Portobello Grupo

Results 1Q21

PBG S.A.

Press Release 1Q21

March 31, 2021

Stock Price (03/31/2021)

PTBL3 – R$ 8.76 | shares

Market Value (03/31/2021)

R$ 1,292. 4 Billions

U$$ 226. 8 Millions

Quantity of shares (03/31/2021)

Common: 154,529,361

Treasury: 6,999,658

Free Float = 41.8%

Investor Relations

Ronei Gomes
VP of Finance and Investor Relations

Gladimir Brzezinski
Controller and Investor Relations Manager

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http://ri.portobello.com.br/

Company information / Breakdown of Capital

Quantity of shares (Thousand)	Last fiscal year 03/31/2021
Paid-in capital	
Common	**154,529**
Preferred	0
Total	**154,529**
Treasury	**7,000**
Common	**7,000**
Preferred	0
Total	0

In thousands of Brazilian reais, unless otherwise started.

Individual financial statements / Balance sheet - Assets

Account Code	Account Description	Current Period 03/31/2021	Previous Year 12/31/2020
1	Total Assets	1.883.392	1.935.793
1.01	Curent Assets	729.905	823.115
1.01.01	Cash and Cash Equivalents	160.836	245.779
1.01.01.01	Cash and Cash Equivalents	160.836	245.779
1.01.03	Accounts Receivable	253.805	261.227
1.01.03.01	Trade Receivables	253.805	261.227
1.01.04	Inventory	184.211	172.897
1.01.07	Prepaid Expenses	109	1.375
1.01.08	Others Current Assets	130.944	141.837
1.01.08.03	Other	130.944	141.837
1.01.08.03.01	Advance to Suppliers	6.817	4.678
1.01.08.03.02	Income tax and social contribution recoverable	3.274	3.274
1.01.08.03.03	Other taxes recoverable	67.529	73.340
1.01.08.03.04	Dividends Receivable	44.617	53.023
1.01.08.03.05	Other	8.707	7.522
1.02	Non-Current Assets	1.153.487	1.112.678
1.02.01	Long-Term Assets	520.745	503.676
1.02.01.07	Deferred Taxes	35.054	37.807
1.02.01.07.01	Deferred income tax and social contribution tax	35.054	37.807
1.02.01.09	Receivables from related parties	75.079	53.768
1.02.01.09.02	Receivables from subsidiaries	75.079	53.768
1.02.01.10	Other Non-Current Assets	410.612	412.101
1.02.01.10.03	Judicial Deposits	158.535	156.296
1.02.01.10.04	Escrow deposits	87.145	87.402
1.02.01.10.05	Receivables from Eletrobrás	12.821	12.821
1.02.01.10.06	Recoverable Taxes	14.300	13.106
1.02.01.10.07	Legal assets	105.305	105.305
1.02.01.10.08	Actuarial assets	8.905	8.905
1.02.01.10.09	Restricted investments	8.147	13.317
1.02.01.10.10	Derivative financial instruments	2.359	1.995
1.02.01.10.11	Other	13.095	12.954
1.02.02	Investments	95.403	73.128
1.02.02.01	Ownership Interest	77.487	54.151
1.02.02.01.02	Interest in Subsidiaries	77.139	53.803
1.02.02.01.04	Other investments	348	348
1.02.02.02	Lease Assets	17.916	18.977
1.02.02.02.01	Lease Assets	17.916	18.977
1.02.03	Property, Plant and Equipment	522.400	522.817
1.02.03.01	Property, Plant and Equipment	522.400	522.817
1.02.04	Intangibles Assets	14.939	13.057
1.02.04.01	Intangibles Assets	14.939	13.057
1.02.04.01.02	Intangibles Assets	14.939	13.057

PBG S.A. and subsidiaries

Interim Financial Information for the quarter ended March 31, 2021
In thousands of Brazilian reais, unless otherwise started.

Individual financial statements / Balance sheet - Liabilities

Account Code	Account Description	Current Period 03/31/2021	Previous Year 12/31/2020
2	Total Liabilities	1.883.392	1.935.793
2.01	Current Liabilities	680.807	668.993
2.01.01	Social and labor obligations	46.409	40.078
2.01.01.01	Social Obligations	46.409	40.078
2.01.01.01.01	Social and labor obligations	46.409	40.078
2.01.02	Suppliers	195.135	183.232
2.01.02.01	National suppliers	181.354	169.531
2.01.02.02	Foreign suppliers	13.781	13.701
2.01.03	Tax Obligations	1.355	-
2.01.03.01	Federal tax obligations	1.355	-
2.01.03.01.01	Income and social contribution tax payable	1.355	-
2.01.04	Loans and Financing	248.916	223.908
2.01.04.01	Loans and Financing	197.324	174.842
2.01.04.01.01	In National Currency	197.324	174.842
2.01.04.02	Debentures	51.592	49.066
2.01.05	Other Obligations	155.499	191.977
2.01.05.02	Other	155.499	191.977
2.01.05.02.01	Dividends and interest on equity	13.778	31.005
2.01.05.02.04	Credit granting from suppliers	65.001	66.418
2.01.05.02.05	Payables for investments	22.006	31.303
2.01.05.02.06	Taxes payable in installments	11.239	9.290
2.01.05.02.07	Taxes, fees and contributions	14.563	19.492
2.01.05.02.08	Advances from customers	20.930	24.521
2.01.05.02.09	Lease Obligations	6.623	7.594
2.01.05.02.10	Derivatives	1.359	2.354
2.01.06	Provisions	33.493	29.798
2.01.06.01	Provision for profit sharing	14.581	10.769
2.01.06.01.03	Provision for profit sharing	14.581	10.769
2.01.06.02	Other provisions	18.912	19.029
2.01.06.02.04	Other	18.912	19.029
2.02	Non-current Liabilities	804.865	849.632
2.02.01	Loans and Financing	461.378	503.858
2.02.01.01	Loans and Financing	312.052	354.666
2.02.01.01.01	In National Currency	312.052	354.666
2.02.01.02	Debentures	149.326	149.192
2.02.02	Other Obligations	277.919	282.232
2.02.02.02	Other	277.919	282.232
2.02.02.02.03	Suppliers	146.190	144.021
2.02.02.02.04	Payables for investments	23.111	25.700
2.02.02.02.05	Taxes payable in installments	29.716	34.416
2.02.02.02.06	Debts with Related Parties	56.334	56.330
2.02.02.02.07	Lease Obligations	13.542	12.879
2.02.02.02.08	Other	9.026	8.886
2.02.04	Provisions	65.568	63.542
2.02.04.01	Provision for civil, labor, social security and tax risks	65.568	63.542
2.02.04.01.01	Tax	24.180	24.946
2.02.04.01.02	Labor and social security	14.325	13.524
2.02.04.01.04	Civil	27.063	25.072
2.03	Shareholders’ Equity	397.720	417.168
2.03.01	Capital	200.000	200.000
2.03.02	Capital reserves	- 62.364	- 14.095
2.03.02.05	Treasury shares	- 62.364	- 14.095
2.03.04	Profit Reserves	307.999	281.388
2.03.04.01	Revenue reserves	277.552	250.941
2.03.04.08	Additional dividends	30.447	30.447
2.03.06	Carrying value adjustments	- 47.915	- 50.125

PBG S.A. and subsidiaries

Interim Financial Information for the quarter ended March 31, 2021
In thousands of Brazilian reais, unless otherwise started.

Individual financial statements / Statement of income

Account Code	Account Description	Accumulated of the Current Period 01/01/2021 to 03/31/2021	Accumulated of the Previous Period 01/01/2020 to 03/31/2020
3.01	Income from sales of goods and/or services	347.314	239.562
3.02	Cost of goods and/or services sold	- 225.066	- 173.526
3.03	Gross income	122.248	66.036
3.04	Operating expenses/income	- 63.402	- 50.717
3.04.01	Sales expenses	- 62.717	- 51.422
3.04.02	General and administrative expenses	- 13.248	- 10.437
3.04.05	Other operating income	- 7.868	215
3.04.06	Equity income	20.431	10.927
3.05	Income (loss) before financial income and taxes	58.846	15.319
3.06	Financial income (loss)	- 10.556	10.214
3.06.01	Financial income	2.766	6.995
3.06.02	Financial expenses	- 13.322	3.219
3.06.02.01	Financial expenses	- 14.134	- 17.026
3.06.02.02	Foreign exchange variations, net	812	20.245
3.07	Income (loss) before income tax	48.290	25.533
3.08	Income and social contribution taxes	- 7.880	- 4.530
3.08.01	Current	- 5.127	-
3.08.02	Deferred	- 2.753	- 4.530
3.09	Net income (loss) of continued operations	40.410	21.003
3.11	Net Income/loss for the period	40.410	21.003

PBG S.A. and subsidiaries

Interim Financial Information for the quarter ended March 31, 2021
In thousands of Brazilian reais, unless otherwise started.

Individual financial statements / Statement of comprehensive income

Account Code	Account Description	Accumulated of the Current Period 01/01/2021 to 03/31/2021	Accumulated of the Previous Period 01/01/2020 to 03/31/2020
4.01	Net Income for the Period	40.410	21.003
4.02	Other components of comprehensive income	2.506	- 17.335
4.03	Comprehensive Income for the Period	42.916	3.668

PBG S.A. and subsidiaries

Interim Financial Information for the quarter ended March 31, 2021
In thousands of Brazilian reais, unless otherwise started.

Individual financial statements / Statement of cash flows - Indirect method

Account Code	Account Description	Accumulated of the Current Period 01/01/2021 to 03/31/2021	Accumulated of the Previous Period 01/01/2020 to 03/31/2020
6.01	Net cash from operating activities	46.098	30.799
6.01.01	Cash provided by operating activities	63.206	31.332
6.01.01.01	Income (loss) before income tax	48.290	25.533
6.01.01.02	Depreciation and amortization	12.422	13.632
6.01.01.03	Equity income or loss	- 20.431	- 10.927
6.01.01.04	Unrealized foreign exchange variations from borrowir	4.747	14.712
6.01.01.05	Unrealized foreign exchange variations Portobello Am	-	- 29.391
6.01.01.06	Provision for valuation of inventories at market value	- 572	- 220
6.01.01.07	Provision for impairment of trade receivables	- 639	42
6.01.01.08	Provisions for civil, labor, pension and taxes	3.696	12.478
6.01.01.09	Provisions for labor and social obligations	5.906	3.572
6.01.01.10	Other provisions	930	343
6.01.01.11	Restatement of tax assets	-	- 67.440
6.01.01.12	Restatement of receivables from other related parties	-	- 497
6.01.01.13	Provision for interest on loans and debentures	8.637	11.657
6.01.01.14	Interest and adjustment to present value on lease	167	- 174
6.01.01.15	Payables to related parties	4	56.330
6.01.01.16	Other	-	1.682
6.01.01.17	AVP Prodec (borrowings)	49	-
6.01.02	Changes in assets and liabilities	- 7.011	5.444
6.01.02.01	Accounts Receivable	8.061	4.229
6.01.02.02	Restricted investments	5.170	- 47
6.01.02.03	Inventory	- 10.742	- 35.778
6.01.02.04	Advance to Suppliers	- 2.139	- 9.604
6.01.02.05	Judicial Deposits	- 1.982	- 5.369
6.01.02.06	Recoverable Taxes	4.617	2.656
6.01.02.07	Lease assets	- 307	-
6.01.02.08	Other assets	- 60	- 11.067
6.01.02.09	Accounts Payable	12.655	65.030
6.01.02.10	Advances from customers	- 3.591	734
6.01.02.11	Payments in installments	- 2.751	- 2.674
6.01.02.12	Taxes, fees and contributions	- 4.929	- 901
6.01.02.13	Tax and labor obligations	425	-
6.01.02.14	Provision for profit sharing	3.812	-
6.01.02.15	Provisions for civil, labor, pension and taxes	- 1.670	- 2.007
6.01.02.16	Payables for investments	- 11.886	-
6.01.02.17	Lease liabilities	571	-
6.01.02.18	Derivatives	- 1.359	-
6.01.02.19	Other trade payables	- 906	242
6.01.03	Other	- 10.097	- 5.977
6.01.03.01	Interest paid	- 6.325	- 5.977
6.01.03.02	Income Tax and Social Contribution Paid	- 3.772	-
6.02	Net cash used in investing activities	- 88.188	- 7.709
6.02.01	Acquisition of fixed assets	- 9.987	- 7.367
6.02.02	Acquisition of intangible assets	- 2.532	- 1.827
6.02.03	Dividends received	8.406	5.405
6.02.04	(Granted to) Received from related parties	- 21.311	241
6.02.05	Paid-in capital in subsidiaries	- 400	- 4.161
6.02.06	Dividends received	- 62.364	-
6.03	Net cash provided by (used in) financing activities	- 42.853	17.148
6.03.01	Loans and financing and debentures	16.875	37.681
6.03.02	Payments of borrowings	- 41.455	- 19.695
6.03.03	Dividends paid	- 17.227	- 32
6.03.04	Lease amortization	- 1.046	- 806
6.05	Increase/(decrease) in cash and cash equivalents	- 84.943	40.238
6.05.01	Opening balance of cash and cash equivalents	245.779	249.448
6.05.02	Closing balance of cash and cash equivalents	160.836	289.686

PBG S.A. and subsidiaries

Interim Financial Information for the quarter ended March 31, 2021
In thousands of Brazilian reais, unless otherwise started.

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

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'
5.01	Opening Balances	200.000	-14.095	245.358	-	-14.095	417.168
5.03	Adjusted Opening Balances	200.000	-14.095	245.358	-	-14.095	417.168
5.04	Capital Transactions with Partners	-	-48.269	-14.095	-	-	-62.364
5.04.04	Treasury shares acquired	-	-62.364	-	-	-	-62.364
5.04.08	Cancellation of shares after Boarding meeting 01/20/2021	-	14.095	-14.095	-	-	-
5.05	Total Comprehensive Income	-	-	2.506	-	-	2.506
5.05.02	Foreign exchange variation of subsidiary located abroad	-	-	2.506	-	-	2.506
5.05.02.04	Foreign exchange variation of subsidiary located abroad	-	-	2.506	-	-	2.506
5.06	Internal changes in shareholders' equity	-	-	-296	40.706	-	40.410
5.06.02	Realization of the Revaluation Reserve	-	-	-296	296	-	-
5.06.04	Net Income for the Period	-	-	-	40.410	-	40.410
5.07	Closing Balances	200.000	-62.364	233.473	40.706	-14.095	397.720

PBG S.A. and subsidiaries

Interim Financial Information for the quarter ended March 31, 2021
In thousands of Brazilian reais, unless otherwise started.

Individual financial statements / Statement of changes in shareholders' equity / DMPL - 01/01/2020–03/31/2020

Account Code	Account Description	Paid-in share capital	Capital Reserves, Options Awarded and Treasury	Profit Reserves	Retained Earnings or Accumulated Losses	Other Comprehensive Income	Shareholders' Equity
5.01	Opening Balances	200.000	-	181.478	- -	13.858	367.620
5.03	Adjusted Opening Balances	200.000	-	181.478	- -	13.858	367.620
5.05	Total Comprehensive Income	-	-	-	21.003	-	21.003
5.05.01	Net Income for the Period	-	-	-	21.003	-	21.003
5.06	Internal changes in shareholders' equity	-	- -	17.632	297	- -	17.335
5.06.02	Realization of the Revaluation Reserve	-	- -	297	297	-	-
5.06.04	Exchange variation of subsidiary located abroad	-	- -	17.335	-	- -	17.335
5.07	Closing Balances	200.000	-	163.846	21.300 -	13.858	371.288

In thousands of Brazilian reais, unless otherwise started.

Individual financial statements / Statement of added value

Account Code	Account Description	Accumulated of the Current Period 01/01/2021 to 03/31/2021	Accumulated of the Previous Period 01/01/2020 to 03/31/2020
7.01	Revenues	428.527	375.005
7.01.01	Sales of goods, products and services	426.918	293.107
7.01.02	Other revenues	971	81.940
7.01.04	Reversal/Allowance for doubtful accounts	638	- 42
7.02	Inputs acquired from third-parties	- 209.140	- 229.902
7.02.01	Cost of products, goods and services sold	- 159.368	- 112.446
7.02.02	Materials, energy, third party services and other	- 50.699	- 118.210
7.02.03	Loss/Recovery of assets	927	754
7.03	Gross value added	219.387	145.103
7.04	Retentions	- 12.422	- 11.505
7.04.01	Depreciation and amortization	- 12.422	- 11.505
7.05	Net value added produced	206.965	133.598
7.06	Value added received in transfer	31.974	61.242
7.06.01	Equity income	20.431	10.927
7.06.02	Financial income	11.543	50.315
7.07	Total value added to be distributed	238.939	194.840
7.08	Distribution of value added	238.939	194.840
7.08.01	Personnel	70.949	59.181
7.08.01.01	Direct remuneration	60.261	49.153
7.08.01.02	Benefits	6.700	6.399
7.08.01.03	Government Severance Indemnity Fund for Employee (FGTS)	3.988	3.629
7.08.02	Taxes, fees and contributions	100.915	70.076
7.08.02.01	Federal	43.153	32.931
7.08.02.02	State	57.191	36.628
7.08.02.03	Municipal	571	517
7.08.03	Remuneration of third party capital	26.665	44.580
7.08.03.01	Interest	21.705	40.110
7.08.03.02	Rentals	4.960	4.470
7.08.04	Remuneration of own capital	40.410	21.003
7.08.04.03	Retained earnings	40.410	21.003

In thousands of Brazilian reais, unless otherwise started.

Consolidated financial statements / Balance sheet - Assets

Account Code	Account Description	Current Period 03/31/2021	Previous Year 12/31/2020
1	Total assets	1.996.073	2.034.288
1.01	Current assets	876.402	916.703
1.01.01	Cash and cash equivalents	242.893	326.325
1.01.03	Accounts receivables	320.140	289.090
1.01.03.01	Trade receivables	320.140	289.090
1.01.04	Inventory	218.327	204.562
1.01.06	Taxes to recover	72.162	77.822
1.01.06.01	Current taxes recoverable	72.162	77.822
1.01.07	Prepaid expenses	3.058	4.164
1.01.08	Other Current Assets	19.822	14.740
1.01.08.03	Others	19.822	14.740
1.01.08.03.01	Advance to suppliers	9.163	6.706
1.01.08.03.02	Others	10.659	8.034
1.02	Non-current assets	1.119.671	1.117.585
1.02.01	Long-term assets	460.110	464.497
1.02.01.10	Other Non-current Assets	460.110	464.497
1.02.01.10.03	Judicial deposits	158.529	156.324
1.02.01.10.04	Escrow deposit	87.145	87.402
1.02.01.10.05	Receivables from Eletrobras	12.821	12.821
1.02.01.10.06	Taxes to recover	14.451	13.276
1.02.01.10.07	Deferred Income Tax and Social Contribution tax	34.960	37.713
1.02.01.10.08	Actuarial assets	8.905	8.905
1.02.01.10.09	Legal assets	119.651	119.651
1.02.01.10.10	Restricted investments	8.147	13.317
1.02.01.10.11	Derivatives financial instruments	2.359	1.995
1.02.01.10.12	Others	13.142	13.093
1.02.02	Investments	74.593	71.739
1.02.02.01	Equity	348	348
1.02.02.01.05	Other Investments	348	348
1.02.02.02	Lease asset	74.245	71.391
1.02.02.02.01	Lease asset	74.245	71.391
1.02.03	Property, Plant and Equipment	553.848	552.876
1.02.04	Intangibles Assets	31.120	28.473

In thousands of Brazilian reais, unless otherwise started.

