



Portobello Grupo

1Q22 Results

Picture of the Oh!Take line, developed in collaboration with architect Ruy Ohtake, launched at Expo Revestir 2022

Portobello Grupo

PBG S.A.

1Q22 Earnings Release

March 31st, 2022

Share price (PTBL3): R\$ 9.92

Market value: R\$ 1,398.6 Million (US\$ 295.2 Million)

Number of shares: 140,986,886

Treasury shares: No treasury shares

Free Float: 38.7%

Investor Relations

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Company information / Breakdown of Capital

Quantity of shares (Thousand)	Current Period 03/31/2022
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 03/31/2022	Previous Period 12/31/2021
1	Total Assets	1,920,334	1,967,593
1.01	Current Assets	742,724	700,143
1.01.01	Cash and Cash Equivalents	114,512	125,516
1.01.03	Accounts Receivable	284,106	296,195
1.01.03.01	Trade Receivables	284,106	296,195
1.01.04	Inventory	275,540	233,108
1.01.06	Taxes to recover	9,616	26,662
1.01.06.01	Current taxes recoverable	9,616	26,662
1.01.06.01.01	Recoverable Income Tax and CS	1,192	1,192
1.01.06.01.02	Other Recoverable Taxes	8,424	25,470
1.01.07	Prepaid Expenses	182	267
1.01.08	Others Current Assets	58,768	18,395
1.01.08.03	Other	58,768	18,395
1.01.08.03.01	Advance to Suppliers	12,272	10,353
1.01.08.03.03	Derivative financial instruments	41,144	2,474
1.01.08.03.04	Other Accounts Receivable	5,352	5,568
1.02	Non-Current Assets	1,177,610	1,267,450
1.02.01	Long-Term Assets	517,231	631,718
1.02.01.07	Deferred Taxes	15,498	27,293
1.02.01.07.01	Deferred Income and Social Contribution Taxes	15,498	27,293
1.02.01.09	Receivables from related parties	111,148	119,130
1.02.01.09.02	Subsidiaries Credits	111,148	119,130
1.02.01.10	Other Non-Current Assets	390,585	485,295
1.02.01.10.03	Judicial Deposits	104,059	185,332
1.02.01.10.04	Escrow deposit	76,019	89,700
1.02.01.10.05	Receivables - Eletrobras	12,821	12,821
1.02.01.10.06	Taxes to recover	14,892	14,765
1.02.01.10.07	Legal assets	137,080	136,367
1.02.01.10.08	Actuarial assets	18,677	18,677
1.02.01.10.09	Restricted investments	14,021	13,679
1.02.01.10.10	Derivative financial instruments	0	150
1.02.01.10.11	Other Accounts Receivable	13,016	13,804
1.02.02	Investments	87,870	64,495
1.02.02.01	Ownership Interest	87,870	64,495
1.02.02.01.02	Interest in Subsidiaries	87,522	64,147
1.02.02.01.04	Other investments	348	348
1.02.03	Property, Plant and Equipment	549,500	548,913
1.02.03.01	Property, Plant and Equipment	507,830	519,423
1.02.03.02	Right to Use in Rent	17,731	20,603
1.02.03.03	Construction in Progress	23,939	8,887
1.02.04	Intangibles Assets	23,009	22,324
1.02.04.01	Intangibles Assets	23,009	22,324

Individual financial statements / Balance sheet Liabilities

(Thousand)

Account Code	Account Description	Current Period 03/31/2022	Previous Period 12/31/2021
2	Total Liabilities	1,920,334	1,967,593
2.01	Current Liabilities	579,345	585,607
2.01.01	Social and labor obligations	54,648	49,780
2.01.02	Suppliers	333,847	322,176
2.01.02.01	National suppliers	309,000	305,459
2.01.02.01.01	Suppliers	180,503	187,245
2.01.02.01.02	Credit granting from suppliers	107,622	97,717
2.01.02.01.03	Asset Accounts Payable	20,875	20,497
2.01.02.02	Foreign suppliers	24,847	16,717
2.01.03	Tax Obligations	21,307	21,677
2.01.03.01	Federal tax obligations	7,823	7,999
2.01.03.01.01	Income and social contribution tax payable	3,507	124
2.01.03.01.02	PIS AND COFINS	278	0
2.01.03.01.03	IRRF	3,383	7,599
2.01.03.01.04	Other Taxes	655	276
2.01.03.02	State Taxes	13,484	13,678
2.01.03.02.01	ICMS	13,484	13,678
2.01.04	Loans and Financing	74,560	98,115
2.01.04.01	Loans and Financing	73,683	90,922
2.01.04.01.01	In National Currency	58,586	69,642
2.01.04.01.02	Foreign Currency	15,097	21,280
2.01.04.02	Debentures	877	7,193
2.01.05	Other Obligations	65,719	69,609
2.01.05.01	Liabilities Related Party	2,962	8,056
2.01.05.01.02	Debts with Subsidiaries	2,962	1,989
2.01.05.01.04	Other Payables to Related Parties	0	6,067
2.01.05.02	Other	62,757	61,553
2.01.05.02.01	Dividends and interest on equity	4,458	970
2.01.05.02.04	Lease Obligations	7,606	8,036
2.01.05.02.06	Other bills to pay	16,390	17,440
2.01.05.02.07	Taxes payable in installments	11,792	11,663
2.01.05.02.08	Advances from clients	22,511	23,444
2.01.06	Provisions	29,264	24,250
2.01.06.02	Other provisions	29,264	24,250
2.01.06.02.04	Provision for profit sharing	29,264	24,250
2.02	Non-current Liabilities	932,424	1,025,850
2.02.01	Loans and Financing	654,379	664,277
2.02.01.01	Loans and Financing	356,782	366,872
2.02.01.01.01	In National Currency	356,782	366,872
2.02.01.02	Debentures	297,597	297,405
2.02.02	Other Obligations	198,954	284,067
2.02.02.01	Liabilities Related Party	65,670	56,330
2.02.02.01.02	Debts with Subsidiaries	9,340	0
2.02.02.01.04	Other Payables to Related Parties	56,330	56,330
2.02.02.02	Other	133,284	227,737
2.02.02.02.03	Suppliers	88,930	171,195

Individual financial statements / Balance sheet Liabilities (Thousand)

Account Code	Account Description	Current Period 03/31/2022	Previous Period 12/31/2021
2.02.02.02.04	Asset Accounts Payable	11,180	18,739
2.02.02.02.05	Taxes payable in installments	18,679	21,406
2.02.02.02.06	Lease Obligations	12,978	15,383
2.02.02.02.07	Other bills to pay	1,517	1,014
2.02.04	Provisions	79,091	77,506
2.02.04.01	Provision for profit sharing	79,091	77,506
2.02.04.01.01	Tax provisions	31,164	30,313
2.02.04.01.02	Social Security and Labor Provisions	18,091	19,716
2.02.04.01.04	Civil provisions	29,836	27,477
2.03	Shareholders' Equity	408,565	356,136
2.03.01	Capital	250,000	250,000
2.03.02	Capital reserves	0	-91,351
2.03.02.05	Treasury shares	0	-91,351
2.03.04	Profit Reserves	183,197	240,097
2.03.04.01	Revenue reserves	43,016	43,016
2.03.04.05	Retained Earnings Reserve	32,983	92,174
2.03.04.06	Special Reserve for Undistributed Dividends	35,633	35,633
2.03.04.07	Tax Incentive Reserve	71,565	65,785
2.03.04.08	Additional dividends	0	3,489
2.03.06	Equity valuation adjustments	30,842	31,139
2.03.07	Cumulative translation adjustments	-73,737	-66,490
2.03.08	Other Comprehensive Income	18,263	-7,259
2.03.08.02	Other Comprehensive Income	18,263	-7,259

Individual financial statements / Statement of income
(Thousand)

Account Code	Account Description	Current Quarter	Accumulated of the
		Period 01/01/2022 to 03/31/2022	Previous Period 01/01/2021 to 03/31/2021
3.01	Sales revenue of Goods and / or Services	428,033	347,314
3.02	Cost of Goods and / or Services Sold	-261,292	-225,066
3.03	Raw score	166,741	122,248
3.04	Operating Income / Expenses	-81,493	-63,402
3.04.01	Selling Expenses	-75,270	-62,717
3.04.02	General and Administrative Expenses	-17,497	-13,248
3.04.04	Other Operating Income	5,296	771
3.04.05	Other Operating Expenses	-7,555	-8,639
3.04.06	Equity income	13,533	20,431
3.05	Income before financial result and taxes	85,248	58,846
3.06	Financial result	-39,406	-10,556
3.06.01	Financial income	3,380	2,766
3.06.02	Financial expenses	-42,786	-13,322
3.06.02.01	Financial expenses	-23,721	-14,134
3.06.02.02	Foreign exchange variations, net	-19,065	812
3.07	Income before Income Taxes	45,842	48,290
3.08	Income Tax and Social Contribution on Net Income	-8,199	-7,880
3.08.01	Current	-9,552	-5,127
3.08.02	Deferred	1,353	-2,753
3.09	Net Income from Continuing Operations	37,643	40,410
3.11	Profit / Loss for the Period	37,643	40,410
3.99	Earnings per share - (R \$ / Share)		
3.99.01	Basic earnings per share		
3.99.01.01	ON	0.2669	0.26677

Individual financial statements / Statement of comprehensive income (Thousand)

Account Code	Account Description	Current Quarter	Accumulated of the
		Period 01/01/2022 to 03/31/2022	Previous Period 01/01/2021 to 03/31/2021
4.01	Net income for the period	37,643	40,410
4.02	Other Comprehensive Income	18,275	2,506
4.02.03	Exchange Variation of Subsidiaries Abroad	-7,247	2,506
4.02.04	Hedge Accounting Operations	38,670	0
4.02.05	Deferred income tax and social contribution on hedge accounting	-13,148	0
4.03	Results Comprehensive Period	55,918	42,916

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

Account Code	Account Description	Current Quarter	Accumulated of the
		Period 01/01/2022 to 03/31/2022	Previous Period 01/01/2021 to 03/31/2021
6.01	Net cash from operating activities	61,670	57,984
6.01.01	Cash provided by operating activities	72,420	67,018
6.01.01.01	Income (loss) before income tax	45,842	48,290
6.01.01.02	Depreciation and amortization	14,483	12,422
6.01.01.03	Equity income or loss	-13,533	-20,431
6.01.01.04	Unrealized foreign exchange variations from borrowin	-2,550	4,747
6.01.01.06	Provision for valuation of inventories at market value	1,367	-572
6.01.01.07	Provision for impairment of trade receivables	-130	-639
6.01.01.08	Provisions for civil, labor, pension and taxes	2,434	3,696
6.01.01.09	Provisions of social and labor obligations	0	5,906
6.01.01.10	Other provisions	0	930
6.01.01.11	Restatement of Judicial Assets	-2,192	0
6.01.01.12	Provision for PPR	5,014	3,812
6.01.01.13	Provision for interest on loans and debentures	18,529	8,637
6.01.01.14	Interest and exchange variation on leases	428	167
6.01.01.15	Payables to related parties	0	4
6.01.01.16	Provision for Long-Term Incentives	502	0
6.01.01.17	Prodec Present Value Adjustment	271	49
6.01.01.19	Lease Rescission	1,955	0
6.01.02	Changes in assets and liabilities	17,538	1,063
6.01.02.01	Accounts Receivable	12,219	8,061
6.01.02.02	Restricted investments	-342	5,170
6.01.02.03	Inventory	-43,799	-10,742
6.01.02.04	Advance to Suppliers	-1,919	-2,139
6.01.02.05	Judicial Deposits	-5,827	-1,982
6.01.02.06	Recoverable Taxes	16,766	4,617
6.01.02.07	Judicial Assets	15,160	0
6.01.02.08	Other assets	1,089	-367
6.01.02.09	Accounts Payable	16,128	12,655
6.01.02.10	Advances from customers	-933	-3,591
6.01.02.11	Tax installment payment	-2,598	-2,751
6.01.02.12	Taxes, fees and contributions	-3,753	-4,929
6.01.02.13	Tax and labor obligations	4,868	425
6.01.02.15	Provisions for civil, labor, pension and taxes	-849	-1,670
6.01.02.17	Debts to subsidiaries and related parties	12,228	0
6.01.02.18	Derivatives	150	-1,359
6.01.02.19	Other trade payables	-1,050	-335
6.01.03	Other	-28,288	-10,097
6.01.03.01	Interest paid	-22,272	-6,325
6.01.03.02	Income Tax and Social Contribution Paid	-6,016	-3,772
6.02	Net cash used in investing activities	-41,445	-37,710
6.02.01	Acquisition of property, plant and equipment	-15,052	-9,987
6.02.02	Acquisition of intangible assets	-2,123	-2,532
6.02.03	Payables of Fixed Assets	-7,181	-11,886
6.02.04	(Granted to) Received from related parties	0	-21,311

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

Account Code	Account Description	Current Quarter Period 01/01/2022 to 03/31/2022	Accumulated of the Previous Period 01/01/2021 to 03/31/2021
6.02.05	Payment of capital with subsidiaries	0	-400
6.02.06	Advance for future capital increase (AFAC)	-35,089	0
6.02.07	Dividends received	18,000	8,406
6.03	Net cash provided by (used in) financing activities	-31,229	-105,217
6.03.01	Loans and financing and debentures	2,214	16,875
6.03.02	Payment of borrowings	-29,645	-41,455
6.03.03	Dividends paid	0	-17,227
6.03.04	Lease amortization	-3,798	-1,046
6.03.05	Acquisition of treasury shares	0	-62,364
6.05	Increase/(decrease) in cash and cash equivalents	-11,004	-84,943
6.05.01	Opening balance of cash and cash equivalents	125,516	245,779
6.05.02	Closing balance of cash and cash equivalents	114,512	160,836

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

Account Code	Account Description	Paid-in share capital	Capital Reserves, Options Awarded and Treasury Stock	Profit Reserves	Retained Earnings or Accumulated Losses	Other Comprehensive Income	Individual Shareholders' Equity
5.01	Opening Balances	250,000	-91,351	240,097	0	-42,610	356,136
5.03	Adjusted Opening Balances	250,000	-91,351	240,097	0	-42,610	356,136
5.04	Capital Transactions with Partners	0	91,351	-94,840	0	0	-3,489
5.04.06	Dividends	0	0	-3,489	0	0	-3,489
5.04.08	Cancellation of treasury shares	0	91,351	-91,351	0	0	0
5.05	Total Comprehensive Income	0	0	0	37,643	18,275	55,918
5.05.01	Net Income for the Period	0	0	0	37,643	0	37,643
5.05.02	Other Comprehensive Income	0	0	0	0	18,275	18,275
5.05.02.01	Financial Instruments Adjustments	0	0	0	0	38,670	38,670
5.05.02.02	Taxes s / Adjustments Financial Instruments	0	0	0	0	-13,148	-13,148
5.05.02.04	Foreign exchange variation of subsidiary located abroad	0	0	0	0	-7,247	-7,247
5.06	Internal changes in shareholders' equity	0	0	37,940	-37,643	-297	0
5.06.01	Reserve is constituted	0	0	37,940	-37,940	0	0
5.06.02	Realization of the Revaluation Reserve	0	0	0	297	-297	0
5.07	Closing Balances	250,000	0	183,197	0	-24,632	408,565

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

Account Code	Account Description	Paid-in share capital	Capital Reserves, Options Awarded and Treasury Stock	Profit Reserves	Retained Earnings or Accumulated Losses	Other Comprehensive Income	Individual Shareholders' Equity
5.01	Opening Balances	200,000	-14,095	245,358	0	-14,095	417,168
5.03	Adjusted Opening Balances	200,000	-14,095	245,358	0	-14,095	417,168
5.04	Capital Transactions with Partners	0	-48,269	-14,095	0	0	-62,364
5.04.04	Treasury shares acquired	0	-62,364	0	0	0	-62,364
5.04.08	Cancellation of shares after Boarding meeting 01/20/2021	0	14,095	-14,095	0	0	0
5.05	Total Comprehensive Income	0	0	2,506	0	0	2,506
5.05.02	Other Comprehensive Income	0	0	2,506	0	0	2,506
5.05.02.04	Foreign exchange variation of subsidiary located abroad	0	0	2,506	0	0	2,506
5.06	Internal changes in shareholders' equity	0	0	-296	40,706	0	40,410
5.06.02	Realization of the Revaluation Reserve	0	0	-296	296	0	0
5.06.04	Net Income for the Period	0	0	0	40,410	0	40,410
5.07	Closing Balances	200,000	-62,364	233,473	40,706	-14,095	397,720

Individual financial statements / Statement of added value (Thousand)

Account Code	Account Description	Current Quarter	Accumulated of the
		Period 01/01/2022 to 03/31/2022	Previous Period 01/01/2021 to 03/31/2021
7.01	Revenues	531,419	428,527
7.01.01	Sales of goods, products and services	526,151	426,918
7.01.02	Other revenues	5,138	971
7.01.04	Reversal/Allowance for doubtful accounts	130	638
7.02	Inputs acquired from third-parties	-241,591	-209,140
7.02.01	Cost of products, goods and services sold	-185,548	-159,368
7.02.02	Materials, energy, third party services and other	-57,528	-50,699
7.02.03	Loss/Recovery of assets	1,485	927
7.03	Gross value added	289,828	219,387
7.04	Retentions	-14,483	-12,422
7.04.01	Depreciation and amortization	-14,483	-12,422
7.05	Net value added produced	275,345	206,965
7.06	Value added received in transfer	2,620	31,974
7.06.01	Equity income	13,533	20,431
7.06.02	Financial income	-10,913	11,543
7.07	Total value added to be distributed	277,965	238,939
7.08	Distribution of value added	277,965	238,939
7.08.01	Personnel	83,914	70,949
7.08.01.01	Direct remuneration	71,696	60,261
7.08.01.02	Benefits	7,560	6,700
7.08.01.03	Government Severance Indemnity Fund for Employee (FGTS)	4,658	3,988
7.08.02	Taxes, fees and contributions	122,065	100,915
7.08.02.01	Federal	56,698	43,153
7.08.02.02	State	65,009	57,191
7.08.02.03	Municipal	358	571
7.08.03	Remuneration of third party capital	34,343	26,665
7.08.03.01	Interest	28,493	21,705
7.08.03.02	Rentals	5,850	4,960
7.08.04	Remuneration of own capital	37,643	40,410
7.08.04.03	Retained earnings	37,643	40,410

Consolidated financial statements / Balance sheet - Assets

(Thousand)

Account Code	Account Description	Current Period 03/31/2022	Previous Period 12/31/2021
1	Total Assets	2,083,970	2,157,347
1.01	Current Assets	989,211	906,131
1.01.01	Cash and Cash Equivalents	224,219	189,718
1.01.03	Accounts Receivable	358,149	375,624
1.01.03.01	Trade Receivables	358,149	375,624
1.01.04	Inventory	325,813	285,364
1.01.06	Taxes to recover	10,945	27,454
1.01.06.01	Current taxes recoverable	10,945	27,454
1.01.06.01.01	Recoverable Income Tax and CS	2,344	1,864
1.01.06.01.02	Other Recoverable Taxes	8,601	25,590
1.01.07	Prepaid Expenses	4,988	5,447
1.01.08	Others Current Assets	65,097	22,524
1.01.08.03	Other	65,097	22,524
1.01.08.03.01	Advance to Suppliers	16,125	12,624
1.01.08.03.02	Derivative financial instruments	41,144	2,474
1.01.08.03.03	Other Accounts Receivable	7,828	7,426
1.02	Non-Current Assets	1,094,759	1,251,216
1.02.01	Long-Term Assets	411,660	536,077
1.02.01.07	Deferred Taxes	20,734	31,942
1.02.01.07.01	Deferred Income and Social Contribution Taxes	20,734	31,942
1.02.01.10	Other Non-Current Assets	390,926	504,135
1.02.01.10.03	Judicial Deposits	104,110	185,382
1.02.01.10.04	Escrow deposit	76,019	89,700
1.02.01.10.05	Receivables - Eletrobras	12,821	12,821
1.02.01.10.06	Taxes to recover	14,969	14,859
1.02.01.10.07	Legal assets	137,080	155,153
1.02.01.10.08	Actuarial assets	18,677	18,677
1.02.01.10.09	Restricted investments	14,021	13,679
1.02.01.10.11	Derivative financial instruments	0	150
1.02.01.10.12	Other Accounts Receivable	13,229	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	652,413	685,994
1.02.03.01	Property, Plant and Equipment	535,590	566,121
1.02.03.02	Right to Use in Rent	64,789	71,536
1.02.03.03	Construction in Progress	52,034	48,337
1.02.04	Intangibles Assets	30,338	28,797
1.02.04.01	Intangibles Assets	30,338	28,797

