



Portobello Gruppo
3Q22 Results

Portobello Grupo

PBG S.A.

Earnings Release 3Q22

September 30, 2022

Share price (PTBL3): R\$ 10.29

Market value: R\$ 1,451 million (US\$ 268 million)

Number of shares: 140,986,886

Treasury shares: No treasury shares

Free Float: 38.9%

Investor Relations

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John Suzuki

Chief Financial and Investor Relations Officer

Renato Dias Dzierva

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Company information / Breakdown of Capital

Quantity of shares (Thousand)	Current Period 09/30/2022
Paid-in capital	
Common	140,987
Preferred	0
Total	140,987
Treasury	
Common	0
Preferred	0
Total	0

Individual financial statements / Balance sheet – assets (Thousand)

Account Code	Account Description	Current Period 09/30/2022	Previous Period 12/31/2021
1	Total Assets	2,007,242	1,967,593
1.01	Curent Assets	798,989	700,143
1.01.01	Cash and Cash Equivalents	80,476	125,516
1.01.03	Accounts Receivable	344,711	296,195
1.01.03.01	Trade Receivables	344,711	296,195
1.01.04	Inventory	332,009	233,108
1.01.06	Taxes to recover	18,463	26,662
1.01.06.01	Current taxes recoverable	18,463	26,662
1.01.06.01.01	Recoverable Income Tax and CS	6,807	1,192
1.01.06.01.02	Other Recoverable Taxes	11,656	25,470
1.01.07	Prepaid Expenses	3,882	267
1.01.08	Others Current Assets	19,448	18,395
1.01.08.03	Other	19,448	18,395
1.01.08.03.01	Advance to Suppliers	2,164	10,353
1.01.08.03.03	Derivative financial instruments	9,684	2,474
1.01.08.03.04	Other Accounts Receivable	7,600	5,568
1.02	Non-Current Assets	1,208,253	1,267,450
1.02.01	Long-Term Assets	519,423	631,718
1.02.01.07	Deferred Taxes	10,331	27,293
1.02.01.07.01	Deferred Income and Social Contribution Taxes	10,331	27,293
1.02.01.09	Receivables from related parties	173,000	119,130
1.02.01.09.02	Subsidiaries Credits	173,000	119,130
1.02.01.10	Other Non-Current Assets	336,092	485,295
1.02.01.10.03	Judicial Deposits	104,101	185,332
1.02.01.10.04	Escrow deposit	18,666	89,700
1.02.01.10.05	Receivables - Eletrobras	12,821	12,821
1.02.01.10.06	Taxes to recover	19,576	14,765
1.02.01.10.07	Legal assets	139,650	136,367
1.02.01.10.08	Actuarial assets	18,677	18,677
1.02.01.10.09	Restricted investments	9,092	13,679
1.02.01.10.10	Derivative financial instruments	-	150
1.02.01.10.11	Other Accounts Receivable	13,509	13,804
1.02.02	Investments	94,298	64,495
1.02.02.01	Ownership Interest	94,298	64,495
1.02.02.01.02	Interest in Subsidiaries	93,950	64,147
1.02.02.01.04	Other investments	348	348
1.02.03	Property, Plant and Equipment	566,449	548,913
1.02.03.01	Property, Plant and Equipment	521,121	519,423
1.02.03.02	Right to Use in Rent	13,378	20,603
1.02.03.03	Construction in Progress	31,950	8,887
1.02.04	Intangibles Assets	28,083	22,324
1.02.04.01	Intangibles Assets	28,083	22,324

Individual financial statements / Balance sheet Liabilities (Thousand)

Account Code	Account Description	Current Period 09/30/2022	Previous Period 12/31/2021
2	Total Liabilities	2,007,242	1,967,593
2.01	Current Liabilities	713,136	585,607
2.01.01	Social and labor obligations	70,748	49,780
2.01.02	Suppliers	396,890	322,176
2.01.02.01	National suppliers	391,931	305,459
2.01.02.01.01	Suppliers	238,162	187,245
2.01.02.01.02	Credit granting from suppliers	125,545	97,717
2.01.02.01.03	Asset Accounts Payable	28,224	20,497
2.01.02.02	Foreign suppliers	4,959	16,717
2.01.03	Tax Obligations	21,679	21,677
2.01.03.01	Federal tax obligations	4,733	7,999
2.01.03.01.01	Income and social contribution tax payable	-	124
2.01.03.01.02	PIS AND COFINS	118	-
2.01.03.01.03	IRRF	3,909	7,599
2.01.03.01.04	Other Taxes	706	276
2.01.03.02	State Taxes	16,946	13,678
2.01.03.02.01	ICMS	16,946	13,678
2.01.04	Loans and Financing	146,766	98,115
2.01.04.01	Loans and Financing	70,545	90,922
2.01.04.01.01	In National Currency	62,025	69,642
2.01.04.01.02	Foreign Currency	8,520	21,280
2.01.04.02	Debentures	76,221	7,193
2.01.05	Other Obligations	62,628	69,609
2.01.05.01	Liabilities Related Party	6,942	8,056
2.01.05.01.02	Debts with Subsidiaries	4,657	1,989
2.01.05.01.04	Other Payables to Related Parties	2,285	6,067
2.01.05.02	Other	55,686	61,553
2.01.05.02.01	Dividends and interest on equity	1,113	970
2.01.05.02.04	Lease Obligations	7,336	8,036
2.01.05.02.06	Other bills to pay	20,504	17,440
2.01.05.02.07	Taxes payable in installments	12,135	11,663
2.01.05.02.08	Advances from clients	14,598	23,444
2.01.06	Provisions	14,425	24,250
2.01.06.02	Other provisions	14,425	24,250
2.01.06.02.04	Provision for profit sharing	14,425	24,250
2.02	Non-current Liabilities	838,020	1,025,850
2.02.01	Loans and Financing	569,322	664,277
2.02.01.01	Loans and Financing	346,343	366,872
2.02.01.01.01	In National Currency	346,343	366,872
2.02.01.02	Debentures	222,979	297,405
2.02.02	Other Obligations	192,443	284,067
2.02.02.01	Liabilities Related Party	66,207	56,330
2.02.02.01.04	Other Payables to Related Parties	66,207	56,330
2.02.02.02	Other	126,236	227,737
2.02.02.02.03	Suppliers	92,586	171,195
2.02.02.02.04	Asset Accounts Payable	9,316	18,739
2.02.02.02.05	Taxes payable in installments	13,121	21,406
2.02.02.02.06	Lease Obligations	8,416	15,383
2.02.02.02.07	Other bills to pay	2,797	1,014
2.02.04	Provisions	76,255	77,506
2.02.04.01	Provision for profit sharing	76,255	77,506

Individual financial statements / Balance sheet Liabilities (Thousand)

Account Code	Account Description	Current Period 09/30/2022	Previous Period 12/31/2021
2.02.04.01.01	Tax provisions	27,652	30,313
2.02.04.01.02	Social Security and Labor Provisions	16,027	19,716
2.02.04.01.04	Civil provisions	32,576	27,477
2.03	Shareholders' Equity	456,086	356,136
2.03.01	Capital	250,000	250,000
2.03.02	Capital reserves	-	-91,351
2.03.02.05	Treasury shares	-	-91,351
2.03.04	Profit Reserves	165,366	240,097
2.03.04.01	Revenue reserves	43,016	43,016
2.03.04.05	Retained Earnings Reserve	823	92,174
2.03.04.06	Special Reserve for Undistributed Dividends	35,633	35,633
2.03.04.07	Tax Incentive Reserve	85,894	65,785
2.03.04.08	Additional dividends	-	3,489
2.03.05	Profits / Losses	79,969	-
2.03.06	Equity valuation adjustments	31,573	31,139
2.03.07	Cumulative translation adjustments	-68,323	-66,490
2.03.08	Other Comprehensive Income	-2,499	-7,259
2.03.08.02	Other Comprehensive Income	-2,499	-7,259

Individual financial statements / Statement of income

Account Code	Account Description	Current Quarter	Accumulated of the	Same Quarter of the	Accumulated of the
		Current Period	Current Period	Previous Year Period	Previous Period
		07/01/2022 - 09/30/2022	01/01/2022 - 09/30/2022	07/01/2021 - 09/30/2021	01/01/2021 - 09/30/2021
3.01	Sales revenue of Goods and / or Services	477,806	1,369,952	422,606	1,154,925
3.02	Cost of Goods and / or Services Sold	-317,210	-871,942	-272,047	-751,138
3.03	Raw score	160,596	498,010	150,559	403,787
3.04	Operating Income / Expenses	-92,847	-267,686	-74,308	-208,018
3.04.01	Selling Expenses	-81,044	-235,240	-68,079	-196,824
3.04.02	General and Administrative Expenses	-21,082	-61,683	-17,334	-45,830
3.04.04	Other Operating Income	-3,310	-9,176	-12,449	-16,769
3.04.06	Equity income	12,589	38,413	23,554	51,405
3.05	Income before financial result and taxes	67,749	230,324	76,251	195,769
3.06	Financial result	-15,400	-61,605	-12,369	-45,224
3.06.01	Financial income	3,730	11,328	1,947	5,903
3.06.02	Financial expenses	-19,130	-72,933	-14,316	-51,127
3.06.02.01	Financial expenses	-27,646	-77,184	-20,311	-54,288
3.06.02.02	Foreign exchange variations, net	8,516	4,251	5,995	3,161
3.07	Income before Income Taxes	52,349	168,719	63,882	150,545
3.08	Income Tax and Social Contribution on Net Income	149	-24,765	16,786	10,702
3.08.01	Current	1,835	-10,254	3,393	3,778
3.08.02	Deferred	-1,686	-14,511	13,393	6,924
3.09	Net Income from Continuing Operations	52,498	143,954	80,668	161,247
3.11	Profit / Loss for the Period	52,498	143,954	80,668	161,247
3.99	Earnings per share - (R \$ / Share)	-	-	-	-
3.99.01	ON	-	-	-	-
3.99.01.01	Diluted earnings per share	-	-	0,57231	1,14399

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

Account Code	Account Description	Current Quarter Current Period 07/01/2022 - 09/30/2022	Accumulated of the Current Period 01/01/2022 - 09/30/2022	Same Quarter of the Previous Year Period 07/01/2021 - 09/30/2021	Accumulated of the Previous Period 01/01/2021 - 09/30/2021
4.01	Net income for the period	52,498	143,954	80,668	161,247
4.02	Other Comprehensive Income	-6,276	2,927	-1,681	-2,540
4.02.01	Exchange variation of subsidiaries located abroad	1,098	-1,833	2,099	1,240
4.02.02	Hedge Accounting Operations	-11,174	7,211	-5,728	-5,728
4.02.03	Deferred IR/CS on Hedge accounting	3,800	-2,451	1,948	1,948
4.03	Results Comprehensive Period	46,222	146,881	78,987	158,707

Individual financial statements / Statement of cash flows - Indirect method

(Thousand)

Account Code	Account Description	Current Quarter	Accumulated of the
		Period 01/01/2022 - 09/30/2022	Previous Period 01/01/2021 - 09/30/2021
6.01	Net cash from operating activities	119,262	147,701
6.01.01	Cash provided by operating activities	238,532	177,810
6.01.01.01	Income (loss) before income tax	168,719	150,545
6.01.01.02	Depreciation and amortization	44,390	38,734
6.01.01.03	Equity income or loss	-38,413	-51,405
6.01.01.04	Unrealized exchange variation	-1,139	442
6.01.01.05	Provision for valuation of inventories at market value	3,195	-59
6.01.01.06	Provision for impairment of trade receivables	-1,342	-1,818
6.01.01.07	Civil, Labor, Social Security and Tax Provisions	9,507	18
6.01.01.08	Provision for PPR	-9,825	-
6.01.01.09	Provision for Profit Sharing and Long Term Incentive	1,783	728
6.01.01.10	Other provisions	-	5,066
6.01.01.11	Restatement of Judicial Assets	-6,085	-
6.01.01.14	Provision for interest on loans and debentures	62,580	34,319
6.01.01.15	Lease Rescission	2,345	-
6.01.01.16	Interest and adjustment to present value on lease	888	1,205
6.01.01.18	Prodec Present Value Adjustment	1,401	35
6.01.01.19	Write-offs and exchange variation fixed and intangible assets	528	-
6.01.02	Changes in assets and liabilities	-38,006	6,824
6.01.02.01	Accounts Receivable	-47,174	-25,256
6.01.02.02	Inventory	-102,096	-39,749
6.01.02.03	Judicial Deposits	-9,354	-18,036
6.01.02.04	Recoverable Taxes	9,371	31,055
6.01.02.05	Restricted investments	4,587	5,048
6.01.02.06	Other assets	-5,352	5,497
6.01.02.07	Accounts Payable	75,478	69,996
6.01.02.08	Advance to Suppliers	8,189	-7,091
6.01.02.09	Advances from customers	-7,273	-3,486
6.01.02.10	Tax installment payment	-8,846	8,589
6.01.02.11	Installments	-7,813	-8,186
6.01.02.12	Tax and labor obligations	20,968	22,793
6.01.02.13	Judicial assets	73,836	-
6.01.02.14	Payables to related parties	-45,107	3,367
6.01.02.16	Other trade payables	2,304	-954
6.01.02.17	Taxes, fees and contributions	126	-1,216
6.01.02.18	Derivative Financial Instruments	150	-512
6.01.02.20	Receivables from Related Parties	-	-35,035
6.01.03	Other	-81,264	-36,933
6.01.03.01	Interest paid	-64,903	-29,949
6.01.03.02	Income Tax and Social Contribution Paid	-16,361	-6,984
6.02	Net cash used in investing activities	-65,389	31,030
6.02.01	Acquisition of property, plant and equipment	-59,543	-33,349
6.02.02	Acquisition of intangible assets	-10,927	-9,862
6.02.03	Dividends received	50,237	105,807
6.02.04	Payment of Capital to Subsidiaries	-	-11,751
6.02.05	Payables of Fixed Assets	-1,696	-19,815
6.02.06	Advance for future capital increase (AFAC)	-43,460	-
6.03	Net cash provided by (used in) financing activities	-98,913	-147,240
6.03.01	Loans and financing and debentures	16,746	466,820
6.03.02	Payment of Loans and Financing	-60,989	-376,949
6.03.03	Dividends paid	-46,787	-79,047
6.03.04	lease payment	-7,883	-4,348
6.03.05	Acquisition of treasury shares	-	-153,716
6.05	Increase/(decrease) in cash and cash equivalents	-45,040	31,491
6.05.01	Opening balance of cash and cash equivalents	125,516	245,779
6.05.02	Closing balance of cash and cash equivalents	-80,476	277,270

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

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

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

Account Code	Account Description	Paid-in share capital	Capital Reserves, Options Awarded and Treasury Stock	Profit Reserves	Retained Earnings or Accumulated Losses	Other Comprehensive Income	Individual Shareholders' Equity
5.01	Opening Balances	200,000	-14,095	281,388	-	-50,125	417,168
5.03	Adjusted Opening Balances	200,000	-14,095	281,388	-	-50,125	417,168
5.04	Capital Transactions with Partners	50,000	-77,256	-156,906	-	-	-184,162
5.04.01	Capital Increase	50,000	-	-50,000	-	-	-
5.04.04	Treasury shares acquired	-	-153,715	-	-	-	-153,715
5.04.06	Dividends	-	-	-30,447	-	-	-30,447
5.04.08	Cancellation of shares after Boarding meeting 01/20/2021	-	76,459	-76,459	-	-	-
5.05	Total Comprehensive Income	-	-	-	161,247	1,240	162,487
5.05.01	Net Income for the Period	-	-	-	161,247	-	161,247
5.05.02	Other Comprehensive Income	-	-	-	-	1,240	1,240
5.05.02.06	Exchange variation of subsidiary located abroad	-	-	-	-	1,240	1,240
5.06	Internal changes in shareholders' equity	-	-	-	-17,433	-4,669	-22,102
5.06.02	Realization of the Revaluation Reserve	-	-	-	888	-888	-
5.06.04	Anticipated dividends	-	-	-	-18,322	-	-18,322
5.06.06	Hedge accounting operations	-	-	-	-	-5,728	-5,728
5.06.07	Deferred Income Tax on Hedge accounting	-	-	-	-	1,948	1,948
5.07	Closing Balances	250,000	-91,351	124,482	143,814	-53,554	373,390

Individual financial statements / Statement of added value (Thousand)

Account Code	Account Description	Current Quarter	Accumulated of the
		Period 01/01/2022 - 09/30/2022	Previous Period 01/01/2021 - 09/30/2021
7.01	Revenues	1,699,541	1,437,816
7.01.01	Sales of goods, products and services	1,686,131	1,422,251
7.01.02	Other revenues	12,068	13,749
7.01.04	Reversal/Allowance for doubtful accounts	1,342	1,816
7.02	Inputs acquired from third-parties	-817,301	-699,014
7.02.01	Cost of products, goods and services sold	-626,949	-535,604
7.02.02	Materials, energy, third party services and other	-195,586	-167,068
7.02.03	Loss/Recovery of assets	5,234	3,658
7.03	Gross value added	882,240	738,802
7.04	Retentions	-44,390	-38,734
7.04.01	Depreciation and amortization	-44,390	-38,734
7.05	Net value added produced	837,850	700,068
7.06	Value added received in transfer	66,189	71,445
7.06.01	Equity income	38,413	51,405
7.06.02	Financial income	27,776	20,040
7.07	Total value added to be distributed	904,039	771,513
7.08	Distribution of value added	904,039	771,513
7.08.01	Personnel	262,243	232,099
7.08.01.01	Direct remuneration	221,427	197,531
7.08.01.02	Benefits	25,689	21,562
7.08.01.03	Government Severance Indemnity Fund for Employee (FGTS)	15,127	13,006
7.08.02	Taxes, fees and contributions	389,913	298,656
7.08.02.01	Federal	175,911	109,683
7.08.02.02	State	213,148	188,313
7.08.02.03	Municipal	854	660
7.08.03	Remuneration of third party capital	107,929	79,511
7.08.03.01	Interest	89,381	63,259
7.08.03.02	Rentals	18,548	16,252
7.08.04	Remuneration of own capital	143,954	161,247
7.08.04.03	Retained earnings	143,954	161,247

Consolidated financial statements / Balance sheet - Assets (Thousand)

Account Code	Account Description	Current Period 09/30/2022	Previous Period 12/31/2021
1	Total Assets	2,263,209	2,157,347
1.01	Current Assets	1,035,469	906,131
1.01.01	Cash and Cash Equivalents	134,185	189,718
1.01.03	Accounts Receivable	426,652	375,624
1.01.03.01	Trade Receivables	426,652	375,624
1.01.04	Inventory	418,664	285,364
1.01.06	Taxes to recover	20,180	27,454
1.01.06.01	Current taxes recoverable	20,180	27,454
1.01.06.01.01	Recoverable Income Tax and CS	8,099	1,864
1.01.06.01.02	Other Recoverable Taxes	12,081	25,590
1.01.07	Prepaid Expenses	8,232	5,447
1.01.08	Others Current Assets	27,556	22,524
1.01.08.03	Other	27,556	22,524
1.01.08.03.01	Advance to Suppliers	8,765	12,624
1.01.08.03.02	Derivative financial instruments	9,684	2,474
1.01.08.03.03	Other Accounts Receivable	9,107	7,426
1.02	Non-Current Assets	1,227,740	1,251,216
1.02.01	Long-Term Assets	352,926	536,077
1.02.01.07	Deferred Taxes	16,203	31,942
1.02.01.07.01	Deferred Income and Social Contribution Taxes	16,203	31,942
1.02.01.10	Other Non-Current Assets	336,723	504,135
1.02.01.10.03	Judicial Deposits	104,154	185,382
1.02.01.10.04	Escrow deposit	18,666	89,700
1.02.01.10.05	Receivables - Eletrobras	12,821	12,821
1.02.01.10.06	Taxes to recover	19,636	14,859
1.02.01.10.07	Legal assets	139,650	155,153
1.02.01.10.08	Actuarial assets	18,677	18,677
1.02.01.10.09	Restricted investments	9,092	13,679
1.02.01.10.11	Derivative financial instruments	-	150
1.02.01.10.12	Other Accounts Receivable	14,027	13,714
1.02.02	Investments	348	348
1.02.02.01	Ownership Interest	348	348
1.02.02.01.05	Other investments	348	348
1.02.03	Property, Plant and Equipment	835,326	685,994
1.02.03.01	Property, Plant and Equipment	549,164	566,121
1.02.03.02	Right to Use in Rent	164,620	71,536
1.02.03.03	Construction in Progress	121,542	48,337
1.02.04	Intangibles Assets	39,140	28,797
1.02.04.01	Intangibles Assets	39,140	28,797

Consolidated financial statements / Balance sheet - Liabilities (Thousand)

