

(A free translation of the original in Portuguese)

**PBG S.A.**  
**Quarterly Information (ITR) at**  
**September 30, 2023**  
**and report on review of**  
**quarterly information**



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## **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, 2023, comprising the balance sheet at that date 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 period then ended, and explanatory notes.

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

### **Scope of review**

We conducted our review in accordance with Brazilian and International Standards on Reviews of Interim Financial Information (NBC TR 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Brazilian and International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion on the interim information**

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



PBG S.A.

## **Other matters**

### **Statements of value added**

The quarterly information referred to above includes the parent company and consolidated statements of value added for the six-month period ended September 30, 2023. These statements are the responsibility of the Company's management and are presented as supplementary information under IAS 34. These statements have been subjected to review procedures performed together with the review of the interim accounting information for the purpose of concluding whether they are reconciled with the interim accounting information and accounting records, as applicable, and if their form and content are in accordance with the criteria defined in the accounting standard CPC 09 - "Statement of Value Added". Based on our review, nothing has come to our attention that causes us to believe that these statements of value added have not been properly prepared, in all material respects, in accordance with the criteria established in this accounting standard, and consistent with the parent company and consolidated interim accounting information taken as a whole.

Florianópolis, October 31, 2023

A handwritten signature in black ink, appearing to read 'Leandro Sidney Camilo da Costa', written over a faint circular stamp.

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

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

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**Company Information / Breakdown of Capital**

<b>Quantity of shares (Thousand)</b>	<b>Current Period 09/30/2023</b>
<b>Paid-in capital</b>	
<b>Common</b>	140,987
<b>Preferred</b>	0
<b>Total</b>	140,987
<b>Treasury</b>	
<b>Common</b>	0
<b>Preferred</b>	0
<b>Total</b>	0

## Individual financial statements / Balance sheet - Assets (Thousand)

Account Code	Account Description	Current Period 09/30/2023	Previous Period 12/31/2022
1	Total Assets	2,343,030	2,167,342
1.01	Current Assets	879,752	895,649
1.01.01	Cash and Cash Equivalents	179,536	176,995
1.01.03	Accounts Receivable	261,932	282,273
1.01.03.01	Trade Receivables	261,932	282,273
1.01.04	Inventory	384,055	377,211
1.01.06	Taxes to recover	35,407	35,786
1.01.06.01	Current taxes recoverable	35,407	35,786
1.01.06.01.01	Recoverable Income Tax and CS	13,666	11,210
1.01.06.01.02	Other Recoverable Taxes	21,741	24,576
1.01.07	Prepaid Expenses	6,037	5,526
1.01.08	Others Current Assets	12,785	17,858
1.01.08.03	Other	12,785	17,858
1.01.08.03.01	Advance to Suppliers	3,063	4,947
1.01.08.03.03	Derivative financial instruments	4,010	6,410
1.01.08.03.04	Other Accounts Receivable	5,712	6,501
1.02	Non-Current Assets	1,463,278	1,271,693
1.02.01	Long-Term Assets	369,982	526,172
1.02.01.07	Deferred Taxes	38,059	16,109
1.02.01.07.01	Deferred Income and Social Contribution Taxes	38,059	16,109
1.02.01.09	Receivables from related parties	113,484	161,765
1.02.01.09.02	Subsidiaries Credits	113,484	161,765
1.02.01.10	Other Non-Current Assets	218,439	348,298
1.02.01.10.03	Judicial Deposits	12,745	106,509
1.02.01.10.04	Escrow deposit	19,428	19,365
1.02.01.10.05	Receivables - Eletrobras	-	12,821
1.02.01.10.06	Taxes to recover	21,349	19,384
1.02.01.10.07	Legal assets	114,776	140,333
1.02.01.10.08	Restricted investments	27,320	27,320
1.02.01.10.09	Lease Assets	10,106	9,291
1.02.01.10.11	Other Accounts Receivable	12,715	13,275
1.02.02	Investments	447,511	116,938
1.02.02.01	Ownership Interest	447,511	116,938
1.02.02.01.02	Interest in Subsidiaries	444,163	116,590
1.02.02.01.04	Other investments	3,348	348
1.02.03	Property, Plant and Equipment	605,752	597,536
1.02.03.01	Property, Plant and Equipment	529,381	525,521
1.02.03.02	Right to Use in Rent	40,527	35,445
1.02.03.03	Construction in Progress	35,844	36,570
1.02.04	Intangibles Assets	40,033	31,047
1.02.04.01	Intangibles Assets	40,033	31,047

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

Account Code	Account Description	Current Period 09/30/2023	Previous Period 12/31/2022
2	Total Liabilities	2,343,030	2,167,342
2.01	Current Liabilities	1,005,453	701,770
2.01.01	Social and labor obligations	64,369	51,074
2.01.02	Suppliers	400,897	378,167
2.01.02.01	National suppliers	388,316	353,597
2.01.02.01.01	Suppliers	241,038	200,814
2.01.02.01.02	Credit granting from suppliers	129,449	126,393
2.01.02.01.03	Asset Accounts Payable	17,829	26,390
2.01.02.02	Foreign suppliers	12,581	24,570
2.01.03	Tax Obligations	32,494	22,031
2.01.03.01	Federal tax obligations	6,571	6,187
2.01.03.01.02	PIS AND COFINS	2,527	-
2.01.03.01.03	IRRF	3,997	6,187
2.01.03.01.04	Other Taxes	47	-
2.01.03.02	State Taxes	25,923	15,844
2.01.03.02.01	ICMS	25,923	15,844
2.01.04	Loans and Financing	412,333	165,903
2.01.04.01	Loans and Financing	336,769	77,973
2.01.04.01.01	In National Currency	269,750	69,514
2.01.04.01.02	Foreign Currency	67,019	8,459
2.01.04.02	Debentures	75,564	87,930
2.01.05	Other Obligations	95,360	74,104
2.01.05.01	Liabilities Related Party	8,030	7,714
2.01.05.01.02	Debts with Subsidiaries	7,311	7,700
2.01.05.01.04	Other Payables to Related Parties	719	14
2.01.05.02	Other	87,330	66,390
2.01.05.02.01	Dividends and interest on equity	640	563
2.01.05.02.04	Lease Obligations	21,814	16,299
2.01.05.02.05	Derivative financial instruments	2,771	-
2.01.05.02.06	Other bills to pay	20,321	23,015
2.01.05.02.07	Taxes payable in installments	12,924	12,313
2.01.05.02.08	Advances from clients	28,860	14,200
2.01.06	Provisions	-	10,491
2.01.06.02	Other provisions	-	10,491
2.01.06.02.04	Provision for profit sharing	-	10,491
2.02	Non-current Liabilities	955,356	998,356
2.02.01	Loans and Financing	780,290	717,668
2.02.01.01	Loans and Financing	631,574	494,470
2.02.01.01.01	In National Currency	511,313	409,445
2.02.01.01.02	Foreign Currency	120,261	85,025
2.02.01.02	Debentures	148,716	223,198
2.02.02	Other Obligations	99,624	205,615
2.02.02.01	Liabilities Related Party	67,901	66,700
2.02.02.01.02	Debts with Subsidiaries	11,571	10,370
2.02.02.01.04	Other Payables to Related Parties	56,330	56,330
2.02.02.02	Other	31,723	138,915

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

Account Code	Account Description	Current Period 09/30/2023	Previous Period 12/31/2022
2.02.02.02.03	Suppliers	-	94,426
2.02.02.02.04	Asset Accounts Payable	2,911	9,190
2.02.02.02.05	Taxes payable in installments	963	10,217
2.02.02.02.06	Lease Obligations	21,532	21,592
2.02.02.02.07	Other bills to pay	6,317	3,490
2.02.04	Provisions	75,442	75,073
2.02.04.01	Provision for profit sharing	54,259	75,073
2.02.04.01.01	Tax provisions	26,815	28,519
2.02.04.01.02	Social Security and Labor Provisions	9,132	14,624
2.02.04.01.04	Civil provisions	18,312	31,930
2.02.04.02	Other provisions	21,183	-
2.02.04.02.04	Provision for uncovered liabilities in subsidiaries	21,183	-
2.03	Shareholders' Equity	382,221	467,216
2.03.01	Capital	250,000	250,000
2.03.04	Profit Reserves	239,854	255,311
2.03.04.01	Revenue reserves	50,000	50,000
2.03.04.05	Retained Earnings Reserve	36,869	36,869
2.03.04.06	Special Reserve for Undistributed Dividends	35,633	35,633
2.03.04.07	Tax Incentive Reserve	117,352	103,194
2.03.04.08	Additional dividends	-	29,615
2.03.05	Profits / Losses	-62,659	-
2.03.06	Equity valuation adjustments	30,354	31,268
2.03.07	Cumulative translation adjustments	-73,942	-69,561
2.03.08	Other Comprehensive Income	-1,386	198
2.03.08.02	Other Comprehensive Income	-1,386	198

## Individual financial statements / Statement of income (Thousand)

Account Code	Account Description	Current Period 07/01/2023 to 09/30/2023	Accumulated of the Current 01/01/2023 to 09/30/2023	Same Quarter of the Previous Year 07/01/2023 to 09/30/2023	Accumulated of the Previous Period 01/01/2022 to 09/30/2022
3.01	Sales revenue of Goods and / or Services	470,634	1,282,145	477,806	1,369,952
3.02	Cost of Goods and / or Services Sold	-329,001	-907,739	-317,210	-871,942
3.03	Raw score	141,633	374,406	160,596	498,010
3.04	Operating Income / Expenses	-102,072	-337,410	-92,847	-267,686
3.04.01	Selling Expenses	-77,774	-238,972	-81,044	-235,240
3.04.02	General and Administrative Expenses	-15,157	-65,368	-21,082	-61,683
3.04.04	Other Operating Income	1,684	12,560	-3,310	-9,176
3.04.06	Equity income	-10,825	-45,630	12,589	38,413
3.05	Income before financial result and taxes	39,561	36,996	67,749	230,324
3.06	Financial result	-36,604	-102,343	-15,400	-61,605
3.06.01	Financial income	8,647	24,549	3,730	11,328
3.06.02	Financial expenses	-45,251	-126,892	-19,130	-72,933
3.06.02.01	Financial expenses	-43,570	-121,252	-27,646	-77,184
3.06.02.02	Foreign exchange variations, net	-1,681	-5,640	8,516	4,251
3.07	Income before Income Taxes Income Tax and Social Contribution on Net	2,957	-65,347	52,349	168,719
3.08	Income	1,010	15,932	149	-24,765
3.08.01	Current	380	12,352	1,835	-10,254
3.08.02	Deferred	630	3,580	-1,686	-14,511
3.09	Net Income from Continuing Operations	3,967	-49,415	52,498	143,954
3.11	Profit / Loss for the Period	3,967	-49,415	52,498	143,954

## Individual financial statements / Statement of comprehensive income (Thousand)

Account Code	Account Description	Current Period 07/01/2023 to 09/30/2023	Accumulated of the Current 01/01/2023 to 09/30/2023	Same Quarter of the Previous Year 07/01/2023 to 09/30/2023	Accumulated of the Previous Period 01/01/2022 to 09/30/2022
4.01	Net income for the period	3,967	-49,415	52,498	143,954
4.02	Other Comprehensive Income	4,358	-5,965	-6,276	2,927
4.02.01	Exchange variation of subsidiaries located abroad	10,828	-4,381	1,098	-1,833
4.02.02	Hedge Accounting Operations	-9,803	-2,400	-11,174	7,211
4.02.03	Deferred income tax and social contribution on hedge accounting	3,333	816	3,800	-2,451
4.03	Results Comprehensive Period	8,325	-55,380	46,222	146,881

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

Account Code	Account Description	Current Quarter Period	Accumulated of the Previous Period
		01/01/2023 to 09/30/2023	01/01/2022 to 09/30/2022
6.01	Net cash from operating activities	-14,988	119,262
6.01.01	Cash provided by operating activities	140,182	238,532
6.01.01.01	Income (loss) before income tax	-65,347	168,719
6.01.01.02	Depreciation and amortization	58,815	44,390
6.01.01.03	Equity income or loss	45,630	-38,413
6.01.01.04	Unrealized exchange variation	-938	-1,139
6.01.01.05	Provision for valuation of inventories at market value	2,581	3,195
6.01.01.06	Provision for impairment of trade receivables	60	-1,342
6.01.01.07	Civil, Labor, Social Security and Tax Provisions	-18,297	9,507
6.01.01.08	Provision for PPR	-1,820	-9,825
6.01.01.09	Provision for Profit Sharing and Long Term Incentive	2,771	1,783
6.01.01.10	Other provisions	2,520	-
6.01.01.11	Restatement of Judicial Assets	-3,745	-6,085
6.01.01.14	Provision for interest on loans and debentures	111,524	62,580
6.01.01.15	Lease Rescission	39	2,345
6.01.01.16	Interest and adjustment to present value on lease	3,954	888
6.01.01.18	Prodec Present Value Adjustment	-391	1,401
6.01.01.19	Disposals and exchange rate variations property, plant and equipment and intangible assets	55	528
6.01.01.20	Derivative financial instruments	2,771	-
6.01.02	Changes in assets and liabilities	-64,555	-38,006
6.01.02.01	Accounts Receivable	20,281	-47,174
6.01.02.02	Inventory	-9,425	-102,096
6.01.02.03	Judicial Deposits	-662	-9,354
6.01.02.04	Recoverable Taxes	-12,568	9,371
6.01.02.05	Restricted investments	-815	4,587
6.01.02.06	Other assets	838	-5,352
6.01.02.07	Accounts Payable	31,291	75,478
6.01.02.08	Advance to Suppliers	1,884	8,189
6.01.02.09	Civil, Labor, Social Security and Tax Provisions	-2,517	-7,273
6.01.02.10	Advances to Clients	14,660	-8,846
6.01.02.11	Installments	-8,643	-7,813
6.01.02.12	Tax and labor obligations	13,295	20,968
6.01.02.13	Judicial assets	1,100	73,836
6.01.02.14	Receivables from Eletrobrás	12,821	-
6.01.02.15	Payables to related parties	-122,729	-45,107
6.01.02.16	Other trade payables	-13,829	2,304
6.01.02.17	Taxes, fees and contributions	10,463	126
6.01.02.18	Derivative financial instruments	-	150
6.01.03	Other	-90,615	-81,264
6.01.03.01	Interest paid	-90,615	-64,903
6.01.03.02	Income Tax and Social Contribution Paid	-	-16,361
6.02	Net cash used in investing activities	-258,673	-65,389
6.02.01	Acquisition of property, plant and equipment	-41,283	-59,543
6.02.02	Acquisition of intangible assets	-15,676	-10,927
6.02.03	Dividends received	-	50,237

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

Account Code	Account Description	Current Quarter	Accumulated of the Previous
		Period 01/01/2023 to 09/30/2023	Period 01/01/2022 to 09/30/2022
6.02.04	Acquisition of other investments	-3,000	-
6.02.05	Payables of Fixed Assets	-14,840	-1,696
6.02.06	Advance for future capital increase (AFAC)	-183,874	-43,460
6.03	Net cash provided by (used in) financing activities	276,202	-98,913
6.03.01	Loans and financing and debentures	414,194	16,746
6.03.02	Payment of Loans and Financing	-120,341	-60,989
6.03.03	Dividends paid	-	-46,787
6.03.04	Lease Payment	-17,651	-7,883
6.05	Increase/(decrease) in cash and cash equivalents	2,541	-45,040
6.05.01	Opening balance of cash and cash equivalents	176,995	125,516
6.05.02	Closing balance of cash and cash equivalents	179,536	80,476

**Individual financial statements / Statement of changes in shareholders' equity / DMPL - 01/01/2023– 09/30/2023  
(Thousand)**

Account Code	Account Description	Paid-in share Capital	Capital Reserves, Options Awarded and Treasury Stock	Profit Reserves	Retained Earnings or Accumulated Losses	Other Comprehensive Income	Individual Shareholders' Equity
5.01	Opening Balances	250,000	-	255,311	-	-38,095	467,216
5.03	Adjusted Opening Balances	250,000	-	255,311	-	-38,095	467,216
5.04	Capital Transactions with Partners	-	-	-29,615	-	-	-29,615
5.04.06	Dividends	-	-	-29,615	-	-	-29,615
5.06	Internal changes in shareholders' equity	-	-	14,158	-62,659	-6,879	-55,380
5.06.02	Realization of the Revaluation Reserve	-	-	-	914	-914	-
5.06.04	Hedge accounting operations	-	-	-	-	-2,400	-2,400
5.06.05	Deferred income tax on hedge accounting	-	-	-	-	816	816
5.06.06	Exchange variation of subsidiary located abroad	-	-	-	-	-4,381	-4,381
5.06.07	Loss for the period	-	-	-	-49,415	-	-49,415
5.06.08	Tax incentive reserve	-	-	14,158	-14,158	-	-
5.07	Closing Balances	250,000	-	239,854	-62,659	-44,974	381,221

**Individual financial statements / Statement of changes in shareholders' equity / DMPL - 01/01/2022– 09/30/2022  
(Thousand)**

Account Code	Account Description	Paid-in share Capital	Capital Reserves, Options Awarded and Treasury Stock	Profit Reserves	Retained Earnings or Accumulated Losses	Other Comprehensive Income	Individual Shareholders' Equity
5.01	Opening Balances	250,000	-91,351	240,097	-	-42,610	356,136
5.03	Adjusted Opening Balances	250,000	-91,351	240,097	-	-42,610	356,136
5.04	Capital Transactions with Partners	-	91,351	-94,840	-	-	-3,489
5.04.06	Dividends	-	-	-3,489	-	-	-3,489
5.04.08	Cancellation of treasury shares	-	91,351	-91,351	-	-	-
5.05	Total Comprehensive Income	-	-	-	143,954	-	143,954
5.05.01	Net Income for the Period	-	-	-	143,954	-	143,954
5.06	Internal changes in shareholders' equity	-	-	20,109	-63,985	3,361	-40,515
5.06.02	Realization of the Revaluation Reserve	-	-	-	-434	434	-
5.06.04	Reserve of tax incentives	-	-	20,109	-20,109	-	-
5.06.06	Hedge accounting operations	-	-	-	-	7,211	7,211
5.06.07	Deferred Income Tax on Hedge accounting	-	-	-	-	-2,451	-2,451
5.06.08	Exchange variation of subsidiary located abroad	-	-	-	-	-1,833	-1,833
5.06.09	Dividends for the year Dividends for the year	-	-	-	-43,442	-	-43,442
5.07	Closing Balances	250,000	-	165,366	79,969	-39,249	456,086

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

Account Code	Account Description	Current Quarter Period 01/01/2023 to 09/30/2023	Accumulated of the Previous Period 01/01/2022 to 09/30/2022
7.01	Revenues	1,607,649	1,699,541
7.01.01	Sales of goods, products and services	1,599,516	1,686,131
7.01.02	Other revenues	8,011	12,068
7.01.04	Reversal/Allowance for doubtful accounts	122	1,342
7.02	Inputs acquired from third-parties	-821,869	-817,301
7.02.01	Cost of products, goods and services sold	-660,756	-626,949
7.02.02	Materials, energy, third party services and other	-176,032	-195,586
7.02.03	Loss/Recovery of assets	14,919	5,234
7.03	Gross value added	785,780	882,240
7.04	Retentions	-58,815	-44,390
7.04.01	Depreciation and amortization	-58,815	-44,390
7.05	Net value added produced	726,965	837,850
7.06	Value added received in transfer	-11,921	66,189
7.06.01	Equity income	-45,630	38,413
7.06.02	Financial income	33,709	27,776
7.07	Total value added to be distributed	715,044	904,039
7.08	Distribution of value added	715,044	904,039
7.08.01	Personnel	254,298	262,243
7.08.01.01	Direct remuneration	208,430	221,427
7.08.01.02	Benefits	30,084	25,689
7.08.01.03	Government Severance Indemnity Fund for Employee (FGTS)	15,784	15,127
7.08.02	Taxes, fees and contributions	348,729	389,913
7.08.02.01	Federal	134,812	175,911
7.08.02.02	State	213,373	213,148
7.08.02.03	Municipal	544	854
7.08.03	Remuneration of third party capital	161,463	107,929
7.08.03.01	Interest	135,928	89,381
7.08.03.02	Rentals	25,535	18,548
7.08.04	Remuneration of own capital	-49,446	143,954
7.08.04.03	Retained earnings	-49,446	143,954

