728)	(5.728)
Deferred income tax and social contribution on hedge a	-	-	1.948	1.948
At September 30, 2021	31.434	(67.113)	(17.875)	(53.554)

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 lands, constructions and improvements, supported by a revaluation report prepared by an independent appraiser. It is being realized based on the depreciation of revalued 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

All amounts in thousands of reais, unless otherwise stated.

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 September 30, 2021, the foreign exchange variation amounted to R$ 1,240 according to note 17 (a).

c) Other comprehensive income

At September 30, 2021, the balance of R$ (17,875) arises from:

i) Fair value of private pension plans (actuarial) of R$ (14,095);

ii) Hedge accounting fair value of R$ (5,728), due to the negative result of the operations with derivative financial instruments classified as hedge accounting not yet realized in the quarter, with an effect of R$ 1,948 related to the deferred income tax and social contribution on this balance, net of hedge accounting fair value of R$ (3,780). These amounts are transferred from equity to profit or loss to the extent that the NDF contracts mature and sales in U.S. dollars are shipped in the respective month of maturity of the contracts.

30. Revenue

The reconciliation of gross revenue and net revenue, shown in the statement of income for the period ended September 30, 2021, is as follows:

	Parent Company				Consolidated			
	Quarter ended September 30, 2021	Quarter ended September 30, 2020	Accumulated at September 30, 2021	Accumulated at September 30, 2020	Quarter ended September 30, 2021	Quarter ended September 30, 2020	Accumulated at September 30, 2021	Accumulated at September 30, 2020
Gross sales revenue	538.173	450.702	1.470.335	1.026.718	646.628	513.902	1.749.405	1.160.629
Sales of goods and royalties	541.580	450.702	1.473.742	1.026.718	650.035	513.902	1.752.812	1.160.629
Result from hedging transaction	(3.407)	-	(3.407)	-	(3.407)	-	(3.407)	-
Deductions from gross revenue	(115.567)	(90.680)	(315.410)	(211.260)	(127.248)	(99.170)	(349.371)	(229.974)
Taxes on sales	(81.052)	(79.035)	(267.326)	(180.308)	(88.849)	(85.520)	(291.244)	(194.459)
Returns	(34.515)	(11.645)	(48.084)	(30.952)	(38.399)	(13.650)	(58.127)	(35.515)
Net sales revenue	422.606	360.022	1.154.925	815.458	519.380	414.732	1.400.034	930.655

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

	Parent Company				Consolidated			
	Quarter ended September 30, 2021	Quarter ended September 30, 2020	Accumulated at September 30, 2021	Accumulated at September 30, 2020	Quarter ended September 30, 2021	Quarter ended September 30, 2020	Accumulated at September 30, 2021	Accumulated at September 30, 2020
Sale of own products	392.214	350.730	1.082.414	789.846	405.069	372.344	1.215.036	829.482
Sale of third-party products	30.392	9.292	72.511	25.612	62.718	21.296	108.463	50.491
Royalties	-	-	-	-	51.593	21.092	76.535	50.682
Net operating revenue	422.606	360.022	1.154.925	815.458	519.380	414.732	1.400.034	930.655

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

31. Expenses by nature

Cost of sales, selling and administrative expenses for the quarter ended September 30, 2021 are broken down as follows:

All amounts in thousands of reais, unless otherwise stated.