Account Code	Account Description	Current Period 09/30/2022	Previous Period 12/31/2021
2	Total Liabilities	2,263,209	2,157,347
2.01	Current Liabilities	919,022	714,127
2.01.01	Social and labor obligations	87,470	58,991
2.01.02	Suppliers	440,546	365,652
2.01.02.01	National suppliers	425,402	331,541
2.01.02.01.01	Suppliers	270,421	195,717
2.01.02.01.02	Credit granting from suppliers	125,545	97,717
2.01.02.01.03	Asset Accounts Payable	29,436	38,107
2.01.02.02	Foreign suppliers	15,144	34,111
2.01.03	Tax Obligations	31,046	28,070
2.01.03.01	Federal tax obligations	13,215	13,974
2.01.03.01.01	Income and social contribution tax payable	3,179	3,865
2.01.03.01.02	PIS AND COFINS	2,805	1,176
2.01.03.01.03	IRRF	5,666	8,385
2.01.03.01.04	Other Taxes	1,565	548
2.01.03.02	State Taxes	17,831	14,096
2.01.03.02.01	ICMS	17,831	14,096
2.01.04	Loans and Financing	146,766	98,115
2.01.04.01	Loans and Financing	70,545	90,922
2.01.04.01.01	In National Currency	62,025	69,642
2.01.04.01.02	Foreign Currency	8,520	21,280
2.01.04.02	Debentures	76,221	7,193
2.01.05	Other Obligations	198,769	139,049
2.01.05.01	Liabilities Related Party	63,963	6,067
2.01.05.01.04	Other Payables to Related Parties	63,963	6,067
2.01.05.02	Other	134,806	132,982
2.01.05.02.01	Dividends and interest on equity	1,113	1,043
2.01.05.02.04	Lease Obligations	18,075	19,456
2.01.05.02.06	Other bills to pay	36,693	31,256
2.01.05.02.07	Taxes payable in installments	12,135	11,663
2.01.05.02.08	Advances from customers	66,790	69,564
2.01.06	Provisions	14,425	24,250
2.01.06.02	Other provisions	14,425	24,250
2.01.06.02.04	Provision for profit sharing	14,425	24,250
2.02	Non-current Liabilities	888,085	1,087,063
2.02.01	Loans and Financing	569,322	664,277
2.02.01.01	Loans and Financing	346,343	366,872
2.02.01.01.01	In National Currency	346,343	366,872
2.02.01.02	Debentures	222,979	297,405
2.02.02	Other Obligations	229,463	333,772
2.02.02.02	Other	229,463	333,772
2.02.02.02.03	Suppliers	92,586	171,195
2.02.02.02.04	Asset Accounts Payable	9,316	18,739
2.02.02.02.05	Taxes payable in installments	13,121	21,406
2.02.02.02.06	Debts with Related Parties	56,330	56,363
2.02.02.02.07	Lease Obligations	37,057	45,397
2.02.02.02.08	Other	21,053	20,672
2.02.04	Provisions	89,300	89,014
2.02.04.01	Provision for profit sharing	89,300	89,014
2.02.04.01.01	Tax provisions	27,697	30,344
2.02.04.01.02	Social Security and Labor Provisions	16,340	20,291
2.02.04.01.04	Civil provisions	45,263	38,379
2.03	Consolidated Shareholders' Equity	456,102	356,157
2.03.01	Capital	250,000	250,000
2.03.02	Capital reserves	-	-91,351
2.03.02.05	Treasury shares	-	-91,351
2.03.04	Profit Reserves	165,366	240,097

Consolidated financial statements / Balance sheet - Liabilities (Thousand)

Account Code	Account Description	Current Period 09/30/2022	Previous Period 12/31/2021
2.03.04.01	Revenue reserves	43,016	43,016
2.03.04.05	Retained Earnings Reserve	823	92,174
2.03.04.06	Special Reserve for Undistributed Dividends	35,633	35,633
2.03.04.07	Tax Incentive Reserve	85,894	65,785
2.03.04.08	Additional dividends	-	3,489
2.03.05	Profits / Losses	79,969	-
2.03.06	Equity valuation adjustments	31,573	31,139
2.03.07	Cumulative translation adjustments	-68,323	-66,490
2.03.08	Other Comprehensive Income	-2,499	-7,259
2.03.09	Participation of Non-Controlling Shareholders	16	21
2.03.04.01	Revenue reserves	43,016	43,016
2.03.04.05	Retained Earnings Reserve	823	92,174
2.03.04.06	Special Reserve for Undistributed Dividends	35,633	35,633
2.03.04.07	Tax Incentive Reserve	85,894	65,785
2.03.04.08	Additional dividends	-	3,489
2.03.05	Profits / Losses	79,969	-
2.03.06	Equity valuation adjustments	31,573	31,139
2.03.07	Cumulative translation adjustments	-68,323	-66,490
2.03.08	Other Comprehensive Income	-2,499	-7,259
2.03.09	Participation of Non-Controlling Shareholders	16	21

Consolidated financial statements / Statement of income (Thousand)

Account Code	Account Description	Current Quarter Current Period 07/01/2022 - 09/30/2022	Accumulated of the Current Period 01/01/2022 - 09/30/2022	Same Quarter of the Previous Year Period 07/01/2021 - 09/30/2021	Accumulated of the Previous Period 01/01/2021 - 09/30/2021
3.01	Sales revenue of Goods and / or Services	597,924	1,700,337	519,380	1,400,034
3.02	Cost of Goods and / or Services Sold	-340,525	-951,987	-295,875	-807,632
3.03	Raw score	257,399	748,350	223,505	592,402
3.04	Operating Income / Expenses	-172,104	-475,467	-138,111	-375,210
3.04.01	Selling Expenses	-145,665	-394,089	-105,678	-298,916
3.04.02	General and Administrative Expenses	-22,218	-64,638	-17,757	-46,906
3.04.05	Other Operating Expenses	-4,221	-16,740	-14,676	-29,388
3.05	Income before financial result and taxes	85,295	272,883	85,394	217,192
3.06	Financial result	-20,646	-71,701	-14,653	-50,653
3.06.01	Financial income	4,900	14,921	2,321	7,247
3.06.02	Financial income	4,900	14,921	2,321	7,247
3.06.02.01	Financial expenses	-25,546	-86,622	-16,974	-57,900
3.06.02.02	Financial expenses	-34,058	-90,895	-22,962	-61,068
3.07	Foreign exchange variations, net	8,512	4,273	5,988	3,168
3.06.02.01	Income before Income Taxes	64,649	201,182	70,741	166,539
3.08.01	Income Tax and Social Contribution on Net Income	-12,171	-57,233	9,947	-5,251
3.08.02	Current	-10,965	-43,946	-3,445	-14,683
3.09	Deferred	-1,206	-13,287	13,392	9,432
3.10	Net Income from Continuing Operations	52,478	143,949	80,688	161,288
3.11.01	Consolidated Profit/Loss for the Period	52,478	143,949	80,688	161,288
3.11.02	Attributed to Controlling Partners	52,498	143,954	80,668	161,247
3.99	Attributed to Non-Controlling Partners	-20	-5	20	41

Consolidated financial statements / Statement of comprehensive income (Thousand)

Account Code	Account Description	Current Quarter Current Period 07/01/2022 - 09/30/2022	Accumulated of the Current Period 01/01/2022 - 09/30/2022	Same Quarter of the Previous Year Period 07/01/2021 - 09/30/2021	Accumulated of the Previous Period 01/01/2021 - 09/30/2021
4.01	Net income for the period	52,478	143,949	80,688	161,288
4.02	Other Comprehensive Income	-6,276	2,927	-1,681	-2,540
4.02	Exchange variation of subsidiaries located abroad	1,098	-1,833	2,099	1,240
4.02	Hedge Accounting Operations	-11,174	7,211	-5,728	-5,728
4.02	Deferred IR/CS on Hedge accounting	3,800	-2,451	1,948	1,948
4.02	Results Comprehensive Period	46,202	146,876	79,007	158,748
4.02	Attributed to Partners of the Parent Company	46,222	146,881	78,987	158,707
4.02	Attributed to Minority Partners	-20	-5	20	41

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

Account Code	Account Description	Current Quarter	Accumulated of the
		Period 01/01/2022 - 09/30/2022	Previous Period 01/01/2021 - 09/30/2021
6.01	Net cash from operating activities	222,444	239,971
6.01.01	Cash provided by operating activities	322,748	277,312
6.01.01.01	Income (loss) before income tax	201,182	166,539
6.01.01.02	Depreciation and amortization	65,650	53,296
6.01.01.04	Unrealized exchange variation	-1,139	442
6.01.01.05	Provision for valuation of inventories at market value	852	-689
6.01.01.06	Provision for impairment of trade receivables	-1,055	-1,420
6.01.01.07	Civil, Labor, Social Security and Tax Provisions	11,233	11,669
6.01.01.08	Provision for PPR	-9,825	-
6.01.01.09	Provision for Profit Sharing and Long Term Incentive	1,783	728
6.01.01.10	Other provisions	-	8,889
6.01.01.11	Tax Assets	-6,085	-
6.01.01.14	Provision for interest on loans and debentures	62,580	34,319
6.01.01.16	Interest and adjustment to present value on lease	2,158	3,730
6.01.01.17	Lease amortization	2,345	-191
6.01.01.18	Write-offs and exchange variation fixed and intangible assets	-8,332	-
6.01.01.19	Prodec Present Value Adjustment	1,401	-
6.01.02	Changes in assets and liabilities	14,431	16,691
6.01.02.01	Accounts Receivable	-49,973	-88,900
6.01.02.02	Inventory	-134,152	-45,714
6.01.02.03	Judicial Deposits	-9,357	-18,006
6.01.02.04	Recoverable Taxes	7,697	31,529
6.01.02.05	Linked Financial Investment	4,587	5,048
6.01.02.06	Other assets	-4,779	629
6.01.02.07	Accounts Payable	92,056	81,604
6.01.02.08	Advance to Suppliers	3,859	-6,944
6.01.02.09	Advances from customers	-7,476	-4,325
6.01.02.10	Tax installment payment	-2,774	28,552
6.01.02.11	Installments	-7,813	-8,486
6.01.02.12	Tax and labor obligations	28,479	27,486
6.01.02.13	Judicial assets	92,622	-
6.01.02.14	Payables to related parties	-3,815	5,944
6.01.02.16	Taxes, fees and contributions	3,662	-710
6.01.02.18	Derivatives	150	-512
6.01.02.19	Other trade payables	1,458	9,496
6.01.03	Other	-114,735	-54,032
6.01.03.01	Interest paid	-64,903	-29,949
6.01.03.02	Income Tax and Social Contribution Paid	-49,832	-24,083
6.02	Net cash used in investing activities	-167,367	-77,032
6.02.01	Acquisition of property, plant and equipment	-146,088	-54,009
6.02.02	Acquisition of intangible assets	-15,570	-13,183
6.02.04	Receipt for sale and reimbursement of fixed assets	55,764	-
6.02.06	Payables of Fixed Assets	-18,094	-9,840
6.02.08	Lease asset	-43,379	-
6.03	Net cash provided by (used in) financing activities	-110,610	-156,353
6.03.01	Borrowings, Financing and Debentures	16,746	466,820
6.03.02	Payment of Loans and Financing	-60,989	-376,949
6.03.03	Dividends paid	-46,861	-79,048
6.03.05	Acquisition of treasury shares	-	-153,716
6.03.06	lease payment	-19,506	-13,460
6.05	Increase/(decrease) in cash and cash equivalents	-55,533	6,586
6.05.01	Opening balance of cash and cash equivalents	189,718	326,325
6.05.02	Closing balance of cash and cash equivalents	134,185	332,911

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

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

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

Account Code	Account Description	Paid-in share capital	Capital Reserves, Options Awarded and Treasury Stock	Profit Reserves	Retained Earnings or Accumulated Losses	Other Comprehensive Income	Shareholders' Equity	Minority Interests	Consolidated Shareholders' Equity
5.01	Opening Balances	200.000	-14.095	281.388	-	-50.125	417.168	16	417.184
5.03	Adjusted Opening Balances	200.000	-14.095	281.388	-	-50.125	417.168	16	417.184
5.04	Capital Transactions with Partners	50.000	-77.256	-156.906	-	-	-184.162	-	-184.162
5.04.01	Capital Increase	50.000	-	-50.000	-	-	-	-	-
5.04.04	Treasury shares acquired	-	-153.715	-	-	-	-153.715	-	-153.715
5.04.06	Dividends	-	-	-30.447	-	-	-30.447	-	-30.447
5.04.08	Cancellation of shares after Boarding meeting 01/20/2021	-	76.459	-76.459	-	-	-	-	-
5.05	Total Comprehensive Income	-	-	-	161.247	1.240	162.487	41	162.528
5.05.01	Net Income for the Period	-	-	-	161.247	-	161.247	41	161.288
5.05.02	Other Comprehensive Income	-	-	-	-	1.240	1.240	-	1.240
5.05.02.06	Exchange variation of subsidiary located abroad	-	-	-	-	1.240	1.240	-	1.240
5.06	Internal changes in shareholders' equity	-	-	-	-17.433	-4.669	-22.102	-	-22.102
5.06.02	Realization of the Revaluation Reserve	-	-	-	888	-888	-	-	-
5.06.04	Anticipated dividends	-	-	-	-18.322	-	-18.322	-43	-18.365
5.06.06	Hedge accounting operations	-	-	-	-	-5.728	-5.728	-	-5.728
5.06.07	Deferred Income Tax on Hedge accounting	-	-	-	-	1.948	1.948	-	1.948
5.07	Closing Balances	250.000	-91.351	124.482	143.814	-53.554	373.390	14	373.404

Consolidated financial statements / Statement of added value (Thousand)

Account Code	Account Description	Current Quarter	Accumulated of the
		Period	Previous Period
		01/01/2022 - 09/30/2022	01/01/2021 - 09/30/2021
7.01	Revenues	2,081,562	1,706,874
7.01.01	Sales of goods, products and services	2,059,770	1,699,633
7.01.02	Other revenues	20,737	6,652
7.01.04	Reversal/Allowance for doubtful accounts	1,055	589
7.02	Inputs acquired from third-parties	-957,830	-788,024
7.02.01	Cost of products, goods and services sold	-693,016	-581,105
7.02.02	Materials, energy, third party services and other	-270,089	-209,679
7.02.03	Loss/Recovery of assets	5,275	2,760
7.03	Gross value added	1,123,732	918,850
7.04	Retentions	-65,650	-53,296
7.04.01	Depreciation and amortization	-65,650	-53,296
7.05	Net value added produced	1,058,082	865,554
7.06	Value added received in transfer	30,818	21,400
7.06.02	Financial income	30,818	21,400
7.07	Total value added to be distributed	1,088,900	886,954
7.08	Distribution of value added	1,088,900	886,954
7.08.01	Personnel	346,961	285,055
7.08.01.01	Direct remuneration	298,560	245,639
7.08.01.02	Benefits	29,935	24,274
7.08.01.03	Government Severance Indemnity Fund for Employee (FGTS)	18,466	15,142
7.08.02	Taxes, fees and contributions	473,770	348,584
7.08.02.01	Federal	253,046	154,803
7.08.02.02	State	219,648	193,016
7.08.02.03	Municipal	1,076	765
7.08.03	Remuneration of third party capital	124,220	92,027
7.08.03.01	Interest	102,445	69,983
7.08.03.02	Rentals	21,775	22,044
7.08.04	Remuneration of own capital	143,949	161,288
7.08.04.03	Retained earnings	143,954	161,247
7.08.04.04	Minority interests in retained earnings	-5	41

Portobello Grupo

Portobello Grupo records another quarter with record revenue and good results: Net Revenue of R\$ 598 million, EBITDA of R\$ 105 million and Leverage of 1.4x

Tijucas, November 10, 2022. PBG S.A. (B3: PTBL3), the largest ceramic tile company in Brazil, announces its results for the third quarter of 2022. The financial information reported herein is derived from PBG S.A.'s consolidated Quarterly Financial Information, prepared in accordance with the standards issued by the Accounting Pronouncement Committee (CPC) and the International Financial Reporting Standards (IFRS).

3Q22 Highlights

- **Net Revenue of R\$ 598 million in 3Q22**, new sales record, with a **15.1% increase versus 3Q21**, highlighting retail with Portobello Shop and Engineering and Export channels of Portobello BU. Year-to-date, Net Revenue reached **R\$ 1.7 billion, accounting for a growth of 21.4%** over the same period of the previous year.
- **Gross Profit also growing 15.2% compared to 3Q21 and 25.9% in 9M22. Adjusted and Recurring Gross Margin of 43.0% in 3Q22**, in line with 3Q21 and **43.9% in 9M22**, 1.6 p.p. higher over the same period of the previous year.
- **Adjusted and Recurring EBITDA of R\$ 105 million in 3Q22, similar to 3Q21**, with Adjusted and Recurring EBITDA Margin of 17.5%, accounting for a decrease of 2.9 p.p. versus 3Q21. **In 9M22, Adjusted and Recurring EBITDA grew 21.1%**, reaching R\$ 326 million.
- **Adjusted and Recurring Net Income of R\$ 48.9 million in 3Q22**, -16.0% over 3Q21. Year-to-date, the result is R\$ 133 million, similar to the same period of the previous year.
- **Investment in Working Capital was R\$ 374 million, a 55.0% increase vs. 3Q21. Cash Conversion Cycle was 47 days in 3Q22 vs. 24 days in 3Q21**, an increase of 23 days due to an increase in inventories, in part to improve the service level of the Business Units.
- **Net Indebtedness of R\$ 584 million in 3Q22, a R\$ 94.9 million increase vs. 3Q21. Net Debt/Adjusted and Recurring EBITDA remained close to the lowest historical level, reaching 1.4 times in 3Q22**, considering the strong growth of Adjusted and Recurring EBITDA.
- **PTBL3 shares ended 3Q22 quoted at R\$ 10.29, -5.2% below the closing price in 3Q21**, but with an appreciation of 61.8% vs. 2Q22.

RS\$ million	3Q21	3Q22	▲ %	▲ Abs	9M21	9M22	▲ %	▲ Abs
Net Revenue	519.4	597.9	15.1%	78.5	1,400.0	1,700.3	21.4%	300.3
Adjusted and Recurring Gross Profit	223.5	257.4	15.2%	33.9	592.4	745.9	25.9%	153.5
Adjusted and Recurring Gross Margin	43.0%	43.0%	0 p.p.		42.3%	43.9%	1.6 p.p.	
Net Income	80.7	52.5	-35.0%	-28.2	161.3	143.9	-10.8%	(17.3)
Net Margin	15.5%	8.8%	-6.8 p.p.		11.5%	8.5%	-3.1 p.p.	
Adjusted and Recurring Net Income	58.2	48.9	-16.0%	(9.3)	138.8	132.5	-4.5%	(6.3)
Adjusted and Recurring Net Margin	11.2%	8.2%	-3 p.p.		9.9%	7.8%	-2.1 p.p.	
EBITDA	103.2	109.3	5.9%	6.1	266.5	338.7	27.1%	72.2
EBITDA Margin	19.9%	18.3%	-1.6 p.p.		19.0%	19.9%	0.9 p.p.	
Adjusted and Recurring EBITDA	105.7	104.6	-1.1%	(1.1)	269.0	325.8	21.1%	56.8
Adjusted and Recurring EBITDA Margin	20.4%	17.5%	-2.9 p.p.		19.2%	19.2%	-0.1 p.p.	
Working Capital (R\$)	241.3	374.0	55.0%	132.7				
Cash Conversion Cycle (days)	24	47	95.8%	23				
Net Debt	489.4	584.3	19.4%	94.9				
Net Debt/ EBITDA LTM	1.4	1.3	-6.0%	(0.1)				
Net Debt/ Adjustd and Recurring EBITDA LTM	1.4	1.4	-2.8%	(0.0)				
Share Price	10.85	10.29	-5.2%	(0.56)				

Videoconference

November 11, 2022

at 2:00 pm (Brazil's time)

Link for connection: [Click here](#)

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

The video of the results' presentation will be made available in full, with access directly through the Company's IR website.

Portobello Grupo

Message from Management

The year 2022 already showed that it would be more challenging than the previous year, with the slowdown of some markets that had been heated, including the construction industry and building materials sector. Historically, a positive seasonality effect is expected in the third quarter, which, however, was not observed this year, confirming the trend of a tougher year. A large part of this scenario resulted from the imminent recession in major world economies and the global rise of global interest rates, which generated a cautious behavior in investment decisions in several markets.

In Brazil, economic indicators show good signs of recovery, with GDP growth above expectations, improvement in unemployment rates, control of inflation and stabilization of the Selic rate. With this situation, contrary to what happened in most parts of the world, Brazil started to be seen with good eyes from the investment perspective, attracting interest from foreign investors and generating an optimistic expectation for the next year.

However, building materials chain has been witnessing a reduction in demand this year, due to high tax rates, political and economic uncertainties (recently reduced with the definition in the elections) and a possible adjustment in the pace of carrying out restorations in the post-pandemic. According to data from ABRAMAT, the industries in the sector dopped 4.7%. The ceramic tile market also presented a 17.3% retraction in volumes sold in the quarter compared to the same period of the previous year, according to ANFACER data.

Despite this major market challenge, Portobello Grupo confirmed its resilience, delivering robust results with growth of 15.1% compared to 3Q21 and reaching the highest level of revenue in a single quarter once again. As a result, Net Operating Revenue accumulated in the year grew 21.4%, with emphasis on Portobello Shop sales, which increased 29.8% in the quarter and 33.3% in the year, and of the Engineering and Export Channels of Portobello Business Unit.

Regarding profitability, one of the main levers for generating value for shareholders, the Company continues showing efficiency in the qualification of sales with continuous improvement in the management of the channel, product and pricing mix, managing to cover the full increase in sales costs observed in the year. Thus, the Company's Adjusted and Recurring Gross Margin was maintained at 43.0% in 3Q22, while the operating result was also maintained, reaching an Adjusted and Recurring EBITDA of R\$ 105 million, with a margin of 17.5%. Said results were possible through the ongoing search for productivity improvement, and discipline in the management of costs and expenses.

In 3Q22, as in the previous quarters, we observed an increase in the Company's inventory levels, partially due to a strategic decision to improve service levels at the Portobello Shop and Portobello América BUs, but also as a result of the slowdown on the civil construction market, mainly in the North and Northeast regions of Brazil, which led to an increase in inventories at Pointer. As a result, there was an increase in Working Capital investment, which was partially offset by the improvement in terms negotiated with suppliers and the maintenance of terms in the receivables portfolio. Working Capital investment was R\$ 374 million and the Cash Conversion Cycle was 47 days, levels considered slightly higher than those adequate by the Company from a strategic standpoint.

