



Quarterly Result 1Q I 2024

Report on the review of quarterly information - ITR

To the Directors and Shareholders of

PBG S.A.

Tijucas – Santa Catarina

Introduction

We have reviewed the interim, individual and consolidated financial information of PBG S.A. (“Company”), contained in the Quarterly Information - (ITR) Form for the three-month period ended March 31, 2024, which comprise the balance sheet on March 31, 2024 and related statements of income, of comprehensive income, of changes in shareholders' equity and of cash flows for the three-month period then ended, including explanatory notes.

Company’s Management is responsible for the preparation of the individual interim financial information in accordance with CPC 21(R1) and the consolidated interim financial information in accordance with CPC 21 (R1) and with international standard IAS 34 – Interim Financial Reporting, issued by the International Accounting Standards Board - (IASB), as well as for the presentation of this information in a manner consistent with the standards issued by the Brazilian Securities and Exchange Commission, applicable to the preparation of the Quarterly Information (ITR). Our responsibility is to express a conclusion on these interim financial information based on our review.

Scope of review

We conducted our review in accordance with the Brazilian and international review standards for interim 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 in asking questions, chiefly to the persons in charge of financial and accounting affairs, and in applying analytical procedures 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 individual interim information

Based on our review, we are not aware of any facts that would lead us to believe that the individual interim financial information included in the quarterly information referred to above was not prepared, in all material respects, in accordance with CPC 21(R1) applicable to the preparation of Quarterly Information (ITR), and presented in a manner consistent with the standards issued by the Brazilian Securities and Exchange Commission.

Conclusion on the consolidated interim information

Based on our review, we are not aware of any facts that would lead us to believe that the consolidated interim financial information included in the quarterly information referred to above was not prepared, in all material respects, in accordance with CPC 21 (R1) and IAS 34, applicable to the preparation of Quarterly Information (ITR), and presented in a manner consistent with the standards issued by the Brazilian Securities and Exchange Commission.

Other matters - Statements of added value

The aforementioned quarterly information includes the individual and consolidated statements of added value for the three-month period ended March 31, 2024, prepared under responsibility of Company's Management, and presented as supplementary information for IAS 34 purposes. These statements have been subject to review procedures performed in conjunction with the review of the quarterly information, in order to determine whether they are reconciled with the interim financial information and book records, as applicable, and whether their form and content are in accordance with the criteria defined in Technical Pronouncement CPC 09 – Statement of Added Value. Based on our review, we are not aware of any facts that may lead us to believe that these statements of added value have not been prepared, in all material respects, in accordance with the criteria set forth in this Standard and consistently with respect to the individual and consolidated interim financial information taken as a whole.

Corresponding amounts

Corresponding amounts related to individual and consolidated balance sheets as of December 31, 2023 were previously audited by other independent auditors who issued an unchanged report on March 13, 2024 and individual and consolidated statements of income, of comprehensive income, of changes in shareholders' equity and of cash flows for the three-month period ended March 31, 2023 were previously reviewed by other independent auditors, who issued an unchanged report on May 12, 2023. The corresponding amounts for the individual and consolidated statements of added value for the three-month period ended March 31, 2023, were subject to the same review procedures by those independent auditors and, based on its review, those auditors issued an opinion reporting that were not aware of any facts that would lead them to believe that the statement of added value was not prepared, in all material respects, consistently with the individual and consolidated interim financial information taken as a whole.

Joinville, May 13, 2024

KPMG Auditores Independentes Ltda.
CRC SC-000071/F-8

Yukie de Andrade Kato
Accountant CRC PR-052608/O-4 T-CE

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Company Information / Breakdown of Capital

Quantity of shares (Thousand)	Current Period 03/31/2024
Paid-in capital	
Common	140,987
Preferred	0
Total	140,987
Treasury	
Common	0
Preferred	0
Total	0

Individual financial statements / Balance sheet - Assets (Thousand)

Account Code	Account Description	Current Period 03/31/2024	Previous Period 12/31/2023
1	Curent Assets	2,455,921	2,525,874
1.01	Curent Assets	945,630	1,068,861
1.01.01	Cash and Cash Equivalents	233,309	376,366
1.01.03	Accounts Receivable	234,494	219,186
1.01.03.01	Trade Receivables	234,494	219,186
1.01.04	Inventory	368,151	374,170
1.01.06	Taxes to recover	23,929	24,758
1.01.06.01	Current taxes recoverable	23,929	24,758
1.01.06.01.01	Recoverable Income Tax and CS	2,347	2,347
1.01.06.01.02	Other Recoverable Taxes	21,582	22,411
1.01.07	Prepaid Expenses	13,569	4,334
1.01.08	Others Current Assets	72,178	70,047
1.01.08.03	Other	72,178	70,047
1.01.08.03.01	Advance to Suppliers	5,587	4,779
1.01.08.03.02	Dividends Receivable	47,763	39,693
1.01.08.03.03	Derivative financial instruments	7,628	14,620
1.01.08.03.04	Other Accounts Receivable	11,200	10,955
1.02	Non-Current Assets	1,510,291	1,457,013
1.02.01	Long-Term Assets	296,245	331,770
1.02.01.07	Deferred Taxes	44,202	39,815
1.02.01.07.01	Deferred Income and Social Contribution Taxes	44,202	39,815
1.02.01.09	Receivables from related parties	52,786	89,002
1.02.01.09.02	Subsidiaries Credits	52,786	89,002
1.02.01.10	Other Non-Current Assets	199,257	202,953
1.02.01.10.03	Judicial Deposits	7,033	7,090
1.02.01.10.04	Escrow deposit	15,159	19,887
1.02.01.10.06	Taxes to recover	16,520	16,131
1.02.01.10.07	Legal assets	115,566	115,141
1.02.01.10.08	Actuarial assets	21,575	21,575
1.02.01.10.09	Restricted investments	10,570	10,297
1.02.01.10.11	Other Accounts Receivable	12,834	12,832
1.02.02	Investments	579,501	487,031
1.02.02.01	Ownership Interest	579,501	487,031
1.02.02.01.02	Interest in Subsidiaries	576,153	483,683
1.02.02.01.04	Other investments	3,348	3,348
1.02.03	Property, Plant and Equipment	595,288	597,167
1.02.03.01	Property, Plant and Equipment	532,085	522,145
1.02.03.02	Right to Use in Rent	42,441	37,296
1.02.03.03	Construction in Progress	20,762	37,726
1.02.04	Intangibles Assets	39,257	41,045
1.02.04.01	Intangibles Assets	39,257	41,045
1.02.04.01.01	Concession contract	39,257	41,045

Individual financial statements / Balance sheet Liabilities (Thousand)

Account Code	Account Description	Current Period 03/31/2024	Previous Period 12/31/2023
2	Total Liabilities	2,455,921	2,525,874
2.01	Current Liabilities	875,348	1,050,383
2.01.01	Social and labor obligations	60,555	55,992
2.01.02	Suppliers	391,175	414,017
2.01.02.01	National suppliers	389,515	413,343
2.01.02.01.01	Suppliers	259,687	265,361
2.01.02.01.02	Credit granting from suppliers	120,213	132,859
2.01.02.01.03	Asset Accounts Payable	9,615	15,123
2.01.02.02	Foreign suppliers	1,660	674
2.01.03	Tax Obligations	29,204	24,013
2.01.03.01	Federal tax obligations	1,698	9,634
2.01.03.01.02	PIS AND COFINS	-	2,905
2.01.03.01.03	IRRF	1,188	6,291
2.01.03.01.04	Other Taxes	510	438
2.01.03.02	State Taxes	27,506	14,379
2.01.03.02.01	ICMS	27,506	14,379
2.01.04	Loans and Financing	293,863	456,037
2.01.04.01	Loans and Financing	164,203	331,208
2.01.04.01.01	In National Currency	90,035	251,945
2.01.04.01.02	Foreign Currency	74,168	79,263
2.01.04.02	Debentures	129,660	124,829
2.01.05	Other Obligations	100,551	100,324
2.01.05.01	Liabilities Related Party	13,636	14,100
2.01.05.01.02	Debts with Subsidiaries	13,526	14,005
2.01.05.01.04	Other Payables to Related Parties	110	95
2.01.05.02	Other	86,915	86,224
2.01.05.02.01	Dividends and interest on equity	638	640
2.01.05.02.04	Lease Obligations	24,053	21,112
2.01.05.02.05	Derivative financial instruments	121	1,894
2.01.05.02.06	Other bills to pay	23,577	22,233
2.01.05.02.07	Taxes payable in installments	17,227	18,323
2.01.05.02.08	Advances from clients	21,299	22,022
2.02	Non-current Liabilities	1,209,462	1,089,557
2.02.01	Loans and Financing	1,002,929	915,598
2.02.01.01	Loans and Financing	530,176	443,177
2.02.01.01.01	In National Currency	376,594	342,025
2.02.01.01.02	Foreign Currency	153,582	101,152
2.02.01.02	Debentures	472,753	472,421
2.02.02	Other Obligations	163,525	130,731
2.02.02.01	Liabilities Related Party	103,513	103,204
2.02.02.01.02	Debts with Subsidiaries	47,183	46,874
2.02.02.01.04	Other Payables to Related Parties	56,330	56,330
2.02.02.02	Other	60,012	27,527
2.02.02.02.04	Asset Accounts Payable	2,904	2,814
2.02.02.02.05	Taxes payable in installments	29,093	-
2.02.02.02.06	Lease Obligations	21,570	19,188
2.02.02.02.07	Other bills to pay	6,445	5,525
2.02.04	Provisions	43,008	43,228
2.02.04.01	Provision for profit sharing	43,008	43,228
2.02.04.01.01	Tax provisions	20,776	20,045
2.02.04.01.02	Social Security and Labor Provisions	9,021	9,298
2.02.04.01.04	Civil provisions	13,211	13,885
2.03	Shareholders' Equity	371,111	385,934
2.03.01	Capital	250,000	250,000
2.03.04	Profit Reserves	225,696	225,696
2.03.04.01	Revenue reserves	50,000	50,000
2.03.04.05	Retained Earnings Reserve	16,164	16,164
2.03.04.06	Special Reserve for Undistributed Dividends	35,633	35,633
2.03.04.07	Tax Incentive Reserve	123,899	123,899
2.03.05	Profits / Losses	-54,313	-33,911
2.03.06	Equity valuation adjustments	29,745	30,049
2.03.07	Cumulative translation adjustments	-73,539	-84,036
2.03.08	Other Comprehensive Income	-6,478	-1,864
2.03.08.02	Other Comprehensive Income	-6,478	-1,864

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

Account Code	Account Description	Current Quarter Period 01/01/2024 to 03/31/2024	Accumulated of the Previous Period 01/01/2023 to 03/31/2023
3.01	Sales revenue of Goods and / or Services	416,676	383,763
3.02	Cost of Goods and / or Services Sold	-296,092	-273,988
3.03	Raw score	120,584	109,775
3.04	Operating Income / Expenses	-102,664	-102,656
3.04.01	Selling Expenses	-78,599	-76,239
3.04.02	General and Administrative Expenses	-23,929	-22,581
3.04.04	Other Operating Income	20,643	3,411
3.04.05	Other Operating Expenses	-	-6,833
3.04.06	Equity income	-20,779	-414
3.05	Income before financial result and taxes	17,920	7,119
3.06	Financial result	-40,636	-33,062
3.06.01	Financial income	4,102	6,527
3.06.02	Financial expenses	-44,738	-39,589
3.06.02.01	Financial expenses	-42,936	-35,917
3.06.02.02	Foreign exchange variations, net	-1,802	-3,672
3.07	Income before Income Taxes	-22,716	-25,943
3.08	Income Tax and Social Contribution on Net Income	2,010	10,862
3.08.01	Current	-	312
3.08.02	Deferred	2,010	10,550
3.09	Net Income from Continuing Operations	-20,706	-15,081
3.11	Profit / Loss for the Period	-20,706	-15,081
3.99.01.01	ON	0,14686	-0,10697

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

Account Code	Account Description	Current Quarter Period 01/01/2024 to 03/31/2024	Accumulated of the Previous Period 01/01/2023 to 03/31/2023
4.01	Net income for the period	-20,706	-15,081
4.02	Other Comprehensive Income	5,883	6,338
4.02.03	Exchange Variation of Subsidiaries Abroad	10,497	560
4.02.04	Hedge Accounting Operations	-6,991	8,753
4.02.05	Deferred income tax and social contribution on hedge accounting	2,377	-2,975
4.03	Results Comprehensive Period	-14,823	-8,743

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

Account Code	Account Description	Current Quarter Period 01/01/2024 to 03/31/2024	Accumulated of the Previous Period 01/01/2023 to 03/31/2023
6.01	Net cash from operating activities	-53,500	-101,303
6.01.01	Cash provided by operating activities	50,873	30,067
6.01.01.01	Income (loss) before income tax	-22,716	-25,943
6.01.01.02	Depreciation and amortization	20,268	19,396
6.01.01.03	Equity income or loss	20,779	414
6.01.01.04	Unrealized foreign exchange variations from borrowin	-4,282	-3,529
6.01.01.06	Provision for valuation of inventories at market value	662	1,194
6.01.01.07	Provision for impairment of trade receivables	251	1,272
6.01.01.08	Provisions for civil, labor, pension and taxes	14	369
6.01.01.10	Other provisions	141	2,722
6.01.01.11	Restatement of Judicial Assets	-972	-1,377
6.01.01.12	Provision for PPR	-	2,579
6.01.01.13	Provision for interest on loans and debentures	33,579	30,648
6.01.01.14	Interest and exchange variation on leases	1,589	1,295
6.01.01.16	Provision for Long-Term Incentives	920	908
6.01.01.17	Prodec Present Value Adjustment	-173	119
6.01.01.18	Write-offs of fixed and intangible assets	20	-
6.01.01.20	Derivatives	793	-
6.01.02	Changes in assets and liabilities	-63,861	-102,759
6.01.02.01	Accounts Receivable	-15,559	19,333
6.01.02.02	Restricted investments	-273	-296
6.01.02.03	Inventory	5,357	-22,521
6.01.02.04	Advance to Suppliers	-808	2,636
6.01.02.05	Judicial Deposits	101	-242
6.01.02.06	Recoverable Taxes	439	4,124
6.01.02.07	Judicial Assets	5,136	1,100
6.01.02.08	Other assets	-320	-3,898
6.01.02.09	Accounts Payable	-17,334	-28,916
6.01.02.10	Advances from customers	-723	-4
6.01.02.11	Tax installment payment	-1,096	-2,813
6.01.02.12	Taxes, fees and contributions	5,191	4,607
6.01.02.13	Tax and labor obligations	4,563	4,831
6.01.02.15	Provisions for civil, labor, pension and taxes	-234	-463
6.01.02.17	Debts to subsidiaries and related parties	-46,939	-89,630
6.01.02.18	Derivatives	-2,566	-
6.01.02.19	Other trade payables	1,204	-3,428
6.01.02.20	Receivables from Eletrobrás	-	12,821
6.01.03	Other	-40,512	-28,611
6.01.03.01	Interest paid	-40,512	-28,611
6.02	Net cash used in investing activities	-33,573	-35,956
6.02.01	Acquisition of property, plant and equipment	-10,827	-23,833
6.02.02	Acquisition of intangible assets	-768	-5,201
6.02.03	Payables of Fixed Assets	-	-3,175
6.02.06	Advance for future capital increase (AFAC)	-55,722	-3,747
6.02.07	Dividends received	33,744	-
6.03	Net cash provided by (used in) financing activities	-55,984	237,104
6.03.01	Loans and financing and debentures	172,800	262,600
6.03.02	Payment of borrowings	-222,074	-19,903
6.03.04	Lease amortization	-6,710	-5,593
6.05	Increase/(decrease) in cash and cash equivalents	-143,057	99,845
6.05.01	Opening balance of cash and cash equivalents	376,366	176,995
6.05.02	Closing balance of cash and cash equivalents	233,309	276,840

**Individual financial statements / Statement of changes in shareholders' equity / DMPL - 01/01/2024– 03/31/2024
(Thousand)**

Account Code	Account Description	Paid-in share capital	Profit Reserves	Retained Earnings or Accumulated Losses	Other Comprehensive Income	Individual Shareholders' Equity
5.01	Opening Balances	250,000	225,696	-33,911	-55,851	385,934
5.03	Adjusted Opening Balances	250,000	225,696	-33,911	-55,851	385,934
5.05	Total Comprehensive Income	-	-	-20,706	5,883	-14,823
5.05.01	Net Income for the Period	-	-	-20,706	-	-20,706
5.05.02	Other Comprehensive Income	-	-	-	5,883	5,883
5.05.02.01	Financial Instruments Adjustments	-	-	-	-6,991	-6,991
5.05.02.02	Taxes s / Adjustments Financial Instruments	-	-	-	2,377	2,377
5.05.02.04	Foreign exchange variation of subsidiary located abroad	-	-	-	10,497	10,497
5.06	Internal changes in shareholders' equity	-	-	304	-304	-
5.06.02	Realization of the Revaluation Reserve	-	-	304	-304	-
5.07	Closing Balances	250,000	225,696	-54,313	-50,272	371,111

**Individual financial statements / Statement of changes in shareholders' equity / DMPL - 01/01/2023– 03/31/2023
(Thousand)**

Account Code	Account Description	Paid-in share capital	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
5.05	Total Comprehensive Income	-	-	-15,081	-	-15,081
5.05.01	Net Income for the Period	-	-	-15,081	-	-15,081
5.06	Internal changes in shareholders' equity	-	4,264	-3,959	6,033	6,338
5.06.02	Realization of the Revaluation Reserve	-	-	305	-305	-
5.07	Closing Balances	250,000	259,575	-19,04	-32,062	458,473

Individual financial statements / Statement of added value (Thousand)

Account Code	Account Description	Current Quarter Period 01/01/2024 to 03/31/2024	Accumulated of the Previous Period 01/01/2023 to 03/31/2023
7.01	Revenues	552,929	482,870
7.01.01	Sales of goods, products and services	527,502	480,270
7.01.02	Other revenues	25,677	3,690
7.01.04	Reversal/Allowance for doubtful accounts	-250	-1,090
7.02	Inputs acquired from third-parties	-266,511	-246,575
7.02.01	Cost of products, goods and services sold	-212,138	-194,065
7.02.02	Materials, energy, third party services and other	-59,609	-57,346
7.02.03	Loss/Recovery of assets	5,236	4,836
7.03	Gross value added	286,418	236,295
7.04	Retentions	-20,268	-19,396
7.04.01	Depreciation and amortization	-20,268	-19,396
7.05	Net value added produced	266,150	216,899
7.06	Value added received in transfer	-14,468	5,032
7.06.01	Equity income	-20,779	-414
7.06.02	Financial income	6,311	5,446
7.07	Total value added to be distributed	251,682	221,931
7.08	Distribution of value added	251,682	221,931
7.08.01	Personnel	90,314	88,267
7.08.01.01	Direct remuneration	75,371	72,876
7.08.01.02	Benefits	9,722	10,156
7.08.01.03	Government Severance Indemnity Fund for Empl	5,221	5,235
7.08.02	Taxes, fees and contributions	126,864	102,204
7.08.02.01	Federal	51,482	36,592
7.08.02.02	State	74,745	65,313
7.08.02.03	Municipal	637	299
7.08.03	Remuneration of third party capital	55,210	46,541
7.08.03.01	Interest	46,600	38,507
7.08.03.02	Rentals	8,610	8,034
7.08.04	Remuneration of own capital	-20,706	-15,081
7.08.04.03	Retained earnings	-20,706	-15,081

Consolidated financial statements / Balance sheet - Assets (Thousand)

Account Code	Account Description	Current Period 03/31/2024	Previous Period 12/31/2023
1	Total Assets	3,253,681	3,296,008
1.01	Current Assets	1,233,935	1,331,755
1.01.01	Cash and Cash Equivalents	324,996	486,472
1.01.03	Accounts Receivable	282,503	269,041
1.01.03.01	Trade Receivables	282,503	269,041
1.01.04	Inventory	525,865	489,041
1.01.06	Taxes to recover	34,568	31,798
1.01.06.01	Current taxes recoverable	34,568	31,798
1.01.06.01.01	Recoverable Income Tax and CS	8,603	8,603
1.01.06.01.02	Other Recoverable Taxes	25,965	23,195
1.01.07	Prepaid Expenses	31,934	17,488
1.01.08	Others Current Assets	34,069	37,915
1.01.08.03	Other	34,069	37,915
1.01.08.03.01	Advance to Suppliers	11,284	11,118
1.01.08.03.02	Derivative financial instruments	7,628	14,620
1.01.08.03.03	Other Accounts Receivable	15,157	12,177
1.02	Non-Current Assets	2,019,746	1,964,253
1.02.01	Long-Term Assets	257,345	256,579
1.02.01.07	Deferred Taxes	57,957	53,458
1.02.01.07.01	Deferred Income and Social Contribution Taxes	57,957	53,458
1.02.01.10	Other Non-Current Assets	199,388	203,121
1.02.01.10.03	Judicial Deposits	7,041	7,098
1.02.01.10.04	Escrow deposit	15,159	19,887
1.02.01.10.06	Taxes to recover	16,578	16,190
1.02.01.10.07	Legal assets	115,566	115,141
1.02.01.10.08	Actuarial assets	21,575	21,575
1.02.01.10.09	Restricted investments	10,570	10,297
1.02.01.10.12	Other Accounts Receivable	12,899	12,933
1.02.02	Investments	3,348	3,348
1.02.02.01	Ownership Interest	3,348	3,348
1.02.02.01.05	Other investments	3,348	3,348
1.02.03	Property, Plant and Equipment	1,665,683	1,620,557
1.02.03.01	Property, Plant and Equipment	844,448	824,865
1.02.03.02	Right to Use in Rent	617,504	562,675
1.02.03.03	Construction in Progress	203,731	233,017
1.02.04	Intangibles Assets	93,370	83,769
1.02.04.01	Intangibles Assets	93,370	83,769

Consolidated financial statements / Balance sheet - Liabilities (Thousand)

Account Code	Account Description	Current Period 03/31/2024	Previous Period 12/31/2023
2	Total Liabilities	3,253,681	3,296,008
2.01	Current Liabilities	1,138,001	1,321,165
2.01.01	Social and labor obligations	81,009	76,578
2.01.02	Suppliers	516,378	549,082
2.01.02.01	National suppliers	474,718	510,930
2.01.02.01.01	Suppliers	265,647	288,699
2.01.02.01.02	Credit granting from suppliers	120,213	132,859
2.01.02.01.03	Asset Accounts Payable	88,858	89,372
2.01.02.02	Foreign suppliers	41,660	38,152
2.01.03	Tax Obligations	37,173	30,508
2.01.03.01	Federal tax obligations	11,357	15,438
2.01.03.01.01	Income and social contribution tax payable	2,296	202
2.01.03.01.02	PIS AND COFINS	2,058	5,387
2.01.03.01.03	IRRF	6,819	8,797
2.01.03.01.04	Other Taxes	184	1,052
2.01.03.02	State Taxes	25,816	15,070
2.01.03.02.01	ICMS	25,816	15,070
2.01.04	Loans and Financing	293,863	456,037
2.01.04.01	Loans and Financing	164,203	331,208
2.01.04.01.01	In National Currency	90,035	251,945
2.01.04.01.02	Foreign Currency	74,168	79,263
2.01.04.02	Debentures	129,660	124,829
2.01.05	Other Obligations	209,578	208,960
2.01.05.02	Other	209,578	208,960
2.01.05.02.01	Dividends and interest on equity	680	640
2.01.05.02.04	Lease Obligations	42,299	40,276
2.01.05.02.05	Derivative financial instruments	121	1,894
2.01.05.02.06	Other bills to pay	33,380	31,131
2.01.05.02.07	Taxes payable in installments	17,227	18,323
2.01.05.02.08	Advances from customers	115,871	116,696
2.02	Non-current Liabilities	1,744,562	1,588,854
2.02.01	Loans and Financing	1,002,929	884,904
2.02.01.01	Loans and Financing	530,176	412,483
2.02.01.01.01	In National Currency	376,594	311,331
2.02.01.01.02	Foreign Currency	153,582	101,152
2.02.01.02	Debentures	472,753	472,421
2.02.02	Other Obligations	653,869	617,592
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	597,539	561,262
2.02.02.02.04	Asset Accounts Payable	127,971	107,002
2.02.02.02.05	Taxes payable in installments	29,093	30,694
2.02.02.02.07	Lease Obligations	420,562	404,279
2.02.02.02.08	Other	19,913	19,287
2.02.03	Deferred taxes	6,387	6,387
2.02.03.01	Income Tax and Social Contribution Deferred	6,387	6,387
2.02.04	Provisions	81,377	79,971
2.02.04.01	Provision for profit sharing	81,377	79,971
2.02.04.01.01	Tax provisions	20,955	20,110
2.02.04.01.02	Social Security and Labor Provisions	9,422	9,682
2.02.04.01.04	Civil provisions	51,000	50,179
2.03	Consolidated Shareholders' Equity	371,118	385,989
2.03.01	Capital	250,000	250,000
2.03.04	Profit Reserves	225,696	225,696
2.03.04.01	Revenue reserves	50,000	50,000
2.03.04.04	Unrealized Income Reserve	35,633	-
2.03.04.05	Retained Earnings Reserve	16,164	16,164
2.03.04.06	Special Reserve for Undistributed Dividends	-	35,633
2.03.04.07	Tax Incentive Reserve	123,899	123,899
2.03.04.08	Additional dividends	-	-
2.03.05	Profits / Losses	-54,313	-33,911
2.03.06	Equity valuation adjustments	29,745	30,049
2.03.07	Cumulative translation adjustments	-73,539	-84,036
2.03.08	Other Comprehensive Income	-6,478	-1,864
2.03.09	Participation of Non-Controlling Shareholders	7	55

Consolidated financial statements / Statement of income (Thousand)