	Parent Company				Consolidated			
	Quarter ended September 30, 2021	Quarter ended September 30, 2020	Accumulated at September 30, 2021	Accumulated at September 30, 2020	Quarter ended September 30, 2021	Quarter ended September 30, 2020	Accumulated at September 30, 2021	Accumulated at September 30, 2020
Costs and expenses								
Cost of sales and/or services	(272.047)	(251.647)	(751.138)	(584.431)	(295.875)	(261.357)	(807.632)	(599.728)
Other costs (b)	-	(1.235)	-	(27.999)	-	(1.235)	-	(27.999)
Selling expenses	(68.079)	(61.520)	(196.824)	(159.423)	(105.674)	(86.857)	(298.912)	(231.613)
General and administrative	(17.334)	(11.322)	(45.830)	(31.658)	(17.760)	(11.614)	(46.909)	(32.540)
	(357.460)	(325.724)	(993.792)	(803.511)	(419.309)	(361.063)	(1.153.453)	(891.880)
Breakdown of expenses by nature								
Direct production cost (raw materials and inputs)	(177.505)	(123.906)	(478.559)	(306.241)	(175.293)	(107.108)	(471.498)	(271.083)
Salaries, charges and employee benefits	(77.276)	(67.169)	(229.518)	(180.939)	(92.045)	(75.402)	(272.034)	(203.758)
Third-party labor and services	(21.828)	(14.919)	(56.527)	(38.428)	(23.987)	(15.649)	(63.422)	(40.283)
General production expenses (including maintenance)	(16.842)	(15.620)	(49.965)	(41.747)	(17.458)	(15.781)	(50.955)	(42.166)
Cost of goods resold	(18.239)	(15.946)	(49.416)	(36.013)	(42.972)	(48.338)	(107.942)	(104.899)
Amortization and depreciation	(13.472)	(11.387)	(38.734)	(34.058)	(17.890)	(13.741)	(53.296)	(41.479)
Other selling expenses	(3.418)	(5.130)	(9.521)	(13.312)	(12.495)	(10.309)	(33.727)	(27.445)
Sales commissions	(9.647)	(11.312)	(27.973)	(24.618)	(12.467)	(13.203)	(35.867)	(29.151)
Marketing and publicity	(8.197)	(10.288)	(29.436)	(22.958)	(11.731)	(10.997)	(37.907)	(25.202)
Transportation of goods sold	(9.206)	(3.901)	(17.845)	(10.699)	(9.206)	(3.901)	(17.845)	(10.699)
Lease expenses - not applicable to IFRS 16	(6.017)	(1.551)	(15.379)	(10.636)	(8.170)	(1.879)	(21.087)	(11.592)
Other administrative expenses	(1.855)	(1.138)	(5.354)	(3.996)	(2.009)	(1.217)	(5.695)	(4.158)
Changes in inventories of finished products and work in progress (a)	6.042	(43.457)	14.435	(79.866)	6.414	(43.538)	17.822	(79.965)
Total	(357.460)	(325.724)	(993.792)	(803.511)	(419.309)	(361.063)	(1.153.453)	(891.880)

a) Changes in inventories of finished products and work in process 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.
b) Amounts resulting from the idleness of the Tijucas and Marechal Deodoro industrial facilities.

32. Other operating income and expenses, net

The amount of other net operating income and expenses, for the quarter ended September 30, 2021, is as follows:

	Parent Company				Consolidated			
	Quarter ended September 30, 2021	Quarter ended September 30, 2020	Accumulated at September 30, 2021	Accumulated at September 30, 2020	Quarter ended September 30, 2021	Quarter ended September 30, 2020	Accumulated at September 30, 2021	Accumulated at September 30, 2020
Other operating income								
Revenue from services	179	42	524	453	179	126	524	468
Out-of-period tax credits	278	-	278	-	278	-	278	
Legal asset - rural credit notes	-	-	-	-	-	81	-	13.241
IPI premium credit - Challenged Portion - Plaintiff (a)	-	732	-	83.695	-	620	-	83.695
Reversal of provisions for civil, labor, social security and tax is	1.366	-	9.558	-	(6.826)	(16.188)	1.366	-
Other revenue	1.091	-	2.950	-	1.029	(4)	2.824	-
Other revenue	2.914	774	13.310	84.148	(5.340)	(15.365)	4.992	97.404
Other operating expenses								
Provisions for civil, labor, social security and tax issues (b)	(3.010)	(3.159)	(7.582)	(6.090)	4.989	(2.757)	(9.448)	(6.090)
Taxes on tax assets	-	-	-	-	-	(1.322)	-	(1.322)
IPI premium credit - Challenged Portion - Plaintiff (a)	-	-	-	(64.782)	-	15.786	-	(64.782)
Long-term incentives	(728)	-	(728)	-	(728)	-	(728)	-
Taxes on other revenues	(95)	(53)	(298)	(154)	(98)	(278)	(357)	(178)
Provision for attorney's fees - rural credit notes	-	-	-	-	-	-	-	-
Provision for profit sharing	(6.283)	(5.215)	(15.241)	(5.215)	(6.283)	(5.215)	(15.913)	(5.215)
Attorney's fees (c)	(2.503)	-	(2.503)	-	(2.503)	-	(2.503)	-
Other expenses	(2.744)	(182)	(3.727)	(254)	(4.714)	1.331	(5.432)	(477)
Total	(15.363)	(8.609)	(30.079)	(76.495)	(9.337)	7.545	(34.381)	(78.064)
Total - net	(12.449)	(7.835)	(16.769)	7.653	(14.677)	(7.820)	(29.389)	19.340

(a) Recognition of the amount receivable regarding the IPI premium credit - Plaintiff lawsuit (Note 15. a)
(b) Revenue in the quarter in the parent company corresponds to the reclassification of processes to investees
(c) Refers to the provision for legal fees, arising from a tax claim (Note 15. d).

