Portobello Grupo

# Results 2Q21

# PBG S.A.

# Press Release 2Q21

**June 30, 2021**

Stock Price (06/30/2021)

PTBL3 – R$ 17.47 | shares

Market Value (06/30/2021)

R$ 2,577.3 Billions

U$$ 512.2 Millions

Quantity of shares (06/30/2021)

Common: 147,529,703

Treasury: 71,200

Free Float = 44.4%

**Investor Relations**

**Ronei Gomes**
VP of Finance and Investor Relations

**Roger Nickhorn**
Sr. Manager, FP&A and IR

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**Interim Financial Information for the quarter ended June 30, 2021**

**Company information / Breakdown of Capital**

| Quantity of shares (Thousand) | Last fiscal year 06/30/2021 |
|---|---|
| **Paid-in capital** | |
| Common | 147.530 |
| Preferred | - |
| **Total** | **147.530** |
| **Treasury** | |
| Common | 71 |
| Preferred | - |
| **Total** | **71** |

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

**Individual financial statements / Balance sheet - Assets**

**(Thousand)**

| Account Code | Account Description | Current Period 06/30/2021 | Current Period 12/31/2020 |
|---|---|---|---|
| 1 | Total Assets | 1.833.851 | 1.935.793 |
| 1.01 | Curent Assets | 700.937 | 823.115 |
| 1.01.01 | Cash and Cash Equivalents | 110.345 | 245.779 |
| 1.01.03 | Accounts Receivable | 293.220 | 261.227 |
| 1.01.03.01 | Trade Receivables | 293.220 | 261.227 |
| 1.01.04 | Inventory | 196.333 | 172.897 |
| 1.01.06 | Taxes to recover | 79.303 | 76.614 |
| 1.01.06.01 | Current taxes recoverable | 79.303 | 76.614 |
| 1.01.07 | Prepaid Expenses | 54 | 1.375 |
| 1.01.08 | Others Current Assets | 21.682 | 65.223 |
| 1.01.08.03 | Other | 21.682 | 65.223 |
| 1.01.08.03.01 | Advance to Suppliers | 12.390 | 4.678 |
| 1.01.08.03.02 | Dividends Receivable | 3.385 | 53.023 |
| 1.01.08.03.03 | Other | 5.907 | 7.522 |
| 1.02 | Non-Current Assets | 1.132.914 | 1.112.678 |
| 1.02.01 | Long-Term Assets | 503.080 | 503.676 |
| 1.02.01.07 | Deferred Taxes | 31.338 | 37.807 |
| 1.02.01.07.01 | Deferred Income and Social Contribution Taxes | 31.338 | 37.807 |
| 1.02.01.09 | Receivables from related parties | 64.568 | 53.768 |
| 1.02.01.09.02 | Subsidiaries Credits | 64.568 | 53.768 |
| 1.02.01.10 | Other Non-Current Assets | 407.174 | 412.101 |
| 1.02.01.10.03 | Judicial Deposits | 166.738 | 156.296 |
| 1.02.01.10.04 | Escrow deposits | 87.145 | 87.402 |
| 1.02.01.10.06 | Taxes to recover | 5.350 | 13.106 |
| 1.02.01.10.07 | Legal assets | 105.305 | 105.305 |
| 1.02.01.10.08 | Restricted investments | 8.905 | 8.905 |
| 1.02.01.10.09 | Lease Assets | 8.190 | 13.317 |
| 1.02.01.10.11 | Derivative financial instruments | 2.359 | 1.995 |
| 1.02.01.10.12 | Other | 10.361 | 12.954 |
| 1.02.02 | Investments | 72.201 | 54.151 |
| 1.02.02.01 | Ownership Interest | 72.201 | 54.151 |
| 1.02.02.01.02 | Interest in Subsidiaries | 71.853 | 53.803 |
| 1.02.02.01.04 | Other investments | 348 | 348 |
| 1.02.03 | Property, Plant and Equipment | 541.312 | 541.794 |
| 1.02.03.01 | Property, Plant and Equipment | 521.676 | 522.817 |
| 1.02.03.02 | Right to Use in Rent | 19.636 | 18.977 |
| 1.02.04 | Intangibles Assets | 16.321 | 13.057 |

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

**Individual financial statements / Balance sheet - Assets**

**(Thousand)**

| Account Code | Account Description | Current Period 06/30/2021 | Current Period 12/31/2020 |
|---|---|---|---|
| 2 | Total Liabilities | 1.833.851 | 1.935.793 |
| 2.01 | Current Liabilities | 679.868 | 668.993 |
| 2.01.01 | Social and labor obligations | 57.523 | 40.078 |
| 2.01.02 | Suppliers | 212.924 | 181.746 |
| 2.01.04 | Loans and Financing | 223.859 | 223.908 |
| 2.01.04.01 | Loans and Financing | 174.327 | 174.842 |
| 2.01.04.02 | Debentures | 49.532 | 49.066 |
| 2.01.05 | Other Obligations | 176.334 | 212.492 |
| 2.01.05.02 | Other | 176.334 | 212.492 |
| 2.01.05.02.01 | Dividends and interest on equity | 727 | 31.005 |
| 2.01.05.02.04 | Credit granting from suppliers | 77.218 | 66.418 |
| 2.01.05.02.05 | Taxes payable in installments | 12.168 | 9.290 |
| 2.01.05.02.06 | Taxes, fees and contributions | 13.977 | 19.492 |
| 2.01.05.02.07 | Advances from customers | 23.080 | 21.940 |
| 2.01.05.02.08 | Lease Obligations | 11.887 | 31.303 |
| 2.01.05.02.09 | Debts with Related Parties | 2.275 | 4.067 |
| 2.01.05.02.11 | Lease Obligations | 6.899 | 7.594 |
| 2.01.05.02.12 | Derivatives | 2.990 | 2.354 |
| 2.01.05.02.13 | Other | 25.113 | 19.029 |
| 2.01.06 | Provisions | 9.228 | 10.769 |
| 2.01.06.02 | Other provisions | 9.228 | 10.769 |
| 2.01.06.02.04 | Provision for profit sharing | 9.228 | 10.769 |
| 2.02 | Non-current Liabilities | 750.880 | 849.632 |
| 2.02.01 | Loans and Financing | 419.701 | 503.858 |
| 2.02.01.01 | Loans and Financing | 320.240 | 354.666 |
| 2.02.01.02 | Debentures | 99.461 | 149.192 |
| 2.02.02 | Other Obligations | 274.035 | 282.232 |
| 2.02.02.02 | Other | 274.035 | 282.232 |
| 2.02.02.02.03 | Suppliers | 154.839 | 144.021 |
| 2.02.02.02.04 | Lease Obligations | 21.189 | 25.700 |
| 2.02.02.02.05 | Taxes payable in installments | 26.921 | 34.416 |
| 2.02.02.02.06 | Debts with Related Parties | 56.330 | 56.330 |
| 2.02.02.02.07 | Lease Obligations | 14.756 | 12.879 |
| 2.02.02.02.08 | Other | - | 8.886 |
| 2.02.04 | Provisions | 57.144 | 63.542 |
| 2.02.04.01 | Provision for profit sharing | 56.580 | 63.542 |
| 2.02.04.01.02 | Social Security and Labor Provisions | 56.080 | 63.542 |
| 2.02.04.01.03 | Provision for profit sharing | 500 | - |
| 2.02.04.02 | Other provisions | 564 | - |
| 2.02.04.02.04 | Provision for uncovered liabilities in subsidiaries | 564 | - |
| 2.03 | Shareholders' Equity | 403.103 | 417.168 |
| 2.03.01 | Capital | 250.000 | 200.000 |
| 2.03.02 | Capital reserves | -996 | -14.095 |
| 2.03.02.05 | Treasury shares | -996 | -14.095 |
| 2.03.04 | Profit Reserves | 237.383 | 250.941 |
| 2.03.06 | Equity valuation adjustments | -83.284 | -50.125 |
| 2.03.08 | Other Comprehensive Income | - | 30.447 |
| 2.03.08.01 | Additional dividends | - | 30.447 |

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

**Individual financial statements / Statement of income**

**(Thousand)**

| Account Co | Account Description | Current Quarter 04/01/2021 to 06/30/2021 | Accumulated of the Current Period 01/01/2021 to 06/30/2021 | Same Quarter of Previous Year 04/01/2020 to 06/30/2020 | Accumulated of the Previous Period 01/01/2020 to 06/30/2020 |
|---|---|---|---|---|---|
| 3.01 | Sales revenue of Goods and / or Services | 385.005 | 732.319 | 215.874 | 455.436 |
| 3.02 | Cost of Goods and / or Services Sold | -254.025 | -479.091 | -186.021 | -359.547 |
| 3.03 | Raw score | 130.980 | 253.228 | 29.853 | 95.889 |
| 3.04 | Operating Income / Expenses | -70.309 | -133.711 | -41.347 | -92.064 |
| 3.04.01 | Selling Expenses | -66.028 | -128.745 | -46.481 | -97.903 |
| 3.04.02 | General and Administrative Expenses | -15.248 | -28.496 | -9.899 | -20.336 |
| 3.04.04 | Other Operating Income | 3.547 | -4.321 | 15.273 | 15.488 |
| 3.04.06 | Equity income | 7.420 | 27.851 | -240 | 10.687 |
| 3.05 | Income before financial result and taxes | 60.671 | 119.517 | -11.494 | 3.825 |
| 3.06 | Financial result | -22.298 | -32.854 | -2.744 | 7.468 |
| 3.06.01 | Financial income | 1.190 | 3.956 | 6.603 | 13.597 |
| 3.06.02 | Financial expenses | -23.488 | -36.810 | -9.347 | -6.129 |
| 3.06.02.01 | Financial expenses | -19.842 | -33.976 | -15.568 | -32.595 |
| 3.06.02.02 | Foreign exchange variations, net | -3.646 | -2.834 | 6.221 | 26.466 |
| 3.07 | Income before Income Taxes | 38.373 | 86.663 | -14.238 | 11.293 |
| 3.08 | Income Tax and Social Contribution on Net Income | 1.797 | -6.083 | 65.988 | 61.459 |
| 3.08.01 | Current | 5.513 | 386 | - | - |
| 3.08.02 | Deferred | -3.716 | -6.469 | 65.988 | 61.459 |
| 3.09 | Net Income from Continuing Operations | 40.170 | 80.580 | 51.750 | 72.752 |
| 3.11 | Profit / Loss for the Period | 40.170 | 80.580 | 51.750 | 72.752 |

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

**Individual financial statements / Statement of comprehensive income**

**(Thousand)**

| Account Code | Account Description | Current Quarter 04/01/2021 to 06/30/2021 | Accumulated of the Current Period 01/01/2021 to 06/30/2021 | Same Quarter of Previous Year 04/01/2020 to 06/30/2020 | Accumulated of the Previous Period 01/01/2020 to 06/30/2020 |
|---|---|---|---|---|---|
| 4.01 | Net income for the period | 40.170 | 80.580 | 51.750 | 72.752 |
| 4.02 | Other Comprehensive Income | - 3.366 | - 860 | - 15.046 | - 21.545 |
| 4.03 | Results Comprehensive Period | 36.804 | 79.720 | 36.704 | 51.207 |

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

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

**(Thousand)**

| Account Coc | Account Description | | Current Quarter 04/01/2021 to 06/30/2021 | | Accumulated of the Previous Period 01/01/2020 to 06/30/2020 |
|---|---|---|---|---|---|
| 6.01 | Net cash from operating activities | | 74.561 | | 72.791 |
| 6.01.01 | Cash provided by operating activities | | 94.497 | - | 49.940 |
| 6.01.01.01 | Income (loss) before income tax | | 86.663 | | 11.293 |
| 6.01.01.02 | Depreciation and amortization | | 25.126 | | 27.639 |
| 6.01.01.03 | Equity income or loss | - | 27.225 | - | 10.687 |
| 6.01.01.04 | Unrealized foreign exchange variations from borrowin | | 19.405 | - | 39.766 |
| 6.01.01.05 | Unrealized foreign exchange variations Portobello America | - | 435 | - | 943 |
| 6.01.01.06 | Provision for valuation of inventories at market value | - | 1.671 | | 2.487 |
| 6.01.01.07 | Provision for impairment of trade receivables | - | 5.127 | - | 58.292 |
| 6.01.01.08 | Provisions for civil, labor, pension and taxes | | - | - | 3.010 |
| 6.01.01.09 | Provisions of social and labor obligations | - | 1.041 | | 2.767 |
| 6.01.01.11 | Restatement of tax assets | | - | - | 67.440 |
| 6.01.01.12 | Restatement of receivables from other related parties | | - | - | 874 |
| 6.01.01.13 | Provision for interest on loans and debentures | | - | | 422 |
| 6.01.01.14 | Interest and adjustment to present value on lease | - | 947 | | 29.130 |
| 6.01.01.15 | Payables to related parties | | 574 | | 501 |
| 6.01.01.16 | Other | | - | | 56.330 |
| 6.01.01.17 | AVP Prodec (borrowings) | - | 738 | | 503 |
| 6.01.01.18 | Write-off of fixed assets | - | 87 | | - |
| 6.01.02 | Changes in assets and liabilities | | 10.991 | | 144.042 |
| 6.01.02.01 | Accounts Receivable | - | 30.322 | - | 34.136 |
| 6.01.02.02 | Restricted investments | - | 23.001 | | 4.839 |
| 6.01.02.03 | Inventory | - | 10.185 | | 8.687 |
| 6.01.02.04 | Advance to Suppliers | | 16.941 | | 3.701 |
| 6.01.02.05 | Judicial Deposits | | 5.127 | - | 81 |
| 6.01.02.06 | Recoverable Taxes | | 5.529 | - | 1.386 |
| 6.01.02.07 | Lease asset | | 52.358 | | 34.790 |
| 6.01.02.08 | Other assets | - | 7.712 | - | 1.337 |
| 6.01.02.09 | Accounts Payable | - | 2.335 | - | 3.011 |
| 6.01.02.10 | Installments | - | 214 | | 758 |
| 6.01.02.11 | Installments | - | 4.617 | - | 3.506 |
| 6.01.02.12 | Taxes, fees and contributions | - | 5.515 | | 14.653 |
| 6.01.02.13 | Tax and labor obligations | | - | | 39.949 |
| 6.01.02.14 | Provision for PPR | | - | - | 6.759 |
| 6.01.02.15 | Provisions for civil, labor, pension and taxes | | - | | 56.330 |
| 6.01.02.16 | Payables for investments | - | 2.803 | | 30.551 |
| 6.01.02.17 | Lease liabilities | | 17.445 | | - |
| 6.01.02.18 | Derivatives | | 295 | | - |
| 6.01.03 | Other | - | 30.927 | - | 21.311 |
| 6.01.03.01 | Interest paid | - | 19.439 | - | 21.311 |
| 6.01.03.02 | Income Tax and Social Contribution Paid | - | 11.488 | | - |
| 6.02 | Net cash used in investing activities | | 44 | - | 58.193 |
| 6.02.01 | Acquisition of property, plant and equipment | - | 43.827 | - | 67.046 |
| 6.02.02 | Acquisition of intangible assets | - | 4.583 | - | 2.652 |
| 6.02.03 | Dividends received | | 67.844 | | 5.405 |
| 6.02.04 | (Granted to) Received from related parties | - | 10.800 | | - |
| 6.02.06 | Dividends received | - | 8.590 | | 6.100 |
| 6.03 | Net cash provided by (used in) financing activities | - | 210.039 | - | 30.554 |
| 6.03.01 | Loans and financing and debentures | | 56.873 | | 83.418 |
| 6.03.02 | Payment of borrowings | - | 140.011 | - | 107.898 |
| 6.03.03 | Dividends paid | - | 60.725 | | 32 |
| 6.03.04 | Lease amortization | - | 2.816 | - | 6.106 |
| 6.03.05 | Acquisition of treasury shares | - | 63.360 | | - |
| 6.05 | Increase/(decrease) in cash and cash equivalents | - | 135.434 | - | 15.956 |
| 6.05.01 | Opening balance of cash and cash equivalents | | 245.779 | | 249.448 |
| 6.05.02 | Closing balance of cash and cash equivalents | | 110.345 | | 233.492 |

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

**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 | 281.388 | - | - 50.125 | 417.168 |
| 5.03 | Adjusted Opening Balances | 200.000 | - 14.095 | 281.388 | - | - 50.125 | 417.168 |
| 5.04 | Capital Transactions with Partners | 50.000 | 13.099 | - 156.906 | - | - | - 93.807 |
| 5.04.01 | Capital Increase | 50.000 | - | - 50.000 | - | - | - |
| 5.04.04 | Treasury shares acquired | - | - 63.360 | - | - | - | - 63.360 |
| 5.04.06 | Dividends | - | - | - 30.447 | - | - | - 30.447 |
| 5.04.08 | Cancellation of shares after Boarding meeting 01/20/2021 | - | 76.459 | - 76.459 | - | - | - |
| 5.05 | Total Comprehensive Income | - | - | - | 80.580 | - 837 | 79.742 |
| 5.05.01 | Net Income for the Period | - | - | - | 80.580 | - | 80.579 |
| 5.05.02 | Other Comprehensive Income | - | - | - | - | - 837 | - 837 |
| 5.05.02.06 | Exchange variation of subsidiary located abroad | - | - | - | - | - 860 | - 860 |
| 5.05.02.07 | Other Comprehensive Income | - | - | - | - | 23 | 23 |
| 5.06 | Internal changes in shareholders' equity | - | - | - | 592 | - 592 | - |
| 5.06.02 | Realization of the Revaluation Reserve | - | - | - | 592 | - 592 | - |
| 5.07 | Closing Balances | 250.000 | - 996 | 124.482 | 81.172 | - 51.554 | 403.103 |

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

**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 | - | 189.844 | - | - 22.224 | 367.620 |
| 5.03 | Adjusted Opening Balances | 200.000 | - | 189.844 | - | - 22.224 | 367.620 |
| 5.04 | Capital Transactions with Partners | - | - 7.498 | - | - | - | - 7.498 |
| 5.04.04 | Treasury shares acquired | - | - 7.498 | - | - | - | - 7.498 |
| 5.05 | Total Comprehensive Income | - | - | - | 72.752 | - 21.545 | 51.207 |
| 5.05.01 | Net Income for the Period | - | - | - | 72.752 | - | 72.752 |
| 5.05.02 | Other Comprehensive Income | - | - | - | - | - 21.545 | - 21.545 |
| 5.05.02.03 | Equiv. Patrim. s / Result. Fuzzy. Associated Companies | - | - | - | - | - 21.545 | - 21.545 |
| 5.06 | Internal changes in shareholders' equity | - | - | - | 594 | - 594 | - |
| 5.06.02 | Realization of the Revaluation Reserve | - | - | - | 594 | - 594 | - |
| 5.07 | Closing Balances | 200.000 | - 7.498 | 189.844 | 73.346 | - 44.363 | 411.329 |

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

**Individual financial statements / Statement of added value**

**(Thousand)**

| Account Co | Account Description | Current Quarter 04/01/2021 to 06/30/2021 | Accumulated of the Previous Period 01/01/2020 to 06/30/2020 |
|---|---|---|---|
| 7.01 | Revenues | 915.634 | 637.950 |
| 7.01.01 | Sales of goods, products and services | 900.895 | 556.708 |
| 7.01.02 | Other revenues | 13.069 | 83.732 |
| 7.01.04 | Reversal/Allowance for doubtful accounts | 1.670 | -2.490 |
| 7.02 | Inputs acquired from third-parties | -440.827 | -383.726 |
| 7.02.01 | Cost of products, goods and services sold | -335.515 | -245.637 |
| 7.02.02 | Materials, energy, third party services and other | -107.174 | -139.568 |
| 7.02.03 | Loss/Recovery of assets | 1.862 | 1.479 |
| 7.03 | Gross value added | 474.807 | 254.224 |
| 7.04 | Retentions | -25.126 | -22.671 |
| 7.04.01 | Depreciation and amortization | -25.126 | -22.671 |
| 7.05 | Net value added produced | 449.681 | 231.553 |
| 7.06 | Value added received in transfer | 32.462 | 82.248 |
| 7.06.01 | Equity income | 27.851 | 10.687 |
| 7.06.02 | Financial income | 4.611 | 71.561 |
| 7.07 | Total value added to be distributed | 482.143 | 313.801 |
| 7.08 | Distribution of value added | 482.143 | 313.801 |
| 7.08.01 | Personnel | 151.999 | 106.409 |
| 7.08.01.01 | Direct remuneration | 129.168 | 88.224 |
| 7.08.01.02 | Benefits | 14.240 | 11.907 |
| 7.08.01.03 | Government Severance Indemnity Fund for Employee (FGTS) | 8.591 | 6.278 |
| 7.08.02 | Taxes, fees and contributions | 202.738 | 61.465 |
| 7.08.02.01 | Federal | 84.311 | -8.482 |
| 7.08.02.02 | State | 117.848 | 69.396 |
| 7.08.02.03 | Municipal | 579 | 551 |
| 7.08.03 | Remuneration of third party capital | 46.827 | 73.175 |
| 7.08.03.01 | Interest | 35.461 | 64.188 |
| 7.08.03.02 | Rentals | 11.366 | 8.987 |
| 7.08.04 | Remuneration of own capital | 80.579 | 72.752 |
| 7.08.04.03 | Retained earnings | 80.579 | 72.752 |

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

**Consolidated financial statements / Balance sheet - Assets**

**(Thousand)**

| **Account Code** | **Account Description** | **Current Period 03/31/2021** | **Current Period 03/31/2021** |
|---|---|---|---|
| 1 | Total Assets | 1.975.018 | 2.034.288 |
| 1.01 | Curent Assets | 851.685 | 916.703 |
| 1.01.01 | Cash and Cash Equivalents | 174.192 | 326.325 |
| 1.01.03 | Accounts Receivable | 343.392 | 289.090 |
| 1.01.03.01 | Trade Receivables | 343.392 | 289.090 |
| 1.01.04 | Inventory | 224.946 | 204.562 |
| 1.01.06 | Taxes to recover | 80.137 | 77.822 |
| 1.01.06.01 | Current taxes recoverable | 80.137 | 77.822 |
| 1.01.07 | Prepaid Expenses | 3.911 | 4.164 |
| 1.01.08 | Others Current Assets | 25.107 | 14.740 |
| 1.01.08.03 | Other | 25.107 | 14.740 |
| 1.01.08.03.01 | Advance to Suppliers | 15.471 | 6.706 |
| 1.01.08.03.02 | Other | 9.636 | 8.034 |
| 1.02 | Non-Current Assets | 1.123.333 | 1.117.585 |
| 1.02.01 | Long-Term Assets | 535.602 | 535.888 |
| 1.02.01.07 | Deferred Taxes | 33.752 | 37.713 |
| 1.02.01.07.01 | Deferred Income and Social Contribution Taxes | 33.752 | 37.713 |
| 1.02.01.10 | Other Non-Current Assets | 501.850 | 498.175 |
| 1.02.01.10.03 | Judicial Deposits | 166.732 | 156.324 |
| 1.02.01.10.04 | Escrow deposits | 87.145 | 87.402 |
| 1.02.01.10.05 | Receivables - Eletrobras | 12.821 | 12.821 |
| 1.02.01.10.06 | Taxes to recover | 5.482 | 13.276 |
| 1.02.01.10.07 | Lease Assets | 119.651 | 119.651 |
| 1.02.01.10.08 | Restricted investments | 8.905 | 8.905 |
| 1.02.01.10.09 | Derivative financial instruments | 8.190 | 13.317 |
| 1.02.01.10.10 | Lease Assets | 80.155 | 71.391 |
| 1.02.01.10.11 | Derivatives | 2.359 | 1.995 |
| 1.02.01.10.12 | Other | 10.410 | 13.093 |
| 1.02.02 | Investments | 348 | 348 |
| 1.02.03 | Property, Plant and Equipment | 553.663 | 552.876 |
| 1.02.04 | Intangibles Assets | 33.720 | 28.473 |