Account Code	Account Description	Current Quarter Period 01/01/2024 to 03/31/2024	Accumulated of the Previous Period 01/01/2023 to 03/31/2023
3.01	Sales revenue of Goods and / or Services	525.457	487.751
3.02	Cost of Goods and / or Services Sold	-329.650	-295.529
3.03	Raw score	195.807	192.222
3.04	Operating Income / Expenses	-181.033	-172.394
3.04.01	Selling Expenses	-150.174	-143.851
3.04.02	General and Administrative Expenses	-30.859	-23.807
3.04.04	Other Operating Income	-	5.690
3.04.05	Other Operating Expenses	-	-10.426
3.05	Income before financial result and taxes	14.774	19.828
3.06	Financial result	-52.393	-36.715
3.06.01	Financial income	6.043	7.985
3.06.02	Financial expenses	-58.436	-44.700
3.06.02.01	Foreign exchange variations, net	-1.805	-3.686
3.06.02.02	Financial expenses	-56.631	-41.014
3.07	Income before Income Taxes	-37.619	-16.887
3.06.02.01	Income Tax and Social Contribution on Net Income	-5.999	1.826
3.08.01	Current	-8.121	-9.002
3.08.02	Deferred	2.122	10.828
3.09	Net Income from Continuing Operations	-43.618	-15.061
3.11	Consolidated Profit/Loss for the Period	-43.618	-15.061
3.11.01	Attributed to Controlling Partners	-20.706	-15.081
3.11.02	Attributed to Non-Controlling Partners	6	20
3.99.01.01	ON	-0,14686	-0,10697

Consolidated financial statements / Statement of comprehensive income (Thousand)

Account Code	Account Description	Current Quarter Period 01/01/2024 to 03/31/2024	Accumulated of the Previous Period 01/01/2023 to 03/31/2023
4.01	Net income for the period	-20,700	-15,061
4.02	Other Comprehensive Income	5,883	6,338
4.02.03	Exchange Variation of Subsidiaries Abroad	10,497	560
4.02.04	Hedge Accounting Operations	-6,991	8,753
4.02.05	Deferred income tax and social contribution on hedge accounting	2,377	-2,975
4.03	Results Comprehensive Period	-14,817	-8,723
4.03.01	Attributed to Partners of the Parent Company	-14,823	-8,743
4.03.02	Attributed to Minority Partners	6	20

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

Account Code	Account Description	Current Quarter	Accumulated of the
		Period 01/01/2024 to 03/31/2024	Previous Period 01/01/2023 to 03/31/2023
6.01	Net cash from operating activities	-62,667	-11,754
6.01.01	Cash provided by operating activities	80,527	60,500
6.01.01.01	Income (loss) before income tax	-14,701	-16,887
6.01.01.02	Depreciation and amortization	43,727	30,356
6.01.01.04	Unrealized foreign exchange variations from borrowin	6,215	-3,529
6.01.01.06	Provision for valuation of inventories at market value	69	834
6.01.01.07	Provision for impairment of trade receivables	-1,220	1,408
6.01.01.08	Provisions for civil, labor, pension and taxes	1,640	909
6.01.01.10	Provision for guarantees	141	2,722
6.01.01.11	Provision for PPR	-	2,579
6.01.01.12	Restatement of Judicial Assets and Escrow Deposits	-972	-1,377
6.01.01.13	Provision for interest on loans and debentures	33,579	30,648
6.01.01.14	Interest and exchange variation on leases	10,489	2,200
6.01.01.16	Lease Rescission	-	-484
6.01.01.17	Prodec Present Value Adjustment	-173	119
6.01.01.18	Write-off of fixed assets	20	10,063
6.01.01.19	Provision for Long-Term Incentives	920	939
6.01.01.20	Derivatives - SWAP	793	-
6.01.02	Changes in assets and liabilities	-96,851	-34,742
6.01.02.01	Accounts Receivable	-12,242	-2,500
6.01.02.02	Restricted investments	-273	-296
6.01.02.03	Inventory	-36,893	-15,039
6.01.02.04	Advance to Suppliers	-166	4,251
6.01.02.05	Judicial Deposits	57	-246
6.01.02.06	Recoverable Taxes	-3,071	3,585
6.01.02.07	Judicial assets	5,275	1,100
6.01.02.08	Other assets	-21,719	-12,199
6.01.02.09	Accounts Payable	-32,190	-31,521
6.01.02.10	Advances from customers	-825	9,146
6.01.02.11	Tax installment payment	-2,524	-2,813
6.01.02.12	Taxes, fees and contributions	4,289	4,365
6.01.02.13	Tax and labor obligations	4,432	7,222
6.01.02.15	Provisions for civil, labor, pension and taxes	-234	-476
6.01.02.16	Derivatives	-2,565	-
6.01.02.17	Debts to subsidiaries and related parties	-	-4,003
6.01.02.18	Other trade payables	1,798	-8,139
6.01.02.19	Receivables from Eletrobrás	-	12,821
6.01.03	Other	-46,343	-37,512
6.01.03.01	Interest paid	-40,512	-28,611
6.01.03.02	Income Tax and Social Contribution Paid	-5,831	-8,901
6.02	Net cash used in investing activities	-30,820	-85,192
6.02.01	Acquisition of property, plant and equipment	-1,210	-129,826
6.02.02	Acquisition of intangible assets	-14,931	-8,021
6.02.04	Payables of Fixed Assets	-	52,655
6.02.07	Goodwill (stores)	-14,679	-
6.03	Net cash provided by (used in) financing activities	-67,989	230,604
6.03.01	Loans and financing and debentures	172,800	262,600
6.03.02	Payment of Loans and Financing	-222,074	-19,903
6.03.04	Lease amortization	-18,715	-12,093
6.05	Increase/(decrease) in cash and cash equivalents	-161,476	133,658
6.05.01	Opening balance of cash and cash equivalents	486,472	256,088
6.05.02	Closing balance of cash and cash equivalents	324,996	389,746

**Consolidated financial statements / Statement of changes in shareholders' equity / DMPL - 01/01/2024–03/31/2024
(Thousand)**

Account Code	Account Description	Paid-in share capital	Profit Reserves	Retained Earnings or Accumulated Losses	Other Comprehensive Income	Shareholders' Equity	Minority Interests	Consolidated Shareholders' Equity
5.01	Opening Balances	250,000	225,696	-33,911	-55,851	385,934	55	385,989
5.03	Adjusted Opening Balances	250,000	225,696	-33,911	-55,851	385,934	55	385,989
5.04	Capital Transactions with Partners	-	-	-	-	-	-54	-54
5.04.06	Dividends	-	-	-	-	-	-54	-54
5.05	Total Comprehensive Income	-	-	-20,706	5,579	-15,127	6	-15,121
5.05.01	Net Income for the Period	-	-	-20,706	-	-20,706	6	-20,700
5.05.02	Other Comprehensive Income	-	-	-	5,579	5,579	-	5,579
5.05.02.01	Financial Instruments Adjustments	-	-	-	-6,991	-6,991	-	-6,991
5.05.02.02	Taxes s / Adjustments Financial Instruments	-	-	-	2,073	2,073	-	2,073
5.05.02.04	Foreign exchange variation of subsidiary located abroad	-	-	-	10,497	10,497	-	10,497
5.06	Internal changes in shareholders' equity	-	-	304	-	304	-	304
5.07	Closing Balances	250,000	225,696	-54,313	-50,272	371,111	7	371,118

**Consolidated financial statements / Statement of changes in shareholders' equity / DMPL - 01/01/2023 – 03/31/2023
(Thousand)**

Account Code	Account Description	Paid-in share capital	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
5.05	Total Comprehensive Income	-	-	-15,081	-	-15,081	11	-15,070
5.05.01	Net Income for the Period	-	-	-15,081	-	-15,081	11	-15,070
5.06	Internal changes in shareholders' equity	-	-	305	6,033	6,338	-	6,338
5.06.02	Realization of the Revaluation Reserve	-	-	305	-305	-	-	-
5.06.04	Hedge accounting operations	-	-	-	8,753	8,753	-	8,753
5.06.05	Deferred Income Tax on Hedge accounting	-	-	-	-2,975	-2,975	-	-2,975
5.06.06	Exchange variation of subsidiary located abroad	-	-	-	560	560	-	560
5.07	Closing Balances	250,000	255,311	-14,776	-32,062	458,473	39	458,512

Consolidated financial statements / Statement of added value (Thousand)

Account Code	Account Description	Current Quarter Period 01/01/2024 to 03/31/2024	Accumulated of the Previous Period 01/01/2023 to 03/31/2023
7.01	Revenues	677,366	602,819
7.01.01	Sales of goods, products and services	658,174	605,151
7.01.02	Other revenues	24,164	2
7.01.04	Reversal/Allowance for doubtful accounts	-4,972	-4,332
7.02	Inputs acquired from third-parties	-307,130	-287,186
7.02.01	Cost of products, goods and services sold	-228,829	-209,005
7.02.02	Materials, energy, third party services and other	-83,537	-81,730
7.02.03	Loss/Recovery of assets	5,236	3,549
7.03	Gross value added	370,236	315,633
7.04	Retentions	-43,727	-30,356
7.04.01	Depreciation and amortization	-43,727	-30,356
7.05	Net value added produced	326,509	285,277
7.06	Value added received in transfer	8,376	7,675
7.06.02	Financial income	7,809	7,675
7.06.03	Others	567	-
7.07	Total value added to be distributed	334,885	292,952
7.08	Distribution of value added	334,885	292,952
7.08.01	Personnel	129,598	124,020
7.08.01.01	Direct remuneration	110,763	105,603
7.08.01.02	Benefits	12,043	11,886
7.08.01.03	Government Severance Indemnity Fund for Employee (FC	6,792	6,531
7.08.02	Taxes, fees and contributions	157,517	131,834
7.08.02.01	Federal	79,276	62,775
7.08.02.02	State	77,553	68,719
7.08.02.03	Municipal	688	340
7.08.03	Remuneration of third party capital	68,470	52,166
7.08.03.01	Interest	58,958	42,948
7.08.03.02	Rentals	9,512	9,218
7.08.04	Remuneration of own capital	-20,700	-15,068
7.08.04.03	Retained earnings	-20,706	-15,081
7.08.04.04	Minority interests in retained earnings	6	13



Earnings Release

1Q24

Tijucas, May 13, 2024. PBG SA (B3: PTBL3), "PBG" or "Company", the ceramic tile company in Brazil, announces its results for the first quarter of 2024. The data reported herein is derived from PBG S.A.'s consolidated Quarterly Financial Information, prepared in accordance with the standards issued by the Accounting Pronouncement Committee (CPC) and the International Financial Reporting Standards (IFRS), whose comparisons are based on the same periods of 2023 and/or prior years, as indicated.

Main Highlights 1Q24

- **Net Revenue** totaled R\$ 525.5 million in the consolidated Group, 7.7% higher than 1Q23, with a market share gain and growth in all business units.
- **Gross Profit** of R\$ 195.8 million in 1Q24, 1.9% higher than 1Q23, with a gross margin of 37.3%.
- **Retail:** SSS growth of 1.5% vs. 1Q23, with a gross margin of 48.7% in 1Q24. NPS reached 88.8%.
- **Adjusted and Recurring Operating Expenses** ended 1Q24 at R\$ 158.0 million, 30.1% in relation to Net Operating Revenue, accounting for a decrease of 5.4 p.p. vs. 1Q23.
- The **Adjusted and Recurring EBITDA** was R\$ 81.7 million, up 66.0% over 1Q23, with an EBITDA margin of 15.5%, 5.4 pp above the same period of the previous year.
- **Adjusted and Recurring Net Result** in 1Q24 was a loss of R\$ 20.6 million vs. a loss of -R\$ 17.7 million in 1Q23, impacted by the increase in financial and tax expenses despite the improvement in operating results.
- **Capex Investments** in 1Q24 totaled R\$ 45.1 million, vs. R\$ 81.2 million in 1Q23, accounting for a decrease of 44%, focused on the PBA unit plant in the USA and Portobello Shop with the opening of own stores and investments in the Digital area.
- **Decrease in Net Indebtedness**, ending 1Q24 at R\$ 963 million. The net leverage, Net Debt/EBITDA ratio, ended at 3.2x, down 0.1x vs. 4Q23.
- PTBL3 shares ended 1Q24 quoted at R\$ 6.95. Market cap: R\$ 979.9 million (US\$ 167 million). Number of shares: 140,986,886, without treasury shares. Free Float: 38.8%.

Investors Relations

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Message from Management

The Portobello Group presented positive performance in 1Q24, recording market share gain, revenue growth in all units and a leverage reduction, despite the continued challenging macroeconomic and industry scenario. We have witnessed a scenario pressured by inflation and rising interest rates in the world's major economies, directly impacting the construction sector, restraining demand and deteriorating consumption.

In the Brazilian market, despite the challenging scenario, we observed the recovery of the ceramic tiles market, with a growth of 3.8%¹ in the first quarter compared with 1Q23 and consistent evolution of sales volume throughout the months, reaffirming the direction towards demand recovery, albeit gradually. In this context, Portobello Group reached a 15.4% growth in volumes sold in 1Q24 vs. 1Q23, recording a performance above the market, which ended the quarter with a 0.5 p.p. gain in consolidated market share, with a 1.3 p.p. gain in the dry process.

The retail operation, through the Portobello Shop Unit, recorded a 3.0% growth in Net Revenue in 1Q24 vs. 1Q23, accounting for 41.6% of the Group's billing, and presented a gross margin of 48.7%, (+3.4 p.p. vs. 1Q23). This result was achieved through the qualification of our sales mix, due to the success of our launches. We ended the quarter with 156 operations, with 28 own stores and 128 franchises, increasingly driven by Digital actions and the evolution of the network of specifiers, delivering a high level of customer satisfaction, with an NPS of 88.8 in 1Q24.

In March, another edition of ExpoRevestir, the largest fair in the ceramic tile sector in Brazil, was held, where PBG was once again highlighted with a conceptual and sustainable booth whose architectural design was designed by architect Giovanni Bonetti, and the interior designed by architect Ana Tofano. On the first day of ExpoRevestir, we celebrated two Best in Show awards, with **V-Stone** winning first place in the Ceramic Tiles category; and **The Edge**, which was awarded the Best Porcelain Tile.

In the North American market, the macroeconomic scenario resulted in a reduction in the main indicator that measures new launches of real estate developments (Housing Starts), which ended 1Q24 below the average of the last 12 months (-7.5%). We observed greater resilience in the sales volumes delivered by local producers, reinforcing the fundamentals of our expansion strategy in the USA. The new Portobello America plant, which started its operations in late 2023, supported the growth of the unit's Net Revenue, with a +46.0% increase in dollar revenue in 1Q24 vs. 1Q23 (+33.1% in Reais), where we highlight the evolution of sales to local distributors (+52.5% vs. 1Q23 in US\$). The unit is focused on ramping up production volumes and quality to reach its ideal productivity level. In this quarter, the business margin was impacted by one-off events and by the decrease in price in the domestic market and higher costs from the plant, still in this initial stage of operation maturation and the initial phase of the new action plan implemented to stabilize the processes.

Despite the adverse market conditions, the Company has been demonstrating superior results compared to the market and solidifying its strategy of Internationalization and Expansion of Specialized Retail, with a sequential decrease in the financial leverage. Furthermore, we published our Annual Sustainability Report in March, reinforcing our commitment with the business Sustainability to our shareholders, employees and suppliers, confident that 2024 will be a year of major strategic advances and financial deleveraging for the group.

¹ Source: Anfacer: Brazilian Association of Ceramic Tiles Manufacturers, Sanitary Ware and Related Products

Economic and Financial Performance - Consolidated

R\$ Million	1Q23	1Q23	▲ %	▲ Abs	4Q23	▲ %	▲ Abs
Net Revenue	525.5	487.8	7.7%	37.7	556.2	-5.5%	(30.8)
Gross Profit	195.8	192.2	1.9%	3.6	207.7	-5.7%	(11.9)
Gross Margin	37.3%	39.4%	-2.1 p.p.		37.3%	-0.1 p.p.	
Adjusted and Recurring Gross Profit	195.8	192.2	1.9%	3.6	221.3	-11.5%	(25.5)
Adjusted and Recurring Gross Margin	37.3%	39.4%	-2.1 p.p.		39.8%	-2.5 p.p.	
EBIT	37.7	19.8	90.3%	17.9	28.7	31.2%	9.0
Ebit Margin	7.2%	4.1%	3.1 p.p.		5.2%	2 p.p.	
Net income (loss)	(20.7)	(15.1)	37.1%	(5.6)	14.3	-245.0%	(35.0)
Net Margin	-3.9%	-3.1%	-0.8 p.p.		2.6%	-6.5 p.p.	
Adjusted and Recurring Net Income	(20.6)	(17.8)	15.5%	(2.8)	27.4	-175.1%	(47.9)
Adjusted and Recurring Net Margin	-3.9%	-3.6%	-0.3 p.p.		4.9%	-8.8 p.p.	
EBITDA	81.4	50.0	62.8%	31.4	65.4	24.6%	16.1
EBITDA Margin	15.5%	10.3%	5.2 p.p.		11.7%	3.7 p.p.	
Adjusted and Recurring EBITDA	81.6	49.2	65.8%	32.4	78.5	4.0%	3.1
Adjusted and Recurring EBITDA Margin	15.5%	10.1%	5.4 p.p.		14.1%	1.4 p.p.	
Working Capital (R\$)	276.3	351.4	-21.4%	(75.1)	192.8	43.3%	83.5
Cash Conversion Cycle (days)	59	67	-12.5%	(8.4)	48	22.4%	11
Net Debt	963.3	737.7	30.6%	225.6	895.2	7.6%	68
Net debt/EBITDA	3.2	2.2	44.6%	1.0	3.3	-3.4%	(0.1)
Adjusted and Recurring Net Debt/EBITDA	3.0	2.3	34.3%	0.8	3.1	-3.3%	(0.1)
Share Price	6.95	6.02	15.4%	0.9	7.46	-6.8%	(0.5)
Market Value	979.9	848.7	15.5%	131.2	1.051.8	-6.8%	(71.9)
Average Trading Volume (12 Months)	140.5	169.5	-17.1%	(29.0)	144.7	-2.9%	(4)
Average daily trading volume (ADTV)	4.2	5.6	-25.0%	(1.4)	5.6	-25.0%	(1.4)

Business Unit Operating Performance

Portobello

R\$ million	1Q24	1Q23	▲%	▲ Abs	4Q23	▲%	▲ Abs
Net Revenue	228.8	216.6	5.6%	12.2	239.9	-4.7%	(11.2)
(-) COGS	143.4	134.5	6.6%	8.9	148.1	-3.2%	(4.7)
Gross Profit	85.4	82.1	4.0%	3.3	91.8	-7.0%	(6.4)
Gross Margin	37.3%	37.9%	-0.6 p.p.		38.3%	-0.9 p.p.	

Net Revenue of UN Portobello was R\$ 229 million in the quarter, up 5.6% compared to the same period of the previous year, with a 1.2 p.p. increase in market share in the Brazilian domestic market and a 10.2% growth in export volume. In the same period, Portobello Unit presented results driven by the multichannel strategy, constant qualification of the product mix, with good performance of the launchings, and development of new international markets.

The BU gross margin was 37.3% in the quarter, in line with 1Q23, pressured by the decrease in export margins. Said impacts were offset by the -9.6% decrease in production costs compared to 1Q23.

In the Brazilian domestic market, the unit recorded revenue growth in all channels compared to 1Q23. It is worth highlighting the 16.9% increase in the Engineering channel and the 7.6% growth in reselling. Gross Profit recorded significant growth, with improvement in all channels, due to higher volume and price maintenance via an optimized mix in the resale channel and growth in the engineering channel, with a positive effect of cost reduction at the Tijucas plant.

In the foreign market, the unit increased its share in Brazilian exports by 3.3 p.p., but revenue decreased -10.9% compared to the same period of last year. The revenue decrease is mainly due to the contraction in average price with lower sales volumes to Argentina compared to the same period of last year. However, the Company expanded its share in new markets in Central America, Europe, the Middle East and Africa, reflecting the evolution of the Company's internationalization strategy and the gradual evolution of the sales mix.

The use of production capacity at the Portobello BU plant in the quarter was 88.6%, 23.0 p.p. above the market, which was 65.6% according to data from Anfacer.

Portobello shop

R\$ million	1Q24	1Q23	▲%	▲ Abs	4Q23	▲%	▲ Abs
Net Revenue	217.3	211.0	3.0%	6.3	226.8	-4.2%	(9.5)
(-) COGS	111.4	115.4	-3.4%	(4.0)	116.7	-4.5%	(5.3)
Gross Profit	105.8	95.6	10.7%	10.3	110.1	-3.9%	(4.3)
Gross Margin	48.7%	45.3%	3.4 p.p.		48.5%	0.2 p.p.	

In 1Q24, Portobello Shop totaled net revenue of R\$ 217.3 million, up 3.0% vs. 1Q23. Own stores totaled R\$ 104.1 million in net revenue, accounting for 47% of the billing and 49% of the gross profit of the unit. The organic sales growth, that is, the result of stores that were already operating in the same period of the previous year, measured by the SSS (Same Store Sales) indicator, recorded a positive change of 1.5%.

The growth in the share of own stores continues to drive the absorption of synergies from the integrated chain and starts to offset the expenses with investments made in 2023. The Portobello Shop ended 1Q24 with 156 stores, 28 of which are company-owned stores and 128 are franchises.

An important highlight in the Portobello Shop Unit is the sequential evolution in the gross margin, reaching 48.7% in 1Q24, up 3.4 p.p. vs. 1Q23. This evolution reflects the assertive customer centricity strategy, data-driven management, identifying opportunities and providing the best experience throughout the entire journey. Another highlight is the NPS indicator, which measures customer satisfaction with our own stores, reaching 88.8 in 1Q24, with a 0.7% increase compared to 1Q23.

POINTER

R\$ million	1Q24	1Q23	▲%	▲Abs	4Q23	▲%	▲Abs
Net Revenue	47.9	43.4	10.5%	4.5	56.8	-15.7%	(8.9)
(-) COGS	43.8	37.1	17.9%	6.6	50.2	-12.8%	(6.4)
Gross Profit	4.1	6.3	-33.6%	(2.1)	6.7	-37.8%	(2.5)
Gross Margin	8.7%	14.4%	-5.8 p.p.		11.7%	-3.1 p.p.	

Pointer, the democratic design brand of Portobello Group, recorded good sales results in the first quarter of 2024, presenting growth in volumes sold both in the Brazilian market (+14.5% vs. 1Q23) and in exports (+160.4% vs. 1Q23). The unit faced a challenge with a 5.8 p.p. decrease in gross margin compared to 1Q23, mainly due to a total plant shutdown for 20 days in March, carried out for maintenance of the state gas distribution network. Disregarding this effect, the unit's gross margin would have closed at 12.9%, -2.2p.p. compared to 1Q23, with said decrease being explained by a more competitive market in the region.

In the Brazilian domestic market, Pointer achieved a gain of 1.1 p.p. in market share in the north and northeast regions of Brazil in the dry route, according to data from Anfacer. The strategy of advancing in the region with design and quality through a democratic portfolio has been supported by commercial expansion strategies (7.5% vs. 1Q23) of the active client base in the portfolio. In the Engineering channel, we highlight the growth of 28.5% vs. 1Q23 and of 3.4% in resale vs. 1Q23.

Exports revenues recorded growth of 125.2% in US dollars vs. 1Q23, revenues from international markets accounted for 12.5% of the unit's revenue in the quarter, vs. 6.7% in 1Q23.

The use of production capacity at the Pointer BU plant in the quarter was 79.2%, vs. a market average of 65.6%, according to data from Anfacer.

Portobello
America

R\$ million	1Q24	1Q23	▲%	▲ Abs	4Q23	▲%	▲ Abs
Net Revenue	55.6	41.8	33.1%	13.8	56.0	-0.7%	(0.4)
(-) COGS	55.2	32.0	72.7%	23.2	43.5	26.9%	11.7
Gross Profit	0.4	9.8	-95.7%	(9.4)	12.5	-96.6%	(12.1)
Gross Margin	0.8%	23.5%	-22.7 p.p.		22.3%	-21.6 p.p.	

At Portobello America, we continue advancing in our strategy, with short-term adjustments made to the production ramp-up at our plant in the United States. We faced operational challenges related to the start of plant operations, which led us to the initial phase of a new action plan to accelerate the stabilization of processes.

This review involves the following pillars: i) building the team and culture and ii) simplifying the portfolio of products produced, with an impact on the sales plan and unit costs. Confident in the same strategy, we have reviewed the short-term plan with the purpose of ensuring proper stabilization of processes, people and equipment, aiming to guarantee the maximum quality of our products and design.

In 1Q24, Portobello America's net revenue grew 33.1% compared to 1Q23, with advances in volumes sold by the existing operation of imports of Brazilian products, but also with the entry of volumes from the new plant. In turn, the gross margin recorded a reduction, mainly due to this initial production ramp-up phase, in which it was not yet possible to properly dilute the existing fixed costs and transfer them to the price in its products. Moreover, there was the one-off commercial effect of around R\$ 1.4 million that impacted the profitability of the plant operation this quarter. Operating margins will be normalized within the next few months, returning to Portobello America's original strategic plan. Eliminating this one-off impact, the gross margin of the unit would close at 0.8% of NOR.

Consolidated Performance

Net Revenue

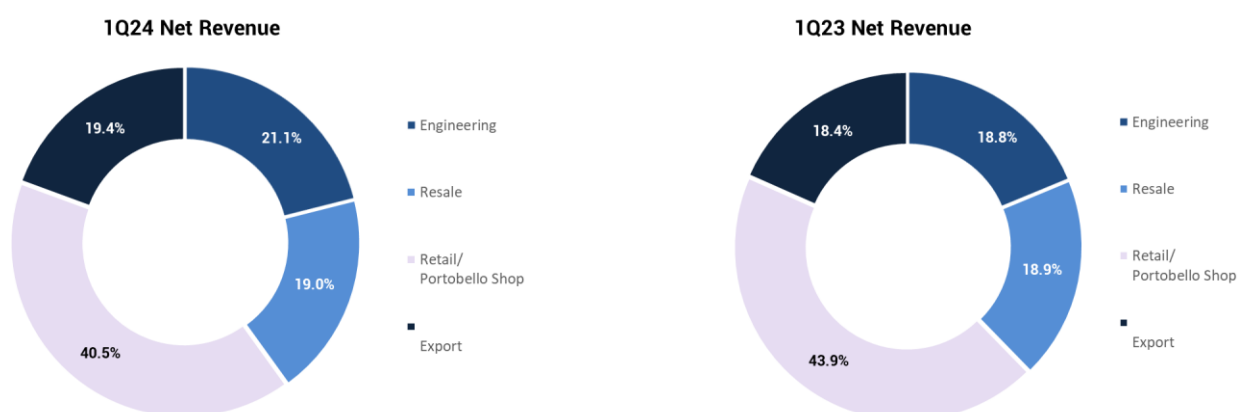
R\$ Million	1Q23	1Q23	▲ %	▲ Abs	4Q23	▲ %	▲ Abs
Net Revenue	525.5	487.8	7.7%	37.7	556.2	-5.5%	(30.8)
Domestic Market (BR)	421.5	393.6	7.1%	27.9	449.5	-6.2%	(28.1)
International Market	104.0	94.2	10.4%	9.8	106.7	-2.6%	(2.7)
US\$ million	1Q23	1Q23	▲ %	▲ Abs	4Q23	▲ %	▲ Abs
International Market	19.9	17.4	14.4%	2.5	20.2	-1.3%	(0.3)

From a corporate perspective, Portobello Group reported net revenue of R\$ 525.5 million in this quarter, up 7.7% vs. 1Q23, with 7.1% in the Brazilian domestic market and 10.4% in international markets. The effects of financial instruments for currency hedging on the total result amounted to +R\$ 2.5 million in 1Q24 and +R\$ 5.5 million in 1Q23, arising from the positions settled in the quarter, whose contracting occurred over the months prior to their settlement (see Note 7 - Interim Financial Information).