Regarding investments, the Company continues to focus on strategic projects that add value to shareholders in the medium and long term, such as the expansion of retail, with the enlargement of the chain of stores and acquisition of new stores, as well as an increase in US market share, with the construction of the Portobello América plant. In the third quarter, the Company invested approximately R\$ 121 million, 36.3% of which in the expansion and acquisition of stores, 36.1% in the installations of the Portobello America plant and 17.7% in the modernization of the Tijucas industrial park (SC). The remaining investments were allocated to the Pointer's industrial unit, in the city of Marechal Deodoro, state of Alagoas, and to commercial and corporate projects.

The strong operational performance coupled with discipline in cash management allowed the Company to maintain leverage close to the lowest historical level ever achieved (1.4x Net Debt/Adjusted and Recurring EBITDA LTM) while Net Debt closed the quarter at R\$ 584 million.

Another strategic mainstay for the Company concerns ESG practices. Several initiatives have been implemented in the Company aimed at strengthening the environmental and social sustainability culture. In September, Portobello Sustainable Development Goals (SDGs) Week was held, with the purpose of presenting the development of indicators that will guide actions in the coming years, aiming at making the company more sustainable. Also from the

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Corporate Governance point of view, the Company continues to advance, this time with the approval of the new Code of Ethical Conduct, with the objective of providing clarity and guidance on the conduct required in the professional exercise, always aiming at the purpose and in line with the values of Portobello brand.

Business Unit Performance

The Portobello Business Unit (“BU”) continues to show positive results, reflecting the assertiveness of the international expansion strategy, product positioning, and multichannel approach. In 3Q22, Net Revenue of the BUs was R\$ 273 million, up 18.2% vs. 3Q21. Portobello has been able to work with a portfolio of products with greater added value and more attractive profitability on foreign markets, without losing competitiveness in terms of price and quality. Additionally, the advance in the qualification of the product mix, especially with the growth in sales of porcelain tile panels and large formats, produced at the Tijucas-SC plant, and the effective work carried out in the management of distribution channels also generated growth in the domestic market.

In this quarter, the sound results arising from the efficiency gain programs, improvements in the mix of products sold and price adjustments were not enough to cover the cost increase, impacting the UN’s Gross Margin, which reached 42.6%, a level still considered healthy by the Company. In 9M22, the Gross Margin remains consistent, reaching 45.3%. Portobello continues prioritizing continuous improvement in service levels, efficiency in balancing inventory levels and meeting demand, in addition to advancing in the implementation of ESG actions.

Portobello Shop, which currently has 143 stores in operation within the country, 26 of which are owned and 117 are franchises, opened 3 new stores in 3Q22. During 3Q22, the Company merged three franchised stores acquired in July (Balneário Camboriú, Tijucas and São José).

Portobello Shop ended 3Q22 with Net Revenue of R\$ 230 million. The performance of owned stores, which started consolidating the results of Pacaembu and Gabriel stores as of May, recorded an increase of 79.9% in Net Revenue in 3Q22 vs. 3Q21, increasing BU’s share in the total amount to 44.8%. Stores that were already in operation in 3Q21 showed a growth (Same Store Sales) of 18.2% in 3Q22 vs. 3Q21. Furthermore, Portobello Shop’s Gross Margin also increased, reaching 47.3% in the quarter, mainly due to the growth in the share of owned stores, which recorded higher profitability by taking advantage of synergies from the integrated chain.

The favorable operating income, coupled with Portobello Shop’s expansion strategy, reinforce the positive performance compared to the overall market performance, which, according to the ICVA (Cielo Broad Retail Index), which measures the retail construction materials sector in Brazil – showed a nominal decline of 4.2% in 3Q22 vs. 3Q21.

Pointer, the Group’s democratic *design* brand, positioned in the North and Northeast regions of Brazil, continues to be impacted by the slowdown in demand in the civil construction market, which has been more pronounced in such regions. Higher demand is expected in the third quarter due to historical seasonality. However, due to the uncertain scenarios in the country, this year demand did not follow the behavior of previous years. These factors caused a slowdown in sales via the sales channels / home centers throughout 2022.

As a result of this scenario, in 3Q22 Pointer obtained a Net Revenue of R\$ 62.5 million and a Gross Margin of 27.8%. Compared to 3Q21, the Gross Margin decreased, largely due to the pricing strategy in commercial campaigns aimed at reducing inventories and optimizing the productivity level. Despite the adverse scenario and the lower-than-expected sales results, Pointer delivers good profitability, with an EBITDA Margin of 14.0%, driven by the strengthening of the engineering channel, which has shown a recovery in the local market.

Portobello América continues to implement its growth strategy and, despite the adverse economic scenario in the North American country, continues to record growth. In 3Q22, Net Revenue reached R\$ 59.7 million, accounting for an increase of 10.6% vs. 3Q21, with emphasis on the local distribution operation. The BU recorded a Gross Margin of 26.2% in the period, an improvement of 11.5 p.p. vs. 3Q21. Portobello América continues to manage demand, combining the profitability with the planning to gain scale, required for the occupation of the plant capacity in the United States. This price adjustment process offset the impacts of the increase in production costs, in Reais, in addition to the significant increase in international freight costs, which has been observed since 2021. These cost-pressure factors will be minimized when the Unit’s local production gets underway in 2023.

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During 3Q22, Portobello América made progress on the project for the new factory that is being built in Baxter, Tennessee, in the United States. The plant is expected to start operating in the first semester of 2023. In the first phase of the project, it will have an annual production capacity of around 3.6 million square meters. This production, combined with the consolidation of Portobello América on the US market, will be an important strategic milestone for the Company.

Outlook for 2022 and 4Q22

- The Company expects the market for premium construction/finishing materials to remain more resilient throughout 2022, with an opportunity for a Company revenue growth compared to 2021, via product-mix qualification and channels management.
- The Engineering channel should also maintain its good level of demand in 2022 and 2023, as a result of the launches carried out in recent years, whose works are still in progress.
- Exports of the whole group should sustain its good performance, with potential sales increase generated by the actions in progress.
- The Company expects to show actual growth in Net Revenue in 2022, supported by the greater share of Retail, of Engineering and Exports, coupled with the maintenance of the product mix gain, pricing and channels management strategy, aiming to offset the demand reduction noticed in the chain.
 - In 4Q22, the Company, as in the previous quarters, expects to maintain Net Revenue growth, now at a pace of around 10% vs. 4Q21.
- In 2022, the Company's focus continues to be the maintenance of the Adjusted and Recurring Gross Margin in a level similar to 2021, despite the greater inflationary pressure on costs (mainly energy) through price increases, qualification of the product mix and factory productivity, in addition to strict management in the choices related to operating costs.
- The Company expects its Adjusted and Recurring EBITDA Margin in 2022 to remain close to the level reached in 2021, despite inflation pressures and adjustments in consumption on the domestic market.
- The 2022 CapEx investment plan is estimated by the Company in R\$ 280 million of financial effect (R\$ 460 million of accounting effect), of which around 25% will be allocated to the acquisition of equipment and infrastructure for the Portobello América's plant, approximately 40% for strategic projects related to the growth of retail in Brazil and strengthening of the digital initiatives of the Portobello Shop Business Unit, and around 35% for investments in technological updating and expansion of the industrial plants of the Portobello and Pointer Business Units.
- Although working capital management remains a priority for the Company, our expectation is that the Cash Conversion Cycle will end the year at a higher level than in 2021, albeit still at adequate levels. The main factors for this increase are higher inventories to support better levels of customer service and possible increases in terms of export customers, notably those in Argentina.
- The Company continues adopting its strong discipline in financial management, focusing on preserving liquidity and austerity in investment choices. The expectation is that the Net Debt/EBITDA LTM ratio will remain at a level below 2.5 times the Adjusted and Recurring EBITDA for the year, which is the maximum limit approved by the Board of Directors.
- Standouts among key risks to its operation throughout the year include: attention high interest rates affecting consumption of durable goods, and supply chain management, especially in international freight, which affects the competitiveness of exports.

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- The US macroeconomic scenario still presents challenges, due to current policy of raising interests rates to reduce inflation and consequent reduction in the level of activity, especially in the civil construction sector. However, we remain confident with the competitive differentials being developed at Portobello America, mainly with the start-up of the Baxter plant.

Economic and Financial Performance

	3Q21	3Q22	▲ %	▲ Abs	9M21	9M22	▲ %	▲ Abs
Net Revenue	519.4	597.9	15.1%	78.5	1,400.0	1,700.3	21.4%	300.3
Adjusted and Recurring Gross Profit	223.5	257.4	15.2%	33.9	592.4	745.9	25.9%	153.5
Adjusted and Recurring Gross Margin	43.0%	43.0%	0 p.p.		42.3%	43.9%	1.6 p.p.	
EBIT	85.4	85.4	0.0%	0.0	217.2	273.0	25.7%	55.8
EBIT Margin	16.4%	14.3%	-2.2 p.p.		15.5%	16.1%	0.5 p.p.	
Net Income	80.7	52.5	-35.0%	(28.2)	161.3	143.9	-10.8%	(17.3)
Net Margin	15.5%	8.8%	-6.8 p.p.		11.5%	8.5%	-3.1 p.p.	
Adjusted and Recurring Net Income	58.2	48.9	-16.0%	(9.3)	138.8	132.5	-4.5%	(6.3)
Adjusted and Recurring Net Margin	11.2%	8.2%	-3 p.p.		9.9%	7.8%	-2.1 p.p.	
EBITDA	103.2	109.3	5.9%	6.1	266.5	338.7	27.1%	72.2
EBITDA Margin	19.9%	18.3%	-1.6 p.p.		19.0%	19.9%	0.9 p.p.	
Adjusted and Recurring EBITDA	105.7	104.6	-1.1%	(1.1)	269.0	325.8	21.1%	56.8
Adjusted and Recurring EBITDA Margin	20.4%	17.5%	-2.9 p.p.		19.2%	19.2%	-0.1 p.p.	
Working Capital (R\$)	241.3	374.0	55.0%	132.7				
Cash Conversion Cycle (days)	24	47	95.8%	23				
Net Debt	489.4	584.3	19.4%	94.9				
Net debt/EBITDA	1.4	1.3	-6.0%	(0.1)				
Adjusted and Recurring Net Debt/EBITDA	1.4	1.4	-2.8%	(0.0)				
Share Price	10.85	10.29	-5.2%	(0.56)				
Market Value	1,600.7	1,450.8	-9.4%	(149.9)				
Average Trading Volume (12 Months)	777.8	166.6	-78.6%	(611.2)				
Average daily trading volume (ADTV)	44.6	7.0	-84.3%	(37.6)				

Net Revenue

Net Revenue totaled R\$ 598 million in 3Q22, accounting for an increase of 15.1% vs. 3Q21. This growth is mainly due to: (i) price readjustments made, to offset cost pressure, and improvement of the product mix, (ii) expansion of the share of Portobello Shop, (iii) greater share in the engineering channel and (iv) expansion of the participation of international businesses (mainly Portobello exports and distribution in the United States from Portobello América).

R\$ million	3Q21	3Q22	▲ %	▲ Abs	9M21	9M22	▲ %	▲ Abs
Net Revenue	519.4	597.9	15.1%	78.5	1,400.0	1,700.3	21.4%	300.3
Domestic Market	409.1	467.2	14.2%	58.1	1,102.7	1,285.3	16.5%	182.5
International Market	110.2	130.7	18.6%	20.5	297.4	415.1	39.7%	117.7
US\$ million	3Q21	3Q22	▲ %	▲ Abs	9M21	9M22	▲ %	▲ Abs
International Market	21.7	23.0	5.8%	1.3	56.5	76.5	35.4%	20.0

In the domestic market, Net Revenue grew 14.2% in 3Q22 vs. 3Q21, reaching R\$ 467 million in the period. Comparing this result to the construction materials sector, which reduced 4.7% in deflated data in 3Q22 vs. 3Q21, according to data from the Brazilian Association of Construction Materials Industry (ABRAMAT), and with the sales volume of ceramic tiles (in square meters), which decreased 17.3% in 3Q22 vs. 3Q21 according to data from ANFACER (Brazilian Association of Ceramic Tiles Manufacturers), it is possible to verify the consistent market share gain of Portobello Group.

Regarding sales in the foreign market, there was a growth of 18.6% in 3Q22 vs. 3Q21 (5.8% in US dollars). This increase was driven by the advance in the Company's internationalization strategy, with the constant expansion of Portobello América (growth of 10.6% in the period) and the growth of Portobello's exports (32.3% vs. 3Q21).

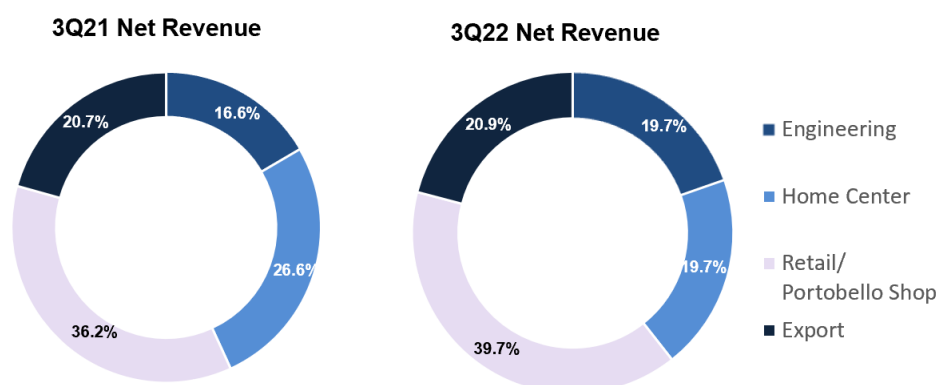
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In 3Q22, Portobello América accounted for 9.6% of Portobello Group's total net revenue, with growth of 10.6% vs. 3Q21. Portobello Shop accounted for 36.9%, an increase of 29.8% vs. 3Q21. Portobello BU accounted for 43.6% of total Net Revenue, with growth of 18.2% vs. 3Q21, while Pointer's share was 10.0% – down 13.2% vs. 3Q21.

R\$ million	3Q21	3Q22	▲ %	▲ Abs	9M21	9M22	▲ %	▲ Abs
Consolidated	519.4	597.9	15.1%	78.5	1,400.0	1,700.3	21.4%	300.3
BU Portobello	230.9	272.9	18.2%	42.0	661.3	804.3	21.5%	143.1
BU Shop	177.5	230.4	29.8%	52.9	449.3	598.7	33.2%	149.5
BU Pointer	72.0	62.5	-13.2%	(9.5)	200.6	177.7	-11.6%	(23.0)
BU Portobello America	54.0	59.7	10.6%	5.7	130.8	183.9	40.6%	53.0
(-) Eliminations ¹	(15.0)	(27.5)	83.6%	(12.5)	(42.0)	(64.3)	53.2%	(22.3)
US\$ million	3Q21	3Q22	▲ %	▲ Abs	9M21	9M22	▲ %	▲ Abs
BU Portobello America	10.7	10.2	-4.4%	(0.5)	24.9	33.1	32.8%	8.2

¹ Intercompany operations

The distribution of sales across channels highlights the Company's ability to execute the cross-channel management strategy. It is worth mentioning retail sales, which account for 39.7% of the Group's total Net Revenue in 3Q22 vs. 36.2% in 3Q21, sales to the Engineering channel, which in 3Q22 reached the 19.7% share in the Group's Net Revenue vs. 16.6% in 3Q21. The export channel maintained the 21%-level in revenue, 9.5% of which coming from sales made by Portobello America in the United States and 11.4% to the other markets of the Portobello and Pointer Business Units.



Gross Profit

Adjusted and Recurring Gross Income in 3Q22 was R\$ 257 million in the period, up 15.2% vs. 3Q21. The Adjusted and Recurring Gross Margin remained at 43.0% in 3Q22, in line with 3Q21. The evolution of costs was properly allocated through price readjustments throughout the year and efficiency in the active management of the product and channel mix. The profitability maintenance demonstrates that, despite inflationary pressures and restrictions in the global economy faced in recent months, the Company has been able to outperform the market, reinforcing the positioning and strategic direction adopted.

R\$ million	3Q21	3Q22	▲ %	▲ Abs	9M21	9M22	▲ %	▲ Abs
Net Operating Revenue	519.4	597.9	15.1%	78.5	1,400.0	1,700.3	21.4%	300.3
Cost of Goods Sold (COGS)	(295.9)	(340.5)	15.1%	44.7	(807.6)	(952.0)	17.9%	144.4
Gross Operating Profit	223.5	257.4	15.2%	33.9	592.4	748.4	26.3%	155.9
Gross Margin	43.0%	43.0%	0 p.p.		42.3%	44.0%	1.7 p.p.	
Non-Recurring Events:	-	-			-	(2.5)		
1) DIFAL unconstitutionality reversal	-	-			-	(2.5)		
Adjusted and Recurring Gross Profit	223.5	257.4	15.2%	33.9	592.4	745.9	25.9%	153.5
Adjusted and Recurring Gross Margin	43.0%	43.0%	0 p.p.		42.3%	43.9%	1.6 p.p.	

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Operating Expenses

Adjusted Operating Expenses in 3Q22, when analyzed as a percentage of Net Revenue, increased 3.5 p.p. compared to 3Q21. The largest changes in absolute terms occurred in sales expenses, mostly due to the improvement of sales structure with acquired stores and marketing strategy adopted by Portobello America, aiming the scale gain in the North-American market. In 9M22, Adjusted Operating Expenses recorded a change of 2.0 p.p. in the share of Net Revenue and 30.3% in absolute amounts, partially as a consequence of the non-recurring effect regarding the tax gain related to the reversal of the ICMS Tax Rate Difference (DIFAL), recognized in 1Q22.

R\$ million	3Q21	%NR	3Q22	%NR	▲ %	▲ Abs	9M21	%NR	9M22	%NR	▲ %	▲ Abs
Operating Expenses												
Selling	(105.7)	20.3%	(145.7)	24.4%	37.8%	40.0	(298.9)	21.4%	(394.1)	23.2%	31.8%	95.2
General and Administrative	(17.8)	3.4%	(22.2)	3.7%	25.1%	4.5	(46.9)	3.4%	(64.6)	3.8%	37.8%	17.7
Other Revenues (Expenses)	(14.7)	2.8%	(4.1)	0.7%	-72.1%	10.6	(29.4)	2.1%	(16.6)	1.0%	-43.5%	12.8
Operating Expenses	(138.1)	26.6%	(172.0)	28.8%	24.5%	33.9	(375.2)	26.8%	(475.3)	28.0%	26.7%	100.1
Non-Recurring Revenues	2.5	0%	(4.7)	0.8%			2.5	-0.2%	(10.5)	1%		
Adjusted Operating Expenses	(135.6)	26.1%	(176.7)	29.6%	30.3%	41.1	(372.7)	26.6%	(485.8)	28.6%	30.3%	113.1

Sales Expenses in 3Q22 accounted for 24.4% of Net Revenue, an increase of 4.1 p.p. compared to 3Q21. In absolute terms, Sales Expenses increased 37.8% vs. 3Q21 and grew 31.8% year-to-date compared to the same period the previous year, largely due to our participation in trade shows and events, such as Expo Revestir 2022, which this year was an in-person event, and at the Coverings trade show in the USA.

General and Administrative Expenses accounted for 3.8% of Net Revenue in 3Q22, an increase of 0.3 p.p. compared to 3Q21. In absolute terms, the growth was 25.1%, largely due to investments in assembling our teams in the operations with the highest growth, mainly in the Portobello América and Portobello Shop Business Units. These investments are in line with the Company's strategic planning and should be supported by the expected growth; expenses are expected to be diluted as operations develop.

Other Revenues and Expenses in 3Q22 refer mainly to the provisioning of the Profit Sharing Program (PPR) and the Long-Term Incentive Plan (ILP), which totaled R\$ 4.7 million and civil, labor and tax provisions in the amount of R\$ 2.8 million.

In 9M22, Operating Expenses were positively impacted by the non-recurring effect related to the tax gain related to the reversal of DIFAL – Tax Rate Difference, since it was considered unconstitutional, in the amount of R\$ 9.4 million.

EBITDA

Adjusted and Recurring EBITDA was R\$ 105 million in 3Q22, accounting for a 1.1% decrease vs. 3Q21. The Adjusted and Recurring EBITDA Margin was 17.5% in 3Q22, 2.9 p.p. lower than in 3Q21, mainly due to the higher level of expenses in relation to Net Revenue. In 9M22, Adjusted and Recurring EBITDA has been growing 21.1% vs. 9M21, reaching R\$ 326 million in the period, with Adjusted and Recurring EBITDA Margin of 19.2%, in line with 9M21.

The operating income recorded by the Company in 3Q22 is among the highest ever achieved, despite the challenges faced in the period. This result demonstrates the Company's efficiency in optimizing the equation between volume performance, price flexibility and improvement of the product mix, combined with the culture of cost and expense management.

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R\$ million	3Q21	3Q22	▲ %	▲ Abs	9M21	9M22	▲ %	▲ Abs
Net Income	80.7	52.5	-35.0%	(28.2)	161.3	143.9	-10.8%	(17.4)
(+) Financial Expenses	14.7	20.6	40.9%	6.0	50.7	71.7	41.6%	21.0
(+) Depreciation and Amortization	17.8	24.0	34.8%	6.2	49.3	65.8	33.5%	16.5
(+) Income Taxes	(9.9)	12.2	-222.4%	22.1	5.4	57.2	969.6%	51.9
EBITDA	103.2	109.3	5.9%	6.1	266.5	338.7	27.1%	72.2
EBITDA Margin	19.9%	18.3%	-1.6 p.p.		19.0%	19.9%	0.9 p.p.	
Non-Recurring Events:	2.5	(4.7)			2.5	(13.0)		
1) DIFAL unconstitutionality reversal	-	(5.3)			-	(12.3)		
2) Other Favorable Outcomes in Lawsuits	-	0.5			-	(0.7)		
3) Selic on Income Tax/Social Contribution Basis	2.5	-			2.5	-		
Adjusted and Recurring EBITDA	105.7	104.6	-1.1%	-1.1	269.0	325.8	21.1%	56.8
Adjusted and Recurring EBITDA Margin	20.4%	17.5%	-2.9 p.p.		19.2%	19.2%	-0.1 p.p.	