## Consolidated financial statements / Balance sheet - Assets (Thousand)

Account Code	Account Description	Current Period 09/30/2023	Previous Period 12/31/2022
1	Total Assets	3,035,534	2,479,770
1.01	Current Assets	1,191,138	1,103,098
1.01.01	Cash and Cash Equivalents	325,731	256,088
1.01.03	Accounts Receivable	312,785	314,507
1.01.03.01	Trade Receivables	312,785	314,507
1.01.04	Inventory	467,928	455,038
1.01.06	Taxes to recover	39,539	37,533
1.01.06.01	Current taxes recoverable	39,539	37,533
1.01.06.01.01	Recoverable Income Tax and CS	16,593	12,477
1.01.06.01.02	Other Recoverable Taxes	22,946	25,056
1.01.07	Prepaid Expenses	16,252	13,811
1.01.08	Others Current Assets	28,903	26,121
1.01.08.03	Other	28,903	26,121
1.01.08.03.01	Advance to Suppliers	18,291	11,768
1.01.08.03.02	Derivative financial instruments	4,010	6,410
1.01.08.03.03	Other Accounts Receivable	6,602	7,943
1.02	Non-Current Assets	1,844,396	1,376,672
1.02.01	Long-Term Assets	264,857	374,990
1.02.01.07	Deferred Taxes	46,158	25,523
1.02.01.07.01	Deferred Income and Social Contribution Taxes	46,158	25,523
1.02.01.10	Other Non-Current Assets	218,699	349,467
1.02.01.10.03	Judicial Deposits	12,799	106,704
1.02.01.10.04	Escrow deposit	19,428	19,365
1.02.01.10.05	Receivables - Eletrobras	-	12,821
1.02.01.10.06	Taxes to recover	21,407	19,442
1.02.01.10.07	Legal assets	114,776	140,333
1.02.01.10.08	Restricted investments	27,320	27,320
1.02.01.10.09	Lease Assets	10,106	9,291
1.02.01.10.12	Other Accounts Receivable	12,863	14,191
1.02.02	Investments	3,348	348
1.02.02.01	Ownership Interest	3,348	348
1.02.02.01.05	Other investments	3,348	348
1.02.03	Property, Plant and Equipment	1,502,862	958,957
1.02.03.01	Property, Plant and Equipment	782,977	562,756
1.02.03.02	Right to Use in Rent	496,807	187,727
1.02.03.03	Construction in Progress	223,078	208,474
1.02.04	Intangibles Assets	73,329	42,377
1.02.04.01	Intangibles Assets	73,329	42,377

## Consolidated financial statements / Balance sheet - Liabilities (Thousand)

Account Conta	Account Description	Current Period 09/30/2023	Previous Period 12/31/2022
2	Total Liabilities	3,035,534	2,479,770
2.01	Current Liabilities	1,213,553	945,107
2.01.01	Social and labor obligations	89,503	64,557
2.01.02	Suppliers	464,134	460,832
2.01.02.01	National suppliers	261,577	349,318
2.01.02.01.01	Suppliers	89,295	140,904
2.01.02.01.02	Credit granting from suppliers	129,449	126,393
2.01.02.01.03	Asset Accounts Payable	42,833	82,021
2.01.02.02	Foreign suppliers	202,557	111,514
2.01.03	Tax Obligations	41,966	30,898
2.01.03.01	Federal tax obligations	14,518	14,320
2.01.03.01.01	Income and social contribution tax payable	2,560	3,021
2.01.03.01.02	PIS AND COFINS	5,646	2,055
2.01.03.01.03	IRRF	6,265	8,281
2.01.03.01.04	Other Taxes	47	963
2.01.03.02	State Taxes	27,448	16,578
2.01.03.02.01	ICMS	27,448	16,578
2.01.04	Loans and Financing	412,333	165,903
2.01.04.01	Loans and Financing	336,715	77,973
2.01.04.01.01	In National Currency	269,696	69,514
2.01.04.01.02	Foreign Currency	67,019	8,459
2.01.04.02	Debentures	75,618	87,930
2.01.05	Other Obligations	205,617	212,426
2.01.05.01	Liabilities Related Party	-	49,683
2.01.05.01.04	Other Payables to Related Parties	-	49,683
2.01.05.02	Other	205,617	162,743
2.01.05.02.01	Dividends and interest on equity	640	563
2.01.05.02.04	Lease Obligations	49,147	26,361
2.01.05.02.05	Derivative financial instruments	2,771	-
2.01.05.02.06	Other bills to pay	37,917	39,006
2.01.05.02.07	Taxes payable in installments	12,924	12,313
2.01.05.02.08	Advances from customers	102,218	84,500
2.01.06	Provisions	-	10,491
2.01.06.02	Other provisions	-	10,491
2.01.06.02.04	Provision for profit sharing	-	10,491
2.02	Non-current Liabilities	1,439,712	1,067,419
2.02.01	Loans and Financing	780,290	717,668
2.02.01.01	Loans and Financing	631,574	494,470
2.02.01.01.01	In National Currency	511,313	409,445
2.02.01.01.02	Foreign Currency	120,261	85,025
2.02.01.02	Debentures	148,716	223,198
2.02.02	Other Obligations	569,828	261,382
2.02.02.01	Liabilities Related Party	56,330	56,330
2.02.02.01.04	Other Payables to Related Parties	56,330	56,330
2.02.02.02	Other	513,498	205,052
2.02.02.02.03	Suppliers	-	94,426

## Consolidated financial statements / Balance sheet - Liabilities (Thousand)

Account Conta	Account Description	Current Period 09/30/2023	Previous Period 12/31/2022
2.02.02.02.04	Asset Accounts Payable	139,367	28,095
2.02.02.02.05	Taxes payable in installments	963	10,217
2.02.02.02.07	Lease Obligations	350,953	51,354
2.02.02.02.08	Other	22,215	20,960
2.02.04	Provisions	89,594	88,369
2.02.04.01	Provision for profit sharing	89,594	88,369
2.02.04.01.01	Tax provisions	26,928	28,650
2.02.04.01.02	Social Security and Labor Provisions	9,321	14,871
2.02.04.01.04	Civil provisions	53,345	44,848
2.03	Consolidated Shareholders' Equity	382,269	467,244
2.03.01	Capital	250,000	250,000
2.03.04	Profit Reserves	239,854	255,311
2.03.04.01	Revenue reserves	50,000	50,000
2.03.04.05	Retained Earnings Reserve	36,869	36,869
2.03.04.06	Special Reserve for Undistributed Dividends	35,633	35,633
2.03.04.07	Tax Incentive Reserve	117,352	103,194
2.03.04.08	Additional dividends	-	29,615
2.03.05	Profits / Losses	-62,659	-
2.03.06	Equity valuation adjustments	30,354	31,268
2.03.07	Cumulative translation adjustments	-73,942	-69,561
2.03.08	Other Comprehensive Income	-1,386	198
2.03.09	Participation of Non-Controlling Shareholders	48	28

## Consolidated financial statements / Statement of income (Thousand)

Account Conta	Account Description	Current Period 07/01/2023 to 09/30/2023	Accumulated of the Current 01/01/2023 to 09/30/2023	Same Quarter of the Previous Year 07/01/2022 to 09/30/2022	Accumulated of the Previous Period 01/01/2022 to 09/30/2022
3.01	Sales revenue of Goods and / or Services	598,023	1,634,599	597,924	1,700,337
3.02	Cost of Goods and / or Services Sold	-357,103	-986,897	-340,525	-951,987
3.03	Raw score	240,920	647,702	257,399	748,350
3.04	Operating Income / Expenses	-182,868	-540,820	-172,104	-475,467
3.04.01	Selling Expenses	-156,883	-464,599	-145,665	-394,089
3.04.02	General and Administrative Expenses	-27,627	-84,611	-22,218	-64,638
3.04.05	Other Operating Expenses	1,642	8,390	-4,221	-16,740
3.05	Income before financial result and taxes	58,052	106,882	85,295	272,883
3.06	Financial result	-48,147	-146,958	-20,646	-71,701
3.06.01	Financial income	11,364	29,850	4,900	14,921
3.06.01.01	Financial income	11,364	29,850	4,900	14,921
3.06.02	Financial expenses	-59,511	-176,808	-25,546	-86,622
3.06.02.01	Financial expenses	-57,827	-171,165	-34,058	-90,895
3.06.02.02	Foreign exchange variations, net	-1,684	-5,643	8,512	4,273
3.07	Income before Income Taxes	9,905	-40,076	64,649	201,182
3.08	Income Tax and Social Contribution on Net Income	-5,937	-9,314	-12,171	-57,233
3.08.01	Current	-5,087	-11,579	-10,965	-43,946
3.08.02	Deferred	-850	2,265	-1,206	-13,287
3.09	Net Income from Continuing Operations	3,968	-49,390	52,478	143,949
3.11	Consolidated Profit/Loss for the Period	3,968	-49,390	52,478	143,949
3.11.01	Attributed to Partners of the Parent Company	3,967	-49,415	52,498	143,954
3.11.02	Attributed to Minority Partners	1	25	-20	-5
3.99.01.01	ON	0.02814	-0.35049	0,37236	1,02105

## Consolidated financial statements / Statement of comprehensive income (Thousand)

Account Conta	Account Description	Current Period 07/01/2023 to 09/30/2023	Accumulated of the Current 01/01/2023 to 09/30/2023	Same Quarter of the Previous Year 07/01/2022 to 09/30/2022	Accumulated of the Previous Period 01/01/2022 to 09/30/2022
4.01	Net income for the period	3,968	-49,390	52,478	143,949
4.02	Other Comprehensive Income	4,358	-5,965	-6,276	2,927
4.02.01	Exchange variation of subsidiaries located abroad	10,828	-4,381	1,098	-1,833
4.02.02	Hedge Accounting Operations	-9,803	-2,400	-11,174	7,211
4.02.03	Deferred income tax and social contribution on hedge accounting	3,333	816	3,800	-2,451
4.03	Results Comprehensive Period	8,326	-55,355	46,202	146,876
4.03.01	Attributed to Partners of the Parent Company	8,325	-55,380	46,222	146,881
4.03.02	Attributed to Minority Partners	1	25	-20	-5

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

Account Code	Account Description	Current Quarter	Accumulated of the
		Period 01/01/2023 to 09/30/2023	Previous Period 01/01/2022 to 09/30/2022
6.01	Net cash from operating activities	97,047	222,444
6.01.01	Cash provided by operating activities	207,959	322,748
6.01.01.01	Income (loss) before income tax	-40,076	201,182
6.01.01.02	Depreciation and amortization	101,490	65,650
6.01.01.04	Unrealized exchange variation	-5,319	-1,139
6.01.01.05	Provision for valuation of inventories at market value	-4,110	852
6.01.01.06	Provision for impairment of trade receivables	883	-1,055
6.01.01.07	Civil, Labor, Social Security and Tax Provisions	3,775	11,233
6.01.01.08	Provision for PPR	-512	-9,825
6.01.01.09	Provision for Profit Sharing and Long Term Incentive	2,771	1,783
6.01.01.10	Other provisions	2,520	-
6.01.01.11	Tax Assets	-3,745	-6,085
6.01.01.14	Provision for interest on loans and debentures	111,524	62,580
6.01.01.16	Interest and adjustment to present value on lease	16,651	2,158
6.01.01.17	Lease amortization	1,891	2,345
6.01.01.18	Disposals and exchange rate variations property, plant and equipment and intangible assets	17,836	-8,332
6.01.01.19	Prodec Present Value Adjustment	-391	1,401
6.01.01.20	Derivative financial instruments	2,771	-
6.01.02	Changes in assets and liabilities	4,101	14,431
6.01.02.01	Accounts Receivable	839	-49,973
6.01.02.02	Inventory	-8,780	-134,152
6.01.02.03	Judicial Deposits	-521	-9,357
6.01.02.04	Recoverable Taxes	-14,947	7,697
6.01.02.05	Linked Financial Investment	-815	4,587
6.01.02.06	Other assets	228	-4,779
6.01.02.07	Accounts Payable	42,490	92,056
6.01.02.08	Advance to Suppliers	-6,523	3,859
6.01.02.09	Civil, Labor, Social Security and Tax Provisions	-2,550	-7,476
6.01.02.10	Installments	17,718	-2,774
6.01.02.11	Installments	-8,643	-7,813
6.01.02.12	Tax and labor obligations	24,942	28,479
6.01.02.13	Judicial assets	1,100	92,622
6.01.02.14	Receivables from Eletrobrás	12,821	-
6.01.02.15	Payables to related parties	-49,683	-3,815
6.01.02.16	Taxes, fees and contributions	11,529	3,662
6.01.02.18	Derivatives	-	150
6.01.02.19	Other trade payables	-15,104	1,458
6.01.03	Other	-115,013	-114,735
6.01.03.01	Interest paid	-90,615	-64,903
6.01.03.02	Income Tax and Social Contribution Paid	-24,398	-49,832
6.02	Net cash used in investing activities	-272,721	-167,367
6.02.01	Acquisition of property, plant and equipment	-300,605	-146,088
6.02.02	Acquisition of intangible assets	-41,200	-15,570
6.02.04	Acquisition of other investments	-3,000	-
6.02.05	Receipt for sale and reimbursement of fixed assets	-	55,764

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

Account Code	Account Description	Current Quarter	Accumulated of the Previous Period
		Period 01/01/2023 to 09/30/2023	01/01/2022 to 09/30/2022
6.02.06	Payables of Fixed Assets	72,084	-18,094
6.02.08	Acquisition of rental assets	-	-43,379
6.03	Net cash provided by (used in) financing activities	245,317	-110,610
6.03.01	Borrowings, Financing and Debentures	414,194	16,746
6.03.02	Payment of Loans and Financing	-120,341	-60,989
6.03.03	Dividends paid	-	-46,861
6.03.06	Lease Payment	-48,536	-19,506
6.05	Increase/(decrease) in cash and cash equivalents	69,643	-55,533
6.05.01	Opening balance of cash and cash equivalents	256,088	189,718
6.05.02	Closing balance of cash and cash equivalents	325,731	134,185

**Consolidated financial statements / Statement of changes in shareholders' equity / DMPL - 01/01/2023–09/30/2023  
(Thousand)**

Account Code	Account Description	Paid-in share capital	Capital Reserves, Options Awarded and Treasury Stock	Profit Reserves	Retained Earnings or Accumulated Losses	Other Comprehensive Income	Shareholders' Equity	Minority Interests	Consolidated Shareholders' Equity
5.01	Opening Balances	250,000	-	255,311	-	-38,095	467,216	28	467,244
5.03	Adjusted Opening Balances	250,000	-	255,311	-	-38,095	467,216	28	467,244
5.04	Capital Transactions with Partners	-	-	-29,615	-	-	-29,615	-5	-29,620
5.04.06	Dividends	-	-	-29,615	-	-	-29,615	-5	-29,620
5.06	Internal changes in shareholders' equity	-	-	14,158	-62,659	-6,879	-55,380	25	-55,355
5.06.02	Realization of the Revaluation Reserve	-	-	-	914	-914	-	-	-
5.06.04	Hedge accounting operations	-	-	-	-	-2,400	-2,400	-	-2,400
5.06.05	Deferred income tax on hedge accounting	-	-	-	-	816	816	-	816
5.06.06	Exchange variation of subsidiary located abroad	-	-	-	-	-4,381	-4,381	-	-4,381
5.06.07	Loss for the period	-	-	-	-49,415	-	-49,415	25	-49,390
5.06.08	Tax incentive reserve	-	-	14,158	-14,158	-	-	-	-
5.07	Closing Balances	250,000	-	239,854	-62,659	-44,974	382,221	48	382,269

## Consolidated financial statements / Statement of changes in shareholders' equity / DMPL - 01/01/2022 – 09/30/2022 (Thousand)

Account Code	Account Description	Paid-in share capital	Capital Reserves, Options Awarded and Treasury Stock	Profit Reserves	Retained Earnings or Accumulated Losses	Other Comprehensive Income	Shareholders' Equity	Minority Interests	Consolidated Shareholders' Equity
5.01	Opening Balances	250,000	-91,351	240,097	-	-42,610	356,136	21	356,157
5.03	Adjusted Opening Balances	250,000	-91,351	240,097	-	-42,610	356,136	21	356,157
5.04	Capital Transactions with Partners	-	91,351	-94,840	-	-	-3,489	-	-3,489
5.04.06	Dividends	-	-	-3,489	-	-	-3,489	-	-3,489
5.04.08	Cancellation of treasury shares	-	91,351	-91,351	-	-	-	-	-
5.05	Total Comprehensive Income	-	-	-	143,954	-	143,954	5	143,959
5.05.01	Net Income for the Period	-	-	-	143,954	-	143,954	5	143,959
5.06	Internal changes in shareholders' equity	-	-	20,109	-63,985	3,361	-40,515	-10	-40,525
5.06.02	Realization of the Revaluation Reserve	-	-	-	-434	434	-	-	-
5.06.04	Reserve of tax incentives	-	-	20,109	-20,109	-	-	-	-
5.06.05	Hedge accounting operations	-	-	-	-	7,211	7,211	-	7,211
5.06.06	Deferred Income Tax on Hedge accounting	-	-	-	-	-2,451	-2,451	-	-2,451
5.06.07	Exchange variation of subsidiary located abroad	-	-	-	-	-1,833	-1,833	-	-1,833
5.06.08	Dividends for the year	-	-	-	-43,442	-	-43,442	-10	-43,452
5.07	Closing Balances	250,000	-	165,366	79,969	-39,249	456,086	16	456,102

## Consolidated financial statements / Statement of added value (Thousand)

Account Code	Account Description	Current Quarter Period 01/01/2023 to 09/30/2023	Accumulated of the Previous Period 01/01/2022 to 09/30/2022
7.01	Revenues	2,016,789	2,081,562
7.01.01	Sales of goods, products and services	2,019,142	2,059,770
7.01.02	Other revenues	10,094	20,737
7.01.04	Reversal/Allowance for doubtful accounts	-12,447	1,055
7.02	Inputs acquired from third-parties	-986,667	-957,830
7.02.01	Cost of products, goods and services sold	-715,718	-693,016
7.02.02	Materials, energy, third party services and other	-284,582	-270,089
7.02.03	Loss/Recovery of assets	13,633	5,275
7.03	Gross value added	1,030,122	1,123,732
7.04	Retentions	-101,490	-65,650
7.04.01	Depreciation and amortization	-101,490	-65,650
7.05	Net value added produced	928,632	1,058,082
7.06	Value added received in transfer	42,477	30,818
7.06.02	Financial income	42,477	30,818
7.07	Total value added to be distributed	971,109	1,088,900
7.08	Distribution of value added	971,109	1,088,900
7.08.01	Personnel	378,838	346,961
7.08.01.01	Direct remuneration	320,623	298,560
7.08.01.02	Benefits	37,372	29,935
7.08.01.03	Government Severance Indemnity Fund for Employee (FGTS)	20,843	18,466
7.08.02	Taxes, fees and contributions	445,551	473,770
7.08.02.01	Federal	219,599	253,046
7.08.02.02	State	225,316	219,648
7.08.02.03	Municipal	636	1,076
7.08.03	Remuneration of third party capital	196,148	124,220
7.08.03.01	Interest	167,966	102,445
7.08.03.02	Rentals	28,182	21,775
7.08.04	Remuneration of own capital	-49,428	143,949
7.08.04.03	Retained earnings	-49,447	143,954
7.08.04.04	Minority interests in retained earnings	19	-5

(A free translation of the original in Portuguese)

## **PBG S.A. and subsidiaries**

Notes to the interim financial information at September 30, 2023.  
All amounts in thousands of reais, unless otherwise stated.

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### **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 stockholders, formalized in the agreement entered into on April 15, 2011, and amended on August 5, 2021, which holds 61.12% of the Company’s shares at September 30, 2023. The remaining share balance of 38.88% refers to outstanding shares (free float).