In the Brazilian domestic market, the result was driven by the above-market sales performance in all units, even in a more competitive scenario, with a positive highlight for the advancement of the engineering channel (+17%.4 vs 1Q23). The finishing sector in the Brazilian market still faces challenges, according to data from ABRAMAT, the deflated billing for the period recorded an average decrease of 0.8% vs. 1Q23, but with sequential growth throughout the months, after a sequence of negative results in 2022.

The net revenue from international markets recorded growth of 14.4% in US dollars vs. 1Q23, with highlights on the growth of exported volume from Portobello unit (+10.2% vs. 1Q23) and Pointer (+125% vs. 1Q23), as well as revenue growth from Portobello America (+33.1% vs. 1Q23). According to ANFACER, Brazilian exports grew 5.1% in 1Q24 vs. 1Q23, while the Group's exports recorded a better result of 30.6% in the same period, accounting for a market share gain of 3.3 p.p.

The distribution of total revenues of the Portobello Group among its channels occurred as follows in 1Q24: i) Retail: 40.5% (-3.4 p.p. vs. 1Q23); ii) Engineering 21.1% (+2.3 p.p. vs. 1Q23); iii) Resales 19.0% (+0.2 p.p. vs. 1Q23); and iv) international markets accounted for 19.4% (+1.0 p.p. vs. 1Q23).



Gross Profit

R\$ Million	1Q23	1Q23	▲ %	▲ Abs	4Q23	▲ %	▲ Abs
Net Operating Revenue	525.5	487.8	7.7%	37.7	556.2	-5.5%	(30.8)
Cost of Goods Sold (COGS)	(327.6)	(291.0)	-12.6%	(36.6)	(340.7)	3.8%	13.0
Idleness Costs	(2.0)	(4.6)	56.3%	2.6	(7.8)	74.4%	5.8
Gross Operating Profit	195.8	192.2	1.9%	3.6	207.7	-5.7%	(11.9)
Gross Margin	37.3%	39.4%	-2.1 p.p.		37.3%	-0.1 p.p.	(0.0)
Non-Recurring Events:	-	-	0.0%	0.0	13.5	-100.0%	(13.5)
2) Inventory Adjustment	-	-	0.0%	-	13.5	-100.0%	(13.5)
Adjusted and Recurring Gross Profit	195.8	192.2	1.9%	3.6	221.3	-11.5%	(25.5)
Adjusted and Recurring Gross Margin	37.3%	39.4%	-2.1 p.p.		39.8%	-2.5 p.p.	

The Gross Profit of Portobello Group in 1Q24 totaled R\$ 195.8 million, up 1.9% vs. 1Q23, but with a -2.1 p.p. decrease in Gross Margin, mainly impacted by the decrease in volume and simplification of the sales portfolio at Portobello America unit, the idleness of Pointer unit due to the maintenance of the gas distribution network, and increased competitiveness in the Brazilian domestic market. The idle cost for the quarter was R\$ 2 million, all of which was at Pointer, with an improvement of R\$ 2.6 million versus 1Q23.

Operating Expenses

R\$ Million	1Q23	%RL	1Q23	%RL	▲ %	▲ Abs	4Q23	%RL	▲ %	▲ Abs
Operating Expenses										
Selling	(143.2)	27.3%	(138.9)	28.5%	3.1%	(4.3)	158.7	-28.5%	190.2%	(301.9)
General and Administrative	(18.3)	3.5%	(19.0)	3.9%	-3.7%	0.7	17.2	-3.1%	206.4%	(35.5)
Other Revenues (Expenses)	3.4	-0.6%	(14.5)	3.0%	-123.4%	17.9	3.0	-0.5%	-13.3%	0.4
Operating Expenses	(158.1)	30.1%	(172.4)	35.3%	-8.3%	14.3	(179.0)	32.2%	-11.7%	20.9
Non-Recurring Revenues	0.2	0.0%	(0.8)	0.2%	-119.3%	1.0	(0.4)	0.1%	-135.1%	0.6
Adjusted Operating Expenses	158.0	-30.1%	(173.3)	35.5%	-191.2%	331.3	(179.4)	32.3%	-188.1%	337.4

Operating Expenses totaled R\$ 158.1 million in 1Q24, 8.3% lower than 1Q23, with a 5.2 p.p. decrease in the representation of expenses in relation to net revenue, reaching 30.1% in the period. This significant decrease is the result of business management discipline and tax optimization results. A breakdown of expense captions in the management view is presented below.²

Sales expenses: totaled R\$ 143.2 million, accounting for 27.3% of the group's net revenue, down 1.2 p.p. vs. 1Q23. The Company offset inflationary impacts and higher variable costs through higher volumes sold with dilution of fixed costs.

General and administrative expenses: decrease of R\$ 0.7 million in administrative expenses, accounting for 3.5% of net revenue, -0.4 p.p. vs. 1T23.

² Management view includes only the sales expenses of the business units. Other corporate expenses are grouped under other revenues and expenses.

Other revenues and expenses: totaled R\$ 3.4 million, up R\$ 17.9 million vs. 1Q23, which had a negative result of R\$ 14.5 million; the main positive effect in this caption comes from opportunities with tax optimization of ICMS on the PIS/COFINS calculation basis.

EBITDA and Adjusted EBITDA

R\$ Million	1Q24	1Q23	▲ %	▲ Abs	4Q23	▲ %	▲ Abs
Net Income	(20.7)	(15.1)	-37.1%	(5.6)	14.3	-245.0%	(35.0)
(+) Financial Expenses	52.4	36.7	42.8%	15.7	12.2	328.6%	40.2
(+) Depreciation and Amortization	43.7	30.2	44.8%	13.5	36.6	19.4%	7.1
(+) Income Taxes	6.0	(1.8)	433.3%	7.8	2.2	169.8%	3.8
EBITDA	81.4	50.0	62.8%	31.4	65.4	24.6%	16.1
EBITDA Margin	15.5%	10.3%	5.2 p.p.		11.7%	3.7 p.p.	
Non-Recurring Events:	0.2	(0.8)			13.1		
4) COFINS - Tax optimization	0.2	(1.6)			-		
6) Commissions	-	0.8			-		
7) Inventory Adjustment	-	-			13.1		
Adjusted and Recurring EBITDA	81.6	49.2	65.8%	32.4	78.5	4.0%	3.1
Adjusted and Recurring EBITDA Margin	15.5%	10.1%	5.4 p.p.		14.1%	1.4 p.p.	

The Adjusted and Recurring EBITDA for 1Q24 was R\$ 81.6 million, 66.0% higher than 1Q23, with an EBITDA Margin of 15.5%, +5.5 p.p. when compared to the same quarter of the previous year.

Net Income

R\$ Million	1Q23	1Q23	▲ %	▲ Abs	4Q23	▲ %	▲ Abs
EBITDA	81.4	50.0	62.8%	31.4	65.4	24.6%	16.1
(-) Financial Expenses	(52.4)	(36.7)	-42.8%	-15.7	(12.2)	-328.6%	-40.2
(-) Depreciation and Amortization	(43.7)	(30.2)	-44.8%	-13.5	(36.6)	-19.4%	-7.1
(-) Income Taxes	(6.0)	1.8	-433.3%	-7.8	(2.2)	-169.8%	-3.8
Net Income	(20.7)	(15.1)	-37.1%	-5.6	14.3	-245.0%	-35.0
Net Margin	-3.9%	-3.1%	-0.8 p.p.		2.6%	-6.5 p.p.	
Non-Recurring Events:	0.2	(2.7)			13.1		
(7) COFINS - Tax optimization	0.2	(3.2)			-		
(8) Commissions	-	0.5			-		
(9) Inventory Adjustment	-	-			13.1		
Adjusted and Recurring Net Income	(20.6)	(17.8)	-15.5%	-2.8	27.4	-175.1%	-47.9
Adjusted and Recurring Net Margin	-3.9%	-3.6%	-0.3 p.p.		4.9%	-8.8 p.p.	

The Company's Net Income decreased by -15.5% in 1Q24 vs. 1Q23 mainly due to i) higher financial expenses, still reflecting the high interest rates and the current level of the Company's gross indebtedness, and ii) higher tax expenses, with lower levels of tax credits used in the period.

The Company continues acting on several fronts to ensure greater operating cash generation and prioritization of investments, thus reducing financial leverage and cost of financing.

Cash Flow

R\$ Million	1Q23	1Q23	▲ %	▲ Abs	4Q23	▲ %	▲ Abs
Activities							
Operating	(62.7)	(11.8)	-431.1%	(50.9)	59.8	-204.8%	(71.6)
Investment	(30.8)	(85.2)	63.8%	54.4	(60.2)	48.8%	(25.0)
Financing	(68.0)	230.6	-129.5%	(298.6)	161.2	-142.2%	69.4
Changes in Cash	(161.5)	133.6	-220.9%	(295.1)	160.8	-200.4%	(27.2)
Opening Balance	486.5	256.1	90.0%	230.4	325.7	49.4%	(69.6)
Closing Balance	325.0	389.7	-16.6%	(64.7)	486.5	-33.2%	(96.8)

The balances and changes presented in the table above include the managerial view of the cash flow and the main lines are described below:

Operating Activities: include the cash generated from operations, plus changes in working capital balances, leases, taxes such as income tax and social contribution, as well as other non-cash effects generated in the operation. In 1Q24 this account recorded a cash consumption of R\$ 14.8 million, R\$ 3 million higher than 1Q23.

Working Capital

	3Q23	4Q22	▲ %	▲ Abs	3Q23	▲ %	▲ Abs	
R\$ million	Accounts Receivable	166.6	222.0	-24.9%	(55.4)	152.3	9.4%	14.3
	Inventories	525.9	469.2	12.1%	56.7	489.0	7.5%	36.8
	Suppliers	(416.2)	(339.8)	22.5%	(76.4)	(448.6)	-7.2%	32.4
	Working Capital	276.3	351.4	-21.4%	(75.1)	192.8	43.3%	83.5
Days	Accounts Receivable	25	31	-18.6%	(6)	29	-12.9%	(4)
	Inventories	137	133	3.0%	4	131	4.5%	6
	Suppliers	(104)	(97)	6.9%	(7)	(112)	-7.6%	8
	Cash Conversion Cycle (CCC)	59	67	-12.5%	(8)	48	22.4%	11

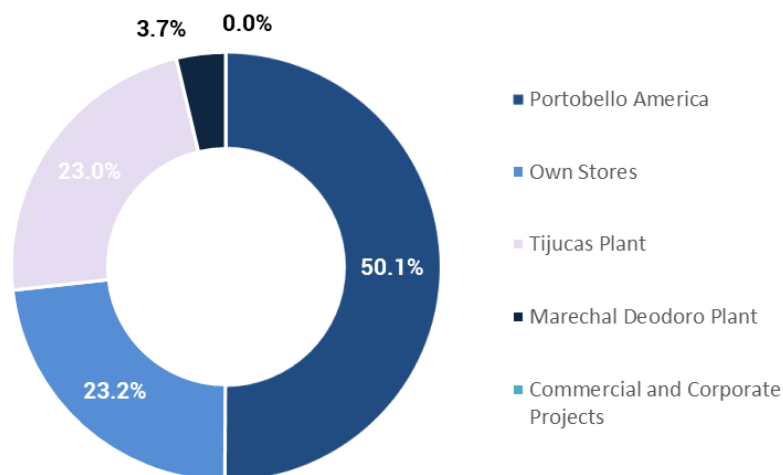
The Company's working capital decreased -21.4% in 1Q24 vs. 1Q23, totaling R\$ 276 million. The Cash Conversion Cycle in 1Q24 was 59 days, -8 days below 1Q23, reflecting the ongoing efforts to optimize the receivables and suppliers portfolio, offsetting the increase in inventory, due to the preparation for the new product launching season and ramp-up of the new plant in the USA.

Investments

Investment Activities: In 1Q24, investments totaled R\$ 45.1 million, -47% below 1Q23, mainly focused on Portobello America (50.4%), Portobello Shop (23.2%) with advances in digital transformation and own store structure, and Portobello BU (23.0%), with the maintenance and technological update of the industrial plant located in Tijucas-SC.

The investments made in Portobello America are mainly related to the acquisition of machinery and equipment for phase 1 of the new plant, which started operating in July 2023. Currently it is one of the most modern ceramic tile and flooring plants in the United States, with state-of-the-art technology in all its facilities.

1Q24 Investments



Financing Activities: include the borrowings, payments of principal, payment of financial expenses, and distribution of dividends, when applicable. In 1Q24, a negative change of R\$ 101 million in cash occurred due to higher levels of financial operation settlements, in line with the liability management plan, aiming at debt extension and cost reduction.

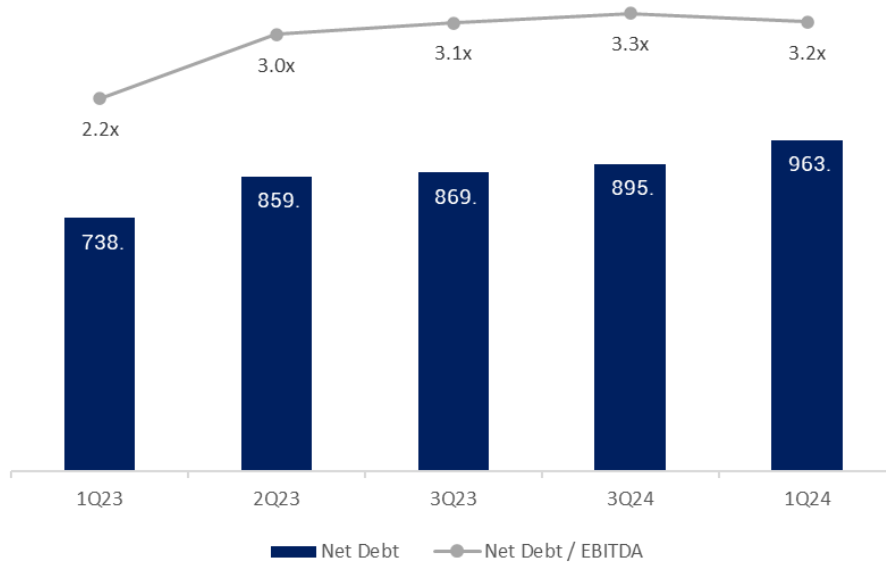
Indebtedness and Capital Structure

The Company's Net Debt ended 1Q24 at R\$ 963 million, up R\$ 68 million vs. 4Q23, but with a 0.1x decrease in leverage level, which is measured by the Net Debt / EBITDA ratio. Furthermore, through debt management actions, the Company extended the amortization schedule by 1.5 years and achieved a 0.8p.p. decrease in debt cost, ending with an average cost of 103.0% of CDI in 1Q24.

The EBITDA for the last 12 months recorded a positive change compared to 4Q23, returning to a level above R\$ 300 million. This important result, coupled with the renegotiation and debt extension actions with lower costs, made it possible to start the cycle of financial leverage reduction to the level of 3.2x. The Company expects that this indebtedness level will be reduced as EBITDA increases in the coming quarters replaces the lower results of previous quarters. Total cash and cash equivalents in 1Q24 reached R\$ 335.6 million, including R\$ 325.0 million of short-term cash and R\$ 10.6 million of cash equivalents with restricted use (see Note 5.2 and 5.3 - Interim Financial Information).

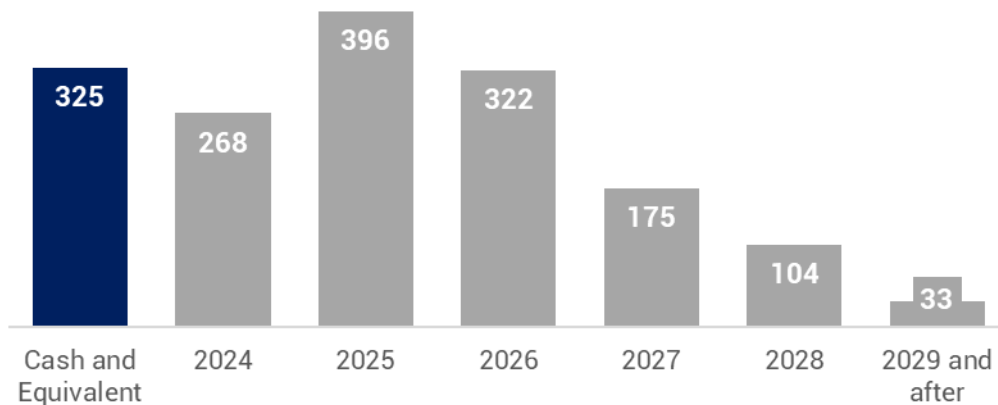
R\$ million	1Q24	4Q23	3Q23	2Q23	1Q23
Gross Bank Debt¹	1.298.9	1.381.6	1.195.1	1.268.2	1.127.4
Cash and Cash Equivalents	(335.6)	(486.5)	(325.7)	(409.0)	(389.7)
Net Indebtedness	963.3	895.2	869.4	859.2	737.7
EBITDA (LTM)	304.9	273.7	276.0	290.4	337.6
Adjusted and Recurring EBITDA (LTM)	316.5	284.3	266.5	276.7	325.4
Net Debt-to-EBITDA ratio	3.2	3.3	3.1	3.0	2.2
Net Debt-to-Adjusted and Recurring EBITDA ratio	3.0	3.1	3.3	3.1	2.3

In 1Q24, fundraising totaling R\$ 173.3 million was carried out, with three operations approved by the Board of Directors and disclosed to the market in the respective minutes throughout the quarter. Export Credit Note (NCE) with Banco Alfa, in the amount of R\$ 50 million; with Banco Santander, in the amount of R\$ 81 million, and with Banco BBM Bank, in the amount of R\$ 34 million. In the quarter, a total of R\$ 222.4 million was amortized with settlements of principal.



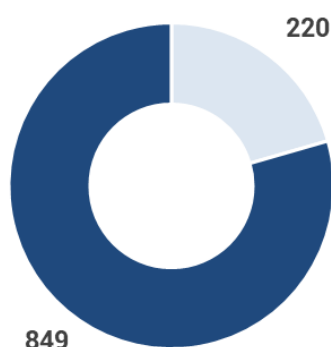
At the end of 1Q24, covenants related to the leverage ratio were met, which could lead to the early maturity of financing contracts and debentures if not complied with.

Amortization schedule (Gross Banking Debt)



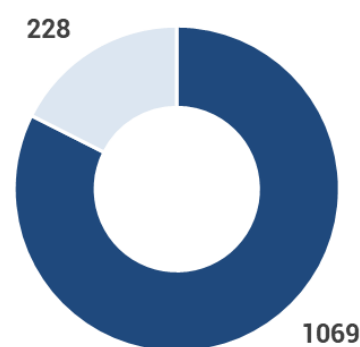
Gross Banking Debt maturing in the short term represents 33.6% of the total and the remainder debt matures in the long term, as shown in the amortization schedule above. The Gross Banking Debt is mostly in domestic currency (86.9%). The average total cost of Banking Debt is 13.0% per annum, a significant reduction of 0.8 p.p. vs. 1Q23 with advances also in the average term is 5.3 years (+1.5 year vs. 1Q23). Total cash and cash equivalents includes only short-term cash and cash equivalents (see Note 6 - Interim Financial Information).

Bank Debt Term



■ Short Term ■ Long Term

Origin of Bank Debt



■ Local Currency ■ Foreign Currency

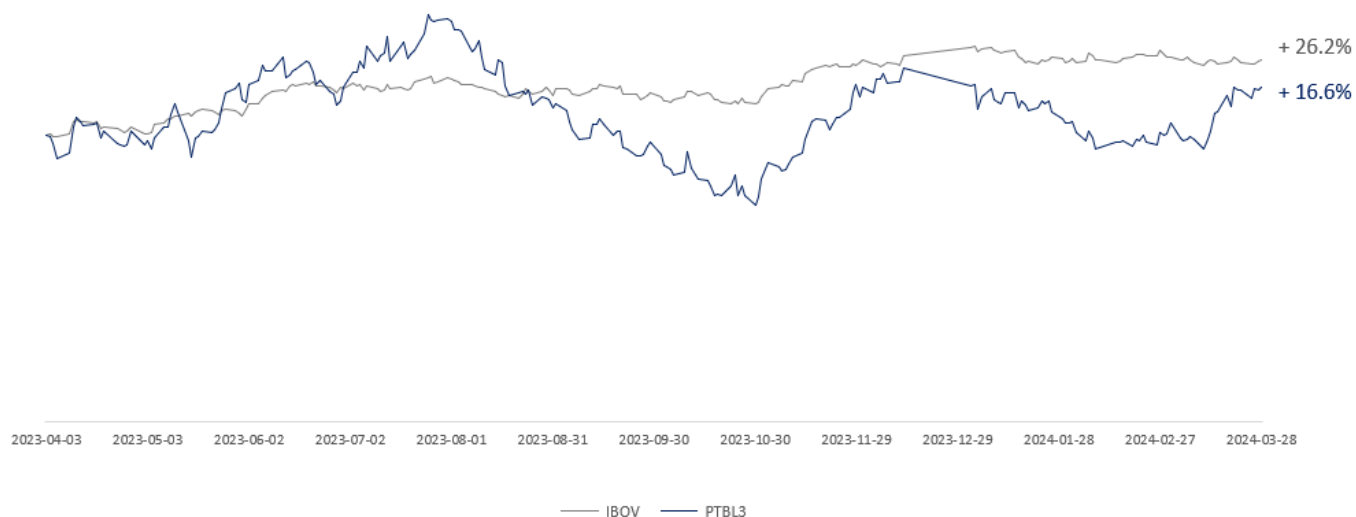
Outlook

- The Company expects a gradual market recovery, both in Brazil and in the United States, as well as the evolution of results in line with seasonality, with a sequential evolution until the third quarter and a slight cooling in the fourth quarter.
- Regarding investments, the Portobello Group's focus is on the profitability of the investments already made in this 2022-2023 cycle, maintaining a perspective of making only the investments necessary for maintenance and continuity of operations in 2024.
- Perspective of continuous reduction throughout quarters of net leverage level (net debt and adjusted and recurring EBITDA ratio over the last 12 months).
- **Portobello Shop:** Evolution of Portobello Shop's results with advances in productivity and profitability of strategic investments, with an increase in Same Store Sales and growth of new B2B sales channels.
- **Portobello America:** Advancement of the new production stabilization and gradual operation profitability plan, with accelerated sales in distribution channels and home centers.
- **Portobello:** Focus on ongoing optimization of the product mix, market share gain in sales channels, and advances in exports, with the development of new markets and advanced hubs.
- **Pointer:** Market share gain through advances in small and medium retailers and strengthening of home centers. Higher utilization of installed capacity.

PTBL3 Stock Performance

In 1Q24, PTBL3 shares closed at R\$ 6.95. When compared to the same period of 2023, we had a growth of 15.4%. The average daily financial volume traded (ADTV) in 1Q24 was R\$ 4.2 million. At the end of the quarter, the Company had a market value equivalent to R\$ 975.6 million.

PTBL3 x Ibovespa
Base 100 – 2023/04/03 to 2024/03/28



Independent Audit

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

Financial Statements

Balance Sheet

Assets	1Q24	AV %	4Q23	AV %	Var%
Current assets	1.234.0	37.9%	1.331.7	40.4%	-7.3%
Cash and cash equivalents	325.0	10.0%	486.5	14.8%	-33.2%
Trade Receivables	282.5	8.7%	269.0	8.2%	5.0%
Inventories	525.9	16.2%	489.0	14.8%	7.5%
Advanced to suppliers	11.3	0.3%	11.1	0.3%	1.8%
Other	89.3	2.7%	76.1	2.3%	17.3%
Non-current assets	2.019.7	62.1%	1.964.3	59.6%	2.8%
Long-term assets	257.4	7.9%	256.6	7.8%	0.3%
Judicial deposits	7.0	0.2%	7.1	0.2%	-1.4%
Judicial assets	115.6	3.6%	115.1	3.5%	0.4%
Guarantee deposit	15.2	0.5%	19.9	0.6%	-23.6%
Restricted financial investments	10.6	0.3%	10.3	0.3%	2.9%
Recoverable taxes and deferred tax	74.5	2.3%	69.6	2.1%	7.0%
Other non-current assets	34.5	1.1%	34.6	1.0%	-0.3%
Fixed assets	1.762.3	54.2%	1.707.7	51.8%	3.2%
PPE, Intangible Assets and Investments	1.141.5	35.1%	1141.7	34.6%	0.0%
Right of Use of Leased Assets	617.5	19.0%	562.7	17.1%	9.7%
Other investments	3.3	0.1%	3.3	0.1%	0.0%
Total assets	3.253.7	100.0%	3.296.0	100.0%	-1.3%
Liabilities	1T24	AV %	4T23	AV %	Var%
Current liabilities	1.138.1	35.0%	1.321.2	40.1%	-13.9%
Loans and Debentures	293.9	9.0%	456.0	13.8%	-35.5%
Trade Payables and Credit Assignment	427.5	13.1%	459.7	13.9%	-7.0%
Payables for investments	88.9	2.7%	89.4	2.7%	-0.6%
Lease obligations	42.3	1.3%	40.3	1.2%	5.0%
Tax liabilities	54.4	1.7%	48.8	1.5%	11.5%
Payroll and related taxes	81.0	2.5%	76.6	2.3%	5.7%
Advances from Customers	115.9	3.6%	116.7	3.5%	-0.7%
Other	34.2	1.1%	33.7	1.0%	1.5%
Non-current liabilities	1.744.6	53.6%	1.588.9	48.2%	9.8%
Loans and Debentures	1.002.9	30.8%	884.9	26.8%	13.3%
Payables for investments	128.0	3.9%	107.0	3.2%	19.6%
Debts with related parties	56.3	1.7%	56.3	1.7%	0.0%
Provisions	81.4	2.5%	80.0	2.4%	1.8%
Deferred tax	6.4	0.2%	6.4	0.2%	0.0%
Lease obligations	420.6	12.9%	404.3	12.3%	4.0%
Other Non Current Liabilites	49.0	1.5%	50.0	1.5%	-2.0%
Equity	371.1	11.4%	385.9	11.7%	-3.8%
Capital	250.0	7.7%	250.0	7.6%	0.0%
Earnings reserve	171.4	5.3%	191.8	5.8%	-10.6%
Other comprehensive income	(50.3)	-1.5%	(55.9)	-1.7%	-10.0%
Total liabilities	3.253.8	100.0%	3.296.0	100.0%	-1.3%

Statement of Income

R\$ Million	1T24	1Q23
Net Sales Revenue	525.5	487.8
Cost of goods sold	(329.7)	(295.5)
Gross Operating Profit	195.8	192.3
Operating Income (Expenses), Net	(158.1)	(172.4)
Selling	(150.2)	(143.9)
General and Administrative	(30.9)	(23.8)
Other Operating Income (Expenses), Net	22.9	(4.7)
Operating Profit before Financial Income	37.7	19.9
Financial Result	(52.4)	(36.7)
Financial Revenues	6.0	8.0
Financial Expenses	(56.6)	(41.0)
Net exchange rate change	(1.8)	(3.7)
Income (loss) before income taxes	(14.7)	(16.8)
Income Tax and Social Contribution	(6.0)	1.8
Net income (loss) for the Period	(20.7)	(15.1)

The statement of income considers the breakdown of operating expenses according to the corporate view.

