



Portobello Grupo

# 1Q23 Results

## Index

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### **Company Information**

Breakdown of Capital

### **Individual financial statements**

Balance sheet - Assets

Balance sheet - Liabilities

Statement of income

Statement of comprehensive income

Statement of cash flows - Indirect method

#### **Statement of changes in shareholders' equity**

DMPL - 01/01/2023 à 03/31/2023

DMPL - 01/01/2022 à 03/31/2022

Statement of added value

### **Consolidated financial statements**

Balance sheet - Assets

Balance sheet - Liabilities

Statement of income

Statement of comprehensive income

Statement of cash flows - Indirect method

#### **Statement of changes in shareholders' equity**

DMPL - 01/01/2023 à 03/31/2023

DMPL - 01/01/2022 à 03/31/2022

Statement of added value

## Company information / Breakdown of Capital

Quantity of shares (Thousand)	Current Period 03/31/2023
<b>Paid-in capital</b>	
Common	140,987
Preferred	0
<b>Total</b>	<b>140,987</b>
<b>Treasury</b>	
Common	0
Preferred	0
<b>Total</b>	<b>0</b>

## Individual financial statements / Balance sheet - assets

(Thousand)

Account Code	Account Description	Current Period 03/31/2023	Previous Period 12/31/2022
1	Total Assets	2,387,434	2,167,342
1.01	Current Assets	1,000,916	895,649
1.01.01	Cash and Cash Equivalents	276,840	176,995
1.01.03	Accounts Receivable	261,668	282,273
1.01.03.01	Trade Receivables	261,668	282,273
1.01.04	Inventory	398,538	377,211
1.01.06	Taxes to recover	30,134	35,786
1.01.06.01	Current taxes recoverable	30,134	35,786
1.01.06.01.01	Recoverable Income Tax and CS	7,099	11,210
1.01.06.01.02	Other Recoverable Taxes	23,035	24,576
1.01.07	Prepaid Expenses	12,091	5,526
1.01.08	Others Current Assets	21,645	17,858
1.01.08.03	Other	21,645	17,858
1.01.08.03.01	Advance to Suppliers	2,311	4,947
1.01.08.03.03	Derivative financial instruments	15,162	6,410
1.01.08.03.04	Other Accounts Receivable	4,172	6,501
1.02	Non-Current Assets	1,386,518	1,271,693
1.02.01	Long-Term Assets	614,143	526,172
1.02.01.07	Deferred Taxes	23,683	16,109
1.02.01.07.01	Deferred Income and Social Contribution Taxes	23,683	16,109
1.02.01.09	Receivables from related parties	252,664	161,765
1.02.01.09.02	Subsidiaries Credits	252,664	161,765
1.02.01.10	Other Non-Current Assets	337,796	348,298
1.02.01.10.03	Judicial Deposits	106,751	106,509
1.02.01.10.04	Escrow deposit	18,690	19,365
1.02.01.10.05	Receivables - Eletrobras	-	12,821
1.02.01.10.06	Taxes to recover	20,911	19,384
1.02.01.10.07	Legal assets	141,598	140,333
1.02.01.10.08	Actuarial assets	27,320	27,320
1.02.01.10.09	Restricted investments	9,587	9,291
1.02.01.10.11	Other Accounts Receivable	12,939	13,275
1.02.02	Investments	120,831	116,938
1.02.02.01	Ownership Interest	120,831	116,938
1.02.02.01.02	Interest in Subsidiaries	120,483	116,590
1.02.02.01.04	Other investments	348	348
1.02.03	Property, Plant and Equipment	617,163	597,536
1.02.03.01	Property, Plant and Equipment	518,296	525,521
1.02.03.02	Right to Use in Rent	44,239	35,445
1.02.03.03	Construction in Progress	54,628	36,570
1.02.04	Intangibles Assets	34,381	31,047
1.02.04.01	Intangibles Assets	34,381	31,047

## Individual financial statements / Balance sheet Liabilities

(Thousand)

Account Code	Account Description	Current Period 03/31/2023	Previous Period 12/31/2022
2	Total Liabilities	2,387,434	2,167,342
2.01	Current Liabilities	895,909	701,770
2.01.01	Social and labor obligations	55,905	51,074
2.01.02	Suppliers	349,330	378,167
2.01.02.01	National suppliers	323,095	353,597
2.01.02.01.01	Suppliers	192,612	200,814
2.01.02.01.02	Credit granting from suppliers	104,014	126,393
2.01.02.01.03	Asset Accounts Payable	26,469	26,390
2.01.02.02	Foreign suppliers	26,235	24,570
2.01.03	Tax Obligations	26,638	22,031
2.01.03.01	Federal tax obligations	5,654	6,187
2.01.03.01.02	PIS AND COFINS	1,293	-
2.01.03.01.03	IRRF	4,361	6,187
2.01.03.02	State Taxes	20,984	15,844
2.01.03.02.01	ICMS	20,984	15,844
2.01.04	Loans and Financing	371,298	165,903
2.01.04.01	Loans and Financing	295,100	77,973
2.01.04.01.01	In National Currency	291,875	69,514
2.01.04.01.02	Foreign Currency	3,225	8,459
2.01.04.02	Debentures	76,198	87,930
2.01.05	Other Obligations	79,668	74,104
2.01.05.01	Liabilities Related Party	8,614	7,714
2.01.05.01.02	Debts with Subsidiaries	8,520	7,700
2.01.05.01.04	Other Payables to Related Parties	94	14
2.01.05.02	Other	71,054	66,390
2.01.05.02.01	Dividends and interest on equity	563	563
2.01.05.02.04	Lease Obligations	21,494	16,299
2.01.05.02.06	Other bills to pay	22,308	23,015
2.01.05.02.07	Taxes payable in installments	12,493	12,313
2.01.05.02.08	Advances from clients	14,196	14,200
2.01.06	Provisions	13,070	10,491
2.01.06.02	Other provisions	13,070	10,491
2.01.06.02.04	Provision for profit sharing	13,070	10,491
2.02	Non-current Liabilities	1,033,052	998,356
2.02.01	Loans and Financing	753,597	717,668
2.02.01.01	Loans and Financing	530,236	494,470
2.02.01.01.01	In National Currency	447,999	409,445
2.02.01.01.02	Foreign Currency	82,237	85,025
2.02.01.02	Debentures	223,361	223,198
2.02.02	Other Obligations	204,476	205,615
2.02.02.01	Liabilities Related Party	67,069	66,700
2.02.02.01.02	Debts with Subsidiaries	10,739	10,370
2.02.02.01.04	Other Payables to Related Parties	56,330	56,330
2.02.02.02	Other	137,407	138,915
2.02.02.02.03	Suppliers	94,426	94,426
2.02.02.02.04	Asset Accounts Payable	5,936	9,190

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

<b>Account Code</b>	<b>Account Description</b>	<b>Current Period 03/31/2023</b>	<b>Previous Period 12/31/2022</b>
2.02.02.02.05	Taxes payable in installments	7,224	10,217
2.02.02.02.06	Lease Obligations	25,422	21,592
2.02.02.02.07	Other bills to pay	4,399	3,490
2.02.04	Provisions	74,979	75,073
2.02.04.01	Provision for profit sharing	74,979	75,073
2.02.04.01.01	Tax provisions	28,435	28,519
2.02.04.01.02	Social Security and Labor Provisions	13,024	14,624
2.02.04.01.04	Civil provisions	33,520	31,930
2.03	Shareholders' Equity	458,473	467,216
2.03.01	Capital	250,000	250,000
2.03.04	Profit Reserves	259,575	255,311
2.03.04.01	Revenue reserves	50,000	50,000
2.03.04.05	Retained Earnings Reserve	36,869	36,869
2.03.04.06	Special Reserve for Undistributed Dividends	35,633	35,633
2.03.04.07	Tax Incentive Reserve	107,458	103,194
2.03.04.08	Additional dividends	29,615	29,615
2.03.05	Profits / Losses	-19,040	-
2.03.06	Equity valuation adjustments	30,963	31,268
2.03.07	Cumulative translation adjustments	-69,001	-69,561
2.03.08	Other Comprehensive Income	5,976	198
2.03.08.02	Other Comprehensive Income	5,976	198

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

Account Code	Account Description	Current Quarter	Accumulated of the
		Period 01/01/2023 to 03/31/2023	Previous Period 01/01/2022 to 03/31/2022
3.01	Sales revenue of Goods and / or Services	383,763	428,033
3.02	Cost of Goods and / or Services Sold	-273,988	-261,292
3.03	Raw score	109,775	166,741
3.04	Operating Income / Expenses	-102,656	-81,493
3.04.01	Selling Expenses	-76,239	-75,270
3.04.02	General and Administrative Expenses	-22,581	-17,497
3.04.04	Other Operating Income	3,411	5,296
3.04.05	Other Operating Expenses	-6,833	-7,555
3.04.06	Equity income	-414	13,533
3.05	Income before financial result and taxes	7,119	85,248
3.06	Financial result	-33,062	-39,406
3.06.01	Financial income	6,527	3,380
3.06.02	Financial expenses	-39,589	-42,786
3.06.02.01	Financial expenses	-35,917	-23,721
3.06.02.02	Foreign exchange variations, net	-3,672	-19,065
3.07	Income before Income Taxes	-25,943	45,842
3.08	Income Tax and Social Contribution on Net Income	10,862	-8,199
3.08.01	Current	312	-9,552
3.08.02	Deferred	10,550	1,353
3.09	Net Income from Continuing Operations	-15,081	37,643
3.11	Profit / Loss for the Period	-15,081	37,643
3.99	Earnings per share - (R \$ / Share)	-	-
3.99.01	Basic earnings per share	-	-
3.99.01.01	ON	-0,10697	0,2669

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

Account Code	Account Description	Current Quarter	Accumulated of the
		Period 01/01/2023 to 03/31/2023	Previous Period 01/01/2022 to 03/31/2022
4.01	Net income for the period	-15,081	37,643
4.02	Other Comprehensive Income	6,338	18,275
4.02.03	Exchange Variation of Subsidiaries Abroad	560	-7,247
4.02.04	Hedge Accounting Operations	8,753	38,670
4.02.05	Deferred income tax and social contribution on hedge accounting	-2,975	-13,148
4.03	Results Comprehensive Period	-8,743	55,918



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

Account Code	Account Description	Current Quarter	Accumulated of the
		Period 01/01/2023 to 03/31/2023	Previous Period 01/01/2022 to 03/31/2022
6.01	Net cash from operating activities	-101,303	61,670
6.01.01	Cash provided by operating activities	30,067	72,420
6.01.01.01	Income (loss) before income tax	-25,943	45,842
6.01.01.02	Depreciation and amortization	19,396	14,483
6.01.01.03	Equity income or loss	414	-13,533
6.01.01.04	Unrealized foreign exchange variations from borrowin	-3,529	-2,550
6.01.01.06	Provision for valuation of inventories at market value	1,194	1,367
6.01.01.07	Provision for impairment of trade receivables	1,272	-130
6.01.01.08	Provisions for civil, labor, pension and taxes	369	2,434
6.01.01.10	Other provisions	2,722	-
6.01.01.11	Restatement of Judicial Assets	-1,377	-2,192
6.01.01.12	Provision for PPR	2,579	5,014
6.01.01.13	Provision for interest on loans and debentures	30,648	18,529
6.01.01.14	Interest and exchange variation on leases	1,295	428
6.01.01.16	Provision for Long-Term Incentives	908	502
6.01.01.17	Prodec Present Value Adjustment	119	271
6.01.01.19	Lease Rescission	-	1,955
6.01.02	Changes in assets and liabilities	-102,759	17,538
6.01.02.01	Accounts Receivable	19,333	12,219
6.01.02.02	Restricted investments	-296	-342
6.01.02.03	Inventory	-22,521	-43,799
6.01.02.04	Advance to Suppliers	2,636	-1,919
6.01.02.05	Judicial Deposits	-242	-5,827
6.01.02.06	Recoverable Taxes	4,124	16,766
6.01.02.07	Judicial Assets	1,100	15,160
6.01.02.08	Other assets	-3,898	1,089
6.01.02.09	Accounts Payable	-28,916	16,128
6.01.02.10	Advances from customers	-4	-933
6.01.02.11	Tax installment payment	-2,813	-2,598
6.01.02.12	Taxes, fees and contributions	4,607	-3,753
6.01.02.13	Tax and labor obligations	4,831	4,868
6.01.02.15	Provisions for civil, labor, pension and taxes	-463	-849
6.01.02.17	Debts to subsidiaries and related parties	-89,630	12,228
6.01.02.18	Derivatives	-	150
6.01.02.19	Other trade payables	-3,428	-1,050
6.01.02.20	Receivables from Eletrobrás	12,821	-
6.01.03	Other	-28,611	-28,288
6.01.03.01	Interest paid	-28,611	-22,272
6.01.03.02	Income Tax and Social Contribution Paid	-	-6,016
6.02	Net cash used in investing activities	-35,956	-41,445
6.02.01	Acquisition of property, plant and equipment	-23,833	-15,052
6.02.02	Acquisition of intangible assets	-5,201	-2,123
6.02.03	Payables of Fixed Assets	-3,175	-7,181
6.02.06	Advance for future capital increase (AFAC)	-3,747	-35,089
6.02.07	Dividends received	-	18,000

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

<b>Account Code</b>	<b>Account Description</b>	<b>Current Quarter Period 01/01/2023 to 03/31/2023</b>	<b>Accumulated of the Previous Period 01/01/2022 to 03/31/2022</b>
6.03	Net cash provided by (used in) financing activities	237,104	-31,229
6.03.01	Loans and financing and debentures	262,600	2,214
6.03.02	Payment of borrowings	-19,903	-29,645
6.03.04	Lease amortization	-5,593	-3,798
6.05	Increase/(decrease) in cash and cash equivalents	99,845	-11,004
6.05.01	Opening balance of cash and cash equivalents	176,995	125,516
6.05.02	Closing balance of cash and cash equivalents	276,840	114,512

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

Account Code	Account Description	Paid-in share capital	Capital Reserves, Options Awarded and Treasury Stock	Profit Reserves	Retained Earnings or Accumulated Losses	Other Comprehensive Income	Individual Shareholders' Equity
5.01	Opening Balances	250,000	-	255,311	-	-38,095	467,216
5.03	Adjusted Opening Balances	250,000	-	255,311	-	-38,095	467,216
5.05	Total Comprehensive Income	-	-	-	-15,081	-	15,081
5.05.01	Net Income for the Period	-	-	-	-15,081	-	15,081
5.06	Internal changes in shareholders' equity	-	-	4,264	-3,959	6,033	6,338
5.06.02	Realization of the Revaluation Reserve	-	-	-	305	-305	-
5.06.04	Hedge accounting operations	-	-	-	-	8,753	8,753
5.06.05	Deferred Income Tax on Hedge accounting	-	-	-	-	-2,975	2,975
5.06.06	Exchange variation of subsidiary located abroad	-	-	-	-	560	560
5.06.07	Reserve of tax incentives	-	-	4,264	-4,264	-	-
5.07	Closing Balances	250,000	-	259,575	-19,040	-32,062	458,473

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

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

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

Account Code	Account Description	Current Quarter	Accumulated of the
		Period 01/01/2023 to 03/31/2023	Previous Period 01/01/2022 to 03/31/2022
7.01	Revenues	482,870	531,419
7.01.01	Sales of goods, products and services	480,270	526,151
7.01.02	Other revenues	3,690	5,138
7.01.04	Reversal/Allowance for doubtful accounts	-1,090	130
7.02	Inputs acquired from third-parties	-246,575	-241,591
7.02.01	Cost of products, goods and services sold	-94,065	-185,548
7.02.02	Materials, energy, third party services and other	-57,346	-57,528
7.02.03	Loss/Recovery of assets	4,836	1,485
7.03	Gross value added	236,295	289,828
7.04	Retentions	-19,396	-14,483
7.04.01	Depreciation and amortization	-19,396	-14,483
7.05	Net value added produced	216,899	275,345
7.06	Value added received in transfer	5,032	2,620
7.06.01	Equity income	-414	13,533
7.06.02	Financial income	5,446	-10,913
7.07	Total value added to be distributed	221,931	277,965
7.08	Distribution of value added	221,931	277,965
7.08.01	Personnel	88,267	83,914
7.08.01.01	Direct remuneration	72,876	71,696
7.08.01.02	Benefits	10,156	7,560
7.08.01.03	Government Severance Indemnity Fund for Employee (FGTS)	5,235	4,658
7.08.02	Taxes, fees and contributions	102,204	122,065
7.08.02.01	Federal	36,592	56,698
7.08.02.02	State	65,313	65,009
7.08.02.03	Municipal	299	358
7.08.03	Remuneration of third party capital	46,541	34,343
7.08.03.01	Interest	38,507	28,493
7.08.03.02	Rentals	8,034	5,850
7.08.04	Remuneration of own capital	-15,081	37,643
7.08.04.03	Retained earnings	-15,081	37,643

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

Account Code	Account Description	Current Period 03/31/2023	Previous Period 12/31/2022
1	Total Assets	2,751,985	2,479,770
1.01	Current Assets	1,264,635	1,103,098
1.01.01	Cash and Cash Equivalents	389,746	256,088
1.01.03	Accounts Receivable	315,599	314,507
1.01.03.01	Trade Receivables	315,599	314,507
1.01.04	Inventory	469,243	455,038
1.01.06	Taxes to recover	32,315	37,533
1.01.06.01	Current taxes recoverable	32,315	37,533
1.01.06.01.01	Recoverable Income Tax and CS	8,235	12,477
1.01.06.01.02	Other Recoverable Taxes	24,080	25,056
1.01.07	Prepaid Expenses	28,298	13,811
1.01.08	Others Current Assets	29,434	26,121
1.01.08.03	Other	29,434	26,121
1.01.08.03.01	Advance to Suppliers	7,517	11,768
1.01.08.03.02	Derivative financial instruments	15,162	6,410
1.01.08.03.03	Other Accounts Receivable	6,755	7,943
1.02	Non-Current Assets	1,487,350	1,376,672
1.02.01	Long-Term Assets	371,573	374,990
1.02.01.07	Deferred Taxes	33,375	25,523
1.02.01.07.01	Deferred Income and Social Contribution Taxes	33,375	25,523
1.02.01.10	Other Non-Current Assets	338,198	349,467
1.02.01.10.03	Judicial Deposits	106,950	106,704
1.02.01.10.04	Escrow deposit	18,690	19,365
1.02.01.10.05	Receivables - Eletrobras	-	12,821
1.02.01.10.06	Taxes to recover	20,968	19,442
1.02.01.10.07	Legal assets	141,598	140,333
1.02.01.10.09	Restricted investments	9,587	9,291
1.02.01.10.12	Other Accounts Receivable	13,085	14,191
1.02.03	Property, Plant and Equipment	1,067,753	958,957
1.02.03.01	Property, Plant and Equipment	551,219	562,756
1.02.03.02	Right to Use in Rent	192,117	187,727
1.02.03.03	Construction in Progress	324,417	208,474
1.02.04	Intangibles Assets	47,676	42,377
1.02.04.01	Intangibles Assets	47,676	42,377

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

Account Code	Account Description	Current Period 31/03/2023	Previous Period 31/12/2022
2	Total Liabilities	2,751,985	2,479,770
2.01	Current Liabilities	1,122,731	945,107
2.01.01	Social and labor obligations	71,779	64,557
2.01.02	Suppliers	411,186	460,832
2.01.02.01	National suppliers	406,315	349,318
2.01.02.01.01	Suppliers	238,405	140,904
2.01.02.01.02	Credit granting from suppliers	104,014	126,393
2.01.02.01.03	Asset Accounts Payable	63,896	82,021
2.01.02.02	Foreign suppliers	4,871	111,514
2.01.03	Tax Obligations	35,570	30,898
2.01.03.01	Federal tax obligations	13,553	14,320
2.01.03.01.01	Income and social contribution tax payable	3,328	3,021
2.01.03.01.02	PIS AND COFINS	4,101	2,055
2.01.03.01.03	IRRF	5,654	8,281
2.01.03.01.04	Other Taxes	470	963
2.01.03.02	State Taxes	22,017	16,578
2.01.03.02.01	ICMS	22,017	16,578
2.01.04	Loans and Financing	371,298	165,903
2.01.04.01	Loans and Financing	295,100	77,973
2.01.04.01.01	In National Currency	291,875	69,514
2.01.04.01.02	Foreign Currency	3,225	8,459
2.01.04.02	Debentures	76,198	87,930
2.01.05	Other Obligations	219,828	212,426
2.01.05.01	Liabilities Related Party	45,680	49,683
2.01.05.01.04	Other Payables to Related Parties	45,680	49,683
2.01.05.02	Other	174,148	162,743
2.01.05.02.01	Dividends and interest on equity	563	563
2.01.05.02.04	Lease Obligations	33,671	26,361
2.01.05.02.06	Other bills to pay	33,775	39,006
2.01.05.02.07	Taxes payable in installments	12,493	12,313
2.01.05.02.08	Advances from customers	93,646	84,500
2.01.06	Provisions	13,070	10,491
2.01.06.02	Other provisions	13,070	10,491
2.01.06.02.04	Provision for profit sharing	13,070	10,491
2.02	Non-current Liabilities	1,170,742	1,067,419
2.02.01	Loans and Financing	753,597	717,668
2.02.01.01	Loans and Financing	530,236	494,470
2.02.01.01.01	In National Currency	447,999	409,445
2.02.01.01.02	Foreign Currency	82,237	85,025
2.02.01.02	Debentures	223,361	223,198
2.02.02	Other Obligations	328,343	261,382
2.02.02.01	Liabilities Related Party	56,330	56,330
2.02.02.01.04	Other Payables to Related Parties	56,330	56,330
2.02.02.02	Other	272,013	205,052
2.02.02.02.03	Suppliers	94,426	94,426

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

Account Code	Account Description	Current Period 31/03/2023	Previous Period 31/12/2022
2.02.02.02.04	Asset Accounts Payable	98,876	28,095
2.02.02.02.05	Taxes payable in installments	7,224	10,217
2.02.02.02.07	Lease Obligations	50,335	51,354
2.02.02.02.08	Other	21,152	20,960
2.02.04	Provisions	88,802	88,369
2.02.04.01	Provision for profit sharing	88,802	88,369
2.02.04.01.01	Tax provisions	28,566	28,650
2.02.04.01.02	Social Security and Labor Provisions	13,225	14,871
2.02.04.01.04	Civil provisions	47,011	44,848
2.03	Consolidated Shareholders' Equity	458,512	467,244
2.03.01	Capital	250,000	250,000
2.03.04	Profit Reserves	259,575	255,311
2.03.04.01	Revenue reserves	50,000	50,000
2.03.04.05	Retained Earnings Reserve	36,869	36,869
2.03.04.06	Special Reserve for Undistributed Dividends	35,633	35,633
2.03.04.07	Tax Incentive Reserve	107,458	103,194
2.03.04.08	Additional dividends	29,615	29,615
2.03.05	Profits / Losses	-19,040	-
2.03.06	Equity valuation adjustments	30,963	31,268
2.03.07	Cumulative translation adjustments	-69,001	-69,561
2.03.08	Other Comprehensive Income	5,976	198
2.03.09	Participation of Non-Controlling Shareholders	39	28