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

The Company also holds equity interest in the following subsidiaries: (i) Portobello Shop, franchiser that manages a network of 125 franchises of Portobello Shop stores specialized in porcelain tiles and ceramic coatings; (ii) PBTech, which manages 24 Portobello Shop owned 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 2<sup>nd</sup> quarter of 2018, which operates the special cuts factory, manufacturing products with the Officina Portobello brand; and (v) Portobello America, which has two distribution centers where it distributes Portobello products in the US market and began its own production in July 2023, after the completion of the plant in the USA through its subsidiary Portobello America Manufacturing LLC. This represents an advance in the Company’s internationalization strategy and in its consolidation in the US market. In this first stage, the new industrial facility will have an annual production capacity of up to 3.6 million square meters, with a built-up area of 90 thousand square meters, designed with cutting-edge technology and counting on state-of-the-art machinery and processes, in the region that is currently considered as the US industrial hub for ceramic coatings.

#### **1.1 Net working capital**

At September 30, 2023, the Consolidated Balance Sheet presented a net working capital of R\$ (22,415), resulting from short-term borrowings taken out in the first quarter of 2023, in the amount of R\$ 211,700. The Company constantly monitors the net working capital and the projections of cash flow generation in order to support the feasibility of its business plan.

In addition, the renegotiations of borrowings and financing with financial institutions are advancing and the Company expects to settle these debts in the 4<sup>th</sup> quarter of 2023. Accordingly, with the generation of additional cash, the Company estimates that these measures will be sufficient to balance the net working capital.

## **2. Presentation of the interim 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, 2022, 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 comprise 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 October 30, 2023.

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

### **b) Use of judgment and estimates**

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

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

## **3. Significant accounting policies**

The significant accounting policies applied in the preparation of these Parent Company and Consolidated interim financial information are as follows. These policies have been consistently applied in the years presented, unless otherwise stated. The accounting practices adopted by the Company

## PBG S.A. and subsidiaries

Notes to the interim financial information at September 30, 2023.

All amounts in thousands of reais, unless otherwise stated.

and its subsidiaries in the preparation of the quarterly information for the quarter ended September 30, 2023 are consistent with those used in the preparation of the last annual financial statements at December 31, 2022, and are disclosed in Note 3 to those financial statements.

This interim financial information should be read together with those annual financial statements disclosed on March 28, 2023. The interim financial information for the three- and nine-month periods ended September 30, 2023 includes all information significant for the understanding of the Company's financial position and performance during the period.

### 3.1 Consolidations

#### 3.1.1 Interim financial information

##### a) Subsidiaries

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

The Company's ownership interest in subsidiaries at September 30, 2023 is as follows:

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

Transactions between the Company and its subsidiaries, as well as unrealized balances, gains and losses, have been eliminated for the purposes of preparation of the consolidated Financial Statements.

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

##### b) Transactions and non-controlling interests

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

#### 3.1.2 Parent company interim financial information

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

## **PBG S.A. and subsidiaries**

Notes to the interim financial information at September 30, 2023.

All amounts in thousands of reais, unless otherwise stated.

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. Therefore, 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 32, except when deferred in equity as qualifying cash flow hedge transactions.

#### **b) Foreign subsidiaries**

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

### **3.4 Revenue recognition**

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

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

#### **a) Product sales**

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

## **PBG S.A. and subsidiaries**

Notes to the interim financial information at September 30, 2023.

All amounts in thousands of reais, unless otherwise stated.

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products in accordance with the sales contract; and (iv) the acceptance provisions have been agreed upon, or the Company has objective evidence that all criteria for acceptance have been met.

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

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

### **b) Income from franchisees**

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

### **c) Revenue from goods and services – Oficina Portobello**

Revenue from sales of goods and services that include ceramic coatings with tableware, metals and solutions in the art of porcelain, for which the transfer of control occurs when delivered directly to the final consumer at points of sale, is the single performance obligation. Therefore there is no complexity in defining performance obligations and transferring control of goods and services to customers.

### **d) Interest income**

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

## **4. Critical accounting estimates and judgments**

The main judgments and uncertainties in the estimates used in the application of accounting policies remain the same as those detailed in the financial statements for the year ended December 31, 2022 and should therefore be read together.

## **5. Financial risk management**

### **5.1. Financial risk factors**

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

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

## PBG S.A. and subsidiaries

Notes to the interim financial information at September 30, 2023.

All amounts in thousands of reais, unless otherwise stated.

### 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, mainly in relation to the US Dollar, Euro and Yuan. The foreign exchange risk arises from future commercial transactions and recognized assets and liabilities and net investments in operations abroad.

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

	In thousands of Brazilian reais			
	Parent company		Consolidated	
	September 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022
Trade receivables	77,944	80,718	119,794	104,616
Checking account	9	36	42,159	14,539
Receivables from subsidiaries	85,018	150,220	-	-
Exposed assets	162,971	230,974	161,953	119,155
Suppliers	(12,581)	(5,059)	(29,275)	(18,098)
Suppliers of property, plant and equipment and intangible assets	(11,822)	(19,511)	(173,282)	(93,416)
Borrowings and financing	(187,280)	(93,484)	(187,280)	(93,484)
(-) Swap transactions	105,895	-	105,895	-
Exposed liabilities	(105,788)	(118,054)	(283,942)	(204,998)
Net exposure	57,183	112,920	(121,989)	(85,843)

The foreign exchange exposure is divided into:

#### 1. Euro:

	In thousands of Euros			
	Parent company		Consolidated	
	September 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022
Trade receivables	743	241	743	241
Suppliers	(49)	(391)	(49)	(391)
Suppliers of property, plant and equipment and intangible assets	(2,231)	(3,503)	(6,208)	(17,667)
	(1,537)	(3,653)	(5,514)	(17,817)

#### 2. US Dollar:

	In thousands of US Dollars			
	Parent company		Consolidated	
	September 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022

## PBG S.A. and subsidiaries

Notes to the interim financial information at September 30, 2023.

All amounts in thousands of reais, unless otherwise stated.

Trade receivables	14,540	15,213	22,897	19,793
Checking account	2	7	8,419	2,786
Receivables from subsidiaries	16,978	28,790	-	-
Suppliers	(2,443)	(552)	(5,777)	(3,051)
Suppliers of property, plant and equipment and intangible assets	-	-	(28,034)	-
Borrowings and financing	(37,399)	(17,917)	(37,399)	(17,917)
(-) Swap transactions	21,147	-	21,147	-
	<u>12,825</u>	<u>25,541</u>	<u>(18,747)</u>	<u>1,611</u>

### 3. Yuan:

	In thousands of Yuans			
	Parent company		Consolidated	
	September 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022
Trade receivables	1,745	-	1,745	-
Suppliers	(131)	-	(131)	-
	<u>1,614</u>	<u>-</u>	<u>1,614</u>	<u>-</u>

The Company has a policy of maintaining foreign exchange exposure losses at an amount equivalent to one year of its exports.

#### ii) Cash flow or fair value risk associated to the interest rate

The interest rate risk arises from long-term borrowings obtained at floating rates that expose the Company and its subsidiaries to the interest rate and cash flow risks, as described in Note 21. 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.

Financial 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 Company has been taking care to manage cash in accordance with its investment and funding policies.

The table below presents Parent Company and Consolidated non-derivative financial liabilities, by maturity brackets based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Parent company

## PBG S.A. and subsidiaries

Notes to the interim financial information at September 30, 2023.

All amounts in thousands of reais, unless otherwise stated.

December 31, 2022					
	Borrowings and debentures	Lease liabilities	Trade payables and credit assignment	Installment payment of tax obligations	Total
Less than 1 year	165,903	16,299	378,167	12,313	572,682
From 1 to 2 years	168,895	10,016	102,317	10,217	291,445
From 2 to 5 years	492,000	11,576	1,299	-	504,875
Over 5 years	56,773	-	-	-	56,773
	<u>883,571</u>	<u>37,891</u>	<u>481,783</u>	<u>22,530</u>	<u>1,425,775</u>
Parent company					
September 30, 2023					
	Borrowings and debentures	Lease liabilities	Trade payables and credit assignment	Installment payment of tax obligations	Total
Less than 1 year	412,333	21,814	400,897	12,924	847,968
From 1 to 2 years	416,273	18,512	2,911	963	438,659
From 2 to 5 years	308,198	3,020	-	-	311,218
Over 5 years	55,819	-	-	-	55,819
	<u>1,192,623</u>	<u>43,346</u>	<u>403,808</u>	<u>13,887</u>	<u>1,653,664</u>
Consolidated					
December 31, 2022					
	Borrowings and debentures	Lease liabilities	Trade payables and credit assignment	Installment payment of tax obligations	Total
Less than 1 year	165,903	26,361	460,832	12,313	665,409
From 1 to 2 years	168,895	20,328	121,222	10,217	320,662
From 2 to 5 years	492,000	30,082	1,299	-	523,381
Over 5 years	56,773	944	-	-	57,717
	<u>883,571</u>	<u>77,715</u>	<u>583,353</u>	<u>22,530</u>	<u>1,567,169</u>
Consolidated					
September 30, 2023					
	Borrowings and debentures	Lease liabilities	Trade payables and credit assignment	Installment payment of tax obligations	Total
Less than 1 year	412,333	49,147	464,134	12,924	938,538
From 1 to 2 years	416,273	41,197	97,557	963	555,990
From 2 to 5 years	308,198	36,627	41,810	-	386,635
Over 5 years	55,819	273,129	-	-	328,948
	<u>1,192,623</u>	<u>400,100</u>	<u>603,501</u>	<u>13,887</u>	<u>2,210,111</u>

### d) Sensitivity analysis

#### i) Sensitivity analysis of interest rate variations

The Company's Management conducted a study of the potential impact of interest rates changes on the amounts of finance costs and income arising from borrowings, debentures, tax installments and financial 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 a decrease in the CDI rate to 12.18% per year, based on the future interest curve by B3 S.A. - Brasil, Bolsa e Balcão and Selic to 12.18% 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:

## PBG S.A. and subsidiaries

Notes to the interim financial information at September 30, 2023.

All amounts in thousands of reais, unless otherwise stated.

	Consolidated in Reais							
	September 30, 2023	Risk	Probable Rate		Possible (25%)*		Remote (50%)*	
			%	R\$	%	R\$	%	R\$
Financial investments	270,663	CDI increase	12.18%	32,967	15.23%	41,208	18.27%	49,450
Borrowings and financing	(625,555)	CDI increase	12.18%	(76,193)	15.23%	(95,241)	18.27%	(114,289)
Debentures	(224,280)	CDI increase	12.18%	(27,317)	15.23%	(34,147)	18.27%	(40,976)
Installment payment of tax obligations	(13,887)	Selic increase	12.18%	(1,691)	15.23%	(2,114)	18.27%	(2,537)
	<u>(593,059)</u>			<u>(72,234)</u>		<u>(90,294)</u>		<u>(108,352)</u>

\* Selic and CDI rates obtained from the B3 (Brasil, Bolsa e Balcão) website on October 14, 2023.

### ii) Sensitivity analysis of changes in exchange rates

The Company has assets and liabilities pegged to a foreign currency in the balance sheet as at September 30, 2023, and for sensitivity analysis purposes, it has adopted as probable scenario the future market rate effective in the period of preparation of this interim financial information. The probable rate in US dollar is R\$ 5.11 and in Euro is R\$ 5.44. 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 in US dollars and Euros, which are more representative:

	Consolidated						
	September 30, 2023		Probable scenario	Currency appreciation		Currency depreciation	
	(Payable)	Receivable		Possible +25%	Remote +50%	Possible -25%	Remote -50%
	US						
	Dollar	Reais	5.1102	6.3878	7.6653	3.8327	2.5551
Trade receivables	22,897	114,660	2,349	31,602	60,854	(26,903)	(56,155)
Checking account	8,419	42,159	864	11,619	22,375	(9,892)	(20,648)
Suppliers	(5,777)	(28,927)	(593)	(7,973)	(15,353)	6,787	14,167
Borrowings and financing	(37,399)	(187,280)	(3,837)	(51,616)	(99,396)	43,942	91,721
(-) Swap contracts	21,147	105,895	2,170	29,186	56,202	(24,846)	(51,863)
Suppliers of property, plant and equipment and intangible assets	(28,034)	(140,382)	(2,876)	(38,691)	(74,505)	32,938	68,753
Net exposure	<u>(18,747)</u>	<u>(93,875)</u>	<u>(1,923)</u>	<u>(25,873)</u>	<u>(49,823)</u>	<u>22,026</u>	<u>45,975</u>
	Euro		5.4414	6.8018	8.1621	4.0811	2.7207
Trade receivables	743	3,937	105	1,115	2,126	(906)	(1,916)
Suppliers	(49)	(258)	(7)	(73)	(139)	59	126
Suppliers of property, plant and equipment and intangible assets	(6,208)	(32,900)	(878)	(9,322)	(17,767)	7,567	16,011
Net exposure	<u>(5,514)</u>	<u>(29,221)</u>	<u>(780)</u>	<u>(8,280)</u>	<u>(15,780)</u>	<u>6,720</u>	<u>14,221</u>

\*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 13, 2023.

Furthermore, the Company has financial instruments to protect revenue from exports and borrowings, according to 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 gearing ratio. Net debt is calculated as total borrowings, financing and debentures, lease liability with purchase option less cash and cash equivalents.

## PBG S.A. and subsidiaries

Notes to the interim financial information at September 30, 2023.  
All amounts in thousands of reais, unless otherwise stated.

At September 30, 2023, the gearing ratios are summarized as follows:

	Parent company		Consolidated	
	September 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022
Gross Banking Debt	1,195,145	886,570	1,195,145	886,570
Cash and cash equivalents	(179,536)	(176,995)	(325,731)	(256,088)
Net indebtedness	1,015,609	709,575	869,414	630,482
Total equity	382,221	467,216	382,269	467,244
Total Company and third-party capital	1,397,830	1,176,791	1,251,683	1,097,726
Net debt/ EBITDA*			3.15	1.55
Gearing ratio (%)			69	57

\* Our Covenants are calculated according to the net debt ratio divided by Consolidated Ebitda (see Note 21).

### 5.3 Financial instruments by category

	Parent company		Consolidated	
	September 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022
Assets measured at fair value through profit or loss and other comprehensive income				
Hedge accounting derivatives	4,010	6,410	4,010	6,410
Amortized cost				
Cash and cash equivalents	179,536	176,995	325,731	256,088
Trade receivables	261,932	282,273	312,785	314,507
Receivables from subsidiaries	113,484	161,765	-	-
Judicial deposits	12,745	106,509	12,799	106,704
Restricted investments	10,106	9,291	10,106	9,291
Other assets	18,427	19,776	19,465	22,134
	600,240	763,019	684,896	715,134
Liabilities at fair value through profit or loss				
Derivatives - swaps	2,771	-	2,771	-
Amortized cost				
Trade payables, credit assignment and payables for property, plant and equipment	403,808	481,783	603,501	583,353
Borrowings, financing and debentures	1,192,623	883,571	1,192,623	883,571
Dividends payable	640	563	640	563
Lease liabilities	43,346	37,891	400,100	77,715
Payables to related parties	75,931	74,414	56,330	106,013
Other liabilities	26,638	26,505	60,132	59,966
	1,745,757	1,504,727	2,316,097	1,711,181

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\$ 10,106 at September 30, 2023 (R\$ 9,291 at December 31, 2022). This financial investment is classified in non-current assets.

## PBG S.A. and subsidiaries

Notes to the interim financial information at September 30, 2023.

All amounts in thousands of reais, unless otherwise stated.

### 6. Cash and cash equivalents

Financial investments designated as cash equivalents are mostly CDB investments, and a small portion in investment funds, the profitability of the financial investments on the balance sheet date is between 90.5% and 103% of the Interbank Deposit Certificate (CDI) rate and have immediate liquidity, and can be redeemed at any time, without penalties.

	Parent company		Consolidated	
	September 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022
Checking accounts	4,787	60,118	16,397	81,710
Local currency	4,778	60,082	12,909	67,685
Foreign currency	9	36	3,488	14,025
Financial investments	174,749	116,877	309,334	174,378
Local currency	174,749	116,877	270,663	173,864
Foreign currency	-	-	38,671	514
	<u>179,536</u>	<u>176,995</u>	<u>325,731</u>	<u>256,088</u>

### 7. Derivative 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 as current assets or current liabilities if the remaining period for the maturity of the hedged item is below 12 months.

#### 7.1 Non Deliverable Forward (NDF)

The Company has NDF contracts with a total notional amount of US\$ 83,243, under the following conditions:

##### a) Transactions to be settled/realized after September 30, 2023 with effect on current assets and equity:

Maturity	Quotation set (weighted average of agreements) R\$/US\$	Notional value (US\$)	Fair value - MTM
10/31/2023	5.2073	10,090	1,560
11/30/2023	5.2150	10,629	1,513
12/31/2023	5.2179	10,795	1,347
01/31/2024	5.1128	3,214	28
02/29/2024	5.1293	3,563	40
03/31/2024	5.1392	3,932	30
04/30/2024	5.1517	3,672	14
05/31/2024	5.1590	3,980	(9)
06/30/2024	5.1695	4,351	(27)
07/31/2024	5.1841	4,278	(42)
08/31/2024	5.1927	4,635	(73)
09/30/2024	5.2062	5,098	(87)
10/31/2024	5.2230	4,687	(90)
11/30/2024	5.2375	4,985	(90)

## PBG S.A. and subsidiaries

Notes to the interim financial information at September 30, 2023.

All amounts in thousands of reais, unless otherwise stated.

12/31/2024	5.2512	5,334	(104)
Total		83,243	4,010

### b) Transactions settled/realized up to September 30, 2023 with effects on profit or loss:

Maturity	Quotation set (weighted average of agreements) R\$/US\$	Notional value (US\$)	Operating income (Note 29)			
			Quarter ended September 30, 2023	Quarter ended September 30, 2022	Accumulated at September 30, 2023	Accumulated at September 30, 2022
2022	5.8466	37,685	-	11,995	-	28,019
2023	5.4390	52,130	6,000	-	22,272	-

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, according to the Company's hedging policy.

In September 2023, the unrealized gain (fair value - mark-to-market at the curve of the US Dollar of B3) of R\$ 4,010, without considering the effect of income tax and social contribution, recorded in other comprehensive income (equity) and in current assets, 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.

The realized gain in the first nine months of 2023, in the amount of R\$ 22,272, was recorded as operating income (Note 29) based on the hedge accounting methodology included in the Policy adopted by the Company.

## 7.2 Swaps

The Company contracted US dollar operations under Export Prepayments (PPE), Export Credit Notes (NCE) and working capital, with a balance at September 30, 2023 of R\$ 105,895 (Note 5), and, in addition to these operations, swap transactions were contracted to hedge the future payment of these borrowings and financing against the US dollar and interest rate fluctuations.

At September 30, 2023, these operations are classified in current liabilities (net assets vs. liabilities) in the amount of R\$ 2,771. Amortization follows the contracts schedule (Note 21).

## 8. Trade receivables

	Parent company		Consolidated	
	September 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022
Receivables from third parties				
Domestic market	187,072	204,555	198,731	214,705
Foreign market	77,944	80,718	119,794	104,616
	<u>265,016</u>	<u>285,273</u>	<u>318,525</u>	<u>319,321</u>
Receivables from related parties				
Entities related to management	-	24	7	50
Total trade receivables (current assets)	<u>265,016</u>	<u>285,297</u>	<u>318,532</u>	<u>319,371</u>
Impairment of trade receivables				
Provision for impairment of trade receivables (current assets)	(3,084)	(3,024)	(5,747)	(4,864)
Total trade receivables, net of provision for impairment of trade receivables	<u>261,932</u>	<u>282,273</u>	<u>312,785</u>	<u>314,507</u>

## PBG S.A. and subsidiaries

Notes to the interim financial information at September 30, 2023.  
All amounts in thousands of reais, unless otherwise stated.