Cash Flow

R\$ Million	1Q24	1Q23
Net cash from operating activities	(62.7)	(11.8)
Cash from operations	80.5	60.5
Changes in assets and liabilities	(96.9)	(34.7)
Interest paid and income taxes paid	(46.3)	(37.5)
Net cash used in investment activities	(30.8)	(85.2)
Acquisition of property, plant and equipment	(1.2)	(77.2)
Acquisition of intangible assets	(14.9)	(8.0)
Acquisition of lease asset - goodwill	(14.7)	-
Net cash provided by (used in) financing activities	(68.0)	230.6
Funding loans and financing	172.8	262.6
Payment of loans and financing	(222.1)	(19.9)
Dividends paid	(18.7)	(12.1)
Increase/(Decrease) in Cash for the period/year	(161.5)	133.7
Opening Balance	486.5	256.1
Closing Balance	325.0	389.7

**Indirect Cash Flow considers opening according to a corporate view.*

Expenses accounting view

R\$ Million	1Q23	%RL	1Q23	%RL	▲ %	▲ Abs	4Q23	%RL	▲ %	▲ Abs
Operating Expenses										
Selling	(150.2)	28.6%	(143.9)	29.5%	4.4%	(6.3)	(163.2)	29.3%	-8.0%	13.0
General and Administrative	(30.9)	5.9%	(23.8)	4.9%	29.7%	(7.1)	(34.2)	6.1%	-9.8%	3.3
Other Revenues (Expenses)	22.9	-4.4%	(4.7)	1.0%	-587.6%	27.6	18.4	-3.3%	-24.6%	4.5
Operating Expenses	(158)	30.1%	(172.4)	35.3%	-8.3%	14.3	(179.0)	32.2%	-11.7%	20.9
Non-Recurring Revenues	0	0.0%	(0.8)	0.2%	-119.3%	1.0	(0.4)	0.1%	-135.1%	0.6
Adjusted Operating Expenses	(158.0)	30.1%	(173.3)	35.5%	-8.9%	15.3	(179.4)	32.3%	-12.0%	21.5

The breakdown of accounting operating expenses is different from management view. The administrative expenses of the CBC and PBtech entities are considered sales expenses in the management view. Furthermore, administrative expenses in Mineração and participation of non-minority shareholders are considered in other income (expenses) in the management view.

1. Operations

PBG S.A., herein also referred to as “Company” or “Parent Company”, is a publicly-held corporation whose shares are traded on the segment Novo Mercado of Bolsa de Valores Brasil, Bolsa, Balcão (B3), under code “PTBL3”. The Company is controlled by a group of shareholders, formalized by agreement entered into on April 15, 2011, and amended on August 05, 2021, which holds on March 31, 2024, 61.18% of Company’s shares. The remaining balance of shares is broken down by 38.82% outstanding shares (free float).

The Company, with head office in Tijucas, Santa Catarina, and its direct and indirect subsidiaries, individually or jointly, are engaged in the manufacture and sale of ceramic and porcelain products in general, such as floor tiles, technical porcelain and enameled tiles, decorated and special pieces, mosaic tiles, products for indoor walls, outdoor façades, as well as the provision of supplementary services in the sector of civil construction materials in Brazil and abroad. In Brazil, the Company has a factory in the city of Tijucas - SC, and another in Marechal Deodoro - AL, as well as distribution centers in the south, southeast, midwest, and northeast regions. In the USA, the Company has a factory in Baxter, Tennessee.

In addition, the Company holds ownership interest in subsidiaries (jointly referred to as “Portobello Group” or “Group”): (i) Portobello Shop, the franchisor that manages the network of one hundred and twenty-nine (129) Portobello Shop franchise stores, specializing in porcelain and ceramic tiles; (ii) PBTech, which is responsible for managing twenty-seven (27) of Portobello Shop’s stores; (iii) Mineração Portobello, which is responsible for providing part of raw material used for ceramic coating production; (iv) Companhia Brasileira de Cerâmica, which since the second quarter of 2018 has been operating the special cuts factory, producing products under the Officina Portobello brand, and (v) Portobello America, which has 2 distribution centers in which it distributes Portobello products in the North American market and began testing its production in July 2023 and since October 2023 has been producing its marketing portfolio, after completing the construction of the factory in the USA through its subsidiary Portobello America Manufacturing LLC. This is a step forward in the Company’s internationalization and consolidation strategy in the North American market. The new production plant has an annual production capacity of 3.6 million m² in this first stage. It has a built-up area of 90,000 m², developed using high technology, cutting-edge processes, and machinery, in the region that is now considered the North American hub for manufacturing ceramic tiles.

1.1 Tax reform on consumption

On December 20, 2023, Constitutional Amendment (“EC”) 132 was enacted, which establishes the Tax Reform (“Reform”) on consumption. The regulation of this new taxation system has begun, and the first Bill of Complementary Law 68/2024 was presented on April 25, 2024. According to an announcement on the official Tax Reform website, the Bill establishes the Tax on Goods and Services - IBS, under shared responsibility between states, municipalities, and the Federal District, and the Social Contribution on Goods and Services - CBS, under the responsibility of the Federal Government.

These two taxes make up the so-called Dual Value Added Tax - VAT, the core of the Tax Reform. In addition, the Bill also establishes the Selective Tax - IS, under the responsibility of the Federal Government, with a regulatory nature, to discourage the consumption of goods that are harmful to health and the environment. It, therefore, brings together most of the matters delegated by the Constitutional Amendment to complementary legislation. A second bill of complementary law, relating to specific aspects of the management and administration of the IBS, will be sent within the time limit established in the Constitutional Amendment 132/23 (180 days).

There will be a transition period between 2024 and 2032, in which the two tax systems - old and new - will coexist. The impacts of the Reform on the calculation of the aforementioned taxes, from the beginning of the transition period, will only be fully known when the process of regulating pending issues through a Complementary Law is finalized. Consequently, there is no effect of the Reform on the interim financial information as of March 31, 2024.

PBG S.A. and subsidiaries

Notes to the interim financial information as of March 31, 2024.
In thousands of reais, unless otherwise indicated.

2. Presentation of interim financial information

a) Statement of conformity

The interim financial information was prepared in accordance with Technical Pronouncement CPC 21 (R1) - "Interim Financial Reporting" and with IAS 34 - "Interim Financial Reporting", issued by the International Accounting Standards Board ("IASB"), as well as for the presentation of this information in a manner consistent with the standards approved and issued by the Securities Commission (CVM), applicable to the preparation of the Quarterly Information - ITR.

The individual interim financial information follows accounting practices adopted in Brazil, including the pronouncements, interpretations, and guidelines issued by the Accounting Pronouncement Committee (CPC). It is not considered to follow international financial reporting standards since it considers the capitalization of interest on the qualifying assets of the investees in the parent company's financial information (Note 15).

This interim financial information contains selected notes with relevant and material corporate information that allow an understanding of the changes that have occurred in the Company's financial position and performance since its last annual individual and consolidated financial statements.

Therefore, this interim financial information should be read together with the individual and consolidated financial statements for the year ended December 31, 2023, issued on March 13, 2024, which were prepared and presented in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board - IASB for the Consolidated, and also in accordance with accounting practices adopted in Brazil for the Parent Company, comprising those included in the Brazilian Corporation Law and pronouncements, guidelines and Interpretations issued by the Accounting Pronouncement Committee - CPC, and approved by the Brazilian Securities and Exchange Commission - CVM. All own relevant information in the interim financial information, and only said information, is being highlighted, and corresponds to the one used by Management in its management. The issue of this interim financial information was approved and authorized by the Board of Directors on May 09, 2024.

The presentation of the Individual and Consolidated Statement of Added Value is required by Brazilian Corporation Law and the accounting practices adopted in Brazil applicable to publicly-held companies. The Statement of Added Value was prepared in accordance with the criteria defined in Technical Pronouncement CPC 09 - "Statement of Added Value". The IFRS do not require the presentation of this statement. Consequently, according to IFRS, this statement is presented as supplementary information, without prejudice to the set of interim financial information.

3. Material accounting policies

The material accounting policies applied in the preparation of this individual and consolidated Interim Financial Information are defined below. These policies have been consistently applied to all the years and periods presented, unless otherwise stated. The accounting practices adopted by the Company and its subsidiaries in the preparation of this interim financial information for the three-month period ended March 31, 2024 are consistent with those applied in the preparation of the last Annual Financial Statements as of December 31, 2023 and as disclosed in Note 3.

This interim financial information should be read together with the Annual Financial Statements disclosed on March 13, 2024. The interim financial information for the three months ended March 31, 2024, contains all information that is relevant to an understanding of the Company's financial position and performance during the period.

PBG S.A. and subsidiaries

Notes to the interim financial information as of March 31, 2024.
In thousands of reais, unless otherwise indicated.

3.1 Consolidations

3.1.1 Consolidated financial information

a) Subsidiaries

Subsidiaries are all entities over which the Company has the power to establish the financial and operating policies, usually accompanied of an interest of more than half of voting rights (voting capital). The existence and effect of potential voting rights, currently exercised or convertible, are taken into account when assessing whether the Company controls other entity. The subsidiaries are fully consolidated as of the date control is transferred to the Company, and stop being consolidated as of the date when control no longer exists.

Percentage of the Company's interest in subsidiaries as of March 31, 2024 and December 31, 2023, is as follows:

	Organization Country	Direct interest	Indirect interest
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%

The transactions among the Company and its subsidiaries, as well as the balances and unrealized gains and losses in those transactions, were eliminated for preparation purposes of the consolidated financial statements.

The accounting policies of the subsidiaries are changed when required in order to assure the consistency with the policies adopted by the Company.

b) Non-controlling transactions and interests

The Company and its subsidiaries treat transactions with non-controlling interest likewise the transactions with holders of assets classified as related parties. For purchases of non-controlling interests, the difference between any considerations paid and the acquired portion of the book value of subsidiary's net assets is recorded in shareholders' equity. Gains or losses on disposals of non-controlling interest are also recorded in shareholders' equity.

3.1.2 Individual interim financial statements

In the individual interim financial statements, subsidiaries are accounted for under the equity method. According to this method, the investment is initially recognized at cost and then adjusted by the recognition of interest attributed to the Company in changes in net assets of the investee. Adjustments to the book value of investment are also required by the recognition of proportional interest of the Company in changes in balances of the components of adjustments of the investee's equity valuation adjustment, directly recognized in its shareholders' equity. These changes are recognized on a reflexive basis, that is, in equity valuation adjustment directly in shareholders' equity.

Upon adoption of the equity method, the portion of the result of subsidiaries destined to dividends is recognized as dividends receivable in current assets. Thus, the value of investment is shown net of the dividend proposed by the subsidiary. Accordingly there is no recognition of revenue from dividends.

3.2 Presentation of information per business segment

PBG S.A. and subsidiaries

Notes to the interim financial information as of March 31, 2024.
In thousands of reais, unless otherwise indicated.

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

3.3 Functional currency and translation of foreign currency

a) Transactions and balances

Transactions with foreign currencies are converted into reais by using exchange rates prevailing on the transaction or valuation dates, when the items are measured. Exchange gains and losses resulting from the settlement of those transactions and from the conversion at the end of the period referring to monetary assets and liabilities in foreign currencies, are recognized in the statement of income as financial income (loss), as presented in Note 31, except when deferred in shareholders' equity as qualified cash flow hedge operations.

b) Foreign subsidiaries

Assets and liabilities in foreign currency (US Dollar and Euro) recorded by the subsidiary located abroad were translated into reais at the foreign exchange rate in effect at the balance sheet date and the income (loss) was translated into the monthly average foreign exchange rates. The exchange-rate change on investment abroad was recorded as accumulated translation adjustment in shareholders' equity under the caption "Equity valuation adjustment". The functional currency of foreign subsidiaries is the U.S. dollar.

3.4 Revenue recognition

The revenue comprises the fair value of the consideration received or receivable for the sale of products and services in the normal course of activities of the Company and its subsidiaries, the revenue is presented net of taxes, goods returned, rebates and discounts, and elimination of intergroup sales of the Companies 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, clients assume the significant risks and rewards of ownership of the goods (they have the power to decide on the method of distribution and the selling price, responsibility for resale and assume the risks of obsolescence and loss in relation to the goods). At this point, a receivable is recognized, as this is when the right to the consideration becomes unconditional.

a) Sale of goods - Wholesale

The Group produces and sells a variety of ceramic tiles in the wholesale market. Sales of products are recognized whenever the Company transfers the control, that is, delivers the products to the wholesale dealer, which then has total liberty over the channel and the price of resale of products, and there is no obligation not satisfied that could affect the acceptance of the products by the wholesale dealer. The 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 wholesale dealer; (iii) the wholesale dealer has accepted the products according to the sales agreement; and (iv) the acceptance provisions have been agreed upon, or the Company has objective evidences that all the acceptance criteria have been met.

Ceramic tiles are eventually sold at discounts per volume. Clients have the right to return products with defects in the wholesale market. Sales are recorded based on the price specified in the sales agreements. Sales are made with different payment terms according to the type of client (Home Centers, Construction Companies, Franchised Stores), without nature of financing, and are consistent with the market practice; therefore, these sales are not discounted to present value.

PBG S.A. and subsidiaries

Notes to the interim financial information as of March 31, 2024.
In thousands of reais, unless otherwise indicated.

b) Revenue from franchises

Revenue from franchise (royalties) is recognized on accrual basis in conformity with the essence of applicable agreements in the subsidiary Portobello Shop.

c) Revenue from products and services – Officina Portobello

Revenues from sales of products and services that include ceramic tiles with vitreous china, metals, and solutions in the art of porcelain tiling, for which transfers of control take place when delivered directly to the end consumer at the points of sale, it can be concluded that this is a single performance obligation and, therefore, there is no complexity in defining performance obligations and transferring control of goods and services to clients.

d) Financial revenue

Financial revenue is recognized in accordance with the elapsed time using the effective interest rate method and it is recognized upon an expectation to realize.

4. Estimates and critical accounting judgments

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

The main judgments and uncertainties in the estimates used in the application of accounting practices remain the same as detailed in the financial statements for the year ended December 31, 2023, and, therefore, should be read together.

5. Financial risk management

5.1. Financial risk factors

The activities of the Company and its subsidiaries expose it to various financial risks: market risk, credit risk and liquidity risk. The global risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the consolidated financial performance.

The management of risk is conducted by the management in charge, under the policies approved by the Board of Directors. The Treasury Department and the Finance vice-presidency identify, evaluate and protect the Company and its subsidiaries against possible financial risks, in cooperation with the operating units. The Board of Directors establishes principles, for global risk management and for specific areas such as foreign exchange risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments and cash surplus investment.

PBG S.A. and subsidiaries

Notes to the interim financial information as of March 31, 2024.
In thousands of reais, unless otherwise indicated.

Risk	Exposure	Methodology used to measure impact	Management
Market risk – currency risk	Future commercial operations	Cash flow projections	Hedge policy
	Financial assets and liabilities in foreign currency	Sensitivity analysis	Foreign exchange swaps
Market risk - interest rate	Short and long-term loans with floating rates	Sensitivity analysis	Monitoring of credit market with rounds of strategic renegotiations
Credit risk	Cash and cash equivalents, trade accounts receivable.	Maturity analysis Credit Assessment	Diversification of financial institutions and internal credit analysis
Liquidity risk	Loans and other liabilities	Cash flow projections	Follow-up of the company liquidity and monitoring of available credit ratings/limits

a) Market risk

i) Foreign exchange risk

The Company operates globally and is exposed to foreign exchange risk resulting from exposures to some currencies, mainly US dollar, Euro and Yuan. Foreign exchange risk arises when future commercial transactions or recognized assets or liabilities and net investments in transactions abroad. The Company shows below the asset and liability balances exposed to change in exchange rate:

	In thousands of reais			
	Parent Company		Consolidated	
	03/31/2024	12/31/2023	03/31/2024	12/31/2023
Accounts receivable	17,949	81,462	54,921	112,431
Current account	4	6	5,773	8,665
Receivables from subsidiaries	22,365	80,433	-	-
Exposed assets	40,318	161,901	60,694	121,096
Suppliers	(1,660)	(674)	(41,660)	(38,152)
Suppliers of property, plant and equipment and intangible assets	(12,519)	(10,918)	(216,829)	(186,417)
Loans and financing	(227,750)	(180,415)	(227,750)	(180,415)
(-) Loans with swap	67,824	97,591	67,824	97,591
Exposed liabilities	(174,105)	(94,416)	(418,415)	(307,393)
Net exposure	(133,787)	67,485	(357,721)	(186,297)

This currency exposure is divided into:

1. Euro:

PBG S.A. and subsidiaries

Notes to the interim financial information as of March 31, 2024.
In thousands of reais, unless otherwise indicated.

	In thousands of Euros			
	Parent Company		Consolidated	
	03/31/2024	12/31/2023	03/31/2024	12/31/2023
	Accounts receivable	114	605	114
Suppliers	(258)	(511)	(258)	(511)
Suppliers of property, plant and equipment and intangible assets	(2,319)	(2,040)	(9,129)	(8,433)
	<u>(2,463)</u>	<u>(1,946)</u>	<u>(9,273)</u>	<u>(8,339)</u>

2. Dollar:

	In thousands of dollars			
	Parent Company		Consolidated	
	03/31/2024	12/31/2023	03/31/2024	12/31/2023
	Accounts receivable	2,898	15,756	10,298
Current account	1	1	1,156	1,790
Receivables from subsidiaries	4,476	16,614	-	-
Suppliers	(10)	456	(8,016)	(7,286)
Suppliers of property, plant and equipment and intangible assets	-	-	(33,536)	(29,184)
Loans and financing	(45,585)	(37,266)	(45,585)	(37,266)
(-) Loans with swap	13,575	20,158	13,575	20,158
	<u>(24,645)</u>	<u>15,719</u>	<u>(62,108)</u>	<u>(29,634)</u>

3. Yuan:

	In thousands of Yuans			
	Parent Company		Consolidated	
	03/31/2024	12/31/2023	03/31/2024	12/31/2023
	Accounts receivable	4,125	2,851	4,125
Suppliers	(310)	(214)	(310)	(214)
	<u>3,815</u>	<u>2,637</u>	<u>3,815</u>	<u>2,637</u>

The Company maintains a policy of retaining the foreign exchange rate exposure liabilities in 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 loans and financing and is associated to floating-rate loans that expose the Company and its subsidiaries to interest rate and cash flow risks, as Note 20. While loans acquired at fixed rates expose the entities to fair value risk associated to interest rate.

The Company and its subsidiaries continuously monitor market interest rates in order to assess the possible need to contract new operations to protect against the risk of volatility in these rates.

PBG S.A. and subsidiaries

Notes to the interim financial information as of March 31, 2024.
In thousands of reais, unless otherwise indicated.

The interest earning bank deposits are held in bank CDBs with a small portion in investment funds, as per Note 6.

Sensitivity analysis

On March 31, 2024, if the CDI and TJLP interest rates on loans held in reais increased by around 0.25%, considering that all other variables remained constant, net income for the year would be reduced by R\$ 2,629 and R\$ 363 (R\$ 2,743 and R\$ 377 on December 31, 2023), respectively, mainly due to higher interest expenses on floating rate loans.

On March 31, 2024, if U.S. SOFR (Secured Overnight Financing Rate) interest rates on loans held in foreign currency on that date increased by around 0.5%, considering that all other variables remained constant, net income for the year would be reduced by R\$ 127 (R\$ 118 in 2023), mainly due to higher interest expenses on variable rate loans.

Contents	Impact on net income	
	03/31/2024	12/31/2023
CDI increase - 0.25%	(2,629)	(2,743)
0.25% TJLP increase	(363)	(377)
0.5% SOFR increase	(127)	(118)

b) Credit risk

The Company and its subsidiaries maintain strict controls over credit granting to their clients and adjust the credit limits whenever any material change in risk is detected.

c) Liquidity risk

It is the risk of the Company and its subsidiaries not having sufficient net funds to honor its financial commitments due to a time or volume mismatch between foreseen receipts and payments.

To manage cash liquidity in domestic and foreign currency, future disbursements and cash inflows assumptions are established and daily monitored by the Treasury Department and Finance Vice-Presidency. The Company has been diligent in its cash management under its investment and financing policies.

The table below shows the non-derivative financial liabilities of the Parent Company and Consolidated, by maturity brackets, corresponding to the remaining period in the balance sheet up to the contractual date of maturity. Amounts disclosed in the table are contractual discounted cash flows.

	Parent Company				Total
	03/31/2024				
	Loans and debentures	Lease liabilities	Supplier, credit granting and accounts payable from property, plant and equipment	Installment payment of tax liabilities	
≤01 year	268,004	16,772	391,175	16,644	692,595
01-02 years	717,635	19,897	2,904	15,473	755,909
02-05 years	298,907	8,954	-	14,203	322,064
>05 years	12,246	-	-	-	12,246
	1,296,792	45,623	394,079	46,320	1,782,814

PBG S.A. and subsidiaries

Notes to the interim financial information as of March 31, 2024.
In thousands of reais, unless otherwise indicated.

	Parent Company				
	12/31/2023				
	Loans and debentures	Lease liabilities	Supplier, credit granting and accounts payable from property, plant and equipment	Installment payment of tax liabilities	Total
≤01 year	456,038	18,842	406,810	18,322	900,012
01-02 years	574,965	16,849	10,021	15,473	617,308
02-05 years	309,938	4,609	-	15,222	329,769
	<u>1,340,941</u>	<u>40,300</u>	<u>416,831</u>	<u>49,017</u>	<u>1,847,089</u>
	Consolidated				
	03/31/2024				
	Loans and debentures	Lease liabilities	Supplier, credit granting and accounts payable from property, plant and equipment	Installment payment of tax liabilities	Total
≤01 year	268,004	50,270	504,643	16,644	839,561
01-02 years	717,635	54,061	93,137	15,473	880,306
02-05 years	298,907	74,869	46,569	14,203	434,548
>05 years	12,246	283,661	-	-	295,907
	<u>1,296,792</u>	<u>462,861</u>	<u>644,349</u>	<u>46,320</u>	<u>2,450,322</u>
	Consolidated				
	12/31/2023				
	Loans and debentures	Lease liabilities	Supplier, credit granting and accounts payable from property, plant and equipment	Installment payment of tax liabilities	Total
≤01 year	456,038	40,276	543,726	18,322	1,058,362
01-02 years	574,965	35,261	44,345	15,473	670,044
02-05 years	309,938	47,593	68,013	15,222	440,766
>05 years	-	321,425	-	-	321,425
	<u>1,340,941</u>	<u>444,555</u>	<u>656,084</u>	<u>49,017</u>	<u>2,490,597</u>

d) Sensitivity analysis

i) Sensitivity analysis of changes in the interest rates

The Company's Management has studied the potential impact of changes in interest rates on the amounts of financial expenses and financial revenues from loans and financing, debentures, and tax installments, which are affected by changes in interest rates, such as CDI and Selic.

This study is based on the probable scenario of the CDI rate falling to 10.29% per annum (10.73% in December 2023), based on the future interest curve drawn at B3 (Brasil, Bolsa e Balcão) and the Selic rate falling to 10.29% per annum. The probable rate was then adjusted at 25% and 50%, as parameter for possible and remote scenarios, respectively. The scenarios below were estimated for the period of 1 year:

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	Consolidated in reais							
	03/31/2024	Risk	Probable rate		Possible (25%)*		Remote (50%)*	
			%	R\$	%	R\$	%	R\$
Loans and financing	(469,211)	CDI inc.	10.29%	(48,282)	12.86%	(60,352)	15.44%	(72,423)
Debentures	(602,413)	CDI incr.	10.29%	(61,988)	12.86%	(77,485)	15.44%	(92,982)
Installment payments of tax liabilities	(7,533)	SELIC incr.	10.29%	(775)	12.86%	(969)	15.44%	(1,163)
	<u>(1,079,157)</u>			<u>(111,045)</u>		<u>(138,807)</u>		<u>(166,568)</u>

* Selic and CDI ratio taken from the B3 (Brasil, Bolsa e Balcão) website on April 12, 2024.

ii) Sensitivity analysis of changes in the exchange rates

The Company has assets and liabilities linked to foreign currency in the balance sheet as of March 31, 2024 for which has adopted, , for sensitivity analysis purposes, the future market rate in effect during the preparation of these financial statements as the probable scenario, the probable rate in US\$ is R\$ 5.17 and Euro is R\$ 5.52. The probable rate was then adjusted at 25%, 50%, -25%, -50%, as parameter for possible and remote scenarios, respectively.