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

<b>Account Code</b>	<b>Account Description</b>	<b>Current Quarter Period 01/01/2023 to 03/31/2023</b>	<b>Accumulated of the Previous Period 01/01/2022 to 03/31/2022</b>
3.01	Sales revenue of Goods and / or Services	487,751	524,955
3.02	Cost of Goods and / or Services Sold	-295,529	-286,568
3.03	Raw score	192,222	238,387
3.04	Operating Income / Expenses	-172,394	-140,272
3.04.01	Selling Expenses	-143,851	-118,901
3.04.02	General and Administrative Expenses	-23,807	-18,331
3.04.04	Other Operating Income	5,690	20,123
3.04.05	Other Operating Expenses	-10,426	-23,163
3.04.06	Equity income	19,828	98,115
3.05	Income before financial result and taxes	-36,715	-41,344
3.06	Financial result	7,985	4,283
3.06.01	Financial income	-44,700	-45,627
3.06.02	Financial expenses	-3,686	-19,036
3.06.02.01	Financial expenses	-41,014	-26,591
3.06.02.02	Foreign exchange variations, net	-16,887	56,771
3.07	Income before Income Taxes	1,826	-19,126
3.08	Income Tax and Social Contribution on Net Income	-9,002	-21,066
3.08.01	Current	10,828	1,940
3.08.02	Deferred	-15,061	37,645
3.09	Net Income from Continuing Operations	-15,061	37,645
3.11	Profit / Loss for the Period	-15,081	37,643
3.99	Earnings per share - (R \$ / Share)	20	2
3.99.01	Basic earnings per share	-	-
3.99.01.01	ON	-	-
3.99.02	Diluted earnings per share	-0,10697	0,267

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

Account Code	Account Description	Current Quarter	Accumulated of the
		Period 01/01/2022 to 03/31/2022	Previous Period 01/01/2021 to 03/31/2021
4.01	Net income for the period	-15,061	37,645
4.02	Other Comprehensive Income	6,338	18,275
4.02.03	Exchange Variation of Subsidiaries Abroad	560	-7,247
4.02.04	Hedge Accounting Operations	8,753	38,670
4.02.05	Deferred income tax and social contribution on hedge accounting	-2,975	-13,148
4.03	Results Comprehensive Period	-8,723	55,920
4.03.01	Attributed to Partners of the Parent Company	-8,743	55,918
4.03.02	Attributed to Minority Partners	20	2

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

Account Code	Account Description	Current Quarter	Accumulated of the
		Period 01/01/2023 to 03/31/2023	Previous Period 01/01/2022 to 03/31/2022
6.01	Net cash from operating activities	-11,754	84,952
6.01.01	Cash provided by operating activities	60,500	101,189
6.01.01.01	Income (loss) before income tax	-16,887	56,771
6.01.01.02	Depreciation and amortization	30,356	20,553
6.01.01.04	Unrealized foreign exchange variations from borrowin	-3,529	-2,550
6.01.01.06	Provision for valuation of inventories at market value	834	-1,693
6.01.01.07	Provision for impairment of trade receivables	1,408	-306
6.01.01.08	Provisions for civil, labor, pension and taxes	909	2,984
6.01.01.10	Provision for guarantees	2,722	-
6.01.01.11	Provision for PPR	2,579	5,014
6.01.01.12	Restatement of Judicial Assets and Escrow Deposits	-1,377	-2,192
6.01.01.13	Provision for interest on loans and debentures	30,648	18,529
6.01.01.14	Interest and exchange variation on leases	2,200	910
6.01.01.16	Lease Rescission	-484	1,953
6.01.01.17	Prodec Present Value Adjustment	119	271
6.01.01.18	Write-off of fixed assets	10,063	443
6.01.01.19	Provision for Long-Term Incentives	939	502
6.01.02	Changes in assets and liabilities	-34,742	23,200
6.01.02.01	Accounts Receivable	-2,500	17,781
6.01.02.02	Restricted investments	-296	-342
6.01.02.03	Inventory	-15,039	-38,756
6.01.02.04	Advance to Suppliers	4,251	-3,501
6.01.02.05	Judicial Deposits	-246	-5,828
6.01.02.06	Recoverable Taxes	3,585	15,823
6.01.02.07	Judicial assets	1,100	33,946
6.01.02.08	Other assets	-12,199	542
6.01.02.09	Accounts Payable	-31,521	13,972
6.01.02.10	Advances from customers	9,146	398
6.01.02.11	Tax installment payment	-2,813	-2,598
6.01.02.12	Taxes, fees and contributions	4,365	-2,392
6.01.02.13	Tax and labor obligations	7,222	5,981
6.01.02.15	Provisions for civil, labor, pension and taxes	-476	-898
6.01.02.16	Derivatives	-	150
6.01.02.17	Debts to subsidiaries and related parties	-4,003	-16
6.01.02.18	Other trade payables	-8,139	-11,062
6.01.02.19	Receivables from Eletrobrás	12,821	-
6.01.03	Other	-37,512	-39,437
6.01.03.01	Interest paid	-28,611	-22,272
6.01.03.02	Income Tax and Social Contribution Paid	-8,901	-17,165
6.02	Net cash used in investing activities	-85,192	-15,557
6.02.01	Acquisition of property, plant and equipment	-129,826	-42,872
6.02.02	Acquisition of intangible assets	-8,021	-3,658
6.02.03	Receipt for sale and reimbursement of fixed assets	-	55,764
6.02.04	Payables of Fixed Assets	52,655	-24,791
6.03	Net cash provided by (used in) financing activities	230,604	-34,894

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

Account Code	Account Description	Current Quarter	Accumulated of the
		Period 01/01/2023 to 03/31/2023	Previous Period 01/01/2022 to 03/31/2022
6.03.01	Loans and financing and debentures	262,600	2,214
6.03.02	Payment of Loans and Financing	-19,903	-29,645
6.03.03	Dividends paid	-	-74
6.03.04	Lease amortization	-12,093	-7,389
6.05	Increase/(decrease) in cash and cash equivalents	133,658	34,501
6.05.01	Opening balance of cash and cash equivalents	256,088	189,718
6.05.02	Closing balance of cash and cash equivalents	389,746	224,219

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

Account Code	Account Description	Paid-in share capital	Capital Reserves, Options Awarded and Treasury Stock	Profit Reserves	Retained Earnings or Accumulated Losses	Other Comprehensive Income	Individual Shareholders' Equity	Account Code	Account Description
5.01	Opening Balances	250,000	-	255,311	-	-38,095	467,216	28	467,244
5.03	Adjusted Opening Balances	250,000	-	255,311	-	-38,095	467,216	28	467,244
5.05	Total Comprehensive Income	-	-	-	- 15,081	-	-15,081	11	- 15,070
5.05.01	Net Income for the Period	-	-	-	-15,081	-	-15,081	11	-15,070
5.06	Internal changes in shareholders' equity	-	-	-	305	6,033	6,338	-	6,338
5.06.02	Realization of the Revaluation Reserve	-	-	-	305	-305	-	-	-
5.06.04	Hedge accounting operations	-	-	-	-	8,753	8,753	-	8,753
5.06.05	Deferred Income Tax on Hedge accounting	-	-	-	-	-2,975	-2,975	-	-2,975
5.06.06	Exchange variation of subsidiary located abroad	-	-	-	-	560	560	-	560
5.07	Closing Balances	250,000	-	255,311	-14,776	-32,062	458,473	39	458,512

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

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

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

Account Code	Account Description	Current Quarter Period	Accumulated of the Previous Period
		01/01/2023 to 03/31/2023	01/01/2022 to 03/31/2022
7.01	Revenues	602,819	653,039
7.01.01	Sales of goods, products and services	605,151	634,233
7.01.02	Other revenues	2,000	18,500
7.01.04	Reversal/Allowance for doubtful accounts	- 4,332	306
7.02	Inputs acquired from third-parties	-287,186	-294,712
7.02.01	Cost of products, goods and services sold	-209,005	-207,865
7.02.02	Materials, energy, third party services and other	-81,730	-88,207
7.02.03	Loss/Recovery of assets	3,549	1,360
7.03	Gross value added	315,633	358,327
7.04	Retentions	-30,356	-20,553
7.04.01	Depreciation and amortization	-30,356	-20,553
7.05	Net value added produced	285,277	337,774
7.06	Value added received in transfer	7,675	-9,977
7.06.02	Financial income	7,675	-9,977
7.07	Total value added to be distributed	292,952	327,797
7.08	Distribution of value added	292,952	327,797
7.08.01	Personnel	124,020	105,922
7.08.01.01	Direct remuneration	105,603	91,619
7.08.01.02	Benefits	11,886	8,752
7.08.01.03	Government Severance Indemnity Fund for Employee (FGTS)	6,531	5,551
7.08.02	Taxes, fees and contributions	131,834	146,010
7.08.02.01	Federal	62,775	79,156
7.08.02.02	State	68,719	66,437
7.08.02.03	Municipal	340	417
7.08.03	Remuneration of third party capital	52,166	38,220
7.08.03.01	Interest	42,948	31,370
7.08.03.02	Rentals	9,218	6,850
7.08.04	Remuneration of own capital	-15,068	37,645
7.08.04.03	Retained earnings	-15,081	37,643
7.08.04.04	Minority interests in retained earnings	13	2

# Portobello Grupo

**Tijucas, May 12, 2023.** PBG SA (B3: PTBL3), “PBG” or “Company”, the largest ceramic tile company in Brazil, announces its results for the first quarter of 2023 (1Q23). The financial information reported herein is derived from PBG S.A.’s consolidated Quarterly Financial Information, prepared in accordance with the standards issued by the Accounting Pronouncement Committee (CPC) and the International Financial Reporting Standards (IFRS), whose comparisons are based on the same periods of 2022 and/or prior years, as indicated.

**Portobello Group has a more challenging quarter, but shows resilience in building its results | Net Revenue of R\$ 488 million, EBITDA of R\$ 49 million and Financial Leverage of 2.2 x.**

## 1Q23 Highlights

- **Net Revenue of R\$ 488 million in the year, a -7.1% decrease in relation to 1Q22. An important result in the domestic market, which grew by 0,7%, while market fell -6,5% in the same period, showing the resilience of the business.** It is worth highlighting the Portobello Shop BU, mainly with the expansion of the own store network.
- **Adjusted and Recurring Net Income** decreased -18.5% in relation to 1Q23, with a margin of 39%.
- In 1Q23, **Adjusted and Recurring EBITDA** was R\$ 49 million, a 55.5% decrease in relation to 1Q22. The **Adjusted and Recurring EBITDA Margin** was 10.1% in the quarter.
- **Operating Expenses** increased by 18.5%, or R\$ 27.1 million in 1Q23 compared to 1Q22. This increase is related to the main strategic projects of Integrated Retail with Portobello Shop (**61.2%**) and Portobello America (**44.2%**), partially offset by a reduction in Portobello BU (-8.2%).
- **Adjusted and Recurring Net Loss** of - **R\$ 17.8 million in 1Q23**, a value largely affected by commercial and infrastructure expenses at the PBA Unit, which will start production in 2Q23.
- Investment in Working Capital was R\$ 351 million, 22.2% higher than 1Q22 and 6.4% higher than 4Q22. Cash Conversion Cycle was 67 days in 4Q22 vs. 42 days in 1Q22, an increase of 25 days due to the larger inventories, partially offset by the improvement in the term of receivables.
- **Net Indebtedness** of **R\$ 738 million** in 1Q23. **Net Debt/Adjusted and Recurring EBITDA increased 0.7x**, reaching **2.2x in 1Q23**, impacted by the lower operating result and increase in net debt. This leverage level is considered acceptable by the Company, within pre-established policies.
- **PTBL3 shares** ended 1Q23 quoted at **R\$ 6.02**. Market Value: R\$ 848,7 million (US\$ 167 million) Quantity of shares: 140,986,886, without treasury shares Free Float: 38.9%.

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# Portobello Grupo

## Message from Management

The beginning of 2023, as expected, was quite challenging from a macroeconomic and sectoral perspective. With a high level of inflation and interest rates never seen in some of the largest economies in the world, the purchasing power of families decreased and, consequently, consumption suffered. Interest rates directly influence the civil construction industry, which tends to remain more inert in periods of high rates, with a reduction in investments and a more restricted dynamic in the market.

In Brazil, the situation is quite similar, with the Selic rate around 13.75% and high levels of inflation, the civil construction industry showed a strong slowdown over the last year, compared to a period of strong results throughout 2021. In 1Q23, according to data from the Brazilian Association of Construction Materials Industry (ABRAMAT), the construction materials industry recorded a retraction of 6.5% in deflated values compared to the same period of the previous year, while the ceramic tiles segment performed 18.3% below in volumes over 1Q22, according to ANFACER. While industry indicators recorded a decline in volume and revenues in the domestic market, **PBG grew 0.7% in Net Revenue, mainly supported by the Group's specialized retail unit, Portobello Shop, which increased 22.5% in the period.**

Regarding the foreign market, data from the Brazilian Association of Ceramic Tiles Manufacturers (ANFACER) shows a significant drop of 45% in exports in 1Q23 compared to 1Q22. The impact was felt on the PBG result, mainly due to greater restrictions in South American countries, the most relevant region in the Company's operations, which resulted in a 29.8% drop in Net Revenue from foreign operations in 1Q23. In the North American market, another important market for the Company, the situation is stable, showing a slight reduction in inflation in the short term and stability in unemployment rates and GDP levels. **Portobello America's expansion strategy is an important step towards diversifying operations in more developed markets.**

Between the March 14 and 17, **ExpoRevestir 2023**, one of the main flooring and coverings fairs in the world, took place in São Paulo. **Portobello Group was a highlight at the event** with the launch of the new Authentic line. In a 1,400 m<sup>2</sup> booth assembled with a strong sustainability appeal, in which 100% of the material was reused, it received thousands of clients throughout the days of the events and, as a result, obtained record sales and orders in a single fair for over 30 countries, reinforcing the relevance that the brand has been achieving globally, and driving sales above the market already in 2Q23.

Furthermore, we highlight important changes in the Company's Management, with **the mission of evolving our management model, boosting our strategy and stressing the corporate structure to strengthen our governance, focused on the protagonism and autonomy of the business units.** In May, we received Mr. Márcio Lobo, an experienced professional in the financial sector; Ms. Maria Laura Santos Tarnow, with over 30 years of experience in the consumer goods industry; and Mr. Mauro Do Valle, professional with more than 45 years of Portobello Grupo and CEO from 2019 to 2023, on the Board of Directors. Mr. John Suzuki, Vice President of Finance and Investor Relations until then, will assume the position of CEO of the Group. In the new structure, two new executives joined the company's statutory executive board: Ms. Rosângela Sutil, as CFO and Mr. Luciano Alves Abrantes as CTO, a position that replaces the CLO role occupied by Mr. Edson Luiz Mees Stringari, Legal Director Vice-President, who leaves the Company after 17 years of contributions.

In 2023, **there is an expectation of recovery of the industry in the second semester**, which can be observed through industry activity indicators. According to ABRAMAT, revenue is expected to grow 2.0%<sup>1</sup> in 2023 vs. 2022, while CBIC reports <sup>2</sup>indicate high expectations for the level of activity in the sector, with more projects and hiring of employees in the sector.

Despite the adverse market scenario, **the Company's strategy has proven to be assertive**, constantly outperforming the results presented by the market. **The Portobello Group continues implementing its strategy of internationalization and expansion of Specialized Retail**, which translates into the current level of investments, but with constant **efforts to contain expenses and financial management.**

<sup>1</sup> Source: ABRAMAT (Brazilian Association of Construction Materials Industry) Deflated data.

<sup>2</sup> Source: CBIC (National Confederation of Industry). Construction Industry Survey, Year 14, number 3.

# Portobello Grupo

## Business Unit Operating Performance

### Portobello Business Unit (“BU”)

In 1Q23, BU net revenue totaled R\$ 216 million, a 15.7% decrease in relation to 1Q22, with a gross margin of 43.6%. Both the results in the domestic market and in exports and indicators of plant occupation performed better than the market average, according to data from ABRAMAT<sup>3</sup>. Despite the good performance of the unit, it was not enough to sustain the strong level of results recorded in the first quarter of 2022.

This performance above the industry average is the result of the assertive planning and production flexibility strategy, which allows to prioritize sales channels with greater profitability and offsetting the increase in costs in relation to 1Q22. This characteristic of the Tijucas-SC unit is a consequence of the advances in the product mix qualification, especially with the growth in sales of porcelain tile panels and large formats, products with greater added value, which resulted in the maintenance of the gross margin at high levels.

The unit continues prioritizing the following: i) ongoing improvement in service levels, ii) efficiency in balancing inventory levels and meeting demand, and iii) implementation of ESG actions.

### Portobello Shop Business Unit (“BU”)

In 1Q23, the BU's net revenue totaled R\$ 211 million, accounting for a significant growth of 22.5% in relation to 1Q22. Portobello Shop's gross margin also recorded a good result, reaching 45.3%. Also were inaugurated two new stores, totaling 146 stores in operation across the country, 24 of which are owned and 122 are franchises. The performance of own stores, which started to consolidate the results of acquired stores, showed an increase of 57.3% in Net Revenue, accounting for 44.3% of the total BU. Furthermore, due to the growth in the share of own stores, the BU starts absorbing synergies from the integrated chain and offsetting the inflationary impacts on expenses and cost of capital, thus generating gains in margins and profitability.

It is also worth highlighting the expenses generated due to the Portobello Shop's advances, mainly the expansion of its own stores. Portobello Shop BU expenses reached R\$ 79.6 million, R\$ 17.0 million more than in 1Q22.

The good operating results, coupled with Portobello Shop's expansion strategy, reinforce the positive performance compared to the market which, according to the ICVA (Cielo Broad Retail Index)<sup>4</sup>, which measures the construction materials retail sector in Brazil, showed a behavior in line with 1Q22.

### Pointer Business Unit (“BU”)

In 1Q23, net revenue totaled R\$ 43.4 million, 20.2% lower than 1Q22, with a gross margin of 14.4%. Compared to 1Q22, the gross margin decreased, mainly due to inflationary pressure on costs and expenses and the cooling of demand in the ceramic tile market in the North and Northeast regions of Brazil. The plant in the city of Maceió, state of Alagoas, had occupancy above the market average due to the specific and strategic commercial campaigns to optimize the productivity level.

Despite the adverse scenario and lower-than-expected sales results, Pointer delivers good profitability, with an always positive EBITDA margin, driven by the strengthening of the engineering channel, which has been showing recovery in the local market and reinforcing its presence as an accessible design brand.

### Portobello America Business Unit (“BU”)

In 1Q23, net revenue reached R\$ 41.8 million, with emphasis on the local distribution operation, which grew 30% in relation to 1Q22, offsetting the reduction in sales to some relevant customers, who, due to the high interest rate and inflation in the country, readjusted their inventory levels in the period. The Gross Margin was 23.8% in the period. This result was achieved through management focused on creating demand. This demand-building process should continue throughout 2023, aiming at gaining scale in a more profitable business model than the current one, doubling the plant's capacity for next year.

<sup>3</sup> Brazilian Association of Construction Materials Industry

<sup>4</sup> Cielo Expanded Retail Index

## Portobello Grupo

With this movement, a large part of this BU's expenses are characterized as pre-operational, whether those related to the preparation of the plant start-up or to sales activities, marketing and other support areas. In this sense, total expenses at Portobello América in 1Q23 were R\$32.0 million, accounting for an increase of 64.0% in relation to 1Q22. These expenses are part of the unit's strategic planning and are considered as part of the project's investment for management purposes, from which a future return is expected.

The ramp-up of operations puts pressure on operating margins, due to increased costs, expenses and working capital accounts. However, Portobello America is still in the final phase of construction and installation of equipment for the new plant that is being built in Baxter, in the state of Tennessee (USA). The plant is expected to start operating in 2Q23. In the first phase of the project, it will have an annual production capacity of around 3.6 million square meters. This production, coupled with the consolidation of Portobello America on the US market, will be an important strategic milestone for the Company.