### a) Aging list of trade receivables:

	Parent company					
	September 30, 2023	Estimated losses	Coverage %	December 31, 2022	Estimated losses	Coverage %
Not yet due	254,392	(888)	0.3%	275,669	(1,132)	0.4%
Past due up to 30 days	4,624	(145)	3.1%	4,537	(45)	1.0%
Past due from 31 to 60 days	3,142	(158)	5.0%	1,713	(86)	5.0%
Past due from 61 to 90 days	421	(45)	10.7%	677	(68)	10.0%
Past due from 91 to 120 days	538	(143)	26.6%	734	(184)	25.1%
Past due from 121 to 180 days	432	(238)	55.1%	916	(458)	50.0%
Past due from 181 to 360 days	1,467	(1,467)	100.0%	1,051	(1,051)	100.0%
	<u>265,016</u>	<u>(3,084)</u>		<u>285,297</u>	<u>(3,024)</u>	
	Consolidated					
	September 30, 2023	Estimated losses	Coverage %	December 31, 2022	Estimated losses	Coverage %
Not yet due	286,322	(1,066)	0.4%	296,191	(1,286)	0.4%
Past due up to 30 days	14,259	(202)	1.4%	11,523	(115)	1.0%
Past due from 31 to 60 days	7,639	(280)	3.7%	3,408	(170)	5.0%
Past due from 61 to 90 days	1,844	(137)	7.4%	2,744	(274)	10.0%
Past due from 91 to 120 days	1,697	(358)	21.1%	2,309	(577)	25.0%
Past due from 121 to 180 days	1,603	(645)	40.2%	1,509	(755)	50.0%
Past due from 181 to 360 days	5,168	(3,059)	59.2%	1,687	(1,687)	100.0%
	<u>318,532</u>	<u>(5,747)</u>		<u>319,371</u>	<u>(4,864)</u>	

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

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

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

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

	Parent company	Consolidated
Balance at December 31, 2021	(7,607)	(9,872)
Provision	(3,619)	(10,100)
Reversal of provision	2,682	9,587

## PBG S.A. and subsidiaries

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Write-off due to effective loss	2,129	2,130
Balance at December 31, 2022	(6,415)	(8,255)
Provision	(5,390)	(9,835)
Reversal of provision	3,360	4,603
Write-off due to effective loss	1,970	4,349
Balance at September 30, 2023	(6,475)	(9,138)

The Company's receivables are pledged as collateral for some of the borrowings and financing, as described in Note 21.

At September 30, 2023, there are notes receivable pledged as collateral for borrowings, financing and debentures in the amount of R\$ 91,724 (R\$ 88,094 at December 31, 2022) and there are no amounts to guarantee the operations of third parties with franchisees (R\$ 167 at December 31, 2022).

## 9. Inventories

	Parent company		Consolidated	
	September 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022
Finished products	332,183	321,573	409,903	401,824
Work in progress	12,290	11,116	14,436	11,330
Raw and consumable materials	54,562	57,440	59,261	59,130
Imports in transit	902	383	902	3,438
Provision for valuation of inventories at realizable value	(15,882)	(13,301)	(16,574)	(20,684)
	<u>384,055</u>	<u>377,211</u>	<u>467,928</u>	<u>455,038</u>

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

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

	Parent company	Consolidated
Balance at December 31, 2021	(8,594)	(11,842)
Recognition of provision	(11,804)	(19,185)
Reversal of provision due to sale or write-off	7,097	10,343
Balance at December 31, 2022	(13,301)	(20,684)
Recognition of provision	(4,874)	(6,670)
Reversal of provision due to sale or write-off	2,293	10,780
Balance at September 30, 2023	(15,882)	(16,574)

## 10. Taxes recoverable

Parent company		Consolidated	
September 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022

Current assets

## PBG S.A. and subsidiaries

Notes to the interim financial information at September 30, 2023.

All amounts in thousands of reais, unless otherwise stated.

IRPJ/CSLL (a)	13,666	11,210	16,593	12,477
ICMS (b)	3,697	10,257	3,963	10,575
PIS/COFINS (c)	9,832	9,703	10,151	9,765
IPI	3,218	2,798	3,341	2,865
Reintegra	1,538	880	1,538	880
Other taxes recoverable	3,456	938	3,953	971
	<u>35,407</u>	<u>35,786</u>	<u>39,539</u>	<u>37,533</u>
Non-current assets				
ICMS-ST (d)	9,982	9,982	10,040	9,982
ICMS - DIFAL (e)	9,584	9,103	9,584	9,103
ICMS	<u>1,783</u>	<u>299</u>	<u>1,783</u>	<u>357</u>
	<u>21,349</u>	<u>19,384</u>	<u>21,407</u>	<u>19,442</u>

### a) IRPJ and CSLL

The main component of this line item is the amount of undue tax payments related to non-taxation of Selic interest on IRPJ and CSLL bases. The Company obtained a favorable outcome on lawsuit No. 5027201-31.2018.4.04.7200, which had a final and unappealable decision rendered on June 30, 2023. Subsequently, it filed a request for approval of credit in the total amount of R\$ 10,965 with the Brazilian Federal Revenue Service. The other component refers to the negative IRPJ and CSLL balance of 2022.

### b) ICMS

The balance is substantially composed of ICMS Difal credits of R\$ 2,295 (R\$ 2,185 at December 31, 2022) and ICMS credits on property, plant and equipment of R\$ 1,219 (R\$ 4,737 at December 31, 2022).

### c) PIS and COFINS

This balance includes the amounts of PIS and COFINS on property, plant and equipment and PIS and COFINS credits arising from the Company's normal operations, which will be fully offset in the calculations for the following periods.

### d) ICMS-ST

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

### e) ICMS - DIFAL

The Company filed writs of mandamus against the collection of DIFAL in the states of Rio Grande do Sul (writ of mandamus no. 5015551-38.2021.8.21.0001, Minas Gerais (writ of mandamus no. 5012757-94.2021.8.13.0024) and Paraná (writ of mandamus no. 0001091-63.2021.8.16.0004), before the enactment of the complementary law. It obtained a favorable decision for the refund of the amounts paid upon a final and unappealable decision in September 2022. The amounts are R\$ 5,547 (MG), R\$ 3,556 (RS) and R\$ 481 (PR). These amounts are already being refunded through offsets against the amounts calculated monthly by the Company.

## 11. Judicial deposits

The Company and its subsidiaries are parties to tax, civil, labor and social security lawsuits (see Notes 25 and 26) and are discussing these matters at administrative and judicial level, which are supported

## PBG S.A. and subsidiaries

Notes to the interim financial information at September 30, 2023.

All amounts in thousands of reais, unless otherwise stated.

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, 2023	December 31, 2022	September 30, 2023	December 31, 2022
Civil (a)	-	94,426	-	94,426
Other civil deposits	212	156	212	156
Labor	1,455	1,636	1,463	1,786
Tax	11,078	10,291	11,124	10,336
	<u>12,745</u>	<u>106,509</u>	<u>12,799</u>	<u>106,704</u>

a) The Company, due to an untimely and unilateral decision by the gas supplier to suspend the discount of the monthly value of the contracted gas, a benefit called loyalty plan, filed a lawsuit requesting the maintenance of this benefit, and an injunction was granted so that the amounts referring to the discount were deposited in court. In January 2022, the priorly granted injunction was vacated in favor of the Gas supplier, who also received the authorization to a partial withdrawal of 50% (R\$ 87,100) of the amounts deposited in court. Regarding this decision, the Company filed an appeal before the Court of Appeals, which was denied. In 2023, after the judicial decision, the Gas supplier obtained a favorable outcome and withdrew the complete balance deposited in court. No deposited balance remained in September 2023.

## 12. Guarantee deposits

In September 2020, the Company signed a "Term of Understanding and Settlement of Obligations" with Refinadora Catarinense S.A. ("Refinadora"), referring to the settlement of a debt of the Refinadora with the Company, in the amount of R\$ 101,990. In this Term, the Parties agreed that Refinadora paid the transferred money, in the amount of R\$ 89,517, for the tax foreclosure proceedings filed against PBG S.A. This amount was recorded in October 2020 in a guarantee deposits account, classified in non-current assets.

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

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

In March 2022, the Company withdrew a total amount of R\$ 15,159, of which: i) R\$ 8,737 on March 2, related to Tax Foreclosure 0001185-67.2007.8.24.0072; ii) R\$ 6,422, on March 28, in relation to Tax Foreclosure 0004559-23.2009.8.24.0072.

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

## **PBG S.A. and subsidiaries**

Notes to the interim financial information at September 30, 2023.

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

In August 2022, with respect to Tax Foreclosure 0004555- 83.2009.8.24.0072, the Company obtained authorization to withdraw the excess of guarantee in the amount of R\$ 1,147.

At December 31, 2022, the Company carried out the financial update of the assets in the amount of R\$ 4,331, obtaining the balance of R\$ 18,666 at that date.

In 2023, there were changes arising from the withdrawal of R\$ 1,100 in favor of the Company in January, as well as restatement of R\$ 1,163 in the first nine months of the year, resulting in a balance of R\$ 19,428 at September 30, 2023, with realization estimated for 2024.

### **13. Receivables from Eletrobras**

The Company filed a lawsuit against Centrais Elétricas Brasileira S.A. - Eletrobras 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 determine the credit to be executed, adjusting (reducing) the quantity due to the STJ's subsequent decision.

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

In September 2022, after subpoena, the Parties agreed with the quantum debeatur presented by the Federal Court in the amount of R\$ 12,977, which includes the Company's credit and the amount of attorney fees borne by the defeated party.

After the homologation decision and summons from Eletrobras for the payment of the enforceable amount, the debtor made the judicial deposit of R\$ 13,746 on January 17, 2023, of which R\$ 12,668 were withdrawn by the Company and R\$ 1,078 were withdrawn by the Law Firm in March 2023. No balance remains at September 30, 2023. In an analysis of the amounts paid by Eletrobras, a remaining credit of R\$ 51 for the Company was identified, and Eletrobras acknowledged the amount. The Company is currently awaiting payment of the identified difference to subsequently terminate the lawsuit.

### **14. Income tax and social contribution**

#### **a) Income tax and social contribution recoverable and payable**

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

## PBG S.A. and subsidiaries

Notes to the interim financial information at September 30, 2023.

All amounts in thousands of reais, unless otherwise stated.

	Current assets			
	Parent company		Consolidated	
	September 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022
Income tax	10,762	8,331	15,838	9,286
Social contribution	10,904	2,879	755	3,191
	<u>13,666</u>	<u>11,210</u>	<u>16,593</u>	<u>12,477</u>
	Current liabilities			
	Parent company		Consolidated	
	September 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022
Income tax	-	-	1,875	1,931
Social contribution	-	-	685	1,090
	<u>-</u>	<u>-</u>	<u>2,560</u>	<u>3,021</u>

### b) Deferred income tax and social contribution

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

	Parent company		Consolidated	
	September 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022
Tax losses	<u>68,831</u>	<u>23,647</u>	<u>80,261</u>	<u>35,078</u>
Temporary differences - assets	<u>37,583</u>	<u>64,254</u>	<u>40,639</u>	<u>68,623</u>
Provision for civil, labor, social security and tax risks	11,888	18,205	12,210	18,665
Provision for success fees	6,560	7,320	6,583	7,588
Provision for expenses	1,880	2,924	1,910	4,466
Provision for Difal	3,951	3,863	3,951	3,863
Provision for commissions	3,784	3,449	3,784	3,449
Provision for adjustment to market value	2,927	2,526	2,927	2,526
Provision for impairment of trade receivables	2,202	2,181	2,405	2,591
Provision for profit sharing and long-term incentive	2,129	4,754	2,129	4,754
Cash basis foreign exchange variations	(2,962)	16,067	(2,962)	16,067
Other temporary differences - assets	5,224	2,965	7,702	4,654
Temporary differences - liabilities	<u>(68,355)</u>	<u>(71,792)</u>	<u>(74,742)</u>	<u>(78,178)</u>
Depreciation adjustment (to the useful lives of goods)	(28,464)	(27,177)	(28,464)	(27,176)
Realization of the revaluation reserve	(15,637)	(16,108)	(15,637)	(16,108)
Contingent assets - IPI credit premium - Phase II	(10,024)	(9,452)	(10,024)	(9,452)
Portobello pension plan	(9,289)	(9,289)	(9,289)	(9,289)
Hedge accounting transactions	(1,364)	(2,180)	(1,364)	(2,180)
Contingent assets - IPI credit premium - Phase I	(3,463)	(3,264)	(3,463)	(3,264)
Receivables from Eletrobrás	-	(4,359)	-	(4,359)
Contingent assets - adjustment to rural credit notes	-	-	(6,387)	(6,387)
Adjustment to present value	(114)	37	(114)	37
Deferred income tax and social contribution - Net	<u>38,059</u>	<u>16,109</u>	<u>46,158</u>	<u>25,523</u>
Non-current assets	106,430	87,900	120,916	103,701
Non-current liabilities	(68,371)	(71,791)	(74,758)	(78,178)

## PBG S.A. and subsidiaries

Notes to the interim financial information at September 30, 2023.

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At September 30, 2023 and December 31, 2022, net variations in deferred income tax and social contribution are as follows:

	Parent company	Consolidated
December 31, 2021	27,293	31,942
Tax losses	(4,055)	(1,416)
Temporary differences - assets	1,200	3,326
Temporary differences - liabilities	(6,923)	(6,923)
Hedge accounting transactions	(1,339)	(1,339)
Revaluation reserve	(67)	(67)
December 31, 2022	16,109	25,523
Tax losses	45,184	45,183
Temporary differences - assets	(26,654)	(27,968)
Temporary differences - liabilities	2,133	2,133
Hedge accounting transactions	816	816
Revaluation reserve	471	471
September 30, 2023	38,059	46,158

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

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

	Parent company		Consolidated	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Profit before tax	(65,347)	168,719	(40,076)	201,182
Tax calculated based on the nominal rate - 34%	22,218	(57,364)	13,626	(68,402)
Equity in the earnings of subsidiaries	(15,514)	13,060	-	-
Tax incentives	4,901	5,930	4,901	5,930
Interest on capital	3,278	6,035	3,278	6,035
Tax incentives - Sudene	-	2,630	-	2,630
IRPJ and CSLL on undue tax payments	692	834	692	834
Depreciation of revalued assets	471	(458)	471	(458)
Deferred IRPJ and CSLL not recorded - Portobello America	-	-	(27,089)	-
Deferred IRPJ and CSLL not recorded - CBC	-	-	(2,534)	-
Other	(114)	4,568	(2,659)	(3,802)
	15,932	(24,765)	(9,314)	(57,233)
Current tax on profit for the year	12,352	(10,254)	(11,579)	(43,946)
Deferred income tax and social contribution	3,580	(14,511)	2,265	(13,287)
Income tax and social contribution expense (recognized in profit or loss - current and deferred)	15,932	(24,765)	(9,314)	(57,233)
Effective tax rate	24.4%	14.7%	-23.2%	28.4%

### d) Tax losses in the Parent Company and Consolidated

	Parent company		Consolidated	
	September 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022
Tax losses	202,443	69,551	236,061	103,170
Deferred IRPJ and CSLL	68,831	23,647	80,261	35,078

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Based on studies and projections of results for the following periods, a recoverability test was conducted for deferred tax assets arising from income tax and social contribution losses recorded at September 30, 2023 in the Parent Company and its subsidiary Companhia Brasileira de Cerâmica, where we estimated the following asset recoverability schedule:

Period	Parent company	Consolidated
2023	-	2,985
2024	26	6,806
2025	4,830	6,495
2026	4,879	4,879
2027	11,241	11,241
2028	20,265	20,265
2029	27,590	27,590
	<u>68,831</u>	<u>80,261</u>

### 15. Legal assets

	Parent company		Consolidated	
	September 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022
IPI premium credit (a)				
Lawsuit No. 1987.0000.645- 9 (Phase II)	29,483	27,799	29,483	27,799
Lawsuit No. 1984.00.020114-0 (Phase I)	10,186	9,600	10,186	9,600
IPI premium credit - Plaintiff - Complementary Portion (b)	75,107	75,107	75,107	75,107
IRPJ and CSLL on interest on undue tax payments (c)	-	27,827	-	27,827
	<u>114,776</u>	<u>140,333</u>	<u>114,776</u>	<u>140,333</u>

#### a) IPI premium credit

The Company is a party to a lawsuit claiming the recognition of tax benefits called 'IPI premium credit', in different calculation periods. Lawsuit No. 1987.0000.645-9, relating to the period between April 1, 1981 and April 30, 1985, which was decided favorably to the Company, is in the award calculation phase with the amounts already calculated by the Federal Court accounting department; the amount recognized in November 2009, maintained at September 30, 2023, is R\$ 29,483 (R\$ 27,799 at December 31, 2022).

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

The Federal Government, represented by the National Treasury's Attorney's Office, did not manifest itself, which led to tacit agreement and, consequently, preclusion. The lawsuit is concluded and there is no further possibility of objection. The Company recognized, in 2015, the amount calculated by the legal expert, in the amount of R\$ 4,983, and, as the Company understands that the gain in the mentioned lawsuit is practically certain, it recorded the tax asset in June 2015, and maintains the balance of R\$ 10,186 at September 30, 2023 (R\$ 9,600 at December 31, 2022). The Company will ensure that the payment request be dispatched by April 2024, so that the financial realization takes place by June 2025.

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Notes to the interim financial information at September 30, 2023.

All amounts in thousands of reais, unless otherwise stated.

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### **b) IPI premium credit – Plaintiff**

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

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

In the 1st quarter of 2020, an asset of R\$ 75,107 was recognized. In addition, the following amounts were recorded in liabilities: i) R\$ 56,330 referring to the amounts to be paid to Refinadora Catarinense; ii) R\$ 1,737 referring to PIS and COFINS; and iii) R\$ 3,380 referring to deferred IRPJ/CSLL (currently recorded in the net amount in the balance sheet within assets, with a corresponding entry in the statement of operations. Moreover, success fees were provided for, and the net amount payable to the Company is R\$ 4,823.

In the decision on the merits of the case, issued in July 2022, regarding the objection to the enforcement of the sentence by the National Treasury, the Court rejected the arguments presented and approved the calculations presented by the Federal Court. Due to said decision, the National Treasury filed a Motion for Clarification which was denied, remaining unaffected by the appealed decision.

In 2023, due to the decisions approving the calculation, the National Treasury filed an appeal to the Federal Regional Court (TRF) of the 1st Region, which was received without the granting of suspensive effect, and awaits judgment. Even though the proceeding was suspended, the Company is taking measures with the lower court for the issuance of the Payment Request.

### **c) 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 Corporate Income Tax (IRPJ) and Social Contribution on Net Income (CSLL) on the Selic rate applicable in undue tax payments recovered at the judicial or administrative level or judicial deposits, which is 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 IRPJ and CSLL on the SELIC rate received by taxpayers as a result of undue tax payments.

Considering the above and as determined by IFRIC 23/ICPC 22 - Uncertainty over Income Tax Treatments, due to the likelihood of success in the proceeding as a result of the decision in general repercussion of the STF, the Company recorded its best estimate to date in the amount of R\$ 28,140; of that amount, R\$ 10,869 refers to current IRPJ and CSLL and R\$ 17,271 refers to deferred IRPJ and CSLL. 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.

In June 2023, a decision was issued approving the partial withdrawal of the Writ of Mandamus regarding the unenforceability of IRPJ and CSLL on the Selic rate obtained in the release of judicial deposits. Accordingly, as a final and unappealable decision has already been rendered, in September 2023 the

## PBG S.A. and subsidiaries

Notes to the interim financial information at September 30, 2023.

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Company reclassified the balance of R\$ 28,139 to Recoverable Taxes (R\$ 13,391 in Current assets) and Deferred IRPJ and CSLL (R\$ 14,748 in Non-current assets).