Thus, the table below simulates the exchange-rate change effect on the deferred income (loss) for the dollar and euro amounts, which are the most representative:

	Consolidated							
	03/31/2024		Probable scenario	Currency appreciation		Currency devaluation		
	(Payable) receivable			Possible +25%	Remote +50%	Possible -25%	Remote -50%	
	Dollar *	Reais						
			5.1711	6.4639	7.7567	3.8783	2.5856	
Accounts receivable	10,298	51,452	1,801	15,114	28,428	(11,512)	(24,825)	
Current account	1,156	5,773	204	1,699	3,193	(1,290)	(2,784)	
Suppliers	(8,016)	(40,052)	(1,402)	(11,766)	(22,129)	8,961	19,325	
Loans and financing	(45,585)	(227,750)	(7,973)	(66,903)	(125,834)	50,958	109,889	
(-) Loans with swap	13,575	67,824	2,374	19,924	37,473	(15,175)	(32,725)	
Suppliers of property, plant and equipment and intangible assets	(33,536)	(167,554)	(5,865)	(49,220)	(92,575)	37,490	80,844	
Net exposure	<u>(62,108)</u>	<u>(310,307)</u>	<u>(10,860)</u>	<u>(91,152)</u>	<u>(171,444)</u>	<u>69,431</u>	<u>149,724</u>	
			5.5228	6.9035	8.2842	4.1421	2.7614	
Accounts receivable	114	617	14	172	330	(144)	(301)	
Suppliers	(258)	(1,394)	(32)	(389)	(745)	324	681	
Suppliers of property, plant and equipment and intangible assets	(9,129)	(49,275)	(1,140)	(13,744)	(26,348)	11,463	24,067	
Net exposure	<u>(9,273)</u>	<u>(50,052)</u>	<u>(1,158)</u>	<u>(13,961)</u>	<u>(26,763)</u>	<u>11,644</u>	<u>24,447</u>	

*Possible and remote scenarios calculated based on the likely future rate of the euro and dollar for 90 days, obtained from the B3 (Brasil, Bolsa e Balcão) website on April 12, 2024.

In addition, the Company has financial instruments to hedge export revenues and loans, as per Note 7.

5.2 Capital management

The Management's objectives in managing its capital are to safeguard the business continuity capacity of the Company and its subsidiaries to offer return to shareholders and benefits to the other stakeholders besides providing the best cash management, in order to obtain the lower funding cost in the combination of own capital or third-party's capital.

The Group's capital is monitored based on the ratio of financial leverage. Net debt, in turn, corresponds to the total of loans, financing, and debentures, lease liabilities with purchase options less the amount of cash and cash equivalents and pledged financial investments.

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In thousands of reais, unless otherwise indicated.

The indexes as of March 31, 2024 can be summarized as follows:

	Consolidated
	03/31/2024
Gross bank debt	1,298,815
Cash and cash equivalents	(335,566)
Net indebtedness	963,249
Net debt / EBITDA*	3.16
Leverage ratio (%)	72

* The Covenants for the Debentures are calculated according to the net debt ratio divided by the Consolidated EBITDA, see Note 20.

5.3 Financial instruments by category

	Parent Company		Consolidated	
	03/31/2024	12/31/2023	03/31/2024	12/31/2023
Assets at fair value through profit or loss and other comprehensive income				
Derivatives – hedge accounting	7,628	14,620	7,628	14,620
Amortized cost				
Cash and cash equivalents	233,309	376,366	324,996	486,472
Trade accounts receivable	234,494	219,186	282,503	269,041
Receivables from subsidiaries	52,786	89,002	-	-
Pledged financial investments	10,570	10,297	10,570	10,297
	538,787	709,471	625,697	780,430
Liabilities valued at fair value through profit or loss				
Derivatives - swap	121	1,894	121	1,894
Amortized cost				
Suppliers, assignment of credit and accounts payable for property, plant and equipment	394,079	416,831	644,349	656,084
Loans, financing and debentures	1,296,792	1,379,234	1,296,792	1,379,234
Dividends payable	638	640	680	640
Lease obligations	45,623	40,300	462,861	444,555
Related party debts	117,149	117,304	56,330	56,330
	1,854,402	1,956,203	2,461,133	2,538,737

The Company has a financial investment linked to a long-term investment fund and linked to a reciprocity clause in the loan agreement with Banco do Nordeste of R\$ 10,570 on March 31, 2024 (R\$ 10,297 on December 31, 2023), and is therefore classified as a non-current asset.

6. Cash and cash equivalents

Interest earning bank deposits designated as cash equivalents are mainly held in bank CDBs, remunerated based on the CDI (Interbank Deposit Certificate) change. They also have immediate liquidity and can be redeemed at any time without penalty.

	Parent Company		Consolidated	
	03/31/2024	12/31/2023	03/31/2024	12/31/2023
Current accounts	48,277	8,189	54,245	21,906
Local currency	48,273	8,183	50,450	18,034
Foreign currency	4	6	3,795	3,872
Interest earning bank deposits	185,032	368,177	270,751	464,566
Local currency	185,032	368,177	268,773	459,773
Foreign currency	-	-	1,978	4,793

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Notes to the interim financial information as of March 31, 2024.
In thousands of reais, unless otherwise indicated.

233,309	376,366	324,996	486,472
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7. Derivative financial instruments

The derivatives are classified as current and non-current assets or liabilities. The total fair value of a derivative is classified as a non-current asset or long-term liability if the remaining time for maturity of the hedged item exceeds 12 months, or as a current asset or current liability if the remaining time for maturity of the hedged item is less than 12 months.

7.1 Non deliverable forward (NDF)

The Company has outstanding NDF agreements with a total notional value of US\$ 65,350, under the following conditions:

a) **Transactions to be settled/realized after March 31, 2024, with effect on current assets and shareholders' equity:**

Maturity	Fixed exchange rate (weighted average of agreements) R\$/US\$	Reference value (notional - US\$)	Fair value - MTM
04/30/2024	5.1459	5,688	863
05/31/2024	5.1471	6,422	893
06/30/2024	5.1616	6,829	948
07/31/2024	5.1665	7,109	902
08/31/2024	5.1786	7,501	934
09/30/2024	5.1983	7,854	1,019
10/31/2024	5.1592	8,152	632
11/30/2024	5.1765	8,295	689
12/31/2024	5.2062	7,500	748
Total		65,350	7,628

b) **Transactions settled/realized up to March 31, 2024, with an effect on the income:**

Maturity	Fixed exchange rate (weighted average of agreements) R\$/US\$	Reference value (notional - in US\$)	Operating income (Note 28)	
			03/31/2024	03/31/2023
2023	5.4765	16,202	-	5,475
2024	5.1446	14,525	2,545	-

These agreements were classified as cash flow hedges and were signed to protect the operating margin on sales in dollars, and are recorded under the hedge accounting methodology, under the Company's hedge policy.

In March 2024, the unrealized gain (fair value - marked-to-market using the B3 dollar curve) is R\$ 7,628 (R\$ 14,620 on December 31, 2023) without considering the effect of income tax and social contribution, recorded in other comprehensive income (shareholders' equity) and current assets, for the agreements maturing on that date, which amount is shown in the statement of changes in shareholders' equity and the statement of comprehensive income.

The gain realized in the first quarter of 2024, of R\$ 2,546 (R\$ 5,475 in the first quarter of 2023), was recorded under "Operating revenue" (see Note 28) under the hedge accounting methodology contained in the Policy adopted by the Company.

7.2 Swaps

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The Company has entered into U.S. dollar transactions in the form of Export Prepayment (PPE), Export Credit Bill (NCE), and working capital, with partial hedging of swap transactions aimed at protecting the Group from future exposure to exchange-rate changes. The maturities of the contracted operations are equivalent to those of the dollar loans whose contracted amounts in the closing position on March 31, 2024 was R\$ 38,553 (R\$ 36,271 on December 31, 2023), with indexation of 94.5% and 99% of the CDI (see Note 20), marked-to-market on the same date of R\$ 121 (R\$ 1,894 on December 31, 2023).

8. Trade accounts receivable

	Parent Company		Consolidated	
	03/31/2024	12/31/2023	03/31/2024	12/31/2023
Accounts receivable				
Domestic market	219,914	140,842	232,354	162,602
Foreign market	17,949	81,462	54,921	112,431
Total accounts receivable (Current assets)	237,863	222,304	287,275	275,033
Impairment of trade accounts receivable				
PCLD (Current assets)	(3,369)	(3,118)	(4,772)	(5,992)
Total accounts receivable net of Provision for Doubtful Accounts	234,494	219,186	282,503	269,041

a) Breakdown of accounts receivable by maturity age:

	Parent Company					
	03/31/2024	Estimated losses	Coverage %	12/31/2023	Estimated losses	Coverage %
Falling due	228,330	(487)	0.2%	212,131	(709)	0.3%
Overdue (in days)						
≤30	2,968	(173)	5.8%	5,174	(114)	2.2%
31-60	2,233	(115)	5.2%	1,131	(64)	5.7%
61-90	1,347	(148)	11.0%	1,001	(109)	10.9%
91-120	650	(224)	34.5%	579	(153)	26.4%
121-180	540	(427)	79.1%	709	(390)	55.0%
181-360	1,795	(1,795)	100.0%	1,579	(1,579)	100.0%
	237,863	(3,369)		222,304	(3,118)	
	Consolidated					
	03/31/2024	Estimated losses	Coverage %	12/31/2023	Estimated losses	Coverage %
Falling due	265,579	(566)	0.2%	248,816	(1,596)	0.6%
Overdue (in days)						
≤30	8,435	(218)	2.6%	11,257	(156)	1.4%
31-60	3,583	(143)	4.0%	4,182	(172)	4.1%
61-90	3,099	(296)	9.6%	2,582	(222)	8.6%
91-120	1,460	(336)	23.0%	2,995	(678)	22.6%
121-180	1,786	(752)	42.1%	2,041	(758)	37.1%
181-360	3,333	(2,461)	73.8%	3,160	(2,410)	76.3%
	287,275	(4,772)		275,033	(5,992)	

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Management understands that allowance for doubtful accounts (PCLD) is sufficient to cover probable losses in the settlement of accounts receivable considering the situation of each client and respective guarantees offered. Its amount represents the estimate of risk of non-realization of overdue receivables and to become overdue under the analysis of the manager in charge.

The Provision for Doubtful Accounts estimated by the Group is calculated using a policy of staggering the realization of the portfolio, considering the credit analysis, the history of the recovery of receivables up to 360 days after maturity and market information. There is also a monthly analysis of outstanding balances based on the client portfolio, as well as an analysis of the portfolio of customers due for loss experience and some one-off customers. This methodology has underpinned the estimates of losses in this portfolio, in line with the concepts of IFRS 9/CPC 48.

The formation and write-off of the allowance to accounts receivable are recorded in income (loss) as business expenses.

b) Changes in provision for estimated doubtful accounts:

	Parent Company	Consolidated
December 31, 2022	(3,024)	(4,864)
Provision	(5,148)	(8,622)
Reversal of provision	2,737	4,237
Write-off by effective losses	2,317	3,257
December 31, 2023	(3,118)	(5,992)
Provision	(1,333)	(1,534)
Reversal of provision	173	1,745
Write-off by effective losses	909	1,009
March 31, 2024	(3,369)	(4,772)

The Company's receivables constitute a guarantee of some of the loans and financing obtained, as described in Note 20.

On March 31, 2024, there are securities receivable pledged as collateral for loans, financing, and debentures of R\$ 127,916 (R\$ 126,046 on December 31, 2023), and there are no amounts to secure third-party operations with franchisees.

9. Inventories

	Parent Company		Consolidated	
	03/31/2024	12/31/2023	03/31/2024	12/31/2023
Finished goods	314,469	317,836	456,660	422,648
Work in process	11,422	11,116	19,095	17,197
Raw materials and consumption materials	55,171	56,744	69,079	67,373
Imports in transit	948	1,671	948	1,671
Provision for inventory appraisal at realizable value	(13,859)	(13,197)	(19,917)	(19,848)
	<u>368,151</u>	<u>374,170</u>	<u>525,865</u>	<u>489,041</u>

The Company records a provision for inventory losses taking into account the net value of cost and the recoverable value, whichever is lower. Whenever it is not expected to be recovered, the amounts credited in this caption are realized against the definite write-off of the inventory.

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During the period, the provision for adjusting inventories to realizable value changed as follows:

	<u>Parent Company</u>	<u>Consolidated</u>
December 31, 2022	<u>(13,301)</u>	<u>(20,684)</u>
Formation of provision	(6,165)	(18,513)
Reversal of provision for sale or write-off	6,269	19,349
December 31, 2023	<u>(13,197)</u>	<u>(19,848)</u>
Formation of provision	(2,975)	(3,913)
Reversal of provision for sale or write-off	2,313	3,844
March 31, 2024	<u>(13,859)</u>	<u>(19,917)</u>

10. Recoverable taxes

	<u>Parent Company</u>		<u>Consolidated</u>	
	<u>03/31/2024</u>	<u>12/31/2023</u>	<u>03/31/2024</u>	<u>12/31/2023</u>
Current assets				
IRPJ/CSLL (income tax and social contribution) (c)	2,347	2,347	8,603	8,603
ICMS (b)	4,861	6,768	5,927	7,097
PIS/COFINS (c)	7,442	7,388	10,208	7,641
IRRF	5,042	4,296	5,368	4,306
IPI	2,403	2,338	2,565	2,479
Reintegra	1,672	1,610	1,672	1,610
Other taxes recoverable	162	10	225	62
	<u>23,929</u>	<u>24,757</u>	<u>34,568</u>	<u>31,798</u>
Non-current assets				
ICMS-ST (d)	9,982	9,982	9,982	10,041
ICMS - DIFAL (e)	4,186	4,186	4,186	4,186
ICMS	2,352	1,963	2,410	1,963
	<u>16,520</u>	<u>16,131</u>	<u>16,578</u>	<u>16,190</u>

a) IRPJ and CSLL

The balance is substantially due to the negative balance of IRPJ and CSLL for 2023.

b) ICMS

The balance is substantially composed of ICMS DIFAL credit and ICMS credit for property, plant and equipment.

c) PIS and COFINS

The balance of this caption is comprised of PIS and COFINS on property, plant and equipment and PIS and COFINS credits arising from the Company's normal operations and will be fully offset in the following calculations.

d) ICMS-ST

This item includes the ICMS-ST amounts levied on the transfer of products between the Company's

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establishments, amounting to R\$ 9,982 in the Parent Company, the amount of which is the subject of a lawsuit with the Pernambuco State Treasury Department, aiming for its full recovery and is classified as a non-current asset due to 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 5015551-38.2021.8.21.0001), Minas Gerais (Writ of Mandamus 5012757-94.2021.8.13.0024) and Paraná (Writ of Mandamus 0001091-63.2021.8.16.0004), before the enactment of a complementary law. It was successful in having the sums paid refunded, with a final judgment handed down in September 2022. The amounts are R\$ 1,980 (MG), R\$ 1,820 (RS) and R\$ 386 (PR). These amounts will be refunded by offsetting them against the amounts calculated by the Company.

11. Judicial deposits

The Company and its subsidiaries are parties involved in tax, civil, labor and social security lawsuits (see Notes 23 and 24) and are discussing these issues in both the administrative and judicial scopes and, when applicable, said lawsuits are backed by judicial deposits. These are recorded at the original value restated by the indices relating to the basic remuneration of the savings account.

The judicial deposits are presented according to the nature of the corresponding actions:

	Parent Company		Consolidated	
	03/31/2024	12/31/2023	03/31/2024	12/31/2023
Civil	92	92	92	92
Labor	1,289	1,578	1,297	1,586
Tax - Security deposit - DIFAL PB, PR, AL, RS and MG (a)	2,646	2,553	2,646	2,553
Tax - Other deposits	3,006	2,867	3,006	2,867
	<u>7,033</u>	<u>7,090</u>	<u>7,041</u>	<u>7,098</u>

(a) The Company filed writs of mandamus against the collection of DIFAL and obtained an injunction so that the amounts for the years 2021 and 2022 would be deposited in court.

12. Judicial deposits

In September 2020, the Company signed a "Term of Understanding and Settlement of Obligations" with Refinadora Catarinense S.A., regarding the settlement of a debt between Refinadora and the Company, of R\$ 101,990. In this agreement, the parties have agreed that Refinadora granted the transferred funds, of R\$ 89,517, for the tax enforcement proceedings filed against PBG S.A. This amount was recorded in October 2020 in a guarantee deposit account, classified as non-current assets, a balance that has been updated over the years.

In 2022, the Company, in compliance with the court order granting the withdrawal, presented insurance collateral in tax enforcement proceedings 0001185-67.2007.8.24.0072 0002437-66.2011.8.24.0072.

In January 2023, R\$ 1,100 was withdrawn in favor of the Company, resulting in a deposited balance of R\$ 19,887 on December 31, 2023.

In the first quarter of 2024, the Company withdrew R\$ (5,136), as well as a financial update of R\$ 408 (R\$ 1,622 in 2023), resulting in a balance of R\$ 15,159 on March 31, 2024.

13. Income tax and social contribution

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a) Recoverable and payable income tax and social contribution

Recoverable and payable deferred income tax and social contribution is broken down as follows:

	Current assets			
	Parent Company		Consolidated	
	03/31/2024	12/31/2023	03/31/2024	12/31/2023
Income tax	2,345	2,345	7,329	7,329
Social contribution	2	2	1,274	1,274
	<u>2,347</u>	<u>2,347</u>	<u>8,603</u>	<u>8,603</u>
	Current liabilities			
	Parent Company		Consolidated	
	03/31/2024	12/31/2023	03/31/2024	12/31/2023
Income tax	-	-	1,670	41
Social contribution	-	-	626	161
	<u>-</u>	<u>-</u>	<u>2,296</u>	<u>202</u>

b) Deferred income tax and social contribution

The amounts of deferred income tax and social contribution for the Parent Company and Consolidated are as follows:

	Parent Company		Consolidated	
	03/31/2024	12/31/2023	03/31/2024	12/31/2023
Tax losses	<u>78,056</u>	<u>76,204</u>	<u>89,487</u>	<u>87,634</u>
Temporary credit differences	<u>31,209</u>	<u>30,338</u>	<u>33,533</u>	<u>32,550</u>
Civil, labor, social security and tax provision	7,742	8,066	7,980	8,362
Provision for success fees	6,881	6,632	6,918	6,655
Provision for expenses	2,240	1,906	2,244	1,929
Difal provision	2,936	3,208	2,936	3,208
Provision for commissions	4,180	4,101	4,180	4,101
Provision for adjustment to market value	2,274	1,957	2,274	1,957
Allowance for doubtful accounts	2,298	2,213	2,513	2,374
Provision for profit sharing and long-term incentive	2,191	1,879	2,191	1,879
Exchange rate change at cash basis	(2,895)	(4,406)	(2,895)	(4,406)
Other temporary difference - assets	3,362	4,782	5,192	6,491
Temporary liability differences	<u>(65,063)</u>	<u>(66,727)</u>	<u>(65,063)</u>	<u>(66,726)</u>
Adjustment of depreciation (for the useful life of assets)	(29,850)	(29,184)	(29,850)	(29,183)
Realization of revaluation reserve	(15,323)	(15,480)	(15,323)	(15,480)
Judicial assets - IPI premium credit - Phase II	(10,161)	(10,093)	(10,161)	(10,093)
Portobello Private Pension	(3,481)	(3,481)	(3,481)	(3,481)
Hedge accounting operations	(2,594)	(4,971)	(2,594)	(4,971)
Judicial assets - IPI premium credit - Phase I	(3,595)	(3,518)	(3,595)	(3,518)
Adjustment to present value	(59)	-	(59)	-
Deferred income tax and social contribution - Assets (net)	<u>44,202</u>	<u>39,815</u>	<u>57,957</u>	<u>53,458</u>
Temporary liability differences				
Judicial assets - Restatement of rural credit bills - PBTEch	-	-	6,387	6,387

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In thousands of reais, unless otherwise indicated.

Deferred income tax and social contribution – Liabilities (net)	-	-	6,387	6,387
Non-current assets	109,265	106,542	123,021	120,185
Non-current liabilities	(65,063)	(66,727)	(71,451)	(73,114)
Assets and liabilities, net	44,202	39,815	51,570	47,071

The net changes as of March 31, 2024 and December 31, 2023 in income tax and social contribution accounts are as follows:

	Parent Company	Consolidated
December 31, 2022	16,109	25,523
Tax losses	52,557	52,556
Temporary credit differences	(33,916)	(36,073)
Temporary liability differences	7,228	7,228
Hedge accounting operations	(2,791)	(2,791)
Revaluation reserve	628	628
December 31, 2023	39,815	47,071
Tax losses	(116)	(116)
Temporary credit differences	2,839	2,951
Temporary liability differences	(872)	(872)
Hedge accounting operations	2,377	2,377
Revaluation reserve	159	159
March 31, 2024	44,202	51,570

c) Income tax and social contribution (income/loss)

Income and social contribution tax expenses are as follow:

	Parent Company		Consolidated	
	03/31/20	03/31/20	03/31/20	03/31/20
	24	23	24	23
Income (loss) before taxes	(22,716)	(25,943)	(14,701)	(16,887)
Tax calculated based on nominal rate - 34%	7,723	8,821	4,998	5,742
Income (loss) from subsidiaries by the equity method	(7,065)	(141)	-	-
Tax incentives	-	1,537	-	1,537
<i>Lei do Bem</i>	-	-	1,414	367
Income tax/social contribution on tax overpayments	-	312	-	312
Depreciation of revalued assets	159	525	159	525
Deferred income tax/social contribution not recorded - Portobello America	-	-	(12,437)	(7,153)
Deferred income tax/social contribution not recorded - CBC	-	-	(637)	(760)
Interest capitalization	1,987	-	1,987	-
Other	(794)	(192)	(1,483)	1,256
	2,010	10,862	(5,999)	1,826
Current tax on income for the year	-	312	(8,121)	(9,002)
Formation of deferred income tax and social contribution	2,010	10,550	2,122	10,828
Income tax and social contribution expense (recognized in income [loss] - current and deferred)	2,010	10,862	(5,999)	1,826
Effective rate	8.8%	41.9%	-40.8%	10.8%

d) Tax losses

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In thousands of reais, unless otherwise indicated.

	Parent Company		Consolidated	
	03/31/2024	12/31/2023	03/31/2024	12/31/2023
Tax loss	229,577	224,129	263,196	257,746
Deferred IRPJ and CSLL	78,056	76,204	89,487	87,634

Based on studies and projections of results for the following periods, an analysis was made of the recoverability of deferred tax assets arising from tax losses and social contribution negative bases recorded on March 31, 2024, in the Parent Company and in its Subsidiary Companhia Brasileira de Cerâmica, in which the following schedule was estimated for the recovery of these assets:

Period	Parent Company	Consolidated
2024	-	4,106
2025	8,494	13,148
2026	5,401	6,569
2027	6,324	7,827
2028	16,752	16,752
2029	17,077	17,077
2030	17,948	17,948
2031	6,060	6,060
	<u>78,056</u>	<u>89,487</u>

14. Judicial assets

	Parent Company		Consolidated	
	03/31/2024	12/31/2023	03/31/2024	12/31/2023
Credit-IPI premium (a)				
Proceeding 1987.0000.645-9 (phase II)	29,885	29,686	29,885	29,686
Proceeding 1984.00.020114-0 (phase I)	10,574	10,348	10,574	10,348
IPI Premium Credit - "Plaintiff" - Complementary Portion (b)	<u>75,107</u>	<u>75,107</u>	<u>75,107</u>	<u>75,107</u>
	<u>115,566</u>	<u>115,141</u>	<u>115,566</u>	<u>115,141</u>

a) Credit-IPI premium

The Company is a plaintiff in a lawsuit seeking recognition of tax benefits entitled "IPI premium credit", in different calculation periods. Proceeding 1987.0000.645-9 referring to the period from April 01, 1981 to April 30, 1985, already having a decision in favor of the Company, is in the award calculation stage with the amounts already determined by the accounting unit of the Federal Courts, the amount recognized in November 2009 and restated up to March 31, 2024 is R\$ 29,885 (R\$ 29,686 as of December 31, 2023).

As regards proceeding 1984.00.020114-0, referring to the period from December 07, 1979 to March 31, 1981, after final decision issued more than 10 years ago, stage for award calculation and execution of judgment started, and an expert report prepared by a court expert was presented. Parties were notified of the amount calculated to respond about report acceptance or impugnation. The Company agreed with presented calculations.

The Federal Government, represented by the Brazilian Treasury General Attorney's Office, did not respond, which resulted in a tacit agreement and, consequently, estoppel. The lawsuit is concluded for

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sentencing and no challenge is allowed. In 2015, the Company recognized amount determined by judicial expert, R\$ 4,983, and, as the Company understands that success of said suit is practically certain, it recorded tax assets in June 2015, and the balance of R\$ 10,574 (R\$ 10,348 as of December 31, 2023) is maintained on March 31, 2024. The Company will ensure that the payment request is issued by April 2025 so that the payment is made by June 2026.

b) IPI Premium Credit - “Plaintiff”

The process began in 1984. During the course of the proceedings, the case was taken to the Federal Supreme Court (STF), after which it was returned to the 6th Federal Court of the Judiciary Section of the Federal District (the original court) so that the sentence could be enforced.

The Company, given the statement provided by the Judicial Accounting Office - attached to the case in March 2020 - in which it informs that it does not have the technical knowledge to present a statement on the challenges presented by the Federal Government and, considering that the amounts presented by the Company were duly ratified, recognized the portion considered complementary of R\$ 66,056 (base date of August 2015).

In the first quarter of 2020, R\$ 75,107 was recognized in assets. At the same time, the following amounts were recorded under liabilities: i) R\$ 56,330 referring to the amounts to be paid to Refinadora Catarinense, ii) R\$ 1,737 referring to PIS/COFINS, iii) R\$ 3,380 referring to deferred IRPJ/CSLL. In addition, provision was made for success fees, and the net value due to the Company is R\$4,823.

In a decision on the merits, handed down in July 2022, regarding the Brazilian Treasury’s challenge to compliance with the judgment, the judge rejected the arguments presented and also approved the calculations presented by the Judicial Accounting Office. In response to this decision, the Brazilian Treasury filed a Motion for Clarification, which was rejected, remaining unaffected by the embargoed decision.

In 2023, given the decisions that approved the calculation, the Brazilian Treasury filed an appeal with the TRF of the 1st Region, which was received without a stay of proceedings and is awaiting judgment.

15. Investments

a) Equity in income of subsidiaries

The Company is the parent company of six businesses and investments are recorded in non-current assets under “Interest in subsidiaries”.