### Economic and Financial Performance - Consolidated

	1Q23	1Q22	▲ %	▲ Abs	4Q22	▲ %	▲ Abs
<b>Net Revenue</b>	<b>487.8</b>	<b>525.0</b>	<b>-7.1%</b>	<b>(37.2)</b>	<b>496.4</b>	<b>-1.7%</b>	<b>(8.6)</b>
<b>Gross Profit</b>	<b>192.2</b>	<b>238.4</b>	<b>-19.4%</b>	<b>(46.2)</b>	<b>197.3</b>	<b>-2.6%</b>	<b>(5.1)</b>
Gross Margin	39.4%	45.4%	-6 p.p.		39.7%	-0.3 p.p.	
<b>Adjusted and Recurring Gross Profit</b>	<b>192.2</b>	<b>235.9</b>	<b>-18.5%</b>	<b>(43.7)</b>	<b>199.9</b>	<b>-3.8%</b>	<b>(7.7)</b>
Adjusted and Recurring Gross Margin	39.4%	45.2%	-5.8 p.p.		40.3%	-0.9 p.p.	
<b>EBIT</b>	<b>19.8</b>	<b>98.1</b>	<b>-79.8%</b>	<b>(78.3)</b>	<b>41.4</b>	<b>-52.2%</b>	<b>(21.6)</b>
EBIT Margin	4.1%	18.7%	-14.6 p.p.		8.3%	-4.3 p.p.	
<b>Net Income</b>	<b>(15.1)</b>	<b>37.6</b>	<b>-140.1%</b>	<b>(52.7)</b>	<b>9.1</b>	<b>-265.3%</b>	<b>(24.2)</b>
Net Margin	-3.1%	7.2%	-10.3 p.p.		1.8%	-4.9 p.p.	
<b>Adjusted and Recurring Net Income</b>	<b>(17.8)</b>	<b>31.1</b>	<b>-157.1%</b>	<b>(48.9)</b>	<b>4.9</b>	<b>-463.9%</b>	<b>(22.7)</b>
Adjusted and Recurring Net Margin	-3.6%	5.9%	-9.6 p.p.		1.0%	-4.6 p.p.	
<b>EBITDA</b>	<b>50.0</b>	<b>118.6</b>	<b>-57.8%</b>	<b>(68.6)</b>	<b>67.5</b>	<b>-25.9%</b>	<b>(17.5)</b>
EBITDA Margin	10.3%	22.6%	-12.3 p.p.		13.6%	-3.3 p.p.	
<b>Adjusted and Recurring EBITDA</b>	<b>49.2</b>	<b>110.2</b>	<b>-55.3%</b>	<b>(61.0)</b>	<b>60.6</b>	<b>-18.9%</b>	<b>(11.4)</b>
Adjusted and Recurring EBITDA Margin	10.1%	21.0%	-10.9 p.p.		12.2%	-2.1 p.p.	
<b>Working Capital (R\$)</b>	<b>351.4</b>	<b>287.5</b>	<b>22.2%</b>	<b>63.9</b>	<b>317.9</b>	<b>10.5%</b>	<b>33.5</b>
<b>Cash Conversion Cycle (days)</b>	<b>67</b>	<b>42</b>	<b>59.5%</b>	<b>25.0</b>	<b>57</b>	<b>17.5%</b>	<b>10.0</b>
<b>Net Debt</b>	<b>737.7</b>	<b>507.4</b>	<b>45.4%</b>	<b>230.3</b>	<b>630.5</b>	<b>17.0%</b>	<b>107.2</b>
<b>Net debt/EBITDA</b>	<b>2.2</b>	<b>1.3</b>	<b>71.8%</b>	<b>0.9</b>	<b>1.6</b>	<b>40.8%</b>	<b>0.6</b>
Adjusted and Recurring Net Debt/EBITDA	2.3	1.3	76.4%	1.0	1.6	39.0%	0.6
Share Price	6.02	9.92	-39.3%	(3.90)	8.23	-26.9%	(2.21)
Market Value	848.7	1,398.6	-39.3%	(549.9)	1,160.3	-26.9%	(311.6)
Average Trading Volume (12 Months)	169.5	610.6	-72.2%	(441.1)	181.4	-6.6%	(11.9)
Average daily trading volume (ADTV)	5.6	8.0	-30.0%	(2.4)	14.8	-62.2%	(9.2)

### Net Revenue

R\$ million	1Q23	1Q22	▲ %	▲ Abs	4Q22	▲ %	▲ Abs
<b>Net Revenue</b>	<b>487.8</b>	<b>525.0</b>	<b>-7.1%</b>	<b>(37.2)</b>	<b>496.4</b>	<b>-1.7%</b>	<b>(8.6)</b>
Domestic Market	393.5	390.8	0.7%	2.7	398.3	-1.2%	(4.8)
International Market	94.2	134.2	-29.8%	(40.0)	98.1	-4.0%	(3.9)
US\$ million	1T23	1T22	▲ %	▲ Abs	4T22	▲ %	▲ Abs
International Market	17.4	24.9	-30.3%	(7.5)	16.4	-100.0%	1.0

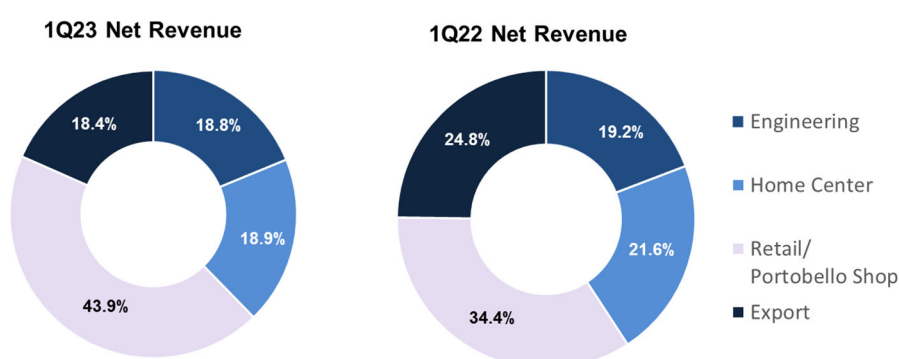
Net Revenue in 1Q23 reached R\$ 488 million, accounting for a change of -7.1% vs. 1Q22. This result was similar to that recorded in 4Q22 and is in line with the Company's expectations for the period, due to a very challenging market.

## Portobello Grupo

In the domestic market, Net Revenue grew 0.7% vs. 1Q22, reaching R\$ 394 million, while the construction materials sector recorded a retraction of -6.5%, according to ABRAMAT deflated data<sup>5</sup>. The ceramic tile sector, according to data from the Brazilian Association of Ceramic Tiles Manufacturers (ANFACER) recorded a decrease of -18.0% in 1Q23 vs. 1Q22 in volumes (in square meters).

Regarding sales in the foreign market, the Company presented a decrease of -29.8% in 1Q23 versus 1Q22 (-30.3% in US dollars), largely due to the provisional suspension of sales to Argentina, with delays in the release of authorization documents for imports, and the international freight that affected exports to the USA. Even so, the Company sees good prospects for a reversal of the scenario from 2Q23 onwards with the drop in freight prices.

The distribution of sales across channels highlights the Company's ability to execute the multichannel strategy. It is worth highlighting: i) retail sales, which accounted for 43.9% of the Group's total Net Revenue in 1Q23 vs. 34.4% in 1Q22; ii) the export channel, with a 18.4% share of the result, 8.2% with sales made by Portobello America in the United States and 10.2% to the other markets of the Portobello and Pointer Business Units; and iii) the share of sales in the Engineering channel, which remained at 19%.



## Gross Income

R\$ million	1Q23	1Q22	▲ %	▲ Abs	4Q22	▲ %	▲ Abs
Net Operating Revenue	487.8	525.0	-7.1%	(37.2)	496.4	-1.7%	(8.6)
Cost of Goods Sold (COGS)	(291.0)	(286.6)	1.5%	(4.4)	(291.9)	-0.3%	0.9
Idleness Costs	(4.6)	-	-100.0%	(4.6)	(7.2)	-36.1%	2.6
<b>Gross Operating Profit</b>	<b>192.2</b>	<b>238.4</b>	<b>-19.4%</b>	<b>(46.2)</b>	<b>197.4</b>	<b>-100.0%</b>	<b>(5.2)</b>
Gross Margin	39.4%	45.4%	<b>-6 p.p.</b>		39.7%	<b>-0.3 p.p.</b>	
<b>Non-Recurring Events:</b>	-	<b>(2.5)</b>		<b>2.5</b>	<b>2.5</b>		<b>(2.5)</b>
1) DIFAL unconstitutionality reversal	-	(2.5)		2.5	2.5		(2.5)
<b>Adjusted and Recurring Gross Profit</b>	<b>192.2</b>	<b>235.9</b>	<b>-18.5%</b>	<b>(43.7)</b>	<b>199.9</b>	<b>-3.8%</b>	<b>(7.7)</b>
Adjusted and Recurring Gross Margin	39.4%	45.2%	<b>-5.8 p.p.</b>		40.3%	<b>-0.9 p.p.</b>	

Adjusted and Recurring Gross Income in 1Q23 decreased -18.5% vs. 1Q22, -5.8 p.p. of gross margin, due to inflationary pressure on goods, services, labor and cost of capital throughout 2022. We highlight the +41.1% increase in natural gas throughout 2022, based on data from the Ministry of Mines and Energy. Cost pressure, coupled with the slowdown in demand from the ceramic tile construction sector, more accelerated in the North and Northeast regions, led to price actions to maintain a level closer to the optimal production level. Moreover, we recognized the negative impact of R\$ 4.6 million in this period, referring to the cost of stopping furnaces at the Pointer unit.

<sup>5</sup> Brazilian Association of Construction Materials Industry

# Portobello Grupo

## Operating Expenses

R\$ million	1Q23	%RL	1Q22	%RL	4Q22	%RL
<b>Operating Expenses</b>						
Selling	(143.9)	30.0%	(118.9)	22.6%	(139.9)	28.2%
General and Administrative	(23.8)	4.9%	(18.3)	3.5%	(25.5)	5.1%
Other Revenues (Expenses)	(4.7)	1.0%	(3.0)	0.6%	9.5	-1.9%
<b>Operating Expenses</b>	<b>(172.4)</b>	<b>35.3%</b>	<b>(140.2)</b>	<b>26.7%</b>	<b>(155.9)</b>	<b>31.4%</b>
Non-Recurring Revenues	(0.8)	0.2%	(5.9)	1.2%	(9.4)	1.9%
<b>Adjusted Operating Expenses</b>	<b>(173.3)</b>	<b>35.5%</b>	<b>(146.2)</b>	<b>27.9%</b>	<b>(165.3)</b>	<b>33.3%</b>

When analyzed as a percentage of net revenue, Adjusted Operating Expenses in 1Q23 increased 7.6 p.p. in relation to 1Q22 (+2.2 p.p. vs. 4Q22). It is worth highlighting the lower tax gains related to the reversal of DIFAL – ICMS Rate Differential, R\$ 4.6 million, R\$ 9.8 million and R\$ 0.6 million in 1Q22, 4Q22 and 1Q23, respectively.

**Sales Expenses:** They showed an increase of 21.0% vs. 1Q22, with the highest changes in absolute terms concentrated in i) the Portobello Shop BU (+69.0% vs 1Q22), explained by the growth in the sales structure absorbed in the acquisitions made in the expansion of the Owned Store network; and ii) at Portobello America (+43.0% vs. 1Q22) due to the marketing strategy adopted, which is currently in the pre-operational phase of the plant's start-up.

**General and Administrative Expenses:** They showed an increase of 30.1% vs. 1Q22, with most of this change being investments in the structure of the operations teams with the highest growth, mainly in the Portobello America and Portobello Shop Business Units. Such investments are in line with the Company's strategic planning and should be supported by expected growth and expenses should be diluted proportionally to the development of operations.

**Other Revenues and Expenses:** in 1Q23 refer mainly to the provisions for the Profit Sharing Program (PPR) and the Long-Term Incentive Plan (ILP), which totaled R\$ 3.5 million, and provisions for guarantees, in the amount of R\$ 2.5 million.

## EBITDA and Adjusted EBITDA

R\$ million	1Q23	1Q22	▲ %	▲ Abs	4Q22	▲ %	▲ Abs
Net Income	(15.1)	37.6	-140.1%	(52.7)	9.1	-266%	(24.2)
(+) Financial Expenses	36.7	41.3	-11.2%	(4.6)	37.9	-3.2%	(1.2)
(+) Depreciation and Amortization	30.2	20.5	47.3%	9.7	26.2	15.3%	4.0
(+) Income Taxes	(1.8)	19.1	-109.4%	(20.9)	(5.7)	-68.4%	3.9
<b>EBITDA</b>	<b>50.0</b>	<b>118.6</b>	<b>-57.8%</b>	<b>(68.6)</b>	<b>67.5</b>	<b>-25.9%</b>	<b>(17.5)</b>
<b>EBITDA Margin</b>	<b>10.3%</b>	<b>22.6%</b>	<b>-12.3 p.p.</b>		<b>13.6%</b>	<b>-3.3 p.p.</b>	
<b>Non-Recurring Events:</b>	<b>(0.8)</b>	<b>(8.4)</b>			<b>(6.9)</b>		
1) DIFAL unconstitutionality reversal	-	(7.1)			(4.9)		
2) Other Favorable Outcomes in Lawsuits	-	(1.4)			1.0		
3) Selic on Income Tax/Social Contribution Basis	-	-			-		
4) Tax optimization - COFINS	(1.6)	-			(3.0)		
5) Commissions	0.8	-			-		
<b>Adjusted and Recurring EBITDA</b>	<b>49.2</b>	<b>110.2</b>	<b>-55.3%</b>	<b>61.0</b>	<b>60.6</b>	<b>-18.8%</b>	<b>-11.4</b>
<b>Adjusted and Recurring EBITDA Margin</b>	<b>10.1%</b>	<b>21.0%</b>	<b>-10.9 p.p.</b>		<b>12.2%</b>	<b>-2.1 p.p.</b>	

Adjusted and Recurring EBITDA in 1Q23 was R\$ 49.2 million, accounting for a decrease of 55.3% vs. 1Q22, resulting in an Adjusted and Recurring EBITDA Margin of 10.1%, -10.9 p.p. lower than 1Q23. To determine the adjusted result, tax gains and expenses with extemporaneous sales commissions were disregarded.

The lower results and margins is the result of demand from the civil construction sector, pressured by high interest rates and inflation, but it was also influenced by the pre-operating expenses of Portobello America and the increase in expenses of the new Portobello Shop stores. Even considering the market challenges, the Company continues to present a positive operating income, which, in line with its strategy, will incorporate good profitability levels in Portobello America in 2023. The Company will continue prioritizing the construction and optimization of the equation

# Portobello Grupo

between volume performance, price flexibility, innovation and ongoing improvement of the product mix, coupled with discipline in cost, expense and investment management.

## Net Income

R\$ million	1Q23	1Q22	▲ %	▲ Abs	4Q22	▲ %	▲ Abs
<b>EBITDA</b>	<b>50.0</b>	<b>118.6</b>	-57.8%	<b>-68.6</b>	<b>67.5</b>	-25.9%	<b>-17.5</b>
(-) Financial Expenses	(36.7)	(41.3)	11.1%	<b>4.6</b>	(37.9)	3.2%	1.2
(-) Depreciation and Amortization	(30.2)	(20.5)	-47.3%	<b>-9.7</b>	(26.2)	-15.3%	-4.0
(-) Income Taxes	1.8	(19.1)	109.4%	<b>20.9</b>	5.7	-68.4%	-3.9
<b>Net Income</b>	<b>(15.1)</b>	<b>37.6</b>	<b>-140.2%</b>	<b>-52.7</b>	<b>9.1</b>	<b>-265.9%</b>	<b>-24.2</b>
<b>Net Margin</b>	<b>-3.1%</b>	<b>7.2%</b>	<b>-10.3 p.p.</b>		<b>1.8%</b>	<b>-4.9 p.p.</b>	
<b>Non-Recurring Events:</b>	<b>(2.7)</b>	<b>(6.5)</b>			<b>(4.2)</b>		
(1) DIFAL unconstitutionality reversal	-	(7.1)			(4.9)		
(2) Selic on Income Tax/Social Contribution Basis	-	(0.3)			(0.3)		
(3) Recognition and Restatements of Lawsuits	-	(0.7)			(0.4)		
(4) Recognition and Restatements of Lawsuits – Other revenues/expenses	-	(1.4)			1.0		
(5) Recognition and Restatements of Lawsuits-IR/CSLL	-	2.6			3.3		
(6) COFINS - Tax optimization	(3.2)	-			(3.0)		
(7) Commissions	0.5	-			-		
	<b>-17.8</b>	<b>31.1</b>	<b>-157%</b>	<b>-48.9</b>	<b>4.9</b>	<b>-156.7%</b>	<b>(48.8)</b>
	<b>10.1%</b>	<b>5.9%</b>	<b>4.2 p.p.</b>		<b>1.0%</b>	<b>9.1 p.p.</b>	

Despite the challenging macroeconomic scenario in Brazil, with high interest rates, caused the Company's financial expenses to decrease 11.1% in 1Q23, with an increase in expenses with loans and financing, offset by the reduction in expenses with exchange variation. The lower operating result, which was also impacted by the pre-operating effects of Portobello America and the incremental expenses of the new Portobello Shop stores, generated an Adjusted and Recurring Net Loss for period, when it reached -R\$ 17.7 million, a difference of R\$ 48.9 million compared to 1Q22. Improvements are observed in several industry indicators, pointing to an improvement in the sector in 2S23. Thus, the Company has several action fronts to increase operating cash generation and prioritize investments, aiming to reduce financial leverage and cost of financing.

## Cash Flow

R\$ million	1Q23	1Q22	▲ %	▲ Abs	4Q22	▲ %	▲ Abs
<b>Activities</b>							
Operating	(11.8)	84.4	-114.0%	(96.2)	4.6	-356.5%	(16.4)
Investment	(85.2)	(15.6)	-446.2%	(69.6)	(38.6)	-120.7%	(46.6)
Financing	230.6	(34.4)	770.3%	265.0	155.9	47.9%	74.7
Changes in Cash	133.6	34.5	287.2%	99.1	121.9	9.6%	11.7
<b>Opening Balance</b>	<b>256.1</b>	<b>189.7</b>	<b>35.0%</b>	<b>66.4</b>	<b>134.1</b>	<b>91.0%</b>	<b>122.0</b>
<b>Closing Balance</b>	<b>389.7</b>	<b>224.2</b>	<b>73.8%</b>	<b>165.5</b>	<b>256.0</b>	<b>52.2%</b>	<b>133.7</b>

The Company ended 1Q23 with a cash position of R\$ 390 million, an increase of R\$ 165 million vs. 4Q22. The change in the final cash balance was due to the lower level of disbursements in financing activities in the period, with lower amortizations in the period due to efficient cash management and debt scheduling, which offset the drop in operating cash flow and a higher cash flow from strategic projects.

The Company's operating activities recorded a cash reduction of R\$ 11.8 million in 1Q23, due to increased costs that negatively impact the operating margin and higher consumption of working capital with inventories. The Company's investment activities totaled R\$ 85 million in 1Q23, mainly allocated to the new Portobello America plant and CapEx for the Tijucas-SC plant, with the upgrading of the industrial park to produce products with higher added value.

## Portobello Grupo

Financing activities resulted in a positive effect of R\$ 231 million in 1Q23, due to the funding raised, which totaled R\$ 263 million, and the better debt profile, with longer maturities. The payment of loans and financing totaled R\$ 19.9 million in the period.

Moreover, in 1Q23, the amount of R\$ 13.8 million was raised, which had a positive impact on operating activities, referring to: (i) Eletrobrás receivables in the amount of R\$ 12.7 million; (ii) redemption of deposits pledged in guarantee in the amount of R\$ 1.1 million.

### Working Capital

	1Q23	1Q22	▲ %	▲ Abs	4Q22	▲ %	▲ Abs
Accounts Receivable	222.0	288.2	-23.0%	(66.2)	230.0	-3.5%	(8.0)
Inventories	469.2	325.8	44.0%	143.4	455.0	3.1%	14.2
Suppliers	339.8	326.5	4.1%	13.3	367.1	-7.4%	(27.3)
<b>Working Capital</b>	<b>351.4</b>	<b>287.5</b>	<b>22.2%</b>	<b>63.9</b>	<b>317.9</b>	<b>10.5%</b>	<b>33.5</b>
Accounts Receivable	31	43	-27.9%	(12)	40	-22.5%	(9)
Inventories	133	101	31.7%	32	135	-1.5%	(2)
Suppliers	97	102	-4.9%	(5)	113	-14.2%	(16)
<b>Cash Conversion Cycle (CCC)</b>	<b>67</b>	<b>42</b>	<b>59.5%</b>	<b>25</b>	<b>62</b>	<b>8.1%</b>	<b>5</b>

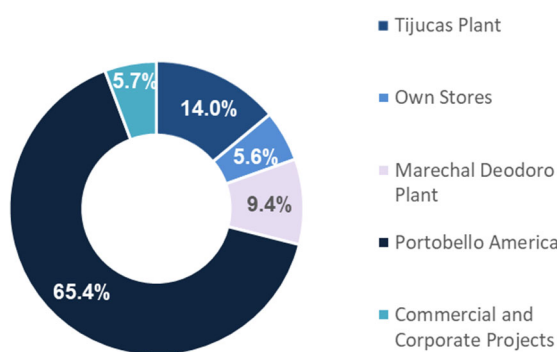
The Company's Working Capital decreased in 1Q23, totaling R\$ 351 million, R\$ 63.9 million above 1Q22 (+22.2%). The Cash Conversion Cycle in 4Q22 was 67 days, accounting for an increase of 25 days compared to 1Q23, with improvements in the terms of the receivables portfolio, but hampered by the increase in inventories. Compared to 4Q22, the change in Working Capital was R\$ 33.5 million, and the change in Cash Conversion Cycle was 5 days.

### Investments

In 1Q23, investments totaled R\$ 159 million, of which 65.4% were allocated to the project for the new Portobello America plant, 14.0% were allocated to the Tijucas-SC plant, 9.4% to investments in the industrial plant of Pointer, 5.6% in own stores and 5.7% for commercial and corporate projects.

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

#### 1Q23 Investments



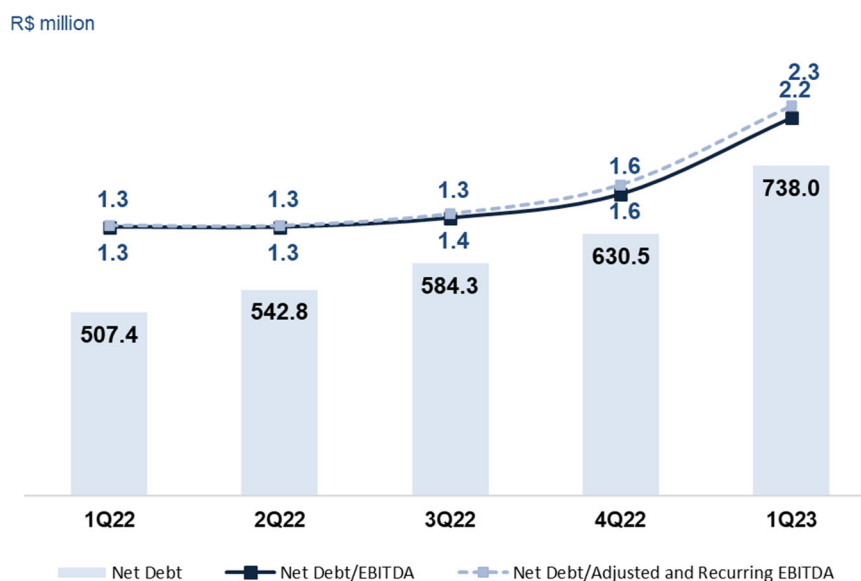
# Portobello Grupo

## Indebtedness and Capital Structure

The Company's Net Debt ended the year at R\$ 738 million, accounting for an increase of R\$ 230 million vs. 1Q22. The Company's higher debt follows the investment plan in strategic projects and working capital, in addition to supporting a healthy cash position at a time when cash generation is more compromised. The decrease in Adjusted and Recurring EBITDA for the last 12 months to R\$ 325 million, added to the higher level of indebtedness, led to a financial leverage of 2.2x, considered to be within an acceptable level by the Company. Portobello Group continues to have discipline in financial management as one of its priorities, focused on the constant optimization of the Cash Conversion Cycle.

R\$ million	1Q23	4Q22	3Q22	2Q22	1Q22
<b>Gross Bank Debt<sup>1</sup></b>	<b>1,127.4</b>	<b>886.6</b>	<b>718.4</b>	<b>733.4</b>	<b>731.6</b>
Cash and Cash Equivalents	(389.7)	(256.1)	(134.2)	(190.6)	(224.2)
<b>Net Indebtedness</b>	<b>737.7</b>	<b>630.5</b>	<b>584.3</b>	<b>542.8</b>	<b>507.4</b>
EBITDA (LTM)	337.6	406.2	433.2	427.1	398.8
Adjusted and Recurring EBITDA (LTM)	325.4	385.1	422.3	423.1	394.8
Net Debt-to-EBITDA ratio	<b>2.2</b>	<b>1.6</b>	<b>1.3</b>	<b>1.3</b>	<b>1.3</b>
<b>Net Debt-to-Adjusted and Recurring EBITDA</b>	<b>2.3</b>	<b>1.6</b>	<b>1.4</b>	<b>1.3</b>	<b>1.3</b>

In 1Q23, the amount of R\$ 19.9 million of contracted Bank Debt was amortized. Funding totaled R\$ 263 million.