The amount of non-recurring events of R\$ 4.7 million recorded in 3Q22 refers to the tax gain related to the reversal of the Tax Rate Difference (DIFAL), which was deemed unconstitutional. In 9M22, the amounts recognized as non-recurring events were R\$ 13.0 million, R\$ 12.3 million of which related to the tax gain from the reversal of DIFAL and R\$ 0.7 million related to other favorable legal decisions.

Net income

Adjusted and Recurring Net Income in 3Q22 totaled R\$ 48.9 million, 16.0% lower than in 3Q21, mainly due to the increase in financial expenses for the period, as a result of the higher interest rate, proportional to the interest rate increase in Brazil, partially offset by gains from exchange rate. In 9M22, Adjusted and Recurring Net Income reached R\$ 133 million, with a positive highlight for operating income, but it was also impacted by the increase in financial expenses in 1Q22 due to higher interest rates and exchange-rate changes.

R\$ million	3Q21	3Q22	▲ %	▲ Abs	9M21	9M22	▲ %	▲ Abs
EBITDA	103.2	109.3	5.9%	6.1	266.5	338.7	27.1%	72.2
(-) Financial Expenses	(14.7)	(20.6)	40.9%	(6.0)	(50.7)	(71.7)	41.6%	(21.0)
(-) Depreciation and Amortization	(17.8)	(24.0)	34.8%	(6.2)	(49.3)	(65.8)	33.5%	(16.5)
(-) Income Taxes	9.9	(12.2)	-222.4%	(22.1)	(5.4)	(57.2)	969.6%	(51.9)
Net Income	80.7	52.5	-35.0%	(28.2)	161.3	143.9	-10.8%	(17.3)
Net Margin	15.5%	8.8%	-6.8 p.p.		11.5%	8.5%	-3.1 p.p.	
Non-Recurring Events:	(22.5)	(3.6)			(22.5)	(11.5)		
(1) DIFAL unconstitutionality reversal	-	(5.3)			-	(12.3)		
(2) Selic on Income Tax/Social Contribution Basis	(22.5)	(0.3)			(22.5)	(0.8)		
(3) Recognition and Restatements of Lawsuits	-	(0.3)			-	(2.1)		
(4) Recognition and Restatements of Lawsuits – Other revenues/expenses	-	0.5			-	(0.7)		
(5) Recognition and Restatements of Lawsuits-IR/CSLL	-	1.8			-	4.4		
Adjusted and Recurring Net Income	58.2	48.9	-16.0%	(9.3)	138.8	132.5	-4.6%	(6.3)
Adjusted and Recurring Net Margin	11.2%	8.2%	-3 p.p.		9.9%	7.8%	-2.1 p.p.	

In 3T22, Net Income was positively impacted by the non-recurring effect related to the tax gain related to the reversal of the DIFAL – Tax Rate Difference, which was considered unconstitutional, in the amount of R\$ 5.3 million, partially offset the levy of R\$ 1.8 million referring to IR/CSLL.

In 9M22, there was a non-recurring effect related to the tax gain related to the reversal of the DIFAL, which was considered unconstitutional, in the amount of R\$ 12.3 million, R\$ 2.1 million referring to the update of lawsuits for legal assets (credit bills), and R\$ 0.7 million referring to the financial update of the Excise Tax – IPI premium credit, partially offset by the levy of R\$ 4.4 million referring to the update of Income Tax - IR/Social Contribution on Net Income - CSLL of said lawsuits.

Portobello Grupo

Cash Flow

The Company ended 3Q22 with a cash position of R\$ 134 million, a R\$ 56.4 million reduction vs. 3Q21. The reduction in the closing cash balance was due to the higher level of investments made in the period. The balance is in line with the management strategy adopted by the Company. Additionally, in July 2022, funds were received related to the redemption of deposits given as guarantee, in the amount of R\$ 58.3 million. In 9M22, the amounts collected totaled R\$ 93.8 million, which positively impacted the line of operating activities, referring to: (i) rural credit bills, in the amount of R\$ 20.3 million; (ii) redemption of deposits pledged in guarantee in the amount of R\$ 73.5 million.

R\$ million	3Q21	3Q22	▲	▲ Abs	9M21	9M22	▲	▲ Abs
Activities								
Operating	120.8	98.6	-18.4%	(22.3)	251.8	222.4	-11.7%	29.4
Investment	(21.3)	(93.5)	338%	(72.1)	(88.9)	(167.4)	88.3%	78.5
Financing	59.2	(61.5)	-204%	(120.8)	(156.4)	(110.6)	-29.3%	(45.7)
Changes in Cash	158.7	(56.4)	-136%	(215.1)	6.6	(55.5)	-944%	62.1
Opening Balance	174.2	190.5	9.4%	16.4	326.3	189.7	-41.9%	136.6
Closing Balance	332.9	134.2	-59.7%	(198.7)	332.9	134.2	-59.7%	198.7

The Company's operating activities generated cash of R\$ 98.6 million in 3Q22, driven by a sound EBITDA, but were impacted by the change in working capital, mainly the increase in inventory levels.

The Company's investment activities totaled R\$ 93.5 million in 3Q22, earmarked mainly for the expansion of Portobello Shop's own store network, investments in the new Portobello América plant, CapEx for the Tijucas-SC plant, with modernization of the industrial park to produce products with greater added value and larger formats.

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

Financing activities resulted in an effect of R\$ 61.5 million in 3Q22, largely due to the distribution of dividends in the amount of R\$ 43.3 million, paid in September. The payment of loans and financing totaled R\$ 12.6 million in the period. Funding was also raised, totaling R\$ 1.9 million.

Working Capital

The Company's Working Capital in 3Q22 totaled R\$ 374 million, an increase of R\$ 38.6 million or 11.5% compared to 2Q22. The Cash Conversion Cycle in 3Q22 was 47 days, an increase of 4 days compared to 2Q22, with emphasis on the improvement in supplier terms. Compared to 3Q21, the change in Working Capital was R\$ 133 million, and the change in Cash Conversion Cycle was 23 days. A major part of this change was due to the increase in inventory levels, mainly at Pointer, as a result of the slowdown in the civil construction market in the North/Northeast regions of Brazil, and at Portobello America and Portobello Shop Business Units, as a result of a strategic decision aimed at improving service level for retail customers and the US market. This result was partially offset by the increase in supplier terms and the improvement in the receivables portfolio.

		3Q21	3Q22	▲ %	▲ Abs	2Q22	▲ %	▲ Abs
Em R\$ milhões	Accounts Receivable	307.0	359.9	17.2%	52.9	336.9	6.8%	23.0
	Inventories	251.0	418.7	66.8%	167.7	370.1	13.1%	48.6
	Suppliers	316.7	404.6	27.8%	87.9	371.6	8.9%	33.0
	Working Capital	241.3	374.0	55.0%	132.7	335.4	11.5%	38.6
Em Dias	Accounts Receivable	48	47	-2.1%	(1)	43	9.3%	4
	Inventories	83	116	39.8%	33	108	7.4%	8
	Suppliers	107	116	8.4%	9	108	7.4%	8
	Cash Conversion Cycle (CCC)	24	47	95.8%	23	43	9.3%	4

Portobello Grupo

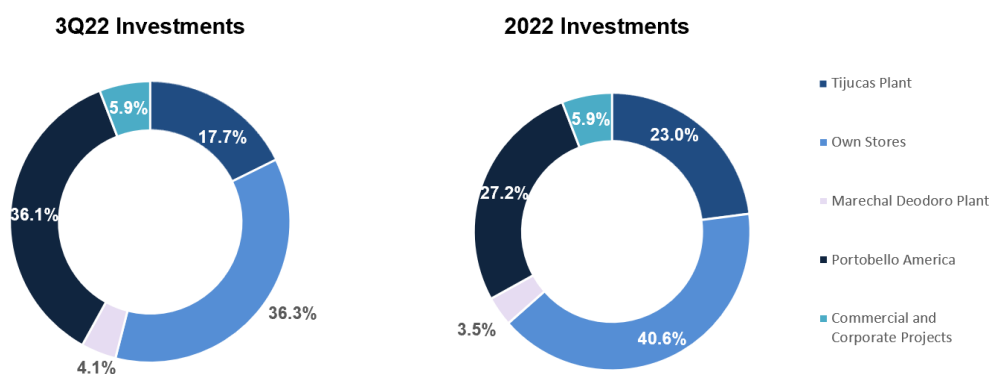
Investments

Investments in 3Q22 totaled R\$ 121 million, and 36.3% were allocated to investments in own stores, 36.1% were allocated to the Portobello América, 17.7% were allocated to the Tijucas-SC plant and the remainder to commercial and corporate projects and to the industrial plant in Marechal Deodoro-AL.

Investments made in owned stores in 3Q22 were largely related to the acquisition of stores announced by the Company in March (Pacaembu and Gabriel) and July (Balneário Camboriú, Tijucas and São José) of this year.

In 9M22, investments totaled R\$ 267 million, of which 40.6% was allocated to owned stores, 27.5% to Portobello América, 23.0% to the Tijucas-SC plant and the remainder to commercial and corporate projects and the industrial unit in Marechal Deodoro-AL.

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



Indebtedness and Capital structure

The Company's Net Debt ended 3Q22 at R\$ 584 million, an increase of R\$ 41.5 million vs. 2Q22. Compared to 3Q21, there was an increase of R\$ 94.9 million due to investments in working capital and CapEx. The increase in Adjusted and Recurring EBITDA in the last 12 months to R\$ 422 million, and discipline in financial management, focused on the constant optimization of the Cash Conversion Cycle, resulted in the Company's maintaining a financial leverage of 1.4x the Adjusted and Recurring EBITDA, the lowest indebtedness level ever reached by the Company.

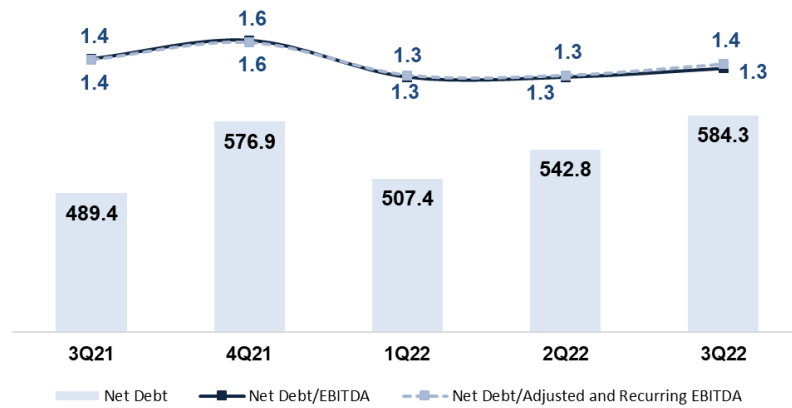
R\$ million	3Q21	4Q21	1Q22	2Q22	3Q22
Gross Bank Debt¹	822.3	766.7	731.6	733.4	718.4
Cash and Cash Equivalents	(332.9)	(189.7)	(224.2)	(190.6)	(134.2)
Net Indebtedness	489.4	576.9	507.4	542.8	584.3
EBITDA (LTM)	341.2	360.9	398.9	427.1	433.2
Adjusted and Recurring EBITDA (LTM)	343.7	365.4	394.9	423.1	422.3
Net Debt-to-EBITDA ratio	1.4	1.6	1.3	1.3	1.3
Net Debt-to-Adjusted and Recurring EBITDA ratio	1.4	1.6	1.3	1.3	1.4

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

In 3Q22, R\$ 12.6 million of contracted Bank Debt were amortized. Funding totaled R\$ 1.9 million. In 9M22, R\$ 61.0 million was amortized and R\$ 16.7 million was raised.

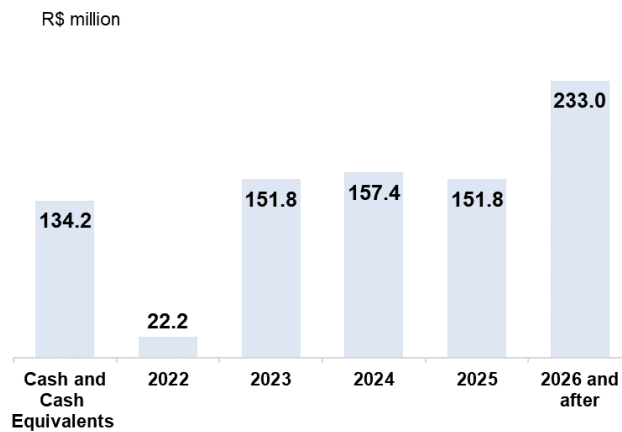
Portobello Grupo

R\$ Million



At the end of 3Q22, all covenants related to the leverage ratio were met, which could lead to the early maturity of financing contracts and Debentures if not complied with.

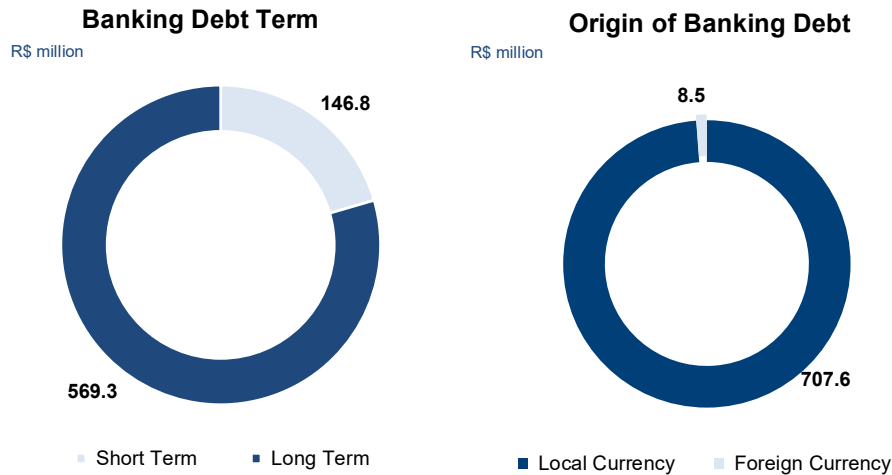
The details of the amortization schedule (Gross Banking Debt) can be found below:



Gross Bank Debt maturing in the short term represents 20.5% of the total, an increase of 9.1 p.p. compared to 2Q22, due to the amortizations carried out in accordance with debt maturities in 3Q22. The remaining debt matures in the long term, as shown in the amortization schedule above. The Gross Banking Debt is mostly in domestic currency (98.8%). The average total cost of Banking Debt is 12.7% per annum and the average term is 4.3 years, vs 4.2 in 3Q21.

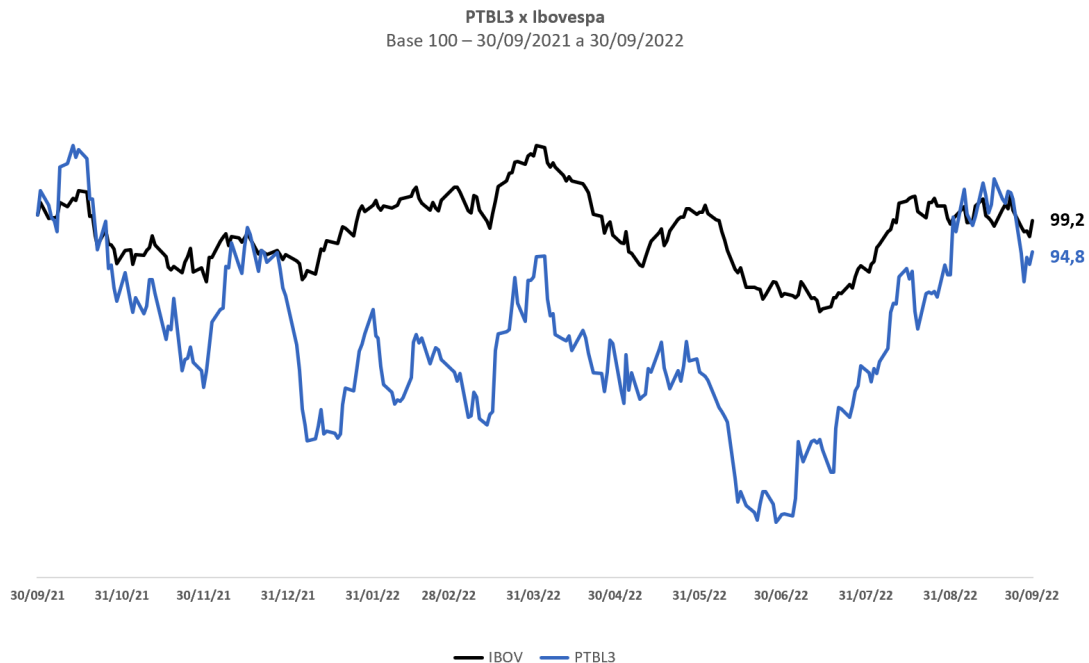
This debt profile provides greater flexibility for the Company to develop its strategic plan, focused on the growth of retail in Brazil and international business, mainly in the USA through Portobello América.

Portobello Grupo



PTBL3 Stock Performance

Shares traded under the PTBL3 ticker closed the trading session on September 30, 2022 at R\$ 10.29, presenting a devaluation of 5.2% when compared to the closing of 3Q21 (quoted at R\$ 10.85). The average daily financial volume traded (ADTV) in 3Q22 was R\$ 7.0 million. At the end of September 2022, the Company had a market value equivalent to R\$ 1,451 million.



Independent Audit

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

Portobello Grupo

Management

Statutory Executive Board

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

Board of Directors

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

Portobello Grupo

Corporate Governance

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

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

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

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

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

Electronic address to communicate corporate governance related issues to senior management

dri@portobello.com.br.

Portobello Grupo

Financial Statements

Balance Sheet

Assets	3Q21	AV %	3Q22	AV %	Var%
Current assets	1,043.8	46.9%	1,035.5	45.8%	-0.8%
Cash and cash equivalents	332.9	15.0%	134.2	5.9%	-59.7%
Trade Receivables	379.4	17.1%	426.7	18.9%	12.5%
Inventories	251.0	11.3%	418.7	18.5%	66.8%
Other	80.5	3.6%	56.0	2.5%	-30.5%
Non-current assets	1,179.8	53.0%	1,227.7	54.2%	4.1%
Long-term assets	493.9	22.2%	352.9	15.6%	-28.5%
Judicial deposits	174.6	7.9%	104.2	4.6%	-40.3%
Judicial assets	144.7	6.5%	139.7	6.2%	-3.5%
Guarantee deposit	87.1	3.9%	18.7	0.8%	-78.6%
Receivables - Eletrobrás	12.8	0.6%	12.8	0.6%	0.0%
Restricted financial investments	8.3	0.4%	9.1	0.4%	10.0%
Recoverable taxes and deferred tax	15.2	0.7%	19.6	0.9%	29.1%
Other non-current assets	51.2	2.3%	48.9	2.2%	-4.5%
Fixed assets	685.8	30.8%	874.8	38.7%	27.6%
PPE, Intangible Assets and Investments	604.1	27.2%	709.8	31.4%	17.5%
Right of Use of Leased Assets	81.4	3.7%	164.6	7.3%	102.3%
Other investments	0.3	0.0%	0.3	0.0%	0.0%
Total assets	2,223.6	100.0%	2,263.2	100.0%	1.8%
Liabilities	3Q21	AV %	3Q22	AV %	Var%
Current liabilities	769.8	34.6%	919.0	40.6%	19.4%
Loans and Debentures	143.9	6.5%	146.8	6.5%	2.0%
Trade Payables and Credit Assignment	358.8	16.1%	442.8	19.6%	23.4%
Lease obligations	18.1	0.8%	18.1	0.8%	-0.2%
Tax liabilities	43.0	1.9%	43.2	1.9%	0.5%
Payroll and related taxes	74.0	3.3%	87.5	3.9%	18.2%
Advances from Customers	72.4	3.3%	66.8	3.0%	-7.7%
Other	59.6	2.7%	113.9	5.0%	91.2%
Non-current liabilities	1,080.4	48.6%	888.1	39.2%	-17.8%
Loans and Debentures	678.3	30.5%	569.3	25.2%	-16.1%
Suppliers	181.2	8.1%	101.9	4.5%	-43.8%
Debts with related parties	56.4	2.5%	56.3	2.5%	-0.1%
Provisions	70.9	3.2%	89.3	3.9%	25.9%
Lease obligations	66.5	3.0%	37.1	1.6%	-44.3%
Other Non Current Liabilites	27.0	1.2%	34.2	1.5%	26.4%
Equity	373.4	16.8%	456.1	20.2%	22.1%
Capital	250.0	11.2%	250.0	11.0%	0.0%
Treasury shares	(91.4)	-4.1%	-	0.0%	-100.0%
Earnings reserve	268.3	12.1%	245.3	10.8%	-8.6%
Other comprehensive income	(53.6)	-2.4%	(39.2)	-1.7%	-26.7%
Total liabilities	2,223.6	100.0%	2,263.2	100.0%	1.8%

Portobello Grupo

Statement of income

R\$ million	3Q21	3Q22	9M21	9M22
Net Sales Revenue	519.4	597.9	1,400.0	1,700.3
Gross Operating Profit	223.5	257.4	592.4	748.4
Operating Income (Expenses), Net	(138.1)	(172.1)	(375.2)	(475.5)
Selling	(105.7)	(145.7)	(298.9)	(394.1)
General and Administrative	(17.8)	(22.2)	(47.0)	(64.6)
Other Operating Income (Expenses), Net	(14.7)	(4.2)	(29.4)	(16.7)
Operating Profit before Financial Income	85.4	85.3	217.2	272.9
Financial Result	(14.7)	(20.7)	(50.5)	(71.8)
Financial Revenues	2.3	4.9	7.3	14.9
Financial Expenses	(23.0)	(34.1)	(61.1)	(90.9)
Net exchange rate change	6.0	8.5	3.2	4.3
Income (loss) before income taxes	70.7	64.6	166.6	201.1
Income Tax and Social Contribution	9.9	(12.1)	(5.3)	(57.2)
Net income (loss) for the Period	80.7	52.5	161.3	144.0

Cash Flow

R\$ million	3Q21	3Q22	9M21	9M22
Net cash from operating activities	120.8	98.6	251.8	222.4
Cash from operations	103.0	124.2	257.3	322.7
Changes in assets and liabilities	22.2	22.1	39.9	14.4
Interest paid and income taxes paid	(4.5)	(47.8)	-45.4	-114.7
Net cash used in investment activities	(21.3)	(93.5)	(88.9)	(167.4)
Acquisition of property, plant and equipment	(5.8)	(67.9)	-54.0	-146.1
Acquisition of intangible assets	(5.7)	(8.0)	-13.2	-15.6
Acquisition of lease assets	-	(44.8)	0.0	-105.0
Receipt for the sale and reimbursement of fixed assets	-	-	0.0	55.8
Other investments	(9.8)	27.2	-21.7	43.5
Net cash provided by (used in) financing activities	59.2	(61.5)	(156.4)	(110.6)
Funding loans and financing	409.9	1.9	466.8	16.7
Payment of loans and financing	(236.8)	(12.6)	-376.9	-61.0
Dividends paid	(18.3)	(43.3)	-79.0	-46.9
Lease Amortization	(5.0)	(7.5)	-13.5	-19.5
Treasury acquisitions	(90.5)	-	-153.7	0.0
Increase/(Decrease) in Cash for the period/year	158.7	(56.4)	6.6	(55.5)
Opening Balance	174.2	190.5	326.3	189.7
Closing Balance	332.9	134.2	332.9	134.2

Please visit the Investor Relations website:

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

(A free translation of the original in Portuguese)

PBG S.A. and subsidiaries

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

1. General information

PBG S.A., hereinafter referred to as “Company” or “Parent Company”, is a publicly-held company and its shares are traded on the Novo Mercado segment of B3 S.A. - Brasil, Bolsa, Balcão (“B3”), under ticker symbol PTBL3. The Company is controlled by a group of shareholders, formalized in the agreement entered into on April 15, 2011, and amended on August 5, 2021, which holds 61.09% of the Company’s shares at September 30, 2022. The remaining balance of 38.91% refers to outstanding shares (free float).