Consolidated financial statements / Balance sheet - Liabilities (Thousand)

Account Code	Account Description	Current Period 03/31/2022	Previous Period 12/31/2021
2	Total Liabilities	2,083,970	2,157,347
2.01	Current Liabilities	695,013	714,127
2.01.01	Social and labor obligations	64,972	58,991
2.01.02	Suppliers	357,557	365,652
2.01.02.01	National suppliers	327,945	331,541
2.01.02.01.01	Suppliers	199,448	195,717
2.01.02.01.02	Credit granting from suppliers	107,622	97,717
2.01.02.01.03	Asset Accounts Payable	20,875	38,107
2.01.02.02	Foreign suppliers	29,612	34,111
2.01.03	Tax Obligations	29,003	28,070
2.01.03.01	Federal tax obligations	15,050	13,974
2.01.03.01.01	Income and social contribution tax payable	7,190	3,865
2.01.03.01.02	PIS AND COFINS	2,007	1,176
2.01.03.01.03	IRRF	4,245	8,385
2.01.03.01.04	Other Taxes	1,608	548
2.01.03.02	State Taxes	13,953	14,096
2.01.03.02.01	ICMS	13,953	14,096
2.01.04	Loans and Financing	74,560	98,115
2.01.04.01	Loans and Financing	73,683	90,922
2.01.04.01.01	In National Currency	58,586	69,642
2.01.04.01.02	Foreign Currency	15,097	21,280
2.01.04.02	Debentures	877	7,193
2.01.05	Other Obligations	139,657	139,049
2.01.05.01	Liabilities Related Party	5,987	6,067
2.01.05.01.04	Other Payables to Related Parties	5,987	6,067
2.01.05.02	Other	133,670	132,982
2.01.05.02.01	Dividends and interest on equity	4,458	1,043
2.01.05.02.04	Lease Obligations	16,850	19,456
2.01.05.02.06	Other bills to pay	30,608	31,256
2.01.05.02.07	Taxes payable in installments	11,792	11,663
2.01.05.02.08	Advances from customers	69,962	69,564
2.01.06	Provisions	29,264	24,250
2.01.06.02	Other provisions	29,264	24,250
2.01.06.02.04	Provision for profit sharing	29,264	24,250
2.02	Non-current Liabilities	980,369	1,087,063
2.02.01	Loans and Financing	654,379	664,277
2.02.01.01	Loans and Financing	356,782	366,872
2.02.01.01.01	In National Currency	356,782	366,872
2.02.01.02	Debentures	297,597	297,405
2.02.02	Other Obligations	234,890	333,772
2.02.02.02	Other	234,890	333,772
2.02.02.02.03	Suppliers	88,930	171,195
2.02.02.02.04	Asset Accounts Payable	11,180	18,739
2.02.02.02.05	Taxes payable in installments	18,679	21,406
2.02.02.02.06	Debts with Related Parties	56,427	56,363
2.02.02.02.07	Lease Obligations	41,667	45,397

Consolidated financial statements / Balance sheet - Liabilities (Thousand)

Account Code	Account Description	Current Period 03/31/2022	Previous Period 12/31/2021
2.02.02.02.08	Other	18,007	20,672
2.02.04	Provisions	91,100	89,014
2.02.04.01	Provision for profit sharing	91,100	89,014
2.02.04.01.01	Tax provisions	31,195	30,344
2.02.04.01.02	Social Security and Labor Provisions	18,478	20,291
2.02.04.01.04	Civil provisions	41,427	38,379
2.03	Consolidated Shareholders' Equity	408,588	356,157
2.03.01	Capital	250,000	250,000
2.03.02	Capital reserves	0	-91,351
2.03.02.05	Treasury shares	0	-91,351
2.03.04	Profit Reserves	183,197	240,097
2.03.04.01	Revenue reserves	43,016	43,016
2.03.04.05	Retained Earnings Reserve	32,983	92,174
2.03.04.06	Special Reserve for Undistributed Dividends	35,633	35,633
2.03.04.07	Tax Incentive Reserve	71,565	65,785
2.03.04.08	Additional dividends	0	3,489
2.03.06	Equity valuation adjustments	30,842	31,139
2.03.07	Cumulative translation adjustments	-73,737	-66,490
2.03.08	Other Comprehensive Income	18,263	-7,259
2.03.09	Participation of Non-Controlling Shareholders	23	21

Consolidated financial statements / Statement of income (Thousand)

Account Code	Account Description	Current Quarter	Accumulated of the
		Period 01/01/2022 to 03/31/2022	Previous Period 01/01/2021 to 03/31/2021
3.01	Sales revenue of Goods and / or Services	524,955	416,393
3.02	Cost of Goods and / or Services Sold	-286,568	-237,909
3.03	Raw score	238,387	178,484
3.04	Operating Income / Expenses	-140,272	-113,216
3.04.01	Selling Expenses	-118,901	-91,680
3.04.02	General and Administrative Expenses	-18,331	-13,529
3.04.04	Other Operating Income	20,123	771
3.04.05	Other Operating Expenses	-23,163	-8,778
3.05	Income before financial result and taxes	98,115	65,268
3.06	Financial result	-41,344	-11,491
3.06.01	Financial income	4,283	3,093
3.06.02	Financial expenses	-45,627	-14,584
3.06.02.01	Foreign exchange variations, net	-19,036	805
3.06.02.02	Financial expenses	-26,591	-15,389
3.07	Income before Income Taxes	56,771	53,777
3.08	Income Tax and Social Contribution on Net Income	-19,126	-13,363
3.08.01	Current	-21,066	-10,610
3.08.02	Deferred	1,940	-2,753
3.09	Net Income from Continuing Operations	37,645	40,414
3.11	Consolidated Profit/Loss for the Period	37,645	40,414
3.11.01	Attributed to Controlling Partners	37,643	40,401
3.11.02	Attributed to Non-Controlling Partners	2	13
3.99	Earnings per share - (R \$ / Share)		
3.99.01	Basic earnings per share		
3.99.01.01	ON	0.267	0.26677

Consolidated financial statements / Statement of comprehensive income (Thousand)

Account Code	Account Description	Current Quarter	Accumulated of the
		Period 01/01/2022 to 03/31/2022	Previous Period 01/01/2021 to 03/31/2021
4.01	Net income for the period	37,645	40,414
4.02	Other Comprehensive Income	18,275	2,506
4.02.03	Exchange Variation of Subsidiaries Abroad	-7,247	2,506
4.02.04	Hedge Accounting Operations	38,670	0
4.02.05	Deferred income tax and social contribution on hedge accounting	-13,148	0
4.03	Results Comprehensive Period	55,920	42,920
4.03.01	Attributed to Partners of the Parent Company	55,918	42,907
4.03.02	Attributed to Minority Partners	2	13

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

Account Code	Account Description	Current Quarter	Accumulated of the
		Period 01/01/2022 to 03/31/2022	Previous Period 01/01/2021 to 03/31/2021
6.01	Net cash from operating activities	84,952	52,798
6.01.01	Cash provided by operating activities	101,189	99,099
6.01.01.01	Income (loss) before income tax	56,771	53,777
6.01.01.02	Depreciation and amortization	20,553	16,744
6.01.01.04	Unrealized foreign exchange variations from borrowin	-2,550	4,747
6.01.01.05	Unrealized foreign exchange variations Portobello America	0	2,506
6.01.01.06	Provision for valuation of inventories at market value	-1,693	-1,202
6.01.01.07	Provision for impairment of trade receivables	-306	-427
6.01.01.08	Provisions for civil, labor, pension and taxes	2,984	3,696
6.01.01.09	Provision for social and labor obligations	0	4,980
6.01.01.10	Other provisions	0	930
6.01.01.11	Provision for PPR	5,014	3,812
6.01.01.12	Restatement of Judicial Assets	-2,192	0
6.01.01.13	Provision for interest on loans and debentures	18,529	8,637
6.01.01.14	Interest and exchange variation on leases	910	711
6.01.01.15	Payables to related parties	0	43
6.01.01.16	Lease Rescission	1,953	0
6.01.01.17	Prodec Present Value Adjustment	271	49
6.01.01.18	Write-off of fixed assets	443	96
6.01.01.19	Provision for Long-Term Incentives	502	0
6.01.02	Changes in assets and liabilities	23,200	-31,160
6.01.02.01	Accounts Receivable	17,781	-30,623
6.01.02.02	Restricted investments	-342	5,170
6.01.02.03	Inventory	-38,756	-12,563
6.01.02.04	Advance to Suppliers	-3,501	-2,457
6.01.02.05	Judicial Deposits	-5,828	-1,948
6.01.02.06	Recoverable Taxes	15,823	4,488
6.01.02.07	Judicial assets	33,946	0
6.01.02.08	Other assets	542	-1,017
6.01.02.09	Accounts Payable	13,972	15,916
6.01.02.10	Advances from customers	398	-678
6.01.02.11	Tax installment payment	-2,598	-3,045
6.01.02.12	Taxes, fees and contributions	-2,392	-4,282
6.01.02.13	Tax and labor obligations	5,981	2,062
6.01.02.15	Provisions for civil, labor, pension and taxes	-898	-1,670
6.01.02.16	Derivatives	150	-1,359
6.01.02.17	Debts to subsidiaries and related parties	-16	0
6.01.02.18	Other trade payables	-11,062	846
6.01.03	Other	-39,437	-15,141
6.01.03.01	Interest paid	-22,272	-6,325
6.01.03.02	Income Tax and Social Contribution Paid	-17,165	-8,816
6.02	Net cash used in investing activities	-15,557	-28,742
6.02.01	Acquisition of property, plant and equipment	-42,872	-12,978
6.02.02	Acquisition of intangible assets	-3,658	-3,878
6.02.03	Receipt for sale and reimbursement of fixed assets	55,764	0

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

Account Code	Account Description	Current Quarter	Accumulated of the
		Period 01/01/2022 to 03/31/2022	Previous Period 01/01/2021 to 03/31/2021
6.02.04	Payables of Fixed Assets	-24,791	-11,886
6.03	Net cash provided by (used in) financing activities	-34,894	-107,488
6.03.01	Loans and financing and debentures	2,214	16,875
6.03.02	Payment of Loans and Financing	-29,645	-41,455
6.03.03	Dividends paid	-74	-17,228
6.03.04	Lease amortization	-7,389	-3,316
6.03.05	Acquisition of treasury shares	0	-62,364
6.05	Increase/(decrease) in cash and cash equivalents	34,501	-83,432
6.05.01	Opening balance of cash and cash equivalents	189,718	326,325
6.05.02	Closing balance of cash and cash equivalents	224,219	242,893

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

Account Code	Account Description	Paid-in share capital	Capital Reserves, Options Awarded and Treasury Stock	Profit Reserves	Retained Earnings or Accumulated Losses	Other Comprehensive Income	Shareholders' Equity	Minority Interests	Consolidated Shareholders' Equity
5.01	Opening Balances	250,000	-91,351	240,097	0	-42,610	356,136	21	356,157
5.03	Adjusted Opening Balances	250,000	-91,351	240,097	0	-42,610	356,136	21	356,157
5.04	Capital Transactions with Partners	0	91,351	-94,840	0	0	-3,489	0	-3,489
5.04.06	Dividends	0	0	-3,489	0	0	-3,489	0	-3,489
5.04.08	Cancellation of treasury shares	0	91,351	-91,351	0	0	0	0	0
5.05	Total Comprehensive Income	0	0	0	37,643	18,275	55,918	2	55,920
5.05.01	Net Income for the Period	0	0	0	37,643	0	37,643	2	37,645
5.05.02	Other Comprehensive Income	0	0	0	0	18,275	18,275	0	18,275
5.05.02.01	Financial Instruments Adjustments	0	0	0	0	38,670	38,670	0	38,670
5.05.02.02	Taxes s / Adjustments Financial Instruments	0	0	0	0	-13,148	-13,148	0	-13,148
5.05.02.04	Foreign exchange variation of subsidiary located abroad	0	0	0	0	-7,247	-7,247	0	-7,247
5.06	Internal changes in shareholders' equity	0	0	37,940	-37,643	-297	0	0	0
5.06.01	Reserve is constituted	0	0	37,940	-37,940	0	0	0	0
5.06.02	Realization of the Revaluation Reserve	0	0	0	297	-297	0	0	0
5.07	Closing Balances	250,000	0	183,197	0	-24,632	408,565	23	408,588

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

Account Code	Account Description	Paid-in share capital	Capital Reserves, Options Awarded and Treasury Stock	Profit Reserves	Retained Earnings or Accumulated Losses	Other Comprehensive Income	Shareholders' Equity	Minority Interests	Consolidated Shareholders' Equity
5.01	Opening Balances	200,000	-14,095	245,358	0	-14,095	417,168	16	417,184
5.03	Adjusted Opening Balances	200,000	-14,095	245,358	0	-14,095	417,168	16	417,184
5.04	Capital Transactions with Partners	0	-48,269	-14,095	0	0	-62,364	0	-62,364
5.04.04	Treasury shares acquired	0	-62,364	0	0	0	-62,364	0	-62,364
5.04.08	Cancellation of shares after Boarding meeting 01/20/2021	0	14,095	-14,095	0	0	0	0	0
5.05	Total Comprehensive Income	0	0	0	40,410	0	40,410	4	40,414
5.05.01	Net Income for the Period	0	0	0	40,410	0	40,410	4	40,414
5.06	Internal changes in shareholders' equity	0	0	2,210	296	0	2,506	0	2,506
5.06.02	Realization of the Revaluation Reserve	0	0	-296	296	0	0	0	0
5.06.04	Exchange variation of subsidiary located abroad	0	0	2,506	0	0	2,506	0	2,506
5.07	Closing Balances	200,000	-62,364	233,473	40,706	-14,095	397,720	20	397,740

Consolidated financial statements / Statement of added value (Thousand)

Account Code	Account Description	Current Quarter	Accumulated of the
		Period 01/01/2022 to 03/31/2022	Previous Period 01/01/2021 to 03/31/2021
7.01	Revenues	653,039	504,199
7.01.01	Sales of goods, products and services	634,233	505,459
7.01.02	Other revenues	18,500	-1,680
7.01.04	Reversal/Allowance for doubtful accounts	306	420
7.02	Inputs acquired from third-parties	-294,712	-228,492
7.02.01	Cost of products, goods and services sold	-207,865	-170,352
7.02.02	Materials, energy, third party services and other	-88,207	-58,874
7.02.03	Loss/Recovery of assets	1,360	734
7.03	Gross value added	358,327	275,707
7.04	Retentions	-20,553	-16,744
7.04.01	Depreciation and amortization	-20,553	-16,744
7.05	Net value added produced	337,774	258,963
7.06	Value added received in transfer	-9,977	11,871
7.06.02	Financial income	-9,977	11,871
7.07	Total value added to be distributed	327,797	270,834
7.08	Distribution of value added	327,797	270,834
7.08.01	Personnel	105,922	85,492
7.08.01.01	Direct remuneration	91,619	73,278
7.08.01.02	Benefits	8,752	7,600
7.08.01.03	Government Severance Indemnity Fund for Employee (FGTS)	5,551	4,614
7.08.02	Taxes, fees and contributions	146,010	115,366
7.08.02.01	Federal	79,156	56,268
7.08.02.02	State	66,437	58,498
7.08.02.03	Municipal	417	600
7.08.03	Remuneration of third party capital	38,220	29,562
7.08.03.01	Interest	31,370	22,949
7.08.03.02	Rentals	6,850	6,613
7.08.04	Remuneration of own capital	37,645	40,414
7.08.04.03	Retained earnings	37,643	40,401
7.08.04.04	Minority interests in retained earnings	2	13

Portobello Grupo

Portobello Group records another quarter with positive results. Net Revenue R\$ 525 million, EBITDA R\$ 110 million (EBITDA Margin 21%) and Leverage 1.3x

Tijucas, May 12th, 2022. PBG S.A. (B3: PTBL3), the largest ceramic tile company in Brazil, announces its results for the first 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).

1Q22 Highlights

- **Net Revenue of R\$ 525.0 million in 1Q22**, with a **26.1%** increase vs. 1Q21 in the Business Units, with highlight to retail operations and international market.
- **Adjusted and Recurring Gross Margin of 45.2% in 1Q22**, up **2.3 pp** over 1Q21.
- **Adjusted and Recurring EBITDA of R\$ 110.2 million in 1Q22**, **R\$ 29.4 million or 36.3% above 1Q21**, with Adjusted and Recurring EBITDA Margin of 21.0%, an improvement of 1.6 p.p. vs. 1Q21.
- **Adjusted and Recurring Net Income of R\$ 31.1 million in 1Q22**, R\$ -9.2 million or -22.9% lower than in 1Q21, due to the increase in financial expenses and the negative impact of the exchange-rate variation.
- **Investment in Working Capital of R\$ 287.5 million**, with an increase of **R\$ 58.1 million or 25.3% vs. 1Q21**. **Cash Conversion Cycle was 42 days** in 1Q22 vs. 34 days in 1Q21, an increase of 8 days due to an increase in inventories to improve the service level of the Business Units.
- **Net Debt of R\$ 507.4 million in 1Q22**, an increase of **R\$ 40.0 million vs. 1Q21**, however, **Net Debt/Adjusted and Recurring EBITDA decreased to the lowest historical threshold**, reaching **1.3 times in 1Q22**, an improvement of **0.7 times vs. 1Q21**, given the strong growth in Adjusted and Recurring EBITDA.
- **PTBL3 price ended 1Q22 at R\$ 9.92**, up **10.5%** vs. 1Q21.

R\$ million	1Q21	1Q22	▲ %	▲ Abs	4Q21	▲ %	▲ Abs
Net Revenue	416.4	525.0	26.1%	108.6	520.2	0.9%	4.8
Adjusted and Recurring Gross Profit	178.5	235.9	32.2%	57.4	234.7	0.5%	1.2
Adjusted and Recurring Gross Margin	42.9%	45.2%	2.3 p.p.		45.1%	0.1 p.p.	
Net Income	40.4	37.6	-6.8%	-2.7	54.9	-31.5%	(17.3)
Net Margin	9.7%	7.2%	-2.5 p.p.		10.6%	-3.4 p.p.	
Adjusted and Recurring Net Income	40.4	31.1	-22.9%	(9.2)	49.3	-36.8%	(18.1)
Adjusted and Recurring Net Margin	9.7%	5.9%	-3.8 p.p.		9.5%	-3.5 p.p.	
EBITDA	80.8	118.6	46.8%	37.8	94.5	25.6%	24.1
EBITDA Margin	19.4%	22.6%	3.2 p.p.		18.2%	4.4 p.p.	
Adjusted and Recurring EBITDA	80.8	110.2	36.3%	29.4	96.4	14.3%	13.7
Adjusted and Recurring EBITDA Margin	19.4%	21.0%	1.6 p.p.		18.5%	2.4 p.p.	
Working Capital (R\$)	229.4	287.5	25.3%	58.1	270.4	6.3%	17.0
Cash Conversion Cycle (days)	34	42	23.5%	8	32	31.3%	10
Net Debt	467.4	507.4	8.5%	40.0	576.9	-12.1%	-69.6
Net Debt/EBITDA	2.1	1.3	-40.1%	(0.9)	1.6	-20.4%	(0.3)
Adjusted And Recurring Net Debt//EBITDA	2.0	1.3	-36.1%	(0.7)	1.6	-18.6%	(0.3)
Share Price	8.98	9.92	10.5%	0.94	9.64	2.9%	0.28

Video conference

May 13th, 2022

at 2:00 pm (Brazil Time)

Link for connection: [Click here](#)

Presentation in Portuguese with simultaneous translation into English

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

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

Portobello Grupo

Message from Management

The first months of 2022 were marked by several events that had global repercussions. In addition to the concern about COVID-19, as a result of the increase in contamination of the Omicron variant, which generated more uncertainties about the resumption of the economy, the escalation of tensions between Russia and Ukraine, also generated a greater risk aversion in the markets, which, consequently, intensified the rise in inflation as a result of the significant increase in the price of commodities, mainly oil and gas.