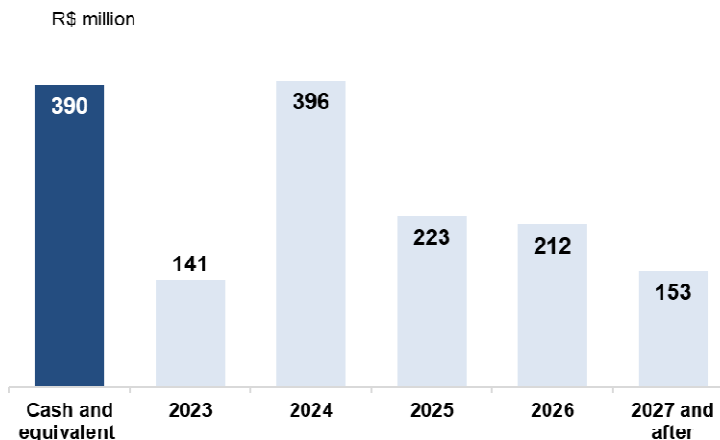


At the end of 1Q23, all covenants related to the leverage ratio were met, which could lead to the early maturity of financing contracts and Debentures if not complied with.



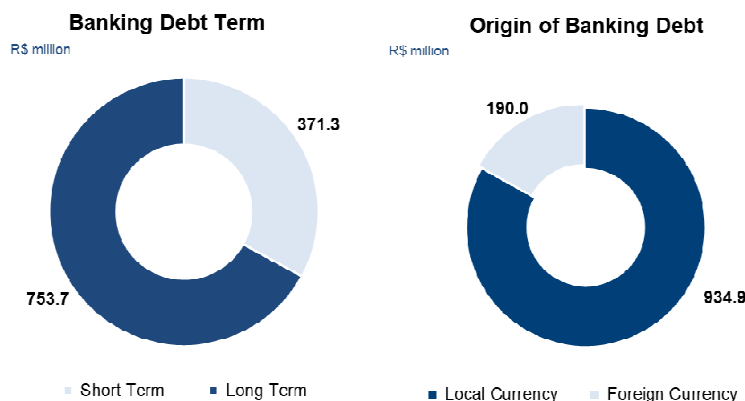
# Portobello Grupo

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



Gross Bank Debt maturing in the short term represents 33.0% of the total, a 15.0 p.p. increase compared to 4Q22. The remaining debt matures in the long term, as shown in the amortization schedule above. The Gross Banking Debt is mostly in domestic currency (83.1%). The average total cost of Banking Debt is 13.8% per annum and the average term is 3.8 years, vs 4.3 in 1Q22.

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



## 2023 and 1Q23 Outlook (Strategic Planning)

- The Company expects a more challenging market, but that should normalize throughout the year, in addition to observing greater resilience of the premium construction/finishing materials market, with good opportunities for growth in the Company's revenue in relation to 2022 through the channel management strategy, international expansion, retail, innovation and product mix qualification.
- The Engineering channel should maintain its good demand level in 2023, because of the launches carried out in recent years, whose works are still in progress.
- The full Group's exports should also sustain its good performance, with potential sales increases generated by ongoing actions.
- Predicted drop in natural gas prices and international freight, with a positive impact on product costs and incentives for operations (homecenters) in the US.

## Portobello Grupo

- The Company expects to present real growth in Net Revenue for 2023, supported by the greater share of the North American operation, as well as, in the Brazilian operations, of Specialized Retail, Engineering and Exports, not only in the United States, but globally, with emphasis on Latin America and Asia.
- The start-up of Portobello America plant, scheduled for the second quarter of 2023, will considerably improve the result of this Business Unit. With local production in the United States, the BU will start presenting better margins, which will be observed gradually from 2Q23, reaching the second semester with a significant contribution to the Portobello Group.
- New product mix at the Portobello Unit and at the Pointer, which has just put a new polishing and grinding line into operation.
- The Company's focus in 2023 remains on maintaining the Adjusted and Recurring Gross Margin at a level similar to that recorded in 2022, despite the more restricted demand in the macroeconomic context, offset by the qualification of the product mix and manufacturing productivity, in addition to strict management in the choices relating to operating costs.
- The Company expects its Adjusted and Recurring EBITDA Margin in 2023 to remain close to the level reached in 2022, despite inflation pressures and adjustments in consumption on the domestic market.
- The 2023 CapEx investment plan is estimated by the Company in R\$ 380 million of financial effect (R\$ 640 million of accounting effect), of which around 45% will be allocated to the acquisition of equipment and infrastructure for the Portobello America's plant, approximately 30% for strategic projects related to the growth of retail in Brazil and strengthening of the digital initiatives of the Portobello Shop, and around 25% for investments in technological updating and expansion of the industrial plants of the Portobello and Pointer Business Units.
- Although working capital management remains a priority for the Company, our expectation is that the Cash Conversion Cycle will end the year at a level similar to 2022. The main drivers for such increase are higher inventories to support better customer service levels, including operations in the demanding US market, and to manage the balance between supply and demand.
- The Company continues maintaining its strong discipline in financial management, focusing on preserving liquidity and austerity in spending and investment choices. The Net Debt/EBITDA LTM ratio is expected to remain at a level below 2.5 times the Adjusted and Recurring EBITDA for the year, which is the maximum limit approved by the Board of Directors.
- As the main risks to its operation throughout the year, it is worth highlighting the high interest rates, affecting consumption of durable goods and the consequent impact on the competitive environment that could compromise the profitability of our sector.
- The US macroeconomic scenario still presents challenges due to the high cost of fuel and the instabilities generated by the war in Europe. However, the market records stability in the employment rate, with a slight reduction in inflation in the short term and maintenance of the GDP level. We remain confident with the competitive differentials developed at Portobello America, mainly with the start-up of the Baxter plant.

### ESG Initiatives

As one of the main management pillars and part of the Portobello Group's purpose, we continue advancing with our Sustainability initiatives. On March 29, 2023, we published our Annual Sustainability Report, in which we detail all the advances on the Portobello+Ecoefficient, Portobello+People, and Portobello+Governance fronts, for which we

# Portobello Grupo

have defined an individual action plan for the next 5 years, in line with the UN Sustainable Development Goals. The Annual Sustainability Report is available on the Company's IR website<sup>6</sup>.

## PTBL3 Stock Performance

Shares traded under the PTBL3 ticker closed the trading session on March 31, 2023 quoted at R\$ 6.02, showing a devaluation of -39.3% when compared to the closing of 1Q22 (quoted at R\$ 9.92). The average daily financial volume traded (ADTV) in 1Q23 was R\$ 5.6 million. At the end of the quarter, the Company had a market value equivalent to R\$ 849 million.



## Independent Audit

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

<sup>6</sup> [Sustainability](#)

# Portobello Grupo

## Management

### Statutory Executive Board

Name	Position
John Shojiro Suzuki	Chief Executive Officer
Rosangela Sutil de Oliveira	Vice-President and Chief Financial and Investor Relations Officer
Luciano Alves Abrantes	Vice-President of Digital Transformation

### Board of Directors

Name	Member
César Gomes Júnior	Chairman of the Board
Cláudio Ávila da Silva	Vice Chairman
Nilton Torres de Bastos Filho	Board Member
Mauro do Valle Pereira	Independent Board Member
Geraldo Luciano Mattos Junior	Independent Board Member
Maria Laura Santos Tarnow	Independent Board Member
Márcio Lobo	Independent Board Member

## Corporate Governance

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

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

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

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

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

Electronic address to communicate corporate governance related issues to senior management  
[dri@portobello.com.br](mailto:dri@portobello.com.br).

## Portobello Grupo

## Financial Statements

## Balance Sheet

Assets	1Q23	AV %	4Q22	AV %	Var%
<b>Current assets</b>	<b>1,264.6</b>	<b>46.0%</b>	<b>1,103.1</b>	<b>44.5%</b>	<b>14.6%</b>
Cash and cash equivalents	389.7	14.2%	256.1	10.3%	52.2%
Trade Receivables	315.6	11.5%	314.5	12.7%	0.3%
Inventories	469.2	17.0%	455.0	18.3%	3.1%
	7.5	0.3%	11.8	0.5%	-36.4%
Other	82.6	3.0%	65.7	2.6%	25.7%
<b>Non-current assets</b>	<b>1,487.5</b>	<b>54.0%</b>	<b>1,376.7</b>	<b>55.5%</b>	<b>8.1%</b>
<b>Long-term assets</b>	<b>371.8</b>	<b>13.5%</b>	<b>375.0</b>	<b>15.1%</b>	<b>-0.9%</b>
Judicial deposits	107.0	3.9%	106.7	4.3%	0.3%
Judicial assets	141.6	5.1%	140.3	5.7%	0.9%
Guarantee deposit	18.7	0.7%	19.4	0.8%	-3.4%
Receivables - Eletrobrás	-	0.0%	12.8	0.5%	-100.0%
Restricted financial investments	9.6	0.3%	9.3	0.4%	3.3%
Recoverable taxes and deferred tax	33.4	1.2%	19.4	0.8%	71.8%
Other non-current assets	61.5	2.2%	67.0	2.7%	-8.3%
<b>Fixed assets</b>	<b>1,115.7</b>	<b>40.5%</b>	<b>1,001.7</b>	<b>40.4%</b>	<b>11.4%</b>
PPE, Intangible Assets and Investments	923.3	33.5%	813.6	32.8%	13.5%
Right of Use of Leased Assets	192.1	7.0%	187.7	7.6%	2.3%
Other investments	0.3	0.0%	0.3	0.0%	-13.8%
<b>Total assets</b>	<b>2,752.1</b>	<b>100.0%</b>	<b>2,479.8</b>	<b>100.0%</b>	<b>11.0%</b>
Liabilities	1Q23	AV %	4T22	AV %	Var%
<b>Current liabilities</b>	<b>1,122.9</b>	<b>40.8%</b>	<b>945.1</b>	<b>38.1%</b>	<b>18.8%</b>
Loans and Debentures	371.3	13.5%	165.9	6.7%	123.8%
Trade Payables and Credit Assignment	347.3	12.6%	460.8	18.6%	-24.6%
Lease obligations	33.7	1.2%	26.4	1.1%	27.8%
Tax liabilities	48.1	1.7%	43.2	1.7%	11.3%
Payroll and related taxes	71.8	2.6%	64.6	2.6%	11.2%
Advances from Customers	93.6	3.4%	84.5	3.4%	10.8%
Other	157.1	5.7%	99.7	4.0%	57.5%
<b>Non-current liabilities</b>	<b>1,170.8</b>	<b>42.5%</b>	<b>1,067.5</b>	<b>43.0%</b>	<b>9.7%</b>
Loans and Debentures	753.6	27.4%	717.7	28.9%	5.0%
Suppliers	94.4	3.4%	122.5	4.9%	-22.9%
Debts with related parties	56.3	2.0%	56.3	2.3%	-0.1%
Provisions	88.8	3.2%	88.4	3.6%	0.5%
Lease obligations	50.3	1.8%	51.4	2.1%	-2.1%
Other Non Current Liabilities	127.4	4.6%	31.3	1.3%	307.3%
<b>Equity</b>	<b>458.4</b>	<b>16.7%</b>	<b>467.2</b>	<b>18.8%</b>	<b>-1.9%</b>
Capital	250.0	9.1%	250.0	10.1%	0.0%
Earnings reserve	210.9	7.7%	255.3	10.3%	-17.4%
Other comprehensive income	(32.1)	-1.2%	(38.1)	-1.5%	-15.7%
Additional dividends proposed	29.6	1.1%	-	0.0%	100.0%
<b>Total liabilities</b>	<b>2,752.1</b>	<b>100.0%</b>	<b>2,479.8</b>	<b>100.0%</b>	<b>11.0%</b>

## Portobello Grupo

## Statement of Income

R\$ million	1Q23	1Q22
Net Sales Revenue	487.8	525.0
Cost of goods sold	(295.6)	(286.6)
<b>Gross Operating Profit</b>	<b>192.2</b>	<b>238.4</b>
<b>Operating Income (Expenses), Net</b>	<b>(172.4)</b>	<b>(140.3)</b>
Selling	(143.9)	(118.9)
General and Administrative	(23.8)	(18.3)
Other Operating Income (Expenses), Net	(4.7)	(3.0)
<b>Operating Profit before Financial Income</b>	<b>19.8</b>	<b>98.1</b>
<b>Financial Result</b>	<b>(36.7)</b>	<b>(41.3)</b>
Financial Revenues	8.0	4.3
Financial Expenses	(41.0)	(26.6)
Net exchange rate change	(3.7)	(19.0)
<b>Income (loss) before income taxes</b>	<b>(16.9)</b>	<b>56.8</b>
Income Tax and Social Contribution	1.8	(19.1)
<b>Net income (loss) for the Period</b>	<b>(15.1)</b>	<b>37.6</b>

## Cash Flow

R\$ milhões	1Q23	1Q22
<b>Net cash from operating activities</b>	<b>(11.8)</b>	<b>84.4</b>
Cash from operations	60.4	100.7
Changes in assets and liabilities	(34.7)	23.2
Interest paid and income taxes paid	(37.5)	(39.4)
<b>Net cash used in investment activities</b>	<b>(85.2)</b>	<b>(15.6)</b>
Acquisition of property, plant and equipment	(129.9)	(42.9)
Acquisition of intangible assets	(8.0)	(3.7)
Receipt for the sale and reimbursement of fixed assets	-	55.8
Other investments	52.7	(24.8)
<b>Net cash provided by (used in) financing activities</b>	<b>230.6</b>	<b>(34.4)</b>
Funding loans and financing	262.6	2.2
Payment of loans and financing	(19.9)	(29.6)
Dividends paid	-	(0.1)
Lease Amortization	(12.1)	(6.9)
Treasury acquisitions	-	-
<b>Increase/(Decrease) in Cash for the period/year</b>	<b>133.6</b>	<b>34.5</b>
<b>Opening Balance</b>	<b>256.1</b>	<b>189.7</b>
<b>Closing Balance</b>	<b>389.7</b>	<b>224.2</b>

Please visit the Investor Relations website:

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

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

Notes to the interim financial statements at March 31, 2023.  
All amounts in thousands of reais, unless otherwise stated.

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### **1. General information**

PBG S.A., hereinafter referred to as “Company” or “Parent Company”, is a publicly-held company and its shares are traded on the Novo Mercado segment of B3 S.A. - Brasil, Bolsa, Balcão (“B3”), under ticker symbol PTBL3. The Company is controlled by a group of shareholders, formalized in the agreement entered into on April 15, 2011, and amended on August 5, 2021, which holds 61.05% of the Company’s shares at March 31, 2023. The remaining balance of 38.95% refers to outstanding shares (free float).

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

The Company also holds equity interest in the following subsidiaries: (i) Portobello Shop, which manages the Portobello Shop franchising network, specialized in porcelain tiles and ceramic coatings; (ii) PBTech, which manages the Portobello Shop own stores and currently manages 24 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; and (v) Portobello América, which distributes Portobello products in the U.S. market and started to build a plant in the USA through its subsidiary Portobello America Manufacturing LLC, which is expected to be concluded in May 2023.

### **2. Presentation of interim financial information**

#### **a) Statement of compliance**

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

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

Therefore, this interim financial information should be read in conjunction with the Company’s financial statements for the year ended December 31, 2022, which have been prepared and presented in accordance with the International Financial Reporting Standards - IFRS issued by the International Accounting Standards Board - IASB, and also in accordance with the accounting practices adopted in Brazil (BR GAAP), which include those included in Brazilian corporate law and the standards, guidelines and interpretations issued by the Brazilian Accounting Pronouncements Committee (CPC) and approved by the Brazilian Securities and Exchange Commission (CVM). All significant information in the interim financial information, and only this information, is being disclosed and corresponds to that used by Management in its activities. This interim financial information was approved and authorized for issue by the Board of Directors on May 11, 2023.

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

Notes to the interim financial statements at March 31, 2023.  
All amounts in thousands of reais, unless otherwise stated.

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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". Therefore, under IFRS, the presentation of such statements is considered supplementary information. Therefore, under IFRS, this statement is presented as supplementary information, and not part of the set of interim financial information.

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

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

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

## **3. Significant accounting policies**

The significant accounting policies applied in the preparation of these Parent Company and Consolidated interim financial information are as follows. These policies have been consistently applied in the years presented, unless otherwise stated. The accounting practices adopted by the Company and its subsidiaries in the preparation of the quarterly information for the three month periods ended March 31, 2023 are consistent with those used in the preparation of the last annual financial statements at December 31, 2022, and are disclosed in Note 3 to those financial statements.

This interim financial information should be read together with those annual financial statements disclosed on March 28, 2023. The interim financial information for the quarter period ended March 31, 2023 includes all information significant for the understanding of the Company's financial position and performance during the period.

### **3.1 Consolidations**

#### **3.1.1 Interim financial information**

##### **a) Subsidiaries**

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

The Company's ownership interest in subsidiaries at March 31, 2023 is as follows:



## PBG S.A. and subsidiaries

Notes to the interim financial statements at March 31, 2023.  
All amounts in thousands of reais, unless otherwise stated.

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

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

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

### b) Transactions and non-controlling interests

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

#### 3.1.2 Parent company interim financial information

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

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

### 3.2 Segment reporting

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

### 3.3 Functional currency and foreign currency translation

#### a) Transactions and balances

Foreign currency transactions are translated into Brazilian reais using the exchange rates prevailing at the dates of the transactions, or the dates of valuation when items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currency are recognized in profit or loss as finance income (costs), as presented in Note 32, except when deferred in equity as qualifying cash flow hedge transactions.

#### b) Foreign subsidiaries

The assets and liabilities recorded in foreign currency (US Dollars and Euro) recorded for the subsidiary located abroad were translated into Brazilian reais at the foreign exchange rate in effect at the balance

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

Notes to the interim financial statements at March 31, 2023.

All amounts in thousands of reais, unless otherwise stated.

sheet date and operations' profit or loss were translated at the monthly average foreign exchange rates. The exchange variation on the foreign investment was recorded as a cumulative translation adjustment in equity under "Carrying value adjustments".

### **3.4 Revenue recognition**

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

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

#### **a) Product sales - wholesale**

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

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

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

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

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

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

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

#### **d) Interest income**

## PBG S.A. and subsidiaries

Notes to the interim financial statements at March 31, 2023.

All amounts in thousands of reais, unless otherwise stated.

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

### 4. Critical accounting estimates and judgments

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

### 5. Financial risk management

#### 5.1. Financial risk factors

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

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

#### a) Market risk

#### i) Foreign exchange risk

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

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

	In thousands of Brazilian reais			
	Parent company		Consolidated	
	March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022
Trade receivables	68,133	80,718	100,882	104,616
Checking account	24	36	21,238	14,539
Receivables from subsidiaries	162,242	150,220	-	-
Exposed assets	230,399	230,974	122,120	119,155
Suppliers	(4,871)	(5,059)	(4,871)	(18,098)
Suppliers of property, plant and equipment and intangible assets	(21,364)	(19,511)	(151,730)	(93,416)
Borrowings and financing	(189,953)	(93,484)	(189,953)	(93,484)
(-) Swap transaction	28,729	-	28,729	-
Exposed liabilities	(187,459)	(118,054)	(317,825)	(204,998)
Net exposure	42,940	112,920	(195,705)	(85,843)

## PBG S.A. and subsidiaries

Notes to the interim financial statements at March 31, 2023.

All amounts in thousands of reais, unless otherwise stated.

The foreign exchange exposure is divided into:

### 1. Euro:

	In thousands of Euros			
	Parent company		Consolidated	
	March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022
Trade receivables	247	241	247	241
Suppliers	(635)	(391)	(635)	(391)
Suppliers of property, plant and equipment and intangible assets	(3,787)	(3,503)	(3,787)	(3,503)
	<u>(4,175)</u>	<u>(3,653)</u>	<u>(4,175)</u>	<u>(3,653)</u>

### 2. US Dollar:

	In thousands of US Dollars			
	Parent company		Consolidated	
	March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022
Trade receivables	13,142	15,213	19,588	19,793
Checking account	5	7	4,180	2,786
Receivables from subsidiaries	31,934	28,790	-	-
Suppliers	(268)	(552)	(268)	(3,051)
Suppliers of property, plant and equipment and intangible assets	(90)	-	(25,751)	(14,164)
Borrowings and financing	(37,389)	(17,917)	(37,389)	(17,917)
(-) Swap transactions	5,655	-	5,655	-
	<u>12,989</u>	<u>25,541</u>	<u>(33,985)</u>	<u>(12,553)</u>

The Company keeps a policy of maintaining foreign exchange exposure losses in the amount equivalent to one year of its exports.

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

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

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

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

### b) Credit risk

## PBG S.A. and subsidiaries

Notes to the interim financial statements at March 31, 2023.

All amounts in thousands of reais, unless otherwise stated.

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

		Parent company				
		December 31, 2022				
		Borrowings and debentures	Lease liabilities	Trade payables and credit assignment	Installment payment of tax obligations	Total
Years:	≤01	165,903	16,299	378,167	12,313	572,682
	01–02	168,895	10,016	102,317	10,217	291,445
	02–05	492,000	11,576	1,299	-	504,875
	>05	56,773	-	-	-	56,773
		<u>883,571</u>	<u>37,891</u>	<u>481,783</u>	<u>22,530</u>	<u>1,425,775</u>
		Parent company				
		March 31, 2023				
		Borrowings and debentures	Lease liabilities	Trade payables and credit assignment	Installment payment of tax obligations	Total
Years:	≤01	371,298	21,494	349,330	12,493	754,615
	01–02	388,643	12,402	99,063	7,224	507,332
	02–05	307,221	13,020	1,299	-	321,540
	>05	57,733	-	-	-	57,733
		<u>1,124,895</u>	<u>46,916</u>	<u>449,692</u>	<u>19,717</u>	<u>1,641,220</u>
		Consolidated				
		December 31, 2022				
		Borrowings and debentures	Lease liabilities	Trade payables and credit assignment	Installment payment of tax obligations	Total
Years:	≤01	165,903	26,361	460,832	12,313	665,409
	01–02	168,895	20,328	121,222	10,217	320,662
	02–05	492,000	30,082	1,299	-	523,381
	>05	56,773	944	-	-	57,717
		<u>883,571</u>	<u>77,715</u>	<u>583,353</u>	<u>22,530</u>	<u>1,567,169</u>

## PBG S.A. and subsidiaries

Notes to the interim financial statements at March 31, 2023.  
All amounts in thousands of reais, unless otherwise stated.