Consolidated financial statements / Balance sheet - Liabilities

Account Code	Account Description	Current Period 03/31/2021	Previous Year 12/31/2020
2	Total Liabilities	1.996.073	2.034.288
2.01	Current Liabilities	760.294	740.620
2.01.01	Social and labor obligations	53.541	46.499
2.01.01.01	Social and labor obligations	53.541	46.499
2.01.02	Suppliers	210.093	194.929
2.01.02.01	Suppliers	210.093	194.929
2.01.04	Loans and Financing	248.916	223.908
2.01.04.01	Loans and Financing	197.324	174.842
2.01.04.01.01	In National Currency	197.324	174.842
2.01.04.02	Debentures	51.592	49.066
2.01.05	Other Obligations	233.163	264.515
2.01.05.02	Other	233.163	264.515
2.01.05.02.01	Dividends and interest on equity	13.851	31.079
2.01.05.02.04	Credit granting from suppliers	65.001	66.418
2.01.05.02.05	Payables for investments	22.006	31.303
2.01.05.02.06	Taxes payable in installments	11.246	9.354
2.01.05.02.07	Taxes, fees and contributions	17.161	21.443
2.01.05.02.08	Income and social contribution tax payable	4.791	2.997
2.01.05.02.09	Advances from customers	43.147	43.825
2.01.05.02.10	Lease Obligations	32.199	34.803
2.01.05.02.11	Derivatives	1.359	2.354
2.01.05.02.12	Other	22.402	20.939
2.01.06	Provisions	14.581	10.769
2.01.06.02	Other provisions	14.581	10.769
2.01.06.02.04	Provision for profit sharing	14.581	10.769
2.02	Non-current Liabilities	838.039	876.484
2.02.01	Loans and Financing	461.378	503.858
2.02.01.01	Loans and Financing	312.052	354.666
2.02.01.01.01	In National Currency	312.052	354.666
2.02.01.02	Debentures	149.326	149.192
2.02.02	Other Obligations	311.062	309.053
2.02.02.02	Other	311.062	309.053
2.02.02.02.03	Suppliers	146.190	144.021
2.02.02.02.04	Payables for investments	23.111	25.700
2.02.02.02.05	Taxes payable in installments	29.716	34.653
2.02.02.02.06	Payable to related parties	56.369	56.326
2.02.02.02.07	Lease Obligations	45.386	38.379
2.02.02.02.08	Other	10.290	9.974
2.02.04	Provisions	65.599	63.573
2.02.04.01	Provision for Civil, Labor, Social Security and Tax risks	65.599	63.573
2.02.04.01.01	Tax	24.211	24.977
2.02.04.01.02	Labor and Social Security	14.325	13.524
2.02.04.01.04	Civil	27.063	25.072
2.03	Shareholders' Equity	397.740	417.184
2.03.01	Capital	200.000	200.000
2.03.02	Capital reserves	- 62.364	- 14.095
2.03.02.05	Treasury Shares	- 62.364	- 14.095
2.03.04	Profit Reserves	308.000	281.388
2.03.04.01	Revenue Reserves	277.553	250.941
2.03.04.08	Additional Dividend	30.447	30.447
2.03.06	Carrying Value Adjustments	- 47.915	- 50.125
2.03.09	Shareholders Non-controlling interests	19	16

PBG S.A. and subsidiaries

Interim Financial Information for the quarter ended March 31, 2021
In thousands of Brazilian reais, unless otherwise started.

Consolidated financial statements / Statement of income

Account Code	Account Description	Accumulated of the Current Period 01/01/2021 to 03/31/2021	Accumulated of the Previous Period 01/01/2020 to 03/31/2020
3.01	Income from sales of goods and/or services	416.393	274.180
3.02	Cost of goods and/or services sold	- 237.909	- 179.030
3.03	Gross income	178.484	95.150
3.04	Operating expenses/income	- 113.216	- 73.471
3.04.01	Sales expenses	- 91.680	- 74.630
3.04.02	General and administrative expenses	- 13.529	- 10.715
3.04.04	Other operating income	- 8.007	11.874
3.05	Income (loss) before financial income and taxes	65.268	21.679
3.06	Financial income (loss)	- 11.491	10.703
3.06.01	Financial income	3.093	8.640
3.06.02	Financial expenses	- 14.584	2.063
3.06.02.01	Foreign Exchange Variations, net	805	20.226
3.06.02.02	Financial expenses	- 15.389	- 18.163
3.07	Income (loss) before income tax	53.777	32.382
3.08	Income and social contribution taxes	- 13.363	- 11.370
3.08.01	Current	- 10.610	- 2.391
3.08.02	Deferred	- 2.753	- 8.979
3.09	Net income (loss) of continued operations	40.414	21.012
3.11	Consolidated Net Income/loss for the period	40.414	21.012
3.11.01	Attributed to Controlling Shareholders	40.401	21.003
3.11.02	Attributed to Non-Controlling Interests	13	9
3.99.01.01	ON	0,26677	0,13258

In thousands of Brazilian reais, unless otherwise started.

Consolidated financial statements / Statement of comprehensive income

Account Code	Account Description	Accumulated of the Current Period 01/01/2021 to 03/31/2021	Accumulated of the Previous Period 01/01/2020 to 03/31/2020
4.01	Net Income for the Period	40.414	21.012
4.02	Other Comprehensive Income	2.506	- 17.335
4.03	Comprehensive Income for the Period	42.920	3.677
4.03.01	Attributed to Partners of the Parent Company	42.907	3.668
4.03.02	Attributed to Minority Partners	13	9

PBG S.A. and subsidiaries

Interim Financial Information for the quarter ended March 31, 2021
In thousands of Brazilian reais, unless otherwise started.

Consolidated financial statements / Statement of cash flows - Indirect method

Account Code	Account Description	Accumulated of the Current Period 01/01/2021 to 03/31/2021	Accumulated of the Previous Period 01/01/2020 to 03/31/2020
6.01	Net Cash Operating Activities	40.912	47.957
6.01.01	Funds From Operations	95.287	52.178
6.01.01.01	Profit for the period before taxes	53.777	32.382
6.01.01.02	Depreciation and amortization	16.744	20.467
6.01.01.04	Unrealized foreign exchange variations from borrowings	4.747	14.712
6.01.01.05	Unrealized foreign exchange variations Portobello America	2.506	-17.335
6.01.01.06	Provision for inventory valuation at market value	-1.202	-514
6.01.01.07	Allowance for doubtful accounts	-427	380
6.01.01.08	Provisions civil, labor, and tax Previd	3.696	12.477
6.01.01.09	Provisions of social and labor obligations	4.980	3.396
6.01.01.10	Other provisions	930	695
6.01.01.11	Restatement of tax assets	-	-81.786
6.01.01.12	Restatement of receivables from other related parties	-	-497
6.01.01.13	Provision for interest on loans and debentures	8.637	11.657
6.01.01.14	Interest and adjustment to present value on lease	711	-697
6.01.01.15	Debt with related parties	43	56.330
6.01.01.16	Others	-	511
6.01.01.17	AVP Prodec (borrowings)	49	-
6.01.01.18	Write-off of fixed assets	96	-
6.01.02	Changes in Assets and Liabilities	-39.234	4.570
6.01.02.01	Accounts receivable	-30.623	8.153
6.01.02.02	Restricted investments	5.170	-47
6.01.02.03	Inventory	-12.563	-41.957
6.01.02.04	Advance to suppliers	-2.457	-9.829
6.01.02.05	Judicial deposits	-1.948	-5.348
6.01.02.06	Taxes to recover	4.488	2.696
6.01.02.07	Lease asset	-6.456	-
6.01.02.08	Other assets	-1.568	-9.852
6.01.02.09	Accounts payable	15.916	66.160
6.01.02.10	Advances from customers	-678	910
6.01.02.11	Payments in installments	-3.045	-2.764
6.01.02.12	Taxes, fees and contributions	-4.282	-1.291
6.01.02.13	Tax obligations and labor	2.062	-
6.01.02.14	Provision for PPR	3.812	-
6.01.02.15	Pprovisions for contingencies	-1.670	-2.007
6.01.02.16	Payables for investments	-11.886	-
6.01.02.17	Lease liabilities	7.007	-
6.01.02.18	Derivatives	-1.359	-
6.01.02.19	Other accounts payable	846	-254
6.01.03	Others	-15.141	-8.791
6.01.03.01	Interest paid	-6.325	-5.977
6.01.03.02	Income tax and social contribution paid	-8.816	-2.814
6.02	Net cash investing activities	-79.220	-14.073
6.02.01	Acquisition of fixed assets	-12.978	-12.275
6.02.02	Acquisition of intangible assets	-3.878	-2.047
6.02.04	(Granted to) Received from related parties	-	249
6.02.06	Aquisition of Treasury Stocks	-62.364	-
6.03	Net cash from financing activities	-45.124	15.520
6.03.01	Loans and financing and debentures	16.875	37.681
6.03.02	Payment of borrowings	-41.455	-19.695
6.03.03	Dividend payments	-17.228	-32
6.03.04	Amortization of lease	-3.316	-2.434
6.05	Increase (Decrease) in Cash	-83.432	49.404
6.05.01	Opening balance of cash and cash equivalents	326.325	275.378
6.05.02	Closing balance of cash and cash equivalents	242.893	324.782

PBG S.A. and subsidiaries

Interim Financial Information for the quarter ended March 31, 2021
In thousands of Brazilian reais, unless otherwise started.

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

Account Code	Account Description	Paid-in share capital	Capital Reserves, Options Awarded and Treasury Stock	Profit Reserves	Retained Earnings or Accumulated Losses	Other Comprehensive Income	Shareholders' Equity	Minority interests	Consolidated Shareholders' Equity
5.01	Opening Balances	200.000	-14.095	245.358	-	-14.095	417.168	16	417.184
5.03	Adjusted Opening Balances	200.000	-14.095	245.358	-	-14.095	417.168	16	417.184
5.04	Capital Transactions with Partners	-	-48.269	-14.095	-	-	-62.364	-	-62.364
5.04.04	Treasury shares acquired	-	-62.364	-	-	-	-62.364	-	-62.364
5.04.08	Cancellation of shares after Boarding meeting 01/20/2021	-	14.095	-14.095	-	-	-	-	-
5.05	Total Comprehensive Income	-	-	-	40.410	-	40.410	4	40.414
5.05.01	Net Income for the Period	-	-	-	40.410	-	40.410	4	40.414
5.06	Internal changes in shareholders' equity	-	-	2.210	296	-	2.506	-	2.506
5.06.02	Realization of the Revaluation Reserve	-	-	-296	296	-	-	-	-
5.06.04	Foreign exchange variation of subsidiary located abroad	-	-	2.506	-	-	2.506	-	2.506
5.07	Closing Balances	200.000	-62.364	233.473	40.706	-14.095	397.720	20	397.740

PBG S.A. and subsidiaries

Interim Financial Information for the quarter ended March 31, 2021
In thousands of Brazilian reais, unless otherwise started.

Consolidated financial statements / Statement of changes in shareholders' equity / DMPL - 01/01/2020–03/31/2020

Account Code	Account Description	Paid-in share capital	Capital Reserves, Options Awarded and Treasury Stock	Profit Reserves	Retained Earnings or Accumulated Losses	Other Comprehensive Income	Shareholders' Equity	Minority interests	Consolidated Shareholders' Equity
5.01	Opening Balances	200.000	-	181.478	-	- 13.858	367.620	16	367.636
5.03	Adjusted Opening Balances	200.000	-	181.478	-	- 13.858	367.620	16	367.636
5.05	Total Comprehensive Income	-	-	- 17.335	21.003	-	3.668	9	3.677
5.05.01	Net Income for the Period	-	-	-	21.003	-	21.003	9	21.012
5.05.02	Other Comprehensive Income	-	-	- 17.335	-	-	- 17.335	-	- 17.335
5.05.02.06	Exchange variation of subsidiary located abroa	-	-	- 17.335	-	-	- 17.335	-	- 17.335
5.06	Internal changes in shareholders' equity	-	-	- 297	297	-	-	-	-
5.06.02	Realization of the Revaluation Reserve	-	-	- 297	297	-	-	-	-
5.07	Closing Balances	200.000	-	163.846	21.300	- 13.858	371.288	25	371.313

In thousands of Brazilian reais, unless otherwise started.

Consolidated financial statements / Statement of added value

Account Code	Account Description	Accumulated of the Current Period 01/01/2021 to 03/31/2021	Accumulated of the Previous Period 01/01/2020 to 03/31/2020
7.01	Revenue	504.199	426.002
7.01.01	Sales of Goods, Products and Services	505.459	333.981
7.01.02	Other Revenue	-1.680	92.515
7.01.04	Allowance/(Reversal of allowance) for doubtful a	420	-494
7.02	Consumables acquired from third parties	-228.492	-242.102
7.02.01	Cost of goods and services sold	-170.352	-116.296
7.02.02	Material, Energy, Outsourced Services and Other	-58.874	-126.560
7.02.03	Loss/Recovery of Assets	734	754
7.03	Gross Added Value	275.707	183.900
7.04	Retentions	-16.744	-14.358
7.04.01	Depreciation, Amortization and Depletion	-16.744	-14.358
7.05	Net Added Value Produced	258.963	169.542
7.06	Transferred Added Value	11.871	51.956
7.06.02	Financial income	11.871	50.528
7.06.03	Others	-	1.428
7.07	Total Added Value to be Distributed	270.834	221.498
7.08	Distribution of Added Value	270.834	221.498
7.08.01	Personnel	85.492	71.172
7.08.01.01	Direct Remuneration	73.278	59.873
7.08.01.02	Benefits	7.600	7.101
7.08.01.03	F.G.T.S.	4.614	4.198
7.08.02	Taxes, Duties and Contributions	115.366	82.304
7.08.02.01	Federal	56.268	44.502
7.08.02.02	State	58.498	37.259
7.08.02.03	Municipal	600	543
7.08.03	Interest Expenses	29.562	47.010
7.08.03.01	Interest	22.949	41.215
7.08.03.02	Rent	6.613	5.795
7.08.04	Remuneration of own capital	40.414	21.012
7.08.04.03	Retained Earnings/Loss for the Period	40.401	21.003
7.08.04.04	Minority interests in retained earnings	13	9

PortobelloGrupo

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

Tijucas, May 14, 2021. PBG S.A. (B3: PTBL3), the largest ceramic tile company in Brazil, announces its results for the first quarter of 2021. The financial information reported herein is derived from PBG S.A.'s consolidated financial statements, prepared in accordance with the standards issued by the Accounting Pronouncements Committee (CPC) and the International Financial Reporting Standards (IFRS).

1Q21 Highlights

- **Net Revenue growth** of **51.9% over 1Q20** due to **greater performance of the Company's retail operations combined with international expansion**.
- **Recurring and Adjusted Gross Margin** reached **42.9% in 1Q21**, **8.2 pp over 1Q20** and **3.6 pp over 4Q20**.
- **Adjusted and Recurring EBITDA** of **R$ 80.8 million in 1Q21, R$ 57.9 million or 253.3% over 1Q20**. **Recurring and Adjusted EBITDA Margin** of **19.4% in 1Q21**, up **11.1 pp over 1Q20**.
- **Recurring and Adjusted Net Profit** of **R$ 40.4 million in 1Q21, R$27.9 million or 224.3% over 1Q20**.
- **Working Capital Investment** of R$ 229.4 million, **R$ 31.4 million less than 1Q20,** due to **consistent reduction in the Cash Conversion Cycle to 35 days,** improvement of **42 days over 1Q20** and **7 days over 4Q20**.
- **Net Debt** of R$ 467.4 million in 1Q21, **in line with 1Q20,** although **Net Debt/Adjusted and Recurring EBITDA** reduced to **2.0 times in 1Q21, an improvement of 58.9% or 2.9 times over 1Q20**.
- **PTBL3 price** ended 1Q21 at **R$ 8.76**, **292.8% over 1Q20** and **29.6% over 4Q20**.

	R$ Million	1Q20	1Q21	▲	Absolute	4Q20	▲	Absolute
Performance	**Net Revenue**	**274,2**	**416,4**	**51,9%**	**142,2**	**401,1**	**3,8%**	**15,3**
	Adjusted and Recurring Gross Margin	34,7%	42,9%	8,2 p.p.	8,2 p.p.	39,3%	3,6 p.p.	3,6 p.p.
	EBITDA	**36,0**	**80,8**	**124,6%**	**44,8**	**74,7**	**8,2%**	**6,1**
	Adjusted and Recurring EBITDA	**22,9**	**80,8**	**253,3%**	**57,9**	**74,7**	**8,2%**	**6,1**
	Adjusted and Recurring EBITDA Margin	8,3%	19,4%	11,1 p.p.	11,1 p.p.	18,6%	0,8 p.p.	0,8 p.p.
	Net Income	**21,0**	**40,4**	**92,3%**	**19,4**	**34,8**	**16,0%**	**5,6**
	Adjusted and Recurring Net Income	**12,5**	**40,4**	**224,3%**	**27,9**	**34,8**	**16,0%**	**5,6**
	Working Capital (R$)	260,8	229,4	-12,1%	-31,4	195,3	17,5%	34,1
	Cash Conversion Cycle (days)	77	35	-54,5%	-42	42	-16,7%	-7
Debt	**Net debt**	**470,7**	**467,4**	**-0,7%**	**-3,3**	**401,4**	**16,4%**	**66,0**
	Net Debt-to-EBITDA	2,9	2,1	-26,9%	-0,8	2,3	-7,3%	-0,2
	Net Debt/Adjusted and Recurring EBIT	4,9	2,0	-58,9%	-2,9	2,3	-12,6%	-0,3
PTBL3	**Quotation**	**2,23**	**8,76**	**292,8%**	**6,53**	**6,76**	**29,6%**	**2,00**

PortobelloGrupo

Message from the Management

PBG S.A. presented an excellent performance in 1Q21, with significant figures for the period, despite the continuity of the challenges of the COVID-19 pandemic, such as closing the trade in construction materials to reduce circulation in some states and municipalities. In these shopping centers, small effects of reduced incoming orders were felt in the month of March, which were more than offset by additional revenue in other markets with less restrictions.

Net revenue in 1Q21 reached R$ 416.4 million, with growth of 51.9% over 1Q20. In the domestic market, the Company posted a significant increase in Net Revenue of 52.5% in 1Q21 when compared to 1Q20. According to ABRAMAT (Brazilian Association of Construction Materials Industries), the sales of the construction materials market grew by 15.5% in the same period. This increase continues to be driven by basic materials, due to the resumption of works and the good moment of civil construction, with a wide expansion in recent months.