## 16. Investments

### Interest in subsidiaries

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

Subsidiaries are closely-held companies, for which variations in the year 2022 and in the nine-month period ended September 30, 2023 are presented below:

	Country of incorporation	Direct ownership	Indirect ownership	Assets	Liabilities	Equity	Revenue	Profit or loss
At December 31, 2022								
Portobello America Inc.	United States	100.00%	0.00%	253,447	222,616	30,831	210,724	(42,424)
Portobello America Manufacturing	United States	0.00%	100.00%	139,538	139,888	(350)	-	(2,359)
PBTech Ltda.	Brazil	99.94%	0.06%	225,106	189,167	35,939	344,896	31,973
Portobello Shop S/A	Brazil	99.90%	0.00%	47,233	18,847	28,386	107,967	51,906
Mineração Portobello Ltda.	Brazil	99.76%	0.00%	17,046	17,001	45	13,063	(197)
Companhia Brasileira de Cerâmica S/A	Brazil	98.85%	1.15%	33,241	11,170	22,071	12,509	(4,884)
At September 30, 2023								
Portobello America Inc.	United States	100.00%	0.00%	903,855	612,174	291,681	163,564	(79,673)
Portobello America Manufacturing (a)	United States	0.00%	100.00%	429,084	430,457	(1,372)	13,179	(8,789)
PBTech Ltda.	Brazil	99.94%	0.06%	236,996	161,049	75,947	373,311	40,008
Portobello Shop S/A	Brazil	99.90%	0.00%	83,453	32,517	50,936	89,720	22,551
Mineração Portobello Ltda.	Brazil	99.99%	0.00%	18,940	40,124	(21,184)	13,192	(21,229)
Companhia Brasileira de Cerâmica S/A	Brazil	98.85%	1.15%	32,815	6,699	26,116	14,043	(7,452)

(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 year 2022 and in the nine-month period ended September 30, 2023 are presented below:

	Percentage of interest	December 31, 2021	Foreign exchange variations	Capital increase	Advances for future capital increase	Equity in the earnings of subsidiary	Dividends	December 31, 2022
Investments								
Portobello America Inc. (b)	100.00%	22,106	(3,071)	-	52,856	(41,644)	-	30,247
PBTech Ltda.	99.94%	9,963	-	-	-	31,955	(6,000)	35,918
Portobello Shop S.A.	99.90%	20,696	-	-	-	51,898	(44,237)	28,357
Mineração Portobello Ltda. (a)	99.99%	242	-	9,000	(9,000)	(197)	-	45
Companhia Brasileira de Cerâmica S/A (b)	98.85%	11,130	-	-	15,710	(4,827)	-	22,013
Portobello S/A	100.00%	10	-	-	-	-	-	10
Total net investment in subsidiaries		64,147	(3,071)	9,000	59,566	37,185	(50,237)	116,590
Interest in subsidiaries		64,147						116,590

(a) In April 2022, PBG S.A. increased the capital of Mineração Portobello by R\$ 9,000, paying the amount through an advance for future capital increase previously recorded.

(b) Between January and December 2022, Companhia Brasileira de Cerâmica S/A received two advances for future capital increase from PBG S.A in the total amount of R\$ 15,710, and Portobello America received one advance for future capital increase in the amount of R\$ 52,856.

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	Percentage of interest	December 31, 2022	Foreign exchange variations	Advances for future capital increase	Equity in the earnings of subsidiary	September 30, 2023
<b>Investments</b>						
Portobello America Inc.(c)	100.00%	30,247	(4,381)	344,904	(79,549)	291,221
PBTech Ltda.	99.94%	35,918	-	-	39,984	75,902
Portobello Shop S.A.	99.90%	28,357	-	-	22,528	50,885
Mineração Portobello Ltda. (d)	99.99%	45	-	-	(21,228)	(21,183)
Companhia Brasileira de Cerâmica S/A (c)	98.85%	22,013	-	11,497	(7,365)	26,145
Portobello S/A	100.00%	10	-	-	-	10
<b>Total net investment in subsidiaries</b>		<b>116,590</b>	<b>(4,381)</b>	<b>356,401</b>	<b>(45,630)</b>	<b>422,980</b>
<b>Interest in subsidiaries</b>		<b>116,590</b>				<b>444,163</b>
<b>Provision for net capital deficiency in subsidiaries (d)</b>		<b>-</b>				<b>(21,183)</b>

(c) Between January and September 2023, Companhia Brasileira de Cerâmica S/A received two advances for future capital increase from PBG S.A in the total amount of R\$ 11,497, and Portobello America received an advance for future capital increase in the amount of R\$ 344,904 (R\$ 172,527 referring to receivables, not affecting cash, and R\$ 172,337 referring to loan, with a cash effect, as shown in the Cash Flow Statement, in activities investment)).

(d) In June 2023, Mineração Portobello Ltda. had net capital deficiency due to the registration of updated legal proceedings, as described in Explanatory Note 25.a.

## Other investments

The Company acquired a stake of R\$ 3,000 in Enel Brasil, specifically in the wind power plant Ventos de Santa Esperança 21, which belongs to the wind farm Morro do Chapéu Sul II, located in Bahia, built and operated by Enel Green Power, Enel's division of renewable energy. The wind farm has an installed capacity of R\$ 353 MW and 84 wind turbines.

The agreement entered into between the Company and Enel has a 15-year term and provides for the supply of renewable energy corresponding to half of the consumption of the Company and its subsidiaries in Brazil, with a maximum volume of 10 average Megawatts (aMW), equivalent to a consumption of 87.6 GWh/year. Under this agreement, Enel is allowed to trade the remaining electricity generated by the plant in the free market, after supplying the volume contracted by the Company.

## 17. Property, plant and equipment

### a) Breakdown

	Parent company				
	Annual average depreciation rate	September 30, 2023		December 31, 2022	
		Cost	Accumulated depreciation	Net value	Net value
Land	-	12,603	-	12,603	12,603
Buildings, constructions and improvements	3%	293,565	(97,208)	196,357	202,167
Machinery and equipment	15%	788,673	(473,760)	314,913	303,346
Furniture and fixtures	10%	10,609	(9,580)	1,029	2,345
Computers	20%	34,175	(29,912)	4,263	4,998
Other property, plant and equipment	20%	1,542	(1,326)	216	62
Construction in progress	-	35,844	-	35,844	36,570
		<b>1,177,011</b>	<b>(611,786)</b>	<b>565,225</b>	<b>562,091</b>
		<b>Consolidated</b>			

## PBG S.A. and subsidiaries

Notes to the interim financial information at September 30, 2023.

All amounts in thousands of reais, unless otherwise stated.

	Annual average depreciation rate	September 30, 2023			December 31, 2022
		Cost	Accumulated depreciation	Net value	Net value
Land	-	13,486	-	13,486	13,486
Buildings, constructions and improvements	3%	337,271	(125,633)	211,638	217,406
Machinery and equipment	15%	1,020,397	(478,522)	541,875	315,946
Furniture and fixtures	10%	19,355	(12,405)	6,950	7,435
Computers	20%	39,361	(31,107)	8,254	7,395
Other property, plant and equipment	20%	3,582	(2,808)	774	1,088
Construction in progress	-	223,078	-	223,078	208,474
		<u>1,656,530</u>	<u>(650,475)</u>	<u>1,006,055</u>	<u>771,230</u>

### b) Changes in property, plant and equipment

	Parent company					
	December 31, 2021	Additions	Transfers	Depreciation	Write-offs	December 31, 2022
Land	12,603	-	-	-	-	12,603
Buildings and improvements	206,913	6,829	536	(12,111)	-	202,167
Machinery and equipment	283,260	20,903	30,562	(31,247)	(132)	303,346
Furniture and fixtures	8,224	26,227	(30,629)	(1,477)	-	2,345
Computers	5,431	3,189	(888)	(2,734)	-	4,998
Other property, plant and equipment	2,992	-	(2,811)	(103)	(16)	62
Construction in progress	8,887	24,453	3,230	-	-	36,570
Total	<u>528,310</u>	<u>81,601</u>	<u>-</u>	<u>(47,672)</u>	<u>(148)</u>	<u>562,091</u>

	Parent company					
	December 31, 2022	Additions	Transfers	Depreciation	Write-offs	September 30, 2023
Land	12,603	-	-	-	-	12,603
Buildings and improvements	202,167	2,357	1,703	(9,870)	-	196,357
Machinery and equipment	303,346	23,849	13,886	(26,167)	(1)	314,913
Furniture and fixtures	2,345	27	(1,043)	(300)	-	1,029
Computers	4,998	257	795	(1,787)	-	4,263
Other property, plant and equipment	62	16	162	(24)	-	216
Construction in progress	36,570	14,777	(15,503)	-	-	35,844
Total	<u>562,091</u>	<u>41,283</u>	<u>-</u>	<u>(38,148)</u>	<u>(1)</u>	<u>565,225</u>

	Consolidated						
	December 31, 2021	Additions	Transfers	Depreciation	Write-offs	Foreign exchange variations	December 31, 2022
Land	31,633	-	-	-	(14,904)	(3,243)	13,486
Buildings and improvements	226,379	9,658	357	(18,648)	(285)	(55)	217,406
Machinery and equipment	286,057	31,116	30,563	(31,630)	(132)	(28)	315,946
Furniture and fixtures	12,270	28,057	(30,629)	(2,416)	-	153	7,435

## PBG S.A. and subsidiaries

Notes to the interim financial information at September 30, 2023.

All amounts in thousands of reais, unless otherwise stated.

Computers	5,713	5,445	(870)	(2,845)	-	(48)	7,395
Other property, plant and equipment	4,069	482	(2,811)	(636)	(16)	-	1,088
Construction in progress	48,337	158,094	3,390	-	-	(1,347)	208,474
	<u>614,458</u>	<u>232,852</u>	<u>-</u>	<u>(56,175)</u>	<u>(15,337)</u>	<u>(4,568)</u>	<u>771,230</u>

	Consolidated						September 30, 2023
	December 31, 2022	Additions	Transfers	Depreciation	Write-offs	Foreign exchange variations	
Land	13,486	-	-	-	-	-	13,486
Buildings and improvements	217,406	8,362	1,457	(15,466)	(121)	-	211,638
Machinery and equipment	315,946	97,353	166,833	(29,190)	(1)	(9,066)	541,875
Furniture and fixtures	7,435	2,107	(1,043)	(1,418)	-	(131)	6,950
Computers	7,395	1,671	1,478	(2,159)	-	(131)	8,254
Other property, plant and equipment	1,088	16	162	(492)	-	-	774
Construction in progress	208,474	191,096	(168,887)	-	-	(7,605)	223,078
	<u>771,230</u>	<u>300,605</u>	<u>-</u>	<u>(48,725)</u>	<u>(122)</u>	<u>(16,933)</u>	<u>1,006,055</u>

In 2023, additions to property, plant and equipment in the Consolidated amounted to R\$ 300,605, of which 83.31% were allocated to the acquisition of machinery and equipment for the US plant, 5.08% to the Tijucas plant, 7.84% to the Marechal Deodoro (Pointer) plant, 1.88% to own stores, and the remaining 1.90% was divided between commercial and corporate projects.

Depreciation amounts were recorded as cost of goods sold, selling expenses and administrative expenses, as follows:

	Parent company		Consolidated	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Cost of goods sold	(27,315)	(29,768)	(29,555)	(29,887)
Selling expenses	(5,424)	(3,645)	(12,126)	(9,755)
Administrative expenses	(5,409)	(1,555)	(7,044)	(1,738)
	<u>(38,148)</u>	<u>(34,968)</u>	<u>(48,725)</u>	<u>(41,380)</u>

### c) Impairment of property, plant and equipment

Property, plant and equipment is tested for impairment at least annually, and for the year ended December 31, 2022, Management reviewed the cash flow projections of assets and did not identify the need to record a provision for impairment.

## 18. Intangible assets

### a) Breakdown

Parent company

**PBG S.A. and subsidiaries**

Notes to the interim financial information at September 30, 2023.

All amounts in thousands of reais, unless otherwise stated.

	September 30, 2023			December 31, 2022
	Annual average amortization rate	Cost	Accumulated amortization	Net value
				Net value
Trademarks and patents	-	150	-	150
Software	20%	79,776	(46,255)	26,158
Right to explore mineral resources	9%	1,000	(1,000)	-
Software under development	-	6,362	-	4,739
		<u>87,288</u>	<u>(47,255)</u>	<u>31,047</u>
Consolidated				
	September 30, 2023			December 31, 2022
	Annual average amortization rate	Cost	Accumulated amortization	Net value
				Net value
Trademarks and patents	-	378	-	150
Software	20%	113,161	(54,300)	35,062
Right to explore mineral resources	9%	4,074	(3,835)	284
Software under development	-	13,851	-	6,881
		<u>131,464</u>	<u>(58,135)</u>	<u>42,377</u>

**b) Changes in intangible assets**

Parent company							
	December 31, 2021	Additions	Transfers	Amortizations	Write-offs	December 31, 2022	
Trademarks and patents	150	-	-	-	-	150	
Software	15,892	5,137	11,998	(6,525)	(344)	26,158	
Software under development	6,282	10,455	(11,998)	-	-	4,739	
	<u>22,324</u>	<u>15,592</u>	<u>-</u>	<u>(6,525)</u>	<u>(344)</u>	<u>31,047</u>	
Parent company							
	December 31, 2022	Additions	Transfers	Amortizations	Write-offs	September 30, 2023	
Trademarks and patents	150	-	-	-	-	150	
Software	26,158	9,380	4,673	(6,636)	(54)	33,521	
Software under development	4,739	6,296	(4,673)	-	-	6,362	
	<u>31,047</u>	<u>15,676</u>	<u>-</u>	<u>(6,636)</u>	<u>(54)</u>	<u>40,033</u>	
Consolidated							
	December 31, 2021	Additions	Transfers	Amortizations	Write-offs	Foreign exchange variations	December 31, 2022
Trademarks and patents	150	-	-	-	-	-	150
Software	20,919	6,827	16,272	(8,792)	(349)	185	35,062

## PBG S.A. and subsidiaries

Notes to the interim financial information at September 30, 2023.

All amounts in thousands of reais, unless otherwise stated.

Right to explore mineral resources	351	-	-	(67)	-	-	284
Software under development	7,377	16,162	(16,272)	-	(386)	-	6,881
	<u>28,797</u>	<u>22,989</u>	<u>-</u>	<u>(8,859)</u>	<u>(735)</u>	<u>185</u>	<u>42,377</u>
<b>Consolidated</b>							
	December 31, 2022	Additions	Transfers	Amortizations	Write-offs	Foreign exchange variations	September 30, 2023
Trademarks and patents	150	233	-	-	-	(5)	378
Software	35,062	27,617	6,380	(9,422)	(78)	(698)	58,861
Right to explore mineral resources	284	-	-	(45)	-	-	239
Software under development	6,881	13,350	(6,380)	-	-	-	13,851
	<u>42,377</u>	<u>41,200</u>	<u>-</u>	<u>(9,467)</u>	<u>(78)</u>	<u>(703)</u>	<u>73,329</u>

In 2023, intangible assets in Consolidated amounted to R\$ 41,200, a significant portion of which was destined for the transformation project, which aims to optimize and implement digital improvements in the commercial area and implement Oracle for Portobello America and Companhia Brasileira de Cerâmica.

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

	Parent company		Consolidated	
	Accumulated			
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Cost of goods sold	(62)	(64)	(481)	(64)
Selling expenses	(1,729)	(2,310)	(2,162)	(3,909)
Administrative expenses	(4,845)	(4,151)	(6,824)	(4,886)
	<u>(6,636)</u>	<u>(6,525)</u>	<u>(9,467)</u>	<u>(8,859)</u>

### c) Impairment of intangible assets

Intangible assets are tested for impairment at least annually, and, at December 31, 2022, Management reviewed the cash flow projections of assets and did not identify the need to record a provision for impairment.

### d) Projected amortization of consolidated intangible assets

	2023	2024	2025	2026	2027 to 2038	Total
Software	(5,454)	(15,932)	(14,704)	(13,004)	(9,767)	(58,861)
Right to explore mineral resources	(23)	(68)	(68)	(68)	(12)	(239)
	<u>(5,477)</u>	<u>(16,000)</u>	<u>(14,772)</u>	<u>(13,072)</u>	<u>(9,779)</u>	<u>(59,100)</u>

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

## 19. Right-of-use assets and lease liabilities

## PBG S.A. and subsidiaries

Notes to the interim financial information at September 30, 2023.

All amounts in thousands of reais, unless otherwise stated.

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

At September 30, 2023, the Company and its subsidiaries had a total of 60 lease agreements (52 at December 31, 2022), 42 of which are classified as leasing agreements without purchase option for its commercial and logistics units, and 18 leasing agreements with purchase option intended for vehicles for the Company's managers, which refer to leases for which there is a purchase option at the end, resembling a financing operation.

The leases without purchase option at the end of the contract comprise leases of the Company's own stores, distribution centers and of the land for storage, stockpiling and blending of the ores extracted from the mines and equipment, as well as machinery such as forklifts and wheel loaders and the built-to-suit contract executed by Portobello America. The leasing agreements with purchase option at the end of the agreement are comprised of rental of vehicles used by the Company's managers.

The amount of lease liabilities represents the present value of future lease payments discounted at the Company's average financing interest rate. The Company determines the term of the lease and the physical location for logistics purposes and strategic commercial points. The lease assets are detailed below and represent the initial measurement value of the lease liability, plus any payments made up to the inception date, less incentives, plus dismantling and removal cost and their residual value at the end of the lease, when applicable. The terms of the right-of-use contracts vary between 2 and 7 years depending on the contract, and there is one contract with a 20-year term. The amortization term of goodwill is 10 years on average.

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

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

On April 30, 2023, the Company recorded lease assets and liabilities in the amount of R\$ 337,551 (US\$ 64,914 at present value) respectively, for which subsidiary Portobello América Manufacturing LLC is the lessor and OAK Street is the lessee. The lease comprises land and building, where the new ceramic and porcelain products plant was installed, in the city of Baxter, State of Tennessee (USA). The built-to-suit contract was signed on January 26, 2022, however, under IFRS 16 and CPC 06-R2, it was considered effective when the asset was made available for use, which occurred in April 2023. The contract has an initial term of 20 years with possibility of renewal every five years, without purchase option, and a finance cost of 6.35% p.a. plus an annual adjustment rate of 2% as from the second year.

### a) Breakdown of and changes in lease assets

Lease	Parent company				Total
	Distribution Center	Vehicles	Machinery	Buildings	
December 31, 2021	16,331	4,272	-	-	20,603
Remeasurement	1,461	537	-	-	1,998
Foreign exchange variations	-	-	-	-	-
Additions	-	1,721	23,576	-	25,297
Contract terminations	(2,753)	(2,784)	-	-	(5,537)
Depreciation	(4,704)	(1,272)	(940)	-	(6,916)
December 31, 2022	10,335	2,474	22,636	-	35,445

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Notes to the interim financial information at September 30, 2023.

All amounts in thousands of reais, unless otherwise stated.

Without purchase option	10,335	-	22,636	-	32,971
With purchase option	-	2,474	-	-	2,474
Remeasurement	-	-	-	-	-
Foreign exchange variations	-	-	-	-	-
Additions	-	1,285	15,194	2,673	19,152
Contract terminations	-	(39)	-	-	(39)
Depreciation	(3,669)	(1,287)	(8,926)	(149)	(14,031)
September 30, 2023	6,666	2,433	28,904	2,524	40,527
Without purchase option	6,666	-	28,904	2,524	38,094
With purchase option	-	2,433	-	-	2,433

Lease	Consolidated							Total
	Distribution Center	Stores	Buildings (b)	Goodwill (a)	Vehicles	Machinery	Land	
December 31, 2021	16,331	29,682	8,916	11,465	4,272	-	870	71,536
Remeasurement	1,461	-	1,173	-	537	-	84	3,255
Foreign exchange variations	-	-	(30)	-	-	-	-	(30)
Additions	-	6,039	5,181	108,834	1,721	23,576	87	145,438
Contract terminations	(2,753)	-	-	-	(2,784)	-	-	(5,537)
Depreciation	(4,704)	(8,030)	(6,372)	(5,553)	(1,272)	(940)	(64)	(26,935)
December 31, 2022	10,335	27,691	8,868	114,746	2,474	22,636	977	187,727
Without purchase option	10,335	27,691	8,868	114,746	-	22,636	977	185,253
With purchase option	-	-	-	-	2,474	-	-	2,474
Remeasurement	-	185	-	-	-	-	-	185
Foreign exchange variations	-	-	(13,217)	-	-	-	-	(13,217)
Additions	-	10,985	346,262	-	1,285	15,194	-	373,726
Contract terminations	-	(5,683)	-	(2,593)	(40)	-	-	(8,316)
Depreciation	(3,669)	(7,489)	(14,261)	(7,590)	(1,287)	(8,926)	(76)	(43,298)
September 30, 2023	6,666	25,689	327,652	104,563	2,432	28,904	901	496,807
Without purchase option	6,666	25,689	327,652	104,563	-	28,904	901	494,375
With purchase option	-	-	-	-	2,432	-	-	2,432

(a) In 2022, the Company acquired stores owned by franchisees, related parties and third parties, whose goodwill amounts were supported by Valuation (see Note 38).