The subsidiaries are privately held companies, whose changes on March 31, 2024, and December 31, 2023, are shown below:

	Organization Country	Direct interest	Indirect interest	Assets	Liabilities	Shareholders' equity	Revenue	Income (loss)
March 31, 2024								
Portobello America Inc.	United States	100.00%	0.00%	1,060,647	636,946	423,701	54,164	(36,580)
Portobello America Manufacturing (a)	United States	0.00%	100.00%	568,298	609,223	(40,925)	27,974	(19,742)
PBTech Ltda.	Brazil	99.94%	0.06%	261,285	186,889	74,396	104,052	12,713
Portobello Shop S/A	Brazil	99.90%	0.00%	83,912	77,022	6,890	23,501	6,410
Mineração Portobello Ltda.	Brazil	99.99%	0.00%	54,962	43,504	11,457	4,462	(1,111)
Companhia Brasileira de Cerâmica S/A	Brazil	98.85%	1.15%	49,635	22,313	27,321	5,086	(1,875)

December 31, 2023

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Portobello America Inc.	United States	100.00%	0.00%	937,477	623,146	314,331	211,927	(111,901)
Portobello America Manufacturing (a)	United States	0.00%	100.00%	501,470	522,084	(20,614)	36,174	(19,288)
PBTech Ltda.	Brazil	99.94%	0.06%	253,039	191,357	61,682	424,003	51,487
Portobello Shop S/A	Brazil	99.90%	0.00%	83,794	41,459	42,335	106,960	27,899
Mineração Portobello Ltda.	Brazil	99.76%	0.00%	54,718	42,149	12,569	15,970	(22,326)
Companhia Brasileira de Cerâmica S/A	Brazil	98.85%	1.15%	33,234	7,308	25,926	15,822	(11,292)

(a) The Company has an indirect interest in Portobello America Manufacturing, which is consolidated in Portobello America Inc., for this reason, the changes in Portobello America Manufacturing are not presented below.

	Ownership interest	12/31/2023	Exchange-rate changes	Interest capitalization	Advances for future capital increase	Equity in net income of subsidiaries	Dividends	03/31/2024
Investments								
Portobello America Inc. (b)	100.00%	313,682	10,497	-	135,452	(36,579)	-	423,052
PBTech Ltda.	99.94%	61,630	-	-	-	12,706	-	74,336
Portobello Shop S.A.	99.90%	42,279	-	-	-	6,404	(41,813)	6,870
Mineração Portobello Ltda. (c)	99.99%	12,569	-	-	-	(1,111)	-	11,458
Companhia Brasileira de Cerâmica S/A (b)	98.85%	25,999	-	-	3,270	(1,853)	-	27,416
Portobello S/A	100.00%	10	-	-	-	-	-	10
Interest capitalization (a)		27,514	-	5,843	-	(346)	-	33,011
Net total of investment in subsidiaries		<u>483,683</u>	<u>10,497</u>	<u>5,843</u>	<u>138,722</u>	<u>(20,779)</u>	<u>(41,813)</u>	<u>576,153</u>
Equity in income of subsidiaries		<u>483,683</u>						<u>576,153</u>

	Ownership interest	12/31/2022	Exchange-rate changes	Capital increase	Interest capitalization	Advances for future capital increase	Equity in net income of subsidiaries	Dividends	12/31/2023
Investments									
Portobello America Inc. (b)	100.00%	30,247	(14,475)	-	-	409,875	(111,965)	-	313,682
PBTech Ltda.	99.94%	35,918	-	-	-	-	51,456	(25,744)	61,630
Portobello Shop S.A.	99.90%	28,357	-	-	-	-	27,871	(13,949)	42,279
Mineração Portobello Ltda.	99.99%	45	-	34,849	-	-	(22,325)	-	12,569
Companhia Brasileira de Cerâmica S/A	98.85%	22,013	-	-	-	15,147	(11,161)	-	25,999
Portobello S/A	100.00%	10	-	-	-	-	-	-	10
Interest capitalization (a)		-	-	-	27,815	-	(301)	-	27,514
Net total of investment in subsidiaries		<u>116,590</u>	<u>(14,475)</u>	<u>34,849</u>	<u>27,815</u>	<u>425,022</u>	<u>(66,425)</u>	<u>(39,693)</u>	<u>483,683</u>
Equity in income of subsidiaries		<u>116,590</u>							<u>483,683</u>

(a) The Parent Company's investments show the capitalization of interest on loans, financing, and debentures, which are related to the acquisition, construction, or production of property, plant and equipment of its investees in the United States. In the consolidated accounts, these amounts are capitalized in property, plant and equipment, as per Note 16.

(b) In the first quarter of 2024, Companhia Brasileira de Cerâmica S/A received an advance for future capital increase from PBG S.A totaling R\$ 3,270 (R\$ 15,147 in 2023) and Portobello America received advance for future capital increase of R\$ 135,452, of which R\$ 52,452 through a cash disbursement by the Parent Company in the quarter and R\$ 83,000 referring to the transfer of a loan balance made in previous periods, with no cash effect in the quarter (R\$ 409,875 in 2023, of which R\$ 170,580 refers to accounts receivable balances, not affecting cash, and R\$ 239,295 refers to a loan, with a cash effect, as shown in the Statement of Cash Flows, in investment activities).

(c) In June 2023, Mineração Portobello began to have unsecured liabilities due to the update of legal proceedings. In December 2023, PBG signed a debt assumption agreement with Mineração Portobello relating to these legal proceedings, recording it under "Investment" as contra-entry of a reimbursement liability of R\$ 34,849.

i) Portobello Shop

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Portobello Shop S.A. was founded in October 2002 and began operations in September 2003. Portobello Shop is the administrator of the PORTOBELLO SHOP Franchise System, the largest chain of stores specializing in ceramic tiles in Brazil.

The franchises are only present in the Brazilian territory and operate in consultative sales, with customizations, innovations, and technological resources to serve their clients. Portobello Shop currently manages one hundred and twenty-nine (129) franchises throughout Brazil.

ii) PBTech

PBTech Comércio e Serviços de Revestimentos Cerâmicos Ltda. was founded in August 2003 and its activity is the retail trade of ceramic tiles, as well as products for civil construction and the provision of services related to the ceramic tiles area. On March 31, 2024, PBTECH had a network of twenty-seven (27) company-owned stores in Brazil.

iii) Mineração Portobello

Mineração Portobello Ltda., founded on November 14, 1978, has as its main operating activity the extraction of clay and associated processing and sale of the extraction production to PBG S.A, its parent company.

The extraction mines are divided regionally into the South, with headquarters in Tijucas and branches in the states of Santa Catarina and Paraná, and the Northeast, in the states of Sergipe and Alagoas, which supply raw materials for the production of Portobello and Pointer brand products.

iv) Companhia Brasileira de Cerâmica

Companhia Brasileira de Cerâmica S.A. ("CBC") is a closed corporation founded in Marechal Deodoro/Alagoas in April 2014, which began operations in May 2014. CBC, through Oficina Portobello, manufactures products made from porcelain tiles, specializing in the Portobello Shop Franchise System, the largest chain of stores specializing in ceramic tiles in Brazil, operating in the cities of Jundiaí/SP and Tijucas/SC.

CBC is undergoing a restructuring that began in the first quarter and will end in the second quarter of 2024, in which, with the inclusion in its operation of five distribution centers that were previously part of its parent company PBG S.A., its accumulated losses are expected to be absorbed by the retail distribution operation.

v) Portobello America

Portobello América LLC Inc. ("PBA") is a subsidiary of PBG S.A. located in the state of Tennessee - USA, where it has two distribution centers, where it distributes Portobello products in the U.S. market. The testing phase of the subsidiary Portobello América Manufacturing LLC began in July 2023, and the production of its marketing portfolio began in October 2023.

The new production plant has an annual production capacity of 3.6 million m² in this first stage. It has a built-up area of 90,000 m², developed using high technology, cutting-edge processes, and machinery, in the region that is now considered the North American hub for manufacturing ceramic tiles.

With the start of production at the new factory, the main focus is on expanding the distribution model, which has more attractive profitability, so the return on investment is expected to occur over the next few years.

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b) Other investments

On October 02, 2023, the Company acquired a stake of R\$ 3,000 in Enel Brasil, represented by 106,573,709 Class B common shares, more precisely in the Ventos de Santa Esperança 21 wind power plant, which belongs to the Morro do Chapéu Sul II wind power complex located in Bahia, built and operated by Enel Green Power, the Enel's renewable generation branch. The wind power complex has an installed capacity of 353 MW and 84 wind turbines.

The agreement signed between the company and Enel lasts for 15 years and provides for the supply of renewable energy for half of the consumption of the Company and its subsidiaries in Brazil, with a maximum volume of 10 Average Megawatts (MWm), equivalent to a consumption of 87.6 GWh/year. In this modality, Enel can sell the surplus energy produced by the plant on the free market, once the volume contracted by the Company has been met.

16. Property, plant and equipment

a) Breakdown of property, plant and equipment

	Annual average depreciation rate	Parent Company			
		03/31/2024			12/31/2023
		Cost	Accumulated depreciation	Net value	Net value
Land	-	12,603	-	12,603	12,603
Buildings, civil works and improvements	3%	293,463	(103,566)	189,897	192,940
Machinery and equipment	15%	815,190	(491,379)	323,811	310,712
Furniture and fixtures	10%	10,723	(9,699)	1,024	1,018
Computers	20%	35,578	(31,019)	4,559	4,668
Other property, plant and equipment	20%	1,326	(1,135)	191	204
Construction in process	-	20,762	-	20,762	37,726
		<u>1,189,645</u>	<u>(636,798)</u>	<u>552,847</u>	<u>559,871</u>
	Annual average depreciation rate	Consolidated			
		03/31/2024			12/31/2023
		Cost	Accumulated depreciation	Net value	Net value
Land	-	13,486	-	13,486	13,486
Buildings, civil works and improvements	3%	343,748	(135,434)	208,314	213,181
Machinery and equipment	15%	1,070,759	(501,053)	569,706	552,549
Furniture and fixtures	10%	22,149	(13,411)	8,738	8,498
Computers	20%	43,690	(33,039)	10,651	8,985
Other property, plant and equipment	20%	3,366	(2,822)	544	652
Compound interest	5%	33,659	(650)	33,009	27,514
Construction in process	-	203,731	-	203,731	233,017
		<u>1,734,588</u>	<u>(686,409)</u>	<u>1,048,179</u>	<u>1,057,882</u>

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b) Changes in property, plant and equipment

	Parent Company					
	12/31/2023	Addition	Transfer	Depreciation	Write-off	03/31/2024
Land	12,603	-	-	-	-	12,603
Buildings and improvements	192,941	-	77	(3,121)	-	189,897
Machinery and equipment	310,713	23	21,778	(8,703)	-	323,811
Furniture and fixtures	1,018	-	64	(58)	-	1,024
Computers	4,667	17	414	(533)	(6)	4,559
Other property, plant and equipment	203	-	-	(12)	-	191
Construction in process	37,726	5,369	(22,333)	-	-	20,762
	<u>559,871</u>	<u>5,409</u>	<u>-</u>	<u>(12,427)</u>	<u>(6)</u>	<u>552,847</u>

	Parent Company					
	12/31/2022	Addition	Transfer	Depreciation	Write-off	12/31/2023
Land	12,603	-	-	-	-	12,603
Buildings and improvements	202,167	2,179	1,703	(13,108)	-	192,941
Machinery and equipment	303,346	27,705	14,054	(34,391)	(1)	310,713
Furniture and fixtures	2,345	76	(1,043)	(360)	-	1,018
Computers	4,998	1,163	795	(2,289)	-	4,667
Other property, plant and equipment	62	15	162	(36)	-	203
Construction in process	36,570	16,827	(15,671)	-	-	37,726
	<u>562,091</u>	<u>47,965</u>	<u>-</u>	<u>(50,184)</u>	<u>(1)</u>	<u>559,871</u>

	Consolidated						
	12/31/2023	Addition	Transfer	Depreciation	Write-off/ Reclassification	Exchange- rate change	03/31/2024
Land	13,486	-	-	-	-	-	13,486
Buildings and improvements	213,181	-	78	(4,945)	-	-	208,314
Machinery and equipment	552,549	426	22,097	(12,746)	-	7,380	569,706
Furniture and fixtures	8,498	538	66	(520)	-	156	8,738
Computers	8,985	1,183	421	(82)	(6)	150	10,651
Other property, plant and equipment	652	-	-	(108)	-	-	544
Capitalized interest (a)	27,514	5,843	-	(348)	-	-	33,009
Construction in progress (b)	233,017	19,518	(22,662)	-	(32,240)	6,098	203,731
	<u>1,057,882</u>	<u>27,508</u>	<u>-</u>	<u>(18,749)</u>	<u>(32,246)</u>	<u>13,784</u>	<u>1,048,179</u>

	Consolidated						
	12/31/2022	Addition	Transfer	Depreciation	Write-off	Exchange- rate change	12/31/2023
Land	13,486	-	-	-	-	-	13,486
Buildings and improvements	217,406	11,562	4,656	(20,322)	(121)	-	213,181
Machinery and equipment	315,946	281,215	14,054	(40,699)	(1)	(17,966)	552,549
Furniture and fixtures	7,435	4,401	(1,043)	(1,916)	(3)	(376)	8,498
Computers	7,395	3,350	1,478	(2,966)	-	(272)	8,985
Other property, plant and equipment	1,088	16	162	(614)	-	-	652
Capitalized interest (a)	-	27,815	-	(301)	-	-	27,514
Construction in progress (b)	208,474	58,864	(19,307)	-	-	(15,014)	233,017
	<u>771,230</u>	<u>387,223</u>	<u>-</u>	<u>(66,818)</u>	<u>(125)</u>	<u>(33,628)</u>	<u>1,057,882</u>

(a) Loan costs were capitalized at R\$ 5,844 in the first quarter of 2024 and R\$ 27,815 in 2023, considering an average rate for the loan portfolio of 13.05% p.a. and 13.60% p.a., respectively.

(b) Reclassification of leasehold improvements as Lease and right-of-use assets of R\$ 32,240, see Note 18.

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In the first quarter of 2024, additions to property, plant and equipment in Consolidated amounted to R\$ 27,508, of which 49.05% was for the acquisition of machinery and equipment for the factory in the USA (PBA Unit), 32.30% for the Tijucas factory (Portobello Unit), 1.91% for the Marechal Deodoro plant (Pointer Unit), 15.62% for own stores, and the remainder, 1.12% divided between commercial and corporate projects.

The amounts of depreciation were recorded as cost of products sold, commercial and administrative expenses as follows:

	Parent Company		Consolidated	
	03/31/2024	03/31/2023	03/31/2024	03/31/2023
Cost of products sold	(10,648)	(11,049)	(13,192)	(11,393)
Commercial expenses	(1,141)	(1,225)	(4,224)	(3,262)
Administrative expenses	(638)	(726)	(1,333)	(755)
	<u>(12,427)</u>	<u>(13,000)</u>	<u>(18,749)</u>	<u>(15,410)</u>

c) Recoverable value of property, plant and equipment

Property, plant and equipment have their recoverable value analyzed at least annually, and for the year ended December 31, 2023, Management reviewed the cash flow projections of assets and found no need for provision for the recoverable value of assets.

17. Intangible assets

a) Breakdown of intangible assets

	Annual average rate of amortization	Parent Company			
		03/31/2024		12/31/2023	
		Cost	Accumulated amortization	Net value	Net value
Trademarks and patents	-	150	-	150	150
Software	20%	80,126	(51,147)	28,979	31,118
Right to exploration of outcrops	9%	1,000	(1,000)	-	-
Product development expenditure	20%	2,037	(102)	1,935	2,037
Software under development	-	8,193	-	8,193	7,740
		<u>91,506</u>	<u>(52,249)</u>	<u>39,257</u>	<u>41,045</u>
	Annual average rate of amortization	Consolidated			
		03/31/2024		12/31/2023	
		Cost	Accumulated amortization	Net value	Net value
Trademarks and patents	-	378	-	378	370
Software	20%	133,030	(64,417)	68,509	61,532
Right to exploration of outcrops	9%	4,074	(3,843)	231	235
Product development expenditure	20%	4,124	(206)	4,022	4,243
Software under development	-	20,230	-	20,230	17,389
		<u>161,836</u>	<u>(68,466)</u>	<u>93,370</u>	<u>83,769</u>

PBG S.A. and subsidiaries

Notes to the interim financial information as of March 31, 2024.
In thousands of reais, unless otherwise indicated.

b) Changes in intangible assets

Parent Company							
	12/31/2023	Addition	Transfer	Amortization	Write-off	03/31/2024	
Trademarks and patents	150	-	-	-	-	150	
Software	31,118	47	254	(2,440)	-	28,979	
Product development expenditure	2,037	-	-	(102)	-	1,935	
Software under development	7,740	721	(254)	-	(14)	8,193	
	<u>41,045</u>	<u>768</u>	<u>-</u>	<u>(2,542)</u>	<u>(14)</u>	<u>39,257</u>	
Parent Company							
	12/31/2022	Addition	Transfer	Amortization	Write-off	12/31/2023	
Trademarks and patents	150	-	-	-	-	150	
Software	26,158	9,665	4,673	(9,148)	(230)	31,118	
Product development expenditure	-	2,037	-	-	-	2,037	
Software under development	4,739	7,674	(4,673)	-	-	7,740	
	<u>31,047</u>	<u>19,376</u>	<u>-</u>	<u>(9,148)</u>	<u>(230)</u>	<u>41,045</u>	
Consolidated							
	12/31/2023	Addition	Transfer	Amortization	Write-off	Exchange-rate change	03/31/2024
Trademarks and patents	370	-	-	-	-	8	378
Software	61,532	6,193	5,883	(5,591)	-	492	68,509
Right to exploration of outcrops	235	-	-	(4)	-	-	231
Product development costs (a)	4,243	-	-	(291)	-	70	4,022
Software under development	17,389	8,738	(5,883)	-	(14)	-	20,230
	<u>83,769</u>	<u>14,931</u>	<u>-</u>	<u>(5,886)</u>	<u>(14)</u>	<u>570</u>	<u>93,370</u>
Consolidated							
	12/31/2022	Addition	Transfer	Amortization	Write-off	Exchange-rate change	12/31/2023
Trademarks and patents	150	233	-	-	-	(13)	370
Software	35,062	35,317	6,380	(14,128)	(248)	(851)	61,532
Right to exploration of outcrops	284	-	-	(49)	-	-	235
Product development costs (a)	-	4,243	-	-	-	-	4,243
Software under development	6,881	16,888	(6,380)	-	-	-	17,389
	<u>42,377</u>	<u>56,681</u>	<u>-</u>	<u>(14,177)</u>	<u>(248)</u>	<u>(864)</u>	<u>83,769</u>

(a) In 2023, the Group recorded R\$ 4,243 in consolidated relating to expenses with new product development projects.

In the first quarter of 2024, additions to intangible assets in Consolidated amounted to R\$ 14,931, mainly for digital improvement projects in the commercial area and the implementation of the Oracle system.

The amounts of amortization were recorded as cost of products sold, commercial and administrative expenses as follows:

	Parent Company		Consolidated	
	03/31/2024	03/31/2023	03/31/2024	03/31/2023
Cost of products sold	(21)	(21)	(998)	(37)
Commercial expenses	(508)	(581)	(961)	(712)
Administrative expenses	(2,013)	(1,265)	(3,927)	(1,920)
	<u>(2,542)</u>	<u>(1,867)</u>	<u>(5,886)</u>	<u>(2,669)</u>

PBG S.A. and subsidiaries

Notes to the interim financial information as of March 31, 2024.
In thousands of reais, unless otherwise indicated.

c) Recoverable value of intangible assets

Intangible assets have their recoverable value analyzed at least annually, and on December 31, 2023, Management reviewed the cash flow projections of assets and found no need for provision for recoverable value of assets.

18. Right-of-use assets and lease obligations

Agreements characterized as leases, under IFRS 16/CPC 06 (R2), are recorded as right-of-use assets (lease assets, non-current assets) against lease obligations (current and non-current liabilities).

On March 31, 2024, the Company and its subsidiaries had a total of 64 agreements (64 on December 31, 2023), 48 of which are classified as leases without a purchase option for its industrial, commercial, and logistics units and 16 leases with a purchase option for vehicles for the Company's administrators, which refer to leases for which there is a purchase option at the end, similar to a financing operation.

Leases without a purchase option at the end of the agreement are made up of the rentals of the spaces used by the company's stores, distribution centers, and the land for storing, stockpiling, and homogenizing the ores extracted from the mines and equipment, as well as machinery such as forklifts and wheel loaders and the BtS operation signed by Portobello America.

The lease liability represents the present value of future lease payments discounted at the average financing interest rate in the Company. The Company determines the lease term and physical location for logistical purposes and strategic commercial points. Lease assets are detailed below and represent the initial measurement value of the lease liability, plus any payments made up to the start date, less incentives, plus dismantling and removal costs, and their residual value at the end of the agreement, when applicable. The terms of the right-of-use agreements vary from 2 years (vehicles and machinery) to 7 years (stores), and there is one agreement with a term of 20 years (a shed occupied by the U.S. factory). The amortization period for goodwill is on average 10 years.

As mentioned above, the agreements are readjusted annually in line with the change in the main inflation indexes, and most of them have terms of between five and seven years with the option to renew after that date. The Company adopts the weighted-average cost of financing operations for the month in which the new lease agreements are adopted as the discount rate.

In the second quarter of 2023, the Company recorded lease assets and liabilities of R\$ 390,680 (US\$ 75,888 at present value) respectively, with the lessor being the subsidiary Portobello América Manufacturing LLC and the lessee OAK Street. The lease consists of the land and building where the new ceramic and porcelain products factory was set up in the city of Baxter, Tennessee (USA). The agreement, in the form of a BtS, was signed on January 26, 2022, but according to the interpretation of IFRS 16 and CPC 06-R2, its validity is considered when the asset is made available for use, with the effective delivery date being June 2023. The agreement has an initial term of 20 years with a lease renewal action every 5 years, with no purchase option and a financial cost of 6.35% per annum plus an annual update index of 2% from the second year onwards.

a) Breakdown and changes in right-of-use assets

PBG S.A. and subsidiaries

Notes to the interim financial information as of March 31, 2024.
In thousands of reais, unless otherwise indicated.

	Parent Company							
	Distribution Center	Vehicles	Machinery	Buildings	Total			
December 31, 2022	10,335	2,474	22,636	-	35,445			
Remeasurement	1,940	-	-	-	1,940			
Addition (a)	-	1,493	15,194	2,673	19,360			
Contract termination	-	(39)	-	-	(39)			
Depreciation	(5,474)	(1,660)	(11,979)	(297)	(19,410)			
December 31, 2023	6,801	2,268	25,851	2,376	37,296			
Without call option	6,801	-	25,851	2,376	35,028			
With call option	-	2,268	-	-	2,268			
Remeasurement	7,477	-	-	-	7,477			
Addition	-	109	2,858	-	2,967			
Depreciation	(1,475)	(353)	(3,322)	(149)	(5,299)			
March 31, 2024	12,803	2,024	25,387	2,227	42,441			
Without call option	12,803	-	25,387	2,227	40,417			
With call option	-	2,024	-	-	2,024			
Consolidated								
	Distribution Center	Stores	Buildings	Goodwill	Vehicles	Machinery	Land	Total
December 31, 2022	10,335	27,691	8,868	114,746	2,474	22,636	977	187,727
Remeasurement	1,940	185	-	-	-	-	-	2,125
Exchange-rate change	-	-	(25,930)	-	-	-	-	(25,930)
Addition (a)	-	16,020	431,794	-	1,493	15,194	-	464,501
Contract termination	-	(5,661)	-	(2,922)	(40)	-	-	(8,623)
Depreciation	(5,474)	(9,976)	(17,417)	(10,517)	(1,660)	(11,979)	(102)	(57,125)
December 31, 2023	6,801	28,259	397,315	101,307	2,267	25,851	875	562,675
Without call option	6,801	28,259	397,315	101,307	-	25,851	875	560,408
With call option	-	-	-	-	2,267	-	-	2,267
Remeasurement	7,477	755	-	-	-	-	26	8,258
Exchange-rate change	-	-	12,197	-	-	-	-	12,197
Addition	-	3,581	-	14,678	109	2,858	-	21,226
Improvements in progress (b)	-	-	32,240	-	-	-	-	32,240
Depreciation	(1,475)	(2,747)	(8,149)	(3,019)	(353)	(3,323)	(26)	(19,092)
March 31, 2024	12,803	29,848	433,603	112,966	2,023	25,386	875	617,504
Without call option	12,803	29,848	433,603	112,966	-	25,386	875	615,481
With call option	-	-	-	-	2,023	-	-	2,023

(a) The significant addition of buildings in 2023 refers to the Built to Suit (BTS) operation of the new U.S. factory.

(b) Reclassification of leasehold improvements as Lease and right-of-use assets initially recorded in property, plant and equipment, of R\$ 32,240.

b) Breakdown and changes in lease liabilities

PBG S.A. and subsidiaries

Notes to the interim financial information as of March 31, 2024.
In thousands of reais, unless otherwise indicated.

	Parent Company				
	Distribution Center	Vehicles	Machinery	Buildings	Total
December 31, 2022	12,092	2,999	22,800	-	37,891
Remeasurement	1,940	-	-	-	1,940
Addition	-	1,493	15,194	2,673	19,360
Payment	(6,544)	(3,512)	(14,379)	(394)	(24,829)
Interest earned in the period	568	1,421	3,781	168	5,938
December 31, 2023	8,056	2,401	27,396	2,447	40,300
Without call option	8,056	-	27,396	2,447	37,899
With call option	-	2,401	-	-	2,401
Remeasurement	7,477	-	-	-	7,477
Addition	-	109	2,858	-	2,967
Payment	(1,768)	(765)	(3,980)	(197)	(6,710)
Interest earned in the period	295	365	850	79	1,589
March 31, 2024	14,060	2,110	27,124	2,329	45,623
Without call option	14,060	-	27,124	2,329	43,513
With call option	-	2,110	-	-	2,110
Current liabilities					24,053
Non-current liabilities					21,570

	Consolidated						
	Distribution Center	Stores	Buildings	Vehicles	Machinery	Land	Total
December 31, 2022	12,091	29,621	9,129	2,999	22,800	1,076	77,716
Remeasurement	1,940	185	-	-	-	-	2,125
Exchange-rate change	-	-	(24,345)	-	-	-	(24,345)
Addition	-	16,020	431,794	1,493	15,193	-	464,500
Termination and reclassification	-	(6,319)	-	-	-	-	(6,319)
Payment	(6,544)	(12,195)	(52,653)	(3,512)	(14,379)	(152)	(89,435)
Interest earned in the period	568	2,665	11,806	1,421	3,781	72	20,313
December 31, 2023	8,055	29,977	375,731	2,401	27,395	996	444,555
Without call option	8,055	29,977	375,731	-	27,395	996	442,154
With call option	-	-	-	2,401	-	-	2,401
Remeasurement	7,477	755	-	-	-	26	8,258
Exchange-rate change	-	-	11,727	-	-	-	11,727
Addition	-	3,580	-	109	2,858	-	6,547
Payment	(1,768)	(3,430)	(8,733)	(765)	(3,980)	(39)	(18,715)
Interest earned in the period	295	791	8,170	365	850	18	10,489
March 31, 2024	14,059	31,673	386,895	2,110	27,123	1,001	462,861
Without call option	14,059	31,673	386,895	-	27,123	1,001	460,751
With call option	-	-	-	2,110	-	-	2,110
Current liabilities							42,299
Non-current liabilities							420,562

c) Payment schedule:

PBG S.A. and subsidiaries

Notes to the interim financial information as of March 31, 2024.
In thousands of reais, unless otherwise indicated.