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

**Consolidated financial statements / Balance sheet - Liabilities**

**(Thousand)**

| Account Code | Account Description | Current Period 06/30/2021 | Current Period 12/31/2020 |
|---|---|---|---|
| 2 | Total Liabilities | 1.975.018 | 2.034.288 |
| 2.01 | Current Liabilities | 757.849 | 740.620 |
| 2.01.01 | Social and labor obligations | 66.930 | 46.499 |
| 2.01.02 | Suppliers | 227.780 | 194.929 |
| 2.01.03 | Tax Obligations | 4.236 | 2.997 |
| 2.01.03.01 | Federal tax obligations | 4.236 | 2.997 |
| 2.01.03.01.01 | Income and social contribution tax payable | 4.236 | 2.997 |
| 2.01.04 | Loans and Financing | 223.859 | 223.908 |
| 2.01.04.01 | Loans and Financing | 174.327 | 174.842 |
| 2.01.04.02 | Debentures | 49.532 | 49.066 |
| 2.01.05 | Other Obligations | 225.816 | 261.518 |
| 2.01.05.02 | Other | 225.816 | 261.518 |
| 2.01.05.02.01 | Dividends and interest on equity | 800 | 31.079 |
| 2.01.05.02.04 | Credit granting from suppliers | 77.218 | 66.418 |
| 2.01.05.02.05 | Taxes payable in installments | 12.168 | 9.354 |
| 2.01.05.02.06 | Taxes, fees and contributions | 16.850 | 21.443 |
| 2.01.05.02.07 | Lease Obligations | 54.910 | 43.825 |
| 2.01.05.02.08 | Lease Obligations | 11.887 | 31.303 |
| 2.01.05.02.10 | Derivatives | 17.075 | 34.803 |
| 2.01.05.02.11 | Derivatives | 2.990 | 2.354 |
| 2.01.05.02.12 | Other | 31.918 | 20.939 |
| 2.01.06 | Provisions | 9.228 | 10.769 |
| 2.01.06.02 | Other provisions | 9.228 | 10.769 |
| 2.01.06.02.04 | Other | 9.228 | 10.769 |
| 2.02 | Non-current Liabilities | 814.039 | 876.484 |
| 2.02.01 | Loans and Financing | 419.701 | 503.858 |
| 2.02.01.01 | Loans and Financing | 320.240 | 354.666 |
| 2.02.01.02 | Debentures | 99.461 | 149.192 |
| 2.02.02 | Other Obligations | 327.098 | 309.053 |
| 2.02.02.02 | Other | 327.098 | 309.053 |
| 2.02.02.02.03 | Suppliers | 154.839 | 144.021 |
| 2.02.02.02.04 | Lease Obligations | 21.189 | 25.700 |
| 2.02.02.02.05 | Taxes payable in installments | 26.921 | 34.653 |
| 2.02.02.02.06 | Debts with Related Parties | 56.365 | 56.326 |
| 2.02.02.02.07 | Derivatives | 65.682 | 38.379 |
| 2.02.02.02.08 | Other | 2.102 | 9.974 |
| 2.02.04 | Provisions | 67.240 | 63.573 |
| 2.02.04.01 | Provision for profit sharing | 67.240 | 63.573 |
| 2.02.04.01.02 | Social Security and Labor Provisions | 66.740 | 63.573 |
| 2.02.04.01.03 | Provision for profit sharing | 500 | - |
| 2.03 | Shareholders' Equity | 403.130 | 417.184 |
| 2.03.01 | Capital | 250.000 | 200.000 |
| 2.03.02 | Capital reserves | - 996 | - 14.095 |
| 2.03.02.04 | options Granted | - 996 | - 14.095 |
| 2.03.04 | Profit Reserves | 237.383 | 250.941 |
| 2.03.06 | Equity valuation adjustments | - 83.284 | - 50.125 |
| 2.03.08 | Other Comprehensive Income | - | 30.447 |
| 2.03.08.01 | Additional dividends | - | 30.447 |
| 2.03.09 | Participation of Non Controlling Shareholders | 27 | 16 |

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

**Consolidated financial statements / Statement of income**

**(Thousand)**

| Account Co | Account Description | Current Quarter 04/01/2021 to 06/30/2021 | Accumulated of the Current Period 01/01/2021 to 06/30/2021 | Same Quarter of Previous Year 04/01/2020 to 06/30/2020 | Accumulated of the Previous Period 01/01/2020 to 06/30/2020 |
|---|---|---|---|---|---|
| 3.01 | Sales revenue of Goods and / or Services | 464.261 | 880.654 | 241.743 | 515.923 |
| 3.02 | Cost of Goods and / or Services Sold | -273.848 | -511.757 | -186.105 | -365.135 |
| 3.03 | Raw score | 190.413 | 368.897 | 55.638 | 150.788 |
| 3.04 | Operating Income / Expenses | -123.883 | -237.099 | -65.051 | -138.522 |
| 3.04.01 | Selling Expenses | -101.558 | -193.238 | -70.125 | -144.754 |
| 3.04.02 | General and Administrative Expenses | -15.620 | -29.149 | -10.211 | -20.926 |
| 3.04.04 | Other Operating Income | -6.705 | -14.712 | 15.285 | 27.158 |
| 3.05 | Income before financial result and taxes | 66.530 | 131.798 | -9.413 | 12.266 |
| 3.06 | Financial result | -24.509 | -36.000 | -2.336 | 8.365 |
| 3.06.01 | Financial income | 1.834 | 4.926 | 8.322 | 16.961 |
| 3.06.02 | Financial expenses | -26.343 | -40.926 | -10.658 | -8.596 |
| 3.06.02.01 | Financial expenses | -22.717 | -38.106 | -16.871 | -35.035 |
| 3.06.02.02 | Financial expenses | -3.626 | -2.820 | 6.213 | 26.439 |
| 3.07 | Income before Income Taxes | 42.021 | 95.798 | -11.749 | 20.631 |
| 3.08 | Income Tax and Social Contribution on Net Income | -1.835 | -15.198 | 63.505 | 52.136 |
| 3.08.01 | Current | -628 | -11.238 | -2.484 | -4.875 |
| 3.08.02 | Deferred | -1.207 | -3.960 | 65.989 | 57.011 |
| 3.09 | Net Income from Continuing Operations | 40.186 | 80.600 | 51.756 | 72.767 |
| 3.11 | Profit / Loss for the Period | 40.186 | 80.600 | 51.756 | 72.767 |
| 3.11.01 | Attributed to Controlling Shareholders | 40.178 | 80.579 | 51.750 | 72.753 |
| 3.11.02 | Attributed to Non-Controlling Interests | 8 | 21 | 6 | 14 |

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

**Consolidated financial statements / Statement of comprehensive income**

**(Thousand)**

| Account Co | Account Description | Current Quarter 04/01/2021 to 06/30/2021 | Accumulated of the Current Period 01/01/2021 to 06/30/2021 | Same Quarter of Previous Year 04/01/2020 to 06/30/2020 | Accumulated of the Previous Period 01/01/2020 to 06/30/2020 |
|---|---|---|---|---|---|
| 4.01 | Net income for the period | 40.186 | 80.600 | 51.756 | 72.767 |
| 4.02 | Other Comprehensive Income | - 3.366 | - 860 | - 15.046 | - 21.545 |
| 4.03 | Results Comprehensive Period | 36.820 | 79.740 | 36.710 | 51.222 |
| 4.03.01 | Attributed to Partners of the Parent Company | 36.812 | 79.719 | 36.704 | 51.208 |
| 4.03.02 | Attributed to Minority Partners | 8 | 21 | 6 | 14 |

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

**Conslidated financial statements / Statement of cash flows - Indirect method**

**(Thousand)**

| Account Co | Account Description | Current Quarter 04/01/2021 to 06/30/2021 | Accumulated of the Previous Period 01/01/2020 to 06/30/2020 |
|---|---|---|---|
| 6.01 | Net cash from operating activities | 119.201 | 132.002 |
| 6.01.01 | Cash provided by operating activities | 150.468 | - 8.296 |
| 6.01.01.01 | Income (loss) before income tax | 95.798 | 20.631 |
| 6.01.01.02 | Depreciation and amortization | 33.556 | 44.726 |
| 6.01.01.03 | Equity income or loss | - | - 8.908 |
| 6.01.01.04 | Unrealized foreign exchange variations from borrowin | 19.405 | - |
| 6.01.01.05 | Provision for valuation of inventories at market value | - 1.065 | - |
| 6.01.01.06 | Provision for impairment of trade receivables | - 1.479 | 4.039 |
| 6.01.01.07 | Provision for impairment of trade receivables | 5.533 | - 58.293 |
| 6.01.01.08 | Provisions of social and labor obligations | - | - 3.148 |
| 6.01.01.09 | Other provisions | - 1.041 | 2.767 |
| 6.01.01.11 | Restatement of tax assets | - | - 81.786 |
| 6.01.01.12 | Restatement of receivables from other related parties | - | - 874 |
| 6.01.01.13 | Provision for interest on loans and debentures | - | 159 |
| 6.01.01.14 | Provision for interest on loans and debentures | - 947 | 28.191 |
| 6.01.01.15 | Interest and adjustment to present value on lease | 1.616 | 1.675 |
| 6.01.01.16 | Other | 39 | 56.330 |
| 6.01.01.17 | Unrealized foreign exchange variations Portobello Americ | - 860 | - |
| 6.01.01.18 | Other | - | - 13.805 |
| 6.01.01.19 | AVP Prodec (borrowings) | - 87 | - |
| 6.01.02 | Changes in assets and liabilities | 9.563 | 167.283 |
| 6.01.02.01 | Accounts Receivable | - 52.823 | - 31.832 |
| 6.01.02.02 | Inventory | - 19.319 | - 11.331 |
| 6.01.02.03 | Judicial Deposits | - 10.151 | 8.708 |
| 6.01.02.04 | Recoverable Taxes | 16.871 | 3.358 |
| 6.01.02.05 | Linked Financial Investment | 5.127 | - 81 |
| 6.01.02.06 | Other assets | 1.334 | - 2.027 |
| 6.01.02.07 | Accounts Payable | 54.469 | 36.583 |
| 6.01.02.08 | Advance to Suppliers | - 8.765 | - 1.718 |
| 6.01.02.09 | Provision for impairment of trade receivables | - 2.366 | - 3.011 |
| 6.01.02.10 | Installments | 11.085 | 6.900 |
| 6.01.02.11 | Installments | - 4.918 | - 3.662 |
| 6.01.02.12 | Tax and labor obligations | 20.431 | 16.592 |
| 6.01.02.13 | Tax and labor obligations | - | 39.949 |
| 6.01.02.14 | Payables to related parties | - | - 6.759 |
| 6.01.02.15 | Provisions for civil, labor, pension and taxes | - | 56.322 |
| 6.01.02.16 | Other trade payables | 2.886 | 59.292 |
| 6.01.02.17 | Derivatives | 295 | - |
| 6.01.02.18 | Taxes, fees and contributions | - 4.593 | - |
| 6.01.03 | Other | - 40.830 | - 26.985 |
| 6.01.03.01 | Interest paid | - 19.439 | - 21.715 |
| 6.01.03.02 | Income Tax and Social Contribution Paid | - 21.391 | - 5.270 |
| 6.02 | Net cash used in investing activities | - 55.645 | - 78.236 |
| 6.02.01 | Acquisition of property, plant and equipment | - 48.158 | - 74.441 |
| 6.02.02 | Acquisition of intangible assets | - 7.487 | - 3.795 |
| 6.03 | Net cash provided by (used in) financing activities | - 215.689 | - 47.068 |
| 6.03.01 | Loans and financing and debentures | 56.873 | 83.418 |
| 6.03.02 | Payment of borrowings | - 140.011 | - 107.898 |
| 6.03.03 | Dividends paid | - 60.725 | 32 |
| 6.03.04 | Lease amortization | - 8.466 | - 22.620 |
| 6.03.05 | Dividends received | - 63.360 | - |
| 6.05 | Increase/(decrease) in cash and cash equivalents | - 152.133 | 6.698 |
| 6.05.01 | Opening balance of cash and cash equivalents | 326.325 | 275.378 |
| 6.05.02 | Closing balance of cash and cash equivalents | 174.192 | 282.076 |

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

**Consolidated financial statements / Statement of changes in shareholders' equity / DMPL - 01/01/2021–06/30/2021**

**(Thousand)**

| Account Code | Account Description | Paid-in share capital | Capital Reserves, Options Awarded and Treasury Stock | Profit Reserves | Retained Earnings or Accumulated Losses | Other Comprehensive Income | Shareholders' Equity | Minority Interests | Consolidated Shareholders' Equity |
|---|---|---|---|---|---|---|---|---|---|
| 5.01 | Opening Balances | 200.000 | - 14.095 | 281.388 | - | - 50.125 | 417.168 | 16 | 417.184 |
| 5.03 | Adjusted Opening Balances | 200.000 | - 14.095 | 281.388 | - | - 50.125 | 417.168 | 16 | 417.184 |
| 5.04 | Capital Transactions with Partners | 50.000 | 13.099 | - 156.906 | - | - | - 93.807 | - | - 93.807 |
| 5.04.01 | Capital Increase | 50.000 | - | - 50.000 | - | - | - | - | - |
| 5.04.04 | Treasury shares acquired | - | - 63.360 | - | - | - | - 63.360 | - | - 63.360 |
| 5.04.06 | Dividends | - | - | - 30.447 | - | - | - 30.447 | - | - 30.447 |
| 5.04.08 | Cancellation of shares after RCA | - | 76.459 | - 76.459 | - | - | - | - | - |
| 5.05 | Total Comprehensive Income | - | - | - | 80.579 | - 837 | 79.742 | 11 | 79.753 |
| 5.05.01 | Net Income for the Period | - | - | - | 80.579 | - | 80.579 | 11 | 80.590 |
| 5.05.02 | Other Comprehensive Income | - | - | - | - | - 837 | - 837 | - | - 837 |
| 5.05.02.06 | Net Income for the Period | - | - | - | - | - 860 | - 860 | - | - 860 |
| 5.05.02.07 | Other Comprehensive Income | - | - | - | - | 23 | 23 | - | 23 |
| 5.06 | Internal changes in shareholders' equity | - | - | - | 592 | - 592 | - | - | - |
| 5.06.02 | Realization of the Revaluation Reserve | - | - | - | 592 | - 592 | - | - | - |
| 5.07 | Closing Balances | 250.000 | - 996 | 124.482 | 81.171 | - 51.554 | 403.103 | 27 | 403.130 |

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

**Consolidated financial statements / Statement of changes in shareholders' equity / DMPL - 01/01/2021–06/30/2021**

**(Thousand)**

| Account Code | Account Description | Paid-in share capital | Capital Reserves, Options Awarded and Treasury Stock | Profit Reserves | Retained Earnings or Accumulated Losses | Other Comprehensive Income | Shareholders' Equity | Minority Interests | Consolidated Shareholders' Equity |
|---|---|---|---|---|---|---|---|---|---|
| 5.01 | Opening Balances | 200.000 | - | 189.844 | - | -22.224 | 367.620 | 16 | 367.636 |
| 5.03 | Adjusted Opening Balances | 200.000 | - | 189.844 | - | -22.224 | 367.620 | 16 | 367.636 |
| 5.04 | Capital Transactions with Partners | - | -7.498 | - | - | - | -7.498 | - | -7.498 |
| 5.04.04 | Treasury shares acquired | - | -7.498 | - | - | - | -7.498 | - | -7.498 |
| 5.05 | Total Comprehensive Income | - | - | - | 72.752 | -21.545 | 51.207 | 14 | 51.221 |
| 5.05.01 | Net Income for the Period | - | - | - | 72.752 | - | 72.752 | 14 | 72.766 |
| 5.05.02 | Other Comprehensive Income | - | - | - | - | -21.545 | -21.545 | - | -21.545 |
| 5.05.02.03 | Equiv. Patrim. s / Result. Fuzzy. Associated Companies | - | - | - | - | -21.545 | -21.545 | - | -21.545 |
| 5.06 | Internal changes in shareholders' equity | - | - | - | 594 | -594 | - | - | - |
| 5.06.02 | Realization of the Revaluation Reserve | - | - | - | 594 | -594 | - | - | - |
| 5.07 | Closing Balances | 200.000 | -7.498 | 189.844 | 73.346 | -44.363 | 411.329 | 30 | 411.359 |

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

**Consolidated financial statements / Statement of added value**

**(Thousand)**

| Account Code | Account Description | Current Quarter 04/01/2021 to 06/30/2021 | Accumulated of the Previous Period 01/01/2020 to 06/30/2020 |
|---|---|---|---|
| 7.01 | Revenues | 1.079.043 | 716.849 |
| 7.01.01 | Sales of goods, products and services | 1.069.511 | 628.332 |
| 7.01.02 | Other revenues | 8.429 | 93.302 |
| 7.01.04 | Reversal/Allowance for doubtful accounts | 1.103 | - 4.785 |
| 7.02 | Inputs acquired from third-parties | - 499.963 | - 400.099 |
| 7.02.01 | Cost of products, goods and services sold | - 364.630 | - 248.176 |
| 7.02.02 | Materials, energy, third party services and other | - 136.871 | - 153.395 |
| 7.02.03 | Loss/Recovery of assets | 1.538 | 1.472 |
| 7.03 | Gross value added | 579.080 | 316.750 |
| 7.04 | Retentions | - 33.556 | - 28.363 |
| 7.04.01 | Depreciation and amortization | - 33.556 | - 28.363 |
| 7.05 | Net value added produced | 545.524 | 288.387 |
| 7.06 | Value added received in transfer | 5.604 | 74.932 |
| 7.06.02 | Financial income | 5.604 | 74.932 |
| 7.07 | Total value added to be distributed | 551.128 | 363.319 |
| 7.08 | Distribution of value added | 551.128 | 363.319 |
| 7.08.01 | Personnel | 182.048 | 130.285 |
| 7.08.01.01 | Direct remuneration | 156.057 | 109.634 |
| 7.08.01.02 | Benefits | 16.044 | 13.307 |
| 7.08.01.03 | Government Severance Indemnity Fund for Employee (FGTS) | 9.947 | 7.344 |
| 7.08.02 | Taxes, fees and contributions | 233.949 | 81.701 |
| 7.08.02.01 | Federal | 112.598 | 10.082 |
| 7.08.02.02 | State | 120.710 | 71.024 |
| 7.08.02.03 | Municipal | 641 | 595 |
| 7.08.03 | Remuneration of third party capital | 54.530 | 78.566 |
| 7.08.03.01 | Interest | 39.525 | 66.556 |
| 7.08.03.02 | Rentals | 15.005 | 12.010 |
| 7.08.04 | Remuneration of own capital | 80.601 | 72.767 |
| 7.08.04.03 | Retained earnings | 80.580 | 72.753 |
| 7.08.04.04 | Minority interests in retained earnings | 21 | 14 |

PortobelloGrupo

## Portobello Group registers growth in Net Revenue, EBITDA and Net Income

Tijucas, August 13, 2021. PBG S.A. (B3: PTBL3), the largest ceramic tile company in Brazil, announces its results for the second quarter of 2021. The financial information reported herein is derived from PBG S.A.'s consolidated Quarterly Financial Information, prepared in accordance with the standards issued by the Accounting Pronouncements Committee (CPC) and the International Financial Reporting Standards (IFRS).

## 2Q21 Highlights

- **Net Revenue growth of 92.0% over 2Q20** due to **greater performance of the Company's retail operations and international expansion**. Net Revenue grew **70.7%** in 1H21 **over 1H20**.

- **Adjusted and Recurring Gross Margin** of **41.0%** in **2Q21**, up **6.9 p.p. over 2Q20**. In 1H21, Adjusted and Recurring Gross Margin reached **41.9%, 7.5 p.p. above 1H20**.

- **Adjusted and Recurring EBITDA of R$ 82.6 million in 2Q21, R$ 66.9 million or 426.4% over 2Q20,** with an **improvement in the EBITDA Margin of 11.3 p.p. over 2Q20**. In 1H21, Adjusted and Recurring EBITDA reached **R$ 163.4 million, R$ 124.9 million or 324.3% higher than in 1H20**.

- **Adjusted and Recurring Net Income** of **R$ 40.3 million in 2Q21, R$ 31.5 million or 358.5% higher than in 2Q20**. In 1H21, Adjusted and Recurring Net Income reached **R$ 80.7 million, R$ 59.4 million or 278.7% higher than in 1H21**.

- **Working Capital Investment** of R$ 223.9 million, **in line with 2Q20**, due to **reduction in the Cash Conversion Cycle** from 75 days in 2Q20 **to 27 days in 2Q21, an improvement of 48 days over 2Q20**.

- **Net Debt** of R$ 469.4 million in 2Q21, **in line with 2Q20**, although **Net Debt/Adjusted and Recurring EBITDA reduced to 1.6 times in 2Q21, an improvement of 3.5 times over 1Q20**.

- **PTBL3 price** ended 2Q21 at **R$ 17.47**, **321.0% over 2Q20**.

| | R$ Million | 2Q20 | 2Q21 | ▲ | Absolute | 1Q21 | 1H20 | 1H21 | ▲ | Absolute |
|---|---|---|---|---|---|---|---|---|---|---|
| Performance | **Net Revenue** | **241.7** | **464.3** | **92.0%** | **222.6** | **416.4** | **515.9** | **880.7** | **70.7%** | **364.8** |
| | Adjusted and Recurring Gross Margin | 34.1% | 41.0% | 6.9 p.p. | | 42.9% | 34.4% | 41.9% | 7.5 p.p. | |
| | **EBITDA** | **4.6** | **82.6** | **1696.6%** | **78.0** | **80.8** | **40.6** | **163.4** | **302.4%** | **122.8** |
| | **Adjusted and Recurring EBITDA** | **15.7** | **82.6** | **426.4%** | **66.9** | **80.8** | **38.5** | **163.4** | **324.3%** | **124.9** |
| | Adjusted and Recurring EBITDA Margin | 6.5% | 17.8% | 11.3 p.p. | | 19.4% | 7.5% | 18.5% | 11.1 p.p. | |
| | **Net Income** | **51.7** | **40.3** | **-22.0%** | **-11.4** | **40.4** | **72.8** | **80.7** | **10.8%** | **7.9** |
| | **Adjusted and Recurring Net Income** | **8.8** | **40.3** | **358.5%** | **31.5** | **40.4** | **21.3** | **80.7** | **278.7%** | **59.4** |
| | Working Capital (R$) | 223.7 | 223.9 | 0.1% | 0.2 | 223.7 | | | | |
| | Cash Conversion Cycle (days) | 75 | 27 | -64.0% | -48 | 35 | | | | |
| Debt | **Net Debt** | **467.6** | **469.4** | **0.4%** | **1.8** | **467.4** | | | | |
| | Net Debt/EBITDA | 4.6 | 1.6 | -65.5% | -3.0 | 2.1 | | | | |
| | Net Debt/Adjusted and Recurring EBITDA | 5.1 | 1.6 | -69.2% | -3.5 | 2.0 | | | | |
| PTBL3 | **Share Price** | **4.15** | **17.47** | **321.0%** | **13.32** | **8.98** | | | | |

## Message from Management

In almost a year and a half of the pandemic, after 2Q20 was affected by COVID-19, the Company showed resilience to make the necessary adjustments and deliver a positive result in the face of such an adverse scenario. The 2Q21 results show a sound performance, due to the good results consolidated with the work carried out since then. The year 2021 continues to indicate a favorable environment and increasingly reinforces the attributes of solid growth and a business model aimed at retail and internationalization, focusing on value generation for the Company.

Net Revenue in 2Q21 reached R$ 464.3 million, with growth of 92.0% over 2Q20 and, in 1H21, it totaled R$ 880.7 million, 70.7% higher than in 1H20. When compared to 1Q21, the growth is 11.5%, which demonstrates the ongoing evolution in the Company's quarterly performance.

Net Revenue in the domestic market grew 76.8% in 2Q21 over 2Q20 and 60.5% in 1H21 over 1H20. According to ABRAMAT (Brazilian Association of Construction Materials Industries), the sales of the construction materials market grew by 39.3% in 2Q21 over 2Q20 and 27.5% in 1H21 over 1H20. Growth in the civil construction sector continues to be driven by basic materials, due to the resumption of works and real estate launches, as well as the increase in residential renovations.

Net Revenue from the export market grew 182.1% in 2Q21 over 2Q20 (105.5% in Dollars), and 122.5% in 1H21 vs. 1H20 (56.1% in Dollars). This increase was due to the expansion of distribution operations in the United States, through the Portobello America Business Unit, as well as the greater international presence of Portobello and Pointer Business Units.

Net Revenue Growth is the result of the product mix qualification, with better profitability and price increases, combined with the productivity/cost efficiency and gains of scale. Said initiatives continue to drive the Adjusted and Recurring Gross Margin to better levels, reaching 41.0% in 2Q21, an increase of 6.9 p.p. over 2Q20, and 41.9% in 1H21, improving 7.5 p.p. over 1H20.

The progression of the Adjusted and Recurring Gross Margin combined with the optimization of Operating Expenses, which decreased by 6.9 p.p. over 2Q20 in relation to Net Revenue, led the Company's Adjusted and Recurring EBITDA to reach R$ 82.6 million in 2Q21, with Adjusted and Recurring EBITDA Margin of 17.8% and increase of 11.3 p.p. over 2Q20. Operating Expenses decreased by 5.6 p.p. in 1H21 over 1H20 in relation to Net Revenue, and the Company's Adjusted and Recurring EBITDA reached R$ 163.4 million, with Adjusted and Recurring EBITDA Margin of 18.5% and increase of 11.1 p.p. over 1H20.

Working Capital investment remained stable in 2Q21 over 2Q20, despite the growth in business scale, mainly due to the 48-day reduction in the Cash Conversion Cycle, arising from the optimization/qualification of the inventory level and improvement in the conversion of the receivables portfolio.