(b) The significant addition of buildings in 2023 refers to the built-to-suit transaction of the new plant in the US.

## b) Breakdown of and changes in lease liabilities

Parent company

## PBG S.A. and subsidiaries

Notes to the interim financial information at September 30, 2023.

All amounts in thousands of reais, unless otherwise stated.

Lease	Distribution Center	Vehicles	Machinery	Buildings	Total
December 31, 2021	20,355	3,064	-	-	23,419
Remeasurement	1,461	537	-	-	1,998
Additions	-	1,721	23,576	-	25,297
Contract terminations and reclassification	(3,144)	(833)	-	-	(3,977)
Payments	(6,281)	(2,412)	(1,142)	-	(9,835)
Accrued interest in the period	(299)	922	366	-	989
December 31, 2022	12,092	2,999	22,800	-	37,891
Without purchase option	12,092	-	22,800	-	34,892
With purchase option	-	2,999	-	-	2,999
Additions	-	1,285	15,194	2,673	19,152
Payments	(4,435)	(2,302)	(10,717)	(197)	(17,651)
Accrued interest in the period	394	540	2,934	86	3,954
September 30, 2023	8,051	2,522	30,211	2,562	43,346
Without purchase option	8,051	-	30,211	2,562	40,824
With purchase option	-	2,522	-	-	2,522
Current liabilities					21,814
Non-current liabilities					21,532

Lease	Consolidated						
	Distribution Center	Stores	Buildings	Vehicles	Machinery	Land	Total
December 31, 2021	20,355	31,568	8,920	3,064	-	946	64,853
Remeasurement	1,461	-	1,173	537	-	84	3,255
Foreign exchange variations	-	-	(563)	-	-	-	(563)
Additions	-	6,039	5,181	1,721	23,576	87	36,604
Contract terminations and reclassification	(4,635)	-	-	(833)	-	-	(5,468)
Payments	(6,281)	(10,237)	(5,693)	(2,412)	(1,142)	(109)	(25,874)
Accrued interest in the period	1,191	2,251	111	922	366	68	4,909
December 31, 2022	12,091	29,621	9,129	2,999	22,800	1,076	77,716
Without purchase option	12,091	29,621	9,129	-	22,800	1,076	74,717
With purchase option	-	-	-	2,999	-	-	2,999
Remeasurement	-	185	-	-	-	-	185
Foreign exchange variations	-	-	(13,470)	-	-	-	(13,470)
Additions	-	10,985	346,262	1,285	15,194	-	373,726
Contract terminations and reclassification	-	(6,425)	-	-	-	-	(6,425)
Payments	(4,435)	(9,020)	(21,948)	(2,302)	(10,717)	(114)	(48,536)
Accrued interest in the period	394	1,962	11,019	540	2,934	55	16,904
September 30, 2023	8,050	27,308	330,992	2,522	30,211	1,017	400,100
Without purchase option	8,050	27,308	330,992	-	30,211	1,017	397,578
With purchase option	-	-	-	2,522	-	-	2,522
Current liabilities							49,147
Non-current liabilities							350,953

## PBG S.A. and subsidiaries

Notes to the interim financial information at September 30, 2023.  
All amounts in thousands of reais, unless otherwise stated.

### 20. Trade payables, supplier credit assignment and payables for investments

	Parent company		Consolidated	
	September 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022
Domestic market				
Supplier credit assignment (a)	129,449	126,393	129,449	126,393
Operation suppliers	241,038	220,325	262,577	234,320
Foreign market	12,581	5,059	29,275	18,098
Current	<u>383,068</u>	<u>351,777</u>	<u>421,301</u>	<u>378,811</u>
Domestic market (i)	-	94,426	-	94,426
Non-current	-	94,426	-	94,426
Total operation suppliers	<u>383,068</u>	<u>446,203</u>	<u>421,301</u>	<u>473,237</u>
Payables for investments (b)				
Domestic market	8,918	16,069	8,918	16,700
Foreign market	11,822	19,511	173,282	93,416
Total investment suppliers	<u>20,740</u>	<u>35,580</u>	<u>182,200</u>	<u>110,116</u>
	<u>403,808</u>	<u>481,783</u>	<u>603,501</u>	<u>583,353</u>

(i) Amount for payment to gas supplier from the matter mentioned in Note 11.

#### a) Supplier credit assignment

The Company conducted supplier credit assignment transactions with top-tier financial institutions in the amount of R\$ 129,449 at September 30, 2023 (R\$ 126,363 at December 31, 2022), in order to offer to its partner suppliers more attractive credit facilities aiming at maintaining the business relationship. In this transaction, suppliers transfer the right to receive the amounts of the notes to the financial institution, which in turn, becomes creditor of the transaction.

#### b) Payables for investments

The Company has the amount of R\$ 17,829 recorded in current liabilities in the Parent Company (R\$ 26,390 at December 31, 2022) and R\$ 42,833 in the Consolidated (R\$ 82,021 at December 31, 2022) referring to suppliers of property and equipment and intangible assets. In non-current liabilities, the balances amount to R\$ 2,911 in the Parent Company (R\$ 9,190 at December 31, 2022) and R\$ 139,367 in the Consolidated (R\$ 28,095 at December 31, 2022). In the Parent Company, the balances mainly refer to the acquisition of industrial furnaces from supplier SACMI, for the Tijucas plant. In the Consolidated, most balances refer to the new plant in the US.

## PBG S.A. and subsidiaries

Notes to the interim financial information at September 30, 2023.  
All amounts in thousands of reais, unless otherwise stated.

### 21. Borrowings, financing and debentures

	Currency	Maturity	Charges	Parent Company and Consolidated	
				September 30, 2023	December 31, 2022
<b>Current</b>					
Banco do Nordeste S.A (a)	R\$	Jun/27	4.03% p.a. <sup>1</sup> +IPCA	17,383	31,018
NCE (b)	R\$	Dec/27	2.85% p.a. <sup>1</sup> +CDI	200,358	21,886
NCE (b)	US\$	Mar/27	0.00% p.a. + 99% of CDI	9,287	-
NCE (b)	US\$	Feb/24	9.19% p.a. <sup>1</sup>	30,448	-
PRODEC (c)	R\$	Jun/26	3.00% p.a. <sup>1</sup> +AVP	5,163	2,931
FINEP (d)	R\$	Nov/30	2.60% p.a. <sup>1</sup> +TJLP	25,610	12,834
Debentures 4th series (e)	R\$	Sep/26	3.00% p.a. <sup>1</sup> +CDI	75,564	87,930
Commercial notes 1 <sup>st</sup> series (h)	R\$	Apr/25	2.75% p.a. <sup>1</sup> +CDI	9,422	-
ACC (f)	US\$		2.50% p.a. <sup>1</sup> +VC	-	8,122
BNDES (g)	R\$	Jun/26	1.80% p.a. <sup>1</sup> + SELIC	2,057	845
Working capital (i)	R\$	Mar/24	3.00% p.a. <sup>1</sup> +CDI	9,757	-
Working capital with swap (i)	US\$	Mar/24	3.00% p.a. <sup>1</sup> +CDI	24,430	-
PPE with swap (b)	US\$	Nov/27	9.19% p.a. <sup>1</sup>	1,287	337
PPE (b)	US\$	Nov/27	9.19% p.a. <sup>1</sup>	1,567	-
<b>Total current</b>			<b>14.41% p.a.<sup>1</sup></b>	<b>412,333</b>	<b>165,903</b>
Total local currency		R\$		345,314	157,444
Total foreign currency		US\$		67,019	8,459
<b>Non-current</b>					
Banco do Nordeste S.A (a)	R\$	Jun/27	4.03% p.a. <sup>1</sup> +IPCA	24,420	36,555
PRODEC (c)	R\$	Jun/26	3.00% p.a. <sup>1</sup> +AVP	24,472	20,524
FINEP (d)	R\$	Nov/30	2.60% p.a. <sup>1</sup> +TJLP	130,420	151,769
NCE (b)	R\$	Dec/27	2.85% p.a. <sup>1</sup> +CDI	180,143	197,234
NCE with swap (b)	US\$	Mar/27	0.00% p.a. + 99% of CDI	39,202	-
Debentures 4th series (e)	R\$	Sep/26	3.00% p.a. <sup>1</sup> +CDI	148,716	223,198
Commercial notes 1 <sup>st</sup> series (h)	R\$	Apr/25	2.75% p.a. <sup>1</sup> +CDI	149,558	-
BNDES (g)	R\$	Jun/26	1.80% p.a. <sup>1</sup> + SELIC	2,300	3,363
PPE (b)	US\$	Nov/27	9.19% p.a. <sup>1</sup>	40,083	42,330
PPE with swap (b)	US\$	Nov/27	9.19% p.a. <sup>1</sup>	40,976	42,695
<b>Total non-current</b>			<b>13.85% p.a.<sup>1</sup></b>	<b>780,290</b>	<b>717,668</b>
Total local currency		R\$		660,029	632,643
Total foreign currency		US\$		120,261	85,025
<b>Total</b>			<b>14.03% p.a.<sup>1</sup></b>	<b>1,192,623</b>	<b>883,571</b>
Total local currency		R\$		1,005,343	790,087
Total foreign currency		US\$		187,280	93,484

<sup>1</sup> Weighted average rate (p.a. - per annum)

AVP - Adjustment to present value

Amplified Consumer Prices Index (IPCA)

VC - Foreign exchange variation

CDI - Interbank Deposit Certificate

#### a) Information on agreements

**PBG S.A. and subsidiaries**

Notes to the interim financial information at September 30, 2023.

All amounts in thousands of reais, unless otherwise stated.

Note	Institution/ Modality	Date of contract	Maturity	Term (months)	Grace period (months)	Amortization	Amount raised	Releases (in thousands of R\$)		Guarantees/Notes
								Amount	Date	
a)	Banco do Nordeste	Jun/13	Jun/25	133	24	Monthly	R\$ 105,646	R\$ 29,223	Aug/14	Mortgage for real estate and machinery and equipment. Renegotiated in April/2020.
								R\$ 45,765	Jan/15	
								R\$ 14,700	Sep/15	
								R\$ 4,713	Mar/16	
								R\$ 2,418	Dec/16	
								R\$ 8,827	Feb/19	
		R\$ 105,646	Total							
		Jul/19	Jun/27	95	24	Monthly	R\$ 31,147	R\$ 7,246	Jul/19	Mortgage for real estate and machinery and equipment in 2nd degree. Renegotiated in April/2020.
								R\$ 4,681	Feb/20	
								R\$ 4,261	Sep/20	
								R\$ 7,000	Jun/22	
		R\$ 23,188	Total							
Sep/19	Jul/23	12	2	Monthly	R\$ 23,500	R\$ 23,500	Sep/19	PBTech and CBC guarantee. Renegotiated in April/2020.		
Jun/20	Jul/23	37	13	Monthly	R\$ 35,000	R\$ 35,000	Jun/20	Mortgage for properties in 2nd degree. Renegotiated in April/2020.		
b)	Export Credit (NCE)	Jun/21	Jun/26	51	24	Semiannual	R\$ 30,000	R\$ 30,000	Jun/21	Receivables from Portobello S.A. of 20% of the outstanding balance of the contract)
		Aug/21	Aug/27	36	24	Semiannual	R\$ 100,000	R\$ 100,000	Aug/21	Receivables from Portobello S.A. of 30% of the outstanding balance of the contract)
		Dec/22	Dec/27	60	24	Semiannual	R\$ 48,000	R\$ 48,000	Dec/22	Receivables from Portobello S.A. of 10% of the outstanding balance of the contract)
		Dec/22	Dec/27	60	24	Semiannual	R\$ 40,000	R\$ 40,000	Dec/22	No guarantees
		Feb/23	Feb/24	12	12	Semiannual	R\$ 27,000	R\$ 27,000	Feb/23	No guarantees
		Feb/23	Feb/24	12	12	*	R\$ 30,000	R\$ 30,000	Feb/23	No guarantees
		Feb/23	Mar/27	48	12	Monthly	R\$ 50,000	R\$ 50,000	Feb/23	No guarantees
		Mar/23	Mar/24	12	12	*	R\$ 70,000	R\$ 70,000	Mar/23	No guarantees
		Mar/23	Mar/24	12	12	*	R\$ 50,000	R\$ 50,000	Mar/23	No guarantees
PPE – Export Prepayment	Nov/22	Nov/27	60	24	Semiannual	R\$ 43,000	R\$ 43,000	Nov/22	No guarantees	
	Nov/22	Nov/27	60	24	Semiannual	R\$ 43,000	R\$ 43,000	Nov/22	No guarantees	
c)	Santa Catarina State Corporation Development Program (PRODEC)	Aug/20	Aug/24	48	*	*	R\$ 437	R\$ 437	Aug/20	Special Regime obtained in June/2009. Subject to Adjustment to Present Value (AVP). Monetary restatement of 3% p.a. plus UFIR variation. Rate: average working capital (5.24% p.a.). Deferred amount: 60% of the tax balance generated in the month.
		Sep/20	Sep/24	48	*	*	R\$ 1,318	R\$ 1,318	Sep/20	
		Oct/20	Oct/24	48	*	*	R\$ 1,779	R\$ 1,779	Oct/20	
		Nov/20	Nov/24	48	*	*	R\$ 1,194	R\$ 1,194	Nov/20	
		Dec/20	Dec/24	48	*	*	R\$ 1,519	R\$ 1,519	Dec/20	
		Jan/21	Jan/25	48	*	*	R\$ 401	R\$ 401	Jan/21	
		Feb/21	Feb/25	48	*	*	R\$ 1	R\$ 1	Feb/21	
		Mar/21	Mar/25	48	*	*	R\$ 473	R\$ 473	Mar/21	
		Apr/21	Apr/25	48	*	*	R\$ 654	R\$ 654	Apr/21	
		Jun/21	Jun/25	48	*	*	R\$ 539	R\$ 539	Jun/21	
		Jul/21	Jul/25	48	*	*	R\$ 368	R\$ 368	Jul/21	
		Aug/21	Aug/25	48	*	*	R\$ 99	R\$ 99	Aug/21	
		Sep/21	Sep/25	48	*	*	R\$ 758	R\$ 758	Sep/21	
		Oct/21	Oct/25	48	*	*	R\$ 1,098	R\$ 1,098	Oct/21	
		Nov/21	Nov/25	48	*	*	R\$ 1,894	R\$ 1,894	Nov/21	
		Dec/21	Dec/25	48	*	*	R\$ 1,247	R\$ 1,247	Dec/21	
		Jan/22	Jan/26	48	*	*	R\$ 457	R\$ 457	Jan/22	
		Feb/22	Feb/26	48	*	*	R\$ 830	R\$ 830	Feb/22	
		Mar/22	Mar/26	48	*	*	R\$ 927	R\$ 927	Mar/22	
		Apr/22	Apr/26	48	*	*	R\$ 693	R\$ 693	Apr/22	
		May/22	May/26	48	*	*	R\$ 482	R\$ 482	May/22	
		Jun/22	Jun/26	48	*	*	R\$ 494	R\$ 494	Jun/22	
		Jul/22	Jul/26	48	*	*	R\$ 1,713	R\$ 1,713	Jul/22	
Sep/22	Sep/26	48	*	*	R\$ 227	R\$ 227	Sep/22			
Nov/22	Nov/26	48	*	*	R\$ 433	R\$ 433	Nov/22			
Oct/22	Oct/26	48	*	*	R\$ 1,724	R\$ 1,724	Oct/22			
d)	Finep	Dec/19	Sep/29	117	32	Monthly	R\$ 66,771	R\$ 25,008	Dec/19	Surety bond / Guarantee insurance
								R\$ 33,000	Mar/20	
								R\$ 8,763	Aug/21	
								R\$ 66,771	Total	
		Nov/20	Nov/30	120	36	Monthly	R\$ 98,487	R\$ 64,274	Nov/20	
								R\$ 34,213	Dec/21	
R\$ 98,487	Total									

## PBG S.A. and subsidiaries

Notes to the interim financial information at September 30, 2023.

All amounts in thousands of reais, unless otherwise stated.

e)	Debentures (4 <sup>th</sup> issue/1 <sup>st</sup> series)	Sep/21	Sep/26	60	24	Semiannual	R\$ 300,000	R\$ 300,000	Sep/21	Issue approved on September 16, 2021 by the Board of Directors of PBG S.A. Proceeds to redeem the 3 <sup>rd</sup> issue. Real guarantee and additional fiduciary guarantee. This contract has covenants that have been met.
f)	ACC	Oct/21	Jan/23	12	*	*	US\$ 1,538	R\$ 8,461	Oct/21	Settled in March/2023
g)	BNDES	Jun/22	Jun/26	48	12	Quarterly	R\$ 10,000	R\$ 3,923	Jun/22	BNDES Cadeias Produtivas Program. 100% of the amount transferred to Portobello Shop franchisees.
h)	Commercial notes (1 <sup>st</sup> issue)	Apr/23	Apr/25	24	24	Semiannual	R\$ 150,000	R\$ 150,000	Apr/23	Issue approved on April 13, 2023 by the Board of Directors of PBG S.A. Funds for extension of the debt profile. Real guarantee and additional fiduciary guarantee. This contract has covenants that have been met.
i)	Working Capital	Mar/23	Mar/24	12	12	*	R\$ 25,000	R\$ 25,000	Mar/23	No guarantees.
		Mar/23	Mar/24	12	12	*	R\$ 9,700	R\$ 9,700	Mar/23	No guarantees.

\*Single settlement at the end of the contract.

Restricted investments, real estate mortgages, equipment, Parent Company's and subsidiary's receivables (Note 8) were pledged as collateral for other borrowings, according to surety from controlling stockholders and the Subsidiary.

The Company has contracts with financial covenants, the ratio obtained by dividing Net Debt by Consolidated EBITDA cannot exceed 3.50x.

Contract covenants were complied with at September 30, 2023.

Borrowings mature as follows:

	Parent Company and Consolidated	
	September 30, 2023	December 31, 2022
2023	63,082	165,903
2024	393,618	168,895
2025	371,906	205,033
2026	211,234	194,694
2027	96,964	92,481
2028 to 2030	55,819	56,565
	<u>1,192,623</u>	<u>883,571</u>

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

Changes in borrowings and debentures are as follows:

## PBG S.A. and subsidiaries

Notes to the interim financial information at September 30, 2023.  
All amounts in thousands of reais, unless otherwise stated.

	<u>Parent Company and Consolidated</u>
Total debt at December 31, 2021	762,392
Changes affecting cash flow	
Proceeds from borrowings and debentures	192,903
Payment of principal	(74,816)
Payment of interest	(79,661)
Changes not affecting cash flow	
Unrealized foreign exchange variations	(2,980)
Accrued interest	83,118
Adjustment to present value – Prodec	1,857
Allocation of debenture costs	758
Total debt at December 31, 2022	<u>883,571</u>
Changes affecting cash flow	
Proceeds from borrowings and debentures	414,194
Payment of principal	(120,341)
Payment of interest	(90,615)
Changes not affecting cash flow	
Unrealized foreign exchange variations	(5,319)
Accrued interest	111,059
Adjustment to present value – Prodec	(391)
Allocation of debenture costs	465
Total debt at September 30, 2023	<u>1,192,623</u>

## Debentures

The Company approved at the Extraordinary General Meeting held on September 16, 2021, according to the proposal of the Board of Directors, the 4<sup>th</sup> 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 September 2023 were complied with.