In view of this scenario, the domestic market was also impacted by the high inflation and the monetary policies adopted as a mechanism to control inflation. Retail, according to data from the ICVA (Cielo Broad Retail Index), underwent a retraction of 1.2% in 1Q22 compared to 1Q21 in the construction material sector. Data from ABRAMAT (Brazilian Association of Construction Materials) show that the revenue of the industries in the sector was also impacted, showing a retraction of 8.8% in 1Q22 vs. 1Q21, in deflated data.

During 1Q22, Portobello Group participated in the largest fair for tiles and finishes in Latin America, Expo Revestir, which was held in person from March 8th to 11th, 2022, in São Paulo. Portobello Group's participation in Expo Revestir was a success, with record audience at the stand and sales volume during the fair. In a exhibit with approximately 900 m², the group announced 21 launches, in particular, projects in strategic partnerships with renowned architects and designers.

Between April 5th and 8th, 2022, the largest ceramic tile fair in the world, Coverings, took place in Las Vegas, in the United States. Portobello Group's participation represents a significant step towards advancing the Company's internationalization, consolidation, and recognition in the American market. Coverings attracts thousands of distributors, retailers, manufacturers, contractors, specifiers, architectural and design professionals, builders, real estate developers, as well as journalists, reporters, and bloggers covering the industry. Portobello America Business Unit stood out at the fair, with a large booth and display of the new collection of products, especially the "Oh!Take" line and 160x160 cm (approximately 60x60 inches) formats, strengthening the competitive advantages of Portobello Grupo, which were also featured at Expo Revestir.

Even in the face of adverse macro and microeconomic scenarios in 1Q22, Portobello Group once again presented strong growth with increased profitability and reduced financial leverage. Net Revenue reached R\$ 525.0 million in 1Q22, a change of 26.1% vs. 1Q21, the highest historical level reached by the Company in a quarter. The growth was supported by a positive change of 19.1% in sales in the domestic market, which shows the strong growth compared to the sector, generating market share gains for Portobello Group. The Group's retail unit, Portobello Shop, also performed strongly, with a growth of 38.4% compared to 1Q21, also with market share gains. Additionally, the foreign market was a highlight in the quarter, recording an increase of 52.2% vs. 1Q21, with the advancement of operations at Portobello America Business Unit, as well as the increase in the international operations of the Portobello and Pointer Business Units.

The greater efficiency in the management of the product mix and the ability to implement higher price levels, combined with the culture of cost management in improving productivity/efficiency and gains of scale, made the Adjusted and Recurring Gross Margin also record an all-time record, reaching 45.2% in 1Q22, an increase of 2.3 p.p. vs. 1Q21.

The operating income reached the highest level in the Company's history, recording an Adjusted and Recurring EBITDA of R\$ 110.2 million in 1Q22, 36.3% above 1Q21, with an Adjusted and Recurring EBITDA Margin of 21.0%, an increase of 1.6 p.p. vs. 1Q21. This result was mainly due to the improvement in the Adjusted and Recurring Gross Margin, which grew 2.3 p.p., while the Operating Expenses/Net Revenues ratio increased 0.7 p.p. vs. the same period of the previous year, as a result of higher investments in Selling Expenses, mainly fairs (Expo Revestir and Coverings).

Investment in Working Capital in 1Q22 was R\$ 287.5 million, an increase of R\$ 58.1 million vs. 1Q21, while the Cash Conversion Cycle reached 42 days in 1Q22 vs. 34 days in 1Q21. This change was mainly due to the increase in the level of inventories in the Pointer Business Unit, as a result of lower growth in the North and Northeast markets in Brazil, and in the Portobello America Business Unit, for the purpose of improving the level of service and customer service in the North American market.

Portobello Grupo

The Company ended 1Q22 with a Net Debt of R\$ 507.4 million, while the Net Debt/Adjusted and Recurring EBITDA ratio was 1.3 times, setting another all-time record. The 0.7 times reduction in leverage compared to 1Q21 was due to the operating income obtained in the last 12 months, combined with discipline in cash management.

CapEx totaled R\$ 46.5 million in 1Q22, and 56.8% of the funds were allocated to investments in the Portobello America Business Unit and 29.6% to investments in the Tijucas (SC) industrial plant. The remaining investment amounts were mainly allocated to commercial and corporate projects. This amount does not consider the USD 11.8 million (R\$ 55.8 million) reimbursed by Oak Street in the BtS (Built-to-Suit) operation, which was completed in March 2022.

Business Unit Performance

The Portobello Business Unit recorded a Net Revenue of R\$ 256.7 million in 1Q22, up 25.5% vs. 1Q21. The income obtained in 1Q22 was driven by the strategy of expanding international growth, whose market has been showing good opportunities for the Company, which is well-positioned with satisfactory levels of productivity and inventory to meet demand. In the foreign market, it is possible to work with an assortment of products with greater added value and more attractive profitability, maintaining competitiveness in terms of price and quality.

Additionally, the advance in the qualification of the product mix, especially with the growth in sales of slabs 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.

Throughout 1Q22, the Portobello Business Unit's operation was maintained at 100% usage capacity, which combined with the program to gain efficiency and improve the mix of products sold, as well as the price readjustment, enabled the Gross Margin to grow to 48.0%, an increase of 4.9 p.p. vs. 1Q21.

The Portobello Business Unit continues to prioritize continuous improvement in service levels, efficiency in balancing inventory levels, and meet growing demand, in addition to implementing ESG actions, such as the revitalization of the Tijucas-SC plant and actions to reduce water consumption.

The group's retail Business Unit, Portobello Shop, currently has 141 stores in operation in the country, 3 of which opened in 1Q22. Of the total number of stores, 20 are own units and 121 are franchises. Recently, the Company announced the acquisition of two franchised stores (Gabriel Monteiro da Silva and Pacaembu), which will be consolidated in the owned stores results as of May 2022.

The Portobello Shop Business Unit ended 1Q22 with a Net Revenue of R\$ 172.2 million, up 38.4% vs. 1Q21. Owned stores showed an increase of 39.5% in Net Revenue in 1Q22 vs. 1Q21, which increased its share in the total Business Unit by 0.3 p.p. to 34.5%. Stores that were already in operation in 1Q21 showed Same Store Sales growth of 34.1% in 1Q22 vs. 1Q21.

The good operating income combined with the expansion strategy of the of Portobello Shop Business Unit reinforces the positive performance compared to the market, which, according to the ICVA (Cielo Broad Retail Index), which measures the retail sector of building materials in Brazil, showed nominal retraction of 1.2% in 1Q22 vs. 1Q21. The Portobello Shop Business Unit's Gross Margin grew by 2.3 p.p. vs. 1Q21, reaching 46.8%, mainly due to price adjustments, partially offset by the increase in production costs.

The Pointer Business Unit, the Group's democratic design brand, positioned in the North and Northeast regions of Brazil, was impacted by the slowdown in the civil construction market, which was more significant in these regions due to economic factors and the change in the population's consumption behavior, which redirected the focus to other sectors, such as services and tourism. These factors caused the sales channels/home centers to show lower sales growth in 1Q22.

As a result of this scenario, the Pointer Business Unit obtained in 1Q22 Net Revenue of R\$ 54.4 million, a decrease of 12.7% vs. 1Q21, and the Gross Margin showed a drop of 2.0 p.p. vs. 1Q21, reaching 37.7% in 1Q22. This change was mainly due to the effects of strategic commercial campaigns aimed at reducing inventories and optimizing the level of productivity.

During 1Q22, the Portobello America Business Unit advanced the project for the new plant under construction in Baxter, Tennessee, in the United States. In March 2022, the Company announced to the market the signing of the

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Built-to-Suit (BtS) agreement, in the amount of US\$ 90 million, with Oak Street Real Estate Capital, which aims to build the new factory, in addition to the long-term commercial conditions for using the facility in an operating lease format. In addition, after signing the agreement, Portobello America was reimbursed in the amount of US\$ 11.8 million (R\$ 55.8 million), related to the investment in the project since 2020. Oak Street is a real estate investment company and part of Blue Owl Inc. (NYSE: OWL), a leading private finance solutions company. Oak Street has over US\$ 15 billion in assets under management and extensive experience in BtS transactions with multinational blue chip companies.

Additionally, also in March 2022, Portobello America signed the equipment purchase agreement for phase 1 of the project, carried out with some of the largest and most renowned suppliers in the sector. The new plant will be one of the most modern in the United States, equipped with state-of-the-art technology in all its facilities. The investment in this phase of the project will total approximately US\$ 40 million and the unit is expected to start operating in early 2023, with an annual production capacity of 3.6 million square meters with the first kiln, in addition to 0.6 million square meters for special parts.

During 1Q22, the Portobello America Business Unit reached a Net Revenue of R\$ 58.2 million, with significant growth of 49.0% vs. 1Q21 (47.1% in dollars), mainly in the local distribution operation, which grew 58.9% (56.9% in dollars) in 1Q22 vs. 1Q21.

Portobello America Business Unit recorded a Gross Margin of 23.4% in 1Q22, an improvement of 8.6 p.p. vs. 4Q21. As reported in 4Q21, the Portobello America Business Unit started a price adjustment process, considering the profitability estimate combined with the planning to gain scale, necessary for the occupation of the factory's capacity in the United States. This price adjustment process offset the impacts of the increase in production costs, in Reais, in addition to the significant increase in international freight costs, which has been observed since 2H21. It is important to emphasize that these cost pressure factors will be minimized as soon as the Unit's local production starts in 2023.

Outlook for 2022 and 2Q22

- The Company expects the premium market for construction/finishing materials to remain more resilient throughout 2022, with growth opportunities in relation to 2021 via product mix qualification and channels management.
- The Company expects to present real growth in the 2022 Net Revenue, supported by the greater share of retail and exports, combined with the maintenance of the strategy of gains in the product mix to cover cost pressure.
 - In 2Q22, the Company expects to grow its Net Revenue by around 20% over 2Q21. In April 2022, the Company recorded in the Net Revenue of 23.8% over the same period in 2021.
- The Company remains focused on improving service levels, with constant evolution in logistical efficiency and reduction of transportation costs, always aiming to present better delivery times and increasing the level of customer satisfaction. This initiative includes all Business Units and reflect the Group's effort to seek greater logistical efficiency and optimization of transport costs.
- The Company's focus in 2022 continues to be on maintaining the Adjusted and Recurring Gross Margin at a level similar to 2021, despite the strong inflationary pressure on costs (mainly energy), through price increases, qualification product mix and manufacturing productivity, in addition to strict management of choices regarding operating costs.
- The Company's expectation is that Adjusted and Recurring EBITDA Margin in 2022 will remain close to the level reached in 2021, despite inflationary pressures and consumption adjustments in the domestic market.
- The 2022 CapEx investment plan is estimated by the Company in R\$ 280 million, of which around 40% will be allocated to the acquisition of equipment and infrastructure for the Portobello America Business Unit's plant,

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about 25% for strategic projects related to the growth of retail in Brazil and strengthening of the digital initiatives of the Portobello Shop Business Unit, and approximately 35% for investments in technological updating and expansion of the industrial plants of the Portobello and Pointer Business Units.

- Working Capital management also remains a priority for the Company and the Cash Conversion Cycle at the end of 2022 is expected to remain in line with the performance presented at the end of 2021, although with possible occasional increases during the quarters of the year, due to small corrections in the inventory level with the objective of improving the service level to clients, minimized by the continuity in the improvement of the receivables portfolio and by the strategic management of supplier terms.
- The Company continues adopting its strong discipline in financial management, focusing on preserving liquidity and austerity in investment choices. The expectation is that the Net Debt/EBITDA ratio will remain at a level significantly below 2.5 times the Adjusted and Recurring EBITDA for the year, which is the strategy approved by the Board of Directors.
- As main risks to the operations throughout the year, are highlighted the attention to inflationary pressure, high interest rates affecting consumption of durable goods and supply chain management, notably in international freight, affecting the competitiveness of exports.

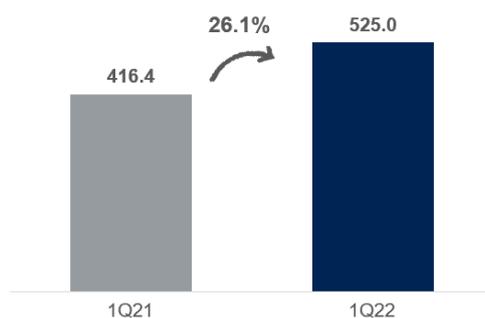
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Economic and Financial Performance

	1Q21	1Q22	▲ %	▲ Abs	4Q21	▲ %	▲ Abs
Net Revenue	416.4	525.0	26.1%	108.6	520.2	0.9%	4.8
Gross Profit	178.5	238.4	33.6%	59.9	234.7	1.6%	3.7
Gross Margin	42.9%	45.4%	2.5 p.p.		45.1%	0.3 p.p.	
Adjusted and Recurring Gross Profit	178.5	235.9	32.2%	57.4	234.7	0.5%	1.2
Adjusted and Recurring Gross Margin	42.9%	45.2%	2.3 p.p.		45.1%	0.1 p.p.	
EBIT	65.3	98.1	50.3%	32.8	71.6	37.1%	26.6
EBIT Margin	15.7%	18.7%	3 p.p.		13.8%	4.9 p.p.	
Net Income	40.4	37.6	-6.8%	(2.7)	54.9	-31.5%	(17.3)
Net Margin	9.7%	7.2%	-2.5 p.p.		10.6%	-3.4 p.p.	
Adjusted and Recurring Net Income	40.4	31.1	-22.9%	(9.2)	49.3	-36.8%	(18.1)
Adjusted and Recurring Net Margin	9.7%	5.9%	-3.8 p.p.		9.5%	-3.5 p.p.	
EBITDA	80.8	118.6	46.8%	37.8	94.5	25.6%	24.1
EBITDA Margin	19.4%	22.6%	3.2 p.p.		18.2%	4.4 p.p.	
Adjusted and Recurring EBITDA	80.8	110.2	36.3%	29.4	96.4	14.3%	13.7
Adjusted and Recurring EBITDA Margin	19.4%	21.0%	1.6 p.p.		18.5%	2.4 p.p.	
Working Capital (R\$)	229.4	287.5	25.3%	58.1	270.4	6.3%	17.0
Cash Conversion Cycle (days)	34	42	23.5%	8	32	31.3%	10
Net Debt	467.4	507.4	8.5%	40.0	576.9	-12.1%	-69.6
Net debt/EBITDA	2.1	1.3	-40.1%	(0.9)	1.6	-20.4%	0.3
Adjusted and Recurring Net Debt/EBITDA	2.0	1.3	-36.1%	(0.7)	1.6	-18.6%	-0.3
Share Price	8.98	9.92	10.5%	0.94	9.64	2.9%	0.28
Market Value	1,292.4	1,398.6	8.2%	106.2	1,422.2	-1.7%	(23.6)
Average Trading Volume (12 Months)	355.7	610.6	71.7%	254.9	718.0	-15.0%	(107.4)
Average daily trading volume (ADTV)	29.8	8.0	-73.1%	(21.8)	11.8	-32.2%	(3.8)

Net Revenue

Net Revenue totaled R\$ 525.0 million in 1Q22, an increase of 26.1% vs. 1Q21 and in line with the performance of 4Q21. This growth is mainly due to: (i) price readjustments made to offset cost pressure, and improvement of the product mix (ii) expansion of the retail share of the Portobello Shop Business Unit, and (iii) expansion of the international business share (mainly Portobello Business Unit's exports and Portobello America Business Unit's distribution in the United States).



R\$ million	1Q21	1Q22	▲ %	▲ Abs	4Q21	▲ %	▲ Abs
Net Revenue	416.4	525.0	26.1%	108.6	520.2	0.9%	4.8
Domestic Market	328.2	390.8	19.1%	62.5	415.9	-6.0%	(25.2)
International Market	88.2	134.2	52.2%	46.0	104.2	28.7%	30.0
US\$ million	1Q21	1Q22	▲ %	▲ Abs	4T21	▲ %	▲ Abs
International Market	16.1	24.9	54.9%	8.8	19.8	25.8%	5.1

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In the domestic market, Net Revenue grew 19.1% in 1Q22 vs. 1Q21, reaching R\$ 390.8 million in the period. Comparing this result to the construction materials sector, which reduced 8.8% in deflated data in 1Q22 vs. 1Q21, 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 11.6% in 1Q22 vs. 1Q21, according to data from ANFACER (Brazilian Association of Ceramic Tiles Manufacturers), it is possible to verify the consistent gain in market share of Portobello Group.

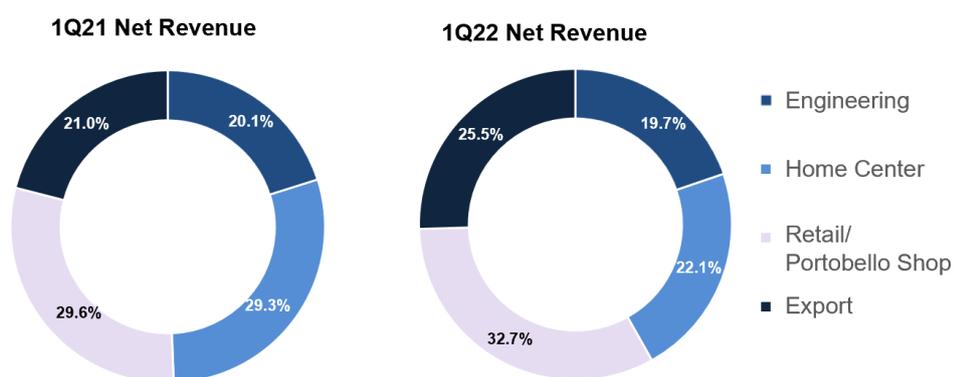
Net Revenue from the foreign market grew 52.2% in 1Q22 vs. 1Q21 (54.9% in U.S. dollars). This increase was influenced by the constant expansion of the Portobello America Business Unit (growth of 49.0% in the period) and the growth in exports of the Portobello Business Unit (64.2% vs. 1Q21).

In 1Q22, the Portobello America Business Unit represented 11.1% of total Net Revenue, with a growth of 49.0% vs. 1Q21. The Portobello Shop Business Unit accounted for 32.7%, an increase of 38.4% vs. 1Q21. The Portobello Business Unit represented 48.9% of total Net Revenue, with a growth of 25.5% vs. 1Q21 and the share of the Pointer Business Unit was 10.4%, with a reduction of 12.7% vs. 1Q21.