The Company ended 2Q21 with a net debt of R$ 469.4 with a Net Debt/Adjusted and Recurring EBITDA of 1.6 times. The 3.5 times decrease in leverage compared to 2Q20 was due to the decrease in Net Debt, in line with the improvement in the Cash Conversion Cycle, coupled with a significant increase in Adjusted and Recurring EBITDA in the last twelve months.

CapEx for 2Q21 totaled R$ 38.8 million, of which 50% was allocated to the Tijucas (SC) industrial park, for updating and migration to produce products of larger formats with greater added value. The remaining CapEx amounts were allocated to the Marechal Deodoro industrial park, the expansion of its own stores, commercial and corporate projects.

PortobelloGrupo

In addition to delivering the 2Q21 operating results, the Company took an important step in its ESG strategy: it is the newest signatory of the UN Global Compact's Brazil Network, committed with the sustainable development goals and accelerating actions in the sustainability area.

The Company recently completed 42 years and is experiencing one of the best moments in its history with a growth trajectory over the last 18 months. At the end of July, the Company announced to the market that it engaged Avison Young to lead the process of obtaining financing for the construction of a new production unit near the city of Nashville, in the United States, in the amount of approximately US$ 80 million, with the start-up expected for the year 2023.

### Business Unit Performance

The Portobello Business Unit recorded Net Revenue growth of 79.1% in 2Q21 over 2Q20, and of 58.9% in 1H21 over 1H20. The growth achieved in 1H21 in all channels (exports, multi-brand stores and engineering) was leveraged by the advance in the product mix, consolidation of Expo Revestir 2021[1] launches and price management. With full production, chain planning and the choice of formats that leverage the manufacturing differentials and enabled the growth of the Adjusted and Recurring Gross Margin of 8.5 p.p. over 2Q20 and 7.5 p.p. over 1H20, offsetting the strong cost pressure for the period, especially energy.

The Pointer Business Unit, the Group's democratic design brand, recorded a 151.3% growth in Net Revenue in 2Q21 over 2Q20, due to the volume increase, productivity gains, price management and a more qualified mix with "Superceramic" items. Net Revenue growth in 1H21 was 124.5% over 1H20. Adjusted and Recurring Gross Margin increased 14.4 p.p. over 2Q20 due to the positive effects of the qualification of the product mix, pricing and the brand's positioning in the North and Northeast regions of Brazil. In 1H21, Adjusted and Recurring Gross Margin increased by 17.3 p.p., confirming the Unit's performance. With production at full capacity, the Business Unit worked throughout 1H21 seeking to maintain the service level in a highly demanded market.

The Portobello Shop Business Unit ended 2Q21 with Net Revenue growth of 109.3% over 2Q20, and of 77.4% in 1H21 over 1H20, considering the opening of 7 new franchised stores. The ICVA (Cielo Broad Retail Index), which measures the construction materials retail sector in Brazil in value and which showed a sound growth of 67.6% in 2Q21 over 2Q20, and of 52.0% in 1H21 over 1H20. The Business Unit's Adjusted and Recurring Gross Margin also improved, with an increase in 2Q21 of 8.8 p.p. over 2Q20, and an improvement of 7.6 p.p. in 1H21 over 1H20.

The Portobello América Business Unit achieved a 40.1% growth in Net Revenue in 2Q21 over 2Q20 (42.1% in Dollars) and a 49.3% growth in 1H21 over 1H20 (36.1% in Dollars). This growth was due to the increase in sales volume in the North American market and the exchange rate devaluation. The Business Unit presented a one-off reduction in Adjusted and Recurring Gross Margin in 2Q21 of 4.6 p.p. over 2Q20, due to the negative impact of inventory adjustment. However, in 1S21, Adjusted and Recurring Gross Margin increased 2.9 p.p. over 1S20, due to the improvement in the product mix and the effect of the exchange rate devaluation.

[1] Expo Revestir is the largest finishing event in Latin America (for further information please visit https://en.exporevestir.com.br/)

## Perspectives for the 3Q21

- The short-term expectation is that the civil construction market will continue to grow and the Company's Net Revenue in 3Q21 will record a double-digit growth over 3Q20, with absolute figures similar to 2Q21. It is important to mention that the evolution of basic interest rates may affect the growth projections of the economy and prospects for the real estate market in the medium/long term.

- The focus continues to be the maintenance of the Gross Margin around 40.0%, despite the greater inflationary pressure on costs (mainly energy and imported raw materials, with the second increase in gas tariffs as of July), through price increases, improvement of the product mix and factory productivity, in addition to strict management in the choices related to operating costs and expenses.

- The CapEx investment plan continues to focus on strategic projects for growth in retail with the expansion of the Portobello Shop chain, the expansion of the Tijucas (SC) plant, as well as the expansion of Portobello América's businesses, with investments in the architectural design of the plant and earthworks for land preparation.

- Working Capital management also continues to be a priority, focusing on strategic management of suppliers and improvement of the customer base, but with small corrections in the inventory level to improve the service level.

- The maintenance of the Net Debt/EBITDA ratio below 2.5 times the Adjusted and Recurring EBITDA also remains a priority that has been materializing through discipline in cash management, optimization of the Cash Conversion Cycle and preservation of liquidity.

- Despite the possible challenges of the new COVID-19 variants, the Company believes that its sales team is prepared to serve clients remotely via the Omnichannel and through direct contact with its network of partner specifiers (architects, engineers, decorators, etc.).

## COVID-19

As of the end of 2Q21, in addition to the reduced restrictions on commercial establishments, there was mass vaccination against COVID-19 in Brazil and worldwide, whose result is a gradual return to normality and potentially resumption of economic growth.

The new change announced by the Ministry of Health regarding immunization against COVID-19, which determines that millions of industry and civil construction professionals are in the priority group to receive vaccines, made the Company contribute to the vaccination against COVID-19, both at the Tijucas-SC and Marechal Deodoro-AL plants, where about 2,100 people were vaccinated.

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

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

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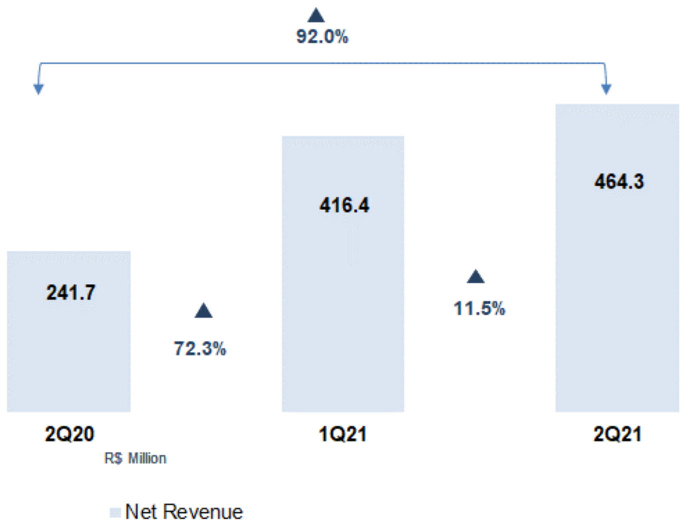
## Economic and Financial Performance

| | R$ Million | 2Q20 | 2Q21 | ▲ | Absolute | 1Q21 | 1H20 | 1H21 | ▲ | Absolute |
|---|---|---|---|---|---|---|---|---|---|---|
| Performance | **Net Revenue** | **241.7** | **464.3** | **92.0%** | **222.6** | **416.4** | **515.9** | **880.7** | **70.7%** | **364.8** |
| | **Gross Profit** | **55.6** | **190.4** | **242.2%** | **134.8** | **178.5** | **150.8** | **368.9** | **144.6%** | **218.1** |
| | Gross Margin | 23.0% | 41.0% | 18,0 p.p. | | 42.9% | 29.2% | 41.9% | 12.7 p.p. | |
| | **Adjusted and Recurring Gross Profit** | **82.3** | **190.4** | **131.4%** | **108.1** | **178.5** | **177.5** | **368.9** | **107.8%** | **191.4** |
| | Adjusted and Recurring Gross Margin | 34.1% | 41.0% | 6.9 p.p. | | 42.9% | 34.4% | 41.9% | 7.5 p.p. | |
| | **EBIT** | **(9.4)** | **66.7** | **-809.0%** | **76.1** | **65.3** | **12.2** | **131.9** | **981.1%** | **119.7** |
| | EBIT Margin | -3.9% | 14.4% | 18.3 p.p. | | 15.7% | 2.4% | 15.0% | 1.4p.p. | |
| | **Net Income** | **51.7** | **40.3** | **-22.0%** | **-11.4** | **40.4** | **72.8** | **80.7** | **10.8%** | **7.9** |
| | Net Margin | 21.4% | 8.7% | -12.7 p.p. | | 9.7% | 14.1% | 9.2% | -5,0 p.p. | |
| | **Adjusted and Recurring Net Income** | **8.8** | **40.3** | **358.5%** | **31.5** | **40.4** | **21.3** | **80.7** | **278.7%** | **59.4** |
| | Adjusted and Recurring Net Margin | 3.6% | 8.7% | 5,0 p.p. | | 9.7% | 4.1% | 9.2% | 5,0 p.p. | |
| | **EBITDA** | **4.6** | **82.6** | **1696.6%** | **78.0** | **80.8** | **40.6** | **163.4** | **302.4%** | **122.8** |
| | EBITDA Margin | 1.9% | 17.8% | 15.9p.p. | | 19.4% | 7.9% | 18.5% | 10.7 p.p. | |
| | **Adjusted and Recurring EBITDA** | **15.7** | **82.6** | **426.4%** | **66.9** | **80.8** | **38.5** | **163.4** | **324.3%** | **124.9** |
| | Adjusted and Recurring EBITDA Margin | 6.5% | 17.8% | 11.3 p.p. | | 19.4% | 7.5% | 18.5% | 11.1 p.p. | |
| Indicators | **Working Capital (R$)** | **223.7** | **223.9** | **0.1%** | **0.2** | **223.7** | | | | |
| | **Cash Conversion Cycle (days)** | **75** | **27** | **-64.0%** | **-48** | **35** | | | | |
| | **Net Debt** | **467.6** | **469.4** | **0.4%** | **1.8** | **467.4** | | | | |
| | Net debt/EBITDA | 4.6 | 1.6 | -65.5% | -3.0 | 2.1 | | | | |
| | **Adjusted and Recurring Net Debt/EBITDA** | **5.1** | **1.6** | **-69.2%** | **-3.5** | 2.0 | | | | |
| PTBL3 | Share Price | 4.15 | 17.47 | 321.0% | 13.32 | 8.98 | | | | |
| | Market Value | 657.7 | 2,577.3 | 291.9% | 1,919.6 | 1,292.4 | | | | |
| | Average Trading Volume (12 Months) | 95.6 | 523.6 | 447.7% | 428.0 | 305.8 | | | | |
| | Average daily trading volume (ADTV) | 6.6 | 52.4 | 693.9% | 45.8 | 29.8 | | | | |

### Net Revenue

Net Revenue totaled R$ 464.3 million in 2Q21, an increase of 92.0% over 2Q20 and 11.5% over 1Q21. In 1H21, Net Revenue reached R$ 880.7 million, an increase of 70.7% over 1H20. This growth is mainly due to: (i) the higher sales volume due to market growth, (ii) higher value-added product mix, with higher prices, (iii) expansion of the share in the retail segment, (iv) expansion of the share of international business, and (iv) favorable effect of the exchange rate on sales in the foreign market.



Net Revenue from the domestic market grew 76.8% in 2Q21 over 2Q20 and 60.5% in 1H21 over 1H20, while the construction materials sector (in value) grew 39.3% in 2Q21 over 2Q20 and 27.5% in 1H21 over 1H20, according to data from ABRAMAT (Brazilian Association of Construction Materials Industries). According to ANFACER (Brazilian Association of Ceramic Tiles Manufacturers), the volume of ceramic tiles sales (in square meters) grew by 25.6% in the 2Q21, compared to 2Q20, and 22.8% in the 1H21, compared to the 1H20.

In the foreign market, Net Revenue grew 182.1% in 2Q21 over 2Q20 (105.5% in Dollars) and 122.5% in 1H21 over 1H20 (56.1% in Dollars). This increase was influenced by the expansion of the Portobello America Business Unit, the growth in exports by the Portobello and Pointer Business Units and the effect of the exchange rate devaluation.

| R$ million | 2Q20 | 2Q21 | ▲ | Absolute | 1H20 | 1H21 | ▲ | Absolute |
|---|---|---|---|---|---|---|---|---|
| **Net Revenue** | **241.7** | **464.3** | **92.0%** | **222.6** | **515.9** | **880.7** | **70.7%** | **364.8** |
| Domestic market | 206.6 | 365.3 | 76.8% | 158.7 | 431.8 | 693.6 | 60.5% | 261.8 |
| Foreign market | 35.1 | 99.0 | 182.1% | 63.9 | 84.1 | 187.1 | 122.5% | 103.0 |
| US$ million | 2Q20 | 2Q21 | ▲ | Absolute | 1H20 | 1H21 | ▲ | Absolute |
| Foreign market | 9.1 | 18.7 | 105.5% | 9.6 | 22.3 | 34.8 | 56.1% | 12.5 |

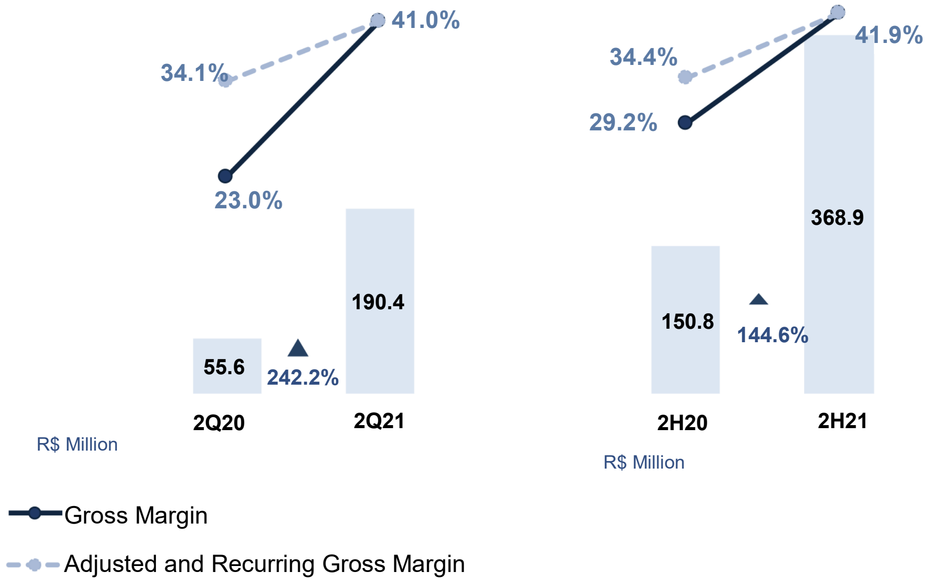
### Gross Profit

Adjusted and Recurring Gross Profit in 2Q21 increased 131.4% over 2Q20 and the increase was 107.8% in 1H21 over 1H20. In 2Q20, Gross Profit was negatively impacted by the non-dilution of fixed costs arising from idleness (R$ 26.7 million arising from non-recurring stoppage costs during the pandemic).

The positive variation in Adjusted and Recurring Gross Margin is mainly due to: (i) increase in sales volume due to market performance, (ii) increase in the share of products with higher added value, (iii) price adjustments, and (iv) dilution of fixed production costs. Thus, there was an increase in Adjusted and Recurring Gross Margin of 6.9 p.p. over 2Q20 and 7.5 p.p. over 1H20.

| R$ Million | 2Q20 | 2Q21 | ▲ | Absolute | 1H20 | 1H21 | ▲ | Absolute |
|---|---|---|---|---|---|---|---|---|
| Net Operating Revenue | 241.7 | 464.3 | 92.0% | 222.5 | 515.9 | 880.7 | 70.7% | 364.7 |
| Cost of Goods Sold (COGS) | (159.4) | (273.8) | 71.8% | 114.4 | (338.4) | (511.8) | 51.2% | 173.3 |
| Idleness Costs | (26.7) | - | -100.0% | -26.7 | (26.7) | - | -100.0% | -26.7 |
| **Gross operating income** | **55.6** | **190.4** | **242.2%** | **134.8** | **150.8** | **368.9** | **144.6%** | **218.1** |
| Gross Margin | 23.0% | 41.0% | 18.0p.p. | | 29.2% | 41.9% | 12.7 p.p. | |
| Adjusted and Recurring Gross Margin | 34.1% | 41.0% | 6.9 p.p. | | 34.4% | 41.9% | 7.5 p.p. | |
| **Adjusted and Recurring Gross Profit** | **82.3** | **190.4** | **131.4%** | **108.1** | **177.5** | **368.9** | **107.8%** | **191.4** |

Gross Profit




## Operating Expenses

Adjusted and Recurring Operating Expenses recorded a significant decrease when analyzed as a percentage of Net Revenue, reaching 26.7% in 2Q21 and 26.9% in 1H21, showing scale gain and dilution of 6.9 p.p. over 2Q20 and 5.6 p.p. over 1H20, due to revenue growth of 92.0% in 2Q21 and 70.7% in 1H21.

| R$ Million | 2Q20 | %NR | 2Q21 | %NR | ▲ | Absolute | 1H20 | %NR | 1H21 | %NR | ▲ | Absolute |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Operating Expenses** | | | | | | | | | | | | |
| Selling | (70.1) | 29.0% | (101.6) | 21.9% | 44.9% | 31.5 | (144.8) | 28.1% | (193.2) | 21.9% | 33.5% | 48.5 |
| General and Administrative | (10.2) | 4.2% | (15.6) | 3.4% | 53.1% | 5.4 | (20.9) | 4.1% | (29.1) | 3.3% | 39.3% | 8.2 |
| Other Revenues (Expenses) | 15.3 | 6.3% | (6.7) | -1.4% | -143.8% | -22.0 | 27.2 | 5.3% | (14.7) | -1.7% | -154.1% | -41.9 |
| **Operating Expenses** | **(65.0)** | **26.9%** | (123.9) | **26.7%** | **90.6%** | **58.9** | (138.5) | **26.8%** | (237.1) | **26.9%** | **71.2%** | **98.6** |
| Non-Recurring Revenues | (16.2) | - | - | - | | | (29.4) | - | - | - | | |
| **Adjusted Operating Expenses** | **(81.2)** | **33.6%** | **(123.9)** | **26.7%** | **52.6%** | **42.7** | **(167.9)** | **32.5%** | **(237.1)** | **26.9%** | **41.2%** | **69.2** |

Selling Expenses reached 21.9% of Net Revenue in 2Q21 and 1H21, with a dilution of 7.1 p.p. over 2Q20 and 6.2 p.p. over 1H20. In absolute figures, Selling Expenses grew 44.9% over 2Q20 and 33.5% over 1H20 due to the increase in sales volume, the intensification of retail operations, the opening of another Distribution Center in Curitiba (PR) and salary readjustments due to the collective bargaining agreement.

General and Administrative Expenses reached 3.4% of Net Revenue in 2Q21 and 3.3% in 1H21, with a dilution of 0.8 p.p. over 2Q20 and 1H20. In absolute figures, General and Administrative Expenses grew 53.0% over 2Q20 and 39.3% over 1H20 due to the implementation of the new organizational structure focused on the Business Units, strengthening of corporate governance and salary readjustments according to the collective bargaining agreement.

Other Revenues and Expenses in 2Q21 and 1H21 refer mostly to the provision for the Profit Sharing Program (PSP) and the Long-Term Incentive Plan (LTIP). In 2Q20, the Company recorded a reversal of taxation (PIS/COFINS) based on the IPI premium credit proceeding (Plaintiff), in the amount of R$ 16.2 million, due to a decision by the STF (Brazilian Federal Supreme Court) with binding effect and general repercussion. In addition to this event, in 1Q20 the Company recognized the complementary portion of the IPI premium credit, update and complementation of lawsuits, in the amount of R$ 13.2 million, totaling R$ 29.4 million in 1H20.

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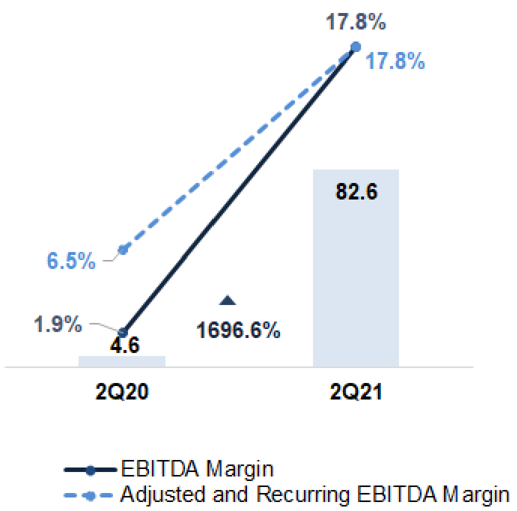
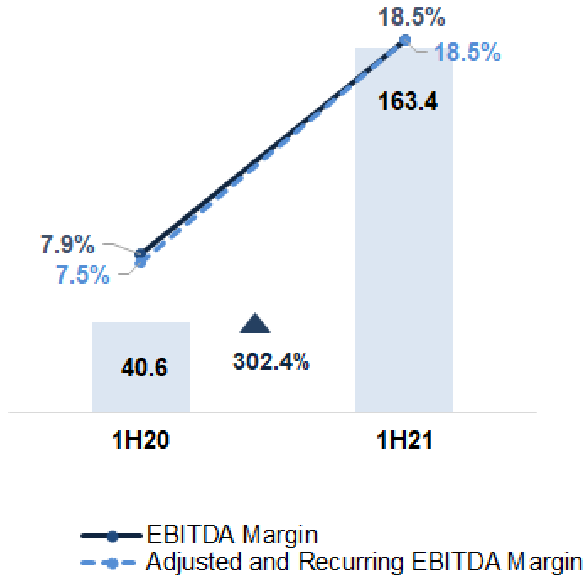
## EBITDA




| R$ Million | 2Q20 | 2Q21 | ▲ | Absolute | 1H20 | 1H21 | ▲ | Absolute |
|---|---|---|---|---|---|---|---|---|
| Net Profit | 51.7 | 40.3 | -22.0% | -11.4 | 72.8 | 80.7 | 10.8% | 7.9 |
| (+) Financial Expenses | 2.3 | 24.5 | 965.2% | 22.2 | (8.4) | 36.0 | -528.6% | 44.4 |
| (+) Depreciation and Amortization | 14.1 | 15.9 | 12.8% | 1.8 | 28.4 | 31.5 | 10.9% | 3.1 |
| (+) Income Taxes | (63.5) | 1.9 | -103.0% | 65.4 | (52.1) | 15.2 | -129.2% | 67.3 |
| **EBITDA** | **4.6** | **82.6** | **1696.6%** | **78.0** | **40.6** | **163.4** | **302.4%** | **122.8** |
| **EBITDA Margin** | **1.9%** | **17.8%** | 15.9 p.p. | | **7.9%** | **18.5%** | 10.7 p.p. | |
| **Non-Recurring Events:** | **11.1** | **-** | | | **(2.1)** | **-** | | |
| 1) COVID (Idleness Costs) | 27.3 | - | | | 27.3 | - | | |
| 2) Reversal of Taxation (Plaintiff) | (16.2) | - | | | (16.2) | - | | |
| 3) Other Favorable Outcomes in Lawsuits | - | - | | | (13.2) | - | | |
| **Adjusted and Recurring EBITDA** | **15.7** | **82.6** | **426.4%** | **66.9** | **38.5** | **163.4** | **324.3%** | **124.9** |
| **Adjusted and Recurring EBITDA Margin** | **6.5%** | **17.8%** | **11.3 p.p.** | | **7.5%** | **18.5%** | **11.1 p.p.** | |

The Company ended 2Q21 with Adjusted and Recurring EBITDA of R$ 82.6 million, R$ 66.9 million or 426.4% above 2Q20. In 1H21, Adjusted and Recurring EBITDA reached R$ 163.4 million, R$ 124.9 million or 324.3% above 1H20. Adjusted and Recurring EBITDA Margin was 17.8% in 2Q21, 11.3 p.p. above 2Q20. In 1H21, Adjusted and Recurring EBITDA Margin was 18.5%, 11.1 p.p. above 1H20.

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

Other Favorable Outcomes in Lawsuits of R$ 16.2 million recorded in 2Q20 refer to the reversal of taxation (PIS/COFINS) of the IPI premium credit proceeding (Plaintiff), due to a decision by the STF (Brazilian Federal Supreme Court) with binding effect and general repercussion. Moreover, the Company recognized R$ 26.7 million in idleness costs in 2Q20 due to non-recurring stoppages and R$ 0.6 million in non-recurring expenses during the pandemic.

In 1Q20, the complementary portion of the IPI premium credit (Plaintiff) was also recognized, with updating and complementation of lawsuits, in the amount of R$ 13.2 million.