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

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

2. Presentation of interim financial information

a) Statement of compliance

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

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

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

used by Management in its activities. This interim financial information was approved and authorized for issue by the Board of Directors on November 9, 2022.

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

b) Use of judgment and estimates

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

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

3. Significant accounting policies

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

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

3.1 Consolidations

3.1.1 Consolidated interim financial information

a) Subsidiaries

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

PBG S.A. and subsidiaries

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

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

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

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

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

b) Transactions and non-controlling interests

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

3.1.2 Parent company interim financial information

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

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

3.2 Segment reporting

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

3.3 Functional currency and foreign currency translation

a) Transactions and balances

Foreign currency transactions are translated into Brazilian reais using the exchange rates prevailing at the dates of the transactions, or the dates of valuation when items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currency are recognized in profit or loss as finance income (costs), as presented in Note 33, except when deferred in equity as qualifying cash flow hedge transactions.

b) Foreign subsidiaries

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

3.4 Revenue recognition

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

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

a) Product sales - wholesale

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

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

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

b) Income from franchisees

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

c) Financial income

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

4. Critical accounting estimates and judgments

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

5. Financial risk management

5.1 Financial risk factors

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

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

a) Market risk

i. Foreign exchange risk

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

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

PBG S.A. and subsidiaries

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

All amounts in thousands of reais, unless otherwise stated.

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

	In thousands of Brazilian reais			
	Parent company		Consolidated	
	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021
Trade receivables	108,596	60,407	142,687	123,330
Checking account	41	4,516	25,694	21,717
Receivables from subsidiaries	159,110	111,796	-	-
Exposed assets	267,747	176,719	168,381	145,047
Suppliers	(4,959)	(16,717)	(15,144)	(34,111)
Suppliers of property, plant and equipment and intangible assets	(22,233)	(23,980)	(22,233)	(41,590)
Borrowings	(8,520)	(21,280)	(8,520)	(21,280)
(-) Swap transaction	-	3,790	-	3,790
Exposed liabilities	(35,712)	(58,187)	(45,897)	(93,191)
Net exposure	232,035	118,532	122,484	51,856

The foreign exchange exposure is divided into:

1. Euro:

	In Euro			
	Parent company		Consolidated	
	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021
Trade receivables	494	264	494	264
Suppliers	(820)	(1,419)	(820)	(1,419)
Suppliers of property, plant and equipment and intangible assets	(4,202)	(3,795)	(4,202)	(3,795)
	(4,528)	(4,949)	(4,528)	(4,949)

2. US Dollar:

	In thousands of US Dollars			
	Parent company		Consolidated	
	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021
Trade receivables	19,603	8,020	25,908	11,344
Checking account	8	288	4,752	4,215
Receivables from subsidiaries	29,429	8,718	-	-
Suppliers	(115)	(1,730)	(1,998)	(6,062)
Borrowings	(1,576)	(9,453)	(1,576)	(9,453)
(-) Swap transactions	-	2,717	-	2,717
	47,349	8,560	27,086	2,761

PBG S.A. and subsidiaries

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

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

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

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

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

b) Credit risk

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

c) Liquidity risk

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

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

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

PBG S.A. and subsidiaries

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

All amounts in thousands of reais, unless otherwise stated.

Parent company					
September 30, 2022					
	Borrowings and debentures	Lease liabilities	Trade payables and credit assignment	Installment payment of tax obligations	Total
Less than 1 year	146,766	7,336	396,890	12,135	563,127
From 1 to 2 years	155,986	5,912	98,989	12,135	273,022
From 2 to 5 years	345,880	2,504	2,913	986	352,283
Over 5 years	67,456	-	-	-	67,456
	<u>716,088</u>	<u>15,752</u>	<u>498,792</u>	<u>25,256</u>	<u>1,255,888</u>
Consolidated					
December 31, 2021					
	Borrowings and debentures	Lease liabilities	Trade payables and credit assignment	Installment payment of tax obligations	Total
Less than 1 year	98,115	19,456	365,652	11,663	494,849
From 1 to 2 years	136,218	28,016	188,167	11,663	364,064
From 2 to 5 years	431,752	15,626	1,767	9,743	458,888
Over 5 years	96,307	1,755	-	-	98,062
	<u>762,392</u>	<u>64,853</u>	<u>555,586</u>	<u>33,069</u>	<u>1,415,863</u>
Consolidated					
September 30, 2022					
	Borrowings and debentures	Lease liabilities	Trade payables and credit assignment	Installment payment of tax obligations	Total
Less than 1 year	146,766	18,075	440,546	12,135	617,522
From 1 to 2 years	155,986	14,476	98,989	12,135	281,586
From 2 to 5 years	345,880	21,619	2,913	986	371,398
Over 5 years	67,456	962	-	-	68,418
	<u>716,088</u>	<u>55,132</u>	<u>542,448</u>	<u>25,256</u>	<u>1,338,924</u>

d) Sensitivity analysis

i) Sensitivity analysis of interest rate variations

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

This study is based on the likely scenario of an increase in the CDI rate to 13.69% per year, based on the future interest curve by B3 S.A. - Brasil, Bolsa e Balcão and Selic to 13.69% per year. The probable rate was then stressed by 25% and 50% and used as benchmark for the possible and remote scenarios, respectively.

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All amounts in thousands of reais, unless otherwise stated.

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

	September 30, 2022	Risk	Consolidated in Reais					
			Probable Rate		Possible (25%)*		Remote (50%)*	
			%	R\$	%	R\$	%	R\$
Financial investments	103,842	CDI increase	13.69%	14,216	17.11%	17,770	20.54%	21,324
Borrowings	(140,094)	CDI increase	13.69%	(19,179)	17.11%	(23,974)	20.54%	(28,768)
Debentures	(299,200)	CDI increase	13.69%	(40,960)	17.11%	(51,201)	20.54%	(61,441)
Installment payment of tax obligations	(25,256)	Selic increase	13.69%	(3,458)	17.11%	(4,322)	20.54%	(5,186)
	(360,708)			(49,381)		(61,726)		(74,071)

* Selic and CDI rates obtained from the B3 (Brasil, Bolsa e Balcão) website on October 19, 2022.

ii) Sensitivity analysis of changes in exchange rates

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

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

	September 30, 2022		Probable scenario	Consolidated			
				Currency appreciation		Currency depreciation	
				Possible +25%	Remote +50%	Possible -25%	Remote -50%
	(Payable)	Receivable					
	US Dollar	Reais	5.3722	6.7152	8.0583	4.0291	2.6861
Trade receivables	25,908	140,074	(891)	33,904	68,700	(35,687)	(70,483)
Checking account	4,752	25,692	(163)	6,219	12,601	(6,546)	(12,928)
Suppliers	(1,998)	(10,806)	72	(2,611)	(5,294)	2,756	5,439
Borrowings	(1,576)	(8,521)	54	(2,062)	(4,179)	2,171	4,288
Net exposure	27,086	146,439	(928)	35,450	71,828	(37,307)	(73,682)
	Euro	Reais	5.2846	6.6058	7.9269	3.9635	2.6423
Trade receivables	494	2,613	(2)	650	1,303	(655)	(1,308)
Suppliers	(820)	(4,338)	5	(1,079)	(2,162)	1,088	2,171
Suppliers of property, plant and equipment and intangible assets	(4,202)	(22,230)	24	(5,527)	(11,079)	5,576	11,127
Net exposure	(4,528)	(23,955)	27	(5,956)	(11,938)	6,009	11,990

*Possible and remote scenarios calculated based on the probable future rate of the Euro and the US Dollar for 90 days, obtained from the B3 (Brasil, Bolsa e Balcão) website on October 19, 2022.

PBG S.A. and subsidiaries

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

5.2 Capital management

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

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

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

	Parent company		Consolidated	
	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021
Gross Banking Debt	718,436	766,664	718,438	766,664
Cash and cash equivalents	(80,476)	(125,516)	(134,185)	(189,718)
Net indebtedness	637,960	641,148	584,253	576,946
Total equity	456,086	356,136	456,102	356,157
Total Company and third-party capital	1,094,046	997,284	1,040,355	933,103
Net debt/ EBITDA	1.63	2.01	1.49	1.60
Gearing ratio (%)	58	64	56	62

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

5.3 Financial instruments by category

	Parent company		Consolidated	
	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021
Assets measured at fair value through profit or loss and other comprehensive income				
Hedge accounting derivatives	9,684	2,624	9,684	2,624
Derivatives	-	3,790	-	3,790
Liabilities at amortized cost				
Cash and cash equivalents	80,476	125,516	134,185	189,718
Trade receivables	344,711	296,195	426,652	375,624
Receivables from subsidiaries	173,000	119,130	-	-
Judicial deposits	104,101	185,332	104,154	185,382
Restricted investments	9,092	13,679	9,092	13,679
Other assets	21,109	19,372	23,134	21,140
	742,173	765,638	706,901	791,957
Liabilities at amortized cost				
Trade payables and assignment	498,792	512,073	542,448	555,549
Borrowings and debentures	716,088	762,392	716,088	762,392
Dividends payable	1,113	970	1,113	1,043
Lease liabilities	15,752	23,419	55,132	64,853
Payables to Related Parties	73,149	56,330	120,293	56,363
Other liabilities	23,301	18,454	57,746	51,928
	1,328,195	1,373,638	1,492,820	1,492,128

The Company's financial investment is linked to a long-term investment fund and is pegged to a reciprocity clause in the loan agreement with Banco do Nordeste in the amount of R\$ 9,092 at September 30, 2022 (R\$ 13,679 at December 31, 2021). This financial investment is classified in non-current assets.

6. Cash and cash equivalents

PBG S.A. and subsidiaries

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

All amounts in thousands of reais, unless otherwise stated.

Short-term investments designated as cash equivalents are mostly CDB investments, the profitability of the financial investments on the balance sheet date is between 70% and 102.50% of the Interbank Deposit Certificate (CDI) rate and have immediate liquidity, and can be redeemed at any time, without penalties.

	Parent company		Consolidated	
	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021
Checking accounts	3,533	91,370	22,327	112,861
Local currency	3,492	86,854	4,649	100,860
Foreign currency	41	4,516	17,678	12,001
Financial investments	76,943	34,146	111,858	76,857
Local currency	76,943	34,146	103,842	67,141
Foreign currency	-	-	8,016	9,716
	80,476	125,516	134,185	189,718

7. Financial instruments

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

The Company has NDF contracts with a total notional amount of US\$ 45,639, under the following conditions:

a) Transactions to be settled/realized after 9/30/2022 with effect on Equity:

Maturity	Quotation set (weighted average of agreements) R\$/US\$	Notional value (in U.S. Dollar)	Fair value - MTM
10/31/2022	6.1850	4,906	3,790
11/30/2022	6.2329	4,972	3,870
12/30/2022	6.2887	4,815	3,802
2022		14,693	11,462
01/31/2023	5.4487	5,407	(319)
02/28/2023	5.4720	5,275	(326)
03/31/2023	5.5079	5,520	(342)
04/30/2023	5.5411	4,872	(263)
05/31/2023	5.5762	4,956	(262)
06/30/2023	5.6051	4,916	(266)
2023		30,946	(1,778)
Total		45,639	9,684

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

b) Transactions settled/realized up to 9/30/2022 with effects on profit or loss:

Maturity	Quotation set (weighted average of agreements) R\$/US\$	Notional value (in U.S. Dollar)	Operating income or loss (Note 31)				Finance income (costs)			
			Quarter ended	Quarter ended	Accumulated ended	Accumulated ended	Quarter ended	Quarter ended	Accumulated ended	Accumulated ended
			September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
2021	5.0273	18,000	-	(3,407)	-	(3,407)	-	(68)	-	(68)
2022	5.4795	37,685	11,995	-	28,019	-	-	-	-	-

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

At September 30, 2022, there was an unrealized gain (fair value - mark-to-market at the curve of the US Dollar of B3) of R\$ 9,684 without considering income tax and social contribution, recorded in other comprehensive income and current assets (Note 28.4), for contracts falling due on that date. This amount is shown in the Statement of changes in equity and in the Statement of comprehensive income. There were also accumulated realized gains of R\$ 28,019 in the operating result (Note 30).

8. Trade receivables

	Parent company		Consolidated	
	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021
Receivables from third parties				
Domestic market	238,720	239,247	288,809	258,018
Foreign market	108,596	60,407	142,687	123,330
	<u>347,316</u>	<u>299,654</u>	<u>431,496</u>	<u>381,348</u>
Receivables from related parties				
Entities related to management (Note 39)	269	757	582	757
	<u>269</u>	<u>757</u>	<u>582</u>	<u>757</u>
Total short-term trade receivables	<u>347,585</u>	<u>300,411</u>	<u>432,078</u>	<u>382,105</u>
Total non-current long-term trade receivable in domestic market	<u>3,391</u>	<u>3,391</u>	<u>3,391</u>	<u>3,391</u>
Total trade receivables	<u>350,976</u>	<u>303,802</u>	<u>435,469</u>	<u>385,496</u>
Impairment of trade receivables				
Provision for impairment of trade receivables - short term	(2,874)	(4,216)	(5,426)	(6,481)
Provision for impairment of trade receivables - long current	(3,391)	(3,391)	(3,391)	(3,391)
	<u>(6,265)</u>	<u>(7,607)</u>	<u>(8,817)</u>	<u>(9,872)</u>
Total trade receivables, net of provision for impairment of trade receivables	<u>344,711</u>	<u>296,195</u>	<u>426,652</u>	<u>375,624</u>

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

a) Aging list of trade receivables

	Parent company					
	September 30, 2022	Estimated losses	Coverage %	December 31, 2021	Estimated losses	Coverage %
Falling due	341,631	(1,369)	0.4%	295,689	(2,225)	0.8%
Past due until 30 days	2,881	(29)	1.0%	1,763	(103)	5.8%
Past due from 31 to 60 days	1,186	(59)	5.0%	418	(46)	11.0%
Past due from 61 to 90 days	389	(39)	10.0%	279	(32)	11.5%
Past due from 91 to 120 days	76	(19)	25.0%	273	(62)	22.7%
Past due from 121 to 180 days	127	(64)	50.4%	457	(216)	47.3%
Past due from 181 to 360 days	1,295	(1,295)	100.0%	1,532	(1,532)	100.0%
Past due over 361 days	3,391	(3,391)	100.0%	3,391	(3,391)	100.0%
	<u>350,976</u>	<u>(6,265)</u>		<u>303,802</u>	<u>(7,607)</u>	
Consolidated						
	September 30, 2022	Estimated losses	Coverage %	December 31, 2021	Estimated losses	Coverage %
Falling due	407,656	(1,479)	0.4%	365,753	(3,289)	0.9%
Past due until 30 days	13,888	(139)	1.0%	7,459	(159)	2.1%
Past due from 31 to 60 days	4,564	(228)	5.0%	3,898	(211)	5.4%
Past due from 61 to 90 days	1,620	(162)	10.0%	1,056	(107)	10.1%
Past due from 91 to 120 days	586	(147)	25.1%	970	(234)	24.1%
Past due from 121 to 180 days	986	(493)	50.0%	896	(409)	45.6%
Past due from 181 to 360 days	2,778	(2,778)	100.0%	2,073	(2,072)	100.0%
Past due over 361 days	3,391	(3,391)	100.0%	3,391	(3,391)	100.0%
	<u>435,469</u>	<u>(8,817)</u>		<u>385,496</u>	<u>(9,872)</u>	

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

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

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

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All amounts in thousands of reais, unless otherwise stated.

	Parent company	Consolidated
Balance at December 31, 2020	(9,026)	(10,310)
Net	(6,113)	(9,536)
Reversal of provision	5,954	8,396
Write-off due to effective loss	1,578	1,578
Balance at December 31, 2021	(7,607)	(9,872)
Net	(3,015)	(8,505)
Reversal of provision	2,444	7,647
Write-off due to effective loss	1,913	1,913
Balance at September 30, 2022	(6,265)	(8,817)

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

At September 30, 2022, the total notes receivable pledged as collateral amounts to R\$ 82,949 (R\$ 100,657 at December 31, 2021). In order to guarantee the transactions of third parties with franchisees, collateral amounts to R\$ 217 at September 30, 2022 (R\$ 478 at December 31, 2021).

9. Inventories

	Parent company		Consolidated	
	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021
Finished products	269,976	165,656	342,827	211,876
Work in progress	15,829	10,455	16,103	10,706
Raw materials and consumables	56,929	57,720	58,701	58,576
Imports in transit	1,064	7,871	13,727	16,048
Provision for valuation of inventories at realizable value	(11,789)	(8,594)	(12,694)	(11,842)
	332,009	233,108	418,664	285,364

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

	Parent company	Consolidated
Balance at December 31, 2020	(8,861)	(9,491)
Recognition of provision	(6,166)	(9,415)
Reversal of provision due to sale or write-off	6,433	7,064
Balance at December 31, 2021	(8,594)	(11,842)
Recognition of provision	(9,837)	(10,428)
Reversal of provision due to sale or write-off	6,642	9,576
Balance at September 30, 2022	(11,789)	(12,694)

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10. Taxes recoverable

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

	Parent company		Consolidated	
	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021
Current				
PIS/COFINS (a)	6,424	19,959	6,464	19,951
IRPJ/CSLL (b)	6,807	1,192	8,099	1,864
ICMS	236	218	459	270
ICMS - DIFAL (e)	1,592	-	1,592	-
IPI (c)	1,953	3,841	2,002	3,859
Special Tax Reintegration Regime for Exporting Companies (REINTEGRA)	824	720	824	720
Other taxes recoverable	627	732	740	790
	<u>18,463</u>	<u>26,662</u>	<u>20,180</u>	<u>27,454</u>
Non-current				
ICMS-ST (d)	9,982	9,982	9,982	9,982
ICMS - DIFAL (e)	3,556	-	3,556	-
ICMS (f)	6,038	4,783	6,098	4,877
	<u>19,576</u>	<u>14,765</u>	<u>19,636</u>	<u>14,859</u>

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

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

b) IRPJ and CSLL

The balance is comprised by the negative balance of IRPJ and CSLL of 2021 and the negative balance of 2022. The 2021 amount will be used still in 2022, to be offset against other federal taxes. The 2022 amount will be compared with the calculation of these taxes in the current year.

c) IPI

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

d) ICMS-ST

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

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e) ICMS - DIFAL

PBG filed writ of mandamus 5015551-38.2021.8.21.0001 against the collection of DIFAL in the State of Rio Grande do Sul before the publication of a complementary law. It obtained a favorable decision for the refund of the amount paid upon a final and unappealable decision in September 2022. The amount of R\$ 5,148 will be refunded through offsets against the amounts calculated monthly by the Company.

f) ICMS

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

11. Judicial deposits

The Company and its subsidiaries are parties to tax, civil, labor and social security lawsuits (see notes 26 and 27) and are discussing these matters at administrative and judicial level, which are supported by judicial deposits, when applicable. These are recorded at the original amount adjusted by the rates relating to the benchmark interest rates applicable to savings accounts.