R\$ million	1Q21	1Q22	▲ %	▲ Abs	4Q21	▲ %	▲ Abs
Consolidated	416.4	525.0	26.1%	108.6	520.2	0.9%	4.8
UN Portobello	204.6	256.7	25.5%	52.2	243.4	5.5%	13.3
UN Shop	124.4	172.2	38.4%	47.8	183.3	-6.1%	(11.1)
UN Pointer	62.4	54.4	-12.7%	(7.9)	69.1	-21.3%	(14.7)
UN Portobello America	39.1	58.2	49.0%	19.1	44.6	30.4%	13.6
(-) Eliminations ¹	(14.0)	(16.5)	18.2%	(2.6)	(20.3)	-18.5%	3.8
US\$ million	1Q21	1Q22	▲ %	▲ Abs		▲ %	▲ Abs
UN Portobello America	7.1	10.5	47.1%	3.4	8.8	19.5%	1.7

¹ Intercompany Operations

The share of sales channels in 1Q22 continues to confirm the consistent execution of the group's strategy of accelerating growth in the Brazilian retail market and international expansion. It is worth mentioning retail sales, which account for 32.7% of the Group's total Net Revenue in 1Q22 vs. 29.6% in 1Q21, and exports, which in 1Q22 reached 25.5% share in the Group's Net Revenue vs. 21.0% in 1Q21, 11.1% with sales made by the Portobello America Business Unit in the United States and 14.4% for the other markets of the Portobello and Pointer Business Units. The engineering channel, which serves the largest domestic and regional high-end construction companies, represents 19.7% of the Group's Net Revenue in 1Q22, in line with the performance in 1Q21.



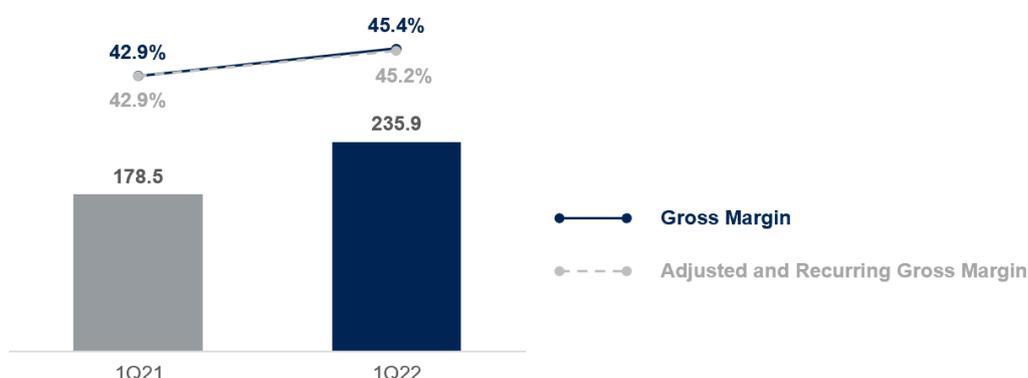
Gross Profit

Adjusted and Recurring Gross Profit in 1Q22 increased 32.2% vs. 1Q21, reaching R\$ 235.9 million in the period, in line with the performance in 4Q21. The Adjusted and Recurring Gross Margin reached 45.2% in 1Q22, an increase of 2.3 p.p. vs. 1Q21 and 0.1 p.p. vs 4Q21, as a result of active management of the product mix and price adjustments made to offset cost increases combined with the dilution of fixed production costs. The Adjusted and Recurring Gross Margin in 1Q22 is the highest one achieved in the history of Portobello Group and shows that, despite inflationary

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pressures and restrictions in the global economy faced in recent months, the Company has been able to deliver results above the market performance, reinforcing its positioning and strategic direction adopted. Adjusted and Recurring Gross Profit in this quarter was impacted by the non-recurring effect in the amount of R\$ 2.5 million, regarding to the tax gain related to the reversal of DIFAL.

R\$ million	1Q21	1Q22	▲ %	▲ Abs	4Q21	▲ %	▲ Abs
Net Operating Revenue	416.4	525.0	26.1%	108.6	520.2	0.9%	4.8
Cost of Goods Sold (COGS)	(237.9)	(286.6)	20.5%	48.7	(285.5)	0.4%	1.1
Gross Operating Profit	178.5	238.4	33.6%	59.9	234.7	1.6%	3.7
Gross Margin	42.9%	45.4%	2.5 p.p.		45.1%	0.3 p.p.	
Non-Recurring Events:	-	(2.5)			-		
1) DIFAL unconstitutionality reversal	-	(2.5)			-		
Adjusted and Recurring Gross Profit	178.5	235.9	32.2%	57.4	234.7	0.5%	1.2
Adjusted and Recurring Gross Margin	42.9%	45.2%	2.3 p.p.		45.1%	0.1 p.p.	



Operating Expenses

Adjusted Operating Expenses in 1Q22, when analyzed as a percentage of Net Revenue, remained in line with 1Q21. The largest changes in absolute terms occurred in selling expenses, largely due to Portobello Group's participation in the Expo Revestir and Coverings fairs, which were held in March and April 2022, respectively, and had been carried out online in recent years for security reasons due to the protocols to combat the COVID-19 pandemic. Compared to 4Q21, Operating Expenses showed a significant reduction of -3.1 p.p. and -9.3% in absolute values, when there were several one-off expenses, such as consulting for strategic planning and logistics restructuring in retail operations.

R\$ million	1Q21	%Net Rev	1Q22	%Net Rev	▲ %	▲ Abs	4Q21	%Net Rev	▲ %	▲ Abs
Operating Expenses										
Selling	(91.7)	22.0%	(118.9)	22.6%	29.7%	27.2	(122.4)	23.5%	-2.8%	(3.5)
General and Administrative	(13.5)	3.2%	(18.3)	3.5%	35.5%	4.8	(22.1)	4.2%	-16.9%	(3.7)
Other Revenues (Expenses)	(8.0)	-1.9%	(3.0)	0.6%	-62.0%	5.0	(18.7)	3.6%	-83.7%	(15.7)
Operating Expenses	(113.2)	27.2%	(140.3)	26.7%	23.9%	27.1	(163.1)	31.4%	-14.0%	(22.9)
Non-Recurring Revenues	-	-	(5.9)	-			2.0	-		
Adjusted Operating Expenses	(113.2)	27.2%	(146.2)	27.9%	29.1%	33.0	(161.1)	31.0%	-9.3%	(14.9)

Sales Expenses in 1Q22 represented 22.6% of Net Revenue, a reduction of 0.9 p.p. vs. 4Q21, and an increase of 0.6 p.p. vs. 1Q21. In absolute terms, Sales Expenses were reduced by -2.8% vs. 4Q21, when adjustments were made to the logistics operation, and grew 29.7% compared to 1Q21, largely due to the participation in Expo Revestir 2022, which this year was held in person and in Coverings, in the United States. Both fairs had positive impacts on sales performance and brand positioning.

General and Administrative Expenses corresponded to 3.5% of Net Revenue in 1Q22, returning to normal levels considering that they were not impacted by the one-off effects that occurred in 4Q21. In relation to 1Q21, General and Administrative Expenses grew by 0.2 p.p. and, in absolute terms, grew 35.5%, largely due to investments in the

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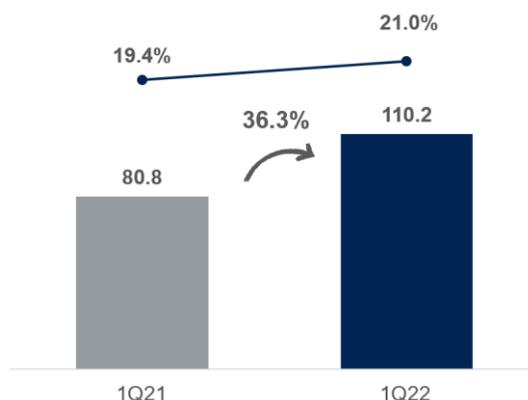
structure of the teams of the operations with the highest growth, mainly in the Portobello America Business Units and Portobello Shop. These expenditure investments have been made in advance of the expected growth, so they will be diluted in the future as operations develop in accordance with the strategic planning.

Other Revenues and Expenses in 1Q22 refer mainly to the provisioning of the Profit Sharing Program (PPR) and the Long-Term Incentive Plan (ILP), which totaled R\$ 5.6 million, and civil, labor and tax provisions in the amount of R\$ 1.6 million. In 1Q22, Other Revenues and Expenses were positively impacted by the non-recurring effect related to the tax gain related to the reversal of the DIFAL – Tax Rate Difference, since it was considered unconstitutional, in the amount of R\$ 4.6 million and by the change in the legal asset Rural Credit Bill, in the amount of R\$ 1.5 million, among other less relevant effects. In 4Q21, there were non-recurring expenses in the amount of R\$ 2.0 million related to attorney's fees related to favorable lawsuits in the period.

EBITDA

Adjusted and Recurring EBITDA was R\$ 110.2 million in 1Q22, an increase of R\$ 29.4 million or 36.3% vs. 1Q21. Adjusted and Recurring EBITDA Margin was 21.0% in 1Q22, 1.6 p.p. higher than in 1Q21, mainly due to the expansion of Adjusted and Recurring Gross Margin. Compared to 4Q21, Adjusted and Recurring EBITDA increased by R\$ 13.7 million or 14.2%, and the Adjusted and Recurring EBITDA Margin increased by 2.5 p.p. due to the normalization of Operating Expenses.

In 1Q22, the Company recorded the highest Adjusted and Recurring EBITDA and the highest Adjusted and Recurring EBITDA Margin in history, reflecting the constant optimization of the volume performance vs. price increases equation and improved product mix, combined with a culture of strict cost and expense management.



R\$ million	1Q21	1Q22	▲ %	▲ Abs	4Q21	▲ %	▲ Abs
Net Income	40.4	37.6	-6.8%	(2.7)	54.9	-31.5%	(17.3)
(+) Financial Expenses	11.5	41.3	259.8%	29.9	8.6	381.9%	32.8
(+) Depreciation and Amortization	15.6	20.5	31.6%	4.9	22.9	-10.6%	(2.4)
(+) Income Taxes	13.4	19.1	43.1%	5.8	8.0	138.0%	11.1
EBITDA	80.8	118.6	46.8%	37.8	94.5	25.6%	24.1
EBITDA Margin	19.4%	22.6%	3.2 p.p.		18.2%	4.4 p.p.	
Non-Recurring Events:	-	(8.4)			2.0		
1) DIFAL unconstitutionality reversal	-	(7.1)			-		
2) Other Favorable Outcomes in Lawsuits	-	(1.4)			1.8		
3) Selic on Income Tax/Social Contribution Basis	-	-			0.1		
Adjusted and Recurring EBITDA	80.8	110.2	36.3%	29.4	96.4	14.3%	13.7
Adjusted and Recurring EBITDA Margin	19.4%	21.0%	1.6 p.p.		18.5%	2.5 p.p.	

The amount of non-recurring events of R\$ 8.4 million recorded in 1Q22 refers to the tax gain related to the reversal of the DIFAL – Tax Rate Difference, which was considered unconstitutional, in the amount of R\$ 7.1 million and R\$ 1.4 million referring to the update of the lawsuits of legal assets of the credit bill. The amount of non-recurring events of R\$ 1.8 million recorded in 4Q21 is related to legal fees related to lawsuits, including IPI premium credit (phase I and phase II), rural credit notes and Eletrobrás receivables.

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Net Income

Adjusted and Recurring Net Income in 1Q22 totaled R\$ 31.1 million, a decrease of -22.9% or R\$ -9.2 million vs. 1Q21, despite the significant improvement in the Company's operating income. In fact, Adjusted and Recurring Net Income in 1Q22 was negatively impacted by the increase in financial expenses, as a result of higher interest rates, and by the exchange-rate change, due to the appreciation of the Real vs. Dollar in 1Q22.

R\$ million	1Q21	1Q22	▲ %	▲ Abs	4Q21	▲ %	▲ Abs
EBITDA	80.8	118.6	46.8%	37.8	94.5	25.6%	24.14
(-) Financial Expenses	(11.5)	(41.3)	259.8%	(29.9)	(8.6)	381.9%	(32.76)
(-) Depreciation and Amortization	(15.6)	(20.5)	31.6%	(4.9)	(22.9)	-10.6%	2.44
(-) Income Taxes	(13.4)	(19.1)	43.1%	(5.8)	(8.0)	138.0%	(11.09)
Net Income	40.4	37.6	-6.8%	(2.7)	54.9	-31.5%	(17.3)
Net Margin	9.7%	7.2%	-2.5 p.p.		10.6%	-3.4 p.p.	
Non-recurring Events:	-	(6.5)			(5.7)		
(1) DIFAL unconstitutionality reversal	-	(7.1)			-		
(2) Selic on Income tax/Social Contribution Basis	-	-			(1.1)		
(3) Recognition and Restatements of Lawsuits	-	(0.7)			(8.8)		
(4) Recognition and Restatements of Lawsuits - Other revenues/expenses	-	(1.4)			1.8		
(5) Recognition and Restatements of Lawsuits- IR/CSLL	-	2.6			2.4		
Adjusted and Recurring Net Income	40.4	31.1	-22.9%	(9.2)	49.2	-36.7%	(18.1)
Adjusted and Recurring Net Margin	9.7%	5.9%	-3.8 p.p.		9.5%	-3.5 p.p.	

In 1Q22, Net Income was positively impacted by the non-recurring effect related to the tax gain related to the reversal of the DIFAL – Tax Rate Difference, which was considered unconstitutional, in the amount of R\$ 7.1 million, R\$ 1.4 million referring to the update of lawsuits for legal assets of credit bills, and R\$ 0.7 million referring to the financial update of the IPI premium credit, partially offset by the levy of R\$ 2.6 million referring to Income Tax - IR/Social Contribution on Net Income - CSLL.

In 4Q21, there was a non-recurring effect related to the taxation of Income Tax - IR/Social Contribution on Net Income - CSLL on amounts related to the Selic correction of Taxes Overdue in the net amount of R\$ 1.1 million. The revenue amount of R\$ 8.8 million refers to the financial updating of the lawsuits, divided between rural credit notes and IPI premium credit (phases I and II). The amount of R\$ 1.8 million recorded in 4Q21 is the result of legal fees related to the lawsuits, including IPI premium credit (phase I and phase II), rural credit notes and Eletrobrás receivables, and the amount of R\$ 2.4 million refers to monetary updating of the income tax and social contribution on these proceedings.

Cash Flow

The Company ended 1Q22 with a cash position of R\$ 224.2 million, a decrease of R\$ 18.7 million vs. 1Q21, and an increase of R\$ 34.5 million compared to 4Q21. The increase in the level of cash vs. 4Q21 reflects the consistent improvement in the Company's financial performance. Additionally, in 1Q22, funds related to tax gains were received in the amount of R\$ 35.4 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\$ 15.2 million.

R\$ million	1Q21	1Q22	▲ Abs	4Q21	▲ Abs
Activities					
Operating	52.8	84.4	31.6	48.1	36.3
Investment	(28.7)	(15.6)	13.2	(37.9)	22.3
Financing	(107.5)	(34.4)	73.1	(153.4)	119.1
Changes in Cash	(83.4)	34.5	117.9	(143.2)	177.7
Opening Balance	326.3	189.7	(136.6)	332.9	(143.2)
Closing Balance	242.9	224.2	(18.7)	189.7	34.5

The Company's operating activities totaled R\$ 84.4 million in 1Q22, mainly due to the generation of EBITDA and the change in working capital, in addition to non-recurring inflows referring to tax gains.

Portobello Grupo

The Company's investment activities totaled R\$ 15.6 million in 1Q22, mainly allocated to CapEx in the Portobello America Business Unit in Tijucas-SC plant, to update the industrial park for the manufacturing of products with greater added value and larger formats, in the plant in Marechal Deodoro-AL, to update and revitalize the plant, and to expand the sales area of owned stores. Additionally, there was a positive impact in the amount of USD 11.8 million (R\$ 55.8 million) in investing 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\$ 34.4 million in 1Q22, largely due to the payment of loans and financing, which totaled R\$ 29.6 million.

Working Capital

The Company's Working Capital in 1Q22 was R\$ 287.5 million, an increase of R\$ 17.0 million or 6.3% compared to 4Q21. As a result, the Cash Conversion Cycle in 1Q22 was 42 days, an increase of 10 days compared to 4Q21, due to the 6-day reduction in the term of the receivables portfolio vs. 4Q21, which reached the lowest historical level at 43 days, through improvements in all Business Units, which were not enough to offset the negative impact on the 13-day inventory level vs. 4Q21, mainly in the Pointer Business Unit, as a result of the slowdown in the civil construction market in the North/Northeast region, and in the Portobello America Business Unit, as a result of a strategic decision aimed at improving the service level for customers in the United States.

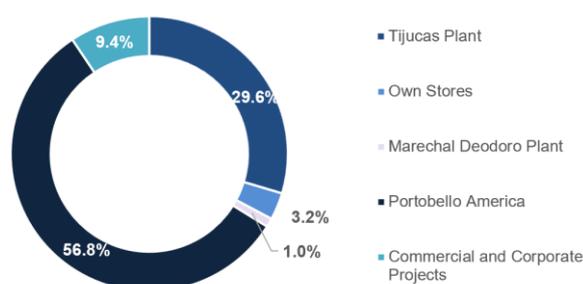
	1Q21	1Q22	▲ %	▲ Abs	4Q21	▲ %	▲ Abs	
R\$ million	Trade Receivables	277.2	288.2	4.0%	11.0	306.1	-5.8%	(17.9)
	Inventories	218.3	325.8	49.3%	107.5	285.4	14.2%	40.4
	Suppliers	266.1	326.5	22.7%	60.4	321.0	1.7%	5.5
	Working Capital	229.4	287.5	25.3%	58.1	270.4	6.3%	17.0
Days	Trade Receivables	53	43	-18.9%	(10)	49	-12.2%	(6)
	Inventories	82	101	23.2%	19	88	14.8%	13
	Suppliers	101	102	1.0%	1	105	-2.9%	(3)
	Cash Conversion Cycle (CCC)	34	42	23.5%	8	32	31.3%	10

Investments

Investments in 1Q22 totaled R\$ 46.5 million, and 56.8% were allocated to investments in the Portobello America Business Unit, 29.6% were allocated to the Tijucas-SC plant, 9.4% were allocated to own stores and the remainder to commercial and corporate projects and to the industrial plant in Marechal Deodoro-AL.

The investments made in the Portobello America Business Unit are largely related to the acquisition of machinery and equipment for phase 1 of the new factory, which should start operating in early 2023. The plant, when completed, will be one of the most modern ceramic tile and flooring plants in the United States, with state-of-the-art technology in all its facilities. The total investment for these equipment's acquisition will be approximately US\$ 40 million.

1Q22 Investments



Portobello Grupo

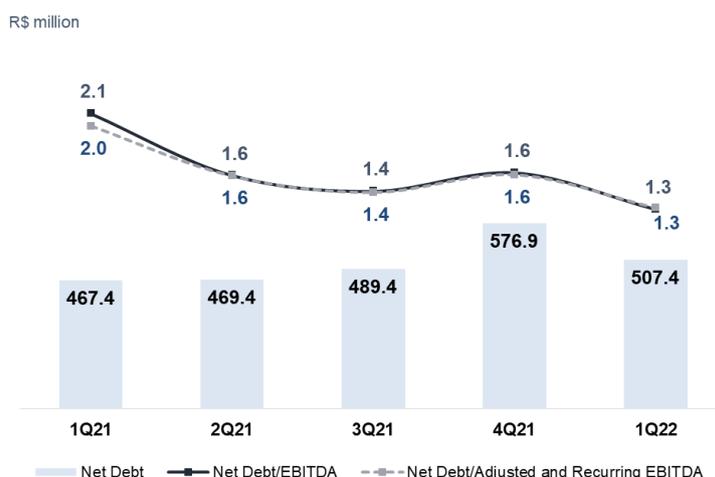
Indebtedness and Capital structure

The Company's Net Debt ended 1Q22 at R\$ 507.4 million, a reduction of R\$ 69.5 million vs. 4Q21 due to the advance payment of dividends in November 2021, and an increase of R\$ 40.0 million vs. 1Q21 due to working capital and CapEx investments. The increase in Adjusted and Recurring EBITDA in the last 12 months to R\$ 394.9 million and the discipline in financial management, whose focus is on optimizing the Cash Conversion Cycle, and on extraordinary receipts referring to tax gains, resulted in a reduction in the financial leverage to 1.3 times Adjusted and Recurring EBITDA, reaching the Company's lowest ever indebtedness level.