### Net Income

Adjusted and Recurring Net Income in 2Q21 totaled R$ 40.3 million, an increase of 358.5% or R$ 31.5 million over 2Q20. In 1H21, Adjusted and Recurring Net Profit reached R$ 80.7 million, an increase of 278.7% or R$ 59.4 million over 1H20. The growth in Adjusted and Recurring EBITDA, combined with the financial and tax impacts, were the main reasons for the increase in Adjusted and Recurring Net Profit in 2Q21 and 1H21.

In 2Q20, there was a R$ 54.0 million decrease in income tax, due to the reversal of provisions on the realization of the IPI premium credit (Plaintiff) due to the STF decision with binding effect and general repercussion.

| R$ Million | 2Q20 | 2Q21 | ▲ | Absolute | 1H20 | 1H21 | ▲ | Absolute |
|---|---|---|---|---|---|---|---|---|
| **Net Income** | **51.7** | **40.3** | **-22.0%** | **(11.4)** | **72.8** | **80.7** | **10.8%** | **7.9** |
| **Non-Recurring Events** | **(42.9)** | **-** | | | **(51.5)** | **-** | | |
| (1) Financial Expenses | - | - | | | (1.3) | - | | |
| (2) Corporate Income Tax / Social Contribution | (54.0) | - | | | (48.1) | - | | |
| (3) Other revenues/expenses | 11.1 | - | | | (2.1) | - | | |
| **Adjusted and Recurring Net Income** | **8.8** | **40.3** | **358.5%** | **31.5** | **21.3** | **80.7** | **278.7%** | **59.4** |
| **Adjusted and Recurring Net Margin** | **3.6%** | **8.7%** | **5,0 p.p.** | | **4.1%** | **9.2%** | **5,0 p.p.** | |

## Cash Flow

The Company ended 2Q21 with a cash position of R$ 174.2 million, accounting for a decrease of R$ 68.7 million when compared to 1Q21, mainly due to financing activities related to compliance with the amortization schedule. In 1H21, there was a reduction of R$ 152.1 million in the cash position when compared to 4Q20, due to financing activities related to compliance with the amortization schedule, payment of dividends and the disbursement of the share buyback program.

The Company's operating activities totaled R$ 78.2 million in 2Q21 and R$ 119.2 million in 1H21, mainly due to EBITDA generation and working capital optimization.

The Company's investment activities totaled R$ 38.8 million in 2Q21 and R$ 55.7 million in 1H21, allocated to CapEx in the 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.

| R$ Million | 2Q20 | 2Q21 | Absolute | 1H20 | 1H21 | Absolute |
|---|---|---|---|---|---|---|
| **Activities** | | | | | | |
| Operating | 84.8 | 78.2 | -6.6 | 132.0 | 119.2 | -12.8 |
| Investment | -63.9 | -38.8 | 25.1 | -78.2 | -55.7 | 22.5 |
| Financing | -63.6 | -108.1 | -44.5 | -47.0 | -215.6 | -168.6 |
| Increase (Decrease) in Cash | -42.7 | -68.7 | -26.0 | 6.8 | -152.1 | -158.9 |
| **Opening Balance** | **324.8** | **242.9** | **-81.9** | **275.4** | **326.3** | **50.9** |
| **Closing Balance** | **282.1** | **174.2** | **-107.9** | **282.1** | **174.2** | **-107.9** |

## Working Capital

The Company's Working Capital in 2Q21 maintained the same levels of 2Q20, with emphasis on the optimization of finished goods inventory levels and better management of the receivables portfolio. The Cash Conversion Cycle in 2Q21 reached 27 days, with a significant reduction of 48 days over 2Q20, due to the optimization of inventories, with management of unhealthy items and of the receivables portfolio with lower default levels.

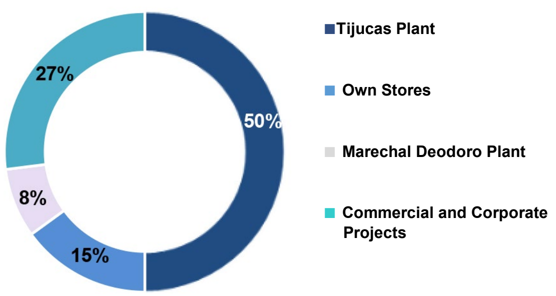
| | | 2Q20 | 2Q21 | ▲ | Absolute |
|---|---|---|---|---|---|
| In R$ million | Trade Receivables | 189.2 | 288.5 | 52.5% | 99.3 |
| | Inventories | 254.7 | 224.9 | -11.7% | -29.8 |
| | Suppliers | 220.2 | 289.5 | 31.5% | 69.3 |
| | **Working Capital** | **223.7** | **223.9** | **0.1%** | **0.2** |
| In days | Trade Receivables | 55 | 48 | -12.7% | -7 |
| | Inventories | 129 | 80 | -38.0% | -49 |
| | Suppliers | 109 | 101 | -7.3% | -8 |
| | **Cash Conversion Cycle (CCC)** | **75** | **27** | **-64.0%** | **-48** |

## Investments

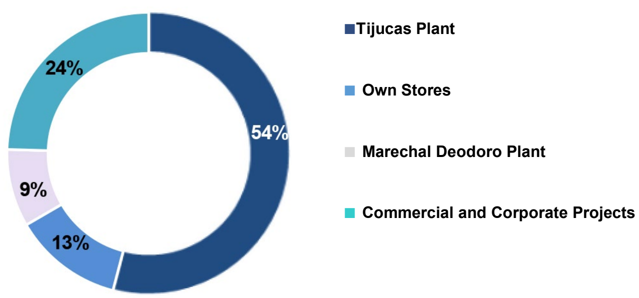
Investments in 2Q21 totaled R$ 38.8 million, accumulating R$ 55.7 million in 1H21, of which 54% were allocated to the Tijucas-SC plant, 24% to commercial and corporate projects, 13% to owned stores and 9% to Marechal Deodoro-AL plant.

At the Tijucas-SC plant, 95% of the investments were allocated to optimizing the industrial park for the production of products with higher added value and larger formats, and 5% for logistics projects. At the Marechal Deodoro-AL plant, most of the investments were allocated to the structural adjustment of the industrial park. The remaining investments were for the digital transformation of the commercial area, the expansion of its own stores and the updating of points of sale, taking the innovation of large size formats to the front of stores.

**Investments 2Q21**




**Investments 2021**



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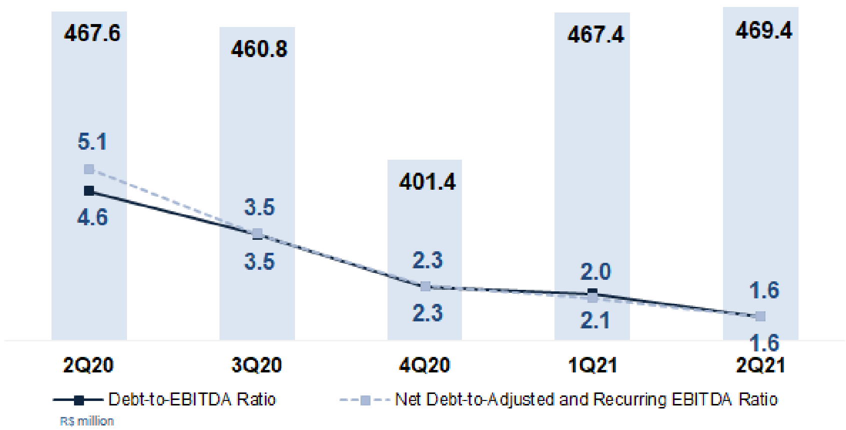
## Indebtedness / Capital structure

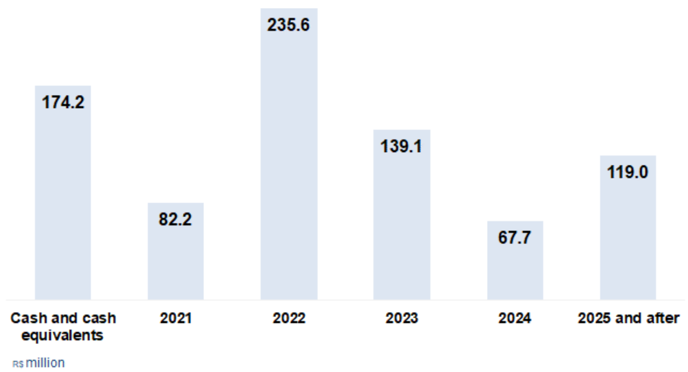
The Company's Net Debt was R$ 469.4 million in 2Q21, in line with 2Q20. The increase in Adjusted and Recurring EBITDA in the last 12 months, reaching R$ 299.4 million, and the Company's financial management discipline, whose focus is on optimizing the Cash Conversion Cycle, resulted in the reduction of financial leverage to 1.6 times Adjusted and Recurring EBITDA, an improvement of 3.5 times over 2Q20.

In 2Q21, a total of R$ 98.6 million in Bank Debt was amortized, referring to several operations, such as Debentures, ACC and Working Capital. Funding totaled R$ 40.0 million, referring to Banco do Brasil's ACC and Banco Votorantim's NCE. At the end of 2Q21, 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.

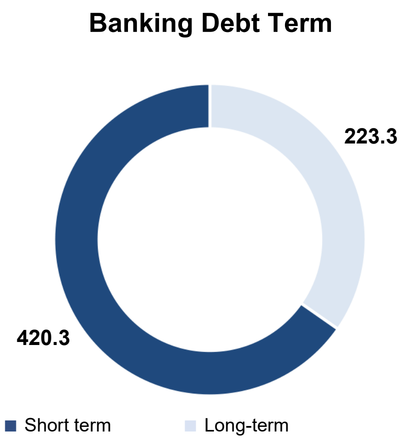


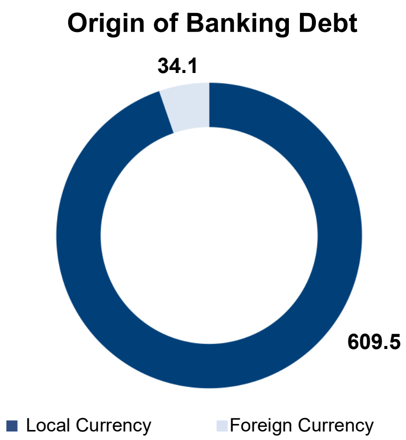

| R$ million | 2Q20 | 3Q20 | 4Q20 | 1Q21 | 2Q21 |
|---|---|---|---|---|---|
| **Gross Banking Debt** | **749.7** | **750.0** | **727.8** | **710.3** | **643.6** |
| Cash and cash equivalents | -282.1 | -289.2 | -326.4 | -242.9 | -174.2 |
| **Net Indebtedness** | **467.6** | **460.8** | **401.4** | **467.4** | **469.4** |
| EBITDA (Last 12 months) | 102.6 | 130.9 | 175.3 | 220.1 | 298.1 |
| Adjusted and Recurring EBITDA (Last 12 months) | 93.5 | 130.0 | 174.5 | 232.4 | 299.4 |
| Net Debt-to-EBITDA Ratio | 4.6 | 3.5 | 2.3 | 2.1 | 1.6 |
| **Net Debt-to-Adjusted and Recurring EBITDA Ratio** | **5.1** | **3.5** | **2.3** | **2.0** | **1.6** |

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



Gross Banking Debt maturing in the short term represents 34.7% of the total and the remainder matures in the long term, as shown in the amortization schedule above. The Gross Banking Debt is mostly in domestic currency (94.7%). The average total cost of Banking Debt is 6.1% per annum and the average term is 3.6 years.




## Remuneration to Shareholders and Resolutions in Meetings

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

On August 12, 2021, the Board of Directors approved the advance payment of dividends in the amount of R$ 19.2 million, or R$ 0.1298 per share, which represented a dividend yield (dividend per share divided by the share price at the end of the quarter) of 0.74%. The base date for calculating dividends will be 09/03/2021, with shares traded “ex” dividends on 09/06/2021 and payment is scheduled for 09/15/2021.

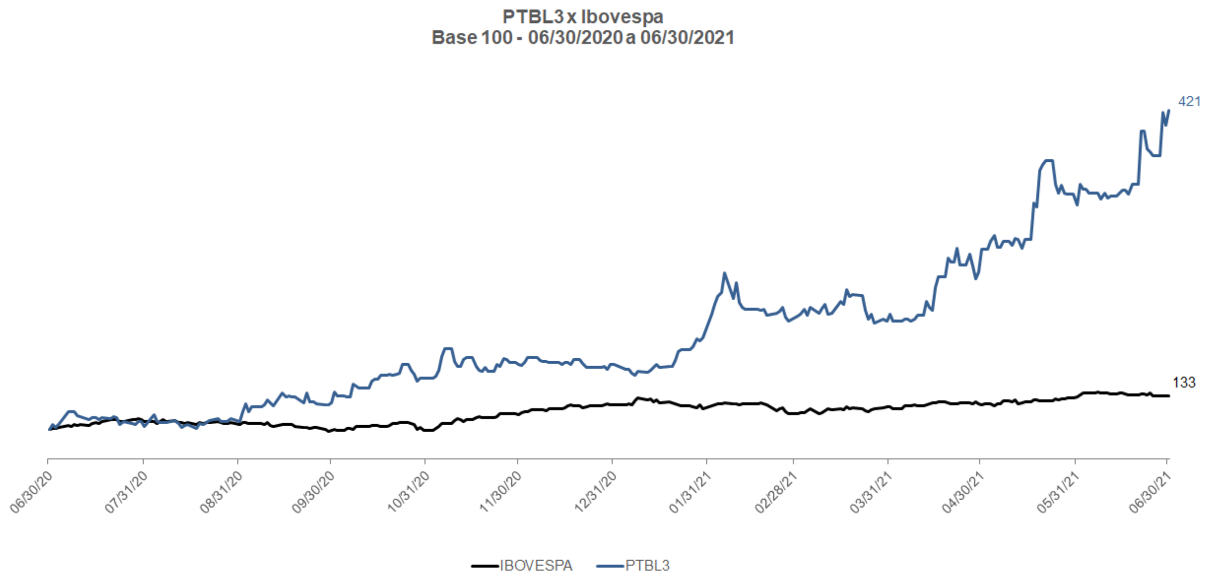
## Buyback Plan

On June 14, 2021, the Board of Directors approved the new buyback program for the acquisition of up to 6.7 million shares, corresponding to 4.4% of the total shares issued by the Company or 10% of the free float, effective until June 14, 2022. Until July 30, 2021, the Company repurchased a total of 71.2 thousand shares at the average price of R$ 13.98.

## PTBL3 Stock Performance

The shares traded under the ticker symbol PTBL3 closed the last trading session of June 2021 quoted at R$ 17.47, with an increase of 321.0% when compared to the closing of June 2020 (R$ 4.15). The PTBL3 stock performed 321.7% above the Bovespa index during this period. The average monthly financial volume traded in the last twelve months was R$ 523.6 million, an increase of 447.7% compared to the R$ 95.6 million in June 2020. It is worth highlighting that the average daily trading volume exceeded R$ 52.4 million in 2Q21, compared to R$ 6.6 million in 2Q20, an increase of 693.9%.

At the end of 2Q21, the Company had a market cap equivalent to R$ 2,577.3 million, considering the final share price of R$ 17.47, an increase of R$ 1,919.6 million over 2Q20.




## Independent Audit

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

## Management

**Statutory Executive Board**

| Name | Position |
|---|---|
| Mauro do Valle Pereira | Chief Executive Officer |
| Ronei Gomes | VP of Finance and Investor Relations |
| Edson Luiz Mees Stringari | VP of Legal and Compliance |

**Board of Directors**

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

## Corporate Governance

Electronic address to communicate corporate governance related issues to senior management
*dri@portobello.com.br*

Below are the main points related to Corporate Governance at Portobello:

- 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;
- 100% Tag-Along rights;
- Four independent members on the Board of Directors;
- Policy on minimum mandatory dividend of 25% of adjusted net income;
- Policies in force on the disclosure of significant acts and facts and on securities trading.

The adjustment to regulatory requirements in the new market began in relation to the inspection and control bodies, including the Audit Committee's pilot, in addition to the areas of internal audit, compliance and internal controls, functions that are in the implementation phase.

## Conference Call

Tuesday, August 17, 2021 at 11:00 am. The conference call will be held in Portuguese to report the earnings for the 2Q21.

Data for connection: Telephone: +55 11 3137-8043 (Brazil)
+1 786 209 -1795 (United States)
+44 20 3769 - 3830 (United Kingdom)
Password: PORTOBELLO

The audio of the teleconference will be transmitted over the Internet, accompanied by the slide show, which will be available 30 minutes in advance at: https://ri.portobello.com.br/

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

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## Financial Statements

### Balance Sheet

| Assets | 2Q20 | AV % | 1Q21 | 2Q21 | AV % | Var% |
|---|---|---|---|---|---|---|
| **Current assets** | **847.9** | **43.1%** | **876.4** | **851.7** | **43.1%** | **-7.1%** |
| Cash and cash equivalents | 282.1 | 14.3% | 242.9 | 174.2 | 8.8% | -46.6% |
| Trade Receivables | 219.9 | 11.2% | 320.1 | 343.4 | 17.4% | 18.8% |
| Inventories | 254.7 | 13.0% | 218.3 | 225.0 | 11.4% | 10.0% |
| Other | 91.1 | 4.6% | 95.0 | 109.1 | 5.5% | 12.8% |
| **Non-current assets** | **1,118.4** | **56.9%** | **1,119.7** | **1,123.4** | **56.9%** | **0.5%** |
| **Long-term assets** | **493.0** | **25.1%** | **460.1** | **455.5** | **23.1%** | -1.9% |
| Judicial deposits | 143.8 | 7.3% | 158.5 | 166.8 | 8.4% | 6.7% |
| Judicial assets | 119.7 | 6.1% | 119.7 | 119.7 | 6.1% | 0.0% |
| Guarantee deposit | - | 0.0% | 87.1 | 87.1 | 4.4% | -0.3% |
| Related party credits | 101.8 | 5.2% | - | - | 0.0% | 100.0% |
| Receivables - Eletrobrás | 12.8 | 0.7% | 12.8 | 12.8 | 0.6% | 0.0% |
| Restricted financial investments | 7.6 | 0.4% | 10.5 | 8.2 | 0.4% | -46.4% |
| Recoverable taxes and deferred tax | 87.0 | 4.4% | 49.4 | 33.8 | 1.7% | -33.7% |
| Other non-current assets | 20.3 | 1.0% | 22.0 | 27.0 | 1.4% | 22.7% |
| **Fixed assets** | **625.4** | **31.8%** | **659.6** | **667.9** | **33.8%** | 2.3% |
| PPE, Intangible Assets and Investments | 563.7 | 28.7% | 585.0 | 587.4 | 29.7% | 1.0% |
| Right of Use of Leased Assets | 61.7 | 3.1% | 74.2 | 80.2 | 4.1% | 12.3% |
| Other investments | - | 0.0% | 0.3 | 0.3 | 0.0% | 0.0% |
| **Total assets** | **1,966.2** | **100.0%** | **1,996.1** | **1,975.1** | **100.0%** | **-2.9%** |

| Liabilities | 2Q20 | AV % | 1Q21 | 2Q21 | AV % | Var% |
|---|---|---|---|---|---|---|
| **Current liabilities** | **675.7** | **34.4%** | **760.3** | **758.0** | **38.4%** | **2.3%** |
| Loans and Debentures | 251.8 | 12.8% | 248.9 | 223.9 | 11.3% | 0.0% |
| Trade Payables and Credit Assignment | 235.3 | 12.0% | 297.1 | 316.9 | 16.0% | 8.3% |
| Lease obligations | 12.7 | 0.6% | 32.2 | 17.1 | 0.9% | -50.9% |
| Tax liabilities | 24.8 | 1.3% | 33.2 | 33.2 | 1.7% | -1.8% |
| Payroll and related taxes | 55.3 | 2.8% | 53.5 | 67.0 | 3.4% | 44.1% |
| Advances from Customers | 30.8 | 1.6% | 43.1 | 54.9 | 2.8% | 25.3% |
| Other | 65.1 | 3.3% | 52.2 | 45.0 | 2.3% | -30.9% |
| **Non-current liabilities** | **879.2** | **44.7%** | **838.0** | **814.1** | **41.2%** | **-7.1%** |
| Loans and Debentures | 498.0 | 25.3% | 461.4 | 419.7 | 21.2% | -16.7% |
| Suppliers | 159.8 | 8.1% | 169.3 | 176.1 | 8.9% | 3.8% |
| Debts with related parties | 56.3 | 2.9% | 56.4 | 56.4 | 2.9% | 0.1% |
| Provisions | 61.9 | 3.2% | 65.6 | 66.7 | 3.4% | 4.9% |
| Lease obligations | 25.3 | 1.3% | 45.4 | 65.7 | 3.3% | 71.2% |
| Other Non Current Liabilites | 77.8 | 4.0% | 40.0 | 29.5 | 1.5% | -33.9% |
| **Equity** | **411.4** | **20.9%** | **397.8** | **403.1** | **20.4%** | **-3.4%** |
| Capital | 200.0 | 10.2% | 200.0 | 250.0 | 12.7% | 25.0% |
| Treasury shares | (7.5) | -0.4% | (62.4) | (1.0) | -0.1% | -92.9% |
| Earnings reserve | 257.4 | 13.1% | 277.6 | 237.3 | 12.0% | -5.4% |
| Other comprehensive income | (44.4) | -2.3% | (47.9) | (83.3) | -4.2% | 66.2% |
| Additional dividends proposed | 5.8 | 0.3% | 30.4 | - | 0.0% | -100.0% |
| **Total liabilities** | **1,966.3** | **100.0%** | **1,996.1** | **1,975.2** | **100.0%** | **-2.9%** |

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## Income Statement

| R$ million | 2Q20 | 2Q21 | 1Q21 | 1H20 | 1H21 |
|---|---|---|---|---|---|
| Net Sales Revenue | 241.7 | 464.3 | 416.4 | 515.9 | 880.7 |
| Gross Operating Profit | 55.6 | 190.4 | 178.5 | 150.8 | 368.9 |
| **Operating Income (Expenses), Net** | **(64.9)** | **(123.9)** | **(113.2)** | **(138.5)** | **(237.1)** |
| Selling | (70.1) | (101.5) | (91.7) | (144.8) | (193.2) |
| General and Administrative | (10.2) | (15.7) | (13.5) | (20.9) | (29.1) |
| Other Operating Income (Expenses), Net | 15.3 | (6.7) | (8.0) | 27.2 | (14.7) |
| **Operating Profit before Financial Income** | **(9.4)** | **66.5** | **65.3** | **12.3** | **131.8** |
| **Financial Result** | **(2.3)** | **(24.4)** | **-11.5** | **8.4** | **(36.0)** |
| Financial Revenues | 8.3 | 1.9 | 3.1 | 17.0 | 4.9 |
| Financial Expenses | (16.9) | (22.7) | (15.4) | (35.0) | (38.1) |
| Net exchange rate change | 6.3 | (3.6) | 0.8 | 26.4 | (2.8) |
| **Income (loss) before income taxes** | **(11.7)** | **42.1** | **53.8** | **20.7** | **95.8** |
| Income Tax and Social Contribution | 63.5 | (1.9) | -13.4 | 52.1 | (15.2) |
| **Net income (loss) for the Period** | **51.8** | **40.2** | **40.4** | **72.8** | **80.6** |

## Cash Flow

| R$ million | 2Q20 | 2Q21 | 1Q21 | 1H20 | 1H21 |
|---|---|---|---|---|---|
| **Net cash from operating activities** | **84.8** | **78.2** | **41.0** | **132.0** | **119.2** |
| Cash generated in operations | (59.5) | 55.2 | 95.3 | (8.3) | 150.5 |
| Changes in assets and liabilities | 162.5 | 48.8 | (39.2) | 167.3 | 9.6 |
| Interest paid and income taxes paid | (18.2) | (25.8) | (15.1) | (27.0) | (40.9) |
| **Net cash from investment activities** | **(63.9)** | **(38.8)** | **(16.9)** | **(78.2)** | **(55.7)** |
| Acquisition of fixed assets | (62.2) | (35.2) | (13.0) | (74.4) | (48.2) |
| Acquisition of intangible assets | (1.7) | (3.6) | (3.9) | (3.8) | (7.5) |
| **Net cash from financing activities** | **(63.6)** | **(108.1)** | **(45.1)** | **(47.0)** | **(215.6)** |
| Funding loans and financing | 45.7 | 40.0 | 16.9 | 83.4 | 56.9 |
| Payment of loans and financing | (89.2) | (98.6) | (41.5) | (107.9) | (140.0) |
| Dividends paid | 0.1 | (43.5) | (17.2) | 0.1 | (60.7) |
| Lease Amortization | (20.2) | (5.2) | (3.3) | (22.6) | (8.5) |
| Treasury acquisitions | - | (0.8) | (62.4) | - | (63.3) |
| **Increase/(Decrease) in Cash for the period/year** | **(42.7)** | **(68.7)** | **(21.0)** | **6.8** | **(152.1)** |
| | | | | | |
| **Opening Balance** | **324.8** | **242.9** | **326.3** | **275.4** | **326.3** |
| **Closing Balance** | **282.1** | **174.2** | **305.3** | **282.1** | **174.2** |

**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 February 18, 2019, which holds 55.53% of the Company’s shares at June 30, 2021. The remaining balance is composed by 0.05% treasury shares and 44.42% 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 and Portobello franchising networks, with a network of franchised stores specializing in porcelain tiles and ceramic coatings; (ii) PBTech, which manages the Portobello Shop own stores and currently manages 17 stores; (iii) Mineração Portobello, which supplies part of the raw materials used in the manufacture of ceramic coatings; (iv) Companhia Brasileira de Cerâmica, which as of the 2nd quarter of 2018 operates the special cuts factory in the Southeast; and (v) Portobello América, which was established to sell Portobello products in the U.S. market and gradually returned to operations as of the second half of 2018, and (vi) Portobello America, which distributes Portobello products in the North American market and is envisioning building a plant in the U.S. through its subsidiary Portobello America Manufacturing, LLC.