In the foreign market, the Company also posted a very strong growth of Net Revenue in 1Q21 of 49.4% over 1Q20 (22.6% in dollar), as a result of the expansion of exports, the growth of the distribution activity in the United States, through the Portobello America business unit, in addition to the appreciation of the North American currency.

The excellent performance of Net Revenue is the result of the qualification of the product mix with better profitability, price increases, and gains in productivity/cost efficiency, continue to bring the Recurring Gross Margin to better levels, reaching 42.9% in 1Q21, with an increase of 8.2 pp over 1Q20. The progression of the Recurring Gross Margin combined with the optimization of Operating Expenses, which decreased by 4.4 pp over 1Q20 in relation to Net Revenue, led the Company's Adjusted and Recurring EBITDA to reach R$ 80.8 million in 1Q21, with Adjusted and Recurring EBITDA Margin of 19.4% and increase of 11.1 pp over 1Q20.

Actions to strengthen the Company's cash position over the past 12 months - by optimizing investment in Working Capital - reduced the Cash Conversion Cycle from 77 days in 1Q20 to 35 days in 1Q21. The main reasons for this significant reduction in the Cash Conversion Cycle are the optimization/qualification of the inventory level and improvement in the conversion of the receivables portfolio.

As for financial leverage, the Company ended the quarter with a Net Debt of R$ 467.4 million, at levels similar to 1Q20, of R$ 470.7 million. In 1Q21, the Company had more debt amortization than funding, in addition to anticipating the distribution of dividends and implementing the share buyback program. The stability in the Net Debt level combined with the significant increase in EBITDA led to a reduction in Net Debt/Adjusted and Recurring EBITDA to 2.0 times in 1Q21.

The Company's investments in 1Q21 were R$ 79.2 million. CapEx for the quarter totaled R$ 16.8 million, of which 79% was allocated to the Tijucas-SC industrial park, for updating and migration to produce products of larger formats with greater added value. The remaining CapEx amounts were allocated to the Marechal Deodoro industrial park and the expansion of its own stores. R$ 62.4 million were also invested in the company's share buyback program. The program was approved in January and concluded in March 2021, with a buyback of 7.0 million shares at an average price of R$ 8.91 per share.

Business Unit Performance

The Portobello Business Unit posted net revenue growth of 41.3% in 1Q21 vs. 1Q20. Growth was leveraged by the qualification of the mix of products offered, efficiency in commercial and channel management, resulting in one-off price gains. The volume grew due to greater efficiency in the management of the chain and prioritization in serving strategic clients and exports. Gross Margin advanced 6.6 p.p. vs. 1Q20.

PortobelloGrupo

The Pointer Business Unit, the group's democratic design brand, achieved excellent results in 1Q21, doubling Net Revenue over 1Q20, that is, a 101.6% growth. This increase in Net Revenue was due to an increase in volume, price readjustments and a more qualified mix with "Superceramic" items. In the Gross Margin, there was an increase in 1Q21 of 20.1 pp over 1Q20 due to the positive effects of the qualification of the product mix, pricing and consolidation of the brand's positioning in the market.

The Portobello Shop Business Unit ended 1Q21 with a 50.3% growth in Net Revenue over 1Q20. The ICVA (Cielo Broad Retail Index), which measures the construction materials retail sector in Brazil in value and which showed growth of 19.4% in 1Q21 over 1Q20. In the Gross Margin, the results remain expressive, with a growth of 6.5 pp in 1Q21 over 1Q20.

The Portobello America Business Unit achieved a 59.4% growth in Net Revenue in 1Q21 over 1Q20 (30.5% in Dollars). This growth was due to the increase in sales volume in the North American market and the exchange rate devaluation. Portobello America also presented a significant increase in Gross Margin in 1Q21 of 10.5 pp over 1Q20, due to the improvement in the product mix and the exchange rate effect.

2Q21 Prospects

- The expectation is that the civil construction market will continue to heat up and that the Company's Net Revenue in 2Q21 will have significant growth over the weak comparison base in 2Q20 (greater impact of the COVID-19 pandemic), with absolute figures similar to 1Q21. It is important to mention that the evolution of basic interest rates may affect the growth projections of the economy and prospects for the real estate market in the medium / long term.

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

- The CapEx investment plan continues to focus on strategic projects for growth in retail with the expansion of the Portobello Shop chain, the expansion of the Tijucas-SC plant, as well as the expansion of Portobello América's businesses.

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

COVID-19

2021 started with a positive outlook after the vaccination against COVID-19 started. However, during 1Q21, city and state governments once again imposed circulation restrictions to contain the spread of the virus, due to the significant increase in cases, lack of medicines and inability of hospital care due to the high demand for the most severe cases, and consequently increase in the number of deaths. During 1Q21, some company-owned and franchised stores had periods in which they remained closed, however the production units in Tijucas-SC and Marechal Deodoro-AL remained in operation.

The Company stresses that all safety protocols necessary to ensure the health of employees continue to be observed, in accordance with the guidance and monitoring of the Crisis Management Committee. Remote work for administrative areas is intensified as a practice, giving priority to people at risk. These actions are synchronized in all units where the Company does business, whether in factories, stores, in the United States or in distribution centers.

In the communities where we operate, we maintain support for institutions and the population in general. In 1Q21, the Company donated respirators to hospitals, basic food baskets to serve needy communities, and personal protective equipment.

Economic-Financial performance

		1Q20	1Q21	▲	Absolute	4Q20	▲	Absolute
Performance	**Net Revenue**	**274,2**	**416,4**	**51,9%**	**142,2**	**401,1**	**3,8%**	**15,3**
	Gross Profit	**95,2**	**178,5**	**87,6%**	**83,3**	**157,5**	**13,3%**	**21,0**
	Gross Margin	34,7%	42,9%	8,2 p.p.	8,2 p.p.	39,3%	3,6 p.p.	3,6 p.p.
	Adjusted and Recurring Gross Profit	**95,2**	**178,5**	**87,6%**	**83,3**	**157,5**	**13,3%**	**21,0**
	Adjusted and Recurring Gross Margin	34,7%	42,9%	8,2 p.p.	8,2 p.p.	39,3%	3,6 p.p.	3,6 p.p.
	EBIT	**21,7**	**65,3**	**201,1%**	**43,6**	**57,5**	**13,6%**	**7,8**
	EBIT margin	7,9%	15,7%	7,8 p.p.	7,8 p.p.	14,3%	1,4p.p.	1,4p.p.
	Net Income	**21,0**	**40,4**	**92,3%**	**19,4**	**34,8**	**16,0%**	**5,6**
	Net Margin	7,7%	9,7%	2,0 p.p.	2,0 p.p.	8,7%	1,0 p.p.	1,0 p.p.
	Adjusted and Recurring Net Income	**12,5**	**40,4**	**224,3%**	**27,9**	**34,8**	**16,0%**	**5,6**
	Adjusted and Recurring Net Margin	4,5%	9,7%	5,2 p.p.	5,2 p.p.	8,7%	1,0 p.p.	1,0 p.p.
	EBITDA	**36,0**	**80,8**	**124,6%**	**44,8**	**74,7**	**8,0%**	**6,0**
	EBITDA margin	13,1%	19,4%	6,3 p.p.	6,3 p.p.	18,6%	0,8 p.p.	0,8 p.p.
	Adjusted and Recurring EBITDA	**22,9**	**80,8**	**253,3%**	**57,9**	**74,7**	**8,0%**	**6,0**
	Adjusted and Recurring EBITDA Margin	8,3%	19,4%	11,1 p.p.	11,1 p.p.	18,6%	0,8 p.p.	0,8 p.p.
Indicators	**Working Capital (R$)**	**260,8**	**229,4**	**-12,1%**	**-31,4**	**195,3**	**17,5%**	**34,1**
	Cash Conversion Cycle (days)	**77**	**35**	**-54,5%**	**-42**	**42**	**-16,7%**	**-7**
	Net debt	**470,7**	**467,4**	**-0,7%**	**-3,3**	**401,4**	**16,4%**	**66,0**
	Net Debt-to-EBITDA	2,9	2,1	-26,9%	0,8	2,3	-7,3%	0,2
	Net Debt/Adjusted and Recurring EBITDA	**4,9**	**2,0**	**-58,9%**	**-2,9**	**2,3**	**-12,6%**	**-0,3**
PTBL3	Closing Quotation	2,23	8,76	292,8%	6,53	6,76	29,6%	2,00
	Market value	353,4	1.292,4	265,7%	939,0	1.044,6	23,7%	247,8
	Average Trading Volume From Past 12 Months	65,8	305,8	364,7%	240,0	223,7	36,7%	82,1

Net Revenue

Net Revenue totaled R$ 416.4 million in 1Q21, an increase of 51.9% over 1Q20 and 3.8% over 4Q20, which represents the Company's best performance for the first quarter in the last five years. This result is due to the double digit growth of all the Company's Business Units. The main factors that contributed to this growth were (i) the higher sales volume, (ii) higher value-added product mix, with higher prices, (iii) expansion of the share of company-owned stores and (iv) expansion of the share of Portobello América, and (iv) favorable effect of the exchange rate on sales in the foreign market.

Net Revenue in the domestic market grew 52.5% in 1Q21 over 1Q20. According to ABRAMAT (Brazilian Association of Construction Materials Industries), the turnover of the construction materials market (in value) grew by 15.5% in 1Q21. According to ANFACER (National Association of Ceramic Tile Manufacturers), the sales volume of ceramic tiles in the domestic market (in square meters) grew 21.5% in 1Q21 over 1Q20.

In the foreign market, Net Revenue grew 49.4% in Reais and 22.6% in Dollars in 1Q21 over 1Q20. This result was influenced by the significant volume of sales in the USA, with an increase in the share of Portobello America's businesses and the effect of the exchange devaluation.

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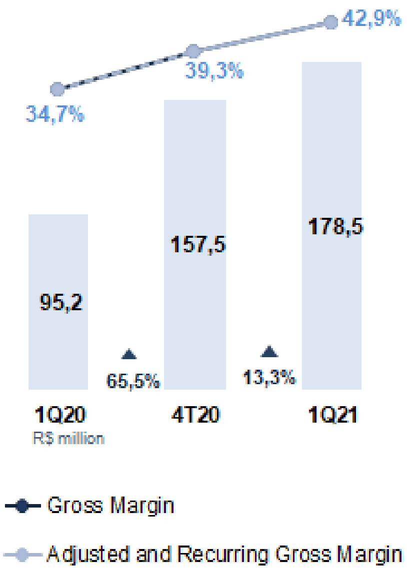
R$ million	1Q20	1Q21	▲	Absolute	4Q20	▲	Absolute
Net Revenue	**274,2**	**416,4**	**51,9%**	**142,2**	**401,1**	**3,8%**	**15,3**
Domestic market	215,2	328,2	52,5%	113,0	320,9	2,2%	7,3
Foreign market	59,0	88,2	49,4%	29,2	80,2	10,0%	8,0
US$ million	**1Q20**	**1Q21**	**▲**	**Absolute**	**4Q20**	**▲**	**Absolute**
Foreign market	13,1	16,1	22,6%	3,0	14,1	14,0%	2,0

Gross Profit

Gross Profit in 1Q21 increased 87.6% over 1Q20, and 13.3% over 4Q20. Among the main factors for the increase in Gross Margin, the following stand out: (i) increase in sales volume, (ii) increase in the share of products with higher added value, (iii) increase in prices, and (iv) greater dilution of fixed production costs. Thus, there was an expressive increase in the Adjusted and Recurring Gross Margin of 8.2 pp over 1Q20 and 3.6 pp over the 4Q20.

R$ Million	1Q20	1Q21	▲	Absolute	4Q20	▲	Absolute
Net Operating Revenue	274,2	416,4	51,9%	142,2	401,1	3,8%	15,3
Cost of Goods Sold (COGS)	-179,0	-237,9	32,9%	58,9	-243,6	-2,3%	-5,7
Gross Operating Profit	**95,2**	**178,5**	**87,6%**	**83,3**	**157,5**	**13,3%**	**21,0**
Gross Margin	*34,7%*	*42,9%*	*8,2 p.p.*	*8,2 p.p.*	*39,3%*	*3,6 p.p.*	*3,6 p.p.*
Adjusted and Recurring Gross Margin	*34,7%*	*42,9%*	*8,2 p.p.*	*8,2 p.p.*	*39,3%*	*3,6 p.p.*	*3,6 p.p.*



Operating Expenses

Operating and Recurring Expenses in 1Q21 were 30.8% higher than 1Q20. This growth is concentrated in sales expenses and in the implementation of the new organizational structure with a focus on the Business Units. When analyzed in relation to Net Revenue, expenses represented 27.2% in 1Q21, down 4.4 pp compared to 1Q20, reflecting the better dilution of expenses.

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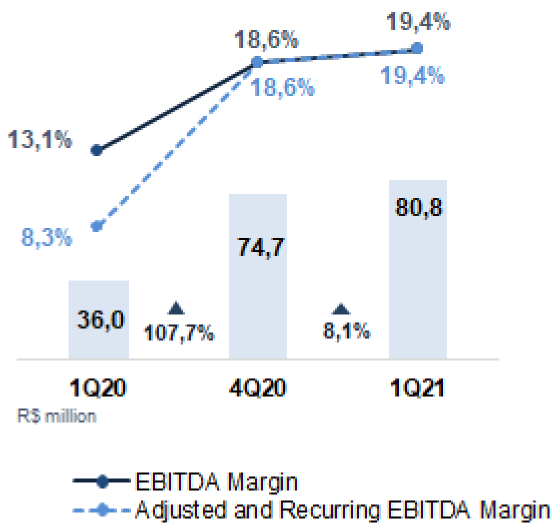
R$ Million	1Q20	%NR	1Q21	%NR	▲	Absolute	4Q20	%NR	▲	Absolute
Operating Expenses										
Selling	-74,6	27,2%	-91,7	22,0%	22,8%	17,1	-87,4	21,8%	4,9%	4,2
General and administrative	-10,7	3,9%	-13,5	3,2%	26,3%	2,8	-12,4	3,1%	9,2%	1,1
Other Income (Expenses)	11,9	4,3%	-8,0	-1,9%	-167,4%	-19,9	-0,1	0,0%	+100%	-7,9
Non-recurring Income	-13,1	-	-	0,0%	-100,0%	13,1	-	-		
Adjusted and Recurring Operating Expenses	**-86,6**	**31,6%**	**-113,2**	**27,2%**	**30,8%**	**26,6**	**-100,0**	**24,9%**	**13,3%**	**13,3**

Selling expenses grew by 22.8% compared to 1Q20. This growth was due to the higher sales volume, which is directly linked to variable expenses, mostly related to the Portobello Shop business, with an increase in the structure due to 4 new company-owned stores over 1Q20, and marketing in the resale channel (home centers) with allocation of fair expenses in the quarter.

In 1Q21, general and administrative expenses increased by 26.3% compared to 1Q20. This increase is explained by expenses with the implementation of the new organizational structure focused on the Business Units, in addition to strengthening corporate governance.

In other expenses, the Company incurred R$ 8.0 million, which refer to: (i) provision for lawsuits in the amount of R$ 2.5 million, (ii) provision for the Profit Sharing Program (PPR) for 2021 of R$ 3.8 million, and (iii) extra bonus for the achievement of results for the quarter of R$ 2.3 million.

EBITDA



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R$ Million	1Q20	%NR	1Q21	%NR	4Q20	%NR
Net Income	21,0	7,7%	40,4	9,7%	34,8	8,7%
(+) Finance Income (Cost)	-10,7	-3,9%	11,5	2,8%	**17,3**	4,3%
(+) Depreciation and Amortization	14,3	5,2%	15,5	3,7%	17,2	4,3%
(+) Income Taxes	11,4	4,2%	13,4	3,2%	5,4	1,3%
(+) Other	0,0	0,0%	0,0	0,0%	0,0	0,0%
EBITDA	**36,0**	**13,1%**	**80,8**	**19,4%**	**74,7**	**18,6%**
Non-recurring events	**-13,1**	**4,8%**	**-**	**0,0%**	**0,0**	**0,0%**
1) Other Favorable Outcomes in Lawsuits	-13,1		-		0,0	
Adjusted and Recurring EBITDA	**22,9**	**8,4%**	**80,8**	**19,4%**	**74,7**	**18,6%**

1) Other Favorable Outcomes in Lawsuits R$ (13.2) million in 1Q20, related to the favorable outcome for the correction of rural credit notes

The Company ended 1Q21 with Adjusted and Recurring EBITDA of R$ 80.8 million, 253.3% above 1Q20 and 8.0% above 4Q20 with R$ 74.7 million. The Company continues to show a significant increase in EBITDA in relation to the compared periods, with emphasis on the growth in sales due to better prices, volume, channel and product mixes, in addition to the favorable exchange rate effect, combined with operational efficiency, dilution of costs and fixed expenses.

The EBITDA Margin increase was 11.1 pp in 1Q21 over 1Q20 and e 0.8 pp. in 4Q20, impacted by the increase in sales volume, coupled with productivity gains, in the qualification of the product mix with better profitability, price increases, absorption of fixed production costs, and optimization of recurring expenses.

Net Income

Adjusted and Recurring Net Income in 1Q21 was R$ 40.4 million, with improvement of 224.3% (R$ 27.9 million) when compared to 1Q20 and an improvement of 16.0% over 4Q20. The high volume of sales, the price readjustments, the

excellent operating performance, the financial gain arising from the exchange rate variation and the control of operating expenses were the main reasons for the increase in Net Income.

R$ Million	1Q20	1Q21	▲	Absolute	4Q20	▲	Absolute
Net Income	**21,0**	**40,4**	**92,3%**	**19,4**	**34,8**	**16,0%**	**5,6**
Non-Recurring events	**(8,6)**	**-**		**8,6**	**-**		
(1) Finance Income (Cost)	(1,3)	-		1,3	-		
(2) Income Tax / Social Contribution	5,9	-		(5,9)	-		
(3) Other income/expenses	(13,1)	-		13,1	-		
Adjusted and Recurring Net Income	**12,5**	**40,4**	**224,3%**	**27,9**	**34,8**	**16,0%**	**5,6**

Cash Flow

In the quarter, the Company's cash position closed at R$ 242.9 million, down R$ 83.4 million when compared to the beginning of the period, due to the advance payment of dividends and disbursements of the buyback program.

During this quarter, R$ 79.2 million was allocated for investments, of which R$ 62.4 million was allocated to the second share buyback program. The remainder - CapEx - was invested in the plants in Tijucas-SC, with an update of the industrial park for the production of products with greater added value and larger formats, in Marechal Deodoro-AL and also for the expansion of the sales area of the company-owned stores. Financing activities consumed R$ 45.1 million, according to the amortization schedule.