All amounts in thousands of reais, unless otherwise stated.

33. Finance income (costs)

The finance income (costs) at September 30, 2021 is as follows:

	Parent Company				Consolidated			
	Quarter ended September 30, 2021	Quarter ended September 30, 2020	Accumulated at September 30, 2021	Accumulated at September 30, 2020	Quarter ended September 30, 2021	Quarter ended September 30, 2020	Accumulated at September 30, 2021	Accumulated at September 30, 2020
Finance income								
Interest	930	1.291	2.737	6.236	1.236	1.344	3.794	6.485
Asset adjustment	356	570	912	2.472	356	570	912	3.900
Gain on swap transactions (a)	586	1.431	2.162	8.074	586	1.431	2.162	8.074
Other	75	3	92	110	143	245	379	2.093
Total	1.947	3.295	5.903	16.892	2.321	3.590	7.247	20.552
Finance costs								
Interest	(10.157)	(6.002)	(26.889)	(17.393)	(10.725)	(6.551)	(28.526)	(18.973)
Finance charges on taxes	(289)	(109)	(707)	(224)	(294)	(121)	(723)	(280)
Adjustment of provision for contingencies	(161)	-	(1.276)	(3.082)	(1.344)	-	(2.459)	(3.083)
Commissions and service fees	(3.531)	(1.795)	(7.420)	(6.787)	(5.224)	(2.234)	(11.213)	(8.477)
Bank expenses/Negative goodwill (b)	3.112	(103)	(153)	(179)	3.126	(103)	(159)	(190)
Negative goodwill (b)	-	(8.307)	-	(8.307)	-	(8.307)	-	(8.307)
Gain (loss) on swap transactions (a)	(2)	(1.048)	(2.193)	(3.148)	(2)	(1.048)	(2.193)	(3.148)
Interest on debentures	(6.011)	(3.734)	(11.885)	(13.399)	(6.011)	(3.734)	(11.885)	(13.399)
Discounts granted	395	-	-	-	509	-	-	-
Other	(3.667)	(2.139)	(3.765)	(3.313)	(2.997)	(2.142)	(3.910)	(3.421)
Total	(20.311)	(23.237)	(54.288)	(55.832)	(22.962)	(24.240)	(61.068)	(59.278)
Foreign exchange variations, net								
Trade receivables and trade payables	6.959	758	4.440	50.425	6.951	758	4.446	50.425
Borrowings	(964)	(1.217)	(1.279)	(24.417)	(963)	(1.217)	(1.278)	(24.445)
Total	5.995	(459)	3.161	26.008	5.988	(459)	3.168	25.980
Total - net	(12.369)	(20.401)	(45.224)	(12.932)	(14.653)	(21.109)	(50.653)	(12.746)

(a) Note 7
(b) Negative goodwill related to court-ordered debt (Plaintiff) by BTGPactual - Note 15.c

34. 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 September 30, 2021 and 2020:

	Parent Company and Consolidated	
	September 30, 2021	September 30, 2020
Profit (loss) attributable to the owners of the Company	161.247	93.366
Weighted average number of common shares (a)	147.623	155.312
Basic earnings (loss) per share	1,09229	0,60115

a) At September 30, 2021, the Company had 6,542.817 treasury shares, which were purchased in the 2nd and 3rd quarters of 2021.

b) Diluted

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

All amounts in thousands of reais, unless otherwise stated.

35. Dividends

The minimum mandatory dividends for 2020, which represent 25% of the Company's profit less the Legal Reserve recognized in 2020, amount to R$ 121,789.

In January 2021, dividends of 2020 were prepaid in the amount of R$ 0.1118 per share, totaling R$ 17,279, as approved by the Board of Directors' Meeting held on January 20, 2021.