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

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

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

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

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

## 2. Presentation of financial statements

### a) Statement of compliance

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

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

Therefore, this interim financial information should be read in conjunction with the Company's financial statements for the year ended December 31, 2020, which have been prepared and presented in accordance with the International Financial Reporting Standards - IFRS issued by the International Accounting Standards Board - IASB, and also in accordance with the accounting practices adopted in Brazil (BR GAAP), which include those included in Brazilian corporate law and the standards, guidelines and interpretations issued by the Brazilian Accounting Pronouncements Committee (CPC) and approved by the Brazilian Securities and Exchange Commission (CVM). All significant information in the interim financial information, and only this information, is being disclosed and corresponds to that used by Management in its activities. This interim financial information was approved and authorized for issue by the Board of Directors on August 12, 2021.

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

### b) Use of judgment and estimates

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

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

All amounts in thousands of reais, unless otherwise stated.

## 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.

### 3.1 Consolidations

### 3.1.1 Consolidated financial statements

### a) Subsidiaries

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

The Company's ownership interest in subsidiaries as June 30, 2021, is as follows:

| | Country of incorporation | Direct ownership | Indirect ownership |
|---|---|---|---|
| Portobello América Inc. | United States | 100,00% | 0,00% |
| Portobello America Manufacturing | United States | 0,00% | 100,00% |
| PB Tech Ltda | Brazil | 99,94% | 0,06% |
| Portobello Shop S/A | Brazil | 99,90% | 0,00% |
| Mineração Portobello Ltda. | Brazil | 99,76% | 0,00% |
| Companhia Brasileira de Cerâmica S/A | Brazil | 98,85% | 1,15% |

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

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

### b) Transactions and non-controlling interests

The Company and its subsidiaries treat transactions with non-controlling interests as transactions with equity owners. 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 on non-controlling interest are also recognized in equity.

### 3.1.2 Parent company financial statements

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

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

### 3.2 Segment reporting

Segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, responsible for allocating resources and assessing performance of the segments, is the Executive Board that makes the strategic decisions of the Company and its subsidiaries.

### 3.3 Functional currency and foreign currency translation

#### a) Transactions and balances

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

#### b) Foreign subsidiaries

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

### 3.4 Interpretation of IFRS issued by IASB – ICPC 22/IFRIC 23 - Uncertainty over income tax treatments

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

In the Company's assessment, it concluded that the application of this interpretation did not bring significant impacts, since the main treatments for calculating income tax and social contribution were considered.

### 3.5 Revenue recognition

Sales revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the activities of the Company and its subsidiaries, and is shown net of value-added tax, returns, rebates and discounts and after eliminating sales between the Company and its subsidiaries.

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

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

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

## 4 Critical accounting estimates and judgments

The main judgments and uncertainties in the estimates used in the application of accounting policies remain the same as those detailed in the financial statements for the year ended December 31, 2020 and should therefore be read together.

## 5 Financial risk management

### 5.1 Financial risk factors

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

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

#### a) Market risk

#### i) Foreign exchange risk

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

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

All amounts in thousands of reais, unless otherwise stated.

| | In reais | | | |
|---|---|---|---|---|
| | Parent Company | | Consolidated | |
| | June 30, 2021 | December 31, 2020 | June 30, 2021 | December 31, 2020 |
| Trade receivables | 57.151 | 42.935 | 99.692 | 60.211 |
| Checking account | 4.024 | 1.502 | 23.346 | 21.912 |
| Receivables from subsidiaries | 64.315 | 45.308 | - | - |
| Exposed assets | 125.490 | 89.745 | 123.038 | 82.123 |
| Suppliers, commissions, net of advances | (11.753) | (15.332) | (36.638) | (37.845) |
| Suppliers of property, plant and equipment and intangible assets | (28.598) | (45.210) | (28.598) | (45.210) |
| Lease liabilities | - | - | (10.360) | (20.522) |
| Borrowings | (34.276) | (49.123) | (34.276) | (49.123) |
| (-) Swap transaction | 10.190 | 14.117 | 10.190 | 14.117 |
| Exposed liabilities | (64.437) | (95.548) | (99.682) | (138.583) |
| Net exposure | 61.053 | (5.803) | 23.356 | (56.460) |

The foreign exchange exposure is divided into:

**1. Euro:**

| | In Euro | | | |
|---|---|---|---|---|
| | Parent Company | | Consolidated | |
| | June 30, 2021 | December 31, 2020 | June 30, 2021 | December 31, 2020 |
| Trade receivables | 282 | 197 | 282 | 197 |
| Suppliers, commissions, net of advances | (1.014) | (1.012) | (1.014) | (1.012) |
| Suppliers of property, plant and equipment and intangible assets | (4.702) | (7.071) | (4.702) | (7.071) |
| | (5.434) | (7.886) | (5.434) | (7.886) |

**2. US dollar:**

| | In U.S. dollar | | | |
|---|---|---|---|---|
| | Parent Company | | Consolidated | |
| | June 30, 2021 | December 31, 2020 | June 30, 2021 | December 31, 2020 |
| Trade receivables | 11.090 | 8.020 | 19.594 | 11.344 |
| Checking account | 805 | 288 | 4.667 | 4.215 |
| Receivables from subsidiaries | 12.857 | 8.718 | - | - |
| Suppliers, commissions, net of advances | (1.147) | (1.730) | (6.121) | (6.062) |
| Suppliers of property, plant and equipment and intangible assets | (146) | - | (146) | - |
| Lease liabilities | - | - | (2.071) | (3.949) |
| Borrowings | (6.852) | (9.453) | (6.852) | (9.453) |
| (-) Swap transaction | 2.037 | 2.717 | 2.037 | 2.717 |
| | 18.644 | 8.560 | 11.108 | (1.188) |

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

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

All amounts in thousands of reais, unless otherwise stated.

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

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

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

## b) Credit risk

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

## c) Liquidity risk

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

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

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

| | Parent Company | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | June 30, 2021 | | | | | December 31, 2020 | | | | |
| | *Borrowings and debentures | Lease liabilities | Trade payables and credit assignment | Taxes payable in installments | Total | *Borrowings and debentures | Lease liabilities | Trade payables and credit assignment | Taxes payable in installments | Total |
| Less than one year | 223.859 | 6.899 | 302.029 | 12.168 | 544.955 | 223.908 | 7.594 | 279.457 | 9.290 | 520.249 |
| From one to two years | 298.855 | 7.260 | 162.039 | 24.336 | 492.490 | 210.603 | 4.763 | 151.364 | 9.290 | 376.020 |
| From two to five years | 84.531 | 7.496 | 13.989 | 2.585 | 108.601 | 215.592 | 8.116 | 18.357 | 25.127 | 267.192 |
| Over five years | 36.315 | - | - | - | 36.315 | 77.663 | - | - | - | 77.663 |
| | 643.560 | 21.655 | 478.057 | 39.089 | 1.182.361 | 727.766 | 20.473 | 449.178 | 43.707 | 1.241.124 |

| | Consolidated | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | June 30, 2021 | | | | | December 31, 2020 | | | | |
| | *Borrowings and debentures | Lease liabilities | Trade payables and credit assignment | Taxes payable in installments | Total | *Borrowings and debentures | Lease liabilities | Trade payables and credit assignment | Taxes payable in installments | Total |
| Less than one year | 223.859 | 17.075 | 316.885 | 12.168 | 569.987 | 223.908 | 34.803 | 295.244 | 9.354 | 563.309 |
| From one to two years | 298.855 | 23.979 | 162.039 | 24.336 | 509.209 | 210.603 | 11.963 | 151.364 | 9.354 | 383.284 |
| From two to five years | 84.531 | 28.406 | 13.989 | 2.585 | 129.511 | 215.592 | 24.878 | 18.357 | 25.298 | 284.125 |
| Over five years | 36.315 | 13.297 | - | - | 49.612 | 77.663 | 1.538 | - | - | 79.200 |
| | 643.560 | 77.585 | 492.913 | 39.089 | 1.258.319 | 727.766 | 73.182 | 464.965 | 44.006 | 1.309.919 |

## d) Sensitivity analysis

### i) Sensitivity analysis of interest rate variations

The Company's Management conducted a study of the potential impact of interest rates changes from CDI and Selic on the amounts of finance costs arising from financings and borrowings.

All amounts in thousands of reais, unless otherwise stated.

This study is based on the likely scenario of an increase in the CDI rate to 5.04% per year, based on the future interest curve by B3 S.A. - Brasil, Bolsa e Balcão and Selic to 5.04% per year. The probable rate was then stressed by 25% and 50% and used as benchmark for the possible and remote scenarios, respectively.

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

| | Consolidated in Reais | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | June 30, 2021 | Risk | Probable Rate | | Possible (25%)* | | Remote (50%)* | |
| | | | % | R$ | % | R$ | % | R$ |
| Short-term investments | 70.043 | CDI increase | 5,04% | 3.530 | 6,30% | 4.413 | 7,56% | 5.295 |
| Borrowings – Export credit note | (494.567) | CDI increase | 5,04% | (24.926) | 6,30% | (31.158) | 7,56% | (37.389) |
| Debentures | (148.993) | CDI increase | 5,04% | (7.509) | 6,30% | (9.387) | 7,56% | (11.264) |
| Taxes payable in installments | (39.089) | Selic increase | 5,04% | (1.970) | 6,30% | (2.463) | 7,56% | (2.955) |
| | (612.606) | | | (30.875) | | (38.594) | | (46.313) |

* Selic and CDI rates obtained from the B3 (Brasil, Bolsa e Balcão) website on July 16, 2021.

## ii) Sensitivity analysis of changes in exchange rates

The Company has assets and liabilities pegged to a foreign currency in the balance sheet at June 30, 2021, and for sensitivity analysis purposes, it has adopted as probable scenario the future market rate effective in the period of preparation of these financial statements. The probable rate was then stressed by 25%, 50%, -25% and -50%, used as benchmark for the possible and remote scenarios, respectively. Accordingly, the table below simulates the effects of foreign exchange differences on future profit or loss:

| | Consolidated | | | | | | |
|---|---|---|---|---|---|---|---|
| | June 30, 2021 (Payable) Receivable | | Probable scenario | Currency appreciation | | Currency depreciation | |
| | | | | Possible +25% | Remote +50% | Possible -25% | Remote -50% |
| | U.S. dollar | Reais | 5,1669 | 6,4586 | 7,7503 | 3,8751 | 2,5834 |
| Trade receivables | 19.594 | 98.013 | 3.226 | 28.536 | 53.846 | (22.084) | (47.393) |
| Checking account | 4.667 | 23.345 | 768 | 6.797 | 12.825 | (5.260) | (11.288) |
| Trade payables, net of advances | (6.121) | (30.618) | (1.008) | (8.914) | (16.821) | 6.899 | 14.805 |
| Suppliers of property, plant and equipment and intangible assets | (146) | (730) | (24) | (213) | (401) | 165 | 353 |
| Lease liabilities | (2.071) | (10.360) | (341) | (3.016) | (5.691) | 2.334 | 5.009 |
| Borrowings | (6.852) | (34.275) | (1.128) | (9.979) | (18.830) | 7.723 | 16.573 |
| (-) Swap contract | 2.037 | 10.189 | 335 | 2.967 | 5.598 | (2.296) | (4.927) |
| Net exposure | 11.108 | 55.564 | 1.829 | 16.177 | 30.526 | (12.519) | (26.868) |
| | Euro | Reais | 6,1121 | 7,6401 | 9,1681 | 4,5841 | 3,0560 |
| Trade receivables | 282 | 1.672 | 52 | 483 | 914 | (379) | (810) |
| Trade payables, net of advances | (1.014) | (6.011) | (187) | (1.736) | (3.286) | 1.362 | 2.912 |
| Suppliers of property, plant and equipment and intangible assets | (4.702) | (27.872) | (868) | (8.052) | (15.237) | 6.317 | 13.502 |
| Net exposure | (5.434) | (32.211) | (1.003) | (9.306) | (17.609) | 7.301 | 15.604 |

*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 July 16, 2021.

## 5.2 Capital management

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

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

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

All amounts in thousands of reais, unless otherwise stated.

| | Parent Company | | Consolidated | |
|---|---|---|---|---|
| | June 30, 2021 | December 31, 2020 | June 30, 2021 | December 31, 2020 |
| Gross Banking Debt | 643.560 | 727.766 | 643.560 | 727.766 |
| Cash and cash equivalents | (110.345) | (245.779) | (174.192) | (326.325) |
| Net debt | 533.215 | 481.987 | 469.368 | 401.441 |
| Total equity | 402.753 | 417.168 | 402.780 | 417.184 |
| Total capital | 935.968 | 899.155 | 872.148 | 818.625 |
| EBITDA | 298.129 | 177.879 | 298.129 | 177.879 |
| Net debt/ EBITDA | 1,79 | 2,71 | 1,57 | 2,26 |
| Gearing ratio (%) | 57 | 54 | 54 | 49 |

## 5.3 Financial instruments by category

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

| | Parent Company | | Consolidated | |
|---|---|---|---|---|
| | June 30, 2021 | December 31, 2020 | June 30, 2021 | December 31, 2020 |
| Assets stated at fair value through profit or loss | | | | |
| Derivatives | 14.950 | 14.117 | 14.950 | 14.117 |
| Amortized cost | | | | |
| Cash and cash equivalents | 110.345 | 245.779 | 174.192 | 326.325 |
| Trade receivables | 293.220 | 261.227 | 343.392 | 289.090 |
| Dividends receivable | 3.385 | 53.023 | - | - |
| Receivables from subsidiaries | 64.568 | 53.768 | - | - |
| Receivables from other related parties | - | - | - | - |
| Judicial deposits | 166.738 | 156.296 | 166.732 | 156.324 |
| Restricted investments | 8.190 | 13.317 | 8.190 | 13.317 |
| Other assets | 16.268 | 20.476 | 20.046 | 21.127 |
| | 677.664 | 818.004 | 727.502 | 820.300 |
| Amortized cost | | | | |
| Trade payables and assignment | 479.105 | 450.674 | 492.913 | 462.371 |
| Borrowings, financing and debentures | 643.560 | 727.766 | 643.560 | 727.766 |
| Dividends payable | 727 | 31.005 | 800 | 31.079 |
| Lease liabilities | 21.655 | 20.473 | 82.757 | 73.182 |
| Payables to related parties | 56.330 | 56.330 | 56.365 | 56.326 |
| Other liabilities | 25.113 | 27.915 | 34.020 | 30.913 |
| | 1.226.490 | 1.314.163 | 1.310.415 | 1.381.637 |

The financial investment has a long-term investment fund and is linked to a reciprocity clause in the loan agreement with Banco do Nordeste in the amount of R$ 8,190 at June 30, 2021 (R$ 13.317 at December 31, 2020).

There is also an investment of R$ 19,250 given as a guarantee for a loan with another financial institution (R$ 14,047 at December 31, 2020), classified at cash equivalents.

All amounts in thousands of reais, unless otherwise stated.

## 6. Cash and cash equivalents

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

| | Controladora | | Consolidado | |
|---|---|---|---|---|
| | June 30, 2021 | December 31, 2020 | June 30, 2021 | December 31, 2020 |
| Checking accounts | 75.559 | 38.052 | 112.339 | 77.124 |
| Short-term investments | 34.786 | 207.727 | 61.853 | 249.201 |
| | 110.345 | 245.779 | 174.192 | 326.325 |

## 7. Financial instruments

Derivatives are classified as current and non-current assets or liabilities. The total fair value of a derivative is classified as a non-current asset or liability if the remaining period to maturity of the hedged item is more than 12 months, and as a current asset or liability if the remaining period to maturity of the hedged item is less than 12 months.

In June 2018, the Company entered into an Export Credit Transaction (NCE) and jointly a Swap transaction, which aims to protect the future payments of these loans and financing, from U.S. dollar and interest rate fluctuations. This operation is classified as loans and financing in the balance sheet (current liabilities), with a balance of R$ 13,693 on June 30, 2021. There was a renegotiation in June 2020 for the amount of US$ 2,711, equivalent to R$ 14,430 on that date, at the cost of 2.95% per year plus LIBOR-03 and exchange variation, with a swap for 100% CDI plus 2.95% per year and a payment term of 45 months, with a grace period of approximately 12 months. Amortizations are quarterly.

On June 30, 2021, there was an unrealized loss of R$ 1,932 on swap operations, according to note 33.

## 8. Trade receivables

Management believes that the allowance for doubtful accounts estimated 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.

All amounts in thousands of reais, unless otherwise stated.

| | Parent Company | | Consolidated | |
|---|---|---|---|---|
| | June 30, 2021 | December 31, 2020 | June 30, 2021 | December 31, 2020 |
| Receivables from third parties | | | | |
| Domestic market | 217.537 | 222.780 | 245.858 | 234.650 |
| Foreign market | 57.152 | 42.935 | 99.693 | 60.211 |
| | 274.689 | 265.715 | 345.551 | 294.861 |
| Receivables from related parties: | | | | |
| Entities related to management | 1.689 | 342 | 3.381 | 1.148 |
| | 1.689 | 342 | 3.381 | 1.148 |
| Total short-term trade receivables | 276.378 | 266.057 | 348.932 | 296.009 |
| Total long-term trade receivables in domestic market | 3.391 | 3.391 | 3.391 | 3.391 |
| Total trade receivables | 279.769 | 269.448 | 352.323 | 299.400 |
| Impairment of trade receivables | | | | |
| Provision for impairment of trade receivables - Short-term | (3.964) | (5.635) | (5.540) | (6.919) |
| Provision for impairment of trade receivables - Long-term | (3.391) | (3.391) | (3.391) | (3.391) |
| | (7.355) | (9.026) | (8.931) | (10.310) |
| Total trade receivables, net of provision for impairment of trade receivables | 272.414 | 260.422 | 343.392 | 289.090 |

The recognition and write-off of the allowance for doubtful accounts estimated are recognized in profit or loss as selling expenses.

### a) Aging list of trade receivables

| | Parent Company | | | | | |
|---|---|---|---|---|---|---|
| | June 30, 2021 | Estimated losses | Coverage % | December 31, 2020 | Estimated losses | Coverage % |
| Falling due | 271.634 | (2.494) | 0,9% | 261.162 | (2.826) | 1,1% |
| Past due until 30 days | 1.932 | (41) | 2,1% | 1.584 | (378) | 23,9% |
| Past due from 31 to 60 days | 657 | (23) | 3,5% | 641 | (182) | 28,4% |
| Past due from 61 to 90 days | 621 | (65) | 10,5% | 354 | (98) | 27,7% |
| Past due from 91 to 120 days | 99 | (41) | 41,4% | 179 | (80) | 44,7% |
| Past due from 121 to 180 days | 355 | (220) | 62,0% | 402 | (336) | 83,6% |
| Past due from 181 to 360 days | 1.080 | (1.080) | 100,0% | 1.735 | (1.735) | 100,0% |
| Past due over 361 days | 3.391 | (3.391) | 100,0% | 3.391 | (3.391) | 100,0% |
| | 279.769 | (7.355) | | 269.448 | (9.026) | |

| | Consolidated | | | | | |
|---|---|---|---|---|---|---|
| | June 30, 2021 | Estimated losses | Coverage % | December 31, 2020 | Estimated losses | Coverage % |
| Falling due | 334.331 | (3.487) | 1,0% | 288.038 | (3.747) | 1,3% |
| Past due until 30 days | 9.734 | (123) | 1,3% | 3.940 | (415) | 10,5% |
| Past due from 31 to 60 days | 1.407 | (65) | 4,6% | 957 | (218) | 22,8% |
| Past due from 61 to 90 days | 1.441 | (150) | 10,4% | 425 | (115) | 27,1% |
| Past due from 91 to 120 days | 281 | (102) | 36,3% | 266 | (139) | 52,3% |
| Past due from 121 to 180 days | 553 | (328) | 59,3% | 529 | (434) | 82,0% |
| Past due from 181 to 360 days | 1.185 | (1.185) | 100,0% | 1.854 | (1.851) | 99,8% |
| Past due over 361 days | 3.391 | (3.391) | 100,0% | 3.391 | (3.391) | 100,0% |
| | 352.323 | (8.831) | | 299.400 | (10.310) | |

All amounts in thousands of reais, unless otherwise stated.

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

The allowance for doubtful accounts estimated by the Company is calculated through a policy of staggering the realization of the portfolio, taking into consideration the credit analysis, the history of the recovery of receivables up to 360 days after maturity, and market information. A monthly analysis is also made on the balances to fall due based on the customer portfolio, in addition to the analysis of the portfolio of customers falling due for loss experience and some one-off customers. This methodology has supported the estimates of losses in this portfolio, meeting the concepts of the IFRS 9/CPC 48 standards.

In August 2020, after the approval of the judicial reorganization plan of a specific customer, the amount of R$ 3,391, referring to the balance of accounts receivable and allowance for doubtful accounts, was reclassified to the "Others" group of non-current assets, with the balance remaining provisioned for the long term.

As of June 30, 2021, the total of notes receivable pledged as collateral was R$ 92,144 (R$ 105,108 as of December 31, 2020). To guarantee third-party operations with the franchisees, the amount of R$ 510 is added in guarantee.

## 9. Inventories

| | Parent Company | | Consolidated | |
|---|---|---|---|---|
| | June 30, 2021 | December 31, 2020 | June 30, 2021 | December 31, 2020 |
| Finished products | 138.829 | 121.468 | 166.857 | 153.446 |
| Work in progress | 9.348 | 10.322 | 9.349 | 10.626 |
| Raw materials and consumables | 54.884 | 45.916 | 55.468 | 45.930 |
| Imports in transit | 1.698 | 4.052 | 1.698 | 4.051 |
| Provision for valuation of inventories at realizable value | (8.426) | (8.861) | (8.426) | (9.491) |
| | 196.333 | 172.897 | 224.946 | 204.562 |

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

## 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:

All amounts in thousands of reais, unless otherwise stated.

| | Parent Company | | Consolidated | |
|---|---|---|---|---|
| | June 30, 2021 | December 31, 2020 | June 30, 2021 | December 31, 2020 |
| Current | | | | |
| PIS/COFINS (a) | 45.313 | 56.098 | 45.280 | 56.097 |
| ICMS (b) | 11.126 | 13.740 | 11.615 | 14.203 |
| IPI | 7.145 | 3.065 | 7.152 | 3.072 |
| IRPJ/CSLL | 15.148 | 3.274 | 15.244 | 3.852 |
| Special Tax Reintegration Regime for Exporting Companies (REINTEGRA) | 551 | 410 | 551 | 410 |
| Other | 20 | 27 | 295 | 188 |
| | 79.303 | 76.614 | 80.137 | 77.822 |
| Non-current | | | | |
| PIS/COFINS (a) | - | 7.602 | - | 7.602 |
| ICMS (b) | 5.350 | 5.504 | 5.482 | 5.674 |
| | 5.350 | 13.106 | 5.482 | 13.276 |

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

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

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

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

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

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

In addition to the lawsuit recognized above, the Company had another lawsuit with the same content, which became final and unappealable in the second quarter of 2018. With this, the company recognized the ICMS expurgation of PIS and COFINS related to the period from 2003 to 2009, in the amount of R$ 45,072. As there was clearance by the Federal Revenue Service in the third quarter of 2019, the asset moved to the heading taxes recoverable, in non-current.

All amounts in thousands of reais, unless otherwise stated.

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

At June 30 the balance of the ICMS exclusion from the PIS and Cofins bases is R$ 36,558. The other amounts refer to Pis and Cofins credits arising from the Company's normal operations and will be fully offset in the following calculations.

### b) ICMS

In current assets are recorded the amounts of ICMS-ST levied on product transfer operations between the Company's establishments, in the amount of R$ 10,392. The balance of R$ 734 is due to the other operations and will be fully compensated in the company's normal calculations.

In non-current assets are recorded the amounts arising from the acquisition of fixed assets.

### c) IPI

The balance is composed of IPI credits, referring to the 1st semester of 2021, whose requests for reimbursement have not yet been sent to the Federal Revenue.