	Parent Company		Consolidated	
	03/31/2024	12/31/2023	03/31/2024	12/31/2023
2024	16,772	18,842	50,270	40,276
2025	19,897	16,849	54,061	35,261
2026	6,162	3,874	38,550	20,871
2027	2,045	735	20,676	15,416
2028	747	-	15,643	11,306
2029–2043	-	-	283,661	321,425
	<u>45,623</u>	<u>40,300</u>	<u>462,861</u>	<u>444,555</u>

19. Suppliers, assignment of credit and accounts payable for property, plant and equipment

	Parent Company		Consolidated	
	03/31/2024	12/31/2023	03/31/2024	12/31/2023
Suppliers				
Domestic market	259,687	265,361	265,647	288,699
Foreign market	1,660	674	41,660	38,152
Current liabilities	<u>261,347</u>	<u>266,035</u>	<u>307,307</u>	<u>326,851</u>
Assignment of credit with suppliers (drawee risk) (a)				
Domestic market	120,213	132,859	120,213	132,859
Current liabilities	<u>120,213</u>	<u>132,859</u>	<u>120,213</u>	<u>132,859</u>
Accounts payable of property, plant and equipment (b)				
Domestic market	-	7,019	-	9,957
Foreign market	12,519	10,918	216,829	186,417
	<u>12,519</u>	<u>17,937</u>	<u>216,829</u>	<u>196,374</u>
Current liabilities	<u>9,615</u>	<u>15,123</u>	<u>88,858</u>	<u>89,372</u>
Non-current liabilities	<u>2,904</u>	<u>2,814</u>	<u>127,971</u>	<u>107,002</u>

a) Assignment of credit with suppliers – drawee risk

The Company carried out suppliers' credit granting transactions with financial institutions totals R\$ R\$ 120,213 as of March 31, 2024 (R\$ R\$ 132,859 as of December 31, 2023), for the purpose of providing its partner suppliers with more attractive credit facilities aiming at maintaining commercial relations. In this transaction, suppliers transfer the right to receive from securities to the financial institution, which becomes the operation's creditor, without changing the maturity.

b) Accounts payable from property, plant and equipment

On March 31, 2024, the Company presents, in current liabilities, the amount of R\$ 9,615 in the Parent Company (R\$ 15,123 on December 31, 2023) and R\$ 88,858 in Consolidated (R\$ 89,372 on December 31, 2023) referring to suppliers of property, plant and equipment and intangible assets. In non-current liabilities, the balances are R\$ 2,904 in the Parent Company (R\$ 2,814 on December 31, 2023) and R\$ 127,971 in Consolidated (R\$ 107,002 on December 31, 2023).

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In the Parent Company, the balances refer substantially to the acquisition of industrial ovens for the Tijucas factory. In the Consolidated, most of it refers to the new factory in the USA.

20. Loans, financing and debentures

a) Breakdown

	Currency	Maturities	Charges	Parent Company and Consolidated	
				03/31/2024	12/31/2023
Current					
Banco do Nordeste S.A (a)	R\$	June 2027	2.90% p.a. ¹ + IPCA	19,124	19,180
NCE (b)	R\$	Dec 2027	2.74% p.a. ¹ + CDI	38,934	194,719
NCE (b)	US\$	Mar 2027	99.00% CDI	16,257	13,159
NCE (b)	US\$	Mar 2026	1.78% p.a. ¹ + CDI	30,465	30,476
FINEP (c)	R\$	Nov 2030	1.31% p.a. ¹ + TJLP	25,914	26,202
Debentures – 4 th Issue (d)	R\$	Oct 2026	3.00% p.a. ¹ + CDI	75,485	83,749
Debentures – 5 th issue (g)	R\$	Dec 2028	3.65% p.a. ¹ + CDI	54,175	41,080
BNDES (e)	R\$	June 2026	1.80% p.a. ¹ + SELIC	2,106	2,068
Working capital (f)	R\$	Mar 2026	2.75% p.a. ¹ + CDI	3,957	9,776
Working capital – with swap (f)	US\$	Mar 2026	3.53% p.a. ¹ + CDI	12,714	23,625
Export prepayment – swap (b)	US\$	Nov 2027	9.19% p.a. ¹	7,448	6,030
Export prepayment (b)	US\$	Nov 2027	94.50% CDI	7,284	5,973
Total current			12.80% p.a.¹	293,863	456,037
Total local currency		R\$		219,695	384,373
Total foreign currency		US\$		74,168	79,263
Non-current					
Banco do Nordeste S.A (a)	R\$	June 2027	2.90% p.a. ¹ + IPCA	15,244	19,832
NCE (b)	R\$	Dec 2027	2.74% p.a. ¹ + CDI	237,160	164,964
NCE (b)	US\$	Mar 2027	99.00% CDI	31,021	33,980
NCE (b)	US\$	Mar 2026	1.78% p.a. ¹ + CDI	40,620	-
FINEP (c)	R\$	Nov 2030	1.31% p.a. ¹ + TJLP	118,609	124,517
Debentures – 4 th Issue (d)	R\$	Oct 2026	3.00% p.a. ¹ + CDI	149,045	148,880
Debentures – 5 th issue (g)	R\$	Dec 2028	3.65% p.a. ¹ + CDI	323,708	323,541
BNDES (e)	R\$	June 2026	1.80% p.a. ¹ + SELIC	1,681	2,018
Working capital (f)	R\$	Mar 2026	2.75% p.a. ¹ + CDI	3,900	-
Working capital – with swap (f)	US\$	Mar 2026	3.53% p.a. ¹ + CDI	12,620	-
Export prepayment – swap (b)	US\$	Nov 2027	9.19% p.a. ¹	35,042	33,216
Export prepayment (b)	US\$	Nov 2027	94.50% CDI	34,279	33,956
Total non-current			13.11% p.a.¹	1,002,929	884,904
Total local currency		R\$		849,347	814,446
Total foreign currency		US\$		153,582	101,152
Overall total			13.04% p.a.¹	1,296,792	1,340,941
Total local currency		R\$		1,069,042	1,198,819
Total foreign currency		US\$		227,750	180,415

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

AVP - Adjustment to present value

IPCA - National Amplified Consumer Price Index

FX - Exchange-rate change

CDI - Interbank Deposit Certificate

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In thousands of reais, unless otherwise indicated.

b) Contract details

Note	Institution/ Modality	Date of the contract	Effective in	Term (months)	Grace period (months)	Amortization	Amount raised	Releases (in thousands of Reals)		Guarantees/Note	
								Amount	Date		
a)	Banco do Nordeste	June 2013	June 2025	133	24	Monthly	R\$ 147,784	R\$ 29,221	Aug 2014	Mortgage of properties and machinery and equipment. Re-agreed in April 2020.	
								R\$ 45,766	Jan 2015		
								R\$ 14,700	Sep 2015		
								R\$ 4,714	Mar 2016		
								R\$ 2,418	Dec 2016		
								R\$ 8,827	Feb 2019		
		<i>R\$ 105,646</i>	<i>Total</i>								
		July 2019	June 2027	95	24	Monthly	R\$ 31,147	R\$ 7,246	July 2019		2 nd degree mortgage of properties and machinery and equipment. Re-agreed in April 2020.
								R\$ 4,681	Feb 2020		
								R\$ 4,261	Sep 2020		
R\$ 7,000	June 2022										
<i>R\$ 23,188</i>	<i>Total</i>										
b)	Export credit (NCE)	June 2021	June 2026	51	24	Semi-annual	R\$ 30,000	R\$ 30,000	June 2021	Receivables from PBG S.A. of 20% of the outstanding balance.	
		Aug 2021	Aug 2027	36	24	Semi-annual	R\$ 100,000	R\$ 100,000	Aug 2021	Receivables from PBG S.A. of 30% of the outstanding balance.	
		Dec 2022	Dec 2027	60	24	Twice-yearly	R\$ 48,000	R\$ 48,000	Dec 2022	Receivables from PBG S.A. of 10% of the outstanding balance.	
		Dec 2022	Dec 2027	60	24	Twice-yearly	R\$ 40,000	R\$ 40,000	Dec 2022	No guarantees	
		Feb 2023	Mar 2027	48	12	Monthly	R\$ 50,000	R\$ 50,000	Feb 2023	No guarantees	
		Feb 2024	Feb 2026	24	14	Twice-yearly	R\$ 70,000	R\$ 70,000	Feb 2024	Surety - Portobello Shop	
	Mar 2024	Mar 2026	24	6	Quarterly	R\$ 70,000	R\$ 70,000	Mar 2024	Standby Letter of Credit		
	PPE (EXPORT PRE- PAYMENT)	Nov 2022	Nov 2027	60	24	Twice-yearly	R\$ 43,000	R\$ 43,000	Nov 2022	No guarantees	
Nov 2022	Nov 2027	60	24	Twice-yearly	R\$ 43,000	R\$ 43,000	Nov 2022	No guarantees			
c)	Finep	Dec 2019	Sep 2029	117	32	Monthly	R\$ 66,771	R\$ 25,008	Dec 2019	Surety/Guarantee insurance	
								R\$ 33,000	Mar 2020		
								R\$ 8,763	Aug 2021		
								<i>R\$ 66,771</i>	<i>Total</i>		
		Nov 2020	Nov 2030	120	36	Monthly	R\$ 98,487	R\$ 64,274	Nov 2020		
								R\$ 34,214	Dec 2021		
<i>R\$ 98,487</i>	<i>Total</i>										
d)	Debentures (4 th issue/ 1 st series)	Sep 2021	Sep 2026	60	24	Semi-annual	R\$ 300,000	R\$ 300,000	Sep 2021	Issue approved on September 16, 2021, by the Board of Directors. Funds allocated for the redemption of the 3 rd issue. Actual and additional personal guarantee. It has covenants that have been met.	
e)	BNDES	June 2022	June 2026	48	12	Quarterly	R\$ 10,000	R\$ 3,923	June 2022	BNDES Production Chains Program. 100% of funds passed on to Portobello Shop franchisees.	
f)	Working capital	Mar 2023	Mar 2024	12	12	*	R\$ 25,000	R\$ 25,000	Mar 2023	Promissory Note	
		Mar 2023	Mar 2024	12	12	*	R\$ 9,700	R\$ 9,700	Mar 2023	Surety - Portobello Shop	
g)	Debentures (5 th issue/ 1 st series)	Dec 2023	Dec 2028	60	12	Semi-annual	R\$ 367,000	R\$ 367,000	Dec 2023	Issue approved on 12/08/2023 by the Board of Directors. Funds allocated for the redemption of the 1 st issue of Commercial Notes. Actual and additional personal guarantee. It has covenants that have been met.	

*Single settlement at the end of the agreement.

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In thousands of reais, unless otherwise indicated.

b.1) Debentures

i) Fourth issue

At an EGM held on September 16, 2021, the Company approved, as proposed by the Board of Directors, its fourth (4th) issue of simple debentures, not convertible into shares, with collateral security and an additional personal guarantee, in two series, which will be the object of a public offering with restricted distribution efforts.

Issue	4 th
Fiduciary agent	PENTÁGONO S.A.
ISIN code	BRPTBLDBS000
Settlement bank	Banco Itaú BBA S/A
Coordinating leader	Banco Itaú BBA S/A
Issuing date	09/17/2021
Maturity	09/17/2026
Issue rating	No
Remuneration	CDI + 3.00% p.a. (252 business days)
Trading	CETIP
Series number	1
Issuance volume R\$	300,000,000.00
Total number of debentures	300,000
Unit par value – R\$	1,000.00
Covenants	Net debt divided by EBITDA <3.50 times
Remuneration payment	Twice-yearly, with first remuneration on 03/17/2022

ii) Fifth issue

At an EGM held on December 08, 2023, the Company approved, as proposed by the Board of Directors, its fifth (5th) issue of simple debentures, not convertible into shares, with a collateral security and an additional personal guarantee, in two series, which will be the object of a public offering with restricted distribution efforts.

Issue	5 th
Fiduciary agent	PENTÁGONO S.A.
ISIN code	BRPTBLDBS075
Settlement bank	Banco Bradesco S/A
Coordinating leader	Banco Itaú BBA S/A
Issuing date	12/20/2023
Maturity	12/20/2028
Issue rating	Yes
Remuneration	CDI + 3.65% p.a. (252 business days)
Trading	CETIP
Series number	1
Issuance volume R\$	367,000,000.00
Total number of debentures	367,000
Unit par value – R\$	1,000.00
Covenants	Net debt divided by EBITDA <3.50 times
Remuneration Payment	Twice-yearly, with first remuneration on 06/20/2024

c) Covenants and guarantees

The other loans were guaranteed by linked financial investments, mortgages on real estate, equipment, and receivables from the Parent Company and Subsidiary Portobello Shop (Note 8).

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Notes to the interim financial information as of March 31, 2024.
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For the debentures (fourth (4th) and fifth (5th) issue), the Company has financial covenants, one of which is the ratio obtained by dividing Net Debt by consolidated EBITDA (see Note 5), which cannot exceed 3.50x, with quarterly measurements. All the covenants of these operations were complied with for the quarter ended March 31, 2024.

For the PPE agreement with Banco Itaú, the Company now has financial covenants through an addendum to the agreement in December 2023. Among the clauses is the ratio obtained by dividing Net Debt (see Note 5, plus drawee risk, accounts payable for property, plant and equipment, and liabilities and assets of financial instruments) by consolidated EBITDA, the indicator of which may not exceed 5.0 x for 2023, 4.0 x for 2024 and 3.75 x for 2025, with quarterly measurements. All the covenants of this operation were complied with for the quarter ended March 31, 2024.

d) Payment schedule

	Parent Company and Consolidated	
	03/31/2024	12/31/2023
2024	268,004	456,038
2025	395,629	293,979
2026	322,006	280,986
2027	174,618	173,313
2028	103,779	103,811
2029	20,510	32,814
2030	12,246	-
	<u>1,296,792</u>	<u>1,340,941</u>

Current loans' fair values do not present significant differences in relation to their book values, as book values are recorded at amortized cost and adjusted on a pro rata basis.

e) Changes

	Parent Company and Consolidated
December 31, 2022	<u>860,115</u>
Changes that affected cash flow	
Funding of loans and debentures	629,600
Payment of principal	(148,130)
Interest payment	(118,812)
Changes that did not affect cash flow	
Exchange-rate changes	(12,886)
Recognized interest	133,777
Appropriations of debenture costs	(2,723)
December 31, 2023	<u>1,340,941</u>
Changes that affected cash flow	
Funding of loans and debentures	172,800
Payment of principal	(222,074)
Interest payment	(40,512)
Changes that did not affect cash flow	
Exchange-rate changes	6,215
Recognized interest	39,091
Appropriations of debenture costs	331
March 31, 2024	<u>1,296,792</u>

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In thousands of reais, unless otherwise indicated.

21. Installment payment of tax liabilities

On March 31, 2024, and December 31, 2023, the installments of tax obligations consist of:

	Parent Company		Consolidated	
	03/31/2024	12/31/2023	03/31/2024	12/31/2023
Current liabilities				
Prodec (a)	9,694	7,599	9,694	7,599
Payment Scheduling Law No. 11.941/09	7,533	10,724	7,533	10,724
	<u>17,227</u>	<u>18,323</u>	<u>17,227</u>	<u>18,323</u>
Non-current liabilities				
Prodec (a)	29,093	30,694	29,093	30,694

(a) The Santa Catarina Company Development Program (Prodec) consists of a special regime obtained in June 2019, with a deferred amount of 70% of the tax generated in the month. Updating is done at a rate of 0–3% p.a. + UFIR. The current agreements were signed between 2020 and 2027, with maturities between 2024 and 2028.

22. Taxes, duties and contributions

On March 31, 2024, the taxes, fees, and contributions recorded in current liabilities were classified as follows:

	Parent Company		Consolidated	
	03/31/2024	12/31/2023	03/31/2024	12/31/2023
ICMS	27,506	14,379	25,816	15,070
IRRF	1,188	6,291	6,819	8,797
PIS/COFINS	-	2,905	2,058	5,387
Other	510	438	184	1,052
	<u>29,204</u>	<u>24,013</u>	<u>34,877</u>	<u>30,306</u>

23. Other accounts payable

On March 31, 2024, other accounts payable are as follows:

	Parent Company		Consolidated	
	03/31/2024	12/31/2023	03/31/2024	12/31/2023
Current				
Commissions	12,381	11,736	12,381	11,736
Consigned suppliers	2,373	2,838	2,373	2,838
Provision for expenses	5,353	4,327	14,109	7,445
Provision for guarantees	1,911	1,770	1,911	1,770
Provision for freight	889	522	889	522
Provision for demobilization of assets	-	-	175	176
Advertising fund	-	-	41	381
Other accounts payable	670	1,040	1,501	6,263
	<u>23,577</u>	<u>22,233</u>	<u>33,380</u>	<u>31,131</u>
Non-current				
Long-term incentives	6,445	5,525	6,445	5,525
Government grant (a)	-	-	12,328	12,671
Provision for demobilization of assets	-	-	1,140	1,091
	<u>6,445</u>	<u>5,525</u>	<u>19,913</u>	<u>19,287</u>

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Notes to the interim financial information as of March 31, 2024.
In thousands of reais, unless otherwise indicated.

(a) Government grant - PBA

On July 26, 2019, the Subsidiary Portobello America (“PBA”) entered into an agreement with the Tennessee Department of Economic and Community Development and the Industrial Development Board of the City of Cookeville, Tennessee, to receive a grant based on the State’s incentive program to promote long-term job growth by providing financial assistance to eligible applicants to induce and assist companies to relocate, expand or construct projects in Tennessee. As part of the project, PBA will create, fill, and maintain two hundred and twenty (220) new jobs between July 2019 and July 2028 (end). The PBA will be considered to comply with the performance requirement if the performance percentage on the end date is equal to or greater than 80%. Failure to meet the performance requirements by the end date will result in the State being reimbursed all or part of the amount granted.

PBA recorded the transaction as deferred revenue since the performance requirements were not met in the years ended December 31, 2019 to 2022, of R\$ 15,480 (US\$ 2,967). As of March 31, 2024, the balance recorded as deferred revenue is R\$ 12,328 (R\$ 12,671 as of December 31, 2023), having started to be used after the factory began operating.

24. Civil, labor, social security and tax provision

The Company and its subsidiaries are parties in civil, labor and social security lawsuits and in tax administrative proceedings. Supported by the opinion of its legal advisors, the Management believes that the balance of provision is sufficient to cover the expenditure required to settle the obligations.

The provision for contingencies is measured at the estimate of the expenditures that shall be necessary to settle the obligation. The civil and labor lawsuits are assessed individually by the Group’s legal advisors, who classify them according to the expectations of success of the claims.

The opening balance of the reserves can be presented as follows:

Sum provisioned	Parent Company		Consolidated	
	03/31/2024	12/31/2023	03/31/2024	12/31/2023
Civil	13,211	13,885	51,000	50,179
Labor	4,471	4,748	4,872	5,132
Social Security	4,550	4,550	4,550	4,550
Tax	20,776	20,045	20,955	20,110
	<u>43,008</u>	<u>43,228</u>	<u>81,377</u>	<u>79,971</u>

The changes in the balance of provisions for contingencies can be presented as follows:

	Parent Company				
	Civil	Labor	Social Security	Tax	Total
December 31, 2022	<u>31,930</u>	<u>10,074</u>	<u>4,550</u>	<u>28,519</u>	<u>75,073</u>
Debited (credited) to the statement of income:					
Additional provision	(14,553)	(3,856)	-	(2,676)	(21,085)
Reversals for non-use (a)	4,160	2,122	-	965	7,247
Inflation adjustment (reversal)	(13,669)	(4,754)	-	(3,711)	(22,134)
Reversals by realization	(5,044)	(1,224)	-	70	(6,198)
Provision (reversals) due to realization - no cash effect	(3,492)	(1,470)	-	(8)	(4,970)
	-	-	-	(5,790)	(5,790)
December 31, 2023	<u>13,885</u>	<u>4,748</u>	<u>4,550</u>	<u>20,045</u>	<u>43,228</u>
Debited (credited) to the statement of income:					
Additional provision	(628)	(89)	-	731	14
Reversals for non-use	225	-	-	691	916
Inflation adjustment (reversal)	(866)	(159)	-	(23)	(1,048)
Reversals by realization	13	70	-	63	146
Provision (reversals) due to realization - no cash effect	(46)	(188)	-	-	(234)
March 31, 2024	<u>13,211</u>	<u>4,471</u>	<u>4,550</u>	<u>20,776</u>	<u>43,008</u>

PBG S.A. and subsidiaries

Notes to the interim financial information as of March 31, 2024.
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	Consolidated				
	Civil	Labor	Social Security	Tax	Total
December 31, 2022	44,848	10,321	4,550	28,650	88,369
Debit (credited) to the statement of income:	8,916	(3,714)	-	(2,695)	2,507
Additional provision	10,845	2,446	-	1,032	14,323
Reversals for non-use (a)	(17,439)	(4,938)	-	(3,797)	(26,174)
Inflation adjustment (reversal)	15,510	(1,222)	-	70	14,358
Reversals by realization	(3,585)	(1,475)	-	(8)	(5,068)
Provision (reversals) due to realization - no cash effect	-	-	-	(5,837)	(5,837)
December 31, 2023	50,179	5,132	4,550	20,110	79,971
Debit (credited) to the statement of income:	867	(72)	-	845	1,640
Additional provision	228	-	-	804	1,032
Reversals for non-use	(934)	(159)	-	(21)	(1,114)
Inflation adjustment (reversal)	1,573	87	-	62	1,722
Reversals by realization	(46)	(188)	-	-	(234)
March 31, 2024	51,000	4,872	4,550	20,955	81,377

(a) In the 2023 changes, the reversal line for non-use refers to the review of the probability of loss of some civil lawsuits filed by construction companies, which alleged a problem with product detachment after laying. In cases of this nature, the Company has been successful in technically demonstrating that the defect arises from the installation (laying) done in disagreement with the express recommendation, and not from the product, as evidenced by expert reports and favorable rulings. Because of this and the fact that, in these lawsuits, the main and necessary evidence to be produced is expert evidence, after this alignment between technical and legal advice, the possibility of loss was considered remote, which resulted in a reversal of provision.

Civil

The Company and its subsidiaries are defendants in 425 lawsuits (424 lawsuits on December 31, 2023), in the scope of the Common Courts and Special Civil Courts.

The balance of the provisioned amounts is made up of indemnity lawsuits filed by end consumers and construction companies that are clients of the Group, in which they complain about products purchased, as well as public civil lawsuits filed by the Federal Attorney General's Office (AGU) against Mineração Portobello (a subsidiary) seeking compensation for the alleged illegal extraction of ores, and lawsuits related to the Portobello Shop franchise network. Judicial deposits were made when applicable (Note 11).

a) Public civil action 5003588-47.2012.4.04.7214

The Federal Government filed a Public Civil Action against Mineração Portobello, seeking payment of compensation for material damage resulting from the alleged illegal extraction of materials between 2002 and 2010. In the judgment, the claims were partially granted to condemn Mineração to pay compensation, to be determined in the award calculation, following the five-year statute of limitations. The parties filed appeals, with Mineração Portobello's appeal being dismissed and the Federal Government's appeal being partially upheld to increase the value of the ore extracted. The Parties' special appeals were dismissed. Extraordinary appeals were also dismissed. The Federal Government filed an Interlocutory Appeal, which was upheld by a unanimous decision of the Supreme Federal Court to recognize the indefiniteness of the indemnity. Against this decision, the Company filed a Motion for Divergence, which, due to a single judge decision, was rejected. The Company filed a Special Appeal against this decision.

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Considering the decision in a higher court and the current procedural phase, the Company supplemented the provisioning of the estimated amount, following the criteria defined in the previous decisions, totaling, on March 31, 2024, the updated amount of R\$ 36,988 (R\$ 35,372 on December 31, 2023).

Labor

The Company and its subsidiaries are defendants in 316 labor claims (454 claims on December 31, 2023), filed by former employees and third parties. The claims refer to the payment of severance pay, additional pay, overtime, salary equalization and compensation for moral and material damages arising from occupational accidents/diseases. Provision is reviewed by the Management in accordance with its legal advisors. Some lawsuits are supported by judicial deposits.

Social Security

Based on the low expectation of success in the administrative and judicial lawsuits concerning corporate reward cards, the Company recognized a provision for these debts in the total amount of R\$ 4,550, which still depends on a court decision, in the Tax Enforcement phase, or in some cases, on an administrative decision with the Brazilian Federal Revenue Service.

Tax

On March 15, 2021, the Company was notified about the issuance of the Infraction Notice for the assessment of the tax credit of R\$ 6,421, which originated administrative proceedings 10340.720236/2021-00, regarding the period of 2017-2018, due to the non-payment of social security contributions on a) Profit Sharing (PLR) payments made to insured individual taxpayers; b) payments made to insured employees for the company's "Attendance Bonus"; and, c) contribution to the Brazilian Institute for Colonization and Agrarian Reform (INCRA) not declared in the FGTS and Social Security Information Payment Slip (GFIP), levied on payments made to insured employees. The Company filed an objection to the entries and awaits judgment by the Brazilian Federal Revenue Service.

For the mentioned tax assessment notice, the Company established a provision of R\$ 620, with the remaining amount considered as a probable remote loss.

Under "Tax provision", the Company and its subsidiaries have a consolidated balance of R\$ 20,417 on March 31, 2024 (R\$ 19,540 on December 31, 2023), referring to a provision for success fees, substantially on tax assets.

25. Lawsuits with possible loss

Lawsuits that constitute present obligations, whose appeal is not probable or for which it is not possible to make an estimate sufficiently reliable of the amount of the obligation, as well as those that do not constitute present obligations, are not recognized, but are disclosed, unless the outflow of funds will be remote.