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

	Parent company		Consolidated	
	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021
Civil (a)	92,586	171,195	92,586	171,195
Other deposits - Civil	-	159	-	159
Labor	1,970	2,075	1,978	2,083
Tax	9,545	11,903	9,590	11,945
	-	-	-	-
	<u>104,101</u>	<u>185,332</u>	<u>104,154</u>	<u>185,382</u>

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

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

12. Guarantee deposits

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

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

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

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

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

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

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

At September 30, 2022, the Company carried out the financial update of the assets in the amount of R\$ 3,632, obtaining the balance of R\$ 18,666.

The Company informs that there are still amounts recorded as “Guarantee deposits” that remain deposited for another five tax foreclosures. The Company’s expects to realize these amounts by 2023.

13. Receivables from Eletrobrás

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

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

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

In September 2022, after summons, the Parties agreed with the total amount of R\$ 12,977 presented by the Federal Court. Currently, the process is concluded for ratification decision and notice of

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Eletrobrás for the payment of the judgment debt. The Company awaits the ratification to proceed with the update of the balance.

14. Income tax and social contribution

a) Income tax and social contribution recoverable and payable

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

	Current assets			
	Parent company		Consolidated	
	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021
Income tax	5,137	1,192	6,126	1,690
Social contribution	1,670	-	1,973	174
	<u>6,807</u>	<u>1,192</u>	<u>8,099</u>	<u>1,864</u>
	Current liabilities			
	Parent company		Consolidated	
	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021
Income tax	-	124	2,336	2,749
Social contribution	-	-	843	1,116
	<u>-</u>	<u>124</u>	<u>3,179</u>	<u>3,865</u>

b) Deferred income tax and social contribution

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

	Parent company		Consolidated	
	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021
Tax losses	<u>21,688</u>	<u>27,702</u>	<u>30,479</u>	<u>36,494</u>
Temporary differences - assets	<u>57,853</u>	<u>63,053</u>	<u>61,321</u>	<u>65,297</u>
Cash basis foreign exchange variations	12,834	16,725	12,834	16,725
Provision for adjustment to market value	2,218	1,753	2,218	1,753
Provision for civil, labor, social security and tax risks	18,775	19,423	19,353	19,423
Provision for profit sharing and long-term incentive	5,855	8,590	5,855	8,590
Other temporary differences - assets	18,171	16,562	21,061	18,806
Temporary differences - liabilities	<u>(69,210)</u>	<u>(63,462)</u>	<u>(75,597)</u>	<u>(69,849)</u>
Portobello pension plan	(6,350)	(6,350)	(6,350)	(6,350)
Realization of the revaluation reserve	(16,102)	(16,041)	(16,102)	(16,041)
Receivables from Eletrobrás	(4,359)	(4,359)	(4,359)	(4,359)
Contingent assets - IPI credit premium - Phase I	(3,231)	(2,988)	(3,231)	(2,988)
Contingent assets - IPI credit premium - Phase II	(9,357)	(8,768)	(9,357)	(8,768)
Contingent assets - adjustment to rural credit notes	-	-	(6,387)	(6,387)
Hedge accounting transactions	(3,293)	(841)	(3,293)	(841)
Adjustment to present value	(34)	(63)	(34)	(63)
Depreciation adjustment (to the useful lives of goods)	(26,484)	(24,052)	(26,484)	(24,052)
Deferred income tax and social contribution - Net	<u>10,331</u>	<u>27,293</u>	<u>16,203</u>	<u>31,942</u>
Non-current assets	79,541	90,755	91,800	101,791
Non-current liabilities	(69,210)	(63,462)	(75,597)	(69,849)

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

	Parent company	Consolidated
December 31, 2020	37,807	37,713
Tax losses	(7,574)	(3,137)
Temporary differences - assets	4,989	6,804
Temporary differences - liabilities	(8,539)	(10,048)
Revaluation reserve	610	610
December 31, 2021	27,293	31,942
Tax losses	(6,014)	(6,015)
Temporary differences - assets	(5,200)	(3,976)
Temporary differences - liabilities	(3,235)	(3,235)
Hedge accounting transactions	(2,452)	(2,452)
Revaluation reserve	(61)	(61)
September 30, 2022	10,331	16,203

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

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

	Parent company		Consolidated	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Profit before tax	168,719	150,545	201,182	166,539
Tax calculated based on the nominal rate - 34%	(57,364)	(51,185)	(68,402)	(56,623)
Equity in the earnings of subsidiaries	13,060	17,478	-	-
Tax incentives	5,930	6,527	5,930	6,527
Tax incentives - Sudene	907	-	907	-
Non-deductible expenses	11,890	12,071	11,890	12,071
Depreciation of revalued assets	(458)	(458)	(458)	(458)
IRPJ and CSLL on undue tax payments	834	25,207	834	25,207
Other	436	1,062	(7,934)	8,025
	(24,765)	10,702	(57,233)	(5,251)
Current tax on profit for the year	(10,254)	3,778	(43,946)	(14,683)
Deferred income tax and social contribution	(14,511)	6,924	(13,287)	9,432
Income tax and social contribution expense (recognized in profit or loss - current and deferred)	(24,765)	10,702	(57,233)	(5,251)
Effective tax rate	14.7%	-7.1%	28.4%	3.2%

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d) Tax losses in the Parent Company and Consolidated

	Parent company		Consolidated	
	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021
Tax losses	63,787	81,476	89,646	107,335
Deferred income tax and social contribution	21,688	27,702	30,479	36,494

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

Period	Parent company	Consolidated
2022	3,633	8,888
2023	18,055	21,591
	21,688	30,479

15. Legal assets

	Parent company		Consolidated	
	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021
IPI premium credit (a)				
Lawsuit No. 1987.0000.645-9	27,521	25,787	27,521	25,787
Lawsuit No. 1984.00.020114-0	9,502	8,787	9,502	8,787
Adjustment to rural credit notes (b)	-	-	-	18,786
IPI premium credit - Plaintiff - Complementary Portion (c)	75,107	75,107	75,107	75,107
IRPJ and CSLL on interest on undue tax payments (d)	27,520	26,686	27,520	26,686
	139,650	136,367	139,650	155,153

a) IPI premium credit

The Company is a party to a lawsuit claiming the recognition of tax benefits called 'IPI premium credit', in different calculation periods. Lawsuit No. 1987.0000.645-9, relating to the period between April 1, 1981 and April 30, 1985, which was decided favorably to the Company, is in the award calculation phase with the amounts already calculated by the Federal Court accounting department; the amount recognized in November 2009, adjusted up to September 30, 2022, is R\$ 27,521 (R\$ 25,787 at December 31, 2021).

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

The Federal Government, represented by the National Treasury's Attorney's Office, did not manifest itself, which led to tacit agreement and, consequently, preclusion. The lawsuit is concluded and there is no further possibility of objection. The Company recognized, in 2015, the amount calculated by the legal expert, in the amount of R\$ 4,983, and, as the Company understands that the gain in the mentioned lawsuit is practically certain, it recorded the tax asset in June 2015, and, after applied the updates, presents the balance of R\$ 9,502 at September 30, 2022 (R\$ 8,787 at December 31, 2021).

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The Company will ensure that the payment request be dispatched by June 2023, so that the financial realization takes place by December 2024.

b) Adjustment to rural credit notes

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

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

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

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

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

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

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

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

c) IPI premium credit – Plaintiff

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

In view of the position expressed by the Federal Court accounting department - enclosed with the lawsuit in March 2020 - in which it informs that it does not have technical knowledge to express a position about the challenges filed by the Federal Government and considering that the amounts

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presented by the Company were duly approved, the Company recognized the portion considered as controversial in the amount of R\$ 66,056 as of August 2015.

In the decision on the merits of the case, issued in July 2022, about the objection to the enforcement of the sentence by the National Treasury, the Court rejected the arguments presented and also approved the calculations presented by the Federal Court.

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

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

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

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

Considering the above and as determined by IFRIC 23/ICPC 22 - Uncertainty over Income Tax Treatments, due to the likelihood of success in the proceeding as a result of the decision in general repercussion of the STF, the Company recorded its best estimate to date in the amount of R\$ 27,520; of that amount, R\$ 10,562 represents current IRPJ and CSLL and R\$: 16,958 represents deferred IRPJ and CSLL. A provision for attorney's fees in the amount of R\$ 2,752 was made for the credits recorded.

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

16. Contingent assets

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

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

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

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17. Investments

Interest in subsidiaries

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

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

	Country of incorporation	Direct ownership	Indirect ownership	Assets	Liabilities	Equity	Revenue (b)	Profit or loss (b)
At December 31, 2021								
Portobello América Inc.	United States	100.00%	0.00%	182,125	158,644	23,481	181,690	(2,548)
Portobello America Manufacturing	United States	0.00%	100.00%	57,708	55,558	2,150	-	-
PB Tech Ltda.	Brazil	99.94%	0.06%	119,886	109,923	9,963	211,393	18,637
Portobello Shop S/A	Brazil	99.90%	0.00%	37,013	16,317	20,696	107,649	71,216
Mineração Portobello Ltda.	Brazil	99.76%	0.00%	14,957	14,715	242	9,121	(11,181)
Companhia Brasileira de Cerâmica S/A	Brazil	98.85%	1.15%	13,516	2,386	11,130	6,093	(2,007)
At September 30, 2022								
Portobello América Inc.	United States	100.00%	0.00%	251,761	33,836	217,925	169,332	(20,872)
Portobello America Manufacturing (a)	United States	0.00%	100.00%	86,509	22,607	63,902	-	(1,962)
PB Tech Ltda.	Brazil	99.94%	0.06%	217,734	27,754	189,980	245,308	23,787
Portobello Shop S/A	Brazil	99.90%	0.00%	32,764	16,070	16,694	82,915	39,590
Mineração Portobello Ltda.	Brazil	99.99%	0.00%	16,083	(68)	16,151	9,259	(310)
Companhia Brasileira de Cerâmica S/A	Brazil	98.85%	1.15%	28,968	17,182	11,786	8,142	(4,453)

(a) The Company has an indirect interest in Portobello America Manufacturing, which is consolidated in Portobello America Inc., for this reason Portobello America Manufacturing's variations are not shown below.

(b) Revenue and income for the year ended December 31, 2021 correspond to 12 months, the period to September 30, 2022 corresponds to 9 months.

Variations at December 31, 2021:

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

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

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

Variations at September 30, 2022:

	Percentage of interest	December 31, 2021	Foreign exchange variations	Capital increase	Advances for future capital increase (a)	Equity in the earnings of subsidiaries	Dividends	September 30, 2022
Investments								
Portobello América Inc.	100.00%	22,106	(1,833)	-	33,069	(20,245)	-	33,097
PB Tech Ltda.	99.94%	9,963	-	-	-	23,774	(6,000)	27,737
Portobello Shop S.A.	99.90%	20,696	-	-	-	39,594	(44,237)	16,053
Mineração Portobello Ltda.	99.99%	242	-	9,000	(9,000)	(310)	-	(68)
Companhia Brasileira de Cerâmica S/A	98.85%	11,130	-	-	10,391	(4,400)	-	17,121
Portobello S/A	100.00%	10	-	-	-	-	-	10
Total net investment in subsidiaries		64,147	(1,833)	9,000	34,460	38,413	(50,237)	93,950
Interest in subsidiaries		64,147						93,950

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

All amounts in thousands of reais, unless otherwise stated.

(a) Between January and September 2022, Companhia Brasileira de Cerâmica S/A received two advances for future capital increase from PBG S.A in the amount of R\$ 10,391, and Portobello América received one advance for future capital increase in the amount of R\$ 33,069.

18. Property, plant and equipment

a) Breakdown

	Annual average depreciation rate	Parent company				Consolidated			
		September 30, 2022			December 31, 2021	September 30, 2022			December 31, 2021
		Cost	Accumulated depreciation	Net value	Net value	Cost	Accumulated depreciation	Net value	Net value
Land	-	12,603	-	12,603	12,603	13,486	-	13,486	31,633
Buildings, constructions and improvements	3%	284,833	(84,405)	200,428	206,913	310,581	(93,129)	217,452	226,379
Machinery and equipment	15%	722,834	(437,871)	284,963	283,260	727,816	(439,522)	288,294	286,057
Furniture and fixtures	10%	25,238	(10,234)	15,004	8,224	32,226	(11,850)	20,376	12,270
Computers	20%	32,367	(27,147)	5,220	5,431	34,725	(27,875)	6,850	5,713
Other property, plant and equipment	20%	3,329	(426)	2,903	2,992	5,475	(2,769)	2,706	4,069
Construction in progress	-	31,950	-	31,950	8,887	121,542	-	121,542	48,337
		1,113,154	(560,083)	553,071	528,310	1,245,851	(575,145)	670,706	614,458

b) Changes in property, plant and equipment

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

	Parent company						
	December 31, 2021	Additions	Transfers	Depreciation	Write-offs	Foreign exchange variation	September 30, 2022
Land	12,603	-	-	-	-	-	12,603
Buildings and improvements	206,913	1,810	2,978	(11,273)	-	-	200,428
Machinery and equipment	283,260	20,420	2,892	(21,609)	-	-	284,963
Furniture and fixtures	8,224	2,523	5,340	(1,083)	-	-	15,004
Computers	5,431	609	(92)	(728)	-	-	5,220
Other property, plant and equipment	2,992	-	-	(89)	-	-	2,903
Construction in progress	8,887	34,181	(11,118)	-	-	-	31,950
	528,310	59,543	-	(34,782)	-	-	553,071

PBG S.A. and subsidiaries

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

All amounts in thousands of reais, unless otherwise stated.

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

	Consolidated						September 30, 2022
	December 31, 2021	Additions	Transfers	Depreciation	Write-offs	Foreign exchange variation	
Land	31,633	-	-	-	(14,904)	(3,243)	13,486
Buildings and improvements	226,379	4,445	2,978	(16,233)	(113)	(4)	217,452
Machinery and equipment	286,057	20,417	3,777	(21,956)	-	(1)	288,294
Furniture and fixtures	12,270	4,319	5,340	(1,807)	-	254	20,376
Computers	5,713	2,043	(92)	(816)	-	2	6,850
Other property, plant and equipment	4,069	-	(885)	(478)	-	-	2,706
Construction in progress	48,337	114,864	(11,118)	-	(32,023)	1,482	121,542
	<u>614,458</u>	<u>146,088</u>	<u>-</u>	<u>(41,290)</u>	<u>(47,040)</u>	<u>(1,510)</u>	<u>670,706</u>

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

In the first period ended September 30, 2022, additions to property, plant and equipment in the Consolidated amounted to R\$ 149,826, of which 17.83% was allocated to the purchase of equipment for a new plant in Tijucas, 9.03% to the acquisition of Inkjet printers, 47.68 % to the purchase of equipment for a future plant in the USA, 7.21% represents the acquisition of property, plant and equipment of the Flooring workshop and 1% for the Company's own stores, and the remainder 17.25% was divided between commercial and corporate projects and industrial units of Marechal Deodoro.

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

c) Impairment of property, plant and equipment

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

PBG S.A. and subsidiaries

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

19. Intangible assets

a) Breakdown

	Parent company				Consolidated				
	September 30, 2022		December 31, 2021		September 30, 2022		December 31, 2021		
	Annual average amortization rate	Cost	Accumulated amortization	Net value	Net value	Cost	Accumulated amortization	Net value	Net value
Trademarks and patents	-	150	-	150	150	150	-	150	150
Software	20%	63,330	(37,804)	25,526	15,892	77,735	(41,876)	35,859	20,919
Right to explore mineral resources	9%	1,000	(1,000)	-	-	4,073	(3,773)	300	351
Software under development	-	2,407	-	2,407	6,282	2,831	-	2,831	7,377
		66,887	(38,804)	28,083	22,324	84,789	(45,649)	39,140	28,797

b) Changes in intangible assets

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

	Parent company					September 30, 2022
	December 31, 2021	Additions	Transfers	Amortizations	Write-offs	
Trademarks and patents	150	-	-	-	-	150
Software	15,892	8,520	6,282	(4,640)	(528)	25,526
Software under development	6,282	2,407	(6,282)	-	-	2,407
	-	-	-	-	-	-
	22,324	10,927	-	(4,640)	(528)	28,083

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

PBG S.A. and subsidiaries

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

	Consolidated						
	December 31, 2021	Additions	Transfers	Amortizations	Write-offs	Foreign exchange variation	September 30, 2022
Trademarks and patents	150	-	-	-	-	-	150
Software	20,919	12,739	7,377	(6,294)	(533)	1,651	35,859
Right to explore mineral resources	351	-	-	(51)	-	-	300
Software under development	7,377	2,831	(7,377)	-	-	-	2,831
	<u>28,797</u>	<u>15,570</u>	<u>-</u>	<u>(6,345)</u>	<u>(533)</u>	<u>1,651</u>	<u>39,140</u>

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

In the nine month period of 2022, intangible assets in Consolidated added up to R\$ 15,570, a significant portion of which was destined for the Transformation project, which aims to optimize and implement digital improvements in the commercial area and implement Oracle for Portobello America and Companhia Brasileira de Cerâmica.

c) Impairment of intangible assets

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

20. Right-of-use assets and lease liabilities

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

At September 30, 2022, the Company had a total of 53 lease agreements (50 at December 31, 2021), 31 of which are classified as leasing agreements without purchase option (29 at December 31, 2021) for its commercial and logistics units, and 22 leasing agreements with purchase option (21 at December 31, 2021) intended for vehicles for the Company's managers, which refer to leases for which there is a purchase option at the end, resembling a financing operation.

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

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

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

All amounts in thousands of reais, unless otherwise stated.

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

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

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

a) Breakdown of lease assets

Lease	Parent company			Consolidated		
	Without purchase option	With purchase option	Total	Without purchase option	With purchase option	Total
December 31, 2020	15,224	3,753	18,977	67,638	3,753	71,391
Remeasurement	-	-	-	812	-	812
Foreign exchange variation	-	-	-	1,580	-	1,580
Additions and contractual adjustments	7,327	1,603	8,930	25,649	1,603	27,252
Contract terminations	(1,222)	-	(1,222)	(6,763)	-	(6,763)
Depreciation	(4,998)	(1,084)	(6,082)	(14,969)	(1,084)	(16,053)
Reclassification of goodwill (a)	-	-	-	11,465	-	11,465
Reclassification of PBA Land (b)	-	-	-	(18,148)	-	(18,148)
December 31, 2021	16,331	4,272	20,603	67,264	4,272	71,536
Remeasurement	1,461	-	1,461	2,840	-	2,840
Foreign exchange variation	-	-	-	(240)	-	(240)
Additions and contractual adjustments	1,352	1,278	2,630	8,512	1,278	9,790
Additions of acquisition of goodwill (c)	-	-	-	105,057	-	105,057
Contract terminations	(3,563)	(2,785)	(6,348)	(3,563)	(2,785)	(6,348)
Depreciation	(4,022)	(946)	(4,968)	(17,069)	(946)	(18,015)
September 30, 2022	11,559	1,819	13,378	162,801	1,819	164,620

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

(b) Refers to the reclassification of land of the subsidiary Portobello América Manufacturing from right-of-use assets to property, plant and equipment in the amount of R\$ 18,148 (Note 18).

Refers to the acquisition of five stores from related parties and one store from a third party. See note 39 on related parties, description of the operation.

PBG S.A. and subsidiaries

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

b) Breakdown of lease liabilities

Lease	Parent company			Consolidated		
	Without purchase option	With purchase option	Total	Without purchase option	With purchase option	Total
December 31, 2020	18,008	2,465	20,473	70,717	2,465	73,182
Remeasurement	-	-	-	812	-	812
Foreign exchange variation	-	-	-	1,473	-	1,473
Additions and contractual adjustments	7,327	1,603	8,930	25,650	1,603	27,253
Contract terminations	(1,222)	-	(1,222)	(5,816)	-	(5,817)
Payments	(4,894)	(1,228)	(6,122)	(17,502)	(1,228)	(18,730)
Accrued interest in the period	1,136	224	1,360	3,010	226	3,237
Reclassification of PBA Land (b)	-	-	-	(16,557)	-	(16,557)
December 31, 2021	20,355	3,064	23,419	61,787	3,066	64,853
Remeasurement	1,461	-	1,461	2,840	-	2,840
Foreign exchange variation	-	-	-	(749)	-	(749)
Additions and contractual adjustments	1,352	1,278	2,630	8,512	1,278	9,790
Contract terminations	(3,437)	(566)	(4,003)	(3,437)	(566)	(4,003)
Payments	(6,168)	(1,715)	(7,883)	(17,791)	(1,715)	(19,506)
Accrued interest in the period	601	287	888	2,380	287	2,667
Transfer	(760)	-	(760)	(760)	-	(760)
September 30, 2022	13,404	2,348	15,752	52,782	2,350	55,132
Current liabilities			7,336			18,075
Non-current liabilities			8,416			37,057

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

	Parent company		Consolidated	
	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021
Domestic market				
Supplier credit assignment (a)	125,545	97,717	125,545	97,717
Operation suppliers	238,162	187,245	270,421	195,717
Foreign market	4,959	16,717	15,144	34,111
Current	368,666	301,679	411,110	327,545
Domestic market (i)	92,586	171,195	92,586	171,195
Non-current	92,586	171,195	92,586	171,195
Total operation suppliers	461,252	472,874	503,696	498,740
Payables for investments (b)				
Domestic market	15,307	15,256	16,519	15,256
Foreign market	22,233	23,980	22,233	41,590
Total investment suppliers	37,540	39,236	38,752	56,846
	498,792	512,110	542,448	555,586

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

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All amounts in thousands of reais, unless otherwise stated.

a) Supplier credit assignment

The Company conducted supplier credit assignment transactions with top-tier financial institutions in the amount of R\$ 125,545 at September 30, 2022, (R\$ 97,717 at December 31, 2021), in order to offer to its partner suppliers more attractive credit facilities aiming at maintaining the business relationship. In this transaction, suppliers transfer the right to receive the amounts of the notes to the bank, which in turn, becomes creditor of the transaction.

b) Payables for investments

The Company has the amount of R\$ 28,224 recorded in current liabilities in the Parent Company (R\$ 20,497 at December 31, 2021) and R\$ 29,436 in the Consolidated (R\$ 38,107 at December 31, 2021) referring to suppliers of property and equipment and intangible assets. Simultaneously, it has a balance of R\$ 9,316 in the Parent Company and Consolidated non-current liabilities, maturing between 2023 and 2025, related to property and equipment for modernization of plants (R\$ 18,739 in the Parent Company and in the Consolidated at December 31, 2021).