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R$ Million	1Q20	1Q21	▲	Absolute	4Q20	▲	Absolute
Activities							
Operating Activities	48,0	40,9	-0,1	-7,0	91,2	-0,6	-50,3
Investing Activities	-14,1	-79,2	4,6	-65,1	-39,0	1,0	-40,2
Financing Activities	15,5	-45,1	-3,9	-60,6	-15,0	2,0	-30,1
Increase (Decrease) in Cash	49,4	-83,4	-2,7	-132,8	37,1	-3,2	-120,6
Cash at the Beginning of the Period	**275,4**	**326,3**	**0,2**	**50,9**	**289,2**	**0,1**	**37,1**
Cash at the End of the Period	**324,8**	**242,9**	**-0,3**	**-81,9**	**326,3**	**-0,3**	**-83,4**

Working Capital

Working Capital ended 1Q21 with a decrease of 12.1% over 1Q20 or R$ 31.4 million, with emphasis on the reduction in finished product inventory levels and better management of receivables. In the Cash Conversion Cycle, the Company presents a significant reduction of 42 days over 1Q20 and 7 days over 4Q20, due to the optimization of inventories, where there was a reduction in the unhealthy inventory, good management of the receivables portfolio with an effective reduction in the average term, in addition to lower levels of past due.

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		1Q20	1Q21	▲	Absolute	4Q20	▲	Absolute
In R$ million	Trade Receivables	218,5	277,2	26,9%	58,7	245,3	13,0%	31,9
	Inventories	285,9	218,3	-23,6%	-67,6	204,6	6,7%	13,7
	Trade payables	243,5	266,1	9,3%	22,6	254,6	4,5%	11,5
	Working Capital	**260,8**	**229,4**	**-12,1%**	**-31,4**	**195,3**	**17,5%**	**34,1**
In Days	Trade Receivables	58	53	-7,9%	-5	58	-9,2%	-5
	Inventories	124	82	-33,8%	-42	84	-2,5%	-2
	Trade payables	105	101	-4,2%	-4	101	-0,6%	-1
	Cash Conversion Cycle (CCC in Days)	**77**	**35**	**-54,9%**	**-42**	**42**	**-16,6%**	**-7**

Investments

Investments totaled R$ 79.2 million in 1Q21, of which 14% were allocated to the Tijucas-SC plant, 79% to the Share Buyback Plan, 4% to company-owned stores, 2% to the Marechal Deodoro-AL plant and the rest to commercial and corporate projects. At the Tijucas-SC plant, 96% of the investments are for the preparation and updating of the industrial facilities for the manufacturing of products with greater added value and larger formats, and 4% for other commercial and logistics projects. At the Marechal Deodoro-AL plant, most of the investments were allocated to the structural adjustment of the industrial park. With regard to the expansion of its own stores, investments in 1Q21 were mainly related to the updating of points of sale, taking the innovation of large size formats to the front of stores.

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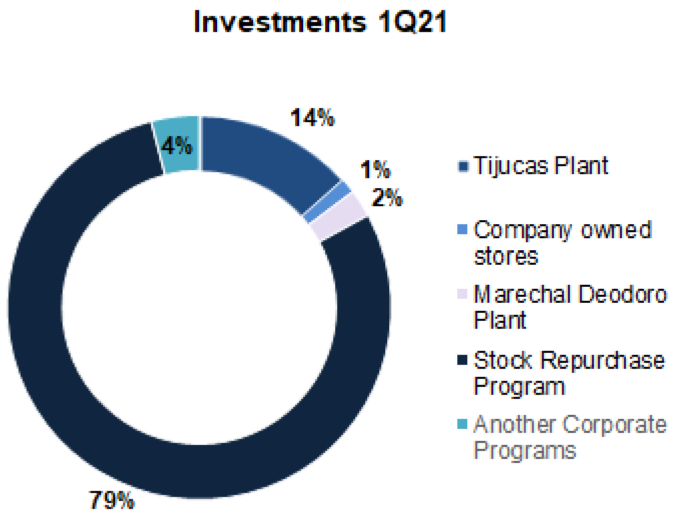
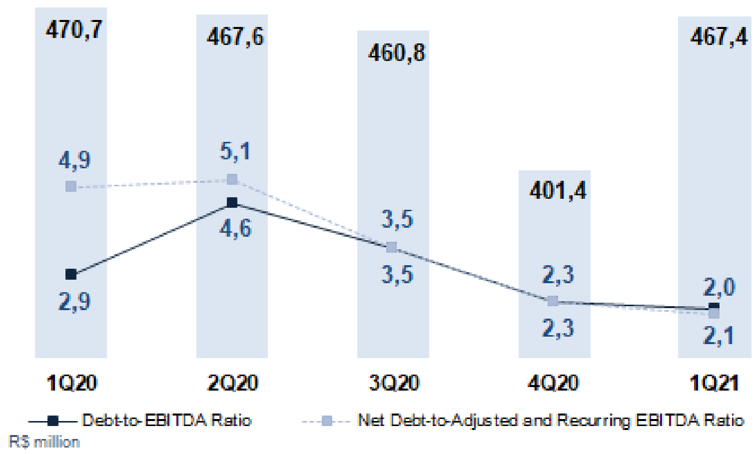


Net Debt / Capital Structure

The Company's Net Debt ended 1Q21 at the level of R$ 467.6 million, similar to the figures for 1Q20, but showed growth in relation to 4Q20, related to the reduction of cash and cash equivalents in the quarter, mainly due to the share buyback program with disbursement of R$ 62.4 million and dividends advancement of R$ 17.2 million. The increase in Adjusted and Recurring EBITDA to R$ 232.4 million in the last 12 months resulted in a drop in leverage to 2.0 times the Adjusted and Recurring EBITDA.

In 1Q21, R$ 41.5 million of debt was repaid and R$ 16.9 million was raised from Banco do Nordeste S.A. and PRODEC (Santa Catarina Company Development Program). At the end of this period, all contractual requirements (covenants) related to the leverage ratio were met, which could cause early maturity of financing contracts and debentures.



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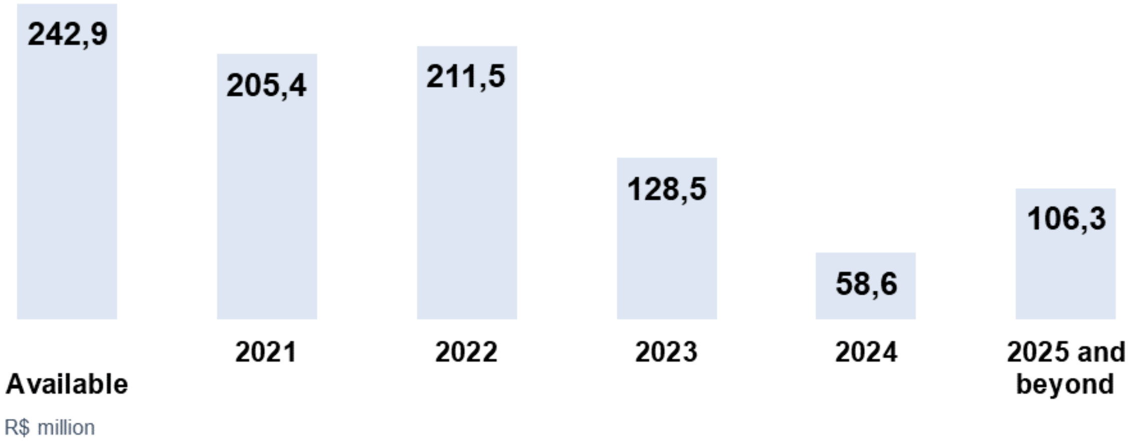
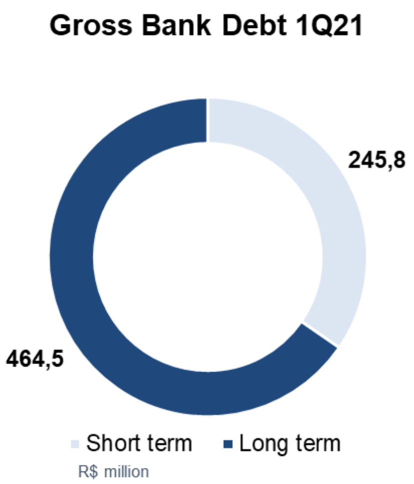
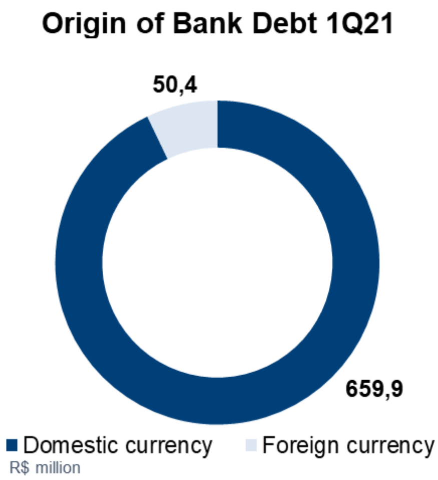
R$ million	1Q20	2Q20	3Q20	4Q20	1Q21
Gross Bank Debt	**795,5**	**749,7**	**750,0**	**727,8**	**710,3**
Cash and cash equivalents	-324,8	-282,1	-289,2	-326,4	-242,9
Net Debt	**470,7**	**467,6**	**460,8**	**401,4**	**467,4**
EBITDA (Last 12 Months)	162,1	102,6	130,9	175,3	220,1
Adjusted and Recurring EBITDA (Last 12 months)	96,1	93,5	130,0	174,5	232,4
Net Debt-to-EBITDA Ratio	2,9	4,6	3,5	2,3	2,1
Net Debt-to-Adjusted and Recurring EBITDA Ratio	**4,9**	**5,1**	**3,5**	**2,3**	**2,0**

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



Gross Banking Debt maturing in the short term represents 34.6% of the total and the remainder matures in the long term, as shown in the amortization schedule of the chart above, demonstrating that the cash position is sufficient to cover the fulfillment of the debt in the short term. The Gross Banking Debt is mostly in national currency (92.9%). The average total cost of Banking Debt is 5.3% per year and the average term is 3.4 years.





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As communicated to the market on March 11, 2021, the credit risk rating agency Fitch Ratings assigned the initial rating “BBB (bra)” - long-term national rating to the Company, with a stable outlook.

Deliberation of the Meetings

The Annual General Meeting, held on April 27, 2021, approved the distribution of dividends in the amount of R$ 60.9 million. R$ 17.3 million was anticipated on February 9, 2021, the remaining outstanding balance of R$ 43.6 million paid on May 13, 2021.

The total compensation distributed to shareholders, referring to 2020, represented a dividend yield (dividend per share divided by the final share price) of 6.11%.

Buyback Plans

On January 20, 2021, the Board of Directors approved the cancellation of 3.9 million treasury shares in the amount of R$ 14.1 million, without reducing the share capital, as well as the new share buyback program for acquisition of up to 7.0 million shares, corresponding to 4.4% of the total shares issued by the Company or 10.0% of the outstanding shares (*free float*), effective until January 21, 2022.On March 31, 2021, the Company had completed the second buyback program with 7.0 million shares at an average price of R$ 8.91.

The Board of Directors approved, on May 12, 2021, the cancellation of 7.0 million treasury shares in the amount of R$ 62.4 million, without reducing the capital stock.

PTBL3 stock performance

The shares traded under the ticker symbol PTBL3 closed the last trading session of March 2021 quoted at R$ 8.76, with an increase of 292.8% when compared to the closing of March 2020 (R$ 2.23). The stock performed 251.9% above the Bovespa index during this period. The average monthly financial volume traded in the last twelve months was R$ 305.8 million, an increase of 364.7% compared to the R$ 65.8 million in March 2020. At the end of the quarter, the Company had a market cap equivalent to R$ 1,292.4 million, considering the final share price of R$ 8.76.

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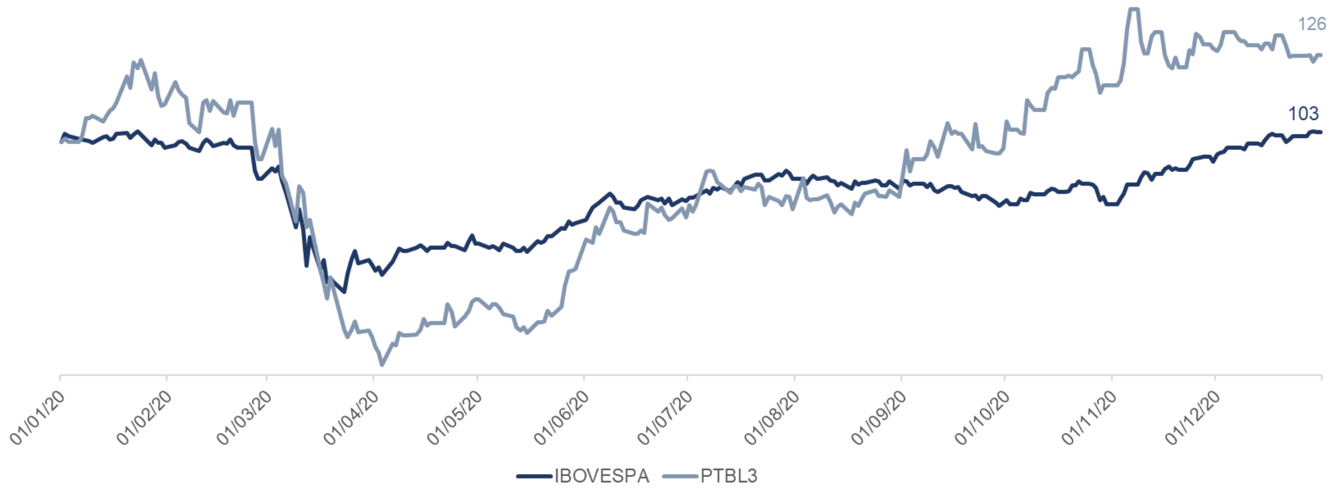
PTBL3 x Ibovespa
From (base 100) 01/01/2020 to 12/31/2020



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 premise that the auditor should not examine their own work, perform managerial functions, or even advocate for their client.

Management

Statutory Executive Board

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

Board of Directors

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

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Corporate Governance

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

- 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 to 100% of the shares.
- Four independent members on the Board of Directors.
- Policy on minimum mandatory dividend of 25% of adjusted net profit.
- Policies in force on the disclosure of significant acts and facts and on the trading of securities.

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

Conference Call

Thursday, May 18, 2021 at 11:00 am will be held in Portuguese language to report the earnings for the first quarter of 2021.

Data for connection: Telephone: +55 11 3137-8043 Password: PORTOBELLO

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

For those who are unable to follow live teleconferences, the full audio will be made available directly through the Company's IR website https://ri.portobello.com.br/.

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Financial Statements

Balance Sheet

Assets	1Q20	AV %	4Q20	AV %	1Q21	AV %
Current	**956,9**	**46,9%**	**916,7**	**45,1%**	**876,4**	**43,9%**
Cash and cash equivalents	324,8	15,9%	326,3	16,0%	242,9	12,2%
Trade Receivables	243,2	11,9%	289,1	14,2%	320,1	16,0%
Inventories	285,9	14,0%	204,6	10,1%	218,3	10,9%
Other	103,0	5,1%	96,7	4,8%	95,0	4,8%
Non Current	**1.082,8**	**53,1%**	**1.117,6**	**54,9%**	**1.119,7**	**56,1%**
Long-Term Assets	**498,2**	**24,4%**	**464,5**	**22,8%**	**460,1**	**23,1%**
Escrow Deposits	157,8	7,7%	156,3	7,7%	158,5	7,9%
Legal Assets	119,7	5,9%	119,7	5,9%	119,7	6,0%
Guarantee Deposit	101,4	5,0%	87,4	4,3%	87,1	4,4%
Receivables from Eletrobrás	12,8	0,6%	12,8	0,6%	12,8	0,6%
Restricted financial investments	-	0,0%	15,3	0,8%	10,5	0,5%
Recoverable taxes and deferred tax	-	0,0%	50,99	2,5%	49,41	2,5%
Other Non Current Assets	106,4	5,2%	22,0	1,1%	22,0	1,1%
Fixed Assets	**584,6**	**28,7%**	**653,1**	**32,1%**	**659,6**	**33,0%**
PPE, Intangible assets and Investments	522,8	25,6%	581,3	28,6%	585,0	29,3%
Right of Use of Leased Assets	61,8	3,0%	71,4	3,5%	74,2	3,7%
Other Investments	-	0,0%	0,3	0,0%	0,3	0,0%
Total Assets	**2.039,7**	**100,0%**	**2.034,3**	**100,0%**	**1.996,1**	**100,0%**

Liabilities	1Q20	AV %	4Q20	AV %	1Q21	AV %
Current	**757,7**	**37,1%**	**740,6**	**36,4%**	**760,3**	**38,1%**
Loans and Debentures	288,7	14,2%	223,9	11,0%	248,9	12,5%
Trade Payables and Credit Assignment	266,7	13,1%	292,7	14,4%	297,1	14,9%
Lease Obligation	12,0	0,6%	34,8	1,7%	32,2	1,6%
Tax Liabilities	-	0,0%	33,8	1,7%	33,2	1,7%
Payroll and Related Taxes	-	0,0%	46,5	2,3%	53,5	2,7%
Advances from Customers	-	0,0%	43,8	2,2%	43,1	2,2%
Other	190,4	9,3%	65,1	3,2%	52,2	2,6%
Non Current	**910,7**	**44,6%**	**876,5**	**43,1%**	**838,0**	**42,0%**
Loans and Debentures	506,8	24,8%	503,9	24,8%	461,4	23,1%
Trade payables	129,6	6,4%	169,7	8,3%	169,3	8,5%
Debts with Related Parties	56,3	2,8%	56,3	2,8%	56,4	2,8%
Provisions	137,8	6,8%	63,6	3,1%	65,6	3,3%
Lease Obligations	37,6	1,8%	38,4	1,9%	45,4	2,3%
Other Non Current Liabilities	42,6	2,1%	44,6	2,2%	40,0	2,0%
Equity	**371,3**	**18,2%**	**417,2**	**20,5%**	**397,7**	**19,9%**
Capital	200,0	9,8%	200,0	9,8%	200,0	10,0%
Treasury Shares	-	0,0%	(14,1)	-0,7%	(62,4)	-3,1%
Earnings Reserve	205,4	10,1%	250,9	12,3%	277,6	13,9%
Other Comprehensive Income	(39,9)	-2,0%	(50,1)	-2,5%	(47,9)	-2,4%
Additional Proposed Dividends	5,8	0,3%	30,4	1,5%	30,4	1,5%
Total Liabilities and Equity	**2.039,7**	**100,0%**	**2.034,3**	**100,0%**	**1.996,1**	**100,0%**

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Statement of Income

R$ million	1Q20	4Q20	1Q21
Net Sales Revenue	274,2	401,1	416,4
Gross Operating Profit	95,2	157,5	178,5
Operating Income (Expenses), Net	**-73,5**	**-100,1**	**-113,2**
Selling	-74,6	-87,5	-91,7
General and Administrative	-10,7	-12,4	-13,5
Other Operating Income (Expenses), Net	11,9	-0,1	-8,0
Operating Profit before Finance Income	**21,6**	**57,5**	**65,3**
Finance income (costs)	**10,7**	**-17,3**	**-11,5**
Finance Income	8,6	2,3	3,1
Finance Costs	-18,2	-18,7	-15,4
Net Exchange Rate	20,2	-0,9	0,8
Profit or Loss Before Income Tax and Social Contribution	**32,3**	**40,2**	**53,8**
Income Tax and Social Contribution	-11,3	-5,3	-13,4
Net Profit (Loss) for the Period	**21,0**	**34,8**	**40,4**

Cash Flow

R$ million	1Q20	4Q20	1Q21
Cash Flow from Operating Activities	**48,0**	**80,2**	**40,9**
Cash from Operations	52,2	45,6	95,3
Variations in Assets and Liabilities	4,6	61,7	-39,2
Interests Paid and Tax Over Income Paid	(8,8)	-27,1	-15,1
Net Cash Used in Investing Activities	**(14,1)**	**-24,9**	**-79,2**
Acquisition of Property, Plant and Equipment	(12,3)	-21,2	-13,0
Acquisition of Intangible Assets	(2,0)	-3,7	-3,9
Treasury Acquisitions	0,2	0,0	-62,4
Net Cash Provided by (Used in) Financing Activities	**15,5**	**-18,1**	**-45,1**
Loans and Financing and Debentures	37,7	76,4	16,9
Payments of Loans and Financing	(19,7)	-94,2	-41,5
Dividends Paid	(0,0)	-6,3	-17,2
Lease Repayments	(2,4)	5,9	-3,3
Increase / (Decrease) in Cash and Cash Equivalents	**49,4**	**37,1**	**-83,4**
Cash and Cash Equivalents at the Beginning of the Period	**275,4**	**289,2**	**326,3**
Cash and Cash Equivalents at the End of the Period	**324,8**	**326,3**	**242,9**

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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 February 18, 2019, which holds 53.7% of the Company's shares, 4.5% treasury shares and 41.8% of the remaining outstanding shares (free float), at March 31, 2021.