R\$ million	1Q21	2Q21	3Q21	4Q21	1Q22
Gross Banking Debt¹	710.3	643.6	822.3	766.7	731.6
Cash and Cash Equivalents	(242.9)	(174.2)	(332.9)	(189.7)	(224.2)
Net Indebtedness	467.4	469.4	489.4	576.9	507.4
EBITDA (LTM)	220.1	298.1	341.2	360.9	398.7
EBITDA Adjusted and Recurring (LTM)	232.4	299.4	343.7	365.4	394.9
Net Debt / EBITDA	2.1	1.6	1.4	1.6	1.3
Net Debt / EBITDA Adjusted and Recurring	2.0	1.6	1.4	1.6	1.3

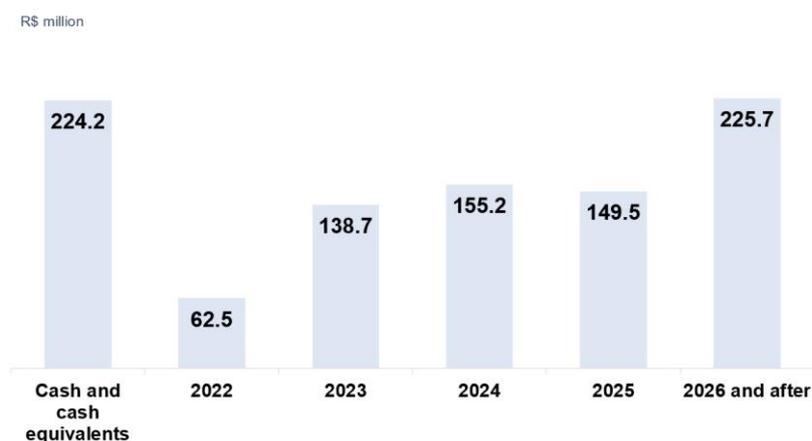
¹ As of 4Q21 includes lease liabilities with call option

In 1Q22, R\$ 29.6 million of contracted Bank Debt were amortized. Funding totaled R\$ 2.2 million.



At the end of 1Q22, 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.

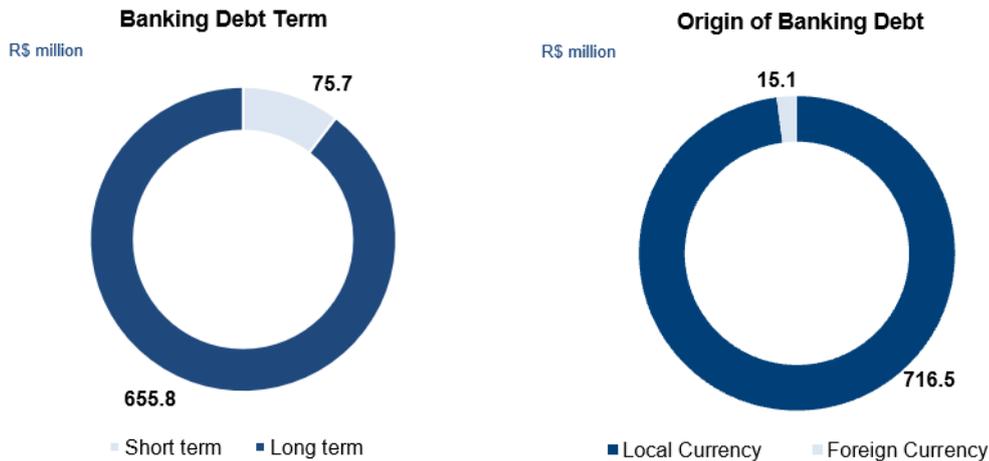
The details of the amortization schedule (Gross Banking Debt) can be found below:



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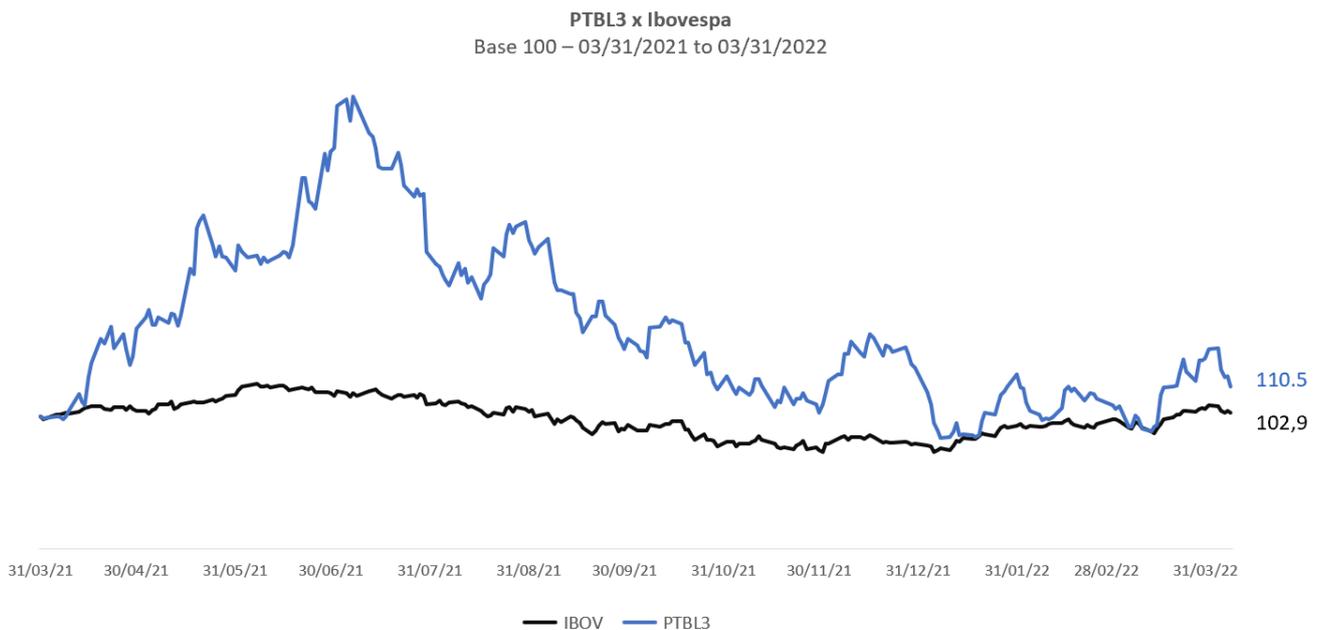
Gross Bank Debt maturing in the short term represents 10.4% of the total, a reduction of 2.5 p.p. compared to 4Q21, due to the amortizations carried out in accordance with debt maturities in 1Q22. The remaining debt matures in the long term, as shown in the amortization schedule above. The Gross Banking Debt is mostly in domestic currency (97.9%). The average total cost of Bank Debt is 11.3% p.a. and the average term is 4.4 years, an increase of 1.0 year vs. 1Q21, due to the debt extension strategy starting in 2021.

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



PTBL3 Stock Performance

Shares traded under the PTBL3 code closed the trading session on March 31st, 2022, at R\$ 9.92, with an appreciation of 10.5% when compared to the closing of 1Q21 (quoted at R\$ 8.98). The PTBL3 stock performed 7.6 p.p. above the Ibovespa index during this period. The average daily financial volume traded (ADTV) in 1Q22 was R\$ 8.0 million. At the end of March 2022, the Company had a market value equivalent to R\$ 1.4 billion.



Portobello Grupo

Independent Audit

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

Management

Statutory Executive Board

Name	Position
Mauro do Valle Pereira	Chief Executive Officer
Cláudio Ávila da Silva	Vice-President, Investor Relations
Edson Luiz Mees Stringari	Vice-President, 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

Corporate Governance

The Company began to adapt 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, namely:

- (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's (<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 profit, 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	1Q21	AV %	1Q22	AV %	Var%
Current assets	876.4	43.9%	989.2	47.5%	12.9%
Cash and cash equivalents	242.9	12.2%	224.2	10.8%	-7.7%
Trade Receivables	320.1	16.0%	358.1	17.2%	11.9%
Inventories	218.3	10.9%	325.8	15.6%	49.2%
Other	95.0	4.8%	81.0	3.9%	-14.7%
Non-current assets	1,119.7	56.1%	1,094.8	52.5%	-2.2%
Long-term assets	460.1	23.1%	411.7	19.8%	-10.5%
Judicial deposits	158.5	7.9%	104.1	5.0%	-34.3%
Judicial assets	119.7	6.0%	137.1	6.6%	14.6%
Guarantee deposit	87.1	4.4%	76.0	3.6%	-12.8%
Receivables - Eletrobrás	12.8	0.6%	12.8	0.6%	0.0%
Restricted financial investments	10.5	0.5%	14.0	0.7%	33.5%
Recoverable taxes and deferred tax	49.4	2.5%	35.7	1.7%	-27.7%
Other non-current assets	22.0	1.1%	31.9	1.5%	44.7%
Fixed assets	659.6	33.0%	683.1	32.8%	3.6%
PPE, Intangible Assets and Investments	585.0	29.3%	618.0	29.7%	5.6%
Right of Use of Leased Assets	74.2	3.7%	64.8	3.1%	-12.7%
Other investments	0.3	0.0%	0.3	0.0%	0.0%
Total assets	1,996.1	100.0%	2,084.0	100.0%	4.4%
Liabilities	1Q21	AV %	1Q22	AV %	Var%
Current liabilities	760.3	38.1%	695.0	33.4%	-8.6%
Loans and Debentures	248.9	12.5%	74.6	3.6%	-70.0%
Trade Payables and Credit Assignment	297.1	14.9%	363.5	17.4%	22.4%
Lease obligations	32.2	1.6%	16.9	0.8%	-47.7%
Tax liabilities	33.2	1.7%	40.8	2.0%	22.9%
Payroll and related taxes	53.5	2.7%	65.0	3.1%	21.3%
Advances from Customers	43.1	2.2%	70.0	3.4%	62.1%
Other	52.2	2.6%	64.3	3.1%	23.3%
Non-current liabilities	838.0	42.0%	980.4	47.0%	17.0%
Loans and Debentures	461.4	23.1%	654.4	31.4%	41.8%
Suppliers	169.3	8.5%	100.1	4.8%	-40.9%
Debts with related parties	56.4	2.8%	56.4	2.7%	0.1%
Provisions	65.6	3.3%	91.1	4.4%	38.9%
Lease obligations	45.4	2.3%	41.7	2.0%	-8.2%
Other Non Current Liabilites	40.0	2.0%	36.7	1.8%	-8.3%
Equity	397.7	19.9%	408.6	19.6%	2.7%
Capital	200.0	10.0%	250.0	12.0%	25.0%
Treasury shares	(62.4)	-3.1%	-	0.0%	-100.0%
Earnings reserve	309.6	15.5%	183.2	8.8%	-40.8%
Other comprehensive income	(79.9)	-4.0%	(24.6)	-1.2%	-69.2%
Additional dividends proposed	30.4	1.5%	-	0.0%	-100.0%
Total liabilities	1,996.1	100.0%	2,084.0	100.0%	4.4%

Portobello Grupo

Statement of income

R\$ million	1Q21	1Q22
Net Sales Revenue	416.4	525.0
Gross Operating Profit	178.5	238.4
Operating Income (Expenses), Net	(113.2)	(140.3)
Selling	(91.7)	(118.9)
General and Administrative	(13.5)	(18.3)
Other Operating Income (Expenses), Net	(8.0)	(3.0)
Operating Profit before Financial Income	65.3	98.1
Financial Result	(11.5)	(41.3)
Financial Revenues	3.1	4.3
Financial Expenses	(15.4)	(26.6)
Net exchange rate change	0.8	(19.0)
Income (loss) before income taxes	53.8	56.8
Income Tax and Social Contribution	(13.4)	(19.1)
Net income (loss) for the Period	40.4	37.6

Cash Flow

R\$ million	1Q21	1Q22
Net cash from operating activities	52.8	84.4
Cash from operations	99.1	100.7
Changes in assets and liabilities	(31.2)	23.2
Interest paid and income taxes paid	(15.1)	(39.4)
Net cash used in investment activities	(28.7)	(15.6)
Acquisition of property, plant and equipment	(13.0)	(42.9)
Acquisition of intangible assets	(3.9)	(3.7)
Receipt for the sale and reimbursement of fixed assets	-	55.8
Other investments	(11.9)	(24.8)
Net cash provided by (used in) financing activities	(107.5)	(34.4)
Funding loans and financing	16.9	2.2
Payment of loans and financing	(41.5)	(29.6)
Dividends paid	(17.2)	(0.1)
Lease Amortization	(3.3)	(6.9)
Treasury acquisitions	(62.4)	-
Increase/(Decrease) in Cash for the period/year	(83.4)	34.5
Opening Balance	326.3	189.7
Closing Balance	242.9	224.2

Please visit the Investor Relations website:

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

1. General information

PBG S.A., hereinafter referred to as “Company” or “Parent Company”, is a publicly-held company and its shares are traded on the Novo Mercado segment of B3 S.A. - Brasil, Bolsa, Balcão (“B3”), under ticker symbol PTBL3. The Company is controlled by a group of shareholders, formalized in the agreement entered into on April 15, 2011, and amended on August 5, 2021, which holds 61.33% of the Company’s shares at March 31, 2022. The remaining balance of 38.67% 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 19 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 May 11, 2022.

PBG S.A. and subsidiaries

Notes to the Interim Financial Information for the quarter ended March 31, 2022
All amounts in thousands of reais, unless otherwise stated.

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

3. Significant accounting policies

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

This quarterly information should be read together with those annual financial statements disclosed on March 16, 2022. The quarterly information for the quarter ended March 31, 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 March 31, 2022
All amounts in thousands of reais, unless otherwise stated.

The Company's ownership interest in subsidiaries at March 31, 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

PBG S.A. and subsidiaries

Notes to the Interim Financial Information for the quarter ended March 31, 2022

All amounts in thousands of reais, unless otherwise stated.

profit or loss as finance income (costs), as presented in Note 34, except when deferred in equity as qualifying cash flow hedge transactions.

b) Foreign subsidiaries

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

3.4 Revenue recognition

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

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

a) Product sales - wholesale

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

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

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

b) Income from franchisees

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

c) Finance income

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

4. Critical accounting estimates and judgments

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

5 Financial risk management

5.1 Financial risk factors

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

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

a) Market risk

i) Foreign exchange risk

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

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

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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	
	March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021
Trade receivables	62,421	60,407	120,048	123,330
Checking account	41	4,516	47,533	21,717
Receivables from subsidiaries	100,162	111,796	-	-
Exposed assets	162,624	176,719	167,581	145,047
Suppliers	(24,847)	(16,717)	(29,612)	(34,111)
Suppliers of property, plant and equipment and intangible assets	(22,782)	(23,980)	(22,782)	(41,590)
Borrowings	(15,097)	(21,280)	(15,097)	(21,280)
(-) Swap transaction	-	3,790	-	3,790
Exposed liabilities	(62,726)	(58,187)	(67,491)	(93,191)
Net exposure	99,898	118,532	100,090	51,856

The foreign exchange exposure is divided into:

1. Euro:

	In thousands of Euros			
	Parent Company		Consolidated	
	March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021
Trade receivables	97	264	97	264
Suppliers	(2,016)	(1,419)	(2,016)	(1,419)
Suppliers of property, plant and equipment and intangible assets	(4,096)	(3,795)	(4,096)	(3,795)
	(6,015)	(4,949)	(6,015)	(4,949)

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All amounts in thousands of reais, unless otherwise stated.

2. US Dollar:

	In thousands of US Dollars			
	Parent Company		Consolidated	
	March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021
Trade receivables	13,009	8,020	25,118	11,344
Checking account	9	288	9,988	4,215
Receivables from subsidiaries	21,046	8,718	-	-
Suppliers	(2,995)	(1,730)	(3,996)	(6,062)
Suppliers of property, plant and equipment and intangible assets	(264)	-	(264)	-
Borrowings	(3,172)	(9,453)	(3,172)	(9,453)
(-) Swap transactions	-	2,717	-	2,717
	<u>27,633</u>	<u>8,560</u>	<u>27,674</u>	<u>2,761</u>

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

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

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

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

b) Credit risk

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

c) Liquidity risk

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

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

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

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All amounts in thousands of reais, unless otherwise stated.

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>
Parent Company					
March 31, 2022					
	Borrowings and debentures	Lease liabilities	Trade payables and credit assignment	Installment payment of tax obligations	Total
Less than 1 year	97,130	7,606	328,371	11,792	444,899
From 1 to 2 years	142,831	7,100	99,206	11,590	260,727
From 2 to 5 years	407,977	5,878	6,380	7,089	427,324
Over 5 years	81,001	-	-	-	81,001
	<u>728,939</u>	<u>20,584</u>	<u>433,957</u>	<u>30,471</u>	<u>1,213,951</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					
March 31, 2022					
	Borrowings and debentures	Lease liabilities	Trade payables and credit assignment	Installment payment of tax obligations	Total
Less than 1 year	97,130	22,467	357,557	11,792	488,946
From 1 to 2 years	142,831	22,016	93,730	11,590	270,167
From 2 to 5 years	407,977	12,626	6,380	7,089	434,072
Over 5 years	81,001	1,408	-	-	82,409
	<u>728,939</u>	<u>58,517</u>	<u>457,667</u>	<u>30,471</u>	<u>1,275,594</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

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All amounts in thousands of reais, unless otherwise stated.

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 12.69% per year, based on the future interest curve by B3 S.A. - Brasil, Bolsa e Balcão and Selic to 12.69% per year. The probable rate was then stressed by 25% and 50% and used as benchmark for the possible and remote scenarios, respectively.

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

	March 31, 2022	Risk	Consolidated in Reais					
			Probable Rate		Possible (25%)*		Remote (50%)*	
			%	R\$	%	R\$	%	R\$
Financial investments	161,039	CDI increase	12.69%	20,436	15.86%	25,545	19.04%	30,654
Borrowings	(134,906)	CDI increase	12.69%	(17,120)	15.86%	(21,399)	19.04%	(25,679)
Debentures	(298,474)	CDI increase	12.69%	(37,876)	15.86%	(47,345)	19.04%	(56,815)
Installment payment of tax obligations	(30,471)	Selic increase	12.69%	(3,867)	15.86%	(4,833)	19.04%	(5,800)
	<u>(302,812)</u>			<u>(38,427)</u>		<u>(48,034)</u>		<u>(57,640)</u>

* Selic and CDI rates obtained from the B3 (Brasil, Bolsa e Balcão) website on April 21, 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 March 31, 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:

	March 31, 2022		Probable scenario	Consolidated			
				Currency appreciation		Currency depreciation	
				Possible +25%	Remote +50%	Possible -25%	Remote -50%
	(Payable)	Receivable					
	US Dollar	Reais	4.7409	5.9262	7.1114	3.5557	2.3705
Trade receivables	25,118	119,539	(456)	29,315	59,086	(30,227)	(59,997)
Checking account	9,988	47,535	(182)	11,656	23,494	(12,021)	(23,859)
Suppliers of property, plant and equipment and intangible assets	(264)	(1,258)	6	(307)	(619)	319	632
Suppliers	(3,996)	(19,022)	77	(4,659)	(9,395)	4,813	9,550
Borrowings	(3,172)	(15,096)	58	(3,702)	(7,461)	3,817	7,577
Net exposure	<u>27,674</u>	<u>131,698</u>	<u>(497)</u>	<u>32,303</u>	<u>65,103</u>	<u>(33,298)</u>	<u>(66,097)</u>
	Euro	Reais	5.1610	6.4512	7.7414	3.8707	2.5805
Trade receivables	97	510	(9)	116	241	(135)	(260)
Trade payables, net of advances	(2,016)	(10,594)	190	(2,412)	(5,013)	2,791	5,392
Suppliers of property, plant and equipment and intangible assets	(4,096)	(21,524)	385	(4,900)	(10,185)	5,670	10,954
Net exposure	<u>(6,015)</u>	<u>(31,608)</u>	<u>565</u>	<u>(7,196)</u>	<u>(14,957)</u>	<u>8,327</u>	<u>16,087</u>

*Possible and remote scenarios calculated based on the probable future rate of the Euro and the US Dollar for 90 days, obtained from the B3 (Brasil, Bolsa e Balcão) website on April 21, 2022.