The Company and its subsidiaries, based on their legal advisors, estimate the other possible contingencies at the amounts presented below:

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	Parent Company		Consolidated	
	03/31/2024	12/31/2023	03/31/2024	12/31/2023
Civil	5,426	5,426	12,443	12,453
Labor	5,435	5,477	5,538	5,585
Social Security	10,985	10,985	10,985	10,985
Tax	21,380	21,380	21,380	21,380
	<u>43,226</u>	<u>43,268</u>	<u>50,346</u>	<u>50,403</u>

Civil

In the Parent Company, R\$ 5,426 is divided into 37 lawsuits, among which the main opposing parties are construction companies claiming problems with Portobello products.

In the consolidated accounts, the amount of R\$ 12,443 is added to the Parent Company's amount, referring to 3 lawsuits by Mineração Portobello against the Federal Attorney General's Office, which are awaiting judgment on appeal.

Labor

In the consolidated accounts, the amount of R\$ 5,538 refers to 107 labor lawsuits, with dispersed amounts.

Social Security

This is case 11516.721.813/2019.61 concerning the employer's contribution to the special retirement due to hazardous conditions, whose opposing party is the Brazilian Federal Revenue Service, which summoned the Company in 2019 for R\$ 10,500.

Tax

The amount in the Consolidated refers to 6 lawsuits, the largest of which are proceedings 10340.720921/2022-17, of R\$ 16,173, related to Social Contribution, and 072.11.005264-3 – TJ/SC, of R\$ 3,689, related to the non-approval of offsetting declared.

26. Shareholders' equity

26.1 Capital

In the quarter ended March 31, 2024, and during the year ended December 31, 2023, there were no changes in the value of the capital or the number of shares. In these periods, the Company has a paid-up capital totaling R\$ 250,000, represented by 140,986,886 registered, book-entry common shares and with no par value.

As of March 31, 2024 and December 31, 2023, there were 54,696,247 outstanding shares, equivalent to 38.82% of total shares issued. The balance of outstanding shares is comprised of all securities available for trading on the market, excluding those held by Controlling Shareholders, members of the Board of Directors, members of the Tax Council, Administrators and treasury shares.

26.2 Profit reserve

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On March 31, 2024, and December 31, 2023, the balance of the legal reserve totaled R\$ 50,000, amounting to 20% of the paid-in capital, as provided for in Article 193 of the Brazilian Corporation Law (Law 6404/76).

On March 31, 2024, the retained earnings reserve amounted to R\$ 16,164 (R\$ 16,164 on December 31, 2023), and, in 2024, the Company did not set up tax incentive reserves (R\$ 20,705 set up in 2023). They are government grants of ICMS tax incentives related to Prodesin (Integrated Development Program of the State of Alagoas), the Differentiated Tax Treatment of Santa Catarina (TTD), and Simples Nacional.

As of March 31, 2024, and December 31, 2023, the balance of unrealized profits reserve is R\$ 35,633 and is intended to show the portion of profits whose allocation will be decided at the Annual General Meeting.

On March 31, 2024, and December 31, 2023, the balance of the Tax Incentives reserve amounted to R\$ 123,899.

26.3 Equity valuation adjustments

Parent Company and Consolidated	Equity valuation adjustments			Total
	Deemed cost (a)	Accumulated translation adjustments (b)	Other comprehensive income (c)	
December 31, 2022	31,268	(69,561)	198	(38,095)
Realization of revaluation reserve	(1,219)	-	-	(1,219)
Exchange rate change in foreign subsidiary	-	(14,475)	-	(14,475)
Actuarial (Gain)/loss	-	-	(11,337)	(11,337)
Deferred income tax/social contribution on actuarial gain (loss)	-	-	3,854	3,854
Hedge accounting operations	-	-	8,212	8,212
Deferred IR/CS on hedge accounting	-	-	(2,791)	(2,791)
December 31, 2023	30,049	(84,036)	(1,864)	(55,851)
Realization of revaluation reserve	(304)	-	-	(304)
Exchange rate change in foreign subsidiary	-	10,497	-	10,497
Hedge accounting operations	-	-	(6,991)	(6,991)
Deferred IR/CS on hedge accounting	-	-	2,377	2,377
March 31, 2024	29,745	(73,539)	(6,478)	(50,272)

a) Deemed cost

In 2010, upon the initial adoption of IFRS 1/CPC 37 standards, 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, buildings, and improvements, supported by a revaluation report prepared by an independent appraisal company, which has been carried out under the depreciation of the buildings and improvements revalued and recorded against retained earnings. The same effect of realization of the equity valuation adjustment is reflected in income (loss) for the year, by the depreciation of the revaluated assets.

b) Accumulated translation adjustments

The change in assets and liabilities in foreign currency (US dollar) arising from the exchange rate fluctuation, and the changes between the daily rates and the closing rate of the changes of the subsidiary's income headquartered abroad are recognized in accumulated translation adjustments. On March 31, 2024, the amount of conversion adjustments was R\$ 10,497 (R\$ (14,475) on December 31, 2023), as per Note 15.

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c) Other comprehensive income

As of March 31, 2024, the balance of (R\$ (6,478) (R\$ 1,864) as of December 31, 2023) derives from:

i) Fair value of (actuarial) pension plans of R\$ (11,337) as of December 31, 2023;

ii) Fair value of hedge accounting of R\$ 7,628 (R\$ 14,620 on December 31, 2023), due to the positive mark-to-market of operations with derivative financial instruments classified as hedge accounting not yet realized until March 2024, with the effect of R\$ (2,594) (R\$ (4,971) on December 31, 2023) of deferred income tax and social contribution, resulting in a net balance of fair value of hedge accounting of R\$ 5,034 (R\$ 9,649 on December 31, 2023). These amounts are written off from Shareholders' Equity to the statement of income as the NDF agreements mature and as shipments of dollar sales occur in the month in which the agreements mature.

27. Employee benefits

Since 1997, the Company and its subsidiaries have sponsored a pension benefit plan referred to as Portobello Prev, administered by Bradesco, which has 3,683 (3,602 on December 31, 2023) active participants and 37 (28 on December 31, 2023) retirees and pensioners. The plan has the characteristic of defined contribution in the phase of accumulation of funds. In the benefits granting phase, the plan has a defined benefit characteristic, guaranteeing retirement and pension benefits for life to its participants. It also offers a minimum retirement benefit for length of service or age, funded exclusively by the sponsors.

During the three-month period ended March 31, 2024, there were no changes to the conditions and benefits of the plan, nor the assumptions used for its valuation and accounting record.

28. Net revenue from sales of products and rendering of services

The reconciliation of gross revenue to net revenue is as shown as follows:

	Parent Company		Consolidated	
	03/31/2024	03/31/2023	03/31/2024	03/31/2023
Gross revenue from sales	540,678	489,920	673,722	615,799
Results from hedge accounting operations	2,545	5,475	2,545	5,475
Deductions from gross revenue	(126,547)	(111,632)	(150,810)	(133,523)
Sales tax	(110,825)	(96,604)	(128,253)	(113,530)
Refunds and rebates	(15,722)	(15,028)	(22,557)	(19,993)
Net sales	416,676	383,763	525,457	487,751

Operating nature and net revenue are shown as follows:

	Parent Company		Consolidated	
	03/31/2024	03/31/2023	03/31/2024	03/31/2023
Sale of own products	380,125	352,900	452,651	416,164
Resale of third-party products	36,551	30,863	49,162	45,981
Royalties	-	-	23,644	25,606
Net operating revenue	416,676	383,763	525,457	487,751

In general, the Company has no clients that individually represent more than 10% of net sales.

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29. Expenses per type

The costs of goods sold, and selling and administrative expenses are shown as follows:

	Parent Company		Consolidated	
	03/31/2024	03/31/2023	03/31/2024	03/31/2023
Cost and expenses				
Cost of Goods and/or Services Sold	(296,092)	(273,988)	(329,650)	(295,529)
With sales	(78,599)	(76,239)	(150,174)	(143,851)
General and administrative	(23,929)	(22,581)	(30,859)	(23,807)
	<u>(398,620)</u>	<u>(372,808)</u>	<u>(510,683)</u>	<u>(463,187)</u>
Breakdown of expenses by type				
Direct production costs (raw materials and inputs)	(175,038)	(189,047)	(180,358)	(189,966)
Salaries, charges and benefits to employees	(93,448)	(91,677)	(124,064)	(120,771)
Third-party labor and services	(18,978)	(10,795)	(29,109)	(23,589)
General production expenses (including maintenance)	(12,107)	(12,861)	(13,982)	(14,046)
Cost of goods resold	(30,994)	(24,794)	(36,001)	(37,160)
Depreciation and amortization	(20,268)	(19,396)	(43,727)	(30,356)
Sales commissions	(11,236)	(9,150)	(21,842)	(18,692)
Marketing and advertising expenses	(5,131)	(8,604)	(7,097)	(11,567)
Transportation of goods sold	(14,470)	(11,780)	(17,144)	(11,795)
Rental expenses - not applicable to IFRS 16	(2,667)	(3,084)	(3,295)	(4,416)
Idle capacity cost	(2,008)	(4,576)	(2,008)	(4,576)
Other expenses	(8,260)	(11,538)	(14,546)	(20,639)
Changes in inventories (a)	(4,015)	24,494	(17,510)	24,386
Total	<u>(398,620)</u>	<u>(372,808)</u>	<u>(510,683)</u>	<u>(463,187)</u>

(a) The changes in inventories of finished goods and work in progress are the difference between the cost of goods produced and the cost of goods sold, representing the realization of sales of items produced in previous years.

30. Other operating revenues (expenses), net

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

	Parent Company		Consolidated	
	03/31/2024	03/31/2023	03/31/2024	03/31/2023
Tax credits	11,001	1,903	11,001	1,903
Assignment of payroll rights	8,000	-	8,000	-
Revenue from services	199	91	199	91
Reversal/provision for contingencies, net	132	(187)	82	(176)
Sale of property, plant and equipment (a)	-	-	-	1,571
Reversal of DIFAL Unconstitutionality	-	567	-	567
Taxes on other revenues	(72)	(184)	(72)	(184)
Long-term incentive (ILP)	(920)	(908)	(920)	(940)
Provision/reversal for profit sharing	-	(2,579)	-	(2,579)
Provision for guarantees	-	(2,389)	-	(2,389)
Write-off of property, plant and equipment (a)	(6)	-	-	(1,507)
Other revenues (expenses)	2,309	264	4,628	(1,093)
Other operating revenues (expenses), net	<u>20,643</u>	<u>(3,422)</u>	<u>22,918</u>	<u>(4,736)</u>

31. Financial income (loss)

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Notes to the interim financial information as of March 31, 2024.
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The financial results are shown as follows:

	Parent Company		Consolidated	
	03/31/2024	03/31/2023	03/31/2024	03/31/2023
Financial revenues				
Interest	3,098	3,522	5,039	4,971
Restatement of assets	1,004	3,000	1,004	3,000
Other	-	5	-	14
Total	4,102	6,527	6,043	7,985
Financial expenses				
Interest on loans, debentures and other	(39,256)	(32,632)	(45,454)	(34,885)
Financial charges on taxes	(1,389)	(923)	(1,898)	(970)
Restatement of provision for contingencies	(146)	(663)	(1,722)	(1,233)
Commissions and service fees	(1,328)	(1,666)	(6,698)	(2,239)
Bank expenses	(21)	(25)	(63)	(1,655)
Loss on swap operation	(793)	-	(793)	-
Other	(3)	(8)	(3)	(32)
Total	(42,936)	(35,917)	(56,631)	(41,014)
Net exchange rate change				
Clients and suppliers	3,049	(5,158)	3,046	(5,172)
Loans and financing	(4,851)	1,486	(4,851)	1,486
Total	(1,802)	(3,672)	(1,805)	(3,686)
Net total	(40,636)	(33,062)	(52,393)	(36,715)

32. Earnings per share

a) Basic

In accordance with the CPC 41 (Earnings per share), the basic earnings (losses) per share are calculated by dividing the income attributable to the shareholders by the weighted average number of common shares issued in the year, excluding common shares purchased by the Company and maintained as treasury shares.

The following table sets out the calculation of net profit (loss) per share as of March 31, 2024 and 2023:

	Parent Company and Consolidated	
	03/31/2024	03/31/2023
Loss attributable to Company's shareholders	(20,706)	(15,081)
Weighted average number of common shares	140,987	140,987
Basic loss per share	(0.14686)	(0.10697)

b) Diluted

Diluted earnings per share is equal to basic, as the Company's common shares have no diluting factors.

PBG S.A. and subsidiaries

Notes to the interim financial information as of March 31, 2024.
In thousands of reais, unless otherwise indicated.

33. Dividends

On March 27, 2023, the Board of Directors approved the distribution of additional dividends for 2022, of 29,615, paid on July 06, 2023, of which R\$ 18,337 as dividends and R\$ 11,278 (R\$ 9,635 net of income tax) as interest on equity, generating a total net disbursement of R\$ 27,792 on this date.

Regarding the 2023 financial results, there was no decision regarding the distribution of dividends, considering the loss for the period.

34. Segment information

The Management has defined the reportable segments, under CPC 22, in two operating segments, which are represented by the Domestic Market (Brazil) and the Foreign Market. This segregation is made based on the reports used to make strategic decisions, reviewed by the Statutory Executive Board, and presented to the Board of Directors, where an analysis of the business is carried out, segmenting it from the perspective of the markets in which it operates.

The operating segments comprise the marketing operations of all the channels in which it operates and are subdivided according to their nature.

As defined by the Management, the Group is currently structured into four Business Units, referred to as Portobello, Portobello Shop (PBShop), Pointer, and Portobello America (PBA).

Portobello owns the industrial operation of Portobello brand products in Tijucas and serves the “B2B” (business-to-business service) markets, multi-brand retailers, construction companies, large projects, exports, and other businesses of the group. Portobello Shop (PBShop) acts as the Group’s franchisor, developing the brand’s retail through a chain of company-owned stores and franchises. Pointer owns the industrial operation of Pointer brand products in Alagoas, with regional operations in the northeast, north, and export markets. Portobello America (PBA) represents the brand in the United States, the main market in the Company’s internationalization strategy. The revenues generated by the business units come exclusively from the manufacture and sale of ceramic tiles used in the construction sector in Brazil and the international market.

The Statutory Executive Board evaluates the performance of the reportable operating segments, Domestic Market and Foreign Market, based on the measurement of EBITDA results and evaluates the Business Units according to the profitability of the gross margin. To continuously improve its disclosures, the Company decided to include some additional information in the disclosure. Information per business segment, reviewed by the Executive Board:

a) Reportable segment information between domestic and foreign markets for the periods ended March 31, 2024 and 2023:

The gross profit and the profit (loss) before financial income (EBIT) for each of the reportable segments are presented below:

	March 31, 2024			
	Consolidated	Eliminations	Domestic market	Foreign market
Continued operations				
Net revenue	525,457	(24,098)	445,552	104,003
Cost of products sold	(329,650)	25,540	(266,134)	(89,056)
Gross operating income	195,807	1,442	179,418	14,947

PBG S.A. and subsidiaries

Notes to the interim financial information as of March 31, 2024.
In thousands of reais, unless otherwise indicated.

% gross margin	37.3%	-6.0%	40.3%	14.4%
(-) Expenses	(158,115)	154	(112,978)	(45,291)
LAJI	<u>37,692</u>	<u>1,596</u>	<u>66,440</u>	<u>(30,344)</u>
EBITDA	<u>81,419</u>	<u>1,193</u>	<u>93,285</u>	<u>(13,059)</u>
March 31, 2023				
	Consolidated	Eliminations	Domestic market	Foreign market
Continued operations				
Net revenue	487,751	(24,931)	418,544	94,138
Cost of products sold	(295,529)	23,426	(255,965)	(62,990)
Gross operating income	<u>192,222</u>	<u>(1,505)</u>	<u>162,579</u>	<u>31,148</u>
% gross margin	39.4%	6.0%	38.8%	33.1%
(-) Expenses	(172,394)	815	(129,092)	(44,117)
LAJI	<u>19,828</u>	<u>(690)</u>	<u>33,487</u>	<u>(12,969)</u>
EBITDA	<u>50,184</u>	<u>(475)</u>	<u>58,903</u>	<u>(8,244)</u>

b) Information per business units for the periods ended March 31, 2024 and 2023:

Gross operating profit and gross margins by business unit are shown below:

	March 31, 2024					
	Total	*Eliminations	Portobello	Pointer	Portobello Shop	PBA
Continued operations						
Net revenue	525,457	(24,098)	228,757	47,904	217,282	55,612
Cost of products sold	(329,650)	25,511	(143,370)	(43,755)	(111,448)	(56,588)
Gross operating income	<u>195,807</u>	<u>1,413</u>	<u>85,387</u>	<u>4,149</u>	<u>105,834</u>	<u>(976)</u>
Gross margin	<u>37%</u>	<u>-6%</u>	<u>37%</u>	<u>9%</u>	<u>49%</u>	<u>-2%</u>
*Eliminations between businesses						
	March 31, 2023					
	Total	*Eliminations	Portobello	Pointer	Portobello Shop	PBA
Continued operations						
Net revenue	487,751	(24,719)	216,365	43,362	210,973	41,770
Cost of products sold	(295,529)	23,253	(134,480)	(37,109)	(115,360)	(31,833)
Gross operating income	<u>192,222</u>	<u>(1,466)</u>	<u>81,885</u>	<u>6,253</u>	<u>95,613</u>	<u>9,937</u>
Gross margin	<u>39%</u>	<u>6%</u>	<u>38%</u>	<u>14%</u>	<u>45%</u>	<u>24%</u>
*Eliminations between businesses						

Information on assets and liabilities by segment is not presented, as it is not part of the set of information analyzed by Management, which in turn makes decisions on investments and allocation of funds based on information on consolidated assets and liabilities.

35. Commitments for the acquisition of assets

PBG S.A. and subsidiaries

Notes to the interim financial information as of March 31, 2024.
In thousands of reais, unless otherwise indicated.

As of March 31, 2024, the contracted expenses related to property, plant and equipment, but not yet incurred, amount to R\$ 1,353 (R\$ 3,012 as of December 31, 2023). Such expenses correspond to the modernization of the equipment at the Tijucas/SC factory, according to the Company's investment plan.

36. Items not affecting cash

In the first quarter of 2024, the Company made an advance for future capital increase with the investee Portobello America of R\$ 135,452 (R\$ 409,875 in 2023, see Note 15), of which R\$ 83,000 refers to the balance of a loan made in previous periods, not affecting the cash flow from investments in this quarter.

In the first quarter of 2024, interest was capitalized on loans, financing, and debentures of R\$ 5,843 (R\$ 27,815 on December 31, 2023, according to Notes 16 and 17), which are related to the acquisition, construction, or production of property, plant and equipment of its investees in the United States, the amount of which was not included in the lines of accrued interest (statement of cash flow in the Parent Company) and acquisition of property, plant and equipment (statement of cash flow in the Consolidated).

37. Related companies and parties

The operations between the companies of the Portobello Group involve the Parent Company and its Subsidiaries, as well as people linked to the Group's controlling shareholders and administrators. Operations refer to commercial transactions for the purchase and sale of finished goods, semi-finished goods and raw materials, dividends, tax processes, rental of real estate and logistics operations, software, infrastructure and marketplace service contracting. The book values for the operations discussed above are as follows:

Nature – Equity balances	Company	Parent Company	
		03/31/2024	12/31/2023
Subsidiaries			
Commercial transactions			
Accounts receivable	Portobello Shop S.A.	336	29
Accounts receivable	Portobello America, Inc.	22,365	80,433
Accounts receivable	Cia Brasileira de Cerâmica	15,868	574
Accounts receivable	PBTech Com. Sern. Cer. Ltda.	13,890	7,408
Credit with related parties	PBTech Com. Sern. Cer. Ltda.	8	-
Credit with related parties	Portobello Shop S.A.	319	558
Accounts payable	Cia Brasileira de Cerâmica	(2,999)	(2,950)
Accounts payable	Mineração Portobello Ltda.	(5,447)	(5,697)
Accounts payable	Portobello America, Inc.	(4,953)	(4,850)
Net assets from liabilities with subsidiaries		39,387	75,505
Nature – Equity balances	Company	03/31/2024	12/31/2023
Related persons and parties			
Debt with related persons	Refinadora Catarinense S.A.	(56,330)	(56,330)
Debts with related parties	Mineração Portobello Ltda.	(47,166)	(46,792)
Debts with related parties	PBTech Com. Sern. Cer. Ltda.	(254)	(618)
Debts with related parties	Portobello Shop S.A.	-	(66)
Accounts receivable	Flooring Revest. Cer. Ltda.	-	1
Accounts payable	Gomes Part Societárias Ltda.	(87)	(87)
Accounts payable	AB Parking	(23)	(8)
Net assets from liabilities with other related parties		(103,860)	(103,900)

PBG S.A. and subsidiaries

Notes to the interim financial information as of March 31, 2024.
In thousands of reais, unless otherwise indicated.

Nature – Result	Company	Parent Company	
		03/31/2024	03/31/2023
Revenues			
Subsidiaries			
Sale of products	PBTech Com. Sern. Cer. Ltda.	43,955	40,398
Sale of products	Cia Brasileira de Cerâmica	13,238	251
Sale of products	Portobello America, Inc.	16,794	16,231
Related persons and parties			
Sale of products	Solução Cerâmica Com. Ltda.	-	155
Sale of products	Riveste Comercio Ltda.	-	158
Sale of products	Flooring Revest. Cer. Ltda.	-	355
Sale of products	Gomes Part Societárias Ltda.	-	3
Subsidiaries			
Purchase of inputs	Mineração Portobello Ltda.	(4,462)	(3,967)
Cutting service	Cia Brasileira de Cerâmica	(1,320)	(2,181)
Related persons and parties			
Rent	Gomes Part Societárias Ltda.	(196)	(256)
Parking lot services	AB Parking	(29)	(15)
Outsourced services	Radio Clube Tijucas Ltda.	(30)	(23)
		<u>67,950</u>	<u>51,109</u>

The subsidiary Portobello Shop is the Company's guarantor on some financing.

Related party transactions

Portobello Shop, Companhia Brasileira de Cerâmica, and PBTech present accounts receivable, accounts payable arising from the acquisition of stores, and service revenue relating to royalties from related parties. Transactions:

Transactions with subsidiaries and associated companies	Nature – Equity	Subsidiaries	
		03/31/2024	12/31/2023
Cia Brasileira de Cerâmica	Accounts receivable, net of advances	6,587	1,816
Portobello Shop S.A.	Accounts receivable, net of advances	146	-
Riveste Comercio Ltda.	Accounts receivable, net of advances	-	(1)
PBTech Com. Sern. Cer. Ltda.	Accounts payable	(6,733)	(1,816)
		<u>-</u>	<u>(1)</u>
		Subsidiaries	
Transactions with subsidiaries and associated companies	Nature – Result	03/31/2024	03/31/2023
Riveste Comercio Ltda.	Revenue - royalties	-	54
Flooring Revest. Cer. Ltda.	Revenue - royalties	-	122
PBTech Com. Sern. Cer. Ltda.	Revenue - sale of products	2,042	1,245
AB Parking	Parking lot services	(139)	(116)
Gomes Part Societárias Ltda.	Expense - Rent	(469)	(205)
Solução Cerâmica Com. Ltda.	Interest – store acquisition	-	(468)
Riveste Comercio Ltda.	Interest – store acquisition	-	(4)
Flooring Revest. Cer. Ltda.	Interest – acquisition of store and workshop	-	(823)
		<u>1,434</u>	<u>(195)</u>

PBG S.A. and subsidiaries

Notes to the interim financial information as of March 31, 2024.
In thousands of reais, unless otherwise indicated.

Remuneration of key management personnel

The remuneration expenses paid to the key Management personnel, comprising members of the Executive Board, Board of Directors, Tax Council and management, recorded on March 31, 2024 and 2023 are:

	Parent Company		Consolidated	
	03/31/2024	03/31/2023	03/31/2024	03/31/2023
Fixed remuneration				
Salaries	1,387	2,296	2,470	2,439
Fees	1,020	2,487	1,020	2,487
Variable remuneration	82	57	110	85
Pension plan	172	227	203	227
Termination benefits	68	-	68	-
Other	112	421	263	449
	<u>2,841</u>	<u>5,488</u>	<u>4,134</u>	<u>5,687</u>

38. Subsequent events

On May 9, 2024, the Board of Directors Meeting approved the proposal to structure a Credit Rights Investment Fund owned by the Company, the terms of which are currently under negotiation.

OPINION OF THE FISCAL COUNCIL

The Fiscal Council of PBG SA, in compliance with legal and statutory provisions, examined the Financial Statements for the fiscal year ended March 31, 2024, comprising: balance sheet, statements of income for the year, statements of changes in equity, statements comprehensive income, cash flow statements, value added statements, explanatory notes, as well as the Management Report and the Independent Auditors' Opinion. The consolidated statements were also examined. After the Management's examinations and clarifications, the Fiscal Council, also taking into account the opinion of the auditors KPMG Auditores Independentes, issued in May 2024 without reservations, and of the opinion that, in its main aspects, the referred financial statements adequately reflect the PBG SA's equity and financial situation and the results of its operations, being in conditions to be submitted to the appreciation and deliberation of the Shareholders.

Tijucas, May 13, 2024.

Jorge Muller

Mario Augusto de Freitas Baptista

Carlos Eduardo Zoppello Brennand

OPINION OF THE AUDIT COMMITTEE

The members of the Audit Committee recommend the approval of the information contained in the Financial Statements of the 1st. Quarter of 2024 of the Company, as well as, agree with the opinion of the Company's independent auditors, KPMG Auditores, referenced in the Independent Auditors' Report presented.

Florianópolis, May 13, 2024.

Cláudio Ávila da Silva

Geraldo L. M. Filho

Gladimir Brzezinski

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

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

(i) reviewed, discussed and agreed with the Company's Quarterly Information for the quarter ended March 31, 2024; and

(ii) reviewed, discussed and agreed with the opinions expressed in the special review report of KPMG AUDITORES INDEPENDENTES, regarding the Company's Quarterly Information for the quarter ended on March 31, 2024.

Board Composition

John Suzuki- Chief Executive Officer

Rosangela Sutil – VP of Finance and Investor Relations

Cristiane Alves Ferreira – VP of Innovation and Branding

Tijucas, May 13, 2024.

John Suzuki

Rosangela Sutil

Cristiane Alves Ferreira

Portobello Grupo