Issue	4 <sup>th</sup>
Fiduciary Agent	PENTÁGONO S.A.
ISIN code	BRPTBLDBS000
Settling bank	Banco Itaú BBA S/A
Lead Coordinator	Banco Itaú BBA S/A
Issue date	09/17/2021
Maturity date	09/17/2026
Issue Rating	No
Remuneration	CDI + 3.00 p.a. (252 b.d.)
Trading	CETIP
Series 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

## Commercial notes

## PBG S.A. and subsidiaries

Notes to the interim financial information at September 30, 2023.

All amounts in thousands of reais, unless otherwise stated.

On April 13, 2023, the Company's Board of Directors approved the 1<sup>st</sup> issue of book-entry non-convertible commercial notes, with security interest and additional personal guarantee. The covenants for September 2023 were complied with.

Issue	1 <sup>st</sup>
Fiduciary Agent	PENTÁGONO S.A.
ISIN code	BRPTBLNCM000
Settling bank	Banco Bradesco S/A
Lead Coordinator	Banco Bradesco S/A
Issue date	04/19/2023
Maturity date	04/19/2025
Issue Rating	No
Remuneration	CDI + 2.75% p.a. (252 b.d.)
Trading	CETIP
Series Number	1
Issue Volume R\$	150,000,000.00
Total Debentures	150,000
Par Value R\$	1,000.00
Covenants	EBITDA net debt ratio < 3.50 times
Payment Remuneration	Semiannual, with first remuneration date on 10/19/2023

## 22. Installment payment of tax obligations

The Company has a federal installment plan, the adhesion of which occurred in November 2009 by the enactment of Law 11,941/09, with 13 installments remaining to be paid.

The installments fall due as follows:

	Parent Company and Consolidated	
	September 30, 2023	December 31, 2022
2023	3,240	12,313
2024	10,647	10,217
	<u>13,887</u>	<u>22,530</u>
Current	12,924	12,313
Non-current	963	10,217

## 23. Taxes, fees and contributions

At September 30, 2023, taxes, fees and contributions recorded in current liabilities were classified as follows:

## PBG S.A. and subsidiaries

Notes to the interim financial information at September 30, 2023.

All amounts in thousands of reais, unless otherwise stated.

	Parent company		Consolidated	
	September 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022
ICMS	25,923	15,844	27,448	16,578
IRRF	3,997	6,187	6,265	8,281
PIS/COFINS	2,527	-	5,646	2,055
Other	47	-	47	963
	<u>32,494</u>	<u>22,031</u>	<u>39,406</u>	<u>27,877</u>

## 24. Other payables

At September 30, 2023, other payables are classified as follows:

	Parent company		Consolidated	
	September 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022
<b>Current</b>				
Provision for asset decommissioning	-	-	211	451
Consigned suppliers	2,480	1,746	2,480	1,746
Commissions	11,392	10,762	15,590	15,297
Advertising fund	-	-	-	3,689
Provision for freight	534	381	534	3,048
Provision for guarantees	2,520	-	2,520	-
Provision for expenses	2,916	8,599	12,336	2,704
Other payables	479	1,527	4,246	12,071
	<u>20,321</u>	<u>23,015</u>	<u>37,917</u>	<u>39,006</u>
<b>Non-current</b>				
Asset decommissioning	-	-	1,041	1,287
Long-term incentives	6,261	3,490	6,261	3,490
Government grant	-	-	14,856	15,480
Other payables	56	-	57	703
	<u>6,317</u>	<u>3,490</u>	<u>22,215</u>	<u>20,960</u>

## 25. 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 believes that the balance of provisions is sufficient to cover the necessary expenses to settle obligations.

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

The balance of provisions is broken down as follows:

Amount accrued	Parent company		Consolidated	
	September 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022
Civil	18,312	31,930	53,345	44,848

## PBG S.A. and subsidiaries

Notes to the interim financial information at September 30, 2023.

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Labor	4,582	10,074	4,771	10,321
Social security	4,550	4,550	4,550	4,550
Tax	26,815	28,519	26,928	28,650
	<u>54,259</u>	<u>75,073</u>	<u>89,594</u>	<u>88,369</u>

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, 2021	27,477	15,166	4,550	30,313	77,506
Charged (credited) to the statement of operations:	7,396	160	-	2,323	9,879
Additional provisions	5,855	6,656	-	2,416	14,927
Reversal - not used	(1,908)	(6,886)	-	(481)	(9,275)
Monetary adjustment (reversal)	3,449	390	-	388	4,227
Reversal due to realization	(2,943)	(5,252)	-	(632)	(8,827)
Provisions (reversals) due to realization - non-cash effect	-	-	-	(3,485)	(3,485)
At December 31, 2022	31,930	10,074	4,550	28,519	75,073
Charged (credited) to the statement of operations:	(12,157)	(4,442)	-	(1,698)	(18,297)
Additional provisions	3,903	1,511	-	753	6,167
Reversal - not used	(11,725)	(4,565)	-	(3,191)	(19,481)
Monetary adjustment (reversal)	(4,335)	(1,388)	-	740	(4,983)
Reversal due to realization	(1,461)	(1,050)	-	(6)	(2,517)
At September 30, 2023	18,312	4,582	4,550	26,815	54,259
	Consolidated				
	Civil	Labor	Social security	Tax	Total
At December 31, 2021	38,379	15,741	4,550	30,344	89,014
Charged (credited) to the statement of operations:	9,566	(55)	-	2,423	11,934
Additional provisions	6,400	6,783	-	2,506	15,689
Reversal - not used	(2,278)	(7,090)	-	(481)	(9,849)
Monetary adjustment (reversal)	5,444	252	-	398	6,094
Reversal due to realization	(3,097)	(5,365)	-	(632)	(9,094)
Provisions (reversals) due to realization - non-cash effect	-	-	-	(3,485)	(3,485)
At December 31, 2022	44,848	10,321	4,550	28,650	88,369
Charged (credited) to the statement of operations:	9,986	(4,495)	-	(1,716)	3,775
Additional provisions	10,557	1,653	-	821	13,031
Reversal - not used	(15,406)	(4,766)	-	(3,277)	(23,449)
Monetary adjustment (reversal)	14,835	(1,382)	-	740	14,193
Reversal due to realization	(1,489)	(1,055)	-	(6)	(2,550)
At September 30, 2023	53,345	4,771	4,550	26,928	89,594

### Civil

The Company and its subsidiaries are defendants in 424 civil lawsuits (454 lawsuits at December 31, 2022), before the Common Courts and Special Civil Courts.

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

### **a) Public Civil Action No. 5003588-47.2012.4.04.7214**

The Federal Government filed a Public Civil Action against Mineração Portobello, seeking compensation for property damages arising from the alleged illegal extraction of materials, referring to the period from 2002 to 2010. The requests were partially granted in relation to the condemnation of Mineração Portobello to pay compensation, to be calculated when the decision is handed down, considering the five-year statute of limitations. Appeals on the merits of the case were filed by the Parties; the one filed by Mineração Portobello was denied and that filed by the Federal Government was partially granted for the increase of the extracted ore value. The special appeals of the Parties were denied. The extraordinary appeals filed were also denied. The Federal Government's internal appeal was granted by an unanimous decision of the panel of the Federal Supreme Court recognizing that the compensation is not subject to the statute of limitations. The Company filed an appeal against this decision, which, after decision of a single judge of the court of appeals, was rejected. Subsequently, the Company filed an interlocutory appeal against the decision.

Since there is a decision of a higher court and due to the current phase of the proceeding, the Company increased the provision for the estimated amount, according to the criteria defined in prior decisions, totaling R\$ 34,235 (R\$ 11,710 at December 31, 2022).

### **b) Investigative processes**

The Company was notified of the initiation, by the Ministry of Economy, of an Administrative Accountability Process - PAR/ME, to investigate evidence of non-compliance with the provisions of Law 12,846/13, consisting of an alleged irregularity dating back to 2015. There is no indication so far that the operating and/or financial integrity of the Company would be materially exposed.

An internal investigation was promptly started to fully verify the news received. This procedure will provide the Company with more information, whose main objectives are to properly address any confirmed irregularities and fully collaborate with the competent authorities. At this proceeding stage, management estimates that the Company may be required to pay the minimum amount established by legislation. Therefore, the proceeding is classified as a probable risk of loss as from June 2023, with a provision of R\$ 1,912, whose adjusted at September 30, 2023 is R\$ 2,029. The Company reiterates its commitment to transparency and to strictly following the legal procedures while working to clarify this issue.

## **Labor**

The Company and its subsidiaries are defendants in 454 labor claims (359 claims at December 31, 2022), filed by former employees and third parties. The 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.

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### Social security

Based on the low expectation of success in administrative and judicial actions involving corporate awards, the Company recognized a provision for these debts in the total amount of R\$ 4,550, which still depend on a court decision in the Tax Execution phase, or in some cases, an administrative decision before the Brazilian Federal Revenue Service.

### Tax

#### 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 Payment Form and Social Security Information (GFIP), which levies on the payment made to insured employees. The Company challenged the entries and is awaiting decision by the Federal Revenue Service of Brazil.

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

#### 26. Lawsuits assessed as possible losses

##### a) Possible loss

Judicial proceedings that represent present obligations, whose outflow of funds is not probable or for which it is not possible to make a sufficiently reliable estimate of the amount of the obligation, as well as those that do not constitute present obligations, are not recognized, but are disclosed, unless that the possibility of outflow of funds is remote.

The Company, based on its legal advisors, estimates the other possible contingencies in the amounts of contingent liabilities presented below:

	Parent company		Consolidated	
	September 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022
Civil	5,753	5,508	12,902	5,593
Labor	6,334	6,259	6,454	6,378
Social security	10,433	10,985	10,433	10,985
Tax	13,850	13,850	13,850	13,850
	<u>36,370</u>	<u>36,602</u>	<u>43,639</u>	<u>36,806</u>

#### 27. Equity

##### 27.1 Share capital

## PBG S.A. and subsidiaries

Notes to the interim financial information at September 30, 2023.

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At September 30, 2023 and December 31, 2022, the Company has a subscribed and paid-up capital in the total amount of R\$ 250,000, divided into 140,986,886 common, registered and book-entry shares, with no par value.

At September 30, 2023, there were 54,817,431 outstanding shares, corresponding to 38.88% of the total shares issued (54,759,327 at December 31, 2022, corresponding to 38.84% of the total). The balance of outstanding shares comprises all securities available for trading in the market, other than those held by controlling stockholders, members of the Board of Directors, Supervisory Board, Managers and treasury shares.

During the first nine months of 2023, there was no movement in the total number of shares. During the comparative 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 2021 and 2022. Share variations are shown below:

	Treasury share movement	Shares	Treasury shares	Shares held by stockholders
December 31, 2020	Opening balance	158,488,517	3,959,156	154,529,361
January 2021	Purchase	-	14,800	154,514,561
February 2021	Purchase	-	2,081,900	152,432,661
March 2021	Cancellation	(3,959,156)	(3,959,156)	152,432,661
March 2021	Purchase	-	4,902,958	147,529,703
June 2021	Cancellation	(6,999,658)	(6,999,658)	147,529,703
June 2021	Purchase	-	71,200	147,458,503
August 2021	Purchase	-	4,643,000	142,815,503
September 2021	Purchase	-	1,828,617	140,986,886
December 31, 2021	Closing balance	147,529,703	6,542,817	140,986,886
March 2022	Cancellation	(6,542,817)	(6,542,817)	140,986,886
September 30, 2023	Closing balance	140,986,886	-	140,986,886

### 27.2 Treasury shares

On June 14, 2021, the Board of Directors approved a new Buyback program of up to 6,542,817 shares, which corresponds to 4.4% of the shares issued and 10% of the outstanding shares ("free float"), effective until June 14, 2022.

Up to December 31, 2021, the Company purchased 6,542,817 common shares, for the total amount of R\$ 91,351.

Up to March 28, 2022, the Company cancelled 6,542,817 common shares, which remain in treasury.

### 27.3 Earnings reserve

At September 30, 2023 and December 31, 2022, the balance of the legal reserve amounts to R\$ 50,000, reaching 20% of the paid-up capital, as provided for in Article 193 of the Brazilian Corporation Law (Law 6,404/76).

In the same periods, the unrealized earnings retention reserve amounts to R\$ 36,869 and the unallocated earnings reserve amounts to R\$ 35,633 and has the purpose of reflecting the portion of profits whose allocation will be decided at the Annual General Meeting.

At September 30, 2023, the balance of the tax incentive reserve amounts to R\$ 117,352 (R\$ 103,194 at December 31, 2022). In 2023, the Company recorded tax incentive reserves in the amount of R\$ 14,158 (R\$ 37,409 at December 31, 2022). They refer to government grants for ICMS tax incentives

## PBG S.A. and subsidiaries

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related to Prodesin (Integrated Development Program of the State of Alagoas), the Differentiated Tax Treatment of Santa Catarina (TTD) and to Simples Nacional.

### 27.4 Carrying value adjustments

Parent Company and Consolidated	Carrying value adjustments			Total
	Deemed cost (a)	Cumulative translation adjustments (b)	Other comprehensive income (c)	
At December 31, 2021	31,139	(66,490)	(7,259)	(42,610)
Realization of the revaluation reserve	129	-	-	129
Foreign exchange variation of subsidiary located abroad	-	(3,071)	-	(3,071)
Actuarial gain / (loss)	-	-	7,364	7,364
Deferred income tax and social contribution on actuarial gain (loss)	-	-	(2,504)	(2,504)
Hedge accounting transactions	-	-	3,935	3,935
Deferred income tax and social contribution on hedge accounting	-	-	(1,338)	(1,338)
At December 31, 2022	31,268	(69,561)	198	(38,095)
Realization of the revaluation reserve	(914)	-	-	(914)
Foreign exchange variation of subsidiary located abroad	-	(4,381)	-	(4,381)
Hedge accounting transactions	-	-	(2,400)	(2,400)
Deferred income tax and social contribution on hedge accounting	-	-	816	816
At September 30, 2023	30,354	(73,942)	(1,386)	(44,974)

#### a) Deemed cost

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

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, 2023, the foreign exchange variation amounted to R\$ (4,381) (R\$ (3,071) at December 31, 2022), as mentioned in Note 16.

#### c) Other comprehensive income

At September 30, 2023, the balance of R\$ (1,386) (R\$ 198 at December 31, 2022) arises from:

i) Fair value of private pension plans (actuarial) of R\$ (4,032) (R\$ (4,032) at December 31, 2022);

ii) Hedge accounting fair value of R\$ 4,010 (R\$ 6,410 at December 31, 2022), due to the positive mark-to-market operations with derivative financial instruments classified as hedge accounting not yet realized up to September 2023, with an effect of R\$ (1,363) (R\$ (2,180) at December 31, 2022) related to the deferred income tax and social contribution, with a remaining balance net of hedge accounting fair value of R\$ 2,647 (R\$ 4,230 at December 31, 2022). These amounts are transferred from equity to profit or loss to the extent that the NDF contracts mature and sales in US Dollars are shipped in the respective month of maturity of the contracts.

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### 28. Employee benefits

Since 1997, the Company and its subsidiaries sponsor a pension plan called Portobello Prev, managed by Bradesco, which has 3,536 active participants (3,739 at December 31, 2022) and 33 retirees and pensioners (23 at December 31, 2022). The plan is a defined contribution plan in the fund contribution stage. During the benefit granting stage, the plan shows defined benefit features, ensuring life retirement and pension benefits to its members. Moreover, it offers a minimum retirement benefit based on the length of service or age, which is exclusively financed by the sponsors.

In 2023, there were no changes in the conditions and benefits of the plan, as well as in respect to the assumptions used for its assessment and bookkeeping.

### 29. Revenues

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

	Parent company				Consolidated			
	Quarter ended	Quarter ended	Accumulated at	Accumulated at	Quarter ended	Quarter ended	Accumulated at	Accumulated at
	September 30, 2023	September 30, 2022						
Gross sales	598,001	595,208	1,634,757	1,699,834	751,375	738,000	2,059,309	2,087,789
Result from								
hedge accounting transactions	6,000	11,995	22,272	28,019	6,000	11,995	22,272	28,019
Deductions from gross revenue	(133,367)	(129,397)	(374,884)	(357,901)	(159,352)	(152,071)	(446,982)	(415,471)
Taxes on sales	(112,444)	(113,550)	(316,976)	(316,179)	(132,804)	(122,248)	(372,859)	(358,871)
Returns and rebates	(20,923)	(15,847)	(57,908)	(41,722)	(26,548)	(29,823)	(74,123)	(56,600)
Net sales revenue	470,634	477,806	1,282,145	1,369,952	598,023	597,924	1,634,599	1,700,337

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

	Parent company				Consolidated			
	Quarter ended	Quarter ended	Accumulated at	Accumulated at	Quarter ended	Quarter ended	Accumulated at	Accumulated at
	September 30, 2023	September 30, 2022						
Sale of own products	434,623	452,703	1,185,687	1,319,062	510,624	519,774	1,389,776	1,539,727
Sale of third-party products	36,011	25,103	96,458	50,890	58,996	49,797	163,152	76,721
Royalties	-	-	-	-	28,403	28,353	81,671	83,889
Net operating revenue	470,634	477,806	1,282,145	1,369,952	598,023	597,924	1,634,599	1,700,337

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

### 30. Expenses by nature

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

	Parent company				Consolidated			
	Quarter ended	Quarter ended	Accumulated at	Accumulated at	Quarter ended	Quarter ended	Accumulated at	Accumulated at
	September 30, 2023	September 30, 2022						
<b>Costs and expenses</b>								
Cost of sales and/or services	(329,001)	(317,210)	(907,739)	(871,942)	(357,103)	(340,525)	(986,897)	(951,987)
Selling expenses	(77,774)	(81,044)	(238,972)	(235,240)	(156,883)	(145,665)	(464,599)	(394,089)
General and administrative	(15,157)	(21,082)	(65,368)	(61,683)	(27,627)	(22,218)	(84,611)	(64,638)
	(421,932)	(419,336)	(1,212,079)	(1,168,865)	(541,613)	(508,408)	(1,536,107)	(1,410,714)
<b>Breakdown of expenses by nature</b>								
Direct production cost (raw materials and inputs)	(193,970)	(222,454)	(582,476)	(625,440)	(202,383)	(220,097)	(592,434)	(617,919)
Salaries, charges and employee benefits	(76,267)	(91,082)	(267,321)	(266,236)	(127,302)	(115,766)	(380,293)	(329,095)
Third-party labor and services	(26,918)	(25,422)	(51,250)	(72,948)	(37,507)	(33,023)	(88,775)	(93,848)
General production expenses (including maintenance)	(11,978)	(20,195)	(38,018)	(54,114)	(14,362)	(21,032)	(42,507)	(56,224)
Cost of goods resold	(29,449)	(28,912)	(78,776)	(70,944)	(47,100)	(46,416)	(128,051)	(144,107)

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Amortization and depreciation	(19,684)	(14,992)	(58,815)	(44,390)	(36,688)	(23,711)	(101,490)	(65,650)
Sales commissions	(11,972)	(10,558)	(31,805)	(32,461)	(24,216)	(23,458)	(65,984)	(63,160)
Marketing and publicity	(8,930)	(10,379)	(28,258)	(33,780)	(16,757)	(15,024)	(46,161)	(45,346)
Transportation of goods sold	(16,197)	(10,959)	(42,665)	(20,664)	(24,682)	(10,959)	(53,024)	(20,664)
Lease expenses - not applicable to IFRS 16	(3,408)	(6,898)	(10,207)	(18,924)	(4,263)	(8,005)	(13,301)	(22,130)
Idleness	(2,313)	(2,587)	(12,682)	(3,797)	(2,313)	(2,587)	(12,682)	(3,797)
Other expenses	237	(7,860)	(23,263)	(19,678)	(5,309)	(16,086)	(46,614)	(37,847)
Changes in inventories of finished products and work in progress (a)	(21,083)	32,962	13,457	94,511	1,269	27,756	35,209	89,073
<b>Total</b>	<b>(421,932)</b>	<b>(419,336)</b>	<b>(1,212,079)</b>	<b>(1,168,865)</b>	<b>(541,613)</b>	<b>(508,408)</b>	<b>(1,536,107)</b>	<b>(1,410,714)</b>

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

## 31. Other operating income and expenses, net

The amounts of other net operating income and expenses are as follows:

	Parent company				Consolidated			
	Quarter ended September 30, 2023	Quarter ended September 30, 2022	Accumulated at September 30, 2023	Accumulated at September 30, 2022	Quarter ended September 30, 2023	Quarter ended September 30, 2022	Accumulated at September 30, 2023	Accumulated at September 30, 2022
Other operating income								
Revenue from services	71	109	255	351	71	109	255	351
Sale of property, plant and equipment (a)	-	-	-	-	-	12	1,571	14,773
Reversal of the unconstitutionality of ICMS tax rate difference	-	5,264	567	9,847	-	-	567	-
Legal asset - rural credit notes	-	-	-	-	-	5,264	-	9,847
Tax credits	1,310	-	4,658	-	1,310	-	4,658	1,497
Reversal of provisions for civil, labor and tax issues	1,367	-	11,257	-	1,376	-	11,270	-
Other revenues	587	289	2,194	1,150	(164)	552	3,885	1,449
<b>Total</b>	<b>3,335</b>	<b>5,662</b>	<b>18,931</b>	<b>11,348</b>	<b>2,593</b>	<b>5,937</b>	<b>22,206</b>	<b>27,917</b>
Other operating expenses								
Provisions for civil, labor and tax issues	-	(2,778)	-	(6,938)	-	(2,876)	-	(7,328)
Attorney's fees	-	(690)	-	(690)	-	(690)	-	(690)
Taxes on other revenues	(199)	(246)	(559)	(550)	(393)	(274)	(753)	(603)
Bonus for achievement of goals	(873)	(693)	(2,771)	(2,262)	(873)	(693)	(2,771)	(2,262)
Provision for profit sharing	(13)	(4,063)	1,820	(8,767)	(13)	(4,073)	512	(12,006)
Provision for guarantees	-	-	(2,389)	-	-	-	(2,389)	-
Disposal of property, plant and equipment (a)	-	-	-	-	-	-	-	(14,905)
Other expenses	(566)	(502)	(2,472)	(1,317)	328	(1,552)	(8,415)	(6,863)
<b>Total</b>	<b>(1,651)</b>	<b>(8,972)</b>	<b>(6,371)</b>	<b>(20,524)</b>	<b>(951)</b>	<b>(10,158)</b>	<b>(13,816)</b>	<b>(44,657)</b>
<b>Total - net</b>	<b>1,684</b>	<b>(3,310)</b>	<b>12,560</b>	<b>(9,176)</b>	<b>1,642</b>	<b>(4,221)</b>	<b>8,390</b>	<b>(16,740)</b>

(a) Refers to the sale of Portobello America's land to Oak Street, arising from the built-to-suit transaction for the construction of the United States plant, see Note 17.