On April 27, 2021, the Ordinary General Meeting approved the payment of mandatory and additional dividends of 2020 in the total amount of R$ 43,616, of which R$ 26,217 was dividends and R$ 16,996 was interest on equity, net of income tax. The amounts per share are R$ 0.1804 and R$ 0.1152 of dividends and interest on equity, respectively. The earnings were paid on May 13, 2021.
The total amount of earnings paid was R$ 60,895 in 2020.

On August 12, 2021, at the Board of Directors' Meeting, the prepayment of dividends related to the first half of 2021 was approved. The amount approved corresponds to R$ 0.1298 per share, totaling R$ 18,323. Dividends were prepaid in September 2021.

36. 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 thorough 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 in the 3rd quarter:

	At September 30, 2021			At September 30, 2020		
				Restated		
Continuing operations	Brazil	Other countries	Total	Brazil	Other countries	Total
Revenue	409.133	110.247	519.380	330.996	83.736	414.732
Cost of sales	(215.707)	(80.168)	(295.875)	(213.914)	(47.443)	(261.357)
Other costs	-	-	-	(1.235)	-	(1.235)
Gross profit	193.426	30.079	223.505	115.847	36.293	152.140

All amounts in thousands of reais, unless otherwise stated.

b) Segment reporting - accumulated:

	At September 30, 2021			At September 30, 2020 Restated		
Continuing operations	Brazil	Other countries	Total	Brazil	Other countries	Total
Revenue	1.102.659	297.375	1.400.034	734.442	196.213	930.655
Cost of sales	(607.083)	(200.549)	(807.632)	(486.111)	(113.617)	(599.728)
Other costs	-	-	-	(27.999)	-	(27.999)
Gross profit	495.576	96.826	592.402	220.332	82.596	302.928

In relation to the foreign market, the Company exports to 53 countries.

c) Segment reporting in the 3rd quarter:

	At September 30, 2020					
Continuing operations	Total	*Eliminations	Portobello	Pointer	Portobello Shop	PBA
Net revenue	414.732	(11.859)	213.397	63.394	114.959	34.841
Cost of sales	(261.357)	13.130	(133.507)	(43.556)	(73.901)	(24.758)
Other costs	(1.235)	-	(1.235)	-	-	-
Gross profit	152.140	1.271	78.655	19.838	41.058	10.083

*Eliminations between transactions

	At September 30, 2021					
Continuing operations	Total	*Eliminations	Portobello	Pointer	Portobello Shop	PBA
Net revenue	519.380	(14.956)	230.758	72.041	177.556	53.981
Cost of sales	(295.875)	14.392	(126.587)	(42.120)	(95.493)	(46.067)
Gross profit	223.505	(564)	104.171	29.921	82.063	7.914

*Eliminations between transactions

d) Segment reporting - accumulated:

	At September 30, 2020					
Continuing operations	Total	*Eliminations	Portobello	Pointer	Portobello Shop	PBA
Net revenue	930.655	(28.648)	484.206	120.679	268.100	86.318
Cost of sales	(599.728)	33.253	(309.185)	(88.429)	(170.624)	(66.028)
Other costs	(27.999)	-	(20.543)	(7.456)	-	-
Gross profit	302.928	4.605	154.478	24.794	97.476	20.290

*Eliminations between transactions

	At September 30, 2021					
Continuing operations	Total	*Eliminations	Portobello	Pointer	Portobello Shop	PBA
Net revenue	1.400.034	(41.940)	661.172	200.638	449.334	130.830
Cost of sales	(807.632)	38.910	(373.693)	(120.508)	(246.903)	(105.438)
Gross profit	592.402	(3.030)	287.479	80.130	202.431	25.392

*Eliminations between transactions

All amounts in thousands of reais, unless otherwise stated.

37. Commitments

a) Commitments for acquisition of assets

At September 30, 2021, expenses recorded but not yet incurred relating to property, plant and equipment total R$ 19,781 (at December 31, 2020 totaled R$ 18,742). Such expenses correspond to the modernization of manufacturing equipment, according to the Company's investment plan.