		Consolidated				
		March 31, 2023				
		Borrowings and debentures	Lease liabilities	Trade payables and credit assignment	Installment payment of tax obligations	Total
Years:						
≤01		371,298	33,672	411,186	12,493	828,649
01–02		388,643	16,801	157,216	7,224	569,884
02–05		307,221	32,513	36,085	-	375,819
>05		57,733	1,020	-	-	58,753
		<u>1,124,895</u>	<u>84,006</u>	<u>604,487</u>	<u>19,717</u>	<u>1,833,106</u>

### d) Sensitivity analysis

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

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

This study is based on the likely scenario of an increase in the CDI rate to 13.64% per year, based on the future interest curve by B3 S.A. - Brasil, Bolsa e Balcão and Selic to 13.64% 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							
		March 31, 2023	Risk	Probable Rate		Possible (25%)*		Remote (50%)*	
				%	R\$	%	R\$	%	R\$
Financial investments	361,274	CDI increase	13.64%	49,278	17.05%	61,597	20.46%	73,917	
Borrowings and financing	(454,607)	CDI increase	13.64%	(62,008)	17.05%	(77,510)	20.46%	(93,013)	
Debentures	(299,559)	CDI increase	13.64%	(40,860)	17.05%	(51,075)	20.46%	(61,290)	
Installment payment of tax obligations	(19,717)	SELIC increase	13.64%	(2,689)	17.05%	(3,362)	20.46%	(4,034)	
	<u>(412,609)</u>			<u>(56,280)</u>		<u>(70,350)</u>		<u>(84,420)</u>	

\* Selic and CDI rates obtained from the B3 (Brasil, Bolsa e Balcão) website on April 25, 2023.

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

The Company has assets and liabilities pegged to a foreign currency in the balance sheet at March 31, 2023, and for sensitivity analysis purposes, it has adopted as probable scenario the future market rate effective in the period of preparation of these interim financial information. The probable rate in US dollar is R\$ 6.04 and in Euro is R\$ 6.54. 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:

## PBG S.A. and subsidiaries

Notes to the interim financial statements at March 31, 2023.

All amounts in thousands of reais, unless otherwise stated.

	March 31, 2023 (Payable) Receivable		Consolidated				
			Probable scenario	Currency appreciation		Currency depreciation	
				Possible +25%	Remote +50%	Possible -25%	Remote -50%
	US Dollar	Reais	6.0400	7.5500	9.0600	4.5300	3.0200
Trade receivables	19,588	99,518	18,795	48,373	77,951	(10,783)	(40,362)
Checking account	4,180	21,236	4,011	10,323	16,635	(2,301)	(8,612)
Suppliers	(268)	(1,362)	(257)	(661)	(1,066)	148	553
Borrowings and financing	(37,389)	(189,951)	(35,879)	(92,336)	(148,793)	20,579	77,036
(-) Swap contracts	5,655	28,729	5,427	13,966	22,505	(3,112)	(11,651)
Suppliers of property, plant and equipment and intangible assets	(25,751)	(130,825)	(24,711)	(63,595)	(102,479)	14,173	53,057
Net exposure	(33,985)	(172,655)	(32,614)	(83,930)	(135,247)	18,704	70,021
	Euro	Reais	6.5400	8.1750	9.8100	4.9050	3.2700
Trade receivables	247	1,363	252	656	1,060	(151)	(555)
Suppliers	(635)	(3,505)	(648)	(1,686)	(2,724)	390	1,429
Suppliers of property, plant and equipment and intangible assets	(3,787)	(20,906)	(3,861)	(10,053)	(16,244)	2,331	8,523
Net exposure	(4,175)	(23,048)	(4,257)	(11,083)	(17,909)	2,570	9,397

\*Possible and remote scenarios calculated based on the probable future rate of the Euro and the US Dollar for 90 days, obtained from the B3 (Brasil, Bolsa e Balcão) website on April 25, 2023.

Furthermore, the Company has financial instruments to protect export revenue, according to note 7.

## 5.2 Capital management

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

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

At March 31, 2023, the gearing are summarized as follows:

	Parent company		Consolidated	
	March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022
Gross Banking Debt	1,127,362	886,570	1,127,362	886,570
Cash and cash equivalents	(276,840)	(176,995)	(389,746)	(256,088)
Net indebtedness	850,522	709,575	737,616	630,482
Total equity	458,473	467,216	458,512	467,244
Total Company and third-party capital	1,308,995	1,176,791	1,196,128	1,097,726
Net debt/ EBITDA			2.18	1.55
Gearing ratio (%)			62	57

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

## PBG S.A. and subsidiaries

Notes to the interim financial statements at March 31, 2023.  
All amounts in thousands of reais, unless otherwise stated.

### 5.3 Financial instruments by category

	Parent company		Consolidated	
	March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022
Assets measured at fair value through profit or loss and other comprehensive income				
Hedge accounting derivatives	15,162	6,410	15,162	6,410
Liabilities at amortized cost				
Cash and cash equivalents	276,840	176,995	389,746	256,088
Trade receivables	261,668	282,273	315,599	314,507
Receivables from subsidiaries	252,664	161,765	-	-
Judicial deposits	106,751	106,509	106,950	106,704
Restricted investments	9,587	9,291	9,587	9,291
Other assets	17,111	19,776	19,840	22,134
	<u>939,783</u>	<u>763,019</u>	<u>856,884</u>	<u>715,134</u>
Liabilities at amortized cost				
Trade payables and assignment	449,692	481,783	604,487	583,353
Borrowings, financing and debentures	1,124,895	883,571	1,124,895	883,571
Dividends payable	563	563	563	563
Lease liabilities	46,916	37,891	84,006	77,715
Payables to Related Parties	75,683	74,414	102,010	106,013
Other liabilities	26,707	26,505	54,928	59,966
	<u>1,724,456</u>	<u>1,504,727</u>	<u>1,970,889</u>	<u>1,711,181</u>

The Company's financial investment is linked to a long-term investment fund and is pegged to a reciprocity clause in the loan agreement with Banco do Nordeste in the amount of R\$ 9,587 at March 31, 2023 (R\$ 9,291 at December 31, 2022). This financial investment is classified in non-current assets.

### 6. Cash and cash equivalents

Short-term investments designated as cash equivalents are mostly CDB investments and a small portion in investment funds, the profitability of the financial investments on the balance sheet date is between 88% and 110% of the Interbank Deposit Certificate (CDI) rate and have immediate liquidity, and can be redeemed at any time, without penalties.

	Parent company		Consolidated	
	March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022
<b>Checking accounts</b>	<b>3,070</b>	<b>60,118</b>	<b>9,682</b>	<b>81,710</b>
Local currency	3,046	60,082	7,234	67,685
Foreign currency	24	36	2,448	14,025
<b>Financial investments</b>	<b>273,770</b>	<b>116,877</b>	<b>380,064</b>	<b>174,378</b>
Local currency	273,770	116,877	361,274	173,864
Foreign currency	-	-	18,790	514
	<u>276,840</u>	<u>176,995</u>	<u>389,746</u>	<u>256,088</u>

### 7. Derivative financial instruments



## PBG S.A. and subsidiaries

Notes to the interim financial statements at March 31, 2023.

All amounts in thousands of reais, unless otherwise stated.

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

The Company has NDF contracts with a total notional amount of US\$ 34,864, under the following conditions:

### a) Transactions to be settled/realized after March 31, 2023 with effect on Current Assets and Equity:

Maturity	Quotation set (weighted average of agreements) R\$/US\$	Reference value (domestic – US\$)	Fair value - MTM
04/30/2023	5.5312	6,090	2,617
05/31/2023	5.5654	6,195	2,649
06/30/2023	5.5942	6,141	2,593
07/31/2023	5.6473	2,596	1,147
08/31/2023	5.6863	2,620	1,161
09/30/2023	5.7155	2,658	1,178
10/31/2023	5.7490	2,906	1,291
11/30/2023	5.7775	2,890	1,285
12/31/2023	5.8075	2,768	1,241
Total		34,864	15,162

### b) Transactions settled/realized up to March 31, 2023 with effects on profit or loss:

Maturity	Quotation set (weighted average of agreements) R\$/US\$	Reference value (domestic – US\$)	Operating income (Note 29)	
			March 31, 2023	March 31, 2022
2022	5.6517	11,179	-	6,400
2023	5.4765	16,202	5,475	-

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

In the first quarter of 2023 there was an unrealized gain (fair value - mark-to-market at the curve of the US Dollar of B3) of R\$ 15,162 without considering income tax and social contribution, recorded in other comprehensive income and current assets, for contracts falling due on that date. This amount is shown in the Statement of changes in equity and in the Statement of comprehensive income. There were also accumulated realized gains of R\$ 5,475 in the operating result.

## PBG S.A. and subsidiaries

Notes to the interim financial statements at March 31, 2023.  
All amounts in thousands of reais, unless otherwise stated.

### 8. Trade receivables

	Parent company		Consolidated	
	March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022
Receivables from third parties				
Domestic market	197,752	204,555	220,877	214,705
Foreign market	68,133	80,718	100,882	104,616
	<u>265,885</u>	<u>285,273</u>	<u>321,759</u>	<u>319,321</u>
Receivables from related parties				
Entities related to management	79	24	112	50
	<u>79</u>	<u>24</u>	<u>112</u>	<u>50</u>
Total short-term trade receivables	<u>265,964</u>	<u>285,297</u>	<u>321,871</u>	<u>319,371</u>
Total non-current long-term trade receivable in domestic market	<u>3,391</u>	<u>3,391</u>	<u>3,391</u>	<u>3,391</u>
Total trade receivables	<u>269,355</u>	<u>288,688</u>	<u>325,262</u>	<u>322,762</u>
Impairment of trade receivables				
Provision for impairment of trade receivables - short term	(4,296)	(3,024)	(6,272)	(4,864)
Provision for impairment of trade receivables - long current	(3,391)	(3,391)	(3,391)	(3,391)
	<u>(7,687)</u>	<u>(6,415)</u>	<u>(9,663)</u>	<u>(8,255)</u>
Total trade receivables, net of provision for impairment of trade receivables	<u>261,668</u>	<u>282,273</u>	<u>315,599</u>	<u>314,507</u>

#### a) Aging list of trade receivables:

	Parent company					
	March 31, 2023	Estimated losses	Coverage %	December 31, 2022	Estimated losses	Coverage %
Not yet due	256,985	(1,142)	0.4%	275,669	(1,132)	0.4%
Falling due (days):						
≤30	2,315	(223)	9.6%	4,537	(45)	1.0%
31–60	2,615	(125)	4.8%	1,713	(86)	5.0%
61–90	700	(71)	10.1%	677	(68)	10.0%
91–120	497	(127)	25.6%	734	(184)	25.1%
121–180	850	(606)	71.3%	916	(458)	50.0%
181–360	2,002	(2,002)	100.0%	1,051	(1,051)	100.0%
>361	3,391	(3,391)	100.0%	3,391	(3,391)	100.0%
	<u>269,355</u>	<u>(7,687)</u>		<u>288,688</u>	<u>(6,415)</u>	

## PBG S.A. and subsidiaries

Notes to the interim financial statements at March 31, 2023.  
All amounts in thousands of reais, unless otherwise stated.

	Consolidated					
	March 31, 2023	Estimated losses	Coverage %	December 31, 2022	Estimated losses	Coverage %
Not yet due	298,767	(1,354)	0.5%	296,191	(1,286)	0.4%
Falling due (days):						
≤30	6,787	(254)	3.7%	11,523	(115)	1.0%
31–60	5,050	(183)	3.6%	3,408	(170)	5.0%
61–90	2,037	(137)	6.7%	2,744	(274)	10.0%
91–120	1,669	(354)	21.2%	2,309	(577)	25.0%
121–180	2,952	(1,356)	45.9%	1,509	(755)	50.0%
181–360	4,609	(2,634)	57.1%	1,687	(1,687)	100.0%
>361	3,391	(3,391)	100.0%	3,391	(3,391)	100.0%
	<u>325,262</u>	<u>(9,663)</u>		<u>322,762</u>	<u>(8,255)</u>	

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

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

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

The changes in the allowance for doubtful accounts are as follows:

	Parent company	Consolidated
Balance at December 31, 2021	(7,607)	(9,872)
Provision	(3,619)	(10,100)
Reversal of provision	2,682	9,587
Write-off due to effective loss	2,129	2,130
Balance at December 31, 2022	<u>(6,415)</u>	<u>(8,255)</u>
Provision	(2,516)	(3,487)
Reversal of provision	1,007	1,842
Write-off due to effective loss	237	237
Balance at March 31, 2023	<u>(7,687)</u>	<u>(9,663)</u>

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

At March 31, 2023, the total notes receivable pledged as collateral amounts to R\$ 88,046 (R\$ 88,094 at December 31, 2022). In order to guarantee the transactions of third parties with franchisees, collateral amounts to R\$ 167 (R\$ 167 at December 31, 2022).

## PBG S.A. and subsidiaries

Notes to the interim financial statements at March 31, 2023.  
All amounts in thousands of reais, unless otherwise stated.

### 9. Inventories

	Parent company		Consolidated	
	March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022
Finished products	340,852	321,573	414,854	401,824
Work in progress	12,611	11,116	12,853	11,330
Raw and consumable materials	58,259	57,440	60,155	59,130
Imports in transit	1,311	383	2,899	3,438
Provision for valuation of inventories at realizable value	(14,495)	(13,301)	(21,518)	(20,684)
	<u>398,538</u>	<u>377,211</u>	<u>469,243</u>	<u>455,038</u>

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

During the year, the provision for adjusting inventories to realizable value presented the following changes:

	Parent company	Consolidated
Balance at December 31, 2021	(8,594)	(11,842)
Recognition of provision	(11,804)	(19,185)
Reversal of provision due to sale or write-off	7,097	10,343
Balance at December 31, 2022	(13,301)	(20,684)
Recognition of provision	(1,619)	(1,725)
Reversal of provision due to sale or write-off	425	891
Balance at March 31, 2023	(14,495)	(21,518)

### 10. Taxes recoverable

	Parent company		Consolidated	
	March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022
<b>Current</b>				
IRPJ/CSLL (a)	7,099	11,210	8,235	12,477
ICMS (b)	6,573	10,257	6,994	10,575
PIS/COFINS (c)	10,754	9,703	10,982	9,765
IPI	3,509	2,798	3,595	2,865
Reintegra	945	880	945	880
Other taxes recoverable	1,254	938	1,564	971
	<u>30,134</u>	<u>35,786</u>	<u>32,315</u>	<u>37,533</u>
<b>Non-current</b>				
ICMS-ST (d)	9,982	9,982	9,982	9,982
ICMS - DIFAL (e)	9,584	9,103	9,584	9,103
ICMS	1,345	299	1,402	357
	<u>20,911</u>	<u>19,384</u>	<u>20,968</u>	<u>19,442</u>

## PBG S.A. and subsidiaries

Notes to the interim financial statements at March 31, 2023.  
All amounts in thousands of reais, unless otherwise stated.

### a) IRPJ and CSLL

The balance is comprised by the negative balance of IRPJ and CSLL of 2022. Negative balances will be offset against other federal taxes.

### b) ICMS

The balance is substantially composed of ICMS credits on property, plant and equipment of R\$ 3,242 (R\$ 4,737 at December 31, 2022) and amounts recoverable from the company's normal activities.

### c) PIS and COFINS

The balance of this item comprises the amounts of PIS and COFINS on property, plant and equipment and PIS and COFINS credits arising from the Company's normal operations and will be fully offset in subsequent calculations.

### d) ICMS-ST

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

### e) ICMS-DIFAL

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

## 11. Judicial deposits

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

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

	Parent company		Consolidated	
	March 31 , 2023	December 31, 2022	March 31 , 2023	December 31, 2022
Civil (a)	94,426	94,426	94,426	94,426
Other civil deposits	156	156	160	156
Labor	1,589	1,636	1,739	1,786
Tax	10,580	10,291	10,625	10,336
			-	-
	<u>106,751</u>	<u>106,509</u>	<u>106,950</u>	<u>106,704</u>

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

Notes to the interim financial statements at March 31, 2023.

All amounts in thousands of reais, unless otherwise stated.

a) The Company, due to an untimely and unilateral decision by the gas supplier to suspend the discount of the monthly value of the contracted gas, a benefit called loyalty plan, filed a lawsuit requesting the maintenance of this benefit, and an injunction was granted so that the amounts referring to the discount were deposited in court. In January 2022, the priorly granted injunction was vacated in favor of the Gas supplier, who also received the authorization to withdrawal 50% (R\$ 87,100) of the amounts deposited in court. About this decision, the Company filed an appeal before the Court of Appeals, which awaits judgment. The Company has the same amount recorded under the item suppliers, in non-current liabilities (note 20).

### **12. Guarantee deposits**

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

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

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

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

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

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

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

At December 31, 2022, the Company carried out the financial update of the assets in the amount of R\$ 4,331, obtaining the balance of R\$ 19,365 at December 31, 2022.

In 2023, there were changes arising from the assessment of R\$ 1,100 in favor of the Company in January, as well as restatement of R\$ 425 in March, resulting in a balance of R\$ 18,690 at March 31, 2023.

The Company informs that there are still amounts recorded as “Guarantee deposits” that remain deposited for another five tax foreclosures. The Company expects to realize the amount of R\$ 18,690 arising from the 5 outstanding tax foreclosures for the year 2023.

### 13. Receivables from Eletrobras

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

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

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

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

After the homologation decision and summons from Eletrobras for the payment of the enforceable amount, the debtor made the judicial deposit of R\$ 13,746 at January 17, 2023, of which R\$ 12,668 were withdrawn by the Company and R\$ 1,078 were withdrawn by the Law Firm in March 2023. Therefore, considering the payment by Eletrobras, we are awaiting the end of the lawsuit for compliance with the obligation.

### 14. Income tax and social contribution

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

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

	Current assets			
	Parent company		Consolidated	
	March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022
Income tax	5,014	8,331	5,851	9,286
Social contribution	2,085	2,879	2,384	3,191
	<u>7,099</u>	<u>11,210</u>	<u>8,235</u>	<u>12,477</u>

## PBG S.A. and subsidiaries

Notes to the interim financial statements at March 31, 2023.

All amounts in thousands of reais, unless otherwise stated.

	Current liabilities			
	Parent company		Consolidated	
	March 31 , 2023	December 31, 2022	March 31 , 2023	December 31, 2022
Income tax	-	-	2,446	1,931
Social contribution	-	-	882	1,090
	-	-	3,328	3,021

### b) Deferred income tax and social contribution

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

	Parent company		Consolidated	
	March 31 , 2023	December 31, 2022	March 31 , 2023	December 31, 2022
Tax losses	27,308	23,647	38,738	35,078
Temporary differences - assets	67,656	64,254	72,305	68,623
Cash basis foreign exchange variations	17,041	16,067	17,041	16,067
Provision for adjustment to market value	2,674	2,526	2,674	2,526
Provision for civil, labor, social security and tax risks	18,254	18,205	18,719	18,665
Provision for profit sharing and long-term incentive	5,939	4,754	5,939	4,754
Provision Difal	4,256	3,863	4,256	3,863
Provision for doubtful accounts	2,614	2,181	2,790	2,591
Provision for commissions	3,198	3,449	3,198	3,449
Provision for expenses	2,155	2,924	2,155	4,466
Provision for success fees	7,239	7,320	7,378	7,588
Other temporary differences - assets	4,286	2,965	8,155	4,654
	Parent company		Consolidated	
	March 31 , 2023	December 31, 2022	March 31 , 2023	December 31, 2022
Temporary differences - liabilities	(71,281)	(71,792)	(77,668)	(78,178)
Portobello pension plan	(9,289)	(9,289)	(9,289)	(9,289)
Realization of the revaluation reserve	(15,951)	(16,108)	(15,951)	(16,108)
Receivables from Eletrobras	-	(4,359)	-	(4,359)
Contingent assets - IPI credit premium - Phase I	(3,348)	(3,264)	(3,348)	(3,264)
Contingent assets - IPI credit premium - Phase II	(9,692)	(9,452)	(9,692)	(9,452)
Contingent assets - adjustment to rural credit notes	-	-	(6,387)	(6,387)
Hedge accounting transactions	(5,155)	(2,180)	(5,155)	(2,180)
Adjustment to present value	(1)	37	(1)	37
Depreciation adjustment (to the useful lives of goods)	(27,845)	(27,177)	(27,845)	(27,176)
Deferred income tax and social contribution - Net	23,683	16,109	33,375	25,523
Non-current assets	94,964	87,900	111,043	103,701
Non-current liabilities	(71,281)	(71,791)	(77,668)	(78,178)

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



## PBG S.A. and subsidiaries

Notes to the interim financial statements at March 31, 2023.  
All amounts in thousands of reais, unless otherwise stated.

	Parent company	Consolidated
December 31, 2021	27,293	31,942
Tax losses	(4,055)	(1,416)
Temporary differences - assets	1,200	3,326
Temporary differences - liabilities	(6,923)	(6,923)
Hedge accounting transactions	(1,339)	(1,339)
Revaluation reserve	(67)	(67)
December 31, 2022	16,109	25,523
Tax losses	3,661	3,661
Temporary differences - assets	3,403	3,679
Temporary differences - liabilities	3,327	3,329
Hedge accounting transactions	(2,975)	(2,975)
Revaluation reserve	158	158
March 31, 2023	23,683	33,375

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

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

	Parent company		Consolidated	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Profit before tax	(25,943)	45,842	(16,887)	56,771
Tax calculated based on the nominal rate - 34%	8,821	(15,586)	5,742	(19,302)
Equity in the earnings of subsidiaries	(141)	4,601	-	-
Tax incentives	1,537	1,698	1,537	1,698
Tax incentives - Sudene	-	786	-	786
Depreciation of revalued assets	525	(153)	525	(153)
IRPJ and CSLL on undue tax payments	312	-	312	-
Other permanent additions and exclusions	(192)	455	(6,290)	(2,155)
	10,862	(8,199)	1,826	(19,126)
Current tax on profit for the year	312	(9,552)	(9,002)	(21,066)
Deferred income tax and social contribution	10,550	1,353	10,828	1,940
Income tax and social contribution expense (recognized in profit or loss - current and deferred)	10,862	(8,199)	1,826	(19,126)
Effective tax rate	41.9%	17.9%	10.8%	33.7%

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

	Parent company		Consolidated	
	March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022
Tax losses	80,319	69,551	113,936	103,170
Deferred income tax and social contribution	27,308	23,647	38,738	35,078

## PBG S.A. and subsidiaries

Notes to the interim financial statements at March 31, 2023.  
All amounts in thousands of reais, unless otherwise stated.