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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 March 31, 2022, the gearing ratios are summarized as follows:

	Parent Company		Consolidated	
	March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021
Gross Banking Debt	731,572	766,664	731,572	766,664
Cash and cash equivalents	(114,512)	(125,516)	(224,219)	(189,718)
Net indebtedness	617,060	641,148	507,353	576,946
Total equity	408,565	356,136	408,588	356,157
Total Company and third-party capital	1,025,625	997,284	915,941	933,103
Net debt/ EBITDA	1.57	2.01	1.29	1.60
Gearing ratio (%)	60	64	55	62

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

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5.3 Financial instruments by category

	Parent Company		Consolidated	
	March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021
Assets stated at fair value through profit or loss and other comprehensive income				
Hedge accounting derivatives	41,144	2,624	41,144	2,624
Derivatives	-	3,790	-	3,790
Assets at amortized cost				
Cash and cash equivalents	114,512	125,516	224,219	189,718
Trade receivables	284,106	296,195	358,149	375,624
Receivables from subsidiaries	111,148	119,130	-	-
Judicial deposits	104,059	185,332	104,110	185,382
Restricted investments	14,021	13,679	14,021	13,679
Other assets	18,368	19,372	21,057	21,140
	<u>687,358</u>	<u>765,638</u>	<u>762,700</u>	<u>791,957</u>
Liabilities at amortized cost				
Trade payables and assignment	433,957	512,073	457,667	555,549
Borrowings and debentures	728,939	762,392	728,939	762,392
Dividends payable	4,458	970	4,458	1,043
Lease liabilities	20,584	23,419	58,517	64,853
Payables to Related Parties	68,632	56,330	62,414	56,363
Other liabilities	17,907	18,454	48,615	51,928
	<u>1,274,477</u>	<u>1,373,638</u>	<u>1,360,610</u>	<u>1,492,128</u>

The Company's financial investment is linked to a long-term investment fund and is pegged to a reciprocity clause in the loan agreement with Banco do Nordeste in the amount of R\$ 14,021 at March 31, 2022 (R\$ 13,679 at December 31, 2021). This financial investment is classified in non-current assets.

6. Cash and cash equivalents

Short-term investments designated as cash equivalents are mostly CDB investments, and a small fraction refers to investment funds, the profitability of the financial investments on the balance sheet date is between 70% and 102.44% of the Interbank Deposit Certificate (CDI) rate and have immediate liquidity, and can be redeemed at any time, without penalties.

	Parent Company		Consolidated	
	March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021
Checking accounts	5,219	91,370	56,158	112,861
Local currency	5,178	86,854	15,647	100,860
Foreign currency	41	4,516	40,511	12,001
Financial investments	109,293	34,146	168,061	76,857
Local currency	109,293	34,146	161,039	67,141
Foreign currency	-	-	7,022	9,716
	<u>114,512</u>	<u>125,516</u>	<u>224,219</u>	<u>189,718</u>

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7. Financial instruments

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

a) Non-Deliverable Forward (NDF)

The Company has NDF contracts with Banco Itaú, Santander e XP Investimentos, with a total notional amount of US\$ 40,201, under the following conditions:

Maturity	Quotation set	Notional value (in US Dollar)	(Fair value MTM) (NE 29.4)		Operating income or loss (Note 31)		Finance income (costs)	
			03/31/2022	12/31/2021	03/31/2022	12/31/2021	03/31/2022	12/31/2021
Transactions settled/realized up to 03/31/2022								
07/30/2021	5.0153 R\$/US\$	6,000	-	-	-	(317)	-	-
08/31/2021	5.0260 R\$/US\$	5,900	-	-	-	(998)	-	-
09/30/2021	5.0404 R\$/US\$	6,100	-	-	-	(2,299)	-	-
10/29/2021	5.0530 R\$/US\$	3,800	-	-	-	(2,126)	-	-
10/29/2021	5.2920 R\$/US\$	2,400	-	-	-	(769)	-	-
11/30/2021	5.0733 R\$/US\$	3,800	-	-	-	(2,046)	-	-
11/30/2021	5.3020 R\$/US\$	2,400	-	-	-	(744)	-	-
12/31/2021	5.0824 R\$/US\$	3,300	-	-	-	(1,644)	-	-
12/31/2021	5.3220 R\$/US\$	2,200	-	-	-	(499)	-	(68)
01/31/2022	5.6190 R\$/US\$	3,594	-	-	804	-	-	-
02/25/2022	5.6420 R\$/US\$	3,706	-	-	1,944	-	-	-
03/31/2022	5.6913 R\$/US\$	3,879	-	-	3,652	-	-	-
Total		47,079	-	-	6,400	(11,442)	-	(68)
Transactions to be settled/realized after 03/31/2022								
04/29/2022	5.7230 R\$/US\$	4,060	3,553	-	-	-	-	-
05/31/2022	5.7599 R\$/US\$	4,165	3,601	-	-	-	-	-
06/30/2022	5.7965 R\$/US\$	4,229	3,622	-	-	-	-	-
07/29/2022	6.0183 R\$/US\$	4,375	4,890	-	-	-	-	-
08/31/2022	6.0808 R\$/US\$	4,482	4,739	-	-	-	-	-
09/30/2022	6.1359 R\$/US\$	4,586	4,968	-	-	-	-	-
10/31/2022	6.1850 R\$/US\$	4,775	5,211	-	-	-	-	-
11/30/2022	6.2329 R\$/US\$	4,842	5,327	-	-	-	-	-
12/30/2022	6.2887 R\$/US\$	4,687	5,233	-	-	-	-	-
Total		40,201	41,144	-	-	-	-	-

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 March 31, 2022, there was an unrealized gain (fair value - mark-to-market at the curve of the US Dollar of B3) of R\$ 41,144 without considering income tax and social contribution, recorded in other comprehensive income and current assets (Note 29.4), for contracts falling due on that date. This amount is shown in the Statement of changes in equity and in the Statement of comprehensive income. There were also accumulated realized gains of R\$ 6,400 in the operating result (Note 31).

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8. Trade receivables

	Parent Company		Consolidated	
	March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021
Receivables from third parties				
Domestic market	224,579	239,247	241,090	258,018
Foreign market	62,421	60,407	120,048	123,330
	<u>287,000</u>	<u>299,654</u>	<u>361,138</u>	<u>381,348</u>
Receivables from related parties:				
Entities related to management	1,192	757	3,186	757
	<u>1,192</u>	<u>757</u>	<u>3,186</u>	<u>757</u>
Total short-term trade receivables	<u>288,192</u>	<u>300,411</u>	<u>364,324</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>291,583</u>	<u>303,802</u>	<u>367,715</u>	<u>385,496</u>
Impairment of trade receivables				
Provision for impairment of trade receivables - short term	(4,086)	(4,216)	(3,391)	(6,481)
Provision for impairment of trade receivables - long current	(3,391)	(3,391)	(6,175)	(3,391)
	<u>(7,477)</u>	<u>(7,607)</u>	<u>(9,566)</u>	<u>(9,872)</u>
Total trade receivables, net of provision for impairment of trade receivables	<u>284,106</u>	<u>296,195</u>	<u>358,149</u>	<u>375,624</u>

a) Aging list of trade receivables

	Parent Company					
	March 31, 2022	Estimated losses	Coverage %	December 31, 2021	Estimated losses	Coverage %
Falling due	282,383	(1,782)	0.6%	295,689	(2,225)	0.8%
Past due until 30 days	1,685	(114)	6.8%	1,763	(103)	5.8%
Past due from 31 to 60 days	1,672	(158)	9.4%	418	(46)	11.0%
Past due from 61 to 90 days	295	(46)	15.6%	279	(32)	11.5%
Past due from 91 to 120 days	109	(43)	39.4%	273	(62)	22.7%
Past due from 121 to 180 days	255	(150)	58.8%	457	(216)	47.3%
Past due from 181 to 360 days	1,793	(1,793)	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>291,583</u>	<u>(7,477)</u>		<u>303,802</u>	<u>(7,607)</u>	

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	Consolidated					
	March 31, 2022	Estimated losses	Coverage %	December 31, 2021	Estimated losses	Coverage %
Falling due	349,008	(3,084)	0.9%	365,753	(3,289)	0.9%
Past due until 30 days	7,428	(140)	1.9%	7,459	(159)	2.1%
Past due from 31 to 60 days	2,926	(188)	6.4%	3,898	(211)	5.4%
Past due from 61 to 90 days	980	(72)	7.3%	1,056	(107)	10.1%
Past due from 91 to 120 days	955	(213)	22.3%	970	(234)	24.1%
Past due from 121 to 180 days	862	(313)	36.3%	896	(409)	45.6%
Past due from 181 to 360 days	2,165	(2,165)	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>367,715</u>	<u>(9,566)</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.

	Parent Company	Consolidated
Balance at December 31, 2020	<u>(9,026)</u>	<u>(10,310)</u>
Net	(6,113)	(9,536)
Reversal of provision	5,954	8,396
Write-off due to effective loss	<u>1,578</u>	<u>1,578</u>
Balance at December 31, 2021	<u>(7,607)</u>	<u>(9,872)</u>
Net	(1,664)	(2,591)
Reversal of provision	1,082	2,185
Write-off due to effective loss	<u>712</u>	<u>712</u>
Balance at March 31, 2022	<u>(7,477)</u>	<u>(9,566)</u>

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

At March 31, 2022, the total notes receivable pledged as collateral amounts to R\$ 84,112 (R\$ 100,657 at December 31, 2021). In order to guarantee the transactions of third parties with franchisees, collateral amounts to R\$ 417 at March 31, 2022 (R\$ 478 at December 31, 2021).

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9. Inventories

	Parent Company		Consolidated	
	March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021
Finished products	209,443	165,656	254,733	211,876
Work in progress	12,305	10,455	12,576	10,706
Raw materials and consumables	61,357	57,720	62,182	58,576
Imports in transit	2,396	7,871	6,471	16,048
Provision for valuation of inventories at realizable value	(9,961)	(8,594)	(10,149)	(11,842)
	<u>275,540</u>	<u>233,108</u>	<u>325,813</u>	<u>285,364</u>

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

	Parent Company	Consolidated
-		
Balance at December 31, 2020	(8,861)	(9,491)
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	(3,740)	(3,740)
Reversal of provision due to sale or write-off	2,373	5,433
Balance at March 31, 2022	(9,961)	(10,149)

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	
	March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021
Current				
PIS/COFINS (a)	5,943	19,959	5,865	19,951
ICMS	144	218	360	270
IPI (b)	1,370	3,841	1,395	3,859
IRPJ/CSLL	1,192	1,192	2,344	1,864
Special Tax Reintegration Regime for Exporting Companies (REINTEGRA)	812	720	812	720
Other taxes recoverable	155	732	169	790
	<u>9,616</u>	<u>26,662</u>	<u>10,945</u>	<u>27,454</u>
Non-current				
ICMS-ST (c)	9,982	9,982	9,982	9,982
ICMS (d)	4,910	4,783	4,987	4,877
	<u>14,892</u>	<u>14,765</u>	<u>14,969</u>	<u>14,859</u>

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

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At March 31, 2022, the balance of the exclusion of ICMS from PIS and COFINS is R\$ 2,002 (R\$ 13,368 at December 31, 2021). Besides the balance of the exclusion of ICMS, the amount of PIS and COFINS on property, plant and equipment totaling R\$ 3,565 is also included in this item. The other amounts refer to PIS and COFINS credits arising from the Company's usual transactions and will be fully offset against the next computations.

b) IPI

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

c) ICMS

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

d) ICMS

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

11. Judicial deposits

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

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

	Parent Company		Consolidated	
	March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021
Civil (a)	88,930	171,195	88,930	171,195
Other deposits Civil	160	159	168	159
Labor	2,075	2,075	2,075	2,083
Tax	12,894	11,903	12,937	11,945
	<u>104,059</u>	<u>185,332</u>	<u>104,110</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 the Refiner will pay the transferred money, in the amount of R\$ 89,517, for the tax foreclosure proceedings filed against PBG S.A. This amount was recorded in October 2020 in a guarantee deposits account, classified in non-current assets, because, even though Management expects to receive this amount in the coming months, no date has been set for its realization.

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

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

In January 2022, the Company obtained a favorable decision for the withdrawal of R\$ 45,950 deposited in two tax foreclosures, the withdrawal being conditioned to the presentation of a guarantee in substitution. The Company has already presented the insurance policies given as a guarantee and is awaiting the issue of permits to withdraw the amounts.

The Company obtained a favorable decision for the withdrawal of R\$ (15,160) in two other tax foreclosure proceedings, the amounts of which were duly deposited in the Company’s checking account in March 2022, and recognized a monetary adjustment of R\$ 1,479, resulting in the balance of R\$ 76,019 recorded at March 31, 2022.

13. Receivables from Eletrobrás

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

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

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

14. Income tax and social contribution

a) Income tax and social contribution recoverable and payable

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

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All amounts in thousands of reais, unless otherwise stated.

	Current assets			
	Parent Company		Consolidated	
	March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021
Income tax	1,192	1,192	2,087	1,690
Social contribution	-	-	257	174
	<u>1,192</u>	<u>1,192</u>	<u>2,344</u>	<u>1,864</u>
	Current liabilities			
	Parent Company		Consolidated	
	March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021
Income tax	2,545	124	5,254	2,749
Social contribution	962	-	1,936	1,116
	<u>3,507</u>	<u>124</u>	<u>7,190</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	
	March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021
Tax losses	23,125	27,702	31,917	36,494
Temporary differences - assets	69,883	63,053	72,714	65,297
Cash basis foreign exchange variations	21,088	16,725	21,088	16,725
Provision for adjustment to market value	1,913	1,753	1,913	1,753
Provision for civil, labor, social security and tax risks	20,037	19,423	20,598	19,423
Provision for profit sharing and long-term incentive	10,466	8,590	10,466	8,590
Other temporary differences - assets	16,379	16,562	18,649	18,806
Temporary differences - liabilities	(77,510)	(63,462)	(83,897)	(69,849)
Portobello pension plan	(6,350)	(6,350)	(6,350)	(6,350)
Realization of revaluation reserve	(15,888)	(16,041)	(15,888)	(16,041)
Receivables from Eletrobrás	(4,359)	(4,359)	(4,359)	(4,359)
Contingent assets - IPI credit premium - Phase I	(3,081)	(2,988)	(3,081)	(2,988)
Contingent assets - IPI credit premium - Phase II	(8,917)	(8,768)	(8,917)	(8,768)
Contingent assets - adjustment to rural credit notes	-	-	(6,387)	(6,387)
Hedge accounting transactions	(13,989)	(841)	(13,989)	(841)
Adjustment to present value	29	(63)	29	(63)
Depreciation adjustment (to the useful lives of goods)	(24,955)	(24,052)	(24,955)	(24,052)
Deferred income tax and social contribution - Net	<u>15,498</u>	<u>27,293</u>	<u>20,734</u>	<u>31,942</u>
Non-current assets	93,008	90,755	104,631	101,791
Non-current liabilities	(77,510)	(63,462)	(83,897)	(69,849)

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At March 31, 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	(4,577)	(4,577)
Temporary differences - assets	6,830	7,417
Temporary differences - liabilities	(1,054)	(1,053)
Hedge accounting transactions	(13,148)	(13,148)
Revaluation reserve	154	153
March 31, 2022	15,498	20,734

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

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

	Parent Company		Consolidated	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Profit before tax	45,842	48,290	56,772	53,777
Tax calculated based on the nominal rate - 34%	(15,586)	(16,419)	(19,302)	(18,284)
Equity in the earnings of subsidiaries	4,601	6,947	-	-
Tax incentives	1,698	-	1,698	-
Tax incentives - Sudene	786	-	786	-
Non-deductible expenses	1,658	2,147	1,658	2,147
Depreciation of revalued assets	(153)	(153)	(153)	(153)
Other	(1,203)	(402)	(3,813)	2,927
	(8,199)	(7,880)	(19,126)	(13,363)
Current tax on profit for the year	(9,552)	(5,127)	(21,066)	(10,610)
Deferred income tax and social contribution	1,353	(2,753)	1,940	(2,753)
Income tax and social contribution expense (recognized in profit or loss - current and deferred)	(8,199)	(7,880)	(19,126)	(13,363)
Effective tax rate	17.9%	16.3%	33.7%	24.8%

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All amounts in thousands of reais, unless otherwise stated.

d) Tax losses in the Parent Company and Consolidated

	Parent Company		Consolidated	
	March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021
Tax losses	68,014	81,476	93,872	107,335
Deferred income tax and social contribution	23,125	27,702	31,917	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 March 31, 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	14,531	17,776
2023	8,594	14,141
	23,125	31,917

15. Legal assets

	Parent Company		Consolidated	
	March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021
IPI premium credit (a)				
Lawsuit No. 1987.0000.645- 9	26,226	25,787	26,226	25,787
Lawsuit No. 1984.00.020114-0	9,061	8,787	9,061	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)	26,686	26,686	26,686	26,686
	137,080	136,367	137,080	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 December 31, 2021, is R\$ 25,787 (R\$ 22,414 at December 31, 2020).

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.

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The Federal Government, represented by the National Treasury's Attorney's Office, did not manifest itself, which led to tacit agreement and, consequently, preclusion. The lawsuit is concluded and there is no further possibility of objection. The Company recognized, in 2015, the amount calculated by the legal expert, in the amount of R\$ 4,983, and, as the Company understands that the gain in the mentioned lawsuit is practically certain, it recorded the tax asset in June 2015, and maintains as of December 30, 2021 the balance of R\$ 8,787 (R\$ 7,784 at December 31, 2020). The Company will ensure that the payment request be dispatched by June 2022, so that the financial realization takes place by December 2023.

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 Company's bank account. 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.

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

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

Currently, the Company awaits jurisdictional provision regarding the request filed for the disallowance of the objection filed by the Federal Government and, consequently, the issuance of the payment request (court-ordered debts) of the supplementary amount.

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\$ 26,686; of that amount, R\$ 9,728 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\$ 2,669 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.