38. Insurance coverage

The insurance coverage at September 30, 2021 is considered sufficient to cover any claims and is summarized as follows:

Insurance Policy	Maximum Indemnity Limit	Maturity
International transport - Pointer imports	USD 12,000	09/30/2022
Legal Protection Insurance	28.000	06/18/2025
Directors and Officers Liability Insurance (D&O)	40.000	08/27/2022
Legal Protection Insurance	315	05/10/2022
Legal Protection Insurance	10.603	05/10/2022
PBG Property Insurance (Tijucas/Pointer/DCs) - single maxin	305.000	06/13/2022
Vehicle fleet	66 (vehicles)	11/15/2021
Guarantee Bond Contract Engie	7.408	12/31/2021
Group life insurance and funeral assistance	450.538	03/01/2022
Legal Protection Insurance	1.408	04/24/2023
Legal Protection Insurance	3.899	04/26/2024
Legal Protection Insurance	129	04/26/2023
Legal Protection Insurance	417	04/26/2023
International transport - Portobello imports	USD 9,000	12/31/2021
Property Insurance - Own Stores	49.782	05/25/2022
Property Insurance - Pointer (Alagoas Building)	61.000	06/13/2022
General civil liability insurance (Tijucas/Pointer)	6.520	04/14/2022
Legal Protection Insurance	132	03/03/2023
Legal Protection Insurance	1.534	05/13/2024
Legal Protection Insurance	260.769	01/26/2026
Legal Protection Insurance	53.070	05/03/2026
Cyber insurance	7.000	07/01/2022
Legal Protection Insurance	1.366	05/03/2026
Legal Protection Insurance	734	05/03/2026

39. 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:

All amounts in thousands of reais, unless otherwise stated.

		Parent Company	
Nature - Assets and liabilities balance	Company	June 30, 2021	December 31, 2020
Subsidiaries			
Dividends			
Dividends receivable	Portobello Shop S.A.	3.385	53.023
Assets net of liabilities with subsidiaries		3.385	53.023
Commercial transactions			
Trade receivables, net of advances	Portobello Shop S.A.	(39)	805
Trade receivables, net of advances	Portobello America, Inc.	85.631	45.309
Trade receivables	Cia Brasileira de Cerâmica	644	227
Trade receivables	PBTech Com. Sern. Cer. Ltda.	2.567	8.232
Advances from customers	PBTech Com. Sern. Cer. Ltda.	-	(2.581)
Trade payable, net of advances	Cia Brasileira de Cerâmica	-	(19)
Trade payable, net of advances	Mineração Portobello Ltda.	(1.553)	(1.467)
Assets net of liabilities with subsidiaries		87.250	50.506
Related parties			
Payables to related parties	Refinadora Catarinense S.A.	(56.330)	(56.330)
Trade receivables, net of advances	Solução Cerâmica Com. Ltda.	1.222	378
Trade receivables, net of advances	Flooring Revest. Cer. Ltda.	597	-
Trade receivables, net of advances	Multilog Sul Armazéns S/A	29	6
Trade payables	Multilog Sul Armazéns S/A	(495)	-
Trade payables	Flooring Revest. Cer. Ltda.	(5.131)	(6.575)
Trade payables	AB Parking	(24)	(13)
Trade payables	Neoway Tecnologia	(154)	(106)
Trade payables	Decorado Marketplace Ltda.	(77)	-
Assets net of liabilities with other related parties		(60.363)	(62.640)

		3rd Quarter		Accumulated	
Nature - profit or loss	Company	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Revenue					
Subsidiaries					
Sale of products	PBTech Com. Sern. Cer. Ltda	31.087	17.642	77.876	36.845
Sale of products	Cia Brasileira de Cerâmica	533	94	930	343
Sale of products	Portobello America, Inc.	31.714	9.430	59.049	25.292
Related parties					
Sale of products	Solução Cerâmica Com. Ltda.	10.329	6.693	26.855	15.267
Sale of products	Flooring Revest. Cer. Ltda.	5.754	3.224	12.849	7.397
Expenses					
Subsidiaries					
Acquisition of inputs	Mineração Portobello Ltda.	(2.738)	(2.191)	(8.085)	(5.805)
Related parties					
Rental	Gomes Part Societárias Ltda.	(192)	(155)	(570)	(457)
Freight service	Multilog Sul Armazéns S/A	(321)	(2.296)	(3.318)	(5.153)
Cutting service	Flooring Revest. Cer. Ltda.	(2.013)	(3.854)	(8.094)	(9.591)
Software service	Neoway Tecnologia	(312)	(127)	(733)	(288)
Marketing	Decorado Marketplace Ltda.	(112)	(107)	(296)	(430)
Parking service	AB Parking	(61)	(102)	(228)	(252)
		73.667	28.251	156.235	63.168

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

All amounts in thousands of reais, unless otherwise stated.