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

The Company also holds equity interest in the following subsidiaries: (i) Portobello Shop, which manages the Portobello Shop and Portobello franchising networks, with a network of franchised stores specializing in porcelain tiles and ceramic coatings; (ii) PBTech, which manages the Portobello Shop own stores and currently manages 17 stores; (iii) Mineração Portobello, which supplies part of the raw materials used in the manufacture of ceramic coatings; (iv) Companhia Brasileira de Cerâmica, which as of the 2nd quarter of 2018 operates the special cuts factory in the Southeast; and (v) Portobello América, which was established to sell Portobello products in the U.S. market and gradually returned to operations as of the second half of 2018, and (vi) in 2019 Portobello America Manufacturing, LLC was established, a subsidiary of Portobello America, with the business purpose of building the plant in the USA.

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

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

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

- the industrial units operated at their normal capacity in the quarter;
- there was no need to raise a credit facility to cover the impacts of the pandemic;
- there were no new losses on trade receivables requiring the establishment of impairment;

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

2. Presentation of financial statements

a) Statement of compliance

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

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

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

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

b) Use of judgment and estimates

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

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

3. Significant accounting policies

The significant accounting policies applied in the preparation of these parent company and consolidated financial statements are as follows. These policies have been consistently applied to all the years presented, unless otherwise stated.

All amounts in thousands of reais, unless otherwise stated

3.1 Consolidations

3.1.1 Consolidated financial statements

a) Subsidiaries

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

The Company's ownership interest in subsidiaries as March 31, 2021, is as follows:

	País de constituição	Participação direta	Participação Indireta
Portobello América Inc.	Estados Unidos	100,00%	0,00%
Portobello America Manufacturing	Estados Unidos	0,00%	100,00%
PBTech Ltda.	Brasil	99,94%	0,06%
Portobello Shop S/A	Brasil	99,90%	0,00%
Mineração Portobello Ltda.	Brasil	99,76%	0,00%
Companhia Brasileira de Cerâmica S/A	Brasil	98,00%	2,00%

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

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

b) Transactions and non-controlling interests

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

3.1.2 Parent company financial statements

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

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

3.2 Segment reporting

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

3.3 Functional currency and foreign currency translation

a) Transactions and balances

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

b) Foreign subsidiaries

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

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

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

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

3.5 Revenue recognition

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

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

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., delivers the products to the wholesale dealer, which then has total liberty over the channel and the price of resale of products, and there is no obligation not satisfied that could affect the acceptance of the products by the wholesale dealer. The delivery does not occur until: (i) the products have been shipped to the specified location; (ii) the risks of obsolescence and loss have been transferred to the wholesale dealer; (iii) the wholesale dealer has accepted the products according to the sales agreement; and (iv) the acceptance provisions have been agreed upon, or the Company has objective evidence that all the acceptance criteria have been met.

In sales of products in wholesale, in large Home Centers, there is a kind of commercial rebate 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 purchase, i.e., retroactively, equivalent to a payment made by the seller to the buyer and not a rebate, *per se*, on the final purchase price.

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

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

4 Critical accounting estimates and judgments

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

5 Financial risk management

5.1 Financial risk factors

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

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

a) Market risk

i) Foreign exchange risk

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

All amounts in thousands of reais, unless otherwise stated

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

	In reais			
	Parent Company		Consolidated	
	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
Trade receivables	46.829	42.935	88.797	60.211
Checking account	1.643	1.502	18.250	21.912
Receivables from subsidiaries	59.321	45.308	-	-
Exposed assets	107.793	89.745	107.047	82.123
Suppliers, commissions, net of advances	(13.291)	(15.332)	(40.302)	(37.845)
Suppliers of property, plant and equipment and intangible assets	(36.796)	(45.210)	(36.796)	(45.210)
Lease liabilities	-	-	(22.259)	(20.522)
Borrowings	(54.346)	(49.123)	(54.346)	(49.123)
(-) Swap transaction	15.479	14.117	15.479	14.117
Exposed liabilities	(88.954)	(95.548)	(138.224)	(138.583)
Net exposure	18.839	(5.803)	(31.177)	(56.460)

The foreign exchange exposure is divided into:

a) Euro:

	In Euro			
	Parent Company		Consolidated	
	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
Trade receivables	394	197	394	197
Suppliers, commissions, net of advances	(799)	(1.012)	(799)	(1.012)
Suppliers of property, plant and equipment and intangible a	(5.481)	(7.071)	(5.481)	(7.071)
	(5.886)	(7.886)	(5.886)	(7.886)

b) US dollar:

	In U.S. dollar			
	Parent Company		Consolidated	
	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
Trade receivables	7.757	8.020	15.123	11.344
Checking account	288	288	3.203	4.215
Credit with subsidiaries	10.412	8.718	-	-
Suppliers, commissions, net of advances	(1.394)	(1.730)	(6.135)	(6.062)
Suppliers of property, plant and equipment and intangible assets	(21)	-	(21)	-
Lease liabilities	-	-	(3.907)	(3.949)
Borrowings	(9.539)	(9.453)	(9.539)	(9.453)
(-) Swap transaction	2.717	2.717	2.717	2.717
	10.220	8.560	1.441	1.850

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

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

All amounts in thousands of reais, unless otherwise stated

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

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

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

b) Credit risk

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

c) Liquidity risk

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

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

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

	Parent Company									
	March 31, 2021					December 31, 2020				
	*Borrowings and debentures	Lease liabilities	Trade payables and credit assignment	Tax installment payment	Total	*Borrowings and debentures	Lease liabilities	Trade payables and credit assignment	Tax installment payment	Total
Less than one year	248.916	6.623	282.142	11.239	548.920	223.908	7.594	280.943	9.290	521.735
From one to two years	296.930	5.573	157.745	25.196	485.444	210.603	4.763	151.364	9.290	376.020
From two to five years	108.177	7.969	11.556	4.520	132.222	215.592	8.116	18.357	25.127	267.192
Over five years	56.271	-	-	-	56.271	77.663	-	-	-	77.663
	710.294	20.165	451.443	40.955	1.222.857	727.766	20.473	450.664	43.707	1.242.610

	Consolidated									
	March 31, 2021					December 31, 2020				
	*Borrowings and debentures	Lease liabilities	Trade payables and credit assignment	Tax installment payment	Total	*Borrowings and debentures	Lease liabilities	Trade payables and credit assignment	Tax installment payment	Total
Less than one year	248.916	32.199	297.100	11.246	589.461	223.908	34.803	295.244	9.354	563.309
From one to two years	296.930	13.602	157.745	25.422	493.699	210.603	11.963	151.364	9.354	383.284
From two to five years	108.177	30.720	11.556	4.294	154.747	215.592	24.878	18.357	25.298	284.125
Over five years	56.271	1.064	-	-	57.335	77.663	1.538	-	-	79.200
	710.294	77.585	466.401	40.962	1.295.242	727.766	73.182	464.965	44.006	1.309.919

d) Sensitivity analysis

i) Sensitivity analysis of interest rate variations

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

This study is based on the likely scenario of an increase in the CDI rate to 2.88% per year, based on the future interest curve by B3 S.A. - Brasil, Bolsa e Balcão and Selic to 2.88% per year. The probable rate was then stressed by 25% and 50% and used as benchmark for the possible and remote scenarios, respectively.

All amounts in thousands of reais, unless otherwise stated

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

	Consolidated in Reais							
	March 31, 2021	Risk	Probable Rate		Possible (25%)*		Remote (50%)*	
			%	R$	%	R$	%	R$
Short-term investments	161.463	High CDI	3,52%	5.683	4,40%	7.104	5,28%	8.525
Borrowings – Export credit note	(324.470)	High CDI	3,52%	(11.421)	4,40%	(14.277)	5,28%	(17.132)
Debentures	(200.918)	High CDI	3,52%	(7.072)	4,40%	(8.840)	5,28%	(10.608)
Tax installment payment	(40.962)	High Selic	3,52%	(1.442)	4,40%	(1.802)	5,28%	(2.163)
	(404.887)			(14.252)		(17.815)		(21.378)

* Selic and CDI rates obtained from the B3 (Brasil, Bolsa e Balcão) website on April 19, 2021.

ii) Sensitivity analysis of changes in exchange rates

The Company has assets and liabilities pegged to a foreign currency in the balance sheet at March 31, 2021, and for sensitivity analysis purposes, it has adopted as probable scenario the future market rate effective in the period of preparation of these financial statements. The probable rate was then stressed by 25%, 50%, -25% and -50%, used as benchmark for the possible and remote scenarios, respectively.

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

	Consolidated						
	March 31, 2021 (Payable) Receivable		Probable scenario	Currency appreciation		Currency depreciation	
				Possible +25%	Remote +50%	Possible -25%	Remote -50%
	U.S. dollar	Reais	5,5909	6,9886	8,3864	4,1932	2,7955
Trade receivables	15.123	86.160	(1.609)	19.529	40.667	(22.747)	(43.885)
Checking account	3.203	18.248	(341)	4.136	8.613	(4.818)	(9.295)
Trade payables, net of advances	(2.916)	(16.613)	310	(3.766)	(7.841)	4.396	8.462
Suppliers of property, plant and equipment and intangible assets	(21)	(120)	2	(27)	(56)	32	61
Lease liabilities	(3.907)	(22.259)	416	(5.045)	(10.506)	5.877	11.338
Borrowings	(9.539)	(54.347)	1.015	(12.318)	(25.651)	14.348	27.681
(-) Swap contract	2.717	15.480	(289)	3.509	7.306	(4.087)	(7.884)
Net exposure	4.660	26.550	(496)	6.017	12.531	(6.999)	(13.522)
	Euro	Reais	6,7427	8,4284	10,1141	5,0570	3,3714
Trade receivables	394	2.636	20	684	1.348	(644)	(1.308)
Trade payables, net of advances	(799)	(5.347)	(41)	(1.388)	(2.735)	1.306	2.653
Suppliers of property, plant and equipment and intangible assets	(5.481)	(36.676)	(281)	(9.520)	(18.759)	8.958	18.198
Net exposure	(5.886)	(39.386)	(302)	(10.223)	(20.145)	9.620	19.542

*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 19, 2021.

5.2 Capital management

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

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

At March 31, 2021, the gearing ratios are summarized as follows:

All amounts in thousands of reais, unless otherwise stated

	Parent Company		Consolidated	
	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
Gross Banking Debt	710.294	727.766	710.294	727.766
Cash and cash equivalents	(160.836)	(245.779)	(242.893)	(326.325)
Net debt	549.458	481.987	467.401	401.441
Total equity	397.720	417.168	397.740	417.184
Total capital	947.178	899.155	865.141	818.625
EBITDA:	220.168	175.354	220.168	175.354
Net debt/ EBITDA	2,50	2,75	2,12	2,29
Gearing ratio (%)	58	54	54	49

5.3 Financial instruments by category

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

	Parent Company		Consolidated	
	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
Assets stated at fair value through profit or loss				
Derivatives	14.792	14.117	14.792	14.117
Amortized cost				
Cash and cash equivalents	160.836	245.779	242.893	326.325
Trade receivables	253.805	261.227	320.140	289.090
Dividends receivable	44.617	53.023	-	-
Receivables from subsidiaries	75.079	53.768	-	-
Receivables from other related parties	-	-	-	-
Judicial deposits	158.535	156.296	158.529	156.324
Restricted investments	8.147	13.317	8.147	13.317
Other assets	21.800	20.475	23.802	21.127
	737.611	818.003	768.303	820.300
Amortized cost				
Trade payables and assignment	451.443	450.674	466.401	462.371
Borrowings, financing and debentures	710.294	727.766	710.294	727.766
Dividends payable	13.778	31.005	13.851	31.079
Lease liabilities	20.165	20.473	77.585	73.182
Payables to Related Parties	56.334	56.330	56.369	56.326
Other liabilities	27.938	27.915	32.692	30.913
	1.279.952	1.314.163	1.357.192	1.381.637

The financial investment has a long-term investment fund and is linked to a reciprocity clause in the loan agreement with Banco do Nordeste, in the amount of R$ 8,147, and in 2020, the amount of R$ 4,471 was recognized, equivalent to USD 1,000 for the linked financial investment as requested in a waiver obtained from the bank (R$ 5,197). There is also an investment of R$ 14,115 given as a guarantee for a loan with another financial institution (R$ 14,047 at December 31, 2020).

All amounts in thousands of reais, unless otherwise stated

6. Cash and cash equivalents

Short-term investments designated as cash equivalents are mostly CDB investments, and a small fraction refers to investment funds which average return at the balance sheet date was equivalent to 98.3% of the Interbank Deposit Certificate (CDI) rate, and which can be redeemed at any time, without penalties.

	Parent Company		Consolidated	
	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
Checking accounts	46.818	38.052	81.430	77.124
Financial investments	114.018	207.727	161.463	249.201
	160.836	245.779	242.893	326.325

7. Derivative financial instruments

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

In June 2018, the Company entered into an export credit (NCE) agreement together with swap transactions intended to hedge future payments of these borrowings and financing against fluctuations in the US Dollar and interest rate. This transaction is classified as current and non-current liabilities. This credit transaction, renegotiated in June 2020, was US$ 2,711, corresponding to R$ 14,430, bearing interest of 2.95% per year plus LIBOR-03 and foreign exchange variation, with swap for 100% CDI plus 2.95% per year and payment date within 45 months with 12-month grace period. Repayments are made on a quarterly basis.

At March 31, 2021, there was an unrealized gain in the amount of R$ 1,317, net effect of a gain of R$ 1,576 and a loss of R$ 259 in swap transactions, according to note 33.

The Company does not carry out financial transactions using derivatives or any other risk instruments for speculative purposes.

8. Trade receivables

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.

All amounts in thousands of reais, unless otherwise stated

	Parent Company		Consolidated	
	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
Receivables from third parties				
Domestic market	210.527	223.585	235.111	234.650
Foreign market	46.829	42.935	88.914	60.211
	257.356	266.520	324.025	294.861
Receivables from related parties:				
Entities related to management	1.445	342	2.607	1.148
	1.445	342	2.607	1.148
Total short-term trade receivables	258.801	266.862	326.632	296.009
Total long-term trade receivables in domestic market	3.391	3.391	3.391	3.391
Total trade receivables	262.192	270.253	330.023	299.400
Impairment of trade receivables				
Provision for impairment of trade receivables - Short-term	(4.996)	(5.635)	(6.492)	(6.919)
Provision for impairment of trade receivables - Long-term	(3.391)	(3.391)	(3.391)	(3.391)
	(8.387)	(9.026)	(9.883)	(10.310)
Total trade receivables, net of provision for impairment of trade receivables	253.805	261.227	320.140	289.090

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

a) Aging list of trade receivables

	Parent Company					
	March 31, 2021	Estimated losses	Coverage %	December 31, 2020	Estimated losses	Coverage %
Falling due	253.645	(2.593)	1,0%	261.967	(2.826)	1,1%
Past due until 30 days	1.638	(89)	5,4%	1.584	(378)	23,9%
Past due from 31 to 60 days	527	(111)	21,1%	641	(182)	28,4%
Past due from 61 to 90 days	487	(102)	20,9%	354	(98)	27,7%
Past due from 91 to 120 days	317	(114)	36,0%	179	(80)	44,7%
Past due from 121 to 180 days	473	(273)	57,7%	402	(336)	83,6%
Past due from 181 to 360 days	1.714	(1.714)	100,0%	1.735	(1.735)	100,0%
Past due over 361 days	3.391	(3.391)	100,0%	3.391	(3.391)	100,0%
	262.192	(8.387)		270.253	(9.026)	

	Consolidated					
	March 31, 2021	Estimated losses	Coverage %	December 31, 2020	Estimated losses	Coverage %
Falling due	316.234	(3.713)	1,2%	288.038	(3.747)	1,3%
Past due until 30 days	6.206	(148)	2,4%	3.940	(415)	10,5%
Past due from 31 to 60 days	692	(134)	19,4%	957	(218)	22,8%
Past due from 61 to 90 days	716	(136)	19,0%	425	(115)	27,1%
Past due from 91 to 120 days	349	(126)	36,1%	266	(139)	52,3%
Past due from 121 to 180 days	485	(285)	58,8%	529	(434)	82,0%
Past due from 181 to 360 days	1.950	(1.950)	100,0%	1.854	(1.851)	99,8%
Past due over 361 days	3.391	(3.391)	100,0%	3.391	(3.391)	100,0%
	330.023	(9.883)		299.400	(10.310)	

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

All amounts in thousands of reais, unless otherwise stated

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 with a high level of reliability, in accordance with IFRS 9/CPC 48.

In August 2020, after the approval of the in-court reorganization plan of a specific customer, the amount of R$ 3,391 referring to the balance of trade receivables and the provision for impairment of trade receivables, was reclassified to non-current assets as “Other”, and the long-term provision balance will remain.

At March 31, 2021, the total notes receivable pledged as collateral amounts to R$ 109,111 (R$ 105,108 at December 31, 2020). To guarantee the transactions of third parties with franchisees, collateral amounts to R$ 510.