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

17. Investments

Interest in subsidiaries

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

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

	Country of incorporation	Direct ownership	Indirect ownership	Assets	Liabilities	Equity	Revenue	Profit or loss
At December 31, 2021								
Portobello América Inc.	United States	100.00%	0.00%	182,125	158,644	23,481	181,690	(2,548)
Portobello America Manufacturing	United States	0.00%	100.00%	57,708	55,558	2,150	-	-
PBTech Ltda.	Brazil	99.94%	0.06%	119,886	109,923	9,963	211,393	18,637
Portobello Shop S/A	Brazil	99.90%	0.00%	37,012	16,317	20,696	107,649	71,216
Mineração Portobello Ltda.	Brazil	99.76%	0.00%	14,957	14,715	242	9,121	(11,181)
Companhia Brasileira de Cerâmica S/A	Brazil	98.85%	1.15%	13,516	2,386	11,130	6,093	(2,007)
At March 31, 2022								
Portobello América Inc.	United States	100.00%	0.00%	185,492	141,796	43,696	54,712	(5,597)
Portobello America Manufacturing (a)	United States	0.00%	100.00%	53,725	49,429	4,296	-	-
PBTech Ltda.	Brazil	99.94%	0.06%	125,736	115,876	9,860	60,654	5,894
Portobello Shop S/A	Brazil	99.90%	0.00%	40,758	18,249	22,509	26,358	13,792
Mineração Portobello Ltda.	Brazil	99.99%	0.00%	15,777	15,625	152	2,922	(90)
Companhia Brasileira de Cerâmica S/A	Brazil	98.85%	1.15%	14,975	2,666	12,309	2,139	(954)

(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.

Variations at December 31, 2021:

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

(a) In June and September 2021, the Company made two Advances for Future Capital Increase (AFAC) to Mineração Portobello, totaling R\$9,000.

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

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Variations at March 31, 2022:

	Percentage of interest	December 31, 2021	Foreign exchange variations	Capital increase	Advances for future capital increase	Equity in the earnings of subsidiaries	Dividends	March 31, 2022
Investments								
Portobello América Inc. (a)	100.00%	22,106	(7,247)	-	33,069	(5,116)	-	42,812
PBTech Ltda.	99.94%	9,963	-	-	-	5,891	(6,000)	9,854
Portobello Shop S.A.	99.90%	20,696	-	-	-	13,791	(12,000)	22,487
Mineração Portobello Ltda. (a)	99.99%	242	-	-	-	(90)	-	152
Companhia Brasileira de Cerâmica S/A	98.85%	11,130	-	-	2,020	(943)	-	12,207
Portobello S/A	100.00%	10	-	-	-	-	-	10
Total net investment in subsidiaries		64,147	(7,247)	-	35,089	13,533	(18,000)	87,522
Interest in subsidiaries		64,147						87,522

(a) Between January and March 2022, Companhia Brasileira de Cerâmica S/A received two advances for future capital increase from PBG S.A in the amount of R\$ 2,020, 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			
		March 31, 2022			December 31, 2021	March 31, 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	13,485	-	13,485	31,633
Buildings, constructions and improvements	3%	282,276	(78,358)	203,918	206,913	305,429	(83,715)	221,714	226,379
Machinery and equipment	15%	697,084	(421,445)	275,639	283,260	700,939	(422,767)	278,172	286,057
Furniture and fixtures	10%	17,374	(9,417)	7,957	8,224	23,807	(10,493)	13,314	12,270
Computers	20%	31,780	(27,026)	4,754	5,431	32,629	(27,630)	4,999	5,713
Other property, plant and equipment	20%	6,168	(3,209)	2,959	2,992	7,729	(3,823)	3,906	4,069
Construction in progress	-	23,939	-	23,939	8,887	52,034	-	52,034	48,337
		1,071,224	(539,455)	531,769	528,310	1,136,052	(548,428)	587,624	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

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Notes to the Interim Financial Information for the quarter ended March 31, 2022

All amounts in thousands of reais, unless otherwise stated.

	Parent Company						March 31, 2022
	December 31, 2021	Additions	Transfers	Depreciation	Write-offs	Foreign exchange variation	
Land	12,603	-	-	-	-	-	12,603
Buildings and improvements	206,913	-	-	(2,995)	-	-	203,918
Machinery and equipment	283,260	-	-	(7,621)	-	-	275,639
Furniture and fixtures	8,224	-	-	(267)	-	-	7,957
Computers	5,431	-	-	(677)	-	-	4,754
Other property, plant and equipment	2,992	-	-	(33)	-	-	2,959
Construction in progress	8,887	15,052	-	-	-	-	23,939
	<u>528,310</u>	<u>15,052</u>	<u>-</u>	<u>(11,593)</u>	<u>-</u>	<u>-</u>	<u>531,769</u>

	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						March 31, 2022
	December 31, 2021	Additions	Transfers	Depreciation	Write-offs	Foreign exchange variation	
Land	31,633	-	-	-	(14,905)	(3,243)	13,485
Buildings and improvements	226,379	-	-	(4,625)	-	(40)	221,714
Machinery and equipment	286,057	-	-	(7,725)	-	(160)	278,172
Furniture and fixtures	12,270	1,542	-	(453)	-	(45)	13,314
Computers	5,713	13	-	(707)	-	(20)	4,999
Other property, plant and equipment	4,069	-	-	(163)	-	-	3,906
Construction in progress	48,337	41,317	-	-	(32,023)	(5,597)	52,034
	<u>614,458</u>	<u>42,872</u>	<u>-</u>	<u>(13,673)</u>	<u>(46,928)</u>	<u>(9,105)</u>	<u>587,624</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 quarter of 2022, additions to property, plant and equipment in the Consolidated amounted to R\$ 42,872, of which 61.5% was allocated to the purchase of equipment for a future plant in the USA, 30.1 % to the Tijucas plant, 5.4% to the Company's own stores, and the remainder was divided between commercial and corporate projects.

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.

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

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All amounts in thousands of reais, unless otherwise stated.

	Parent Company		Consolidated	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Cost of sales	(9,773)	(8,841)	(9,815)	(9,120)
Selling expenses	(1,356)	(1,165)	(3,373)	(2,576)
Administrative expenses	(464)	(398)	(485)	(404)
	<u>(11,593)</u>	<u>(10,404)</u>	<u>(13,673)</u>	<u>(12,100)</u>

c) Impairment of property, plant and equipment

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

19. Intangible assets

a) Breakdown

	Parent Company				Consolidated				
	March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2020	March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2020	
	Annual average amortization rate	Cost	Accumulated amortization	Net value	Net value	Cost	Accumulated amortization	Net value	Net value
Trademarks and patents	-	150	-	150	150	150	-	150	150
Software	20%	49,075	(34,594)	14,481	15,892	57,087	(38,056)	19,031	20,919
Right to explore mineral resources	9%	1,000	(1,000)	-	-	4,074	(3,739)	335	351
Goodwill (a)	7%	-	-	-	-	-	-	-	-
Software under development	-	8,378	-	8,378	6,282	10,822	-	10,822	7,377
		<u>58,603</u>	<u>(35,594)</u>	<u>23,009</u>	<u>22,324</u>	<u>72,133</u>	<u>(41,795)</u>	<u>30,338</u>	<u>28,797</u>

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
	<u>13,057</u>	<u>12,789</u>	<u>-</u>	<u>(3,497)</u>	<u>(25)</u>	<u>22,324</u>

	Parent Company					March 31, 2022
	December 31, 2021	Additions	Transfers	Amortizations	Write-offs	
Trademarks and patents	150	-	-	-	-	150
Software	15,892	-	27	(1,438)	-	14,481
Software under development	6,282	2,123	(27)	-	-	8,378
	<u>22,324</u>	<u>2,123</u>	<u>-</u>	<u>(1,438)</u>	<u>-</u>	<u>23,009</u>

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Notes to the Interim Financial Information for the quarter ended March 31, 2022

All amounts in thousands of reais, unless otherwise stated.

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

Consolidated						
December 31, 2021	Additions	Transfers	Amortizations	Write-offs	Foreign exchange variation	March 31, 2022
Trademarks and patents	150	-	-	-	-	150
Software	20,919	213	-	(1,927)	(174)	19,031
Right to explore mineral resources	351	-	-	(16)	-	335
Software under development	7,377	3,445	-	-	-	10,822
	<u>28,797</u>	<u>3,658</u>	<u>-</u>	<u>(1,943)</u>	<u>(174)</u>	<u>30,338</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 first quarter of 2022, intangible assets in Consolidated added up to R\$ 3,658, a significant portion of which was destined for the Transformation project, which aims to optimize and implement digital improvements in the commercial area.

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

	Parent Company		Consolidated	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Cost of sales	(14)	(66)	(104)	(110)
Selling expenses	(512)	(356)	(912)	(867)
Administrative expenses	(912)	(228)	(927)	(249)
	<u>(1,438)</u>	<u>(650)</u>	<u>(1,943)</u>	<u>(1,226)</u>

c) Projected amortization of consolidated intangible assets:

	2022	2023	2024	2025	2026 to 2038	Total
Software	(3,960)	(4,432)	(3,543)	(3,543)	(5,441)	(20,919)
Right to explore mineral resources	(68)	(68)	(68)	(68)	(79)	(351)
	<u>(4,028)</u>	<u>(4,500)</u>	<u>(3,611)</u>	<u>(3,611)</u>	<u>(5,520)</u>	<u>(21,270)</u>

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

d) Impairment of intangible assets

PBG S.A. and subsidiaries

Notes to the Interim Financial Information for the quarter ended March 31, 2022
All amounts in thousands of reais, unless otherwise stated.

Intangible assets are tested for impairment at least annually, and for the year ended March 31, 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.

At March 31, 2022, the Company had a total of 52 lease agreements (50 at December 31, 2021), 30 of which are classified as leasing agreements without purchase option (29 at December 31, 2021) for its commercial and logistics units, and 23 leasing agreements with purchase option (21 at December 31, 2021) intended for vehicles for the Company's managers, which refer to leases for which there is a purchase option at the end, resembling a financing operation.

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

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

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

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 March 31, 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.

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Notes to the Interim Financial Information for the quarter ended March 31, 2022
All amounts in thousands of reais, unless otherwise stated.

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	530	147	677	1,536	147	1,683
Foreign exchange variation	-	-	-	(1,396)	-	(1,396)
Additions and contractual adjustments	166	107	273	166	107	273
Contract terminations	-	(2,370)	(2,370)	-	(2,370)	(2,370)
Depreciation	(1,303)	(149)	(1,452)	(4,788)	(149)	(4,937)
March 31, 2022	15,724	2,007	17,731	62,782	2,007	64,789

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

(b) Refers to the reclassified of land from the subsidiary Portobello America Manufacturing of assets and rights in the amount of R\$ 18,148 (note 18).

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	530	147	677	1,536	147	1,683
Foreign exchange variation	-	-	-	(1,394)	-	(1,394)
Additions and contractual adjustments	166	107	273	166	107	273
Contract terminations	-	(415)	(415)	-	(417)	(417)
Payments	(3,416)	(382)	(3,798)	(7,007)	(382)	(7,389)
Accrued interest in the period	316	112	428	796	112	908
March 31, 2022	17,951	2,633	20,584	55,884	2,633	58,517
Current liabilities			7,606			16,850
Non-current liabilities			12,978			41,667

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All amounts in thousands of reais, unless otherwise stated.

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

	Parent Company		Consolidated	
	March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021
Domestic market				
Supplier credit assignment (a)	107,622	97,717	107,622	97,717
Operation suppliers	180,503	187,245	199,448	195,717
Foreign market	24,847	16,717	29,612	34,111
Current	312,972	301,679	336,682	327,545
Domestic market (i)	88,930	171,195	88,930	171,195
Non-current	88,930	171,195	88,930	171,195
Total operation suppliers	401,902	472,874	425,612	498,740
Payables for investments (b)				
Domestic market	9,273	15,256	9,273	15,256
Foreign market	22,782	23,980	22,782	41,590
Total investment suppliers	32,055	39,236	32,055	56,846
	433,957	512,110	457,667	555,586

(i) Provision for payment to gas supplier arising from the matter mentioned in note 11. In the period, there was authorization for the withdrawal of 50% (fifty percent) in the amount of R\$ 87,100.

a) Supplier credit assignment

The Company conducted supplier credit assignment transactions with top-tier financial institutions in the amount of R\$ 107,622 at March 31, 2022, (R\$ 97,717 at December 31, 2020), 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\$ 20,875 recorded in current liabilities in the Parent Company (R\$ 31,303 at December 31, 2021) and R\$ 20,875 in the Consolidated (R\$ 31,303 at December 31, 2021) referring to suppliers of property and equipment and intangible assets. Simultaneously, it has a balance of R\$ 11,180 in the Parent Company and Consolidated non-current liabilities, maturing between 2022 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).

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22. Borrowings and debentures

	Currency	Maturity	Charges	Parent Company and Consolidated	
				March 31, 2022	December 31, 2021
Current					
Banco do Nordeste S.A (a)	R\$	Jun-27	3.79% p.a. ¹ +IPCA	42,167	60,537
NCE (b)	R\$	Aug-27	2.85% p.a. ¹ +CDI	4,906	646
NCE (b)	US\$	Mar-22	3.08% p.a. ¹ +VC	-	3,790
PRODEC (c)	R\$	Mar-25	3.40% p.a. ¹ +AVP	5,494	4,959
FINEP (d)	R\$	Nov-30	8.14% p.a. ¹	6,019	3,500
DEBENTURES 4th series (e)	R\$	Sep-26	3.00% p.a. ¹ +CDI	877	7,193
ACC (f)	US\$	Oct-22	3.10% p.a. ¹ +VC	15,097	17,490
Total current			4.74% p.a.¹	74,560	98,115
Total domestic currency		R\$		59,463	76,835
Total foreign currency		US\$		15,097	21,280
Non-current					
Banco do Nordeste S.A (a)	R\$	Jun-27	3.79% p.a. ¹ +IPCA	50,226	60,069
PRODEC (c)	R\$	Mar-25	3.40% p.a. ¹ +AVP	16,797	14,687
FINEP (d)	R\$	Nov-30	8.14% p.a. ¹	159,759	162,116
NCE (b)	R\$	Aug-27	2.85% p.a. ¹ +CDI	130,000	130,000
DEBENTURES 4th series (e)	R\$	Sep-26	3.00% p.a. ¹ +CDI	297,597	297,405
Total non-current			10.30% p.a.¹	654,379	664,277
Total domestic currency		R\$		654,379	664,277
Total			9.57% p.a.¹	728,939	762,392
Total domestic currency		R\$		713,842	741,112
Total foreign currency		US\$		15,097	21,280

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

AVP - Adjustment to present value

Amplified Consumer Prices Index (IPCA)

VC - Foreign exchange variation

CDI - Interbank Deposit Certificate

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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\$ 16,188	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.		
Jan/21	Jan/22	12	12	*	R\$ 16,000	R\$ 16,000	Feb/21	PBTech and CBC guarantee.		
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			
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	

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All amounts in thousands of reais, unless otherwise stated.

								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/20	Oct/21	12	*	*	US\$ 1,663	R\$ 9,253	Oct/20	PBShop guarantee agreement extended for 6 months.
		Oct/21	Oct/22	12	*	*	US\$ 1,538	R\$ 8,461	Oct/21	Clean

*Single settlement at the end of the contract

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

The Company has a contract with the following financial covenants, the ratio obtained by dividing Net Debt by EBITDA cannot be higher than 3.50x.

The covenants were complied with at March 31, 2022.

Long-term borrowings mature as follows:

	Parent Company and Consolidated	
	March 31, 2022	December 31, 2021
2022	62,373	98,115
2023	136,975	136,218
2024	154,757	153,458
2025	149,117	148,384
2026	132,539	132,539
2027 to 2030	93,178	93,678
	<u>728,939</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.

PBG S.A. and subsidiaries

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Changes in borrowings and debentures are as follows:

	<u>Parent Company and Consolidated</u>
Total debt at December 31, 2020	727,766
Changes affecting cash flow	
Proceeds from borrowings and debentures	513,735
Payment of principal	(488,798)
Payment of interest	(40,672)
Changes not affecting cash flow	
Unrealized foreign exchange variations	1,116
Accrued interest	50,520
Adjustment to present value – Prodec	(187)
Allocation of debenture costs	(1,088)
Total debt at December 31, 2021	762,392
Changes affecting cash flow	
Proceeds from borrowings and debentures	2,214
Payment of principal	(29,645)
Payment of interest	(22,272)
Changes not affecting cash flow	
Unrealized foreign exchange variations	(2,550)
Accrued interest	18,365
Adjustment to present value – Prodec	271
Allocation of debenture costs	164
Total debt at March 31, 2022	728,939

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 2022 were complied with.

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Emissão	4 ^a
Agente Fiduciário	PENTÁGONO S.A
Código ISIN	BRPTBLDBS000
Banco Liquidante	Banco Itaú BBA S/A
Coordenador Líder	Banco Itaú BBA S/A
Data de Emissão	17/09/2021
Data de Vencimento	17/09/2026
Rating de Emissão	Não
Remuneração	CDI + 3,00 a.a. (252 d.u.)
Negociação	CETIP
Número de Séries	1
Volume da Emissão R\$	300.000.000,00
Qtde Total de Debêntures	300.000
Valor Nominal Unitário R\$	1.000,00
Covenants	Divisão da Dívida Líquida pelo EBITDA < 3,50 vezes
Pagamento Remuneração	Semestral, com a primeira data de remuneração em 17/03/2022

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 thirty-one (31) installments remaining to be paid.

Tax installments will be paid as follows:

	Parent Company and Consolidated	
	March 31, 2022	December 31, 2021
2021	-	-
2022	8,693	11,663
2023	11,590	12,179
2024	10,188	9,227
	<u>30,471</u>	<u>33,069</u>
Current	11,792	11,663
Non-current	18,679	21,406

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All amounts in thousands of reais, unless otherwise stated.

24. Taxes, fees and contributions

At March 31, 2022, taxes, fees and contributions recorded in current liabilities were classified as follows:

	Parent Company		Consolidated	
	March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021
ICMS	13,484	13,678	13,953	14,096
IRRF	3,383	7,599	4,245	8,385
PIS/COFINS	278	-	2,007	1,176
Other	655	276	1,608	548
	<u>17,800</u>	<u>21,553</u>	<u>21,813</u>	<u>24,205</u>

25. Other payables

At March 31, 2022, other payables were classified as presented in the table below:

	Parent Company		Consolidated	
	March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021
Current				
Asset decommissioning	-	-	482	482
Consigned suppliers	790	967	790	967
Commissions	10,051	8,569	10,051	8,569
Advertising fund	-	-	7,190	7,023
Other payables	5,549	7,904	12,095	14,215
	<u>16,390</u>	<u>17,440</u>	<u>30,608</u>	<u>31,256</u>
Non-current				
Asset decommissioning	-	-	1,042	955
Long-term incentives	1,517	1,014	1,517	1,014
Government grant	-	-	14,056	16,556
Other payables	-	-	1,392	2,147
	<u>1,517</u>	<u>1,014</u>	<u>18,007</u>	<u>20,672</u>

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

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

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

PGFN partially rejected the request in June 2010 alleging the need to withdraw from the lawsuits challenging the credit, and recorded the non-fulfillment of the requirement of "undue use". In view of the deny of the decision, the Company filed a Writ of Mandamus in order to obtain the judicial approval of

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Notes to the Interim Financial Information for the quarter ended March 31, 2022

All amounts in thousands of reais, unless otherwise stated.

the installment plan. After the favorable decision in the Writ of Mandamus, the Company was successful in order to fully approve the installment payments governed by MP 470. On January 18, 2021, a certificate was drawn up stating that on December 21, 2020 a final and unappealable decision was rendered for the approval of the installment plan intended by the Company.

The PGFN, due to the granting of the Writ of mandamus, established the partial extinguishment of the tax credits subject to the extraordinary installment payment governed by MP 470. The Company challenged PGFN with the argument of the non-compliance with the final and unappealable decision and awaits a legal statement.