22. Borrowings and debentures

	Currency	Maturity	Charges	Parent Company and Consolidated	
				September 30, 2022	December 31, 2021
Current					
Banco do Nordeste S.A (a)	R\$	Jun-27	3.79% p.a. ¹ +IPCA	37,268	60,537
NCE (b)	R\$	Aug-27	2.85% p.a. ¹ +CDI	10,302	646
NCE	US\$	Mar-22	3.08% p.a. ¹ +VC	-	3,790
PRODEC (c)	R\$	Jun-26	3.40% p.a. ¹ +AVP	3,610	4,959
FINEP (d)	R\$	Nov-30	8.14% p.a. ¹	10,364	3,500
DEBENTURES 4th series (e)	R\$	Sep-26	3.00% p.a. ¹ +CDI	76,221	7,193
ACC (f)	US\$	Oct-22	2.50% p.a. ¹ +VC	8,520	17,490
National Bank for Economic and Social Development (BNDES) (g)	R\$	Jun-26	1.80% p.a. ¹ + SELIC	481	-
Total current			11.81% p.a.¹	146,766	98,115
Total domestic currency		R\$		138,246	76,835
Total foreign currency		US\$		8,520	21,280
Non-current					
Banco do Nordeste S.A (a)	R\$	Jun-27	3.79% p.a. ¹ +IPCA	40,768	60,069
PRODEC (c)	R\$	Jun-26	3.40% p.a. ¹ +AVP	20,154	14,687
FINEP (d)	R\$	Nov-30	8.14% p.a. ¹	156,110	162,116
NCE (b)	R\$	Aug-27	2.85% p.a. ¹ +CDI	125,714	130,000
DEBENTURES 4th series (e)	R\$	Sep-26	3.00% p.a. ¹ +CDI	222,979	297,405
National Bank for Economic and Social Development (BNDES) (g)	R\$	Jun-26	1.80% p.a. ¹ + SELIC	3,597	-
Total non-current			12.98% p.a.¹	569,322	664,277
Total domestic currency		R\$		569,322	664,277
Total foreign currency		US\$		-	-
Total			12.74% p.a.¹	716,088	762,392
Total domestic currency		R\$		707,568	741,112
Total foreign currency		US\$		8,520	21,280

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

AVP - Adjustment to present value

IPCA - Amplified Consumer Prices Index

VC - Foreign exchange variation

CDI - Interbank Deposit Certificate

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

All amounts in thousands of reais, unless otherwise stated.

a) Information on agreements

Note	Institution/ Modality	Date of contract	Maturity	Term (months)	Grace period (months)	Amortization	Amount raised	Releases (in thousands of R\$)		Guarantees/Notes	
								Amount	Date		
a)	Banco do Nordeste	Jun/13	Jun/25	133	24	Monthly	R\$ 105,646	R\$ 29,223	Aug/14	Mortgage for real estate and machinery and equipment. Renegotiated in April/2020.	
								R\$ 45,765	Jan/15		
								R\$ 14,700	Sep/15		
								R\$ 4,713	Mar/16		
								R\$ 2,418	Dec/16		
	R\$ 8,827	Feb/19									
		R\$ 105,646	Total								
	Jul/19	Jun/27	95	24	Monthly	R\$ 31,147	R\$ 7,246	Jul/19	Mortgage for real estate and machinery and equipment in 2nd degree. Renegotiated in April/2020.		
							R\$ 4,681	Feb/20			
							R\$ 4,261	Sep/20			
R\$ 7,000							Jun/22				
	R\$ 23,188	Total									
Sep/19	Aug/22	12	2	Monthly	R\$ 23,500	R\$ 23,500	Sep/19	PBTech and CBC guarantee. Renegotiated in April/2020.			
Jun/20	Jul/23	37	13	Monthly	R\$ 35,000	R\$ 35,000	Jun/20	Mortgage for real estate in 2nd degree. Renegotiated in April/2020.			
b)	Export Credit (NCE)	Jun/21	Jun/26	60	24	Semiannual	R\$ 30,000	R\$ 30,000		Jun/21	Receivables from Portobello S.A. of 20% of the outstanding balance of the contract)
		Aug/21	Aug/27	72	24	Semiannual	R\$ 100,000	R\$ 100,000		Aug/21	Receivables from Portobello S.A. of 30% of the outstanding balance of the contract)
c)	Santa Catarina State Corporation Development Program (PRODEC)	Aug/20	Aug/24	48	*	*	R\$ 437	R\$ 437		Aug/20	Special Regime obtained in June/2009. Subject to Adjustment to Present Value (AVP). Monetary restatement of 4% p.a. UFIR variation. Rate: average working capital (5.24% p.a.). Deferred amount: 60% of the tax balance generated in the month.
		Sep/20	Sep/24	48	*	*	R\$ 1,318	R\$ 1,318	Sep/20		
		Oct/20	Oct/24	48	*	*	R\$ 1,779	R\$ 1,779	Oct/20		
		Nov/20	Nov/24	48	*	*	R\$ 1,194	R\$ 1,194	Nov/20		
		Dec/20	Dec/24	48	*	*	R\$ 1,519	R\$ 1,519	Dec/20		
		Jan/21	Jan/25	48	*	*	R\$ 401	R\$ 401	Jan/21		
		Feb/21	Feb/25	48	*	*	R\$ 1	R\$ 1	Feb/21		
		Mar/21	Mar/25	48	*	*	R\$ 473	R\$ 473	Mar/21		
		Apr/21	Apr/25	48	*	*	R\$ 654	R\$ 654	Apr/21		
		Jun/21	Jun/25	48	*	*	R\$ 539	R\$ 539	Jun/21		
		Jul/21	Jul/25	48	*	*	R\$ 368	R\$ 368	Jul/21		
		Aug/21	Aug/25	48	*	*	R\$ 99	R\$ 99	Aug/21		
		Sep/21	Sep/25	48	*	*	R\$ 758	R\$ 758	Sep/21		
		Oct/21	Oct/25	48	*	*	R\$ 1,098	R\$ 1,098	Oct/21		
		Nov/21	Nov/25	48	*	*	R\$ 1,894	R\$ 1,894	Nov/21		
		Dec/21	Dec/25	48	*	*	R\$ 1,247	R\$ 1,247	Dec/21		
		Dec/21	Dec/25	48	*	*	R\$ 457	R\$ 457	Jan/22		
Dec/21	Dec/25	48	*	*	R\$ 830	R\$ 830	Feb/22				
Dec/21	Dec/25	48	*	*	R\$ 927	R\$ 927	Mar/22				
Apr/22	Apr/26	48	Bullet	Bullet	R\$ 693	R\$ 693	Apr/22				
May/22	May/26	48	Bullet	Bullet	R\$ 482	R\$ 482	May/22				
Jun/22	Jun/26	48	Bullet	Bullet	R\$ 494	R\$ 494	Jun/22				
Jul/22	Jul/26	48	Bullet	Bullet	R\$ 1,713	R\$ 1,713	Jul/22				
Sep/22	Sep/26	48	Bullet	Bullet	R\$ 227	R\$ 227	Sep/22				
d)	FINEP	Dec/19	Sep/29	117	32	Monthly	R\$ 66,771	R\$ 25,008	Dec/19	Bank guarantee.	
								R\$ 33,000	Mar/20		
								R\$ 8,763	Aug/21		
		R\$ 66,771	Total								
		Nov/20	Nov/30	120	36	Monthly	R\$ 98,487	R\$ 64,274	Nov/20		
R\$ 34,213	Dec/21										
						R\$ 98,487	Total				
e)	Debentures (4 th issue/1st series)	Sep/21	Sep/26	60	24	Semiannual	R\$ 300,000	R\$ 300,000	Sep/21	Proceeds partially allocated to the redemption of 3 rd issue (R\$ 150 million). Real guarantee and additional fiduciary guarantee. This contract has covenants that have been met.	
f)	ACC	Oct/21	Jan/23	12	*	*	US\$ 1,538	R\$ 8,461	Oct/21	Clean, postponed to January 4, 2023.	
g)	National Bank for Economic and Social Development (BNDES)	Jun/22	Jun/26	48	12	Quarterly	10,000	R\$ 3,923	Jun/22	BNDES Cadeiras Produtivas.Program 100% of the amount transferred to Portobello Shop franchisees.	

*Single settlement at the end of the contract

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

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

The covenants were complied with at September 30, 2022.

Long-term borrowings mature as follows:

	<u>Parent Company and Consolidated</u>	
	<u>September 30, 2022</u>	<u>December 31, 2021</u>
2022	22,182	98,115
2023	151,794	136,218
2024	157,383	153,458
2025	151,769	148,384
2026	138,668	132,539
2027 to 2030	94,292	93,678
	<u>716,088</u>	<u>762,392</u>

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

Changes in borrowings and debentures are as follows:

	<u>Parent Company and Consolidated</u>
Total debt at December 31, 2020	<u>727,766</u>
Changes affecting cash flow	
Proceeds from borrowings and debentures	513,735
Payment of principal	(488,798)
Payment of interest	(40,672)
Changes not affecting cash flow	
Unrealized foreign exchange variations	1,116
Accrued interest	50,520
Adjustment to present value – Prodec	(187)
Allocation of debenture costs	(1,088)
Total debt at December 31, 2021	<u>762,392</u>
Changes affecting cash flow	
Proceeds from borrowings and debentures	16,746
Payment of principal	(60,989)
Payment of interest	(64,903)
Changes not affecting cash flow	
Unrealized foreign exchange variations	(1,139)
Accrued interest	61,985
Adjustment to present value – Prodec	1,401
Allocation of debenture costs	595
Total debt at September 30, 2022	<u>716,088</u>

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Debentures

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

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

23. Installment payment of tax obligations

The Company has federal installment plan, the adhesion of which occurred in November 2009 by the enactment of Law 11,941/09, with twenty-five (25) installments remaining to be paid.

The installments fall due as follows:

	Parent Company and Consolidated	
	September 30, 2022	December 31, 2021
2022	3,055	11,663
2023	12,220	12,179
2024	9,981	9,227
	<u>25,256</u>	<u>33,069</u>
Current	12,135	11,663
Non-current	13,121	21,406

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

24. Taxes, fees and contributions

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

	Parent company		Consolidated	
	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021
ICMS	16,946	13,678	17,831	14,096
IRRF	3,909	7,599	5,666	8,385
PIS/COFINS	118	-	2,805	1,176
Other	706	276	1,565	548
	<u>21,679</u>	<u>21,553</u>	<u>27,867</u>	<u>24,205</u>

25. Other payables

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

	Parent company		Consolidated	
	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021
Current				
Asset decommissioning	-	-	459	482
Consigned suppliers	739	967	739	967
Commissions	11,099	8,569	16,522	11,846
Advertising fund	-	-	4,092	7,023
Provision for freight	2,569	2,392	2,569	2,392
Provision for natural gas	2,304	1,477	2,304	1,477
Other payables	<u>3,793</u>	<u>4,035</u>	<u>10,008</u>	<u>7,069</u>
	<u>20,504</u>	<u>17,440</u>	<u>36,693</u>	<u>31,256</u>
Non-current				
Asset decommissioning	-	-	1,185	955
Long-term incentives	2,797	1,014	2,797	1,014
Government grant	-	-	16,041	16,556
Other payables	<u>-</u>	<u>-</u>	<u>1,030</u>	<u>2,147</u>
	<u>2,797</u>	<u>1,014</u>	<u>21,053</u>	<u>20,672</u>

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

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

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

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The balance of provisions is broken down as follows:

Amount accrued	Parent company		Consolidated	
	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021
Civil	32,576	27,477	45,263	38,379
Labor	11,477	15,166	11,790	15,741
Social security	4,550	4,550	4,550	4,550
Tax	27,652	30,313	27,697	30,344
	76,255	77,506	89,300	89,014

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

	Parent company				
	Civil	Labor	Social Security	Tax	Total
At December 31, 2020	25,072	9,013	4,511	24,946	63,542
Charged (credited) to the statement of income:	3,352	9,441	39	6,088	18,920
Additional provisions	9,590	11,787	18	3,882	25,277
Reversal - not used	(2,444)	(2,003)	-	(535)	(4,982)
Transfers (a)	(9,673)	(957)	-	-	(10,630)
Monetary adjustment (Reversal)	5,879	614	21	2,741	9,255
Reversal due to realization	(947)	(3,288)	-	(721)	(4,956)
At December 31, 2021	27,477	15,166	4,550	30,313	77,506
Charged (credited) to the statement of income:	7,777	745	-	985	9,507
Additional provisions	5,082	5,059	-	740	10,881
Reversal - not used	(837)	(5,267)	-	-	(6,104)
Monetary adjustment (Reversal)	3,532	953	-	245	4,730
Reversal due to realization	(2,678)	(4,434)	-	(161)	(7,273)
Provisions (Reversals) due to realization (non-cash effect)	-	-	-	(3,485)	(3,485)
At September 30, 2022	32,576	11,477	4,550	27,652	76,255
	Consolidated				
	Civil	Labor	Social Security	Tax	Total
At December 31, 2020	25,072	9,013	4,511	24,977	63,573
Charged (credited) to the statement of income:	14,379	10,104	39	6,088	30,610
Additional provisions	10,158	11,516	18	3,882	25,574
Reversal - not used	(2,542)	(2,074)	-	(535)	(5,151)
Monetary adjustment (Reversal)	6,763	662	21	2,741	10,187
Reversal due to realization	(1,072)	(3,375)	-	(721)	(5,168)
At December 31, 2021	38,379	15,742	4,550	30,343	89,014
Charged (credited) to the statement of income:	9,700	547	-	986	11,233
Additional provisions	5,592	5,092	-	740	11,424
Reversal - not used	(912)	(5,445)	-	-	(6,357)
Monetary adjustment (Reversal)	5,020	900	-	246	6,166
Reversal due to realization	(2,816)	(4,499)	-	(161)	(7,476)
Reversal due to realization	-	-	-	(3,471)	(3,471)
At September 30, 2022	45,263	11,790	4,550	27,697	89,300

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Civil

The Company and its subsidiaries are defendants in 390 civil lawsuits (393 lawsuits at December 31, 2021), before the Common Courts and Special Civil Courts.

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

Labor

The Company and its subsidiaries are defendants in 931 labor claims (458 claims at December 31, 2021), filed by former employees and third parties. The lawsuits refer to payment of severance amounts, additional amounts, overtime, equal pay and indemnity for pain and suffering and damage to property arising from work accident/occupational illness. Provisions are revised by Management according to its legal advisors. Some lawsuits are supported by escrow deposits.

Social security

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

Tax

a) Tax assessment notice No 10340.720236/2021-00

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

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

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Notes to the Interim Financial Information for the quarter ended September 30, 2022
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27. Lawsuits assessed as possible losses

a) Possible loss

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

	Parent company		Consolidated	
	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021
Civil	17,744	5,510	17,829	5,570
Labor	6,662	11,576	6,833	11,753
Social security	10,984	10,985	10,984	10,985
Tax	10,141	10,141	13,851	13,850
	45,531	38,212	49,497	42,158

28. Equity

28.1 Capital

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

At September 30, 2022, there were 54,856,527 outstanding shares, corresponding to 38.91% of the total shares issued (55,664,577 at December 31, 2021, corresponding to 37.73% of the total). The balance of outstanding shares comprises all securities available for trading in the market, other than those held by controlling shareholders, members of the Board of Directors, Supervisory Board, Managers and treasury shares.

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

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

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All amounts in thousands of reais, unless otherwise stated.

28.2 Treasury shares

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

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

28.3 Earnings reserve

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

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

At September 30, 2022, the balance of the unrealized profit retention reserve totals R\$ 80,792 (R\$ 92,174 at December 31, 2021).

At September 30, 2022, the balance of the tax incentive reserve amounts to R\$ 85,894 (R\$ 65,785 at December 31, 2021). In 2022, the Company recorded tax incentive reserves in the amount of R\$ 20,109 (R\$ 30,634 at December 31, 2021). These reserves arise from government grants for ICMS tax incentives related to Prodesin (Integrated Development Program of the State of Alagoas) to the Differentiated Tax Treatment of Santa Catarina (TTD), to Sudene and to Simples Nacional.

28.4 Carrying value adjustments

Parent Company and Consolidated	Carrying value adjustments			
	Deemed cost (a)	Cumulative translation adjustment (b)	Other comprehensive income (c)	Total
At December 31, 2020	32,323	(68,353)	(14,095)	(50,125)
Realization of the revaluation reserve	(1,184)	-	-	(1,184)
Foreign exchange variation of subsidiary located abroad	-	1,863	-	1,863
Actuarial gain / (loss)	-	-	7,883	7,883
Deferred income tax and social contribution on actuarial gain (loss)	-	-	(2,680)	(2,680)
Hedge accounting transactions	-	-	2,474	2,474
Deferred income tax and social contribution on hedge accounting	-	-	(841)	(841)
At December 31, 2021	31,139	(66,490)	(7,259)	(42,610)
Realization of the revaluation reserve	434	-	-	434
Foreign exchange variation of subsidiary located abroad	-	(1,833)	-	(1,833)
Hedge accounting transactions	-	-	7,211	7,211
Deferred income tax and social contribution on hedge accounting	-	-	(2,451)	(2,451)
At September 30, 2022	31,573	(68,323)	(2,499)	(39,249)

a) Deemed cost

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

b) Cumulative translation adjustment

The changes in assets and liabilities in foreign currency (US Dollar) arising from currency fluctuation, as well as the variations between the daily rates and the closing rate of the changes in profit or loss of the foreign subsidiary are recognized in this line item of cumulative translation adjustments. At September 30, 2022, the foreign exchange variation amounted to R\$ (1,833) (R\$ 1,863 at December 31, 2021), as mentioned in note 17.

c) Other comprehensive income

At September 30, 2022, the balance of R\$ 2,499 (R\$ (7,259) at December 31, 2021) arises from:

i) Fair value of private pension plans (actuarial) of R\$ (8,892) (R\$ (8,892) at December 31, 2021);

ii) Hedge accounting fair value of R\$ 9,684 (R\$ 2,474 at December 31, 2021), due to the positive result of the operations with derivative financial instruments classified as hedge accounting not yet realized in the quarter, with an effect of (R\$ 3,291) ((R\$ 841) at December 31, 2021) related to the deferred income tax and social contribution on this balance, net of hedge accounting fair value of R\$ 6,393 (R\$ 1,633 at December 31, 2021). These amounts are transferred from equity to profit or loss to the extent that the NDF contracts mature and sales in US Dollars are shipped in the respective month of maturity of the contracts.

29. Employee benefits

Private pension plan

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

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

30. Revenue

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

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	Parent company				Consolidated			
	Quarter ended September 30, 2022	Quarter ended September 30, 2021	Accumulated ended September 30, 2022	Accumulated ended September 30, 2021	Quarter ended September 30, 2022	Quarter ended September 30, 2021	Accumulated ended September 30, 2022	Accumulated ended September 30, 2021
Gross sales revenue	595,208	541,580	1,699,834	1,473,742	738,000	650,035	2,087,789	1,752,812
Result from hedge accounting transactions	11,995	(3,407)	28,019	(3,407)	11,995	(3,407)	28,019	(3,407)
Deductions from gross revenue	(129,397)	(115,567)	(357,901)	(315,410)	(152,071)	(127,248)	(415,471)	(349,371)
Taxes on sales	(113,550)	(81,052)	(316,179)	(267,326)	(122,248)	(88,849)	(358,871)	(291,244)
Returns and rebates	(15,847)	(34,515)	(41,722)	(48,084)	(29,823)	(38,399)	(56,600)	(58,127)
Net sales revenue	477,806	422,606	1,369,952	1,154,925	597,924	519,380	1,700,337	1,400,034

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

	Parent company				Consolidated			
	Quarter ended September 30, 2022	Quarter ended September 30, 2021	Accumulated ended September 30, 2022	Accumulated ended September 30, 2021	Quarter ended September 30, 2022	Quarter ended September 30, 2021	Accumulated ended September 30, 2022	Accumulated ended September 30, 2021
Sale of own products	452,703	392,214	1,319,062	1,082,414	519,774	405,069	1,539,727	1,215,036
Sale of third-party products	25,103	30,392	50,890	72,511	49,797	62,718	76,721	108,463
Royalties	-	-	-	-	28,353	51,593	83,889	76,535
Net operating revenue	477,806	422,606	1,369,952	1,154,925	597,924	519,380	1,700,337	1,400,034

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

31. Expenses by nature

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

	Parent company				Consolidated			
	Quarter ended September 30, 2022	Quarter ended September 30, 2021	Accumulated ended September 30, 2022	Accumulated ended September 30, 2021	Quarter ended September 30, 2022	Quarter ended September 30, 2021	Accumulated ended September 30, 2022	Accumulated ended September 30, 2021
Costs and expenses								
Cost of sales and/or services	(317,210)	(272,047)	(871,942)	(751,138)	(340,525)	(295,875)	(951,987)	(807,632)
Selling expenses	(81,044)	(68,079)	(235,240)	(196,824)	(145,665)	(105,678)	(394,089)	(298,916)
General and administrative	(21,082)	(17,334)	(61,683)	(45,830)	(22,218)	(17,757)	(64,638)	(46,906)
	(419,336)	(357,460)	(1,168,865)	(993,792)	(508,408)	(419,310)	(1,410,714)	(1,153,454)
Breakdown of expenses by nature								
Direct production cost (raw materials and inputs)	(222,454)	(177,505)	(625,440)	(478,559)	(220,097)	(175,293)	(617,919)	(471,498)
Salaries, charges and employee benefits	(91,082)	(77,276)	(266,236)	(229,518)	(115,766)	(92,045)	(329,095)	(272,034)
Third-party labor and services	(25,422)	(21,828)	(72,948)	(56,527)	(33,023)	(23,987)	(93,848)	(63,422)
General production expenses (including maintenance)	(20,195)	(16,842)	(54,114)	(49,965)	(21,032)	(17,458)	(56,224)	(50,955)
Cost of goods resold	(28,912)	(18,239)	(70,944)	(49,416)	(46,416)	(42,972)	(144,107)	(107,942)
Amortization and depreciation	(14,992)	(13,472)	(44,390)	(38,734)	(23,711)	(17,890)	(65,650)	(53,296)
Other selling expenses	(5,153)	(3,418)	(12,378)	(9,521)	(13,383)	(12,495)	(30,208)	(33,727)
Sales commissions	(10,558)	(9,647)	(32,461)	(27,973)	(23,458)	(12,467)	(63,160)	(35,867)
Marketing and publicity	(10,379)	(8,197)	(33,780)	(29,436)	(15,024)	(11,731)	(45,346)	(37,907)
Transportation of goods sold	(10,959)	(9,206)	(20,664)	(17,845)	(10,959)	(9,206)	(20,664)	(17,845)
Lease expenses - not applicable to IFRS 16	(6,898)	(6,017)	(18,924)	(15,379)	(8,005)	(8,170)	(22,130)	(21,087)
Other administrative expenses	(2,707)	(1,855)	(7,300)	(5,354)	(2,703)	(2,009)	(7,639)	(5,695)
Idleness	(2,587)	-	(3,797)	-	(2,587)	-	(3,797)	-
Changes in inventories of finished products and work in progress (a)	32,962	6,042	94,511	14,435	27,756	6,413	89,073	17,821
Total	(419,336)	(357,460)	(1,168,865)	(993,792)	(508,408)	(419,310)	(1,410,714)	(1,153,454)

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

32. Other operating income and expenses, net

PBG S.A. and subsidiaries

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

All amounts in thousands of reais, unless otherwise stated.