9. Inventories

	Parent Company		Consolidated	
	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
Finished products	130.107	121.468	163.953	153.446
Work in progress	9.410	10.322	9.680	10.626
Raw materials and consumables	51.001	45.916	51.001	45.930
Imports in transit	1.982	4.052	1.982	4.051
Provision for valuation of inventories at realizable value	(8.289)	(8.861)	(8.289)	(9.491)
	184.211	172.897	218.327	204.562

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

10. Taxes recoverable

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

All amounts in thousands of reais, unless otherwise stated

	Parent Company		Consolidated	
	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
Current				
PIS/COFINS (a)	50.285	56.098	50.335	56.097
ICMS (b)	12.746	13.740	13.264	14.203
IPI	3.539	3.065	3.551	3.072
IRPJ/CSLL	3.274	3.274	3.855	3.852
Special Tax Reinteg	476	410	476	410
Other	482	27	681	188
	70.803	76.614	72.162	77.822
Non-current				
PIS/COFINS (a)	8.485	7.602	8.485	7.602
ICMS (b)	5.815	5.504	5.966	5.674
	14.300	13.106	14.451	13.276

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

The Company filed a writ of mandamus to change the PIS and COFINS tax base upon exclusion of ICMS. The Federal Court of Santa Catarina issued a favorable decision on the exclusion of ICMS from the above-mentioned tax base. The aforesaid decision was upheld by the Federal Regional Court of the 4th Region. The Federal Government, through the prosecution office of the National Treasury, has filed an appeal against the decision with the superior courts (STJ and STF).

Based on the favorable decision handed down by the STF on March 15, 2017, with general effect, in the case records of lawsuit No. 5032720- 26.2014.404.7200, the Company reversed the amount accrued on that date.

On July 2, 2018, according to the certificate drawn up by the Office of the Federal Regional Court of the 4th Region, the aforementioned lawsuit received a final and unappealable decision.

On August 14, 2018, the Company filed with the Brazilian Federal Revenue a request for approval of credit resulting from the final and unappealable Judicial Decision so that it may use credits between November 2009 and October 2014 according to the legal decision.

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

In addition to the lawsuit recognized above, the Company had another lawsuit with the same content, which became final and unappealable in the second quarter of 2018. As a result, the company recognized the exclusion of ICMS from PIS and COFINS for the period from 2003 to 2009, in the amount of R$ 45,072. As there was approval by the Federal Revenue in the 3rd quarter of 2019, the asset was transferred to the recoverable taxes, in non-current assets.

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

All amounts in thousands of reais, unless otherwise stated

The balance of the non-current assets refers to the acquisition of property, plant and equipment.

b) ICMS

The current assets include ICMS-ST levied on product transfer operations between the Company's units, in the amount of R$ 9,569. This amount is the subject matter of a proceeding to be filed with the Finance Department of the State of Pernambuco, aiming at its full recovery. The balance of R$ 3,177 arises from other transactions and will be fully offset in the Company's normal calculations.

The non-current assets include the amounts arising from the purchase of property, plant and equipment

11. Judicial deposits

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

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

	Parent Company		Consolidated	
	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
Civil (a)	146.350	144.179	146.350	144.212
Labor	3.126	3.250	3.089	3.213
Tax (b)	9.059	8.867	9.090	8.899
	158.535	156.296	158.529	156.324

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

12. Guarantee deposits

As described in note 11, in September 2020, PBG S.A. signed a “Term of Understanding and Settlement of Obligations” with Refinadora Catarinense S.A., referring to the settlement of the Refiner's debt with PBG, in the amount of R$ 101,990. In the aforementioned Term, the Parties agreed that the Refiner will pay the transferred money, in the amount of R$ 89,517, for the tax enforcement proceedings filed against PBG S.A. With the advance payment of the obligation, the Refiner will have the contractual right to recognize a discount of 20% of the installments due, totaling R$ 8,307. They have also adjusted that the Refiner paid the Company the amount of R$ 4,166, on October 31, 2020, therefore totaling the amount of its obligation with PBG S.A, in the amount of R$ 101,990.

In October 2020, the Company recorded the amount of R$ 89,517 in a guarantee deposits account, classified in non-current assets, because, even though Management expects to receive this amount in the coming months, no date has been set for realization of this amount. Subsequently, a deposit of R$ 2,375, related to Expertise Card, was written off, resulting in the amount of R$ 87,145 in March 2021.

13. Receivables from Eletrobrás

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

In 2005, this lawsuit was upheld and in February 2006 the Company filed an execution action and recognized the amount determined by the legal expert monthly adjusted by the INPC plus 12% per year. After such period, the calculation was subject to reviews conducted by the Federal Court accounting department.

In 2014, Eletrobrás was sentenced to pay R$35,395, amount determined by the expert review as at August 2013. The Company challenged that decision claiming the rectification of such calculation and the establishment of the criteria adopted in the determination of the award amount, as a result of conflicts among the parties. Based on these new circumstances, in July 2014 the Company decided to suspend the asset restatement, until a new decision on the amount and criteria used in this procedure is handed down, maintaining the adjusted balance at the amount of R$ 48,621.

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

In 2017, the Company filed a court decision enforcement action in the total amount of R$ 12,821.

Centrais Elétricas Brasileiras S.A – Eletrobrás 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 continuation of the proceedings with the approval of the tax credit calculation, which identified the amount of R$ 12,821. The lawsuit is currently awaiting judgment by the Court regarding the inaccuracies verified in the calculations presented by the Federal Court accounting department.

The Company informs that the expectation of realization of the legal asset should occur until December of this year.

14. Income tax and social contribution

a) Income tax and social contribution recoverable and payable

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

All amounts in thousands of reais, unless otherwise stated

	Current assets				Current liabilities			
	Parent Company		Consolidated		Parent Company		Consolidated	
	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
Income tax	2.662	2.662	3.120	3.118	1.047	-	3.572	2.203
Social contribution	612	612	735	734	308	-	1.219	794
	3.274	3.274	3.855	3.852	1.355	-	4.791	2.997

b) Deferred income tax and social contribution tax

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

	Parent Company		Consolidated	
	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
Tax losses	33.029	35.276	33.029	35.276
Temporary differences - assets	57.463	57.223	62.247	62.005
Cash basis foreign exchange variations	19.909	20.317	19.909	20.317
Provision for adjustment to market value	1.323	1.500	1.323	1.500
Provision for civil, labor, social security and tax risks	16.310	15.353	16.310	15.731
Provision for profit sharing and long-term incentive	4.957	3.661	4.957	3.661
Tax losses in subsidiaries	-	-	4.354	4.354
Other temporary differences - assets	14.964	16.392	15.394	16.442
Temporary differences - liabilities	(55.438)	(54.692)	(60.316)	(59.570)
Portobello pension plan	(3.029)	(3.029)	(3.029)	(3.029)
Realization of revaluation reserve	(16.498)	(16.651)	(16.498)	(16.651)
Receivables from Eletrobrás	(4.359)	(4.359)	(4.359)	(4.359)
Contingent assets - IPI credit premium - Phase I	(2.647)	(2.645)	(2.647)	(2.645)
Contingent assets - IPI credit premium - Phase II	(7.621)	(7.621)	(7.621)	(7.621)
Contingent assets - adjustment to rural credit notes	-	-	(4.878)	(4.878)
Adjustment to present value	17	-	17	-
Depreciation adjustment (to the useful lives of assets)	(21.301)	(20.387)	(21.301)	(20.387)
Deferred income tax and social contribution - Net	35.054	37.807	34.960	37.713
Non-current assets	35.054	37.807	34.960	37.713
Passivo não circulante	-	-	-	-

At March 31, 2021, net variations in deferred income tax and social contribution are as follows:

	Parent Company	Consolidated
31 de dezembro de 2020	37.807	37.713
Prejuízos fiscais	(2.247)	(2.247)
Diferenças temporárias ativas	239	239
Diferenças temporárias passivas	(898)	(898)
Reserva de reavaliação	153	153
31 de março de 2021	35.054	34.960

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

All amounts in thousands of reais, unless otherwise stated

	Parent Company	Consolidated
	March 31, 2021	March 31, 2021
Deferred tax assets charged against (credited to) profit or loss		
Tax losses	(2.247)	(2.247)
Cash basis foreign exchange variations	(409)	(409)
Provision for adjustment to market value	(177)	(177)
Provision for contingencies	957	957
Provision for profit sharing and long-term incentive	1.296	1.296
Other temporary differences - assets	(1.429)	(1.429)
	(2.009)	(2.009)
Realization of revaluation reserve	153	153
Adjustment to present value	17	17
Depreciation adjustment (useful lives of goods)	(914)	(914)
	(744)	(744)
	(2.753)	(2.753)

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

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

	Parent Company		Consolidated	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Profit before tax	48.290	25.533	53.777	32.382
Tax calculated based on the nominal rate - 34%	(16.419)	(8.681)	(18.284)	(11.010)
Equity in the earnings of subsidiaries	6.947	3.715	-	-
Non-deductible expenses	2.147	1.331	2.147	1.331
Depreciation of revalued assets	(153)	(203)	(153)	(203)
Other	(402)	3.839	2.926	(1.488)
Income tax and social contribution expense (recognized in profit or loss - current and deferred)	(7.880)	(4.530)	(13.363)	(11.370)
Effective rate	16,3%	17,7%	24,8%	35,1%

d) Tax losses in the Parent Company and Consolidated

	Parent Company		Consolidated	
	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
Tax losses	97.145	103.754	121.210	127.079
Deferred income tax and social contribution	33.029	35.276	41.211	43.207
Impairment	-	-	(3.828)	(3.578)
Recognized deferred income tax/social contribution	33.029	35.276	37.383	39.629

Based on studies and projections of results for the following periods, a recoverability test was conducted for deferred tax assets arising from tax and social contribution losses recorded at March

All amounts in thousands of reais, unless otherwise stated

31, 2021 at Companhia Brasileira de Cerâmica, where we estimated the following asset recoverability schedule:

Period	Parent Company	Consolidated
2021	10.870	10.903
2022	14.531	17.776
2023	7.628	8.703
	33.029	37.383

15. Legal assets

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

a) IPI premium credit

The Company is a party to a lawsuit claiming the recognition of tax benefits called ‘IPI premium credit’, in different calculation periods. Lawsuit No. 1987.0000.645-9, relating to the period between April 1, 1981 and April 30, 1985, which was decided favorably to the Company, is in the award calculation phase with the amounts already calculated by the Federal Court accounting department; the amount recognized in November 2009, adjusted up to March 31, 2020 is R$ 22,414 (R$ 22,414 at December 31, 2020).

Regarding Lawsuit No. 1984.00.020114-0, for the period between December 7, 1979 and March 31, 1981, after a final and unappealable decision handed down more than 10 years ago, the award calculation and decision enforcement phase has started, followed by an expert report prepared by a legal expert. The parties were notified about the amount determined to manifest their agreement or objection to the report. The Company agreed with the calculations made.

The Federal Government, represented by the General Attorneys’ Office of the National Treasury has not issued an opinion, which implies tacit agreement and, therefore, resulted in 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 of R$ 4,983, and since the Company understands that a favorable decision on the lawsuit is virtually certain, it recorded the tax asset in June 2015, in the amount adjusted up to March 31, 2021 of R$ 7,784 (R$ 7,784 at December 31, 2020). The Company will ensure that the payment request is dispatched by June 2022, so that the financial realization takes place by December 2023.

b) Adjustment to rural credit notes

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

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

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

In view of the decision by the Federal Regional Court of the 4th Region that recognized the lack of jurisdiction of the federal court, the subsidiary PBTECH, handled the individual decision enforcement within the State Court and awaits jurisdictional provision determining the continuation of the lawsuit.

The amount of the credit enforced is R$ 14,346, which is in conformity with the decision issued in RESP No. 1.319.232 - DF (Sociedade Rural Brasileira x Central Bank of Brazil and Others). The Company will ensure that the financial realization takes place by December 2021.

c) IPI premium credit – Plaintiff

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

The proceeding that addresses the recognition of tax benefits named ‘IPI premium credit’ (1998.34.00.029022-4) classified in March 2018 as a contingent asset started to be recognized in the second quarter of 2018 as a legal asset.

The receipt of economic benefits was considered virtually certain due to the Federal Government-National Treasury’s decision on the proceeding which, in summary, acknowledged as uncontested the amount of R$ 187,091 (August 2015) but did not agree with the amount of R$ 66,056.

Appeals are no longer applicable in respect of the uncontested portion, as the debtor acknowledged the debt - Federal Government.

Concurrently with the recognition of the asset, an obligation of R$ 62,008 was recorded in liabilities with Refinadora Catarinense S.A., initially the plaintiff of the lawsuit. In 2002, the plaintiff of the lawsuit was changed, when it was agreed that the Company would use these tax credits to offset taxes. That transaction was provided for in the agreement entered into between the parties which generated the amount due to the aforementioned related party. Accordingly, the value of the Company´s net asset is R$ 158,252.

On April 16, 2019 the Payment Request (bonds issued to pay court-ordered debts) of the supplementary amount was issued, quantified at R$ 187,091 as of August 2015.

On September 30, 2019, the amount of the asset due on behalf of the Company is R$ 220,260 which was approved by the 6th Federal Court in the enforcement process.

The Board of Directors' Meeting No. 11, held on September 30, 2019, approved the negotiation of this tax asset, under Payment Request (bond issued to pay court-ordered debt) distributed under No. 0154107-24.2019.4.01.9198, issued on April 16, 2019, with the original amount of R$ 180,708 as of August 2015. The amount of this tax asset, after being submitted to the legal monetary restatement indexes by the Federal Regional Court of the 1st Region, is currently R$ 200,549 as of June 2019.

Accordingly, the Company sold the tax asset at the final price of R$ 170,000, with settlement on September 30, 2019 the conditions of which are set forth in the Public Deed of Credit Assignment, drawn up with the 9th Notary Office of the City of São Paulo.

In the sale of the court-ordered debt, there was a financial discount on the operation and thus the obligation for Refinadora Catarinense S.A. became R$ 33,790, which will be paid in 3 equal installments, the first of which was paid in December 2019 in the amount of R$ 11,990, and the last two installments were paid in 2020 in the amount of R$ 22,800, which amount that was updated and resulted in a total disbursement of R$ 23,014 (R$ 11,480 and R$ 11,534, respectively).

Considering that the credit enforced was in accordance with the understanding of the Federal Court accounting department, since the amounts presented by the Company were duly approved and, 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, the Company recognized the portion considered as controversial in the amount of R$ 66,056 as of August 2015.

In the first quarter of 2020 an asset of R$ 75,107 was recognized. Concomitantly, the amount of R$ 56,330 was recorded in non-current liabilities, specifically in the item "Debts with related parties", referring to the amount to be paid to Refinadora Catarinense. In addition, the amount of R$ 1,737 was recorded in non-current liabilities referring to PIS and COFINS, and R$ 3,380 referring to Income Tax and Social Contribution recorded in the respective deferred tax accounts, being non-current liabilities and profit or loss. The amount of success fees was also accrued. The net amount for the Company is R$ 4,166, which was paid in October 2020.

Regarding the taxes levied on the court-ordered debt, the Company filed a petition for Writ of Mandamus, which aims to legally recognize the non-levy of IRPJ, CSLL, PIS, and COFINS on the revenues associated with that court-ordered debt.

In the course of the judicial discussion, there was a decision by the Federal Supreme Court (June 2020) in RE 631,537, with general repercussion No. 361, the text of the decision was transcribed as follows: “Court-ordered debt - Credit - Assignment - Nature. The assignment of the court-ordered debt does not entail a change in the nature”.

Thus, it was agreed that, even after the assignment of the court-ordered debt, there is no change in the nature of the credit taxation. Therefore, if the credit was not taxed at source, it would not be taxed later, even in the event of an assignment.

This is the understanding of the Company's legal area, supported by an external opinion, of the Pinheiro Neto law firm, which in its conclusions states that “After the decision of the STF of June 2020 on the nature of the court-ordered debt after its assignment, we understand that the chances of success of the Company in the discussion on the taxation of principal amounts from the court-ordered debt are classified as probable and the loss classified as remote. “

Based on this, the Company reversed the provision for payment of the reported tax, in the amount of R$ 70,187.

16. Contingent assets

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

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

All amounts in thousands of reais, unless otherwise stated

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

17. Investments

a) Interest in subsidiaries

The Company is the parent company of six companies and investments are recorded in non-current assets in line item “Interests in subsidiaries”.

	Country of incorporation	Direct ownership	Indirect ownership	Assets	Liabilities	Revenue	Profit or loss
At December 31, 2020							
Portobello América Inc.	United States	100,00%	0,00%	96.728	72.562	76.065	(8.559)
Portobello America Manufacturing	United States	0,00%	100,00%	17.066	15.417	-	(12)
PBTech Ltda.	Brazil	99,94%	0,06%	97.507	75.977	139.785	18.198
Portobello Shop S/A	Brazil	99,90%	0,00%	60.969	19.298	74.557	41.192
Mineração Portobello Ltda.	Brazil	99,76%	0,00%	4.551	2.129	5.728	3
Companhia Brasileira de Cerâmica S/A	Brazil	98,00%	2,00%	11.183	3.338	7.813	(4.036)
At March 31, 2021							
Portobello América Inc.	United States	100,00%	0,00%	104.045	74.297	39.984	3.067
Portobello America Manufacturing (a)	United States	0,00%	100,00%	18.528	16.903	-	-
PBTech Ltda.	Brazil	99,94%	0,06%	113.992	87.016	51.378	5.445
Portobello Shop S/A	Brazil	99,90%	0,00%	66.710	53.955	21.807	12.277
Mineração Portobello Ltda.	Brazil	99,76%	0,00%	4.806	2.252	2.608	131
Companhia Brasileira de Cerâmica S/A	Brazil	98,00%	2,00%	10.926	3.416	1.927	(726)

(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 are as follows:

	Percentage of interest	December 31, 2020	Foreign exchange variations	Capital contribution (a)	Profit/Loss on inventories	Equity in the earnings of subsidiaries	March 31, 2021
Investments							
Portobello América Inc.(a)	100,00%	21.359	2.506	-	237	3.067	27.169
PBTech Ltda.	99,94%	21.532	-	-	-	5.445	26.977
Portobello Shop S.A.	99,90%	480	-	-	-	12.277	12.756
Mineração Portobello Ltda.	99,76%	2.423	-	-	-	131	2.554
Companhia Brasileira de Cerâmica S/A	98,00%	7.999	-	400	-	(726)	7.673
Portobello S/A	100,00%	10	-	-	-	-	10
Total net investment in subsidiaries		53.803	2.506	400	237	20.194	77.139

All amounts in thousands of reais, unless otherwise stated

18. Property, plant and equipment

a) Breakdown

		Parent Company				Consolidated			
		March 31, 2021			December 31, 2020	March 31, 2021			December 31, 2020
	Annual average depreciation rate	Cost	Accumulated depreciation	Net value	Net value	Cost	Accumulated depreciation	Net value	Net value
Land	-	12.603	-	12.603	12.603	13.485	-	13.485	13.485
Buildings, constructions and improvements	3%	211.998	(65.461)	146.537	148.373	243.921	(81.686)	162.235	163.926
Machinery and equipment	15%	719.953	(392.609)	327.344	284.521	724.142	(393.688)	330.454	287.697
Furniture and fixtures	10%	9.750	(9.011)	739	789	12.263	(9.690)	2.573	2.462
Computers	20%	30.394	(24.389)	6.005	6.638	31.362	(25.072)	6.290	6.961
Other property, plant and equipment	20%	4.621	(1.706)	2.915	3.198	5.398	(2.124)	3.274	3.918
Construction in progress	-	26.257	-	26.257	66.695	35.537	-	35.537	74.427
		1.015.576	(493.176)	522.400	522.817	1.066.108	(512.260)	553.848	552.876

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

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

b) Changes in property, plant and equipment

	Parent Company					
	December 31, 2020	Additions	Transfers	Depreciation	Write-offs	March 31, 2021
Land	12.603	-	-	-	-	12.603
Buildings and improvements	148.373	-	-	(1.836)	-	146.537
Machinery and equipment	284.521	-	50.425	(7.602)	-	327.344
Furniture and fixtures	789	-	-	(50)	-	739
Computers	6.638	-	-	(633)	-	6.005
Other property, plant and equipm	3.198	-	-	(283)	-	2.915
Construction in progress	66.695	9.987	(50.425)	-	-	26.257
	522.817	9.987	-	(10.404)	-	522.400

All amounts in thousands of reais, unless otherwise stated

	Consolidated					
	December 31, 2020	Additions	Transfers	Depreciation	Write-offs	March 31, 2021
Land	13.485	-	-	-	-	13.485
Buildings and improvements	163.926	174	-	(1.865)	-	162.235
Machinery and equipment	287.697	186	50.425	(7.758)	(96)	330.454
Furniture and fixtures	2.462	236	-	(125)	-	2.573
Computers	6.961	64	-	(735)	-	6.290
Other property, plant and equipm	3.918	202	581	(1.427)	-	3.274
Construction in progress	74.427	12.116	(51.006)	-	-	35.537
	552.876	12.978	-	(11.910)	(96)	553.848

In the first quarter of 2021, additions to property, plant and equipment and intangible assets in the consolidated amounted to R$ 16,856, of which 63% went to the Tijucas plant, 7% to own stores, 11% to the Marechal Deodoro plant and the remainder to new businesses. At the Tijucas plant, 96% are for the optimization of the industrial facilities for the manufacturing of products with greater added value and larger formats, and 4% for commercial and logistics projects. At the Marechal Deodoro plant, most of the investments were allocated to structural adjustment of the industrial facilities.