## 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 | |
|---|---|---|---|---|
| | June 30, 2021 | December 31, 2020 | June 30, 2021 | December 31, 2020 |
| Civil (a) | 155.007 | 144.179 | 155.007 | 144.212 |
| Labor | 2.363 | 3.250 | 2.325 | 3.213 |
| Tax | 9.368 | 8.867 | 9.400 | 8.899 |
| | 166.738 | 156.296 | 166.732 | 156.324 |

a) The Company, as a result of the untimely and unilateral decision by gas supplier, concerning the suspension of the discount on the monthly amount of the gas acquired, a benefit called the loyalty plan, filed a lawsuit claiming the maintenance of such benefit with respect to which an injunction was granted determining the deposit of the discount-related amounts in escrow.

## 12. Guarantee deposits

In October 2020, the Company recorded the amount of R$ 89,517 in a security deposit account, classified in non-current assets, because although Management expects to receive this amount within the next few months, there is still no date set for its realization. Subsequently, the Company wrote off the tax enforcement action No. 5000860-12.2011.4.04.7200/SC that deals with the collection of FGTS and Social Contribution levied on the Incentive and Expertise Cards, in which there was the amount paid, in the amount of R$ 2,372, resulting in the amount still deposited of R$ 87,145 in June 2021.

All amounts in thousands of reais, unless otherwise stated.

## 13. Receivables from Eletrobrás

The Company filed a lawsuit against Centrais Elétricas Brasileira S.A. - Eletrobrás aiming at the reimbursement of the compulsory loan paid through electric energy bills between 1977 and 1993, as set forth in Law 4,156/62.

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

In 2017, the Company filed the payment of the sentence in the total amount of R$ 12,821. The settlement of the sentence became final and unappealable in July 2018, and was favorable to the Company. In February 2019, the Company requested the continuation of the process with the homologation of the credit calculations, which indicated the amount of R$ 12,821. The lawsuit is currently awaiting a decision from the Court about the inaccuracies verified in the calculations presented by the Court Accountant.

In 2016, after the final and unappealable decision on the award calculation lawsuit, the Company hired an accounting expert to determine the credit to be executed, adjusting (reducing) the quantity due to the STJ's subsequent decision.

Management expects that the realization of the judicial assets should occur until December this year.

## 14. Income tax and social contribution

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

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

| | Current assets | | | | Current liabilities | | | |
|---|---|---|---|---|---|---|---|---|
| | Controladora | | Consolidado | | Parent Company | | Consolidated | |
| | June 30, 2021 | December 31, 2020 | June 30, 2021 | December 31, 2020 | June 30, 2021 | December 31, 2020 | June 30, 2021 | December 31, 2020 |
| Income tax | 13.575 | 2.662 | 13.645 | 3.118 | - | - | 3.113 | 2.203 |
| Social contribution | 1.573 | 612 | 1.599 | 734 | - | - | 1.123 | 794 |
| | 15.148 | 3.274 | 15.244 | 3.852 | - | - | 4.236 | 2.997 |

### b) Deferred income tax and social contribution tax

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

All amounts in thousands of reais, unless otherwise stated.

| | Parent Company | | Consolidated | |
|---|---|---|---|---|
| | June 30, 2021 | December 31, 2020 | June 30, 2021 | December 31, 2020 |
| Tax losses | 33.875 | 35.276 | 33.875 | 35.276 |
| Temporary differences - assets | 53.703 | 57.223 | 60.995 | 62.005 |
| Cash basis foreign exchange variations | 20.234 | 20.317 | 20.234 | 20.317 |
| Provision for adjustment to market value | 1.522 | 1.500 | 1.522 | 1.500 |
| Provision for civil, labor, social security and tax risks | 12.987 | 15.353 | 12.987 | 15.731 |
| Provision for profit sharing and long-term incentive | 3.308 | 3.661 | 3.308 | 3.661 |
| Tax losses in subsidiaries | - | - | 6.862 | 4.354 |
| Other temporary differences - assets | 15.652 | 16.392 | 16.082 | 16.442 |
| Temporary differences - liabilities | (56.240) | (54.691) | (61.118) | (59.569) |
| Portobello pension plan | (3.028) | (3.028) | (3.028) | (3.028) |
| Realization of revaluation reserve | (16.346) | (16.651) | (16.346) | (16.651) |
| Receivables from Eletrobrás | (4.359) | (4.359) | (4.359) | (4.359) |
| Contingent assets - IPI credit premium - Phase I | (2.647) | (2.645) | (2.647) | (2.645) |
| Contingent assets - IPI credit premium - Phase II | (7.621) | (7.621) | (7.621) | (7.621) |
| Contingent assets - adjustment to rural credit notes | - | - | (4.878) | (4.878) |
| Adjustment to present value | (30) | - | (30) | - |
| Depreciation adjustment (to the useful lives of goods) | (22.209) | (20.387) | (22.209) | (20.387) |
| Deferred income tax and social contribution - Net | 31.338 | 37.807 | 33.752 | 37.713 |
| Non-current assets | 31.338 | 37.807 | 33.752 | 37.713 |

At June 30, 2021, net variations in deferred income tax and social contribution are as follows:

| | Parent Company | Consolidated |
|---|---|---|
| December 31, 2020 | 37.807 | 37.713 |
| Tax losses | (1.401) | 1.108 |
| Temporary differences - assets | (3.519) | (3.519) |
| Temporary differences - liabilities | (1.854) | (1.854) |
| Revaluation reserve | 305 | 305 |
| June 30, 2021 | 31.338 | 33.752 |

The variations in deferred income tax and social contribution assets and liabilities for the period, without considering the offset of the balances for the Parent Company and Consolidated are as follows:

All amounts in thousands of reais, unless otherwise stated.

| | Parent Company | Consolidated |
|---|---|---|
| | June 30, 2021 | June 30, 2021 |
| Deferred tax assets charged against (credited to) profit or loss | | |
| Tax losses | (1.401) | 1.108 |
| Cash basis foreign exchange variations | (83) | (83) |
| Provision for adjustment to market value | 21 | 21 |
| Provision for contingencies | (2.366) | (2.366) |
| Provision for profit sharing and long-term incentive | (354) | (354) |
| Other temporary differences - assets | (739) | (739) |
| | (4.922) | (2.413) |
| Realization of revaluation reserve | 305 | 305 |
| Adjustment to present value | (30) | (30) |
| Depreciation adjustment (to the useful lives of goods) | (1.822) | (1.822) |
| | (1.547) | (1.547) |
| | (6.469) | (3.960) |

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

Income tax and social contribution expenses for the 2nd quarter are broken down as follows:

| | Parent Company | | Consolidated | |
|---|---|---|---|---|
| | June 30, 2021 | June 30, 2020 | June 30, 2021 | June 30, 2020 |
| Profit before tax | 38.373 | (14.238) | 42.021 | (11.749) |
| Tax calculated based on the nominal rate - 34% | (13.047) | 4.841 | (14.287) | 3.995 |
| Equity in the earnings of subsidiaries | 2.523 | (82) | - | - |
| Non-deductible expenses | 7.938 | 1.026 | 7.938 | 1.026 |
| Depreciation of revalued assets | (153) | (153) | (153) | (153) |
| Other | 4.536 | (5.632) | 4.667 | (7.352) |
| Current tax on profit for the period | 5.513 | - | (628) | (2.484) |
| Deferred income tax and social contribution | (3.716) | 65.988 | (1.207) | 65.989 |
| Income tax and social contribution expense (recognized in profit or loss - current and deferred) | 1.797 | 65.988 | (1.835) | 63.505 |
| Effective rate | -4,7% | 463,5% | 4,4% | 540,5% |

Changes in the 1st half

| | Parent Company | | Consolidated | |
|---|---|---|---|---|
| | June 30, 2021 | June 30, 2020 | June 30, 2021 | June 30, 2020 |
| Profit before tax | 86.663 | 11.293 | 95.798 | 20.631 |
| Tax calculated based on the nominal rate - 34% | (29.465) | (3.840) | (32.571) | (7.014) |
| Equity in the earnings of subsidiaries | 12.334 | 3.634 | - | - |
| Non-deductible expenses | 10.500 | 2.357 | 10.500 | 2.357 |
| Depreciation of revalued assets | (356) | (356) | (356) | (356) |
| Other | 904 | (1.795) | 7.229 | 139 |
| Current tax on profit for the period | 386 | - | (11.238) | (4.875) |
| Deferred income tax and social contribution | (6.469) | 61.459 | (3.960) | 57.011 |
| Income tax and social contribution expense (recognized in profit or loss - current and deferred) | (6.083) | 61.459 | (15.198) | 52.136 |
| Effective rate | 7,0% | -544,2% | 15,9% | -252,7% |

All amounts in thousands of reais, unless otherwise stated.

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

| | Parent Company | | Consolidated | |
|---|---|---|---|---|
| | June 30, 2021 | December 31, 2020 | June 30, 2021 | December 31, 2020 |
| Tax losses | 99.633 | 103.754 | 119.815 | 127.079 |
| Deferred income tax and social contribution | 33.875 | 35.276 | 40.737 | 43.207 |
| Impairment | - | - | | (3.578) |
| Recognized deferred income tax/social contribution | 33.875 | 35.276 | 40.737 | 39.629 |

Based on studies and projections of results for the following periods, a recoverability test was conducted for deferred tax assets arising from tax and social contribution losses recorded at June 30, 2021 at Companhia Brasileira de Cerâmica, where we estimated the following asset recoverability schedule:

| Period | Parent Company | Consolidated |
|---|---|---|
| 2021 | 10.870 | 10.903 |
| 2022 | 14.531 | 17.776 |
| 2023 | 8.474 | 12.058 |
| | 33.875 | 40.737 |

## 15. Legal assets

| | Parent Company | | Consolidated | |
|---|---|---|---|---|
| | June 30, 2021 | December 31, 2020 | June 30, 2021 | December 31, 2020 |
| IPI premium credit (a) | | | | |
| Lawsuit No. 1987.0000.645- 9 | 22.414 | 22.414 | 22.414 | 22.414 |
| Lawsuit No. 1984.00.020114-0 | 7.784 | 7.784 | 7.784 | 7.784 |
| Adjustment to rural credit notes (b) | - | - | 14.346 | 14.346 |
| IPI premium credit - Plaintiff - Complementary Portion (c) | 75.107 | 75.107 | 75.107 | 75.107 |
| | 105.305 | 105.305 | 119.651 | 119.651 |

## a) IPI premium credit

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

In relation to lawsuit no. 1984.00.020114-0, referring to the period from December 07, 1979 to March 31, 1981, after the final and unappealable decision, which occurred more than 10 years ago, the liquidation and execution phase of the sentence began, with the submission of an expert's report prepared by a legal expert. The parties were notified of the 'quantum' so they could manifest their agreement or opposition to the award. The Company agreed with the calculations presented.

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

## b) Adjustment to rural credit notes

In March 2017, the subsidiary PBTECH 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$ 14,346, 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). The Company will ensure that the financial realization takes place by December 2021.

## c) IPI premium credit – Plaintiff

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

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

In the first quarter of 2020, an asset amounting to R$ 75,107 was recognized, whose balance remains the same as of June 30, 2021.

We are currently awaiting a decision from the courts on the request to reject the opposition filed by the Federal Government and, consequently, the issuance of the payment request - the "Precatório" (writ of payment) related to the supplementary installment.

All amounts in thousands of reais, unless otherwise stated.

## 16. Contingent assets

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

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

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

## 17. Investments

### a) Interest in subsidiaries

The Company is the parent company of six companies and investments are recorded in non-current assets in line item “Interest in subsidiaries” and in non-current liabilities in line item “Allowance for investment losses”.

| | Country of incorporation | Direct ownership | Indirect ownership | Assets | Liabilities | Revenue | Profit or loss |
|---|---|---|---|---|---|---|---|
| At December 31, 2020 | | | | | | | |
| Portobello América Inc. | United States | 100,00% | 0,00% | 96.728 | 72.562 | 76.065 | (8.559) |
| Portobello America Manufacturing | United States | 0,00% | 100,00% | 17.066 | 15.417 | - | (12) |
| PBTech Ltda. | Brazil | 99,94% | 0,06% | 97.507 | 75.977 | 139.785 | 18.198 |
| Portobello Shop S/A | Brazil | 99,90% | 0,00% | 60.969 | 19.298 | 74.557 | 41.192 |
| Mineração Portobello Ltda. | Brazil | 99,76% | 0,00% | 4.551 | 2.129 | 5.728 | 3 |
| Companhia Brasileira de Cerâmica S/A | Brazil | 98,00% | 2,00% | 11.183 | 3.338 | 7.813 | (4.036) |
| At June 30, 2021 | | | | | | | |
| Portobello América Inc. | United States | 100,00% | 0,00% | 106.643 | 84.719 | 78.546 | (1.378) |
| Portobello America Manufacturing (a) | United States | 0,00% | 100,00% | 16.267 | 14.836 | - | - |
| PBTech Ltda. | Brazil | 99,94% | 0,06% | 110.571 | 97.417 | 110.006 | 9.828 |
| Portobello Shop S/A | Brazil | 99,90% | 0,00% | 44.371 | 15.722 | 48.176 | 28.199 |
| Mineração Portobello Ltda. | Brazil | 99,76% | 0,00% | 13.036 | 13.568 | 5.333 | (10.187) |
| Companhia Brasileira de Cerâmica S/A | Brazil | 98,85% | 1,15% | 10.956 | 3.285 | 3.832 | 762 |

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 aren’t shown below.

Subsidiaries are closely held companies, for which variations are as follows:

| | Percentage of interest | December 31, 2020 | Foreign exchange variations | Capital increase | Capital contribution | AFAC | Profit/Loss on inventories | Equity in the earnings of subsidiaries | Dividends proposed | June 30, 2021 |
|---|---|---|---|---|---|---|---|---|---|---|
| Investments | | | | | | | | | | |
| Portobello América Inc.(a) | 100,00% | 21.359 | (860) | - | - | - | 738 | (1.378) | - | 19.859 |
| PBTech Ltda. | 99,94% | 21.532 | - | - | - | - | - | 9.828 | (18.206) | 13.154 |
| Portobello Shop S.A. | 99,90% | 480 | - | - | - | - | - | 28.199 | | 28.678 |
| Mineração Portobello Ltda. (a) | 99,76% | 2.423 | - | - | - | 7.200 | - | (10.187) | - | (564) |
| Companhia Brasileira de Cerâmica S/A (b) | 98,85% | 7.999 | - | 11.240 | (2.129) | (7.721) | - | 762 | - | 10.151 |
| Portobello S/A | 100,00% | 10 | - | - | - | - | - | - | - | 10 |
| Total net investment in subsidiaries | | 53.803 | (860) | 11.240 | (2.129) | (521) | 738 | 27.224 | (18.206) | 71.289 |
| Interest in subsidiaries | | 53.803 | | | | | | | | 71.853 |
| Allowance for investment losses | | - | | | | | | | | (564) |

a) In June 2021, Mineração Portobello received an Advance for capital increase (AFAC) from PBG of R$ 7,200;
b) In April 2021, PBG S.A increased its capital by R$ 11,240 in Companhia Brasileira de Cerâmica (CBC), paying R$ 7,721 of the Advance for capital increase (AFAC) that had already been recorded and closing the operation with a capital to be paid in of R$ 2,129 by the end of June 2021.

All amounts in thousands of reais, unless otherwise stated.

# 18. Property, plant and equipment

## a) Composition

| | | Parent Company | | | | Consolidated | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | June 30, 2021 | | | December 31, 2020 | June 30, 2021 | | | December 31, 2020 |
| | Annual average depreciation rate | Cost | Accumulated depreciation | Net value | Net value | Cost | Accumulated depreciation | Net value | Net value |
| Land | - | 12.603 | - | 12.603 | 12.603 | 13.485 | - | 13.485 | 13.485 |
| Buildings, constructions and improvements | 3% | 218.841 | (67.310) | 151.531 | 148.373 | 237.261 | (68.466) | 168.795 | 163.926 |
| Machinery and equipment | 15% | 723.904 | (400.435) | 323.469 | 284.521 | 727.865 | (401.510) | 326.355 | 287.697 |
| Furniture and fixtures | 10% | 9.750 | (9.059) | 691 | 789 | 14.274 | (9.579) | 4.695 | 2.462 |
| Computers | 20% | 30.761 | (25.019) | 5.742 | 6.638 | 31.623 | (25.534) | 6.089 | 6.961 |
| Other property, plant and equipment | 20% | 4.568 | (1.938) | 2.630 | 3.198 | 5.845 | (2.180) | 3.665 | 3.918 |
| Construction in progress | - | 25.010 | - | 25.010 | 66.695 | 30.579 | - | 30.579 | 74.427 |
| | | 1.025.437 | (503.761) | 521.676 | 522.817 | 1.060.932 | (507.269) | 553.663 | 552.876 |

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

Pursuant to Technical Interpretation ICPC 10 of the Accounting Pronouncements Committee, approved by CVM Resolution 619/09, effective beginning January 1, 2009, the Company revised and changed the economic useful life of its property, plant and equipment items in 2008, based on the Technical Report issued by the Company's engineers. Since then, the Company has carried out an annual review of the useful life of the assets, through which it concluded that there was no material impact on the economic useful life of property, plant and equipment in the first half of 2021.

## b) Changes in property, plant and equipment

| | Parent Company | | | | | |
|---|---|---|---|---|---|---|
| | December 31, 2020 | Additions | Transfers | Depreciation | Write-offs | June 30, 2021 |
| Land | 12.603 | - | - | - | - | 12.603 |
| Buildings and improvements | 148.373 | - | 6.842 | (3.684) | - | 151.531 |
| Machinery and equipment | 284.521 | - | 54.376 | (15.428) | - | 323.469 |
| Furniture and fixtures | 789 | - | - | (98) | - | 691 |
| Computers | 6.638 | - | 367 | (1.263) | - | 5.742 |
| Other property, plant and equipment | 3.198 | - | - | (568) | - | 2.630 |
| Construction in progress | 66.695 | 19.900 | (61.585) | - | - | 25.010 |
| | 522.817 | 19.900 | - | (21.041) | - | 521.676 |

All amounts in thousands of reais, unless otherwise stated.

| | Consolidated | | | | | |
|---|---|---|---|---|---|---|
| | December 31, 2020 | Additions | Transfers | Depreciation | Write-offs | June 30, 2021 |
| Land | 13.485 | - | - | - | - | 13.485 |
| Buildings and improvements | 163.926 | 384 | 11.628 | (5.523) | (1.620) | 168.795 |
| Machinery and equipment | 287.697 | - | 54.376 | (15.571) | (147) | 326.355 |
| Furniture and fixtures | 2.462 | 842 | 1.611 | (220) | - | 4.695 |
| Computers | 6.961 | 149 | 367 | (1.388) | - | 6.089 |
| Other property, plant and equipment | 3.918 | - | 489 | (742) | - | 3.665 |
| Construction in progress | 74.427 | 24.623 | (68.471) | - | - | 30.579 |
| | 552.876 | 25.998 | - | (23.444) | (1.767) | 553.663 |

In the first half of 2021, additions of fixed assets in Consolidated totaled R$ 25,998, with 50% going to the Tijucas plant, 15% to the company-owned stores, 8% to the Marechal Deodoro plant and the remainder to new businesses. At the Tijucas plant, 95% is for optimizing the industrial park for the production of products with higher added value and larger formats, and 5% for other commercial and logistics projects. At the Marechal Deodoro plant, most of the investments were destined to the structural adaptation of the industrial park.

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

| | Parent Company | | Consolidated | |
|---|---|---|---|---|
| | Accumulated | | | |
| | June 30, 2021 | June 30, 2020 | June 30, 2021 | June 30, 2020 |
| Cost of sales | 17.899 | 16.705 | 18.270 | 17.010 |
| Selling expenses | 2.350 | 1.941 | 4.375 | 4.224 |
| Administrative expenses | 792 | 874 | 799 | 999 |
| | 21.041 | 19.520 | 23.444 | 22.233 |

## 19. Intangible assets

### a) Breakdown

| | | Parent Company | | | | Consolidated | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | June 30, 2021 | | | December 31, 2020 | June 30, 2021 | | | December 31, 2020 |
| | Annual average amortization rate | Cost | Accumulated amortization | Net value | Net value | Cost | Accumulated amortization | Net value | Net value |
| Trademarks and patents | - | 150 | - | 150 | 150 | 150 | - | 150 | 150 |
| Software | 20% | 42.435 | (30.974) | 11.461 | 7.504 | 48.016 | (32.520) | 15.496 | 10.180 |
| Right to explore mineral resources | 20% | 1.000 | (1.000) | - | - | 4.073 | (3.688) | 385 | 446 |
| Commercial Fund (a) | 7% | - | - | - | - | 11.306 | - | 11.306 | 10.028 |
| Software under development | - | 4.710 | - | 4.710 | 5.403 | 6.383 | - | 6.383 | 7.669 |
| | | 48.295 | (31.974) | 16.321 | 13.057 | 69.928 | (36.208) | 33.720 | 28.473 |

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

All amounts in thousands of reais, unless otherwise stated.

## b) Changes in intangible assets

| | Parent Company | | | | | |
|---|---|---|---|---|---|---|
| | December 31, 2020 | Additions | Transfers | Amortizations | Write-offs | June 30, 2021 |
| Trademarks and patents | 150 | - | - | - | - | 150 |
| Software | 7.504 | - | 5.276 | (1.319) | - | 11.461 |
| Software under development | 5.403 | 4.583 | (5.276) | - | - | 4.710 |
| | 13.057 | 4.583 | - | (1.319) | - | 16.321 |

| | Consolidated | | | | | |
|---|---|---|---|---|---|---|
| | December 31, 2020 | Additions | Transfers | Amortizations | Write-offs | June 30, 2021 |
| Trademarks and patents | 150 | - | - | - | - | 150 |
| Software | 10.180 | 49 | 7.104 | (1.837) | - | 15.496 |
| Right to explore mineral resource | 446 | - | - | (61) | - | 385 |
| Commercial Fund | 10.028 | 1.620 | - | (342) | - | 11.306 |
| Software under development | 7.669 | 5.833 | (7.104) | - | (15) | 6.383 |
| | 28.473 | 7.502 | - | (2.240) | (15) | 33.720 |

In the first half of 2021, intangible assets added up to R$ 7,502, 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 | |
|---|---|---|---|---|
| | June 30, 2021 | June 30, 2020 | June 30, 2021 | June 30, 2020 |
| Cost of sales | 87 | 388 | 147 | 584 |
| Selling expenses | 774 | 678 | 1.590 | 1.301 |
| Administrative expenses | 458 | 526 | 503 | 567 |
| | 1.319 | 1.592 | 2.240 | 2.452 |

## c) Projected amortization of consolidated intangible assets:

| | 2021 | 2022 | 2023 | 2024 | 2025 to 2038 | Total |
|---|---|---|---|---|---|---|
| Software | 2.036 | 3.993 | 3.625 | 2.748 | 3.094 | 15.496 |
| Right to explore mineral resources | 34 | 68 | 68 | 68 | 147 | 385 |
| Commercial Fund | 562 | 1.124 | 1.124 | 1.124 | 7.372 | 11.306 |
| | 2.632 | 5.185 | 4.817 | 3.940 | 10.613 | 27.187 |

Trademarks and patents and software under development were not subject to amortization due to their indefinite useful lives. However, they are subject to impairment, as described in the significant accounting policies disclosed in this interim financial information.

All amounts in thousands of reais, unless otherwise stated.

## 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 June 30, 2021, the Company had 48 lease agreements for its commercial units. These assets are comprised of the rentals of own stores, distribution centers, cars for the Company's managers, land for warehousing, storage and blending of ores extracted from the mines, and equipment.

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

In the period, there was an adjustment of rental contracts for the properties of the own stores, distribution center, and the inclusion of lands for warehousing of extracted ores.

### a) Breakdown of lease assets

| | Parent Company | Consolidated |
|---|---|---|
| **December 31, 2020** | **18.977** | **71.391** |
| Remeasurement | - | 9 |
| Additions | 3.424 | 16.627 |
| Depreciation | (2.766) | (7.872) |
| **June 30, 2021** | **19.635** | **80.155** |

### b) Breakdown of lease liabilities

| | Parent Company | Consolidated |
|---|---|---|
| **December 31, 2020** | **20.473** | **73.182** |
| Remeasurement | - | (233) |
| Additions | 3.424 | 16.658 |
| Payments | (2.816) | (8.466) |
| Accrued interest in the period | 574 | 1.616 |
| **June 30, 2021** | **21.655** | **82.757** |
| Current liabilities | 6.899 | 17.075 |
| Non-current liabilities | 14.756 | 65.682 |

All amounts in thousands of reais, unless otherwise stated.