## 32. Finance income (costs)

Finance income (costs) are as follows:

	Parent company				Consolidated			
	Quarter ended September 30, 2023	Quarter ended September 30, 2022	Accumulated at September 30, 2023	Accumulated at September 30, 2022	Quarter ended September 30, 2023	Quarter ended September 30, 2022	Accumulated at September 30, 2023	Accumulated at September 30, 2022

Finance income

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Interest	5,929	2,608	17,631	5,124	8,591	3,688	22,855	8,091
Asset adjustment	2,639	1,128	6,834	6,198	2,639	1,128	6,834	6,198
Other	79	(6)	84	6	134	84	161	632
<b>Total</b>	<b>8,647</b>	<b>3,730</b>	<b>24,549</b>	<b>11,328</b>	<b>11,364</b>	<b>4,900</b>	<b>29,850</b>	<b>14,921</b>
Finance costs								
Interest	(32,403)	(11,304)	(75,631)	(31,521)	(39,995)	(13,473)	(92,271)	(35,103)
Finance charges on taxes	(669)	(790)	(2,456)	(2,540)	(1,788)	(858)	(5,740)	(2,714)
Adjustment of provision for contingencies	2,257	(1,232)	5,944	(4,402)	780	(1,762)	(14,830)	(5,921)
Commissions and service fees	(2,822)	(1,191)	(7,312)	(4,131)	(9,276)	(1,827)	(15,676)	(8,273)
Bank expenses	(18)	(18)	(58)	(89)	2,963	(3,738)	(209)	(3,813)
Gain (loss) on swap transactions	2,690	-	(2,771)	-	2,690	-	(2,771)	
Interest on debentures	(12,602)	(13,106)	(38,943)	(34,086)	(12,619)	(13,106)	(38,960)	(34,086)
Other	(3)	(5)	(25)	(415)	(582)	706	(708)	(985)
<b>Total</b>	<b>(43,570)</b>	<b>(27,646)</b>	<b>(121,252)</b>	<b>(77,184)</b>	<b>(57,827)</b>	<b>(34,058)</b>	<b>(171,165)</b>	<b>(90,895)</b>
Foreign exchange variations, net								
Trade receivables and trade payables	(2,949)	8,515	(6,925)	4,253	(2,949)	8,511	(6,926)	4,275
Borrowings and financing	1,268	1	1,285	(2)	1,265	1	1,283	(2)
<b>Total</b>	<b>(1,681)</b>	<b>8,516</b>	<b>(5,640)</b>	<b>4,251</b>	<b>(1,684)</b>	<b>8,512</b>	<b>(5,643)</b>	<b>4,273</b>
<b>Total - net</b>	<b>(36,604)</b>	<b>(15,400)</b>	<b>(102,343)</b>	<b>(61,605)</b>	<b>(48,147)</b>	<b>(20,646)</b>	<b>(146,958)</b>	<b>(71,701)</b>

### 33. 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, 2023 and 2022:

	Parent Company and Consolidated			
	Quarter ended September 30, 2023	Quarter ended September 30, 2022	Accumulated at September 30, 2023	Accumulated at September 30, 2022
Profit (loss) attributable to the owners of the Company	3,967	52,498	(49,415)	143,954
Weighted average number of common shares	140,987	140,987	140,987	140,987
<b>Basic earnings (loss) per share</b>	<b>0.02814</b>	<b>0.37236</b>	<b>(0.35049)</b>	<b>1.02105</b>

#### b) Diluted

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

### 34. Dividends

The mandatory minimum dividends for 2022, which represent 25% of the Company's profit less the Legal Reserve recognized in 2022, amount to R\$ 36,529 (R\$ 51,341 at December 31, 2021).

## PBG S.A. and subsidiaries

Notes to the interim financial information at September 30, 2023.

All amounts in thousands of reais, unless otherwise stated.

On August 5, 2022, the Board of Directors' Meeting approved the advance payment of dividends for 2022 in the total amount of R\$ 43,442, of which R\$ 22,847 as dividends and R\$ 20,595 as interest on capital (R\$ 17,506 net of withholding income tax). The amounts per share are R\$ 0.1620 and R\$ 0.1460 of dividends and interest on capital, respectively. The earnings were paid on September 1, 2022.

Also, on March 27, 2023, the Board of Directors approved the distribution of additional dividends in the amount of R\$ 29,615.

Accordingly, considering the advance payments made in 2022, in the amount of R\$ 43,442, and the additional dividends approved in 2023, amounting to R\$ 29,615, the Company distributed to the stockholders R\$ 73,057 referring to 2022, as dividends and interest on capital.

On July 6, 2023, the Company paid additional dividends (R\$ 29,615), of which R\$ 18,337 as dividends and R\$ 11,278 (R\$ 9,635 net of income tax) as interest on capital, generating a total net disbursement of R\$ 27,792 on that date.

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

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

The Executive Board assesses the performance of the operating segments based on the measurement of the gross operating income or loss. The segment reporting, reviewed by the Executive Board, is as follows:

#### a) Segment reporting by business segment between domestic and foreign markets for the third quarter of 2023 and 2022:

	At September 30, 2023			At September 30, 2022		
	Brazil	Other countries	Total	Brazil	Other countries	Total
Continuing operations						
Revenue	465,013	133,010	598,023	467,181	130,743	597,924
Cost of goods sold	(260,234)	(96,869)	(357,103)	(255,689)	(84,836)	(340,525)

## PBG S.A. and subsidiaries

Notes to the interim financial information at September 30, 2023.  
All amounts in thousands of reais, unless otherwise stated.

Gross operating profit	204,779	36,141	240,920	211,492	45,907	257,399
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### b) Segment reporting by business segment between domestic and foreign markets for the first nine months of 2023 and 2022:

	At September 30, 2023			At September 30, 2022		
	Brazil	Other countries	Total	Brazil	Other countries	Total
Continuing operations						
Revenue	1,290,731	343,868	1,634,599	1,285,277	415,060	1,700,337
Cost of goods sold	(746,557)	(240,340)	(986,897)	(680,843)	(271,144)	(951,987)
Gross operating profit	544,174	103,528	647,702	604,434	143,916	748,350

### c) Segment reporting by business segment between business units for the third quarter of 2023 and 2022:

	At September 30, 2023					
	Total	*Eliminations	Portobello	Pointer	Portobello Shop	PBA
Continuing operations						
Net revenue	598,023	(29,153)	255,722	50,766	246,838	73,850
Cost of goods sold	(357,107)	30,467	(158,636)	(43,267)	(126,842)	(58,829)
Gross operating profit	240,916	1,314	97,086	7,499	119,996	15,021
*Eliminations between transactions						
	At September 30, 2022					
	Total	*Eliminations	Portobello	Pointer	Portobello Shop	PBA
Continuing operations						
Net revenue	597,924	(27,534)	272,863	62,502	230,390	59,703
Cost of goods sold	(340,525)	26,746	(156,665)	(45,136)	(121,390)	(44,080)
Gross operating profit	257,399	(788)	116,198	17,366	109,000	15,623
*Eliminations between transactions						

### d) Segment reporting by business segment between business units for the first nine months of 2023 and 2022:

	At September 30, 2023					
	Total	*Eliminations	Portobello	Pointer	Portobello Shop	PBA
Continuing operations						
Net revenue	1,634,599	(80,880)	716,634	136,754	690,353	171,738
Cost of goods sold	(986,897)	79,105	(450,611)	(119,301)	(363,856)	(132,234)
Gross operating profit	647,702	(1,775)	266,023	17,453	326,497	39,504
*Eliminations between transactions						
	At September 30, 2022					
	Total	*Eliminations	Portobello	Pointer	Portobello Shop	PBA
Continuing operations						
Net revenue	1,700,337	(64,266)	804,342	177,660	598,730	183,871
Cost of goods sold	(951,987)	62,688	(439,599)	(118,307)	(316,788)	(139,981)
Gross operating profit	748,350	(1,578)	364,743	59,353	281,942	43,890

## PBG S.A. and subsidiaries

Notes to the interim financial information at September 30, 2023.

All amounts in thousands of reais, unless otherwise stated.

\*Eliminations between transactions

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

### 36. Commitments for acquisition of assets

#### Purchases of property, plant and equipment

At September 30, 2023, expenses recorded but not yet incurred relating to property, plant and equipment amount to R\$ 2,440 (R\$ 1,588 at December 31, 2022). Such expenses correspond to the modernization of manufacturing equipment, according to the Company's investment plan.

#### Plant Construction Operation of the Subsidiary Portobello Manufacturing LLC:

By the end of the first six-month period of 2023, Portobello America completed the construction of the new plant in Baxter, Tennessee. In March 2022, the Company announced to the market the signing of the Built-to-Suit (BtS) contract, in the amount of US\$ 90,000, which aimed to build the new plant, also informing the long-term commercial conditions for using the space in the form of leasing without purchase option.

In addition, in March 2022, Portobello America started to acquire equipment for phase 1 of the project for the installation of a continuous line. The installation of equipment and production tests were completed in June 2023 and production operations began in July 2023. The total investment in this first phase was R\$ 324,811 (USD 55 million).

### 37. Insurance coverage

The insurance coverage at September 30, 2023 is considered sufficient to cover any claims and is summarized as follows:

Insurance Policy	Maximum Indemnity Limit	Maturity
Vehicle fleet	79 (vehicles)	11/15/2023
Guarantee Bond Contract Engie EBC-18. 1710-CVE-CL	4,047	12/31/2023
International transport insurance - Portobello imports	189,433	12/31/2023
International transport insurance - Pointer imports	4,808	12/31/2023
Group life insurance and funeral assistance	1,857	02/28/2024
Guarantee Bond Contract Engie EBC-18. 1710-CVE-CL	2,657	03/01/2024
General civil liability insurance (Tijucas/Pointer)	6,520	04/14/2024
Property Insurance - Pointer (Alagoas Building)	61,000	06/13/2024
PBG Property Insurance (Tijucas/Pointer/DCs) - single maximum indemnity limit	305,000	06/13/2024
Cyber insurance	10,000	07/01/2024
Directors & Officers Liability Insurance (D&O)	43,000	08/26/2024
Legal Protection Insurance	1,691	04/24/2026
Legal Protection Insurance	533	11/13/2023
Legal Protection Insurance	248	11/13/2023
Legal Protection Insurance	169	11/13/2023
Legal Protection Insurance	438	11/30/2023
Legal Protection Insurance	4,945	04/26/2024
Legal Protection Insurance	179	07/28/2024
Legal Protection Insurance	869	01/29/2025
Legal Protection Insurance	340	05/10/2025
Legal Protection Insurance	28,000	06/18/2025

## PBG S.A. and subsidiaries

Notes to the interim financial information at September 30, 2023.

All amounts in thousands of reais, unless otherwise stated.

Legal Protection Insurance	261	01/26/2026
Legal Protection Insurance	42	01/26/2026
Legal Protection Insurance	28,777	03/07/2027
Legal Protection Insurance	171	03/21/2027
Legal Protection Insurance	21	03/21/2027
Legal Protection Insurance	3,755	12/14/2027
Legal Protection Insurance	2,350	12/14/2027
Legal Protection Insurance	403	12/14/2027
Legal Protection Insurance	130	12/14/2027
Legal Protection Insurance	130	12/14/2027
Legal Protection Insurance	110	12/14/2027
Legal Protection Insurance	65	12/14/2027
Legal Protection Insurance	16,242	12/16/2027
Legal Protection Insurance	834	02/28/2028
Legal Protection Insurance	189	03/29/2028
Legal Protection Insurance	16,455	06/09/2028

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

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

## 38. 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 stockholders and officers. The operations refer to sales and purchases of finished goods, products in progress and raw materials, dividends, tax proceedings, lease of properties and contracting of logistics, software, infrastructure and marketplace services. The carrying amounts for the aforementioned operations are as follows:

Nature - Assets and liabilities balance	Company	Parent company	
		September 30, 2023	December 31, 2022
<b>Subsidiaries</b>			
<b>Commercial transactions</b>			
Trade receivables	Portobello Shop S.A.	10	5
Trade receivables	Portobello America, Inc.	50,962	150,220
Trade receivables	Cia Brasileira de Cerâmica	570	253
Trade receivables	PBTech Com. Sern. Cer. Ltda.	21,324	11,287
Receivables from related parties	PBTech Com. Sern. Cer. Ltda.	18	-
Receivables from related parties	Portobello Shop S.A.	6,413	-
Trade payables	Cia Brasileira de Cerâmica	(2,781)	(3,578)
Trade payables	Mineração Portobello Ltda.	(4,530)	(4,122)
Trade payables	PBTech Com. Sern. Cer. Ltda.	(587)	-
Trade payables	Portobello America, Inc.	(131)	-
Assets net of liabilities with subsidiaries		71,268	154,065
<b>Related parties</b>			
Receivables from subsidiaries	Portobello America, Inc.	34,187	-
Payables to related parties	Refinadora Catarinense S.A.	(56,330)	(56,330)
Payables to related parties	Mineração Portobello Ltda.	(11,555)	(10,354)
Payables to related parties	PBTech Com. Sern. Cer. Ltda.	(16)	(16)

## PBG S.A. and subsidiaries

Notes to the interim financial information at September 30, 2023.

All amounts in thousands of reais, unless otherwise stated.

		Parent company	
Nature - profit or loss	Company	Accumulated at September 30, 2023	Accumulated at September 30, 2022
<b>Revenues</b>			
<b>Subsidiaries</b>			
Sales of goods	PBTech Com. Sern. Cer. Ltda.	135,179	97,909
Sales of goods	Cia Brasileira de Cerâmica	1,126	1,158
Sales of goods	Portobello America, Inc.	71,721	76,470
<b>Related parties</b>			
Sales of goods	Solução Cerâmica Com. Ltda.	1	34
Sales of goods	Riveste Comercio Ltda.	163	18,511
Sales of goods	Flooring Revest. Cer. Ltda.	544	12,931
Sales of goods	Gomes Part Societárias Ltda.	9	-
<b>Expenses</b>			
<b>Subsidiaries</b>			
Acquisition of inputs	Mineração Portobello Ltda.	(11,305)	(9,259)
Cutting service	Cia Brasileira de Cerâmica	(5,854)	-
<b>Related parties</b>			
Rental	Gomes Part Societárias Ltda.	(674)	(709)
Freight service	Multilog Sul Armazéns S/A	(1)	(15)
Cutting service	Flooring Revest. Cer. Ltda.	(2)	(7,096)
Parking service	AB Parking	(90)	(229)
Third-party services	Rádio Clube Tijucas Ltda.	(91)	-
		190,726	189,705

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

### Related-party transactions

Portobello Shop, Companhia Brasileira de Cerâmica and PBTech have receivables, payables from acquisition of stores and service revenue relating to royalties of related parties. The transactions are as follows:

		Subsidiaries	
Transactions with subsidiaries and related entities	Nature - Property	September 30, 2023	December 31, 2022
Cia Brasileira de Cerâmica	Trade receivables, net of advances	1,694	-
Portobello Shop S.A.	Trade receivables, net of advances	291	-
Riveste Comercio Ltda.	Trade receivables, net of advances	-	261
Flooring Revest. Cer. Ltda.	Trade receivables, net of advances	7	465
PBTech Com. Sern. Cer. Ltda.	Trade payables	(1,985)	-

## PBG S.A. and subsidiaries

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All amounts in thousands of reais, unless otherwise stated.

Flooring Revest. Cer. Ltda.	Payables to subsidiaries and related parties	-	(35,290)
		7	(34,564)
		Subsidiaries	
Transactions with subsidiaries and related entities	Nature - profit or loss	Accumulated at September 30, 2023	Accumulated at September 30, 2022
Solução Cerâmica Com. Ltda.	Revenue - royalties	-	3
Riveste Comercio Ltda.	Revenue - royalties	55	4,887
Flooring Revest. Cer. Ltda.	Revenue - royalties	188	3,741
PBTech Com. Sern. Cer. Ltda.	Revenue - sales of goods	4,109	-
AB Parking	Parking service	(311)	-
Gomes Part Societárias Ltda.	Expense - rental	(920)	-
Solução Cerâmica Com. Ltda.	Interest - store acquisition	(950)	(1,635)
Riveste Comercio Ltda.	Interest - store acquisition	(388)	(147)
Flooring Revest. Cer. Ltda.	Interest - store and workshop acquisition	(2,596)	(671)
		(813)	6,178
		Subsidiaries	
Transactions with subsidiaries and related entities	Nature – acquisition of operations	September 30, 2023	December 31, 2022
Riveste Comercio Ltda.	Store acquisition	-	13,200
Solução Cerâmica Com. Ltda.	Store acquisition	-	46,800
Flooring Revest. Cer. Ltda.	Store and workshop acquisition	-	54,722
		-	114,722

### 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, 2023, are as follows:

	Parent company		Consolidated	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Fixed compensation				
Salaries	5,490	11,676	7,304	12,752
Fees	6,775	6,741	6,775	6,741
Variable compensation	1,300	2,937	1,384	3,356
Pension Plan	591	807	658	822

**PBG S.A. and subsidiaries**

Notes to the interim financial information at September 30, 2023.

All amounts in thousands of reais, unless otherwise stated.

Severance benefits	1,298	966	1,298	966
Other	1,665	4,182	1,955	4,314
	<u>17,119</u>	<u>27,309</u>	<u>19,374</u>	<u>28,951</u>