Based on studies and projections of results for the following periods, a recoverability test was conducted for deferred tax assets arising from tax and social contribution losses recorded at March 31, 2023 in the Parent Company and its subsidiary Companhia Brasileira de Cerâmica, where we estimated the following asset recoverability schedule:

Period	Parent company	Consolidated
2023	3,284	3,873
2024	2,953	11,094
2025	4,368	7,068
2026	6,655	6,655
2027	6,316	6,316
2028	3,732	3,732
	<u>27,308</u>	<u>38,738</u>

### 15. Legal assets

	Parent company		Consolidated	
	March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022
IPI premium credit (a)				
Lawsuit No. 1987.0000.645-9	28,505	27,799	28,505	27,799
Lawsuit No. 1984.00.020114-0	9,846	9,600	9,846	9,600
IPI premium credit - Plaintiff - Complementary Portion (b)	75,107	75,107	75,107	75,107
IRPJ and CSLL on interest on undue tax payments (c)	28,140	27,827	28,140	27,827
	<u>141,598</u>	<u>140,333</u>	<u>141,598</u>	<u>140,333</u>

#### a) IPI premium credit

The Company is a party to a lawsuit claiming the recognition of tax benefits called 'IPI premium credit', in different calculation periods. Lawsuit No. 1987.0000.645-9, relating to the period between April 1, 1981 and April March 31, 2023, 1985, which was decided favorably to the Company, is in the award calculation phase with the amounts already calculated by the Federal Court accounting department; the amount recognized in November 2009 and maintained to March 31, 2023, is R\$ 28,505 (R\$ 27,799 at December 31, 2022).

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

The Federal Government, represented by the National Treasury's Attorney's Office, did not manifest itself, which led to tacit agreement and, consequently, preclusion. The lawsuit is concluded and there is no further possibility of objection. The Company recognized, in 2015, the amount calculated by the legal expert, in the amount of R\$ 4,983, and, as the Company understands that the gain in the mentioned lawsuit is practically certain, it recorded the tax asset in June 2015, and maintains the balance of R\$ 9,846 at March 31, 2023 (R\$ 9,600 at December 31, 2022). The Company will ensure that the payment request be dispatched by April 2024, so that the financial realization takes place by June 2025.

#### b) IPI premium credit – Plaintiff

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

Notes to the interim financial statements at March 31, 2023.

All amounts in thousands of reais, unless otherwise stated.

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

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

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

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

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

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

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

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

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

## **16. Investments**

### **Interest in subsidiaries**

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

## PBG S.A. and subsidiaries

Notes to the interim financial statements at March 31, 2023.

All amounts in thousands of reais, unless otherwise stated.

Subsidiaries are closely-held companies, for which variations in the year 2022 and first quarter of 2023 are presented below:

	Country of incorporation	Direct ownership	Indirect ownership	Assets	Liabilities	Equity	Revenue	Profit or loss
At December 31, 2022								
	United States	100.00%	0.00%	253,447	222,616	30,831	210,724	(42,424)
Portobello América Inc.								
	United States	0.00%	100.00%	139,538	139,888	(350)	-	(2,359)
Portobello America Manufacturing								
	Brazil	99.94%	0.06%	225,106	189,167	35,939	344,896	31,973
PBTech Ltda.								
	Brazil	99.90%	0.00%	47,233	18,847	28,386	107,967	51,906
Portobello Shop S/A								
	Brazil	99.76%	0.00%	17,046	17,001	45	13,063	(197)
Mineração Portobello Ltda.								
	Brazil	98.85%	1.15%	33,241	11,170	22,071	12,509	(4,884)
Companhia Brasileira de Cerâmica S/A								
At March 31, 2023								
	United States	100.00%	0.00%	395,396	385,041	10,355	38,893	(21,038)
Portobello América Inc.								
	United States	0.00%	100.00%	274,942	276,334	(1,392)	-	(1,902)
Portobello America Manufacturing (a)								
	Brazil	99.94%	0.06%	257,103	209,484	47,619	96,087	11,687
PBTech Ltda.								
	Brazil	99.90%	0.00%	60,439	20,743	39,696	25,476	11,310
Portobello Shop S/A								
	Brazil	99.99%	0.00%	18,169	18,390	(221)	3,983	(265)
Mineração Portobello Ltda.								
	Brazil	98.85%	1.15%	33,851	10,268	23,583	3,825	(2,235)
Companhia Brasileira de Cerâmica S/A								

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

Subsidiaries are closely-held companies, for which variations in the year 2022 and first quarter of 2023 are presented below:

### a) Variations at December 31, 2022:

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

(b) In April 2022, PBG S.A increased its capital by R\$ 9,000 in Mineração Portobello, paying AFAC previously accounted for.

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

### b) Variations at March 31, 2023:

	Percentage of interest	December 31, 2022	Foreign exchange variations	Capital increase	Advances for future capital increase	Equity in the earnings of subsidiaries	Dividends	March 31, 2023
Investments								
Portobello América Inc.	100.00%	30,247	560	-	-	(20,912)	-	9,895
PBTech Ltda.	99.94%	35,918	-	-	-	11,673	-	47,591
Portobello Shop S.A.	99.90%	28,357	-	-	-	11,299	-	39,656
Mineração Portobello Ltda.	99.99%	45	-	-	-	(265)	-	(220)
Companhia Brasileira de Cerâmica S/A (a)	98.85%	22,013	-	-	3,747	(2,209)	-	23,551
Portobello S/A	100.00%	10	-	-	-	-	-	10
Total net investment in subsidiaries		116,590	560	-	3,747	(414)	-	120,483
Interest in subsidiaries		116,590						120,483

(a) Between January and March 2023, Companhia Brasileira de Cerâmica S/A received two advances for future capital increase from PBG S.A in the amount of R\$ 3,747.

## 17. Property, plant and equipment

## PBG S.A. and subsidiaries

Notes to the interim financial statements at March 31, 2023.  
All amounts in thousands of reais, unless otherwise stated.

### a) Breakdown

Parent company					
					December 31, 2022
					March 31, 2023
Annual average depreciation rate	Cost	Accumulated depreciation	Net value	Net value	
Land	-	12,603	-	12,603	12,603
Buildings, constructions and improvements	3%	291,062	(90,699)	200,363	202,167
Machinery and equipment	15%	754,354	(456,159)	298,195	303,346
Furniture and fixtures	10%	11,950	(9,697)	2,253	2,345
Computers	20%	33,586	(28,764)	4,822	4,998
Other property, plant and equipment	20%	1,878	(1,819)	60	62
Construction in progress	-	54,628	-	54,628	36,570
		<u>1,160,061</u>	<u>(587,138)</u>	<u>572,924</u>	<u>562,091</u>
Consolidated					
					December 31, 2022
					March 31, 2023
Annual average depreciation rate	Cost	Accumulated depreciation	Net value	Net value	
Land	-	13,486	-	13,486	13,486
Buildings, constructions and improvements	3%	315,130	(101,160)	213,970	217,406
Machinery and equipment	15%	768,620	(458,248)	310,372	315,946
Furniture and fixtures	10%	18,766	(11,790)	6,976	7,435
Computers	20%	35,059	(29,567)	5,492	7,395
Other property, plant and equipment	20%	3,917	(2,995)	923	1,088
Construction in progress	-	324,417	-	324,417	208,474
		<u>1,479,395</u>	<u>(603,760)</u>	<u>875,636</u>	<u>771,230</u>

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

Parent company						
	December 31, 2021	Additions	Transfers	Depreciation	Disposals	December 31, 2022
Land	12,603	-	-	-	-	12,603
Buildings and improvements	206,913	6,829	536	(12,111)	-	202,167
Machinery and equipment	283,260	20,903	30,562	(31,247)	(132)	303,346
Furniture and fixtures	8,224	26,227	(30,629)	(1,477)	-	2,345
Computers	5,431	3,189	(888)	(2,734)	-	4,998
Other property, plant and equipment	2,992	-	(2,811)	(103)	(16)	62
Construction in progress	8,887	24,453	3,230	-	-	36,570
	<u>522,817</u>	<u>81,601</u>	<u>-</u>	<u>(47,672)</u>	<u>(148)</u>	<u>562,091</u>

Parent company

## PBG S.A. and subsidiaries

Notes to the interim financial statements at March 31, 2023.

All amounts in thousands of reais, unless otherwise stated.

	December 31, 2022	Additions	Transfers	Depreciation	March 31, 2023
Land	12,603	-	-	-	12,603
Buildings and improvements	202,167	236	1,196	(3,236)	200,363
Machinery and equipment	303,346	534	3,293	(8,978)	298,195
Furniture and fixtures	2,345	27	13	(132)	2,253
Computers	4,998	21	454	(651)	4,822
Other property, plant and equipment	62	-	1	(3)	60
Construction in progress	36,570	23,015	(4,957)	-	54,628
	<u>562,091</u>	<u>23,833</u>	<u>-</u>	<u>(13,000)</u>	<u>572,924</u>

### Consolidated

	December 31, 2021	Additions	Transfers	Depreciation	Disposals	Foreign exchange variations	December 31, 2022
Land	31,633	-	-	-	(14,904)	(3,243)	13,486
Buildings and improvements	226,379	9,658	357	(18,648)	(285)	(55)	217,406
Machinery and equipment	286,057	31,116	30,563	(31,630)	(132)	(28)	315,946
Furniture and fixtures	12,270	28,057	(30,629)	(2,416)	-	153	7,435
Computers	5,713	5,445	(870)	(2,845)	-	(48)	7,395
Other property, plant and equipment	4,069	482	(2,811)	(636)	(16)	-	1,088
Construction in progress	48,337	158,094	3,390	-	-	(1,347)	208,474
	<u>614,458</u>	<u>232,852</u>	<u>-</u>	<u>(56,175)</u>	<u>(15,337)</u>	<u>(4,568)</u>	<u>771,230</u>

### Consolidated

	December 31, 2022	Additions	Transfers	Depreciation	Disposals	Foreign exchange variations	March 31, 2023
Land	13,486	-	-	-	-	-	13,486
Buildings and improvements	217,406	900	1,197	(4,813)	(720)	-	213,970
Machinery and equipment	315,946	502	3,293	(9,349)	-	(20)	310,372
Furniture and fixtures	7,435	42	13	(389)	(78)	(47)	6,976
Computers	7,395	30	761	(694)	(1,997)	(3)	5,492
Other property, plant and equipment	1,088	-	-	(165)	-	-	923
Construction in progress	208,474	128,352	(5,264)	-	(2)	(7,143)	324,417
	<u>771,230</u>	<u>129,826</u>	<u>-</u>	<u>(15,410)</u>	<u>(2,797)</u>	<u>(7,213)</u>	<u>875,636</u>

In the first period quarter of 2023, additions to property, plant and equipment in the Consolidated amounted to R\$ 129,826, of which 6.56% was allocated to the purchase of equipment for a new plant in Tijucas, 11.45% to the Marechal Deodoro (Pointer) plant, 79.5% to the purchase of equipment for a future plant in the USA, 0.94% for the Company's own stores, and the remainder 1.55% was divided between commercial and corporate projects and industrial unit of Marechal Deodoro.

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

## PBG S.A. and subsidiaries

Notes to the interim financial statements at March 31, 2023.

All amounts in thousands of reais, unless otherwise stated.

	Parent company		Consolidated	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Cost of goods sold	(11,049)	(9,773)	(11,393)	(9,815)
Commercial expense	(1,225)	(1,356)	(3,262)	(3,373)
Administrative expense	(726)	(464)	(755)	(485)
	<u>(13,000)</u>	<u>(11,593)</u>	<u>(15,410)</u>	<u>(13,673)</u>

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

Property, plant and equipment is tested for impairment at least annually, and for the quarter ended March 31, 2023, Management reviewed the cash flows projections of assets and did not identify the need to record a provision for impairment.

## 18. Intangible assets

### a) Breakdown

	Parent company				
	Annual average amortization rate	March 31, 2023		December 31, 2022	
		Cost	Accumulated amortization	Net value	Net value
Trademarks and patents	-	150	-	150	150
Software	20%	70,527	(41,503)	29,024	26,158
Right to explore mineral resources	9%	1,000	(1,000)	-	-
Software under development	-	5,207	-	5,207	4,739
		<u>76,884</u>	<u>(42,503)</u>	<u>34,381</u>	<u>31,047</u>
	Consolidated				
	Annual average amortization rate	March 31, 2023		December 31, 2022	
		Cost	Accumulated amortization	Net value	Net value
Trademarks and patents	-	376	-	376	150
Software	20%	86,029	(46,902)	39,128	35,062
Right to explore mineral resources	9%	4,074	(3,807)	267	284
Software under development	-	7,905	-	7,905	6,881
		<u>98,384</u>	<u>(50,709)</u>	<u>47,676</u>	<u>42,377</u>

### b) Changes in intangible assets

**PBG S.A. and subsidiaries**

Notes to the interim financial statements at March 31, 2023.  
All amounts in thousands of reais, unless otherwise stated.

Parent company						
	December 31, 2021	Additions	Transfers	Amortizations	Disposals	December 31, 2022
Trademarks and patents	150	-	-	-	-	150
Software	15,892	5,137	11,998	(6,525)	(344)	26,158
Software under development	6,282	10,455	(11,998)	-	-	4,739
	<u>22,324</u>	<u>15,592</u>	<u>-</u>	<u>(6,525)</u>	<u>(344)</u>	<u>31,047</u>

Parent company						
	December 31, 2022	Additions	Transfers	Amortizations		March 31, 2023
Trademarks and patents	150	-	-	-	-	150
Software	26,158	779	3,954	(1,867)		29,024
Software under development	4,739	4,422	(3,954)	-		5,207
	<u>31,047</u>	<u>5,201</u>	<u>-</u>	<u>(1,867)</u>		<u>34,381</u>

Consolidated							
	December 31, 2021	Additions	Transfers	Amortizations	Disposals	Foreign exchange variations	December 31, 2022
Trademarks and patents	150	-	-	-	-	-	150
Software	20,919	6,827	16,272	(8,792)	(349)	185	35,062
Right to explore mineral resources	351	-	-	(67)	-	-	284
Software under development	7,377	16,162	(16,272)	-	(386)	-	6,881
	<u>28,797</u>	<u>22,989</u>	<u>-</u>	<u>(8,859)</u>	<u>(735)</u>	<u>185</u>	<u>42,377</u>

Consolidated						
	December 31, 2022	Additions	Transfers	Amortizations	Foreign exchange variations	March 31, 2023
Trademarks and patents	150	227	-	-	(1)	376
Software	35,062	1,671	5,099	(2,652)	(52)	39,128
Right to explore mineral resources	284	-	-	(17)	-	267
Software under development	6,881	6,123	(5,099)	-	-	7,905
	<u>42,377</u>	<u>8,021</u>	<u>-</u>	<u>(2,669)</u>	<u>(53)</u>	<u>47,676</u>

In the first quarter of 2023, intangible assets in Consolidated added up to R\$ 8,021, destined for the Transformation project, which aims to optimize and implement digital improvements in the commercial area and implement Oracle for Portobello America and Companhia Brasileira de Cerâmica.

Amortization amounts were recorded as cost of goods sold, sales expenses and administrative expenses, as follows:



## PBG S.A. and subsidiaries

Notes to the interim financial statements at March 31, 2023.  
All amounts in thousands of reais, unless otherwise stated.

	Parent company		Consolidated	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Cost of goods sold	(21)	(14)	(37)	(104)
Commercial expense	(581)	(512)	(712)	(912)
Administrative expense	(1,265)	(912)	(1,920)	(927)
	<u>(1,867)</u>	<u>(1,438)</u>	<u>(2,669)</u>	<u>(1,943)</u>

### Projection for amortization of intangible assets - Consolidated

	2023	2024	2025	2026	2027 to 2038
Software	(8,401)	10,620	9,285	7,105	43,860
Right to explore mineral resources	35	17	17	186	272
	<u>(8,366)</u>	<u>10,637</u>	<u>9,302</u>	<u>7,291</u>	<u>44,132</u>

The item called trademarks and patents is not amortized due to its indefinite useful life.

### c) Impairment of intangible assets

Intangible assets are tested for impairment at least annually, and for the quarter ended March 31, 2023, Management reviewed the cash flows projections of assets and did not identify the need to record a provision for impairment.

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

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

At March 31, 2023, the Company had a total of 54 lease agreements (52 at December 31, 2022), 34 of which are classified as leasing agreements without purchase option for its commercial and logistics units, and 20 leasing agreements with purchase option intended for vehicles for the Company's managers, which refer to leases for which there is a purchase option at the end, resembling a financing operation.

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

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

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

## PBG S.A. and subsidiaries

Notes to the interim financial statements at March 31, 2023.  
All amounts in thousands of reais, unless otherwise stated.

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

During the first quarter of 2023, there was a lease agreement readjustment at Portobello America. Moreover, 1 new contract for own store and 1 for machinery (forklifts) were added.

### a) Breakdown of lease assets

Lease	Parent company			
	Distribution Center	Vehicles	Machinery	Total
December 31, 2021	16,331	4,272	-	20,603
Remeasurement	1,461	537	-	1,998
Additions	-	1,721	23,576	25,297
Contract terminations	(2,753)	(2,784)	-	(5,537)
Depreciation	(4,704)	(1,272)	(940)	(6,916)
December 31, 2022	10,335	2,474	22,636	35,445
Without purchase option	10,335	-	22,636	32,971
With purchase option	-	2,474	-	2,474
Additions	-	-	13,324	13,324
Depreciation	(1,223)	(429)	(2,878)	(4,530)
March 31, 2023	9,112	2,045	33,082	44,239
Without purchase option	9,112	-	33,082	42,194
With purchase option	-	2,045	-	2,045

Lease	Consolidated							
	Distribution Center	Stores	Buildings	Goodwill	Vehicles	Machinery	Land	Total
December 31, 2021	16,331	29,682	8,916	11,465	4,272	-	870	71,536
Remeasurement	1,461	-	1,173	-	537	-	84	3,255
Foreign exchange variations	-	-	(30)	-	-	-	-	(30)
Additions (a)	-	6,039	5,181	108,834	1,721	23,576	87	145,438
Contract terminations	(2,753)	-	-	-	(2,784)	-	-	(5,537)
Depreciation	(4,704)	(8,030)	(6,372)	(5,553)	(1,272)	(940)	(64)	(26,935)
December 31, 2022	10,335	27,691	8,868	114,746	2,474	22,636	977	187,727
Without purchase option	10,335	27,691	8,868	114,746	-	22,636	977	185,253
With purchase option	-	-	-	-	2,474	-	-	2,474
Remeasurement	-	-	1,719	-	-	-	-	1,719
Foreign exchange variations	-	-	(94)	-	-	-	-	(94)
Additions	-	7,635	-	-	-	13,324	-	20,959
Contract terminations	-	(5,802)	-	(114)	-	-	-	(5,916)
Depreciation	(1,223)	(2,493)	(2,305)	(2,925)	(429)	(2,878)	(25)	(12,278)
March 31, 2023	9,112	27,031	8,188	111,707	2,045	33,082	952	192,117
Without purchase option	9,112	27,031	8,188	111,707	-	33,082	952	190,072
With purchase option	-	-	-	-	2,045	-	-	2,045

## PBG S.A. and subsidiaries

Notes to the interim financial statements at March 31, 2023.

All amounts in thousands of reais, unless otherwise stated.

(a) The Company acquired stores owned by franchisees, related parties and third parties, whose goodwill amounts were supported by Valuation (see note 38). The Company leased forklifts and backhoes, classified as machinery and equipment.

### b) Breakdown of lease liabilities

Lease	Parent company			
	Distribution Center	Vehicles	Machinery	Total
December 31, 2021	20,355	3,064	-	23,419
Remeasurement	1,461	537	-	1,998
Additions	-	1,721	23,576	25,297
Contract terminations and reclassification	(3,144)	(833)	-	(3,977)
Payments	(6,281)	(2,412)	(1,142)	(9,835)
Accrued interest in the period	(299)	922	366	989
December 31, 2022	12,092	2,999	22,800	37,891
Without purchase option	12,092	-	22,800	34,892
With purchase option	-	2,999	-	2,999
Additions	-	-	13,323	13,323
Payments	(1,479)	(656)	(3,458)	(5,593)
Accrued interest in the period	150	124	1,021	1,295
March 31, 2023	10,763	2,467	33,686	46,916
Without purchase option	10,763	-	33,686	44,449
With purchase option	-	2,467	-	2,467
Current liabilities				21,494
Non-current liabilities				25,422

Lease	Consolidated						
	Distribution Center	Stores	Buildings	Vehicles	Machinery	Land	Total
December 31, 2021	20,355	31,568	8,920	3,064	-	946	64,853
Remeasurement	1,461	-	1,173	537	-	84	3,255
Foreign exchange variations	-	-	(563)	-	-	-	(563)
Additions	-	6,039	5,181	1,721	23,576	87	36,604
Contract terminations and reclassification	(4,635)	-	-	(833)	-	-	(5,468)
Payments	(6,281)	(10,237)	(5,693)	(2,412)	(1,142)	(109)	(25,874)
Accrued interest in the period	1,191	2,251	111	922	366	68	4,909
December 31, 2022	12,091	29,621	9,129	2,999	22,800	1,076	77,716
Without purchase option	12,091	29,621	9,129	-	22,800	1,076	74,717
With purchase option	-	-	-	2,999	-	-	2,999
Remeasurement	-	-	1,719	-	-	-	1,719
Foreign exchange variations	-	-	(70)	-	-	-	(70)
Additions	-	7,635	-	-	13,323	-	20,958
Contract terminations and reclassification	-	(6,424)	-	-	-	-	(6,424)
Payments	(1,479)	(3,006)	(3,456)	(656)	(3,458)	(38)	(12,093)
Accrued interest in the period	150	730	156	124	1,021	19	2,200
March 31, 2023	10,762	28,556	7,478	2,467	33,686	1,057	84,006

## PBG S.A. and subsidiaries

Notes to the interim financial statements at March 31, 2023.

All amounts in thousands of reais, unless otherwise stated.

Without purchase option	10,762	28,556	7,478	-	33,686	1,057	81,539
With purchase option	-	-	-	2,467	-	-	2,467
Current liabilities							33,671
Non-current liabilities							50,335

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

	Parent company		Consolidated	
	March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022
Domestic market				
Supplier credit assignment (a)	104,014	126,393	104,014	126,393
Operation suppliers	213,976	220,325	238,405	234,320
Foreign market	4,871	5,059	4,871	18,098
Current	322,861	351,777	347,290	378,811
Domestic market (i)	94,426	94,426	94,426	94,426
Non-current	94,426	94,426	94,426	94,426
Total operation suppliers	417,287	446,203	441,716	473,237
Payables for investments (b)				
Domestic market	11,041	16,069	11,041	16,700
Foreign market	21,364	19,511	151,730	93,416
Total investment suppliers	32,405	35,580	162,771	110,116
	449,692	481,783	604,487	583,353

(i) Amount for payment to gas supplier from the matter mentioned in Note 1.

### a) Supplier credit assignment

The Company conducted supplier credit assignment transactions with top-tier financial institutions in the amount of R\$ 104,014 at March 31, 2023, (R\$ 126,363 at December 31, 2022), in order to offer to its partner suppliers more attractive credit facilities aiming at maintaining the business relationship. In this transaction, suppliers transfer the right to receive the amounts of the notes to the bank, which in turn, becomes creditor of the transaction.