Related-party transactions

Portobello Shop recognized receivables and service revenue relating to royalties of two related parties. One Company's subsidiary and two related entities comprise the franchise network. The transactions are as follows:

					3rd Quarter		Accumulated	
Transactions with subsidiaries and related entities	Nature - Property	September 30, 2021	December 31, 2020	Nature - profit or loss	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Solução Cerâmica Com. Ltda.	Trade receivables, net of advances	1.224	607	Royalties	3.144	1.880	7.515	4.364
Flooring Revest. Cer. Ltda.	Trade receivables, net of advances	706	198	Royalties	1.835	926	3.764	1.657
		1.930	805		4.979	2.806	11.279	6.021

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 September 30, 2021, are as follows:

	Parent Company				Consolidated			
	3rd Quarter		Accumulated		3rd Quarter		Accumulated	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Fixed compensation								
Salaries	4.468	3.514	12.019	9.776	4.904	3.960	13.266	11.041
Fees	1.993	1.662	5.833	4.797	1.993	1.662	5.833	4.797
Variable compensation	754	538	2.304	1.184	851	631	2.558	1.414
Pension Plan	246	219	789	565	259	229	827	587
Severance benefits	54	39	54	42	54	39	54	42
Other	602	499	1.662	1.296	653	549	1.813	1.435
	8.117	6.471	22.662	17.660	8.714	7.070	24.351	19.316

40. Events after the reporting period

a) Settlement of the DEG contract

On October 14, 2021, the Company settled the borrowing balance with DEG in the amount of EUR 1,380 (R$ 8,691).

b) New NDF contracts

On October 14, 2021, the Company entered into six new NDF contracts (hedge accounting), which mature between January and July 2022, with financial institutions XP and Santander.

All amounts in thousands of reais, unless otherwise stated.

Forward contracts (NDF) - Foreign exchange (U.S. dollar)

Maturity	Quotation set	Notional value (U.S. dollar)
January 31, 2022	5.6190 R$/US$	3.594
February 25, 2022	5.6420 R$/US$	3.706
March 31, 2022	5.6913 R$/US$	3.879
April 29, 2022	5.7230 R$/US$	4.060
May 31, 2022	5.7599 R$/US$	4.165
June 30, 2022	5.7965 R$/US$	4.229
Total		23.632

c) Settlement with BTG

On October 1, 2021, the Company settled R$ 10,000 with Banco BTG, referring to the additional amount of the sale of the Plaintiff bond, pursuant to the contract.

d) Anticipation of dividend payment

On November 10, 2021, at a meeting of the Board of Directors, the anticipation of dividend payment was approved, in the amount of R$ 80,870, equivalent to R$ 0.5736 per share, to be calculated based on the position held by shareholders on November 19, 2021, with the shares being traded "ex" dividends as of November 22, 2021. Payments will be made on November 30, 2021.

PBG S.A.

Quarterly Information (ITR) at September 30, 2021 and report on review of quarterly information

(A free translation of the original in Portuguese)

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 September 30, 2021, comprising the balance sheet at September 30, 2021, and the statements of income and comprehensive income for the quarter and nine-month period then ended, and the statements of changes in equity and cash flows for the nine-month then ended, and a summary of significant accounting policies and other explanatory information.

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.

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Other matters

Statements of value added

The interim financial statements referred to above include the parent company and consolidated statements of value added for the nine-month period ended September 30, 2021. These statements are the responsibility of the Company's management and are presented as supplementary information. These statements have been subjected to review procedures performed together with the review of the interim financial statements for the purpose concluding whether they are reconciled with the interim financial statements 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 that they are consistent with the parent company and consolidated interim financial statements taken as a whole.

Florianopolis, November 11, 2021

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5

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

PortobelloGrupo

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 September 30, 2021; and

(ii) reviewed, discussed and agreed with the opinions expressed in the special review report of PRICEWATERHOUSECOOPERS AUDITORES INDEPENDENTES Independent Auditors, regarding the Company's Quarterly Information for the quarter ended on September 30, 2021.

Tijucas, November 11, 2021.

Board Composition

Mauro do Valle Pereira - Chief Executive Officer

Ronei Gomes – Vice President of Finance and Investor Relations

Edson Luiz Mees Stringari - Vice President of Legal and Compliance

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Mauro do Valle Pereira

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Ronei Gomes

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Edson Luiz Mees Stringari