## 21. Trade payables and supplier credit assignment

| | Parent Company | | Consolidated | |
|---|---|---|---|---|
| | June 30, 2021 | December 31, 2020 | June 30, 2021 | December 31, 2020 |
| Domestic market | | | | |
| Reverse factoring (a) | 77.218 | 66.418 | 77.218 | 66.418 |
| Operation suppliers | 198.127 | 168.045 | 204.811 | 180.513 |
| Foreign market | 14.797 | 13.701 | 22.969 | 14.416 |
| Current | 290.142 | 248.164 | 304.998 | 261.347 |
| Domestic market (i) | 154.839 | 144.021 | 154.839 | 144.021 |
| Non-current | 154.839 | 144.021 | 154.839 | 144.021 |
| Total operation suppliers | 444.981 | 392.185 | 459.837 | 405.368 |
| Payables for investments (b) (ii) | | | | |
| Domestic market | 4.478 | 11.792 | 4.478 | 11.792 |
| Foreign market | 28.598 | 45.211 | 28.598 | 45.211 |
| Total investment suppliers | 33.076 | 57.003 | 33.076 | 57.003 |
| | 478.057 | 449.188 | 492.913 | 462.371 |

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

### a) Supplier credit assignment

The Company conducted supplier credit assignment transactions with top-tier financial institutions in the amount of R$ 77,218 at June 30, 2021, (R$ 66,418 at December 31, 2020), to offer to its partner suppliers more attractive credit facilities aiming at maintaining the business relationship. In this transaction, suppliers transfer the right to receive the amounts of the notes to the bank, which in turn, becomes creditor of the transaction. There was no change in the payment conditions and prices negotiated with suppliers in such transactions.

### b) Suppliers of property, plant and equipment and intangible assets

The Company has in the current liabilities the amount of R$ 11,887 in the parent company and in the consolidated (R$ 31,303 in the parent company and in the consolidated at December 31, 2020), referring to suppliers of property and equipment and intangible assets. Simultaneously, it has a balance of R$ 21,189 in the parent company and consolidated non-current liabilities, maturing between 2022 and 2025, related to property and equipment for modernization of plants (R$ 25,700 in the parent company and in the consolidated at December 31, 2020).

All amounts in thousands of reais, unless otherwise stated.

## 22. Borrowings and debentures

| | Currency | Maturity | Charges | | Parent Company June 30, 2021 | Parent Company December 31, 2020 | Consolidated June 30, 2021 | Consolidated December 31, 2020 |
|---|---|---|---|---|---|---|---|---|
| Current | | | | | | | | |
| Banco do Nordeste S.A (a) | R$ | dez-21 | 3,57% | p.a.¹ +IPCA | 58.851 | 32.786 | 58.851 | 32.786 |
| NCE (b) | R$ | dez-21 | 6,45% | p.a.¹ | 73.754 | 84.538 | 73.754 | 84.538 |
| NCE (b) | US$ | mar-22 | 3,10% | p.a.¹ +VC | 10.191 | 19.316 | 10.191 | 19.316 |
| PRODEC (c) | R$ | mar-22 | 3,51% | p.a.¹ +AVP | 6.692 | 5.813 | 6.692 | 5.813 |
| FINEP (d) | R$ | mai-21 | 8,15% | p.a.¹ | 334 | 5.683 | 334 | 5.683 |
| DEG (e) | US$ | out-21 | 4,97% | p.a.¹ +VC | 7.892 | 15.577 | 7.892 | 15.577 |
| FINAME (f) | R$ | ago-23 | 3,00% | p.a.¹ | 420 | 420 | 420 | 420 |
| DEBENTURES 2nd series (g) | R$ | jun-23 | 6,95% | p.a.¹ | 49.532 | 49.066 | 49.532 | 49.066 |
| ACC (h) | US$ | out-21 | 6,51% | p.a.¹ +VC | 16.193 | 10.709 | 16.193 | 10.709 |
| Total current | | | 5,57% | p.a. | 223.859 | 223.908 | 223.859 | 223.908 |
| Total domestic currency | | R$ | | | 189.583 | 178.306 | 189.583 | 178.306 |
| Total foreign currency | | US$ | | | 34.276 | 45.602 | 34.276 | 45.602 |
| Non-current | | | | | | | | |
| Banco do Nordeste S.A (a) | R$ | jun-27 | 3,57% | p.a.¹ +IPCA | 77.620 | 99.901 | 77.620 | 99.901 |
| NCE (b) | R$ | abr-24 | 6,45% | p.a.¹ | 107.559 | 115.927 | 107.559 | 115.927 |
| NCE (b) | R$ | mar-22 | 3,15% | p.a.¹ | - | 3.523 | - | 3.523 |
| PRODEC (c) | R$ | mar-25 | 3,51% | p.a.¹ +AVP | 12.433 | 12.478 | 12.433 | 12.478 |
| FINEP (d) | R$ | nov-30 | 8,15% | p.a.¹ | 122.282 | 122.282 | 122.282 | 122.282 |
| FINAME (f) | R$ | ago-23 | 3,00% | p.a.¹ | 346 | 555 | 346 | 555 |
| DEBENTURES 2nd series (g) | R$ | jun-23 | 6,95% | p.a.¹ | 99.461 | 149.192 | 99.461 | 149.192 |
| Total non-current | | | 6,50% | p.a. | 419.701 | 503.858 | 419.701 | 503.858 |
| Total domestic currency | | R$ | | | 419.701 | 500.335 | 419.701 | 500.335 |
| Total foreign currency | | US$ | | | - | 3.523 | - | 3.523 |
| Total | | | 6,18% | p.a. | 643.560 | 727.766 | 643.560 | 727.766 |
| Total domestic currency | | R$ | | | 609.284 | 678.641 | 609.284 | 678.641 |
| Total foreign currency | | US$ | | | 34.276 | 49.125 | 34.276 | 49.125 |

¹ Weighted average rate
VC - Foreign exchange variation

## a) Information on agreements

| Note | Institution/ Modality | Date of contract | Maturity | Term (months) | Grace period (months) | Amortization | Amount Raised | Releases (in thousands of R$) Amount | Date | Guarantees/Notes |
|---|---|---|---|---|---|---|---|---|---|---|
| a) | Banco do Nordeste | jun/13 | jun/25 | 133 | 24 | Monthly | R$ 105.646 | R$ 29.223 | ago/14 | Mortgage for real estate and machinery and equipment. Renegotiated in April/2020. |
| | | | | | | | | R$ 45.765 | jan/15 | |
| | | | | | | | | R$ 14.700 | set/15 | |
| | | | | | | | | R$ 4.713 | mar/16 | |
| | | | | | | | | R$ 2.418 | dez/16 | |
| | | | | | | | | R$ 8.827 | fev/19 | |
| | | | | | | | | *R$ 105.646* | *Total* | |
| | | jul/19 | jun/27 | 95 | 24 | Monthly | R$ 31.147 | R$ 7.246 | jul/19 | Mortgage for real estate and machinery and equipment in 2nd degree. Renegotiated in April/2020. |
| | | | | | | | | R$ 4.681 | fev/20 | |
| | | | | | | | | R$ 4.261 | set/20 | |
| | | | | | | | | *R$ 16.188* | *Total* | |
| | | set/19 | ago/22 | 12 | *2* | *Monthly* | R$ 23.500 | R$ 23.500 | set/19 | PBTech and CBC guarantee. Renegotiated in April/2020. |
| | | jun/20 | jul/23 | 37 | *13* | *Monthly* | R$ 35.000 | R$ 35.000 | jun/20 | Mortgage for real estate in 2nd degree. Renegotiated in April/2020. |
| | | jan/21 | jan/22 | 12 | 12 | * | R$ 16.000 | R$ 16.000 | fev/21 | PBTech and CBC guarantee. |
| b) | Export Credit (NCE) | nov/17 | nov/21 | 51 | 12 | Monthly | R$ 50.000 | R$ 50.000 | nov/17 | Receivables from Portobello S.A. of 30% of the outstanding balance of the contract) Covenants for the 4Q. Renegotiated in April/2020. |
| | | jun/18 | mar/22 | 36 | 12 | Quarter | R$ 24.000 | R$ 24.000 | jun/18 | Clean, Renegotiated in April/2020 |
| | | mar/19 | abr/24 | 61 | 24 | Annual | R$ 54.000 | R$ 54.000 | mar/19 | Receivables from Portobello S.A. of 20% of the outstanding balance of the contract, or short-term investment |
| | | mar/19 | mar/24 | 60 | 24 | Quarter | R$ 50.000 | R$ 50.000 | mar/19 | Receivables from Portobello S.A. of 20% of the outstanding balance of the contract |
| | | mar/19 | mar/24 | 60 | 24 | Quarter | R$ 10.000 | R$ 10.000 | mar/19 | Receivables from Portobello S.A. of 20% of the outstanding balance of the contract, or short-term investment |
| | | jul/19 | jul/23 | 48 | 12 | Monthly | R$ 20.000 | R$ 20.000 | jul/19 | Receivables from Portobello S.A. of 30% of the outstanding balance of the contract |
| | | jul/19 | jul/23 | 48 | 12 | Monthly | R$ 20.000 | R$ 20.000 | jul/19 | Receivables from Portobello S.A. of 30% of the outstanding balance of the contract |
| | | set/19 | set/22 | 36 | 12 | Quarter | R$ 30.000 | R$ 30.000 | set/19 | Receivables from Portobello S.A. of 20% of the outstanding balance of the contract |
| | | jul/20 | dez/21 | 18 | 18 | Semiannual | R$ 3.500 | R$ 3.500 | jul/20 | Without Guarantee |
| | | 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 |
| c) | Santa Catarina State Corporation Development Program (PRODEC) | ago/20 | ago/24 | 48 | * | * | R$ 437 | R$ 437 | ago/20 | Special Regime obtained in June/2009. Subject to Adjustment to Present Value (AVP). Monetary restatement of 4% p.a. UFIR variation. Rate: average working capital (5.24% p.a.). Deferred amount: 60% of the tax balance generated in the month. |
| | | set/20 | set/24 | 48 | * | * | R$ 1.318 | R$ 1.318 | set/20 | |
| | | out/20 | out/24 | 48 | * | * | R$ 1.779 | R$ 1.779 | out/20 | |
| | | nov/20 | nov/24 | 48 | * | * | R$ 1.194 | R$ 1.194 | nov/20 | |
| | | dez/20 | dez/24 | 48 | * | * | R$ 1.519 | R$ 1.519 | dez/20 | |
| | | jan/21 | jan/25 | 48 | * | * | R$ 401 | R$ 401 | jan/21 | |
| | | fev/21 | fev/25 | 48 | * | * | R$ 1 | R$ 1 | fev/21 | |
| | | mar/21 | mar/25 | 48 | * | * | R$ 473 | R$ 473 | mar/21 | |
| | | abr/21 | abr/25 | 48 | * | * | R$ 654 | R$ 654 | abr/21 | |
| | | jun/21 | jun/25 | 48 | * | * | R$ 539 | R$ 539 | jun/21 | |
| d) | FINEP | dez/19 | set/29 | 117 | 32 | Monthly | R$ 66.771 | R$ 25.008 | dez/19 | Bank guarantee. |
| | | | | | | | | R$ 33.000 | mar/20 | |
| | | | | | | | | *R$ 58.008* | *Total* | |
| | | nov/20 | nov/30 | 120 | 36 | Monthly | R$ 98.487 | R$ 64.274 | nov/20 | |
| e) | DEG | mai/14 | out/21 | 90 | 23 | Semiannual | US$ 18,000 | R$ 48.657 | jan/15 | Machinery and equipment and promissory notes. |
| f) | Finame | mai/13 | mai/23 | 120 | 25 | Monthly | R$ 39 | R$ 39 | mai/13 | Machinery and equipment. |
| | | mai/13 | abr/23 | 120 | 24 | Monthly | R$ 601 | R$ 601 | mai/13 | |
| | | jul/13 | jul/23 | 120 | 25 | Monthly | R$ 107 | R$ 107 | jul/13 | |
| | | jul/13 | ago/23 | 120 | 26 | Monthly | R$ 1.890 | R$ 1.890 | jul/13 | |
| | | jan/14 | jun/23 | 114 | 18 | Monthly | R$ 577 | R$ 577 | jan/14 | |
| g) | Debentures (3rd issue/1st series) | jun/18 | jun/23 | 60 | 48 | Semiannual | R$ 150.000 | R$ 150.000 | jun/18 | Issuance approved on June 15, 2018 by the Board of Directors of PBG S.A. Proceeds allocated to the redemption of 2nd issue. Real guarantee and additional fiduciary guarantee. This contract has covenants that have been met. |
| h) | ACC | out/20 | abr/22 | 12 | * | * | US$ 1,663 | R$ 9.253 | out/20 | PBShop guarantee agreement extended for 6 months |
| | | abr/21 | abr/22 | 12 | * | * | US$ 1,551 | R$ 8.805 | mai/21 | Receivables from Portobello S.A. of 20% of the outstanding balance of the contract |

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

The covenants were complied with at June 30, 2021.

Long-term borrowings mature as follows:

| | Parent Company | | Consolidated | |
|---|---|---|---|---|
| | June 30, 2021 | December 31, 2020 | June 30, 2021 | December 31, 2020 |
| 2021 | 82.263 | 223.908 | 82.263 | 223.908 |
| 2022 | 234.338 | 210.692 | 234.338 | 210.692 |
| 2023 | 138.430 | 128.277 | 138.430 | 128.277 |
| 2024 | 67.683 | 59.496 | 67.683 | 59.496 |
| 2025 | 38.579 | 27.814 | 38.579 | 27.814 |
| 2026 to 2030 | 82.267 | 77.579 | 82.267 | 77.579 |
| | 643.560 | 727.766 | 643.560 | 727.766 |

The carrying amounts and fair values of borrowings are stated in Brazilian Reais, broken down by currency:

All amounts in thousands of reais, unless otherwise stated.

| | Parent Company | | Consolidated | |
|---|---|---|---|---|
| | June 30, 2021 | December 31, 2020 | June 30, 2021 | December 31, 2020 |
| Reais | 609.284 | 678.641 | 609.284 | 678.641 |
| US Dollar | 34.276 | 49.125 | 34.276 | 49.125 |
| | 643.560 | 727.766 | 643.560 | 727.766 |

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

Changes in borrowings and debentures are as follows:

| | **Total debt** | |
|---|---|---|
| | Parent Company | Consolidated |
| Total debt at December 31, 2020 | 727.766 | 727.766 |
| Changes affecting cash flow | | |
| Proceeds from borrowings | 56.873 | 56.873 |
| Repayments of borrowings | (140.011) | (140.011) |
| Payment of interest | (19.439) | (19.439) |
| Changes not affecting cash flow | | |
| Foreign exchange variations | 19.405 | 19.405 |
| Accrued interest | (2.025) | (2.025) |
| Marked-to-market | (87) | (87) |
| Allocation of debenture costs | 1.078 | 1.078 |
| Total debt at June 30, 2021 | 643.560 | 643.560 |

## b) Debentures

The Company approved at the Extraordinary General Meeting held on June 15, 2018, according to the proposal of the Board of Directors, the 3rd issuance of simple, non-convertible debentures, with real guarantee and additional fiduciary guarantee, in two series, for public distribution with restricted placement efforts. The covenants for the 2nd quarter of 2021 were complied with.

| | June 30, 2021 | December 31, 2020 |
|---|---|---|
| Borrowing amount | | |
| Debentures 1st series | | 50.033 |
| Debentures 2nd series | 148.993 | 150.090 |
| Gross Balance | 148.993 | 200.123 |
| Borrowings cost | - | (1.866) |
| Net Balance | 148.993 | 198.257 |
| Current | 49.532 | 49.066 |
| Non-current | 99.461 | 149.192 |

All amounts in thousands of reais, unless otherwise stated.

| Issuance Characteristics | |
|---|---|
| Issue | 3rd |
| Fiduciary Agent | PLANNER TRUSTEE DTVM LTDA. |
| Settling bank | Banco Bradesco S/A |
| Lead Coordinator | Banco Itaú BBA S/A |
| Issue Rating | No |
| Trading | CETIP |
| Serial Number | 2 |
| Issue Volume R$ | 300.000.000,00 |
| Total Debentures | 300.000 |
| Par Value R$ | 1.000,00 |

| Serial operation breakdown | |
|---|---|
| Series | 2nd |
| Registration with CVM No. | 476/09 |
| Asset Code | PTBL23 |
| Issue date | 27/06/2018 |
| Maturity date | 27/06/2023 |
| Volume R$ | 150.000.000,00 |
| Total Debentures | 150.000 |
| Par Value R$ | 1.000,00 |
| Form | Book-entry |
| Type | Real guarantee and additional fiduciary guarantee |
| Convertibility | Not convertible into shares issued by the Issuer |
| Monetary adjustment | There will be no monetary adjustment of the Nominal Value |
| Remuneration | DI Rate + 2.75% p.a. (252-day base year) |
| Payment Remuneration | Semiannual, with first remuneration date on |
| Amortization | Initial nominal value |
| Corporate acts: | EGM at 06/15/2018 |
| Covenants | Division: Net Debt / EBITDA < 3.00 times for two periods |

## 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 forty (40) installments remaining to be paid.

Tax installments will be paid as follows:

All amounts in thousands of reais, unless otherwise stated.

| | Parent company | | Consolidated | |
|---|---|---|---|---|
| Maturity July 1 | June 30, 2021 | December 31, 2020 | June 30, 2021 | December 31, 2020 |
| 2021 | 5.774 | 11.523 | 5.774 | 11.601 |
| 2022 | 11.590 | 12.108 | 11.590 | 12.186 |
| 2023 | 12.179 | 12.723 | 12.179 | 12.801 |
| 2024 | 9.546 | 7.352 | 9.546 | 7.419 |
| | 39.089 | 43.706 | 39.089 | 44.007 |
| Current | 12.168 | 9.290 | 12.168 | 9.354 |
| Non-current | 26.921 | 34.416 | 26.921 | 34.653 |

## 24. Taxes, fees and contributions

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

| | Parent Company | | Consolidated | |
|---|---|---|---|---|
| | June 30, 2021 | December 31, 2020 | June 30, 2021 | December 31, 2020 |
| ICMS | 9.602 | 14.453 | 10.119 | 14.746 |
| IRRF | 3.288 | 3.317 | 4.112 | 4.046 |
| PIS/COFINS | 764 | 1.513 | 2.116 | 2.308 |
| Other | 323 | 209 | 503 | 343 |
| | 13.977 | 19.492 | 16.850 | 21.443 |

## 25. Other payables – Current liabilities

At June 30, 2021, the Company recorded in the consolidated the amount of R$ 31,918 (R$ 20,939 as at December 31, 2020) in other accounts payable in current liabilities. The main accounts that make up this balance are provisions and commissions payable, provision for payment of consigned suppliers, pension plan, provision for freight and transportation expenses and gain or loss on derivative operations.

## 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.

All amounts in thousands of reais, unless otherwise stated.

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 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.

## 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 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:

| | Parent Company | | Consolidated | |
|---|---|---|---|---|
| Amount accrued | June 30, 2021 | December 31, 2020 | June 30, 2021 | December 31, 2020 |
| Civil | 19.041 | 25.072 | 28.744 | 25.072 |
| Labor | 8.177 | 9.013 | 9.134 | 9.013 |
| Social security | 4.511 | 4.511 | 4.511 | 4.511 |
| Tax | 24.351 | 24.946 | 24.351 | 24.977 |
| | 56.080 | 63.542 | 66.740 | 63.573 |

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

| | Parent Company | | | | |
|---|---|---|---|---|---|
| | Civil | Labor | Social Security | Tax | Total |
| At December 31, 2020 | 25.072 | 9.013 | 4.511 | 24.946 | 63.542 |
| Charged (credited) to the statement of income: | (5.638) | 569 | - | 92 | (4.977) |
| Additional provisions | 2.995 | 2.286 | - | 56 | 5.337 |
| Reversal - not used | (1.107) | (607) | - | - | (1.714) |
| Monetary adjustment (Reversal) | 2.147 | (153) | - | 36 | 2.030 |
| Transfers* | (9.673) | (957) | - | - | (10.630) |
| Reversal due to realization | (393) | (1.405) | - | (687) | (2.485) |
| At June 30, 2021 | 19.041 | 8.177 | 4.511 | 24.351 | 56.080 |

* Transfer of the balance of provisions from the Parent Company to subsidiaries PBTech, PBShop, CBC and Mineração.

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: | 4.065 | 1.526 | - | 92 | 5.683 |
| Additional provisions | 3.025 | 2.286 | - | 56 | 5.367 |
| Reversal - not used | (1.107) | (607) | - | - | (1.714) |
| Monetary adjustment (Reversal) | 2.147 | (153) | - | 36 | 2.030 |
| Reversal due to realization | (393) | (1.405) | - | (718) | (2.516) |
| At June 30, 2021 | 28.744 | 9.134 | 4.511 | 24.351 | 66.740 |

## Civil

The Company and its subsidiaries are defendants in 464 civil lawsuits (555 lawsuits at December 31, 2020), before the Common Courts and Special Civil Courts. The majority of lawsuits is filed by customers and claim indemnity for alleged pain and suffering and damage to property. When applicable, escrow deposits were made (note 11).

## Labor

The Company and its subsidiaries are defendants in 231 labor claims (249 claims at December 31, 2020), filed by former employees and third parties. The other lawsuits refer to payment of severance amounts, additional amounts, overtime, equal pay and indemnity for pain and suffering and damage to property arising from work accident/ occupational illness. Provisions are revised by Management according to its legal advisors. Some lawsuits are supported by escrow deposits.

## Social security

Based on the low expectation of success in administrative and judicial actions involving corporate awards, the Company recognized in the first quarter of 2018 the provision for these debts, in the total amount of R$ 4,511, which still depend on a court decision, in the Fiscal Execution phase, or in some cases, an administrative decision with the Brazilian Federal Revenue Service.

## Tax

### a) Tax on legal asset - Plaintiff

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

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

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

### b) Tax assessment notice No 10340.720236/2021-00

On March 15, 2021, the Company was notified of the issuance of the tax assessment notice for the tax credit entry in the amount of R$ 6,421, which originated administrative proceeding No. 10340.720236 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.

All amounts in thousands of reais, unless otherwise stated.

For the aforementioned tax assessment notice, the Company set up a provision of R$ 620 in March 2021, the remainder being considered as a remote loss.

## 28. Lawsuits assessed as possible and remote losses

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 | |
|---|---|---|---|---|
| | June 30, 2021 | December 31, 2020 | June 30, 2021 | December 31, 2020 |
| Civil | 4.392 | 3.786 | 4.421 | 3.786 |
| Labor | 9.264 | 11.956 | 9.311 | 11.956 |
| Social security | 10.432 | 10.985 | 10.432 | 10.985 |
| | 24.088 | 26.727 | 24.164 | 26.727 |

### a) Lawsuit assessed as remote loss relating to Administrative Proceeding No. 10983-721.445/2014-78, No. 11516-720.299/2016-02 and No. 11516-720.300/2016-91

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

All amounts in thousands of reais, unless otherwise stated.

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

## 29. Equity

### 29.1 Capital

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

At June 30, 2021, there were 65,504,958 outstanding shares, corresponding to 44.40% of the total shares issued (72,576,171 at December 31, 2020, corresponding to 45.8% of the total). The balance of outstanding shares comprises all securities available for trading in the market, other than those held by controlling shareholders, members of the Board of Directors, Supervisory Board, Managers and treasury shares.

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

| Period | Operation of treasury shares | Common 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 |
| June 30, 2021 | Closing Balance | 147.529.703 | 71.200 | 147.458.503 |

### 29.2 Treasury shares

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

All amounts in thousands of reais, unless otherwise stated.

On June 14, 2021, the Board of Directors approved a new Buyback program of up to 6,542,817 shares, which corresponds to 4.4% of the shares issued and 10% of the outstanding shares (“free float”), effective until June 14, 2022. Until June 30, 2021, the Company has purchased 71,200 common shares, which remain in treasury.

### 29.3 Earnings reserve

At June 30, 2021, the balance of the legal reserve amounts to R$ 32,207 (R$ 32,207 at December 31, 2020) as provided for in Article 193 of the Brazilian Corporation Law (Law 6,404/76).

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

Until June 30, 20201, the Company recognized the Tax Incentive Reserve in the amount of R$ 11,733 (R$ 5,618 in 2020) related to government grants for ICMS tax incentives related to Prodesin (Alagoas State Integrated Development Program) and the Differentiated Tax Treatment of Santa Catarina (TTD) and Simplified Taxation System.

### 29.4 Carrying valuation adjustments

| | Carrying value adjustments | | | |
|---|---|---|---|---|
| Parent Company and Consolidated | Deemed cost | Cumulative translation adjustment | Other comprehensive income | Total |
| At December 31, 2020 | 32.323 | (68.353) | (14.095) | (50.125) |
| Realization of revaluation reserve | (592) | - | - | (592) |
| Exchange variation of subsidiary located abroad | - | (860) | - | (860) |
| Other comprehensive income | - | - | 23 | 23 |
| At June 30, 2021 | 31.731 | (69.213) | (14.072) | (51.554) |

### a) Deemed cost

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

### b) Cumulative translation adjustment

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 June 30, 2021, the foreign exchange variation amounted to R$ (806) according to note 17 (a).