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

	Parent Company		Consolidated	
	Accumulated			
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Cost of sales	8.841	8.373	9.120	8.569
Selling expenses	1.165	971	2.576	2.253
Administrative expenses	398	445	404	459
	10.404	9.789	12.100	11.281

19. Intangible assets

a) Breakdown

		Parent Company				Consolidated			
		March 31, 2021			December 31, 2020	March 31, 2021			December 31, 2020
	Annual average amortization rate	Cost	Accumulated amortization	Net value	Net value	Cost	Accumulated amortization	Net value	Net value
Trademarks and patents	-	150	-	150	150	150	-	150	150
Software	20%	38.022	(30.305)	7.717	7.504	42.284	(31.664)	10.620	10.180
Right to explore mineral resources	20%	1.000	(1.000)	-	-	4.073	(3.671)	402	446
Goodwill (a)	7%	-	-	-	-	12.320	(2.498)	9.822	10.028
Software under development	-	7.072	-	7.072	5.403	10.126	-	10.126	7.669
		46.244	(31.305)	14.939	13.057	68.953	(37.833)	31.120	28.473

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

b) Changes in intangible assets

All amounts in thousands of reais, unless otherwise stated

	Parent Company					
	December 31, 2020	Additions	Transfers	Amortizations	Write-offs	March 31, 2021
Trademarks and patents	150	-	-	-	-	150
Software	7.504	-	863	(650)	-	7.717
Software under development	5.403	2.532	(863)	-	-	7.072
	13.057	2.532	-	(650)	-	14.939

	Consolidated					
	December 31, 2020	Additions	Transfers	Amortizations	Write-offs	March 31, 2021
Trademarks and patents	150	-	-	-	-	150
Software	10.180	362	1.059	(981)	-	10.620
Right to explore mineral resources	446	-	-	(44)	-	402
Goodwill	10.028	-	-	(206)	-	9.822
Software under development	7.669	3.516	(1.059)	-	-	10.126
	28.473	3.878	-	(1.231)	-	31.120

In the first quarter of 2021, intangible assets added up to R$ 3,878, an amount destined mainly for the Transformation project, which aims to optimize and implement digital improvements in the commercial area.

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

	Parent Company		Consolidated	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Cost of sales	66	278	110	376
Selling expenses	356	338	867	580
Administrative expenses	228	272	249	289
	650	888	1.226	1.245

c) Projected amortization of consolidated intangible assets:

	2021	2022	2023	2024	2025 to 2038	Total
Software	2.738	3.525	2.423	1.203	731	10.620
Right to explore mineral resources	347	55	-	-	-	402
Goodwill	616	822	822	822	6.740	9.822
	3.701	4.402	3.245	2.025	7.471	20.844

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

20. Right-of-use assets and lease liabilities

All amounts in thousands of reais, unless otherwise stated

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

At March 31, 2021, the Company had 43 lease agreements for its commercial units. This asset is comprised of own store rentals, distribution centers and cars for the Company's managers.

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

In the period, there was an adjustment of rental contracts for the properties of the own stores and the inclusion of new cars.

a) Breakdown of lease assets

	Parent Company	Consolidated
December 31, 2020	18.977	71.391
Additions	307	6.456
Depreciation	(1.368)	(3.603)
March 31, 2021	17.916	74.245

b) Breakdown of lease liabilities

	Parent Company	Consolidated
December 31, 2020	20.473	73.182
Contract revaluation	257	257
Additions	314	6.750
Payments	(1.046)	(3.316)
Accrued interest in the period	167	711
March 31, 2021	20.165	77.585
Current liabilities	6.623	32.199
Non-current liabilities	13.542	45.386

All amounts in thousands of reais, unless otherwise stated

21. Trade payables and supplier credit assignment

	Parent Company		Consolidated	
	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
Domestic market				
Reverse factoring (a)	65.001	66.418	65.001	66.418
Operation Suppliers	181.354	169.531	187.640	180.513
Foreign market	13.781	13.701	22.453	14.416
Current	260.136	249.650	275.094	261.347
Domestic market (i)	146.190	144.021	146.190	144.021
Non-current	146.190	144.021	146.190	144.021
Total operation suppliers	406.326	393.671	421.284	405.368
Payables for investments (b) (ii)				
Domestic market	8.321	11.792	8.321	11.792
Foreign market	36.796	45.211	36.796	45.211
Total investment suppliers	45.117	57.003	45.117	57.003
	451.443	450.674	466.401	462.371

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

a) Supplier credit assignment

The Company conducted supplier credit assignment transactions with top-tier financial institutions in the amount of R$ 65,001 at March 31, 2021, (R$ 66,418 at December 31, 2020), to offer to its partner suppliers more attractive credit facilities aiming at maintaining the business relationship. In this transaction, suppliers transfer the right to receive the amounts of the notes to the bank, which in turn, becomes creditor of the transaction.

There was no change in the payment conditions and prices negotiated with suppliers in such transactions.

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

The Company has in the current liabilities the amount of R$ 22,006 in the parent company and in the consolidated (R$ 31,303 in the parent company and in the consolidated at December 31, 2020), referring to suppliers of property and equipment and intangible assets. Simultaneously, it has a balance of R$ 23,111 in the parent company and consolidated non-current liabilities, maturing between 2022 and 2025, related to property and equipment for modernization of plants (R$ 25,700 in the parent company and in the consolidated at December 31, 2020).

All amounts in thousands of reais, unless otherwise stated

22. Borrowings and debentures

	Currency	Maturity	Charges		Parent Company		Consolidated	
					March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
Current								
Banco do Nordeste S.A (a)	R$	dez-21	3,89% a.a.¹ +IPCA		52.902	32.786	52.902	32.786
NCE (b)	R$	dez-21	4,90% a.a.¹		80.586	84.538	80.586	84.538
NCE (b)	US$	mar-22	3,15% a.a.¹ +VC		15.479	19.316	15.479	19.316
PRODEC (c)	R$	mar-22	3,54% a.a.¹ +AVP		6.543	5.813	6.543	5.813
FINEP (d)	R$	mai-21	7,73% a.a.¹		2.527	5.683	2.527	5.683
DEG (e)	US$	out-21	5,00% a.a.¹ +VC		17.298	15.577	17.298	15.577
FINAME (f)	R$	ago-23	2,99% a.a.¹		420	420	420	420
DEBENTURES 1st (g) and 2nd series (h)	R$	jun-23	5,44% a.a.¹		51.592	49.066	51.592	49.066
ACC	US$	out-21	5,14% a.a.¹ +VC		21.569	10.709	21.569	10.709
Total current			**4,71%**	a.a.	248.916	223.908	248.916	223.908
Total domestic currency		R$			194.570	178.306	194.570	178.306
Total foreign currency		US$			54.346	45.602	54.346	45.602
Non-current								
Banco do Nordeste S.A (a)	R$	jun-27	3,89% a.a.¹ +IPCA		88.328	99.901	88.328	99.901
NCE (b)	R$	abr-24	4,90% a.a.¹		88.841	115.927	88.841	115.927
NCE (b)	US$	mar-22	3,15% a.a.¹ +VC		-	3.523	-	3.523
PRODEC (c)	R$	mar-25	3,54% a.a.¹ + AVP		12.150	12.478	12.150	12.478
FINEP (d)	R$	nov-30	7,73% a.a.¹		122.282	122.282	122.282	122.282
FINAME (f)	R$	ago-23	2,99% a.a.¹		451	555	451	555
DEBENTURES 2nd series (h)	R$	jun-23	5,44% a.a.¹		149.326	149.192	149.326	149.192
Total non-current			**5,61%**	a.a.	461.378	503.858	461.378	503.858
Total domestic currency		R$			461.378	500.335	461.378	500.335
Total foreign currency		US$			-	3.523	-	3.523
Total			**5,29%**	a.a.	710.294	727.766	710.294	727.766
Total domestic currency		R$			655.948	678.641	655.948	678.641
Total foreign currency		US$			54.346	49.125	54.346	49.125

¹ Weighted average rate
VC - Foreign exchange variation

All amounts in thousands of reais, unless otherwise stated

a) Information on agreements

Note	Institution/ Modality	Date of contract	Maturity	Term (months	Grace period	Amortization	Amount Raised	Releases Amount	Date	Guarantees/Notes
a)	Banco do Nordeste	jun/13	jun/25	133	24	Monthly	R$ 105.646	R$ 29.223	ago/14	Mortgage for real estate and machinery and equipment. Renegotiated in April/2020.
								R$ 45.765	jan/15	
								R$ 14.700	set/15	
								R$ 4.713	mar/16	
								R$ 2.418	dez/16	
								R$ 8.827	fev/19	
								R$ 105.646	*Total*	
		jul/19	jun/27	95	24	Monthly	R$ 31.147	R$ 7.246	jul/19	Mortgage for real estate and machinery and equipment in 2nd degree. Renegotiated in April/2020.
								R$ 4.681	fev/20	
								R$ 4.261	set/20	
								R$ 16.188	*Total*	
		set/19	ago/22	12	*2*	*Monthly*	R$ 23.500	R$ 23.500	set/19	PBTech and CBC guarantee. Renegotiated in April/2020.
		jun/20	jul/23	37	*13*	*Monthly*	R$ 35.000	R$ 35.000	jun/20	Mortgage for real estate in 2nd degree. Renegotiated in April/2020.
		jan/21	jan/22	12	12	Bullet	R$ 16.000	R$ 16.000	fev/21	PBTech and CBC guarantee.
b)	Export Credit (NCE)	nov/17	nov/21	51	12	Monthly	R$ 50.000	R$ 50.000	nov/17	Receivables from Portobello S.A. of 30% of the outstanding balance of the contract) Covenants for the 4Q. Renegotiated in April/2020.
		jun/18	jun/21	36	12	Quarter	R$ 24.000	R$ 24.000	jun/18	*Clean*
		jun/18	mai/21	36	12	Quarter	R$ 24.000	R$ 24.000	jun/18	Receivables from Portobello S.A. of 25% of the outstanding balance of the contract)
		mar/19	abr/24	61	24	Annual	R$ 54.000	R$ 54.000	mar/19	Receivables from Portobello S.A. of 20% of the outstanding balance of the contract), or financial investment
		mar/19	mar/24	60	24	Quarter	R$ 50.000	R$ 50.000	mar/19	Receivables from Portobello S.A. of 20% of the outstanding balance of the contract)
		mar/19	mar/24	60	24	Quarter	R$ 10.000	R$ 10.000	mar/19	Receivables from Portobello S.A. of 20% of the outstanding balance of the contract), or financial investment
		jul/19	jul/23	48	12	Monthly	R$ 20.000	R$ 20.000	jul/19	Receivables from Portobello S.A. of 30% of the outstanding balance of the contract)
		jul/19	jul/23	48	12	Monthly	R$ 20.000	R$ 20.000	jul/19	Receivables from Portobello S.A. of 30% of the outstanding balance of the contract)
		set/19	set/22	36	12	Quarter	R$ 30.000	R$ 30.000	set/19	Receivables from Portobello S.A. of 20% of the outstanding balance of the contract)
		jul/20	dez/21	18	18	Semiannual	R$ 3.500	R$ 3.500	jul/20	*Clean*
c)	Santa Catarina State Corporation Development Program (PRODEC)	ago/20	ago/24	48	*Bullet*	*Bullet*	R$ 437	R$ 437	ago/20	Special Regime obtained in June/2009. Subject to Adjustment to Present Value (AVP). Monetary restatement of 4% p.a. UFIR variation. Rate: average working capital (5.24% p.a.). Deferred amount: 60% of the tax balance generated in the month.
		set/20	set/24	48	*Bullet*	*Bullet*	R$ 1.318	R$ 1.318	set/20	
		out/20	out/24	48	*Bullet*	*Bullet*	R$ 1.779	R$ 1.779	out/20	
		nov/20	nov/24	48	*Bullet*	*Bullet*	R$ 1.194	R$ 1.194	nov/20	
		dez/20	dez/24	48	*Bullet*	*Bullet*	R$ 1.519	R$ 1.519	dez/20	
		jan/21	jan/25	48	*Bullet*	*Bullet*	R$ 401.105	R$ 401.105	jan/21	
		fev/21	fev/25	48	*Bullet*	*Bullet*	R$ 709	R$ 709	fev/21	
		mar/21	mar/25	48	*Bullet*	*Bullet*	R$ 473.500	R$ 473.500	mar/21	
d)	FINEP	jul/14	mai/21	84	24	Monthly	R$ 57.318	R$ 12.627	jul/14	Bank guarantee.
								R$ 12.627	jan/16	
								R$ 32.064	jun/17	
								R$ 57.318	*Total*	
		dez/19	set/29	117	32	Monthly	R$ 66.771	R$ 25.008	dez/19	
								R$ 33.000	mar/20	
								R$ 58.008	*Total*	
		nov/20	nov/30	120	36	Monthly	R$ 98.487	R$ 64.274	nov/20	
e)	DEG	mai/14	out/21	90	23	Semiannual	US$ 18,000	R$ 48.657	jan/15	Machinery and equipment and promissory notes.
f)	Finame	mai/13	mai/23	120	25	Monthly	R$ 39	R$ 39	mai/13	Machinery and equipment.
		mai/13	abr/23	120	24	Monthly	R$ 601	R$ 601	mai/13	
		jul/13	jul/23	120	25	Monthly	R$ 107	R$ 107	jul/13	
		jul/13	ago/23	120	26	Monthly	R$ 1.890	R$ 1.890	jul/13	
		jan/14	jun/23	114	18	Monthly	R$ 577	R$ 577	jan/14	
g)	Debentures (3rd issue/1st series)	jun/18	jun/21	36	24	Semiannual	R$ 150.000	R$ 150.000	jun/18	Issuance approved on June 15, 2018 by the Board of Directors of PBG S.A. Proceeds allocated to the redemption of 2nd issue. Real guarantee and additional fiduciary guarantee. This contract has covenants that have been met.
h)	Debentures (3rd issue/1st series)	jun/18	jun/23	60	48	Semiannual	R$ 150.000	R$ 150.000	jun/18	
i)	ACC	jun/20	jun/21	12	*Bullet*	*Bullet*	US$ 2,000	R$ 10.804	jun/20	Receivables from Portobello S.A. of 35% of the outstanding balance of the contract
		out/20	out/21	12	*Bullet*	*Bullet*	US$ 1,663	R$ 9.253	out/20	PBShop guarantee agreement extended for 6 months

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

The covenants were complied with at March 31, 2021.

Long-term borrowings mature as follows:

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

All amounts in thousands of reais, unless otherwise stated

	Parent Company		Consolidated	
	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
2021	198.187	223.908	198.187	223.908
2022	218.311	210.692	218.311	210.692
2023	129.348	128.277	129.348	128.277
2024	59.796	59.496	59.796	59.496
2025	27.074	27.814	27.074	27.814
2026 to 2030	77.578	77.579	77.578	77.579
	710.294	727.766	710.294	727.766

	Parent Company		Consolidated	
	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
Reais	655.948	678.641	655.948	678.641
US Dollar	54.346	49.125	54.346	49.125
	710.294	727.766	710.294	727.766

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

Changes in borrowings and debentures are as follows:

	Total debt	
	Parent Company	Consolidated
Total debt at December 31, 2020	727.766	727.766
Changes affecting cash flow		
Proceeds from borrowings	16.875	16.875
Repayments of borrowings	(41.455)	(41.455)
Payment of interest	(6.325)	(6.325)
Changes not affecting cash flow		
Foreign exchange variations	4.747	4.747
Accrued interest	7.165	7.165
Marked-to-market	49	49
Allocation of debenture costs	1.472	1.472
Total debt at March 31, 2021	710.294	710.294

b) Debentures

The Company approved at the Extraordinary General Meeting held on June 15, 2018, according to the proposal of the Board of Directors, the 3rd issuance of simple, non-convertible debentures, with real guarantee and additional fiduciary guarantee, in two series, for public distribution with restricted placement efforts. The covenants for the 1st quarter of 2021 were complied with.