### b) Payables for investments

The Company has the amount of R\$ 26,469 recorded in current liabilities in the Parent Company (R\$ 26,390 at December 31, 2022) and R\$ 63,896 in the Consolidated (R\$ 82,021 at December 31, 2022) referring to suppliers of property and equipment and intangible assets. Concurrently, the Company has the amount of R\$ 5,936 recorded in current liabilities in the Parent Company in March 2023 (R\$ 9,190 at December 31, 2022) and R\$ 98,875 in the Consolidated (R\$ 28,095 at December 31, 2022).

Both in the Parent Company and in the Consolidated, the balances refer substantially to the acquisition of industrial furnaces from the supplier SACMI, for the Tijucas plant.

## PBG S.A. and subsidiaries

Notes to the interim financial statements at March 31, 2023.  
All amounts in thousands of reais, unless otherwise stated.

### 21. Borrowings, financing and debentures

	Currency	Maturity	Charges	Parent Company and Consolidated	
				March 31, 2023	December 31, 2022
<b>Current</b>					
Banco do Nordeste S.A. (a)	R\$	Jun/27	4.03% p.a. <sup>1</sup> +IPCA	25,164	31,018
NCE (b)	R\$	Dec/27	2.85% p.a. <sup>1</sup> + CDI	179,181	21,886
NCE	US\$	Feb/24	9.19% p.a. <sup>1</sup>	31,255	-
PRODEC (c)	R\$	Jun/26	3.00% p.a. <sup>1</sup> + AVP	3,056	2,931
FINEP (d)	R\$	Nov/30	2.60% p.a. <sup>1</sup> +TJLP	16,874	12,834
DEBENTURES 4th series (e)	R\$	Sep/26	3.00% p.a. <sup>1</sup> + CDI	76,198	87,930
ACC (f)	US\$		2.50% p.a. <sup>1</sup> +FX	-	8,122
BNDES (g)	R\$	Jun/26	1.80% p.a. <sup>1</sup> + SELIC	1,318	845
Working capital	R\$	Mar/24	3.00% p.a. <sup>1</sup> + CDI	9,792	-
Working capital	US\$	Mar/24	3.00% p.a. <sup>1</sup> + CDI	25,235	-
PPE (b)	US\$	Nov/27	11.05% p.a. <sup>1</sup>	3,225	337
<b>Total current</b>			<b>14.73% p.a.<sup>1</sup></b>	<b>371,298</b>	<b>165,903</b>
Total local currency		R\$		311,583	157,444
Total foreign currency		US\$		59,715	8,459
<b>Non-current</b>					
Banco do Nordeste S.A. (a)	R\$	Jun/27	4.03% p.a. <sup>1</sup> +IPCA	32,784	36,555
PRODEC (c)	R\$	Jun/26	3.00% p.a. <sup>1</sup> + AVP	20,519	20,524
FINEP (d)	R\$	Nov/30	2.60% p.a. <sup>1</sup> +TJLP	145,870	151,769
NCE (b)	R\$	Dec/27	2.85% p.a. <sup>1</sup> + CDI	197,799	197,234
NCE (b)	US\$	Feb/24	9,19% p.a. <sup>1</sup>	48,001	-
DEBENTURES 4th series (e)	R\$	Sep/26	3.00% p.a. <sup>1</sup> + CDI	223,361	223,198
BNDES (g)	R\$	Jun/26	1.80% p.a. <sup>1</sup> + SELIC	3,026	3,363
PPE (b)	US\$	Nov/27	11.05% p.a. <sup>1</sup>	82,237	85,025
<b>Total non-current</b>			<b>13.32% p.a.<sup>1</sup></b>	<b>753,597</b>	<b>717,668</b>
Total local currency		R\$		623,359	632,643
Total foreign currency		US\$		130,238	85,025
<b>Grand total</b>			<b>13.79% p.a.<sup>1</sup></b>	<b>1,124,895</b>	<b>883,571</b>
Total local currency		R\$		934,942	790,087
Total foreign currency		US\$		189,953	93,484

#### a) Information on agreements

**PBG S.A. and subsidiaries**

Notes to the interim financial statements at March 31, 2023.

All amounts in thousands of reais, unless otherwise stated.

Note	Institution/ Modality	Date of contract	Maturity	Term (months)	Grace period (months)	Amortization	Amount raised	Releases (in thousands of R\$)		Guarantees/Notes
								Amount	Date	
a)	Banco do Nordeste	Jun/13	Jun/25	133	24	Monthly	R\$ 105,646	R\$ 29,223	Aug/14	Mortgage for real estate and machinery and equipment. Renegotiated in April/2020.
								R\$ 45,765	Jan/15	
								R\$ 14,700	Sep/15	
								R\$ 4,713	Mar/16	
								R\$ 2,418	Dec/16	
								R\$ 8,827	Feb/19	
		R\$ 105,646	Total							
		Jun/19	Jun/27	95	24	Monthly	R\$ 31,147	R\$ 7,246	Jun/19	Mortgage for real estate and machinery and equipment in 2nd degree. Renegotiated in April/2020.
								R\$ 4,681	Feb/20	
								R\$ 4,261	Sep/20	
R\$ 7,000	Jun/22									
R\$ 23,188	Total									
Sep/19	Jun/23	12	2	Monthly	R\$ 23,500	R\$ 23,500	Sep/19	PBTech and CBC guarantee. Renegotiated in April/2020.		
Jun/20	Jun/23	37	13	Monthly	R\$ 35,000	R\$ 35,000	Jun/20	Mortgage of properties in 2nd Instance. Renegotiated in April/2020.		
b)	Export Credit (NCE)	Jun/21	Jun/26	51	24	Semiannual	R\$ 30,000	R\$ 30,000	Jun/21	Receivables from Portobello S.A. of 20% of the outstanding balance of the contract)
		Aug/21	Aug/27	36	24	Semiannual	R\$ 100,000	R\$ 100,000	Aug/21	Receivables from Portobello S.A. of 30% of the outstanding balance of the contract)
		Dec/22	Dec/27	60	24	Semiannual	R\$ 48,000	R\$ 48,000	Dec/22	Receivables from Portobello S.A. of 10% of the outstanding balance of the contract)
		Dec/22	Dec/27	60	24	Semiannual	R\$ 40,000	R\$ 40,000	Dec/22	No guarantees
	PPE - Export Prepayment	Nov/22	Nov/27	60	24	Semiannual	R\$ 43,000	R\$ 43,000	Nov/22	No guarantees
		Nov/22	Nov/27	60	24	Semiannual	R\$ 43,000	R\$ 43,000	Nov/22	No guarantees
c)	Santa Catarina State Corporation Development Program (PRODEC)	Aug/20	Aug/24	48	*	*	R\$ 437	R\$ 437	Aug/20	Special Regime obtained in June/2009. Subject to Adjustment to Present Value (AVP). UFIR variation. Rate: average working capital (3% p.a.). Rate: average working capital (5.24% p.a.). Deferred amount: 60% of the tax balance generated in the month.
		Sep/20	Sep/24	48	*	*	R\$ 1,318	R\$ 1,318	Sep/20	
		Oct/20	Oct/24	48	*	*	R\$ 1,779	R\$ 1,779	Oct/20	
		Nov/20	Nov/24	48	*	*	R\$ 1,194	R\$ 1,194	Nov/20	
		Dec/20	Dec/24	48	*	*	R\$ 1,519	R\$ 1,519	Dec/20	
		Jan/21	Jan/25	48	*	*	R\$ 401	R\$ 401	Jan/21	
		Feb/21	Feb/25	48	*	*	R\$ 1	R\$ 1	Feb/21	
		Mar/21	Mar/25	48	*	*	R\$ 473	R\$ 473	Mar/21	
		Apr/21	Apr/25	48	*	*	R\$ 654	R\$ 654	Apr/21	
		Jun/21	Jun/25	48	*	*	R\$ 539	R\$ 539	Jun/21	
		Jun/21	Jun/25	48	*	*	R\$ 368	R\$ 368	Jun/21	
		Aug/21	Aug/25	48	*	*	R\$ 99	R\$ 99	Aug/21	
		Sep/21	Sep/25	48	*	*	R\$ 758	R\$ 758	Sep/21	
		Oct/21	Oct/25	48	*	*	R\$ 1,098	R\$ 1,098	Oct/21	
		Nov/21	Nov/25	48	*	*	R\$ 1,894	R\$ 1,894	Nov/21	
		Dec/21	Dec/25	48	*	*	R\$ 1,247	R\$ 1,247	Dec/21	
		Jan/22	Jan/26	48	*	*	R\$ 457	R\$ 457	Jan/22	
		Feb/22	Feb/26	48	*	*	R\$ 830	R\$ 830	Feb/22	
		Mar/22	Mar/26	48	*	*	R\$ 927	R\$ 927	Mar/22	
		Apr/22	Apr/26	48	*	*	R\$ 693	R\$ 693	Apr/22	
		May/22	May/26	48	*	*	R\$ 482	R\$ 482	May/22	
		Jun/22	Jun/26	48	*	*	R\$ 494	R\$ 494	Jun/22	
		Jun/22	Jun/26	48	*	*	R\$ 1,713	R\$ 1,713	Jun/22	
Sep/22	Sep/26	48	*	*	R\$ 227	R\$ 227	Sep/22			
Nov/22	Nov/26	48	*	*	R\$ 433	R\$ 433	Nov/22			
Oct/22	Oct/26	48	*	*	R\$ 1,724	R\$ 1,724	Oct/22			
d)	Finep	Dec/19	Sep/29	117	32	Monthly	R\$ 66,771	R\$ 25,008	Dec/19	Surety bond / Guarantee insurance
								R\$ 33,000	Mar/20	
								R\$ 8,763	Aug/21	
								R\$ 66,771	Total	
		Nov/20	Nov/30	120	36	Monthly	R\$ 98,487	R\$ 64,274	Nov/20	
								R\$ 34,213	Dec/21	
R\$ 98,487	Total									
g)	Debentures (4th issue/1st series)	Sep/21	Sep/26	60	24	Semiannual	R\$ 300,000	R\$ 300,000	Sep/21	Issue approved at September 16, 2021 by the Board of Directors of PBG S.A. Proceeds to redeem the 3rd issue. Real guarantee and additional fiduciary guarantee. This

## PBG S.A. and subsidiaries

Notes to the interim financial statements at March 31, 2023.

All amounts in thousands of reais, unless otherwise stated.

										contract has covenants that have been met.
h)	ACC	Oct/21	Jan/23	12	<i>Bullet</i>	*	US\$ 1,538	R\$ 8,461	Oct/21	Settled at March/2023
i)	BNDES	Jun/22	Jun/26	48	12	Quarterly	R\$ 10,000	R\$ 3,923	Jun/22	BNDES Cadeiras Produtivas.Program. 100% of the amount transferred to Portobello Shop franchisees.
j)	NCE-ABC	Feb/22	Feb/24	12	12	*	R\$ 27,900	R\$ 27,900	Feb/23	<i>No guarantees.</i>
k)	NCE - USD BV	Feb/23	Feb/24	12	12	*	R\$ 30,000	R\$ 30,000	Feb/23	<i>No guarantees.</i>
l)	NCE- DAYCOVAL	Feb/23	Feb/24	12	12	Monthly	R\$ 50,000	R\$ 50,000	Feb/23	<i>No guarantees.</i>
m)	NCE - SANTANDER	Mar/23	Mar/24	12	12	*	R\$ 70,000	R\$ 70,000	Feb/23	<i>No guarantees.</i>
n)	WORKING CAPITAL - BBM	Mar/23	Mar/24	12	12	*	R\$ 25,000	R\$ 25,000	Mar/23	<i>No guarantees.</i>
o)	WORKING CAPITAL - BBM	Mar/23	Mar/24	12	12	*	R\$ 9,700	R\$ 9,700	Mar/23	<i>No guarantees.</i>
p)	NCE - ALFA	Mar/23	Mar/24	12	12	*	R\$ 50,000	R\$ 50,000	Mar/23	<i>No guarantees.</i>

\*Single settlement at the end of the contract.

Restricted investments, real estate mortgages, equipment, Parent Company's and subsidiary's receivables (note 8) were pledged as collateral for other borrowings, according to the guarantee from the Subsidiary's parent companies.

The Company has a contract with the following financial covenants, and the ratio obtained from dividing Net Debt by EBITDA cannot exceed 3.50x.

Contract covenants were complied with at March 31, 2023.

Borrowings mature as follows:

	Parent Company and Consolidated	
	March 31, 2023	December 31, 2022
2023	141,213	165,903
2024	395,834	168,895
2025	222,894	205,033
2026	212,121	194,694
2027	95,100	92,481
2028 to 2030	57,733	56,565
	<u>1,124,895</u>	<u>883,571</u>

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

Changes in borrowings and debentures are as follows:

## PBG S.A. and subsidiaries

Notes to the interim financial statements at March 31, 2023.  
All amounts in thousands of reais, unless otherwise stated.

	Parent Company and Consolidated
Total debt at December 31, 2021	762,392
Changes affecting cash flow	
Proceeds from borrowings and debentures	192,903
Payment of principal	(74,816)
Payment of interest	(79,661)
Changes not affecting cash flow	
Unrealized foreign exchange variations	(2,980)
Accrued interest	83,118
Adjustment to present value – Prodec	1,857
Allocation of debenture costs	758
Total debt at December 31, 2022	883,571
Changes affecting cash flow	
Proceeds from borrowings and debentures	262,600
Payment of principal	(19,903)
Payment of interest	(28,611)
Changes not affecting cash flow	
Unrealized foreign exchange variations	(3,529)
Accrued interest	30,381
Adjustment to present value – Prodec	119
Allocation of debenture costs	267
Total debt March 31, 2023	1,124,895

## Debentures

The Company approved at the Extraordinary General Meeting held on September 16, 2021, according to the proposal of the Board of Directors, the 4<sup>th</sup> issuance of simple, non-convertible debentures, with real guarantee and additional fiduciary guarantee, in two series, for public distribution with restricted placement efforts. The covenants for the first quarter of 2023 were complied with.

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

## 22. 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 nineteen (19) installments remaining to be paid.



## PBG S.A. and subsidiaries

Notes to the interim financial statements at March 31, 2023.

All amounts in thousands of reais, unless otherwise stated.

The installments fall due as follows:

	Parent Company and Consolidated	
	March 31 , 2023	December 31, 2022
2023	12,493	12,313
2024	7,224	10,217
	<u>19,717</u>	<u>22,530</u>
Current	12,493	12,313
Non-current	7,224	10,217

### 23. Taxes, fees and contributions

At March 31, 2023, taxes, fees and contributions recorded in current liabilities were classified as follows:

	Parent company		Consolidated	
	March 31 , 2023	December 31, 2022	March 31 , 2023	December 31, 2022
ICMS	20,984	15,844	22,017	16,578
IRRF	4,361	6,187	5,654	8,281
PIS/COFINS	1,293	-	4,101	2,055
Other	-	-	470	963
	<u>26,638</u>	<u>22,031</u>	<u>32,242</u>	<u>27,877</u>

### 24. Other payables – Current liabilities

	Parent company		Consolidated	
	March 31 , 2023	December 31, 2022	March 31 , 2023	December 31, 2022
<b>Current</b>				
Asset decommissioning	-	-	442	451
Consigned suppliers	1,067	1,746	1,067	1,746
Commissions	10,418	10,762	10,418	15,297
Advertising fund	-	-	3,946	3,689
Provision for freight	544	3,048	544	3,048
Provision for guarantees	2,722	-	2,722	-
Provision for expenses	6,340	8,599	10,766	2,704
Other payables	1,217	1,527	3,870	12,071
	<u>22,308</u>	<u>23,015</u>	<u>33,775</u>	<u>39,006</u>
<b>Non-current</b>				
Asset decommissioning	-	-	1,351	1,287
Long-term incentives	4,398	3,490	4,429	3,490
Government grant	-	-	15,072	15,480
Other payables	-	-	301	703
	<u>4,398</u>	<u>3,490</u>	<u>21,153</u>	<u>20,960</u>

### 25. Provision for civil, labor, social security and tax risks

The Company and its subsidiaries are parties to civil, labor and social security lawsuits and tax administrative proceedings. Based on the opinion of its tax and legal advisors, Management and legal

## PBG S.A. and subsidiaries

Notes to the interim financial statements at March 31, 2023.

All amounts in thousands of reais, unless otherwise stated.

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

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

The balance of provisions is broken down as follows:

Amount accrued	Parent company		Consolidated	
	March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022
Civil	33,520	31,930	47,011	44,848
Labor	8,474	10,074	8,675	10,321
Social security	4,550	4,550	4,550	4,550
Tax	28,435	28,519	28,566	28,650
	74,979	75,073	88,802	88,369

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

	Parent company				
	Civil	Labor	Social security	Tax	Total
At December 31, 2021	27,477	15,166	4,550	30,313	77,506
Charged (credited) to the statement of income:	7,396	160	-	2,323	9,879
Additional provisions	5,855	6,656	-	2,416	14,927
Reversal - not used	(1,908)	(6,886)	-	(481)	(9,275)
Monetary adjustment (Reversal)	3,449	390	-	388	4,227
Reversal due to realization	(2,943)	(5,252)	-	(632)	(8,827)
Provisions (Reversals) due to realization (non-cash effect)	-	-	-	(3,485)	(3,485)
At December 31, 2022	31,930	10,074	4,550	28,519	75,073
Charged (credited) to the statement of income:	1,722	(1,269)	-	(84)	369
Additional provisions	1,223	236	-	401	1,860
Reversal - not used	(587)	(1,015)	-	(679)	(2,281)
Monetary adjustment (Reversal)	1,086	(490)	-	194	790
Reversal due to realization	(132)	(331)	-	-	(463)
At March 31, 2023	33,520	8,474	4,550	28,435	74,979

Consolidated

## PBG S.A. and subsidiaries

Notes to the interim financial statements at March 31, 2023.

All amounts in thousands of reais, unless otherwise stated.

	Civil	Labor	Social security	Tax	Total
At December 31, 2021	38,379	15,741	4,550	30,344	89,014
Charged (credited) to the statement of income:	9,566	(55)	-	2,423	11,934
Additional provisions	6,400	6,783	-	2,506	15,689
Reversal - not used	(2,278)	(7,090)	-	(481)	(9,849)
Monetary adjustment (Reversal)	5,444	252	-	398	6,094
Reversal due to realization	(3,097)	(5,365)	-	(632)	(9,094)
Provisions (Reversals) due to realization (non-cash effect)	-	-	-	(3,485)	(3,485)
At December 31, 2022	44,848	10,321	4,550	28,650	88,369
Charged (credited) to the statement of income:	2,306	(1,313)	-	(84)	909
Additional provisions	1,223	239	-	401	1,863
Reversal - not used	(592)	(1,062)	-	(679)	(2,333)
Monetary adjustment (Reversal)	1,675	(490)	-	194	1,379
Reversal due to realization	(143)	(333)	-	-	(476)
At March 31, 2023	47,011	8,675	4,550	28,566	88,802

### Civil

The Company and its subsidiaries are defendants in 419 civil lawsuits (454 lawsuits at December 31, 2022), before the Common Courts and Special Civil Courts.

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

### Labor

The Company and its subsidiaries are defendants in 366 labor claims (359 claims at December 31, 2022), filed by former employees and third parties. The lawsuits refer to payment of severance amounts, additional amounts, overtime, equal pay and indemnity for pain and suffering and damage to property arising from work accident/occupational illness. Provisions are revised by Management according to its legal advisors. Some lawsuits are supported by escrow deposits.

### Social security

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

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

Notes to the interim financial statements at March 31, 2023.  
All amounts in thousands of reais, unless otherwise stated.

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### **Tax**

#### **Tax assessment notice No 10340.720236/2021-00**

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

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

#### **26. Lawsuits assessed as possible losses**

##### **a) Possible loss**

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

#### **Investigative processes**

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

An internal investigation was promptly started to fully verify the news received. This procedure will provide the Company with more information, whose main objectives are to properly address any confirmed irregularities and fully collaborate with the competent authorities. At this time, in the initial stage of procedural instruction, the Company cannot estimate whether there will be any impact on it, nor the approximate amount of conviction, if any. Thus, the proceeding remains classified with the possible risk assessment.

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

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Parent company

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Consolidated

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## PBG S.A. and subsidiaries

Notes to the interim financial statements at March 31, 2023.

All amounts in thousands of reais, unless otherwise stated.

	March 31 , 2023	December 31, 2022	March 31 , 2023	December 31, 2022
Civil	5,486	5,508	5,571	5,593
Labor	6,173	6,259	6,293	6,378
Social security	10,985	10,985	10,985	10,985
Tax	13,850	13,850	13,850	13,850
	<u>36,494</u>	<u>36,602</u>	<u>36,699</u>	<u>36,806</u>

## 27. Equity

### 27.1 Share capital

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

At March 31, 2023, there were 54,734,327 outstanding shares, corresponding to 38.95% of the total shares issued (54,856,527 at December 31, 2022, corresponding to 38.84% of the total). The balance of outstanding shares comprises all securities available for trading in the market, other than those held by controlling shareholders, members of the Board of Directors, Supervisory Board, Managers and treasury shares.

During the first quarter of 2023, there was no movement in the shares. During the comparative period, the Company had variations in its shares due to purchase of shares to be held in treasury and cancellation of shares referring to the buyback plan of 2021 and 2022. Share variations are shown below:

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

### 27.2 Treasury shares

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

### 27.3 Revenue reserve

At March 31, 2023, the balance of the legal reserve amounts to R\$ 50,000 (R\$ 50,000 at December 31, 2022) as provided for in Article 193 of the Brazilian Corporation Law (Law 6,404/76).

## PBG S.A. and subsidiaries

Notes to the interim financial statements at March 31, 2023.

All amounts in thousands of reais, unless otherwise stated.

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

At March 31, 2023, the balance of the unrealized profit retention reserve totals R\$ 36,869 (R\$ 36,869 at December 31, 2022).

At March 31, 2023, the balance of the tax incentive reserve amounts to R\$ 107,458 (R\$ 103,194 at December 31, 2022). In the first quarter of 2023, the Company recorded tax incentive reserves in the amount of R\$ 4,264 (R\$ 37,409 at December 31, 2022). It refers to government grants for ICMS tax incentives related to Prodesin (Integrated Development Program of the State of Alagoas) to the Differentiated Tax Treatment of Santa Catarina (TTD), to Sudene and to Simples Nacional.