	Quarter ended September 30, 2022	Quarter ended September 30, 2021	Accumulated at September 30, 2022	Accumulated at September 30, 2021	Quarter ended September 30, 2022	Quarter ended September 30, 2021	Accumulated at September 30, 2022	Accumulated at September 30, 2021
Other operating income								
Revenue from services	109	179	351	524	109	179	351	524
	-	-	-	-	12	-	14,773	-
Sale of property, plant and equipment (a)	-	-	-	-	-	278	-	278
Extemporaneous tax credits	-	278	-	278	-	278	-	-
Reversal of the unconstitutionality of ICMS tax rate difference	5,264	-	9,847	-	5,264	-	9,847	-
Legal asset - rural credit notes	-	-	-	-	-	-	1,497	-
Reversal of provisions for civil, labor, social security and tax issues	-	1,366	-	9,558	-	(6,826)	-	1,366
Other revenues	289	1,091	1,150	2,950	552	1,029	1,449	2,824
	<u>5,662</u>	<u>2,914</u>	<u>11,348</u>	<u>13,310</u>	<u>5,937</u>	<u>(5,340)</u>	<u>27,917</u>	<u>4,992</u>
Other operating expenses								
Provisions for civil, labor, social security and tax issues	(2,778)	(3,010)	(6,938)	(7,582)	(2,876)	4,989	(7,328)	(9,448)
Attorney's fees	(690)	(2,503)	(690)	(2,503)	(690)	-	(690)	-
Taxes on other revenues	(246)	(95)	(550)	(298)	(274)	(98)	(603)	(357)
Bonus for achievement of goals	(693)	(728)	(2,262)	(728)	(693)	(728)	(2,262)	(728)
Provision for profit sharing	(4,063)	(6,283)	(8,767)	(15,241)	(4,073)	(6,283)	(12,006)	(15,913)
Disposal of property, plant and equipment (a)	-	-	-	-	-	(2,503)	(14,905)	(2,503)
Other expenses	(502)	(2,744)	(1,317)	(3,727)	(1,552)	(4,713)	(6,863)	(5,431)
	<u>(8,972)</u>	<u>(15,363)</u>	<u>(20,524)</u>	<u>(30,079)</u>	<u>(10,158)</u>	<u>(9,336)</u>	<u>(44,657)</u>	<u>(34,380)</u>
Total	<u>(3,310)</u>	<u>(12,449)</u>	<u>(9,176)</u>	<u>(16,769)</u>	<u>(4,221)</u>	<u>(14,676)</u>	<u>(16,740)</u>	<u>(29,388)</u>

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

33. Finance income (costs)

Finance income (costs) is as follows:

	Parent company				Consolidated			
	Quarter ended September 30, 2022	Quarter ended September 30, 2021	Accumulated at September 30, 2022	Accumulated at September 30, 2021	Quarter ended September 30, 2022	Quarter ended September 30, 2021	Accumulated at September 30, 2022	Accumulated at September 30, 2021
Finance income								
Interest	2,608	930	5,124	2,737	3,688	1,236	8,091	3,794
Asset adjustment	1,128	356	6,198	912	1,128	356	6,198	912
Gain on swap transactions	-	586	-	2,162	-	586	-	2,162
Other	(6)	75	6	92	84	143	632	379
Total	<u>3,730</u>	<u>1,947</u>	<u>11,328</u>	<u>5,903</u>	<u>4,900</u>	<u>2,321</u>	<u>14,921</u>	<u>7,247</u>
Finance costs								
Interest	(11,304)	(10,157)	(31,521)	(26,889)	(13,473)	(10,725)	(35,103)	(28,526)
Finance charges on taxes	(790)	(289)	(2,540)	(707)	(858)	(294)	(2,714)	(723)
Adjustment of provision for contingencies	(1,232)	(161)	(4,402)	(1,276)	(1,762)	(1,344)	(5,921)	(2,459)
Commissions and service fees	(1,191)	(3,531)	(4,131)	(7,420)	(1,827)	(5,224)	(8,273)	(11,213)
Bank expenses/Discount	(18)	3,112	(89)	(153)	(3,738)	3,126	(3,813)	(159)
Gain (loss) on swap transactions	-	(2)	-	(2,193)	-	(2)	-	(2,193)
Interest on debentures	(13,106)	(6,011)	(34,086)	(11,885)	(13,106)	(6,011)	(34,086)	(11,885)
Discounts granted	-	395	-	-	-	509	-	-
Other	(5)	(3,667)	(415)	(3,765)	706	(2,997)	(985)	(3,910)
	<u>(27,646.00)</u>	<u>(20,311)</u>	<u>(77,184)</u>	<u>(54,288)</u>	<u>(34,058)</u>	<u>(22,962)</u>	<u>(90,895)</u>	<u>(61,068)</u>
Foreign exchange variations, net								
Trade receivables and trade payables	8,515	6,959	4,253	4,440	8,511	6,951	4,275	4,446
Borrowings	1	(964)	(2)	(1,279)	1	(963)	(2)	(1,278)
Total	<u>8,516</u>	<u>5,995</u>	<u>4,251</u>	<u>3,161</u>	<u>8,512</u>	<u>5,988</u>	<u>4,273</u>	<u>3,168</u>
Total - net	<u>(15,400)</u>	<u>(12,369)</u>	<u>(61,605)</u>	<u>(45,224)</u>	<u>(20,646)</u>	<u>(14,653)</u>	<u>(71,701)</u>	<u>(50,653)</u>

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

34. Earnings (loss) per share

a) Basic

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

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

	Parent Company and Consolidated	
	September 30, 2022	September 30, 2021
Profit (loss) attributable to the owners of the Company	143,954	161,247
Weighted average number of common shares (a)	140,987	147,623
Basic earnings (loss) per share	1.02105	1.09229

b) Diluted

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

35. Dividends

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

On August 5, 2022, the Board of Directors' Meeting approved the payment of advance dividends for 2022 in the total amount of R\$ 43,442, of which R\$ 22,847 in dividends and R\$ 20,595 in interest on capital which, less R\$ (3,089) in withholding income tax, amounts to R\$ 17,506 net of income tax. The amounts per share are R\$ 0.1620 and R\$ 0.1460 of dividends and interest on equity, respectively. The earnings were paid on September 1, 2022.

36. Segment reporting

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

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

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

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

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

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

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

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

	At September 30, 2022			At September 30, 2021		
	Brazil	Other countries	Total	Brazil	Other countries	Total
Continuing operations						
Revenue	467,181	130,743	597,924	409,133	110,247	519,380
Cost of goods sold	(255,689)	(84,836)	(340,525)	(215,707)	(80,168)	(295,875)
Gross profit	<u>211,492</u>	<u>45,907</u>	<u>257,399</u>	<u>193,426</u>	<u>30,079</u>	<u>223,505</u>

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

	At September 30, 2022			At September 30, 2021		
	Brazil	Other countries	Total	Brazil	Other countries	Total
Continuing operations						
Revenue	1,285,277	415,060	1,700,337	1,102,659	297,375	1,400,034
Cost of goods sold	(680,843)	(271,144)	(951,987)	(607,083)	(200,549)	(807,632)
Gross profit	<u>604,434</u>	<u>143,916</u>	<u>748,350</u>	<u>495,576</u>	<u>96,826</u>	<u>592,402</u>

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

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

All amounts in thousands of reais, unless otherwise stated.

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

	At September 30, 2021					
	Total	*Eliminations	Portobello	Pointer	Portobello Shop	PBA
Continuing operations						
Net revenue	519,380	(14,956)	230,758	72,041	177,556	53,981
Cost of goods sold	(295,875)	14,392	(126,587)	(42,120)	(95,493)	(46,067)
Gross profit	223,505	(564)	104,171	29,921	82,063	7,914
*Eliminations between transactions						
	At September 30, 2022					
Continuing operations	Total	*Eliminations	Portobello	Pointer	Portobello Shop	PBA
Net revenue	597,924	(27,534)	272,863	62,502	230,390	59,703
Cost of goods sold	(340,525)	26,746	(156,665)	(45,136)	(121,390)	(44,080)
Gross profit	257,399	(788)	116,198	17,366	109,000	15,623
*Eliminations between transactions						

d) Segment reporting for the nine-month periods of 2022 and 2021:

	At September 30, 2021					
	Total	*Eliminations	Portobello	Pointer	Portobello Shop	PBA
Continuing operations						
Net revenue	1,400,034	(41,940)	661,172	200,638	449,334	130,830
Cost of goods sold	(807,632)	38,910	(373,693)	(120,508)	(246,903)	(105,438)
Gross profit	592,402	(3,030)	287,479	80,130	202,431	25,392
*Eliminations between transactions						
	At September 30, 2022					
Continuing operations	Total	*Eliminations	Portobello	Pointer	Portobello Shop	PBA
Net revenue	1,700,337	(64,266)	804,342	177,660	598,730	183,871
Cost of goods sold	(951,987)	62,688	(439,599)	(118,307)	(316,788)	(139,981)
Gross profit	748,350	(1,578)	364,743	59,353	281,942	43,890
*Eliminations between transactions						

37. Commitments for acquisition of assets

Purchases of property, plant and equipment

At September 30, 2022, expenses recorded but not yet incurred relating to property, plant and equipment amount to R\$ 11,937 (R\$ 9,270 at December 31, 2021). Such expenses correspond to the modernization of manufacturing equipment, according to the Company's investment plan.

Plant Construction Operation of the Portobello Manufacturing LLC Subsidiary

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

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

38. Insurance coverage (unreviewed)

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

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All amounts in thousands of reais, unless otherwise stated.

Insurance Policy	Maximum Indemnity Limit	Maturity
International transport - Portobello imports	USD 9,000	12/31/2022
International transport - Pointer imports	USD 12,000	09/30/2022
Property Insurance - Own Stores	8,400	05/25/2023
Property Insurance - Pointer (Alagoas Building)	61,000	06/13/2023
General civil liability insurance (Tijucas/Pointer)	6,520	04/14/2023
PBG Property Insurance (Tijucas/Pointer/DCs) - single maximum indemnity limit	305,000	06/13/2023
Group life insurance and funeral assistance	510,964	03/01/2023
Cyber insurance	7,000	07/01/2023
Directors & Officers Liability Insurance (D&O)	43,000	08/26/2023
Vehicle fleet	73 (vehicles)	11/15/2022
Guarantee Bond Contract Engie EBC-18. 1710-CVE-CL	2,613	12/31/2022
Guarantee Bond Contract Engie	5,709	03/01/2023
Legal Protection Insurance (a)	28,000	06/18/2025
Legal Protection Insurance	1,408	04/24/2023
Legal Protection Insurance	248	11/13/2023
Legal Protection Insurance	169	11/13/2023
Legal Protection Insurance	3,899	04/26/2024
Legal Protection Insurance	1,534	05/13/2024
Legal Protection Insurance	132	03/03/2023
Legal Protection Insurance	261	01/26/2026
Legal Protection Insurance	129	04/24/2023
Legal Protection Insurance (b)	53,070	05/03/2026
Legal Protection Insurance	1,366	05/03/2026
Legal Protection Insurance	734	05/03/2026
Legal Protection Insurance	171	03/21/2027
Legal Protection Insurance (c)	28,777	03/07/2027
Legal Protection Insurance	10,421	01/21/2024
Legal Protection Insurance (d)	44,720	01/21/2024
Legal Protection Insurance	315	05/10/2025
Legal Protection Insurance	10,603	05/10/2025

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

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

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

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

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

39. Related entities and parties

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

Nature - Assets and liabilities balance	Company	Parent company	
		September 30, 2022	December 31, 2021
Subsidiaries			
Commercial transactions			
Trade receivables	Portobello Shop S.A.	5	1
Trade receivables	Portobello America, Inc.	159,110	111,796
Trade receivables	Cia Brasileira de Cerâmica	381	402
Trade receivables	PBTech Com. Sern. Cer. Ltda.	13,501	6,714
Receivables from related parties	Portobello Shop S.A.	3	-
Trade payables	Cia Brasileira de Cerâmica	(1,285)	(170)
Trade payables	Mineração Portobello Ltda.	(3,372)	(1,819)
Assets net of liabilities with subsidiaries		168,343	116,924
Related parties			
Payables to related parties	Refinadora Catarinense S.A.	(56,330)	(56,330)
Payables to related parties	Mineração Portobello Ltda.	(9,861)	-
Payables to related parties	PBTech Com. Sern. Cer. Ltda.	(16)	-
Trade receivables	Solução Cerâmica Com. Ltda.	-	5
Trade receivables	Riveste Comercio Ltda.	-	559
Trade receivables	Flooring Revest. Cer. Ltda.	269	193
Trade payables	Solução Cerâmica Com. Ltda.	(18)	-
Trade payables	Flooring Revest. Cer. Ltda.	(2,254)	(6,058)
Trade payables	AB Parking	(13)	(9)
Assets net of liabilities with other related parties		(68,223)	(61,640)

PBG S.A. and subsidiaries

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All amounts in thousands of reais, unless otherwise stated.

Nature - profit or loss	Company	Accumulated at September 30, 2022	Accumulated at September 30, 2021
Revenue			
Subsidiaries			
Sale of products	PBTech Com. Sern. Cer. Ltda.	97,909	77,876
Sale of products	Cia Brasileira de Cerâmica	1,158	930
Sale of products	Portobello America, Inc.	76,470	59,049
Related parties			
Sale of products	Solução Cerâmica Com. Ltda.	34	-
Sale of products	Solução Cerâmica Com. Ltda.	18,511	26,855
Sale of products	Flooring Revest. Cer. Ltda.	12,931	12,849
Expenses			
Subsidiaries			
Acquisition of inputs	Mineração Portobello Ltda.	(9,259)	(8,085)
Related parties			
Rental	Gomes Part Societárias Ltda.	(709)	(570)
Freight service	Multilog Sul Armazéns S/A	(15)	(3,318)
Cutting service	Flooring Revest. Cer. Ltda.	(7,096)	(8,094)
Parking service	AB Parking	(229)	(228)
		189,705	157,264

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

Related-party transactions

Portobello Shop, Companhia Brasileira de Cerâmica and Pbtech have receivables, payables from acquisition of stores and service revenue relating to royalties of related parties.

The transactions are as follows:

Subsidiaries and related entities Nature - Property		Subsidiaries	
		September 30, 2022	December 31, 2021
Solução Cerâmica Com. Ltda.	Trade receivables	-	61
Riveste Comercio Ltda.	Trade receivables	185	968
Flooring Revest. Cer. Ltda.	Trade receivables	128	515
Solução Cerâmica Com. Ltda.	Payables to subsidiaries and related parties	(21,150)	-
Riveste Comercio Ltda.	Payables to subsidiaries and related parties	(6,787)	-
Flooring Revest. Cer. Ltda.	Payables to subsidiaries and related parties	(33,741)	-
		(61,365)	1,544

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

All amounts in thousands of reais, unless otherwise stated.

		Subsidiaries	
Subsidiaries and related entities	Nature - profit or loss	Accumulated at September 30, 2022	Accumulated at September 30, 2021
Solução Cerâmica Com. Ltda.	Royalties	3	7,515
Riveste Comercio Ltda.	Royalties	4,887	-
Flooring Revest. Cer. Ltda.	Royalties	3,741	3,764
		8,631	11,279

		Subsidiaries	
Subsidiaries and related entities	Nature – acquisition of operations	September 30, 2022	September 30, 2021
Solução Cerâmica Com. Ltda.	Acquisition of store	49,200	-
Riveste Comercio Ltda.	Acquisition of store	10,800	-
Flooring Revest. Cer. Ltda.	Acquisition of store and Officina Tijucas	54,722	-
		114,722	-

Acquisition of Portobello Shop operations of Gabriel and Pacaembu stores

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

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

The transaction value was defined by an independent third-party company, using the Discounted Cash Flow method, analyzing each of the stores individually. The transaction was set at R\$ 60,000 (sixty million reais) for both stores, valuation consistent with market values, considering the revenue and other economic conditions of the locality. Payment: 1/3 (one third) of the amount, equivalent to R\$ 20,000 (twenty

million reais), paid in April 2022; 1/3 of the amount, equivalent to R\$20,000 (twenty million reais) to be paid in 8 (eight) consecutive monthly installments of R\$ 2,500,000.00 (two million and five hundred thousand reais), the first one with maturity in May 2022 and the others on the same day of the subsequent months and 1/3 of the amount, equivalent to R\$20,000 (twenty million reais), will be paid in a single installment in April 2023.

At September 30, 2022, PBtech has R\$ 27,297 outstanding in a debt with subsidiaries and related companies, comprising principal and interest.

In the period, interest in the amount of R\$ 1,782 was accrued in the finance result.

Acquisition of Portobello Shop Flooring operations

The Portobello Group, through its wholly-owned subsidiary PBtech, in line with its retail growth plan, acquired the operations of Portobello Shop Balneário Camboriú, Tijucas and São José stores. In conjunction with this acquisition through its wholly-owned subsidiary, Companhia Brasileira de Cerâmica Ltda. acquired the special

PBG S.A. and subsidiaries

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

All amounts in thousands of reais, unless otherwise stated.

cuts factory denominated Officina Portobello Tijucas, negotiation between related parties with the company Flooring Revestimentos Cerâmicos Ltda.

The operation was approved at a meeting of the Board of Directors on 07/05/2022 and the contract was signed on 07/29/2022.

The transaction value was defined by an independent third-party company, using the Discounted Cash Flow method, analyzing each of the stores and workshop individually. The transaction was set at R\$ 54,722 for both stores and workshop, valuation consistent with market values, considering the revenue and other economic conditions of the locality. Payment: 1/3 (one third) of the amount, equivalent to R\$ 18,241, paid on the execution of the agreement: 1/3 of the amount, equivalent to R\$ 18,240 to be paid in 12 (twelve) consecutive monthly installments of R\$ 1,520, the first one with maturity in August 2022 and the others on the same day of the subsequent months and 1/3 of the amount, equivalent to R\$ 18,241, will be paid in a single installment in August 2023.

At September 30, 2022, PBtech and Companhia Brasileira de Cerâmica Ltda. have R\$ 26,841 and R\$ 6,900, respectively, outstanding in a debt with subsidiaries and related companies, comprising principal and interest. In the period, interest in the amount of R\$ 671 was accrued in the finance result.

Key management personnel compensation

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

	Parent company		Consolidated	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Fixed compensation				
Salaries	11,676	12,019	12,752	13,266
Fees	6,741	5,833	6,741	5,833
Variable compensation	2,937	5,032	3,356	5,462
Pension Plan	807	789	822	827
Severance benefits	966	299	966	344
Other	4,182	1,794	4,314	1,945
	<u>27,307</u>	<u>25,766</u>	<u>28,950</u>	<u>27,677</u>

(A free translation of the original in Portuguese)

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

(A free translation of the original in Portuguese)

Report on review of quarterly information

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

Introduction

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

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

Scope of review

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

Conclusion on the interim information

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

PBG S.A.

Other matters

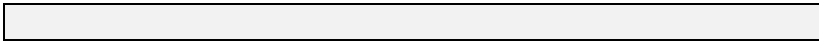
Statements of value added

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

Florianópolis, November 10, 2022

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

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



OPINION OF THE FISCAL COUNCIL

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

Tijucas, November 08, 2022.

Jorge Muller

Maro Marcos Hadlich Filho

Carlos Eduardo Zoppello Brennand

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

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

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

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

Tijucas, November 10, 2022.

Board Composition

Mauro do Valle Pereira - Chief Executive Officer

John Shojiro Suzuki – VP of Finance and Investor Relations

Edson Luiz Mees Stringari – VP of Legal and Compliance