## 30. Revenue

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

All amounts in thousands of reais, unless otherwise stated.

| | Parent Company | | | | Consolidated | | | |
|---|---|---|---|---|---|---|---|---|
| | Quarter ended June 30, 2021 | Quarter ended June 30, 2020 | Accumulated at June 30, 2021 | Accumulated at June 30, 2020 | Quarter ended June 30, 2021 | Quarter ended June 30, 2020 | Accumulated at June 30, 2021 | Accumulated at June 30, 2020 |
| Gross sales revenue | 490.241 | 272.655 | 932.162 | 576.016 | 581.034 | 303.719 | 1.102.777 | 646.727 |
| Deductions from gross revenue | (105.236) | (56.781) | (199.843) | (120.580) | (116.773) | (61.976) | (222.123) | (130.804) |
| Taxes on sales | (98.671) | (51.854) | (186.274) | (105.399) | (107.169) | (56.392) | (202.395) | (113.640) |
| Returns | (6.565) | (4.927) | (13.569) | (15.181) | (9.604) | (5.584) | (19.728) | (17.164) |
| Net sales revenue | 385.005 | 215.874 | 732.319 | 455.436 | 464.261 | 241.743 | 880.654 | 515.923 |

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

| | Parent Company | | | | Consolidated | | | |
|---|---|---|---|---|---|---|---|---|
| | Quarter ended June 30, 2021 | Quarter ended June 30, 2020 | Accumulated at June 30, 2021 | Accumulated at June 30, 2020 | Quarter ended June 30, 2021 | Quarter ended June 30, 2020 | Accumulated at June 30, 2021 | Accumulated at June 30, 2020 |
| Sale of own products | 364.107 | 201.959 | 690.200 | 430.458 | 415.642 | 215.664 | 809.967 | 476.396 |
| Sale of third-party products | 20.898 | 13.915 | 42.119 | 24.978 | 23.678 | 13.448 | 45.745 | 26.896 |
| Royalties | - | - | - | - | 24.942 | 12.631 | 24.942 | 12.631 |
| Net operating revenue | 385.005 | 215.874 | 732.319 | 455.436 | 464.261 | 241.743 | 880.654 | 515.923 |

## 31. Expenses by nature

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

| | Parent Company | | | | Consolidated | | | |
|---|---|---|---|---|---|---|---|---|
| | Quarter ended June 30, 2021 | Quarter ended June 30, 2020 | Accumulated at June 30, 2021 | Accumulated at June 30, 2020 | Quarter ended June 30, 2021 | Quarter ended June 30, 2020 | Accumulated at June 30, 2021 | Accumulated at June 30, 2020 |
| **Costs and expenses** | | | | | | | | |
| Cost of sales and/or services | (254.025) | (159.307) | (479.091) | (332.833) | (273.848) | (159.391) | (511.757) | (338.421) |
| Other costs (b) | - | (26.714) | - | (26.714) | - | (26.714) | - | (26.714) |
| Selling expenses | (66.028) | (46.481) | (128.745) | (97.903) | (101.558) | (70.125) | (193.238) | (144.754) |
| General and administrative | (15.248) | (9.899) | (28.496) | (20.336) | (15.620) | (10.211) | (29.149) | (20.926) |
| | (335.301) | (242.401) | (636.332) | (477.786) | (391.026) | (266.441) | (734.144) | (530.815) |
| **Breakdown of expenses by nature** | | | | | | | | |
| Direct production cost (raw materials and inputs) | 154.736 | 63.774 | 301.054 | 182.335 | 152.240 | 62.955 | 296.205 | 186.007 |
| Salaries, charges and employee benefits | 81.024 | 51.397 | 152.242 | 113.770 | 95.939 | 62.473 | 179.989 | 135.863 |
| Third-party labor and services | 19.125 | 11.022 | 34.699 | 23.511 | 22.040 | 12.067 | 39.435 | 25.604 |
| General production expenses (including maintenance) | 18.641 | 13.144 | 33.123 | 26.127 | 18.888 | 13.247 | 33.497 | 26.385 |
| Cost of goods resold | 15.728 | 11.114 | 31.177 | 20.067 | 36.343 | 10.605 | 64.970 | 18.938 |
| Amortization and depreciation | 12.454 | 11.165 | 24.627 | 22.671 | 15.912 | 14.005 | 31.482 | 28.362 |
| Other selling expenses | 2.987 | 3.864 | 6.103 | 8.183 | 11.096 | 9.268 | 21.232 | 18.920 |
| Sales commissions | 9.558 | 5.214 | 18.326 | 13.305 | 12.323 | 6.358 | 23.400 | 15.664 |
| Marketing and publicity | 9.429 | 7.436 | 21.239 | 12.669 | 12.494 | 9.456 | 26.176 | 15.835 |
| Transportation of goods sold | 5.059 | 3.027 | 8.639 | 6.799 | 5.059 | 3.027 | 8.639 | 6.799 |
| Lease expenses | 4.796 | 4.602 | 9.362 | 9.085 | 6.722 | 6.243 | 12.917 | 11.997 |
| Other administrative expenses | 1.604 | 1.375 | 3.499 | 2.854 | 1.694 | 1.450 | 3.686 | 4.014 |
| Changes in inventories of finished products and work in progress (a) | 160 | 55.267 | (7.758) | 36.410 | 276 | 55.287 | (7.484) | 36.427 |
| Total | 335.301 | 242.401 | 636.332 | 477.786 | 391.026 | 266.441 | 734.144 | 530.815 |

a) Changes in inventories of finished products and w ork in process is the difference betw een the cost of the product manufactured and the cost of the product sold, representing the sales of items manufactured in previous years,

b) Amounts resulting from the idleness of the Tijucas and Marechal Deodoro industrial facilities.

All amounts in thousands of reais, unless otherwise stated.

## 32. Other operating income and expenses, net

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

| | Parent Company | | | | Consolidated | | | |
|---|---|---|---|---|---|---|---|---|
| | Quarter ended June 30, 2021 | Quarter ended June 30, 2020 | Accumulated at June 30, 2021 | Accumulated at June 30, 2020 | Quarter ended June 30, 2021 | Quarter ended June 30, 2020 | Accumulated at June 30, 2021 | Accumulated at June 30, 2020 |
| Other operating income | | | | | | | | |
| Revenue from services | 203 | 207 | 345 | 342 | 203 | 207 | 345 | 342 |
| Legal asset - rural credit notes | - | - | - | - | - | - | - | 13.160 |
| IPI premium credit - Challenged Portion - Plaintiff (a) | - | - | - | 83.075 | - | - | - | 83.075 |
| Reversal of provisions for civil, labor, social security and tax issues (b) | 8.192 | 16.188 | 8.192 | 16.188 | 8.192 | 16.188 | 8.192 | 16.188 |
| Other revenue | 3.140 | 1.381 | 1.859 | (43) | 3.901 | 1.445 | 2.621 | 4 |
| Other revenue | 11.535 | 17.776 | 10.396 | 99.562 | 12.296 | 17.840 | 11.158 | 112.769 |
| Other operating expenses | | | | | | | | |
| Provisions for civil, labor, social security and tax issues (b) | (2.076) | (402) | (4.572) | (3.333) | (11.941) | (402) | (14.437) | (3.333) |
| IPI premium credit - Challenged Portion - Plaintiff (a) | - | (2.009) | - | (80.568) | - | (2.009) | - | (80.568) |
| Profit sharing | (5.147) | - | (8.958) | - | (5.818) | - | (9.630) | - |
| Taxes on other revenues | (113) | (41) | (203) | (100) | (132) | (47) | (259) | (100) |
| Provision for attorney's fees - rural credit notes | - | - | - | - | - | - | - | (1.327) |
| Other expenses | (652) | (51) | (983) | (73) | (1.110) | (97) | (1.544) | (283) |
| Total | (7.988) | (2.503) | (14.717) | (84.074) | (19.001) | (2.555) | (25.870) | (85.611) |
| Total - net | 3.547 | 15.273 | (4.321) | 15.488 | (6.705) | 15.285 | (14.712) | 27.158 |

(a) Recognition of the amount receivable regarding the IPI premium credit - Plaintiff law suit (Note 15.a)
(b) revenue in the quarter in the parent company corresponding to the reclassification of processes to subsidiaries.

## 33. Finance income (costs)

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

| | Parent Company | | | | Consolidated | | | |
|---|---|---|---|---|---|---|---|---|
| | Quarter ended June 30, 2021 | Quarter ended June 30, 2020 | Accumulated at June 30, 2021 | Accumulated at June 30, 2020 | Quarter ended June 30, 2021 | Quarter ended June 30, 2020 | Accumulated at June 30, 2021 | Accumulated at June 30, 2020 |
| Finance income | | | | | | | | |
| Interest | 874 | 2.018 | 1.807 | 4.944 | 1.400 | 2.091 | 2.558 | 5.121 |
| Asset adjustment | 312 | 858 | 556 | 1.902 | 312 | 858 | 556 | 4.725 |
| Gain on swap transactions (a) | - | 3.623 | 1.576 | 6.644 | - | 3.623 | 1.576 | 6.644 |
| Other | 4 | 104 | 17 | 107 | 121 | 1.750 | 236 | 471 |
| Total | 1.190 | 6.603 | 3.956 | 13.597 | 1.834 | 8.322 | 4.926 | 16.961 |
| Finance costs | | | | | | | | |
| Interest | (9.802) | (6.267) | (16.732) | (13.295) | (10.334) | (6.739) | (17.801) | (12.422) |
| Finance charges on taxes | (149) | (115) | (418) | (422) | (154) | (125) | (429) | (159) |
| Adjustment of provision for contingencies | 433 | (1.476) | (1.115) | (3.082) | 433 | (1.477) | (1.115) | (3.083) |
| Commissions and service fees | (1.989) | (2.808) | (3.889) | (5.109) | (3.400) | (3.556) | (5.989) | (6.243) |
| Bank expenses/Negative goodwill (b) | (3.214) | (31) | (3.265) | (76) | (3.224) | (33) | (3.285) | (87) |
| Gain (loss) on swap transactions (a) | (1.932) | (39) | (2.191) | (2.099) | (1.932) | (39) | (2.191) | (2.100) |
| Interest on debentures | (3.195) | (4.322) | (5.874) | (9.652) | (3.195) | (4.322) | (5.874) | (9.665) |
| Discounts granted | 67 | (399) | (395) | 1.409 | (45) | (410) | (509) | (957) |
| Other | (61) | (111) | (97) | (269) | (866) | (170) | (913) | (319) |
| Total | (19.842) | (15.568) | (33.976) | (32.595) | (22.717) | (16.871) | (38.106) | (35.035) |
| Foreign exchange variations, net | | | | | | | | |
| Trade receivables and trade payables | (6.200) | 8.435 | (2.519) | 49.667 | (6.180) | 8.426 | (2.505) | 49.658 |
| Borrowings | 2.554 | (2.214) | (315) | (23.201) | 2.554 | (2.213) | (315) | (23.219) |
| Total | (3.646) | 6.221 | (2.834) | 26.466 | (3.626) | 6.213 | (2.820) | 26.439 |
| Total - net | (22.298) | (2.744) | (32.854) | 7.468 | (24.509) | (2.336) | (36.000) | 8.365 |

(a) Note 7
(b) Negative goodwill referring to th receipt of the Precatório by BTG Bank - (Plaintiff law suit) - Note 15.c

All amounts in thousands of reais, unless otherwise stated.

## 34. Earnings (loss) per share

### a) Basic

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

The table below establishes the calculation of earnings (loss) per share at June 30, 2021 and 2020:

| | Parent Company and Consolidated | |
|---|---|---|
| | June 30, 2021 | June 30, 2020 |
| Profit (loss) attributable to the owners of the Company | 80.579 | 72.753 |
| Weighted average number of common shares (a) | 152.252 | 155.649 |
| Basic earnings (loss) per share | 0,52925 | 0,46742 |

a) Balance composed of common shares minus treasury share.

### b) Diluted

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

## 35. Dividends

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

On April 27, 2021, the Ordinary General Meeting approved the payment of mandatory and additional dividends in the total amount of R$ 43,616, of which R$ 26,217 was dividends and R$ 16,996 was interest on equity, net of income tax. The amounts per share are R$ 0.1804 and R$ 0.1152 of dividends and interest on equity, respectively. The earnings were paid on May 13, 2021. In January 2021, dividends were prepaid in the amount of R$ 0.1118 per share, totaling R$ 17,279, as approved by the Board of Directors' Meeting held on January 20, 2021.

The total amount of earnings paid was R$ 60,894 in 2020.

## 36. Segment reporting

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

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

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

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 in the 2nd quarter:

| | At June 30, 2021 | | | At June 30, 2020 Restated | | |
|---|---|---|---|---|---|---|
| Continuing operations | Brazil | Other countries | Total | Brazil | Other countries | Total |
| Revenue | 365.305 | 98.956 | 464.261 | 192.968 | 48.775 | 241.743 |
| Cost of sales | (206.530) | (67.318) | (273.848) | (131.375) | (28.016) | (159.391) |
| Other costs | - | - | - | (26.714) | - | (26.714) |
| Gross profit | 158.775 | 31.638 | 190.413 | 34.879 | 20.759 | 55.638 |

The company exports to 53 countries in the external market.

b) Segment reporting in the 1st half:

| | At June 30, 2021 | | | At June 30, 2020 Restated | | |
|---|---|---|---|---|---|---|
| Continuing operations | Brazil | Other countries | Total | Brazil | Other countries | Total |
| Revenue | 693.526 | 187.128 | 880.654 | 408.105 | 107.818 | 515.923 |
| Cost of sales | (391.375) | (120.382) | (511.757) | (268.912) | (69.458) | (338.421) |
| Other costs | - | - | - | (26.714) | - | (26.714) |
| Gross profit | 302.151 | 66.746 | 368.897 | 112.479 | 38.360 | 150.788 |

c) Segment reporting in the 2nd quarter:

| | At June 30, 2020 | | | | | |
|---|---|---|---|---|---|---|
| Continuing operations | Total | *Eliminations | Portobello | Pointer | Portobello Shop | PBA |
| Net revenue | 241.743 | (8.060) | 126.133 | 26.355 | 70.337 | 26.978 |
| Cost of sales | (159.391) | 10.766 | (83.781) | (20.023) | (45.352) | (21.001) |
| Other costs | (26.714) | - | (19.258) | (7.456) | | |
| Gross profit | 55.638 | 2.706 | 23.094 | (1.124) | 24.985 | 5.977 |

| | At June 30, 2021 | | | | | |
|---|---|---|---|---|---|---|
| Continuing operations | Total | *Eliminations | Portobello | Pointer | Portobello Shop | PBA |
| Net revenue | 464.261 | (12.845) | 225.857 | 66.236 | 147.216 | 37.798 |
| Cost of sales | (273.848) | 10.690 | (130.679) | (40.800) | (81.953) | (31.106) |
| Gross profit | 190.413 | (2.155) | 95.176 | 25.436 | 65.263 | 6.692 |

*Eliminations between businesses

All amounts in thousands of reais, unless otherwise stated.

d) Segment reporting in the 1st half:

| | At June 30, 2020 | | | | | |
|---|---|---|---|---|---|---|
| Continuing operations | Total | *Eliminations | Portobello | Pointer | Portobello Shop | PBA |
| Net revenue | 515.923 | (16.789) | 270.809 | 57.285 | 153.140 | 51.477 |
| Cost of sales | (338.421) | 20.124 | (175.678) | (44.873) | (96.723) | (41.270) |
| Other costs | (26.714) | - | (19.258) | (7.456) | - | - |
| Gross profit | 150.788 | 3.335 | 75.873 | 4.956 | 56.417 | 10.207 |

| | At June 30, 2021 | | | | | |
|---|---|---|---|---|---|---|
| Continuing operations | Total | *Eliminations | Portobello | Pointer | Portobello Shop | PBA |
| Net revenue | 880.654 | (26.836) | 430.412 | 128.596 | 271.632 | 76.850 |
| Cost of sales | (511.757) | 24.082 | (247.106) | (78.388) | (151.012) | (59.333) |
| Gross profit | 368.897 | (2.754) | 183.306 | 50.208 | 120.620 | 17.517 |

*Eliminations between businesses

## 37. Commitments

### a) Commitments for acquisition of assets

At June 30, 2021, expenses recorded but not yet incurred relating to property, plant and equipment total R$ 9,810. Such expenses correspond to the modernization of manufacturing equipment, according to the Company's investment plan.

## 38. Insurance coverage

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

| Insurance Policy | Maximum Indemnity Limit | Maturity |
|---|---|---|
| International transport - Pointer imports | USD 12,000 | 31/12/2021 |
| Legal protection insurance | 28.000 | 18/06/2025 |
| Directors and Officers Liability Insurance (D&O) | 10.000 | 27/08/2021 |
| Garantia na modalidade judicial | 315 | 10/05/2022 |
| Garantia na modalidade judicial | 10.603 | 10/05/2022 |
| PBG Property Insurance (Tijucas/Pointer/DCs) - single ma› | 1.407 | 13/06/2022 |
| Vehicle fleet | 66 (vehicles) | 14/11/2021 |
| Guarantee Bond Contract Engie | 7.408 | 31/12/2021 |
| Group life insurance and funeral assistance | 450.538 | 01/03/2022 |
| Legal protection insurance | 1.407 | 24/04/2023 |
| Legal protection insurance | 3.899 | 26/04/2024 |
| Legal protection insurance | 129 | 26/04/2024 |
| Legal protection insurance | 417 | 26/04/2024 |
| International transport - Portobello imports | USD 9,000 | 31/12/2021 |
| Property Insurance - Own Stores | 49.782 | 25/05/2022 |
| Property Insurance - Pointer (Alagoas Building) | 61.000 | 13/06/2022 |
| General civil liability insurance (Tijucas/Pointer) | 6.520 | 14/04/2022 |
| Legal protection insurance | 132 | 03/03/2023 |
| Legal protection insurance | 1.534 | 13/05/2024 |
| Legal protection insurance | 261 | 26/01/2026 |
| Legal protection insurance | 55.170 | 03/05/2026 |

All amounts in thousands of reais, unless otherwise stated.

## 39. Related entities and parties

The purchase and sale of products, raw materials and services, as well as borrowings and funding transactions between the Parent Company and subsidiaries were carried out as follows.

| Nature - Assets and liabilities balance | Company | Parent Company June 30, 2021 | Parent Company December 31, 2020 |
|---|---|---|---|
| **Subsidiaries** | | | |
| Dividends receivable | Portobello Shop S.A. | 3.385 | 53.023 |
| Trade receivables, net of advances | Portobello Shop S.A. | 733 | 805 |
| Trade receivables, net of advances | Portobello América, Inc. | 73.737 | 45.309 |
| Trade receivables | Cia Brasileira de Cerâmica | 271 | 227 |
| Trade receivables | PBTech Com. Sern. Cer. Ltda. | 10.633 | 8.232 |
| Advances from customers | PBTech Com. Sern. Cer. Ltda. | (1.048) | (2.581) |
| Trade payable, net of advances | Cia Brasileira de Cerâmica | - | (19) |
| Trade payable, net of advances | Mineração Portobello Ltda. | (1.227) | (1.467) |
| Assets net of liabilities with subsidiaries | | 86.484 | 103.529 |
| **Related parties** | | | |
| Payables to related parties | Refinadora Catarinense S.A. | (56.330) | (56.330) |
| Trade receivables, net of advances | Solução Cerâmica Com. Ltda. | 1.149 | 378 |
| Trade receivables, net of advances | Flooring Revest. Cer. Ltda. | 540 | - |
| Trade receivables, net of advances | Multilog Sul Armazéns S/A | 7 | 6 |
| Trade payables | Multilog Sul Armazéns S/A | (1.612) | - |
| Trade payables | Flooring Revest. Cer. Ltda. | (5.113) | (6.575) |
| Trade payables | AB Parking | (28) | (13) |
| Trade payables | Neoway Tecnologia | (74) | (106) |
| Net assets of liabilities with other related parties | | (61.461) | (62.640) |

| Nature - profit or loss | Company | Accumulated at June 30, 2021 | Accumulated at June 30, 2020 |
|---|---|---|---|
| **Revenues** | | | |
| **Subsidiaries** | | | |
| Sale of products | PBTech Com. Sern. Cer. Ltda. | 22.240 | 9.935 |
| Sale of products | Cia Brasileira de Cerâmica | 154 | 165 |
| Sale of products | Portobello América, Inc. | 18.731 | 1.424 |
| **Related parties** | | | |
| Sale of products | Solução Cerâmica Com. Ltda. | 7.485 | 4.882 |
| Sale of products | Flooring Revest. Cer. Ltda. | 2.575 | 2.232 |
| **Expenses** | | | |
| **Subsidiaries** | | | |
| Acquisition of inputs | Mineração Portobello Ltda. | (2.615) | (2.552) |
| **Related parties** | | | |
| Rental | Gomes Part Societárias Ltda. | (186) | 126 |
| Freight service | Multilog Sul Armazéns S/A | (1.032) | (1.359) |
| Cutting service | Flooring Revest. Cer. Ltda. | (2.289) | (3.269) |
| Software service | Neoway Tecnologia | (122) | - |
| Marketing | Decorado Marketplace Ltda. | - | - |
| Parking service | AB Parking | (78) | - |
| | | 44.863 | 11.584 |

All amounts in thousands of reais, unless otherwise stated.

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 two related parties. One Company's subsidiary and two related entities comprise the franchise network. The transactions are as follows:

| Transactions with subsidiaries and related entities | Nature | June 30, 2021 | December 31, 2020 | Nature | Quarter ended June 30, 2021 | Quarter ended June 30, 2020 | Accumulated at June 30, 2021 | Accumulated at June 30, 2020 |
|---|---|---|---|---|---|---|---|---|
| | Equity | | | Profit or loss | | | | |
| Solução Cerâmica Com. Ltda. | Trade receivables, net of advances | 1.093 | 607 | Royalties | 2.088 | 978 | 4.371 | 2.484 |
| Flooring Revest. Cer. Ltda. | Trade receivables, net of advances | 599 | 198 | Royalties | 1.129 | 605 | 1.929 | 731 |
| | | 1.692 | 805 | | 3.217 | 1.583 | 6.300 | 3.215 |

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 June 30, 2021, are as follows:

| | Parent Company | | | | Consolidated | | | |
|---|---|---|---|---|---|---|---|---|
| | Quarter ended June 30, 2021 | Quarter ended June 30, 2020 | Accumulated at June 30, 2021 | Accumulated at June 30, 2020 | Quarter ended June 30, 2021 | Quarter ended June 30, 2020 | Accumulated at June 30, 2021 | Accumulated at June 30, 2020 |
| Fixed compensation | | | | | | | | |
| Salaries | 3.986 | 3.050 | 7.551 | 6.262 | 4.403 | 3.477 | 8.361 | 7.081 |
| Fees | 2.018 | 1.624 | 3.840 | 3.135 | 2.018 | 1.624 | 3.840 | 3.135 |
| Variable compensation | 827 | 240 | 1.550 | 646 | 909 | 308 | 1.707 | 783 |
| Pension Plan | 281 | 138 | 543 | 345 | 294 | 144 | 568 | 357 |
| Other | 561 | 111 | 1.061 | 223 | 613 | 155 | 1.160 | 311 |
| | 7.673 | 5.163 | 14.545 | 10.611 | 8.237 | 5.708 | 15.636 | 11.667 |

(A free translation of the original in Portuguese)

# PBG S.A.

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

(A free translation of the original in Portuguese)

# Report on review of quarterly information

To the Board of Directors and Shareholders
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 June 30, 2021, comprising the balance sheet at that date and the statements of income and comprehensive income for the quarter and six-month period then ended, and the statements of changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory information.

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

## Scope of review

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

## Conclusion on the interim information

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



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PBG S.A.

## Other matters

### Statements of value added

The quarterly information referred to above includes the parent company and consolidated statements of value added for the six-month period ended June 30, 2021. These statements are the responsibility of the Company's management and are presented as supplementary information under IAS 34. These statements have been subjected to review procedures performed together with the review of the interim accounting information for the purpose of concluding whether they are reconciled with the interim accounting information and accounting records, as applicable, and if their form and content are in accordance with the criteria defined in the accounting standard CPC 09 - "Statement of Value Added". Based on our review, nothing has come to our attention that causes us to believe that these statements of value added have not been properly prepared, in all material respects, in accordance with the criteria established in this accounting standard, and consistent with the parent company and consolidated interim accounting information taken as a whole.

Florianópolis, August 13, 2021

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5

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

PortobelloGrupo

**<u>Directors' Statement on Financial Statements and Review Report Special of Independent Auditors</u>**

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 June 30, 2021; and

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

Tijucas, August 13, 2021.

<u>Board Composition</u>

Mauro do Valle Pereira - Chief Executive Officer

Ronei Gomes – Vice President of Finance and Investor Relations

Edson Luiz Mees Stringari - Vice President of Legal and Compliance

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Mauro do Valle Pereira

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Ronei Gomes

___________________________
Edson Luiz Mees Stringari