### 27.4 Carrying value adjustments

Parent Company and Consolidated	Carrying value adjustments			Total
	Deemed cost (a)	Cumulative translation adjustments (b)	Other comprehensive income (c)	
At December 31, 2021	31,139	(66,490)	(7,259)	(42,610)
Realization of the revaluation reserve	129	-	-	129
Foreign exchange variation of subsidiary located abroad	-	(3,071)	-	(3,071)
Actuarial gain / (loss)	-	-	7,364	7,364
Deferred income tax and social contribution on actuarial gain (loss)	-	-	(2,504)	(2,504)
Hedge accounting transactions	-	-	3,935	3,935
Deferred income tax and social contribution on hedge accounting	-	-	(1,338)	(1,338)
At December 31, 2022	31,268	(69,561)	198	(38,095)
Realization of the revaluation reserve	(305)	-	-	(305)
Foreign exchange variation of subsidiary located abroad	-	560	-	560
Hedge accounting transactions	-	-	8,753	8,753
Deferred income tax and social contribution on hedge accounting	-	-	(2,975)	(2,975)
At March 31, 2023	30,963	(69,001)	5,976	(32,062)

#### a) Deemed cost

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

#### b) Cumulative translation adjustments

The changes in assets and liabilities in foreign currency (US Dollar) arising from currency fluctuation, as well as the variations between the daily rates and the closing rate of the changes in profit or loss of the foreign subsidiary are recognized in this line item of cumulative translation adjustments. At March 31, 2023, the foreign exchange variation amounted to R\$ (560) (R\$ (3,071) at December 31, 2022), as mentioned in note 16.

#### c) Other comprehensive income

## PBG S.A. and subsidiaries

Notes to the interim financial statements at March 31, 2023.  
All amounts in thousands of reais, unless otherwise stated.

At March 31, 2023, the balance of R\$ 5,976 (R\$ 198 at December 31, 2022) arises from:

- i) Fair value of private pension plans (actuarial) of R\$ (4,032) (R\$ (4,032) at December 31, 2022);
- ii) Hedge accounting fair value of R\$ 15,162 (R\$ 6,410 at December 31, 2022), due to the positive mark-to-market of the operations with derivative financial instruments classified as hedge accounting not yet realized in the quarter, with an effect of (R\$ 5,155) (R\$ (2,180) at December 31, 2022) related to the deferred income tax and social contribution on this balance, net of hedge accounting fair value of R\$ 10,007 (R\$ 4,230 at December 31, 2022). These amounts are transferred from equity to profit or loss to the extent that the NDF contracts mature and sales in US Dollars are shipped in the respective month of maturity of the contracts.

## 28. Employee benefits

### 28.1 Private pension plan

Since 1997, the Company and its subsidiaries sponsor a pension plan called Portobello Prev, managed by Bradesco, which has 3,529 active participants (3,739 at December 31, 2022) and 32 retirees and pensioners (23 at December 31, 2022). The plan is a defined contribution plan in the fund contribution stage. During the benefit granting stage, the plan shows defined benefit features, ensuring life retirement and pension benefits to its members. Moreover, it offers a minimum retirement benefit based on the length of service or age, which is exclusively financed by the sponsors.

In the three-month period ended March 31, 2023, there were no changes in the conditions and benefits of the plan, as well as in respect to the assumptions used for its assessment and bookkeeping.

## 29. Revenues

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

	Parent company		Consolidated	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Gross sales	489,920	535,431	615,799	648,456
Result from hedge accounting transactions	5,475	6,400	5,475	6,400
Deductions from gross revenue	(111,632)	(113,798)	(133,523)	(129,901)
Taxes on sales	(96,604)	(98,118)	(113,530)	(109,278)
Returns and rebates	(15,028)	(15,680)	(19,993)	(20,623)
Net sales revenue	383,763	428,033	487,751	524,955

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

	Parent company		Consolidated	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022

## PBG S.A. and subsidiaries

Notes to the interim financial statements at March 31, 2023.

All amounts in thousands of reais, unless otherwise stated.

Sale of own products	352,900	421,372	416,164	471,239
Sale of third-party products	30,863	6,661	45,981	26,924
Royalties	-	-	25,606	26,792
Net operating revenue	383,763	428,033	487,751	524,955

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

### 30. Expenses by nature

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

	Parent company		Consolidated	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
<b>Costs and expenses</b>				
Cost of sales and/or services	(273,988)	(261,292)	(295,529)	(286,568)
Selling expenses	(76,239)	(75,270)	(143,851)	(118,901)
General and administrative	(22,581)	(17,497)	(23,807)	(18,331)
	(372,808)	(354,059)	(463,187)	(423,800)
<b>Breakdown of expenses by nature</b>				
Direct production cost (raw materials and inputs)	(189,047)	(197,294)	(189,966)	(194,911)
Salaries, charges and employee benefits	(91,677)	(82,374)	(120,771)	(100,105)
Third-party labor and services	(10,795)	(21,683)	(23,589)	(27,692)
General production expenses (including maintenance)	(12,861)	(14,524)	(14,046)	(15,173)
Cost of goods resold	(24,794)	(22,855)	(37,160)	(47,897)
Amortization and depreciation	(19,396)	(14,483)	(30,356)	(20,553)
Sales commissions	(9,150)	(10,803)	(18,692)	(14,362)
Marketing and publicity	(8,604)	(12,882)	(11,567)	(16,455)
Transportation of goods sold	(11,780)	(8,171)	(11,795)	(8,171)
Lease expenses - not applicable to IFRS 16	(3,084)	(6,981)	(4,416)	(7,981)
Idleness	(4,576)	-	(4,576)	-
Other administrative expenses	(11,538)	(5,371)	(20,639)	(14,215)
Changes in inventories of finished products and work in progress (a)	24,494	43,362	24,386	43,715
Total	(372,808)	(354,059)	(463,187)	(423,800)

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

b) Amounts arising from idleness at the Tijucas and Marechal Deodoro industrial park.

### 31. Other operating income and expenses, net

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

	Parent company		Consolidated	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
<b>Other operating income</b>				
Revenue from services	91	131	91	131
Sale of property, plant and equipment (a)	-	-	1,571	14,761
Reversal of the unconstitutionality of ICMS tax rate difference	567	4,583	567	4,583
Tax credit tax optimization, depreciation and amortization	1,903	-	1,903	-
Legal asset - rural credit notes	-	-	-	1,497
Other revenues	850	582	1,558	602
Total	3,411	5,296	5,690	21,574
<b>Other operating expenses</b>				
Provisions for civil, labor, social security and tax issues	(187)	(1,395)	(176)	(1,599)
Attorney's fees	-	(376)	-	(376)
Taxes on other revenues	(184)	(179)	(184)	(183)
Provision for profit sharing	(2,579)	(5,517)	(2,579)	(5,624)
Provision for guarantees	(2,389)	-	(2,389)	-
Disposal of property, plant and equipment (a)	-	-	(1,507)	(14,905)
Bonus for achievement of goals	(908)	-	(940)	-
Other expenses	(586)	(88)	(2,651)	(1,927)



## PBG S.A. and subsidiaries

Notes to the interim financial statements at March 31, 2023.

All amounts in thousands of reais, unless otherwise stated.

Total	(6,833)	(7,555)	(10,426)	(24,614)
Total - net	(3,422)	(2,259)	(4,736)	(3,040)

(a) Refers to the sale of Portobello América's land to Oak Steet, arising from the built-to-suit transaction to the construction of the United States plant see note 17.

### 32. Finance income (costs)

Finance income (costs) is as follows:

	Parent company		Consolidated	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Finance income				
Interest	3,522	1,070	4,971	1,683
Asset adjustment	3,000	2,187	3,000	2,187
Other	5	123	14	413
Total	6,527	3,380	7,985	4,283
Finance costs				
Interest	(19,727)	(9,635)	(21,980)	(10,082)
Finance charges on taxes	(923)	(666)	(970)	(710)
Adjustment of provision for contingencies	(663)	(1,678)	(1,233)	(2,216)
Commissions and service fees	(1,666)	(1,555)	(2,239)	(3,378)
Bank expenses	(25)	-	(1,655)	-
Interest on debentures	(12,905)	(9,701)	(12,905)	(9,701)
Other	(8)	(486)	(32)	(504)
Total	(35,917)	(23,721)	(41,014)	(26,591)
Foreign exchange variations, net				
Trade receivables and trade payables	(5,158)	(19,112)	(5,172)	(19,083)
Borrowings and financing	1,486	47	1,486	47
Total	(3,672)	(19,065)	(3,686)	(19,036)
Total - net	(33,062)	(39,406)	(36,715)	(41,344)

### 33. Earnings (loss) per share

#### a) Basic

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

The table below establishes the calculation of earnings (loss) per share at March 31, 2023 and 2022:

	Parent Company and Consolidated	
	March 31, 2023	March 31, 2022
Profit (loss) attributable to the owners of the Company	(15,081)	37,643
Weighted average number of common shares	140,987	140,987
Basic earnings (loss) per share	(0.10697)	0.26700

#### b) Diluted

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

### 34. Dividends

## PBG S.A. and subsidiaries

Notes to the interim financial statements at March 31, 2023.

All amounts in thousands of reais, unless otherwise stated.

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

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

The total amount of dividends paid in advance for the year 2022 was R\$ 43,442. The Company will distribute dividends to shareholders in the amount of R\$ 73,057 for the year 2022.

At March 27, 2023, the Board of Directors approved the payment of additional dividends in the amount of R\$ 29,615, whose payment is scheduled for June 2023.

### 35. Segment reporting

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

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

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

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

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

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

	At March 31, 2023			At March 31, 2022		
	Brazil	Other countries	Total	Brazil	Other countries	Total
Continuing operations						

## PBG S.A. and subsidiaries

Notes to the interim financial statements at March 31, 2023.  
All amounts in thousands of reais, unless otherwise stated.

Revenue	393,614	94,137	487,751	390,753	134,202	524,955
Cost of goods sold	(232,539)	(62,990)	(295,529)	(200,385)	(86,183)	(286,568)
Gross profit	161,075	31,147	192,222	190,368	48,019	238,387

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

At March 31, 2023						
Continuing operations	Total	*Eliminations	Portobello	Pointer	Portobello Shop	PBA
Net revenue	487,751	(24,719)	216,365	43,362	210,973	41,770
Cost of goods sold	(295,529)	23,253	(134,480)	(37,109)	(115,360)	(31,833)
Gross profit	192,222	(1,466)	81,885	6,253	95,613	9,937
*Eliminations between transactions						
At March 31, 2022						
Continuing operations	Total	*Eliminations	Portobello	Pointer	Portobello Shop	PBA
Net revenue	524,955	(19,034)	259,198	54,413	172,204	58,174
Cost of goods sold	(286,568)	16,949	(133,431)	(33,894)	(91,615)	(44,577)
Gross profit	238,387	(2,085)	125,767	20,519	80,589	13,597
Eliminations between transactions						

Regarding the foreign market, the Company exports to 57 countries.

## 36. Capital commitments

### Purchases of property, plant and equipment

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

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

During the first quarter of 2023, Portobello America advanced in the project for the new plant which is being built in Baxter, Tennessee. In March 2022, the Company announced to the market the signing of the Built-to-Suit (BtS) contract, in the amount of USD 90 million, which aims to build the new plant, in addition to the long-term commercial conditions for using the space in the form of leasing without purchase option.

In addition, also in March 2022, Portobello America acquired equipment for phase 1 of the project. Investment in equipment in this phase of the project will total approximately USD 45 million. Until December 31, 2022, the amount of USD 5 million was received in machinery, while the remaining amount was received in the first quarter of 2023. The unit is expected to start operating in May 2023.

## 37. Insurance coverage

## PBG S.A. and subsidiaries

Notes to the interim financial statements at March 31, 2023.

All amounts in thousands of reais, unless otherwise stated.

The insurance coverage at March 31, 2023 is considered sufficient to cover any claims and is summarized as follows:

Insurance Policy	Maximum Indemnity Limit	Maturity
Vehicle fleet	79 (vehicles)	11/15/2023
Guarantee Bond Contract Engie EBC-18. 1710-CVE-CL	4146	03/01/2024
Group life insurance and funeral assistance	510,964	03/01/2024
General civil liability insurance (Tijucas/Pointer)	6,520	04/14/2023
Property Insurance - Own Stores	8,400	05/25/2023
Property Insurance - Pointer (Alagoas Building)	61,000	06/13/2023
PBG Property Insurance (Tijucas/Pointer/DCs) - single maximum indemnity limit	305,000	06/13/2023
Cyber insurance	7,000	07/01/2023
Directors & Officers Liability Insurance (D&O)	43000	08/26/2023
International transport - Portobello imports	189,433	12/31/2023
International transport - Pointer imports	4,808	12/31/2023
Legal Protection Insurance	1,408	04/24/2023
Legal Protection Insurance	129	04/24/2023
Legal Protection Insurance	248	11/13/2023
Legal Protection Insurance	169	11/13/2023
Legal Protection Insurance	10,421	01/21/2024
Legal Protection Insurance (d)	44,720	01/21/2024
Legal Protection Insurance	3,899	04/26/2024
Legal Protection Insurance	1,534	05/13/2024
Legal Protection Insurance	315	05/10/2025
Legal Protection Insurance	10,603	05/10/2025
Legal Protection Insurance (a)	28,000	06/18/2025
Legal Protection Insurance	261	01/26/2026
Legal Protection Insurance (b)	53,070	05/03/2026
Legal Protection Insurance	1,366	05/03/2026
Legal Protection Insurance	734	05/03/2026
Legal Protection Insurance (c)	28,777	03/07/2027
Legal Protection Insurance	171	03/21/2027
Legal Protection Insurance	23,184	12/14/2027

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

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

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

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

## 38. Related entities and parties

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

Nature - Assets and liabilities balance	Company	Parent company	
		March 31, 2023	December 31, 2022

## PBG S.A. and subsidiaries

Notes to the interim financial statements at March 31, 2023.

All amounts in thousands of reais, unless otherwise stated.

### Subsidiaries

#### Commercial transactions

Trade receivables	Portobello Shop S.A.	1	5
Trade receivables	Portobello America, Inc.	162,242	150,220
Trade receivables	Cia Brasileira de Cerâmica	306	253
Trade receivables	PBTech Com. Sern. Cer. Ltda.	24,942	11,287
Trade payables	Cia Brasileira de Cerâmica	(3,722)	(3,578)
Trade payables	Mineração Portobello Ltda.	(4,798)	(4,122)
Assets net of liabilities with subsidiaries		<u>178,971</u>	<u>154,065</u>

#### Related parties

Receivables from subsidiaries	Portobello America, Inc.	65,173	-
Payables to related parties	Refinadora Catarinense S.A.	(56,330)	(56,330)
Payables to related parties	Mineração Portobello Ltda.	(10,723)	(10,354)
Payables to related parties	PBTech Com. Sern. Cer. Ltda.	(16)	(16)
Trade receivables	Riveste Comercio Ltda.	36	-
Trade receivables	Flooring Revest. Cer. Ltda.	43	24
Trade payables	Riveste Comercio Ltda.	-	(3)
Trade payables	Solução Cerâmica Com. Ltda.	-	(1)
Trade payables	Gomes Part Societárias Ltda.	(87)	-
Trade payables	AB Parking	(7)	(10)
Assets net of liabilities with other related parties		<u>(1,911)</u>	<u>(66,690)</u>

#### Parent company

Nature - profit or loss	Company	March 31, 2023	March 31, 2022
<b>Revenues</b>			
<b>Subsidiaries</b>			
Sales of goods	PBTech Com. Sern. Cer. Ltda.	40,398	31,643
Sales of goods	Cia Brasileira de Cerâmica	251	444
Sales of goods	Portobello America, Inc.	16,231	21,980
<b>Related parties</b>			
Sales of goods	Solução Cerâmica Com. Ltda.	155	30
Sales of goods	Riveste Comercio Ltda.	158	9,394
Sales of goods	Flooring Revest. Cer. Ltda.	355	4,790
Sales of goods	Gomes Part Societárias Ltda.	3	-
<b>Expenses</b>			
<b>Subsidiaries</b>			
Acquisition of inputs	Mineração Portobello Ltda.	(3,967)	(2,748)
Cutting service	Cia Brasileira de Cerâmica	(2,181)	-
<b>Related parties</b>			
Rental	Gomes Part Societárias Ltda.	(256)	-
Freight service	Multilog Sul Armazéns S/A	-	(6)
Cutting service	Flooring Revest. Cer. Ltda.	-	(3,070)
Parking service	AB Parking	(15)	(269)
Third-party services	Rádio Clube Tijucas Ltda.	(23)	(15)
		<u>51,109</u>	<u>62,173</u>

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

### Related-party transactions

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

#### Subsidiaries

## PBG S.A. and subsidiaries

Notes to the interim financial statements at March 31, 2023.  
All amounts in thousands of reais, unless otherwise stated.

Subsidiaries and related entities	Nature - Property	March 31 , 2023	December 31, 2022
Cia Brasileira de Cerâmica	Trade receivables	345	-
Solução Cerâmica Com. Ltda.	Trade receivables	368	-
Riveste Comercio Ltda.	Trade receivables	12	-
Flooring Revest. Cer. Ltda.	Trade receivables	21	26
PBTe ch Com. Sern. Cer. Ltda.	Trade payables	(713)	-
Solução Cerâmica Com. Ltda.	Payables to subsidiaries and related parties	(15,729)	(15,551)
Riveste Comercio Ltda.	Payables to subsidiaries and related parties	(4,896)	(4,937)
Flooring Revest. Cer. Ltda.	Payables to subsidiaries and related parties	(24,961)	(29,181)
		<u>(45,553)</u>	<u>(49,643)</u>
		<u>Subsidiaries</u>	
Subsidiaries and related entities	Nature - profit or loss	March 31, 2023	March 31, 2022
Solução Cerâmica Com. Ltda.	Revenue - Royalties	-	3
Riveste Comercio Ltda.	Revenue - Royalties	54	2,818
Flooring Revest. Cer. Ltda.	Revenue - Royalties	122	1,512
PBTech Com. Sern. Cer. Ltda.	Revenue - sale of goods	1,245	-
AB Parking	Parking service	(116)	-
Gomes Part Societárias Ltda.	Expense - Rental	(205)	-
Solução Cerâmica Com. Ltda.	Interest - store acquisition	(468)	-
Riveste Comercio Ltda.	Interest - store acquisition	(4)	-
Flooring Revest. Cer. Ltda.	Interest - store and workshop acquisition	(823)	-
		<u>(195)</u>	<u>4,333</u>
		<u>Subsidiaries</u>	
Subsidiaries and related entities	Nature - acquisition of operations	March 31 , 2023	December 31, 2022
Riveste Comercio Ltda.	Store acquisition	-	13,200
Solução Cerâmica Com. Ltda.	Store acquisition	-	46,800
Flooring Revest. Cer. Ltda.	Store and workshop acquisition	-	54,722
		<u>-</u>	<u>114,722</u>

### Key management personnel compensation

Expenses on compensation paid to key management personnel, which comprise the members of the Executive Board, Board of Directors, Supervisory Board and Management, recorded at March 31, 2023, are as follows:

Parent company	Consolidated
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## PBG S.A. and subsidiaries

Notes to the interim financial statements at March 31, 2023.

All amounts in thousands of reais, unless otherwise stated.

	March 31 , 2023	March 31, 2022	March 31 , 2023	March 31, 2022
Fixed compensation				
Salaries	2,296	1,755	2,439	2,531
Fees	2,487	698	2,487	698
Variable compensation	57	239	85	434
Pension Plan	227	101	227	116
Severance benefits	-	113	-	113
Other	421	227	449	325
	<u>5,488</u>	<u>3,133</u>	<u>5,687</u>	<u>4,217</u>

### 39. Events after the reporting period

At April 27, 2023, the Company raised funds in the form of Commercial Notes with Banco Bradesco. This is the First Issue of Commercial Notes, in a single series, where 150,000 Book-entry Commercial Notes were issued, not convertible into shares, totaling R\$ 150,000,000.00, with a nominal unit value of R\$ 1,000.00, expiring on April 19, 2025.

**PBG S.A.**  
**Quarterly Information (ITR) at**  
**March 31, 2023**  
**and report on review of**  
**quarterly information**





## **Report on review of quarterly information**

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

### **Introduction**

We have audited the accompanying parent company and consolidated interim accounting information of PBG S.A. ("Company"), included in the Quarterly Information Form (ITR) for the quarter ended March 31, 2023, comprising the balance sheet at March 31, 2023 and the statements of income, comprehensive income, changes in equity and cash flows for the three-month period then ended, and explanatory notes.

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

### **Scope of review**

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

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

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



PBG S.A.

### **Other matters**

#### **Statements of Value Added**

The quarterly information referred to above includes the parent company and consolidated Statements of Value Added for the three-month period ended March 31, 2023. These statements are the responsibility of the Company's management and are presented as supplementary information under IAS 34. These statements have been subjected to review procedures performed together with the review of the interim accounting information for the purpose of concluding whether they are reconciled with the interim accounting information and accounting records, as applicable, and if their form and content are in accordance with the criteria defined in the accounting standard CPC 09 - "Statement of Value Added". Based on our review, nothing has come to our attention that causes us to believe that these statements of value added have not been properly prepared, in all material respects, in accordance with the criteria established in this accounting standard, and consistent with the parent company and consolidated interim accounting information taken as a whole.

Florianópolis, May 12, 2023

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

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

## OPINION OF THE FISCAL COUNCIL

The Fiscal Council of PBG SA, in compliance with legal and statutory provisions, examined the Financial Statements for the fiscal year ended March 31, 2023, comprising: balance sheet, statements of income for the year, statements of changes in equity, statements comprehensive income, cash flow statements, value added statements, explanatory notes, as well as the Management Report and the Independent Auditors' Opinion. The consolidated statements were also examined. After the Management's examinations and clarifications, the Fiscal Council, also taking into account the opinion of the auditors Pricewaterhousecoopers Auditores Independentes, issued in May 2023 without reservations, and of the opinion that, in its main aspects, the referred financial statements adequately reflect the PBG SA's equity and financial situation and the results of its operations, being in conditions to be submitted to the appreciation and deliberation of the Shareholders. In addition, the management's proposals regarding the modification of share capital and the distribution of dividends were analyzed, which are also in a position to be submitted to the appreciation and deliberation of the Shareholders meeting at the General Meeting.

Tijucas, May 12, 2023.

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Jorge Muller

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Mario Augusto de Freitas Baptista

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Carlos Eduardo Zoppello Brennand

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

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

(i) reviewed, discussed and agreed with the Company's Quarterly Information for the quarter ended March 31, 2023; and

(ii) reviewed, discussed and agreed with the opinions expressed in the special review report of PRICEWATERHOUSECOOPERS AUDITORES INDEPENDENTES, regarding the Company's Quarterly Information for the quarter ended on March 31, 2023.

Tijucas, May 12, 2023.

**Board Composition**

John Suzuki- Chief Executive Officer

Rosangela Sutil – VP of Finance and Investor Relations

Luciano Alves Abrantes - Chief Transformation Officer

## **OPINION OF THE AUDIT COMMITTEE**

The members of the Audit Committee recommend the approval of the information contained in the Financial Statements of the 1st. Quarter of 2023 of the Company, as well as, agree with the opinion of the Company's independent auditors, PWC Auditores, referenced in the Independent Auditors' Report presented.

Florianópolis, May 12, 2023.

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Cláudio Ávila da Silva

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Glauco José Corte

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Gladimir Brzezinski