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

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

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

The balance of provisions is broken down as follows:

Amount accrued	Parent Company		Consolidated	
	March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021
Civil	29,836	27,477	41,427	38,379
Labor	13,541	15,166	13,928	15,741
Social security	4,550	4,550	4,550	4,550
Tax	31,164	30,313	31,195	30,344
	<u>79,091</u>	<u>77,506</u>	<u>91,100</u>	<u>89,014</u>

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

	Civil	Labor	Social Security	Tax	Total
At December 31, 2020	<u>25,072</u>	<u>9,013</u>	<u>4,511</u>	<u>24,946</u>	<u>63,542</u>
Charged (credited) to the statement of income:	<u>3,352</u>	<u>9,441</u>	<u>39</u>	<u>6,088</u>	<u>18,920</u>
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	<u>27,477</u>	<u>15,166</u>	<u>4,550</u>	<u>30,313</u>	<u>77,506</u>
Charged (credited) to the statement of income:	<u>2,459</u>	<u>(876)</u>	<u>-</u>	<u>851</u>	<u>2,434</u>
Additional provisions	1,396	794	-	777	2,967
Reversal - not used	(158)	(1,899)	-	-	(2,057)
Monetary adjustment (Reversal)	1,221	229	-	74	1,524
Reversal due to realization	(100)	(749)	-	-	(849)
At March 31, 2022	<u>29,836</u>	<u>13,541</u>	<u>4,550</u>	<u>31,164</u>	<u>79,091</u>

PBG S.A. and subsidiaries

Notes to the Interim Financial Information for the quarter ended March 31, 2022

All amounts in thousands of reais, unless otherwise stated.

	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:	3,148	(1,017)	-	852	2,983
Additional provisions	1,641	793	-	777	3,211
Reversal - not used	(193)	(1,995)	-	-	(2,188)
Monetary adjustment (Reversal)	1,700	185	-	75	1,960
Reversal due to realization	(100)	(797)	-	-	(897)
					-
At March 31, 2022	41,427	13,928	4,550	31,195	91,100

Civil

The Company and its subsidiaries are defendants in 429 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 567 labor claims (458 claims at December 31, 2021), filed by former employees and third parties. The other lawsuits refer to payment of severance amounts, additional amounts, overtime, equal pay and indemnity for pain and suffering and damage to property arising from work accident/ occupational illness. Provisions are revised by Management according to its legal advisors. Some lawsuits are supported by escrow deposits.

Social security

Based on the low expectation of success in administrative and judicial actions involving corporate awards, the Company recognized a provision for these debts in the total amount of R\$ 4,691, which still depend on a court decision in the Tax Execution phase, or in some cases, an administrative before the Brazilian Federal Revenue Service.

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All amounts in thousands of reais, unless otherwise stated.

Tax

a) Tax on legal asset - Plaintiff

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

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

b) Tax assessment notice No 10340.720236/2021-00

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

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

28. Lawsuits assessed as possible losses

a) Possible loss

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

	Parent Company		Consolidated	
	March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021
Civil	4,958	5,510	4,958	5,570
Labor	10,516	11,576	10,758	11,753
Social security	10,855	10,985	10,855	10,985
Tax	9,523	10,141	11,250	13,850
	<u>35,852</u>	<u>38,212</u>	<u>37,821</u>	<u>42,158</u>

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29. Equity

29.1 Capital

At March 31, 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 March 31, 2022, there were 54,516,127 outstanding shares, corresponding to 38.67% 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 986886
December 31, 2021	Closing Balance	147,529,703	6 542 817	140 986886
March 2022	Cancellation	(6,542,817)	(6,542,817)	140,986,886
March 31, 2022	Closing Balance	140,986,886	-	140,986,886

29.2 Treasury shares

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

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

29.3 Earnings reserve

At March 31, 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.

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At March 31, 2022, the balance of the unrealized profit retention reserve amounts to R\$ 32,983 (R\$ 92,174 at December 31, 2021).

At March 31, 2022, the balance of the tax incentive reserve amounts to R\$ 71,565 (R\$ 65,785 at December 31, 2021). In 2022, the Company recorded tax incentive reserves in the amount of R\$ 5,780 (R\$ 30,634 at December 31, 2021). These reserves arise from government grants for ICMS tax incentives related to Prodesin (Integrated Development Program of the State of Alagoas) to the Differentiated Tax Treatment of Santa Catarina (TTD), to Sudene and to Simples Nacional.

29.4 Carrying valuation adjustments

Parent Company and Consolidated	Carrying value adjustments			Total
	Deemed cost (a)	Cumulative translation adjustment (b)	Other comprehensive income (c)	
At December 31, 2020	32,323	(68,353)	(14,095)	(50,125)
Realization of 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 revaluation reserve	(297)	-	-	(297)
Foreign exchange variation of subsidiary located abroad	-	(7,247)	-	(7,247)
Hedge accounting transactions	-	-	38,670	38,670
Deferred income tax and social contribution on hedge accounting	-	-	(13,148)	(13,148)
At March 31, 2022	30,842	(73,737)	18,263	(24,632)

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 March 31, 2022, the foreign exchange variation amounted to R\$ (7,247) (R\$ 1,863 at December 31, 2021), as mentioned in note 17.

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All amounts in thousands of reais, unless otherwise stated.

c) Other comprehensive income

At March 31, 2022, the balance of R\$ 18,263 (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\$ (41,144) (R\$ 2,474 at December 31, 2021), due to the positive result of the operations with derivative financial instruments classified as hedge accounting not yet realized in the quarter, with an effect of R\$ (R\$13,989) (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\$ 27,155 (R\$ 1,633 at December 31, 2021). These amounts are transferred from equity to profit or loss to the extent that the NDF contracts mature and sales in US Dollars are shipped in the respective month of maturity of the contracts.

30. Employee benefits

30.1 Private pension plan

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

In the three-month period ended March 31, 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.

31. Revenue

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

	Parent Company		Consolidated	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Gross sales revenue	535,431	441,921	648,456	521,743
Result from hedge accounting transactions	6,400	-	6,400	-
Deductions from gross revenue	(113,798)	(94,607)	(129,901)	(105,350)
Taxes on sales	(98,118)	(87,603)	(109,278)	(95,226)
Returns and rebates	(15,680)	(7,004)	(20,623)	(10,124)
Net sales revenue	428,033	347,314	524,955	416,393

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

	Parent Company		Consolidated	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Sale of own products	421,372	339,052	471,239	375,742
Sale of third-party products	6,661	8,262	26,924	19,691
Royalties	-	-	26,792	20,960
Net operating revenue	428,033	347,314	524,955	416,393

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

32. Expenses by nature

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

	Parent Company		Consolidated	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Costs and expenses				
Cost of sales and/or services	(261,292)	(225,066)	(286,568)	(237,909)
Selling expenses	(75,270)	(62,717)	(118,901)	(91,680)
General and administrative	(17,497)	(13,248)	(18,331)	(13,529)
	<u>(354,059)</u>	<u>(301,031)</u>	<u>(423,800)</u>	<u>(343,118)</u>
Breakdown of expenses by nature				
Direct production cost (raw materials and inputs)	(197,294)	(146,318)	(194,911)	(143,965)
Salaries, charges and employee benefits	(82,374)	(71,235)	(100,105)	(84,066)
Third-party labor and services	(21,683)	(16,705)	(27,692)	(17,395)
General production expenses (including maintenance)	(14,524)	(14,481)	(15,173)	(14,609)
Cost of goods resold	(22,855)	(15,431)	(47,897)	(28,610)
Amortization and depreciation	(14,483)	(12,422)	(20,553)	(16,744)
Other selling expenses	(3,680)	(3,116)	(12,363)	(10,136)
Sales commissions	(10,803)	(8,768)	(14,362)	(11,077)
Marketing and publicity	(12,882)	(11,810)	(16,455)	(13,682)
Transportation of goods sold	(8,171)	(6,679)	(8,171)	(6,679)
Lease expenses - not applicable to IFRS 16	(6,981)	(4,566)	(7,981)	(6,194)
Other administrative expenses	(1,691)	(1,896)	(1,852)	(1,991)
Changes in inventories of finished products and work in progress (a)	43,362	12,396	43,715	12,030
Total	<u>(354,059)</u>	<u>(301,031)</u>	<u>(423,800)</u>	<u>(343,118)</u>

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

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33. Other operating income and expenses, net

	Parent Company		Consolidated	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Other operating income				
Revenue from services	131	142	131	142
Sale of property, plant and equipment (a)	-	-	14,761	-
Reversal of the unconstitutionality of ICMS tax rate difference	4,853	-	4,853	-
Rural credit notes	-	-	1,497	-
Other revenues	312	629	332	629
	<u>5,296</u>	<u>771</u>	<u>21,574</u>	<u>771</u>
Other operating expenses				
Provision for civil, labor, social security and tax risks	(1,395)	(2,496)	(1,599)	(2,496)
Attorney's fees	(376)	-	(376)	-
Taxes on other revenues	(179)	(90)	(183)	(127)
Bonus for achievement of goals	-	(1,910)	-	(1,910)
Provision for profit sharing	(5,517)	(3,812)	(5,624)	(3,812)
Disposal of property, plant and equipment (a)	-	-	(14,905)	-
Other expenses	(88)	(331)	(1,927)	(433)
Total	<u>(7,555)</u>	<u>(8,639)</u>	<u>(24,614)</u>	<u>(8,778)</u>
Total - net	<u>(2,259)</u>	<u>(7,868)</u>	<u>(3,040)</u>	<u>(8,007)</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.

34. Finance income (costs)

Finance income (costs) is as follows:

	Parent Company		Consolidated	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Finance income				
Interest	1,070	933	1,683	1,192
Asset adjustment	2,187	243	2,187	246
Gain on swap transactions	-	1,576	-	1,576
Other	123	14	413	79
Total	<u>3,380</u>	<u>2,766</u>	<u>4,283</u>	<u>3,093</u>
Finance costs				
Interest	(9,635)	(6,931)	(10,082)	(7,073)
Finance charges on taxes	(666)	(269)	(710)	(275)
Adjustment of provision for contingencies	(1,678)	(1,547)	(2,216)	(1,547)
Commissions and service fees	(1,555)	(1,900)	(3,378)	(2,589)
Gain (loss) on swap transactions	-	(259)	-	(259)
Interest on debentures	(9,701)	(2,679)	(9,701)	(2,679)
Other	(486)	(549)	(504)	(967)
Total	<u>(23,721)</u>	<u>(14,134)</u>	<u>(26,591)</u>	<u>(15,389)</u>
Foreign exchange variations, net				
Trade receivables and trade payables	(19,112)	3,536	(19,083)	3,530
Borrowings	47	(2,724)	47	(2,725)
Total	<u>(19,065)</u>	<u>812</u>	<u>(19,036)</u>	<u>805</u>
Total - net	<u>(39,406)</u>	<u>(10,556)</u>	<u>(41,344)</u>	<u>(11,491)</u>

PBG S.A. and subsidiaries

Notes to the Interim Financial Information for the quarter ended March 31, 2022
All amounts in thousands of reais, unless otherwise stated.

35. Earnings (loss) per share

a) Basic

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

The table below establishes the calculation of earnings (losses) per share at March 31, 2022 and 2021:

	Parent Company and Consolidated	
	March 31, 2022	March 31, 2021
Profit (loss) attributable to the owners of the Company	37,643	40,401
Weighted average number of common shares (a)	140,987	151,492
Basic earnings (loss) per share	0.26700	0.26677

b) Diluted

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

36. Dividends

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

37. Segment reporting

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

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

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

PBG S.A. and subsidiaries

Notes to the Interim Financial Information for the quarter ended March 31, 2022
All amounts in thousands of reais, unless otherwise stated.

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 first quarter of 2022 and 2021:

	At March 31, 2022			At March 31, 2021		
	Brazil	Other countries	Total	Brazil	Other countries	Total
Continuing operations						
Revenue	390,753	134,202	524,955	367,770	48,623	416,393
Cost of sales	(200,385)	(86,183)	(286,568)	(213,803)	(24,106)	(237,909)
Gross profit	190,368	48,019	238,387	153,967	24,517	178,484

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

b) Segment reporting for the first quarter of 2022 and 2021:

	At March 31, 2021					
	Total	*Eliminations	Portobello	Pointer	Portobello Shop	PBA
Continuing operations						
Net revenue	416,393	(13,924)	204,488	62,360	124,416	39,052
Cost of sales	(237,909)	13,336	(116,382)	(37,588)	(69,059)	(28,216)
Gross profit	178,484	(588)	88,106	24,772	55,357	10,836
*Eliminations between transactions						
	At March 31, 2022					
Continuing operations	Total	*Eliminations	Portobello	Pointer	Portobello Shop	PBA
Net revenue	524,955	(19,034)	259,198	54,413	172,204	58,174
Cost of sales	(286,568)	16,949	(133,431)	(33,894)	(91,615)	(44,577)
Gross profit	238,387	(2,085)	125,767	20,519	80,589	13,597
*Eliminations between transactions						

38. Commitments for acquisition of assets

Purchase of fixed assets

At March 31, 2022, expenses recorded but not yet incurred relating to property, plant and equipment amount to R\$ 11,609 (R\$ 9,270 at December 31, 2021). Such expenses correspond to the modernization of manufacturing equipment, according to the Company's investment plan.

PBG S.A. and subsidiaries

Notes to the Interim Financial Information for the quarter ended March 31, 2022

All amounts in thousands of reais, unless otherwise stated.

Plant Construction Operation of the Portobello Manufacturing LLC Subsidiary

During the first quarter of 2022, Portobello America made progress on the project for the new factory 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 factory, in addition to the long-term commercial conditions for using the space in the form without purchase option. Additionally, also in March, Portobello America acquired equipment for phase 1 of the project. Investment in this phase of the project will total approximately USD 40 million and the unit is expected to start operating in early 2023.

39. Insurance coverage (unreviewed)

The insurance coverage at March 31, 2022 is considered sufficient to cover any claims and is summarized as follows:

Insurance Policy	Maximum Indemnity Limit	Maturity
International transport - Portobello imports	USD 9,000	12/31/2022
International transport - Pointer imports	USD 12,000	09/30/2022
Property Insurance - Own Stores	8,400	05/25/2022
Property Insurance - Pointer (Alagoas Building)	61,000	06/13/2022
Directors and Officers Liability Insurance (D&O)	40,000	08/27/2022
General civil liability insurance (Tijucas/Pointer)	6,520	04/14/2022
PBG Property Insurance (Tijucas/Pointer/DCs) - single maximum indemnity limit	305,000	06/13/2022
Group life insurance and funeral assistance	510,964	03/01/2022
Cyber insurance	7,000	07/01/2022
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

(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, the Company will request the conversion of this guarantee into a pledge. The guaranteed tax credit originates from the break-up of Tax Assessment Notice 10983-721.445/2014-78, as mentioned in note 28 (b).

(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.

PBG S.A. and subsidiaries

Notes to the Interim Financial Information for the quarter ended March 31, 2022

All amounts in thousands of reais, unless otherwise stated.

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

40. Related entities and parties

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

Nature - Assets and liabilities balance	Company	Parent Company	
		March 31, 2022	December 31, 2021
Subsidiaries			
Commercial transactions			
Trade receivables, net of advances	Portobello Shop S.A.	-	1
Trade receivables, net of advances	Portobello America, Inc.	100,162	111,796
Trade receivables, net of advances	Cia Brasileira de Cerâmica	429	402
Trade receivables, net of advances	PBTech Com. Sern. Cer. Ltda.	10,504	6,714
Receivables from related parties	Portobello Shop S.A.	53	-
Trade payables, net of advances	Cia Brasileira de Cerâmica	(507)	(170)
Trade payables, net of advances	Mineração Portobello Ltda.	(2,455)	(1,819)
Assets net of liabilities with subsidiaries		108,186	116,924
Related parties			
Payables to related parties	Refinadora Catarinense S.A.	(56,330)	(56,330)
Payables to related parties	Mineração Portobello Ltda.	(9,296)	-
Payables to related parties	PBTech Com. Sern. Cer. Ltda.	(28)	-
Payables to related parties	Portobello Shop S.A.	(16)	-
Trade receivables, net of advances	Solução Cerâmica Com. Ltda.	(53)	5
Trade receivables, net of advances	Riveste Comercio Ltda.	623	559
Trade receivables, net of advances	Flooring Revest. Cer. Ltda.	622	193
Trade payables	Multilog Sul Armazéns S/A	(2)	-
Trade payables	Flooring Revest. Cer. Ltda.	(5,971)	(6,058)
Trade payables	AB Parking	(14)	(9)
Assets net of liabilities with other related parties		(70,465)	(61,640)

PBG S.A. and subsidiaries

Notes to the Interim Financial Information for the quarter ended March 31, 2022
All amounts in thousands of reais, unless otherwise stated.

Nature - profit or loss	Company	March 31, 2022	March 31, 2021
Revenue			
Subsidiaries			
Sale of products	PBTech Com. Sern. Cer. Ltda.	31,643	22,240
Sale of products	Cia Brasileira de Cerâmica	444	154
Sale of products	Portobello America, Inc.	21,980	18,731
Related parties			
Sale of products	Solução Cerâmica Com. Ltda.	30	7,485
Sale of products	Solução Cerâmica Com. Ltda.	9,394	-
Sale of products	Flooring Revest. Cer. Ltda.	4,790	2,575
Expenses			
Subsidiaries			
Acquisition of inputs	Mineração Portobello Ltda.	(2,748)	(2,552)
Related parties			
Rental	Gomes Part Societárias Ltda.	-	(186)
Freight service	Multilog Sul Armazéns S/A	(6)	(1,032)
Cutting service	Flooring Revest. Cer. Ltda.	(3,070)	(2,289)
Parking service	AB Parking	(269)	(78)
		62,188	45,048

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

Related-party transactions

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

		Consolidated	
Transactions with subsidiaries and related entities	Nature - Property	March 31, 2022	December 31, 2021
Solução Cerâmica Com. Ltda.	Trade receivables, net of advances	-	61
Riveste Comercio Ltda.	Trade receivables, net of advances	992	968
Flooring Revest. Cer. Ltda.	Trade receivables, net of advances	548	515
		1,540	1,554
		Consolidated	
Transactions with subsidiaries and related entities	Nature - Property	March 31, 2022	March 31, 2021
Solução Cerâmica Com. Ltda.	Royalties	3	2,283
Riveste Comercio Ltda.	Royalties	2,818	-
Flooring Revest. Cer. Ltda.	Royalties	1,512	800
		4,333	3,083

PBG S.A. and subsidiaries

Notes to the Interim Financial Information for the quarter ended March 31, 2022

All amounts in thousands of reais, unless otherwise stated.

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 March 31, 2022, are as follows:

	Parent Company		Consolidated	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Fixed compensation				
Salaries	5,222	3,565	5,997	3,959
Fees	2,094	1,822	2,094	1,822
Variable compensation	762	724	958	799
Pension Plan	303	262	318	274
Severance benefits	113	-	113	-
Other	674	500	772	547
	<u>9,168</u>	<u>6,873</u>	<u>10,252</u>	<u>7,401</u>

41. Events after the reporting period

Acquisition of Franchise Store Related parties

On April 29, 2022, the subsidiary PBTech completed the purchase of two franchised stores in São Paulo (Shop Gabriel and Shop Pacaembú) in the amount of R\$ 60 million, as approved in the minutes of the Board of Directors' meeting dated March 16 of 2022.

(A free translation of the original in Portuguese)

PBG S.A.
Quarterly Information (ITR) at
March 31, 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 March 31, 2022, comprising the balance sheet at that date and the statements of income, comprehensive income, changes in equity and cash flows for the quarter 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 did 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 quarter ended March 31, 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 quarterly 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, May, 11 2022

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

Leandro Sidney Camilo da Costa
Contador CRC 1SP 236051/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 March 31, 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 May 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, May 12, 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 March 31, 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 March 31, 2022.

Tijucas, May 12, 2022.

Board Composition

Mauro do Valle Pereira - Chief Executive Officer

Claudio Avila da Silva – VP of Finance and Investor Relations

Edson Luiz Mees Stringari – VP of Legal and Compliance