All amounts in thousands of reais, unless otherwise stated

	March 31, 2021	December 31, 2020
Borrowing amount		
Debentures 1st series	50.549	50.033
Debentures 2nd series	151.842	150.090
Gross Balance	202.390	200.123
Borrowings cost	-	(1.866)
Net Balance	202.390	198.257
Current	51.592	49.066
Non-current	149.326	149.192

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

Serial operation breakdown		
Series	1st	2nd
Registration with CVM No.	476/09	
Asset Code	PTBL13	PTBL23
Issue date	27/06/2018	
Maturity date	27/06/2021	27/06/2023
Volume R$	150.000.000,00	150.000.000,00
Total Debentures	150.000	150.000
Par Value R$	1.000,00	1.000,00
Form	Book-entry	
Type	Real guarantee and additional fiduciary guarantee	
Convertibility	Not convertible into shares issued by the Issuer	
Monetary adjustment	There will be no monetary adjustment of the Nominal Value	
Remuneration	DI Rate + 2.20% p.a. (252-day base year)	DI Rate + 2.75% p.a. (252-day base year)
Payment Remuneration	Semiannual, with first remuneration date on 12/27/2018	
Amortization	Initial nominal value	Initial nominal value
Corporate acts:	EGM at 06/15/2018	
Covenants	Division: Net Debt / EBITDA < 3.00 times for two periods	

23. Installment payment of tax obligations

The Company and its subsidiaries have federal installment plan, the adhesions of which occurred in November 2009 by the enactment of Law 11,941/09, with forty-three (43) installments remaining to be paid. The current balances of these installments amount to R$ 40,955 in the parent company and R$ 40,962 in the consolidated (R$ 43,706 and R$ 44,007, respectively, in December 2020).

Tax installments will be paid as follows:

All amounts in thousands of reais, unless otherwise stated

	Parent Company		Consolidated	
Maturity April 1	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
2021	8.661	11.523	8.669	11.601
2022	11.590	12.108	11.590	12.186
2023	12.179	12.723	12.179	12.801
2024	8.525	7.352	8.525	7.419
	40.955	43.706	40.962	44.007
Current	11.239	9.290	11.246	9.354
Non-current	29.716	34.416	29.716	34.653

24. Taxes, fees and contributions

At March 31, 2021, taxes, fees and contributions recorded in current liabilities were classified as follows:

	Parent Company		Consolidated	
	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
IRRF	2.393	3.317	2.970	4.046
ICMS	8.744	14.453	9.279	14.746
PIS/COFINS	3.186	1.513	4.494	2.308
Other	240	209	418	343
	14.563	19.492	17.161	21.443

25. Other payables – Current liabilities

At December 31, 2021, the Company recorded in the consolidated the amount of R$ 22,402 (R$ 20,939 as at December 31, 2020) in other accounts payable in current liabilities. The main accounts that make up this balance are provisions and commissions payable, provision for payment of consigned suppliers, pension plan, provision for freight and transportation expenses and gain or loss on derivative operations.

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

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

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

PGFN partially rejected the request in June 2010 alleging the need to withdraw from the lawsuits challenging the credit, and recorded the non-fulfillment of the requirement of "undue use". In view of the deny of the decision, the Company filed a Writ of Mandamus in order to obtain the judicial approval of the installment plan. After the favorable decision in the Writ of Mandamus, the Company was successful in order to fully approve the installment payments governed by MP 470. On January 18, 2021, a certificate was drawn up stating that on December 21, 2020 a final and unappealable decision was rendered for the approval of the installment plan intended by the Company.

All amounts in thousands of reais, unless otherwise stated

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

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

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

The balance of provisions is broken down as follows:

Amount accrued	Parent Company		Consolidated	
	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
Civil	27.063	25.072	27.063	25.072
Labor	9.814	9.013	9.814	9.013
Social security	4.511	4.511	4.511	4.511
Tax	24.180	24.946	24.211	24.977
	65.568	63.542	65.599	63.573

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

	Parent Company				
	Civil	Labor	Social security	Tax	Total
At December 31, 2020	25.072	9.013	4.511	24.946	63.542
Charged (credited) to the statement of income:	2.271	1.402	-	23	3.696
Additional provisions	970	1.466	-	23	2.459
Reversal - not used	(42)	(269)	-	-	(311)
Monetary adjustment (Reversal)	1.343	205	-	-	1.548
Reversal due to realization	(280)	(601)	-	(789)	(1.670)
At March 31, 2021	27.063	9.814	4.511	24.180	65.568

	Consolidated				
	Civil	Labor	Social Security	Tax	Total
At December 31, 2020	25.072	9.013	4.511	24.977	63.573
Charged (credited) to the statement of income:	2.271	1.402	-	23	3.696
Additional provisions	970	1.466	-	23	2.459
Reversal - not used	(42)	(269)	-	-	(311)
Monetary adjustment (Reversal)	1.343	205	-	-	1.548
Reversal due to realization	(280)	(601)	-	(789)	(1.670)
At March 31, 2021	27.063	9.814	4.511	24.211	65.599

Civil

The Company and its subsidiaries are defendants in 588 civil lawsuits (555 lawsuits at December 31, 2020), before the Common Courts and Special Civil Courts. The majority of lawsuits is filed by customers and claim indemnity for alleged pain and suffering and damage to property. When applicable, escrow deposits were made (note 12).

Labor

The Company and its subsidiaries are defendants in 252 labor claims (249 claims at December 31, 2020), filed by former employees and third parties. The other lawsuits refer to payment of severance amounts, additional amounts, overtime, equal pay and indemnity for pain and suffering and damage to property arising from work accident/ occupational illness. Provisions are revised by Management according to its legal advisors. Some lawsuits are supported by escrow deposits.

Social security

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

Tax

a) Tax on legal asset - Plaintiff

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

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

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

b) New causes in the quarter

At March 15 20121, the Company was notified of the issuance of the tax assessment notice for the tax credit entry in the amount of R$ 6,421, 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 in March 2021, the remainder being considered as remote of loss.

All amounts in thousands of reais, unless otherwise stated

28. Lawsuits assessed as possible and remote losses

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

	Parent Company		Consolidated	
	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
Civil	5.990	3.786	5.990	3.786
Labor	12.007	11.956	12.007	11.956
Social security	10.985	10.985	10.985	10.985
	28.982	26.727	28.982	26.727

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

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

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

All amounts in thousands of reais, unless otherwise stated

29. Equity

29.1 Capital

At March 31, 2021, the Company has a subscribed and paid-up capital in the total amount of R$ 200,000 (R$ 200,000 at March 31, 2020), divided into 154,529,361 common, registered and book-entry shares, with no par value.

At March 31, 2021, there were 64,592,290 outstanding shares, corresponding to 41.8% of the total shares issued (72,576,171 at December 31, 2020, corresponding to 45.8% of the total). The balance of outstanding shares comprises all securities available for trading in the market, other than those held by controlling shareholders, members of the Board of Directors, Supervisory Board, Managers and treasury shares.

During the period, the Company presented changes in its shares, through the purchase of shares for maintenance in treasury and cancellation of shares related to the repurchase plan for the year 2020. Below, the movements of shares:

Time Course	Operation	Issued Shares	Theasury Stocks	Shares held by shareholders
December 31, 2021	Opening balance	158,488,517	3,959,156	154,529,361
January 2021	Purchase of treasury stock	-	14,800	154,514,561
February 2021	Purchase of treasury stock	-	2,081,900	152,432,661
March 2021	Cancellation of treasury shares	(3,959,156)	(3,959,156)	152,432,661
March 2021	Purchase of treasury stock	-	4,902,958	147,529,703
March 31, 2021	Final balance	154,529,361	6,999,658	147,529,703

29.2 Treasury shares

Until March 31, 2021, the company canceled 3,959,156 treasury shares, acquired under the repurchase program approved in fiscal year 2020, and their respective amount was recorded in the profit retention reserve.

On January 20, 2021, the Board of Directors approved a new share buyback program of up to 6,999,658 shares, corresponding to 4.5% of the issued shares and 10% of the outstanding shares ("free float"), effective until January 21, 2022.The acquisition of the total amount foreseen in the program was concluded in this interim period.

29.3 Earnings reserve

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

The objective of the unallocated earnings reserve, in the amount of R$ 35,633, is to show the portion of profits whose allocation will be decided and allocated at the Annual General Meeting held on April 27, 2021.

Until March 31, 20201, the Company recognized the Tax Incentive Reserve in the amount of R$ 5,945 (R$ 2,493 in 2020) related to government grants for ICMS tax incentives related to Prodesin

All amounts in thousands of reais, unless otherwise stated

(Alagoas State Integrated Development Program) and the Differentiated Tax Treatment of Santa Catarina (TTD) and Simplified Taxation System.

29.4 Carrying valuation adjustments

	Carrying value adjustments			
Parent Company and Consolidated	Deemed cost	Cumulative translation adjustment	Other comprehensive income	Total
At December 31, 2020	32.323	(68.353)	(14.095)	(50.125)
Realization of revaluation reserve	(296)	-	-	(296)
Exchange variation of subsidiary located abroad	-	2.506	-	2.506
At March 31, 2021	32.027	(65.847)	(14.095)	(47.915)

a) Deemed cost

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

b) Cumulative translation adjustment

The changes in assets and liabilities in foreign currency (US dollar) arising from currency fluctuation, as well as the variations between the daily rates and the closing rate of the changes in profit or loss of the foreign subsidiary are recognized in this line item of cumulative translation adjustments. At March 31, 2021, the foreign exchange variation amounted to R$ 2,506 according to note 17 (a).

30. Revenue

The reconciliation of gross revenue and net revenue, shown in the statement of income for the first quarter of 2021, is as follows:

	Parent Company		Consolidated	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Gross sales revenue	441.921	303.361	521.743	343.008
Deductions from gross revenue	(94.607)	(63.799)	(105.350)	(68.828)
Taxes on sales	(87.603)	(53.545)	(95.226)	(57.248)
Returns	(7.004)	(10.254)	(10.124)	(11.580)
Net sales revenue	347.314	239.562	416.393	274.180
Domestic market	279.922	186.696	328.333	214.845
Foreign market	67.392	52.866	88.060	59.335
Amount in USD	12.327	12.303	16.190	13.667

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

All amounts in thousands of reais, unless otherwise stated

	Parent Company		Consolidated	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Sale of own products	339.052	232.022	375.742	244.929
Sale of third-party products	8.262	7.540	19.691	13.448
Royalties	-	-	20.960	15.803
Net operating revenue	347.314	239.562	416.393	274.180

All amounts in thousands of reais, unless otherwise stated

31. Expenses by nature

Cost of sales, selling and administrative expenses for the quarter ended March 31, 2021 are broken down as follows:

	Parent Company		Consolidated	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Cost and expenses				
Cost of sales and/or services	(225.066)	(173.526)	(237.909)	(179.030)
Selling expenses	(62.717)	(51.422)	(91.680)	(74.630)
General and administrative	(13.248)	(10.437)	(13.529)	(10.715)
	(301.031)	(235.385)	(343.118)	(264.375)
Breakdown of expenses by nature				
Direct production cost (raw materials and inputs)	146.318	118.561	143.965	123.052
Salaries, charges and employee benefits	71.235	62.373	84.066	73.390
Third-party labor and services	16.705	12.489	17.395	13.537
General production expenses (including maintenance)	14.481	12.983	14.609	13.138
Cost of goods resold	15.431	8.953	28.610	8.333
Amortization and depreciation	12.173	11.506	15.570	14.357
Other selling expenses	3.116	4.319	10.136	9.652
Sales commissions	8.768	8.091	11.077	9.306
Marketing and publicity	11.810	5.233	13.682	6.379
Transportation of goods sold	6.679	3.772	6.679	3.772
Lease expenses	4.566	4.483	6.194	5.754
Other administrative expenses	1.896	1.479	1.991	2.563
Changes in inventories of finished products and work in progress (a)	(12.147)	(18.857)	(10.856)	(18.858)
Total	301.031	235.385	343.118	264.375

a) Changes in inventories of finished products and work in process 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 resulting from the idleness of the Tijucas and Marechal Deodoro industrial facilities.

All amounts in thousands of reais, unless otherwise stated

32. Other operating income and expenses, net

The amount of other net operating income and expenses, for the quarter ended March 31, 2021, is as follows:

	Parent Company		Consolidated	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Other operating income				
Revenue from services	142	179	142	179
Legal Asset - rural credit notes (a)	-	-	-	13.095
IPI premium credit - Complementary Portion (b)	-	88.360	-	88.360
Other revenue	629	752	629	827
Other revenue	771	89.291	771	102.461
Other operating expenses				
Provisions for civil, labor, social security and tax issues	(2.496)	(2.931)	(2.496)	(2.931)
IPI premium credit - Challenged Portion - Plaintiff (c)	-	(69.574)	-	(69.574)
Attorney’s fees related to tax proceedings	-	(8.836)	-	(10.123)
Taxes on other revenues	(90)	-	(127)	-
Provision for profit sharing (d)	(3.812)	-	(3.812)	-
Bonus for achievement of goals (e)	(1.910)	-	(1.910)	-
Other expenses	(331)	(7.735)	(434)	(7.959)
Total	(8.639)	(89.076)	(8.778)	(90.587)
Total - net	(7.868)	215	(8.007)	11.874

(a) Recognition of the amount receivable referring to the rural credit note proceeding - Fraiburgo (Note 15.b)

(b) Recognition of the amount receivable regarding the IPI premium credit - Plaintiff lawsuit (Note 15.a)

(c) Recognition of the amount to be paid to Refinadora Catarinense regarding the IPI premium credit - Plaintiff lawsuit (Note 15.c).

(d) Recognition of the employee profit sharing provision to be paid after the end of the year.

(e) Recognition of bonus for achievement of goals per transaction.

All amounts in thousands of reais, unless otherwise stated

33. Finance income (costs)

The finance income (costs) for the quarter ended March 31, 2021 is as follows:

	Parent Company		Consolidated	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Finance income				
Interest	933	2.927	1.192	3.050
Asset adjustment	243	1.044	246	2.472
Gain on *swap* transactions (a)	1.576	3.020	1.576	3.020
Other	14	4	78	98
Total	2.766	6.995	3.093	8.640
Finance costs				
Interest	(6.931)	(5.124)	(7.073)	(5.683)
Finance charges on taxes	(269)	-	(275)	(34)
Adjustment of provision for contingencies	(1.547)	(1.606)	(1.547)	(1.606)
Commissions and service fees	(1.900)	(2.184)	(2.589)	(2.687)
Bank expenses/Negative goodwill (b)	(30)	(45)	(40)	(54)
Gain (loss) on swap transactions (a)	(259)	(2.061)	(259)	(2.061)
Interest on debentures	(2.679)	(5.343)	(2.679)	(5.343)
Discounts granted	(461)	(518)	(465)	(547)
Other	(58)	(145)	(461)	(148)
Total	(14.134)	(17.026)	(15.389)	(18.163)
Foreign exchange variations, net				
Trade receivables and trade payables	3.536	41.232	3.530	41.232
Borrowings	(2.724)	(20.987)	(2.724)	(21.006)
Total	812	20.245	805	20.226
Total - net	(10.556)	10.214	(11.491)	10.703

34. Earnings (loss) per share

a) Basic

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

	Parent Company and Consolidated	
	March 31, 2021	March 31, 2020
Profit (loss) attributable to the owners of the Company	40.414	21.012
Weighted average number of common shares (a)	147.530	158.489
Basic earnings (loss) per share	0,27394	0,13258

a) On March 31, 2021, the Company had 6,999 thousand treasury shares, which were purchased in the first quarter of 2021.

All amounts in thousands of reais, unless otherwise stated

b) Diluted

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

35. Dividends

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

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

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

36. Segment reporting

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

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:

	March 31, 2021			March 31, 2020		
Continuing operations	Brazil	Other countries	Total	Brazil	Other countries	Total
Revenue	367.770	48.623	416.393	225.186	48.994	274.180
Cost of sales	(213.803)	(24.106)	(237.909)	(146.233)	(32.797)	(179.030)
Gross profit	153.968	24.517	178.484	78.953	16.197	95.150

All amounts in thousands of reais, unless otherwise stated

	At March 31, 2020					
Continuing operations	Total	*Eliminations	Portobello	Pointer	Portobello Shop	PBA
Net revenue	274.180	(8.729)	144.676	30.930	82.804	24.500
Cost of sales	(179.030)	9.357	(91.897)	(24.849)	(51.372)	(20.269)
Gross profit	95.150	628	52.779	6.080	31.432	4.230

	At March 31, 2021					
Continuing operations	Total	*Eliminations	Portobello	Pointer	Portobello Shop	PBA
Net revenue	416.393	(13.924)	204.488	62.360	124.416	39.052
Cost of sales	(237.909)	13.336	(116.382)	(37.588)	(69.059)	(28.216)
Gross profit	178.484	(588)	88.106	24.772	55.357	10.836

Generally, the Company has no customers that individually account for more than 10% of the net sales revenue. In relation to the foreign market, the Company exports to 41 countries.

37. Commitments

a) Commitments for acquisition of assets

At March 31, 2021, expenses recorded but not yet incurred relating to property, plant and equipment total R$ 4,261. Such expenses correspond to the modernization of manufacturing equipment, according to the Company's investment plan.

38. Insurance coverage

The insurance coverage at March 31, 2021 is considered sufficient to cover any claims and is summarized as follows:

All amounts in thousands of reais, unless otherwise stated

Insurance Policy	Maximum Indemnity Limit	Maturity
Property Insurance	378.100	13/06/2021
Directors and Officers Liability Insurance (D&O)	10.000	27/08/2021
Civil Liability	6.520	01/04/2021
Group life insurance and funeral assistance	380.754	01/03/2021
International transport - Pointer imports	USD 12.000	31/12/2021
Vehicle fleet	66 (veículos)	14/11/2021
ENGIE guarantee	7.410	31/12/2021
Demand for Rent Guarantee PBG S.A.	1.941	25/05/2021
Property Insurance - Owb PBTech Stores	35.537	25/05/2021
	1.407	24/04/2023
Legal Protection Insurance	850	13/03/2021
	3.899	26/04/2024
15th Labor Court of Salvador - BA	28.000	18/06/2025
Legal Protection Insurance	314	10/05/2022
	10.603	10/05/2022
Property Insurance - (Only Buildings Alagoas)	13.085	13/06/2021

39. Related entities and parties

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

		Parent Company	
Nature - Assets and liabilities balance	Company	March 31, 2021	December 31, 2020
Subsidiaries			
Dividends receivable	Portobello Shop S.A.	44.617	53.023
Trade receivables	Portobello Shop S.A.	848	805
Trade receivables	Portobello America, Inc.	59.337	45.309
Trade receivables	Cia Brasileira de Cerâmica	332	227
Trade receivables	PBTech Com. Sern. Cer. Ltda.	14.562	8.232
Advances from customers	PBTech Com. Sern. Cer. Ltda.	(6.448)	(2.581)
Trade payable, net of advances	Cia Brasileira de Cerâmica	-	(19)
Trade payable, net of advances	Mineração Portobello Ltda.	(1.147)	(1.467)
Assets net of liabilities with subsidiaries		112.101	103.529
Related parties			
Payables to related parties	Refinadora Catarinense S.A.	(56.334)	(56.330)
Trade receivables, net of advances	Solução Cerâmica Com. Ltda.	1.012	378
Trade receivables, net of advances	Flooring Revest. Cer. Ltda.	393	-
Trade receivables, net of advances	Multilog Sul Armazéns S/A	39	6
Trade payables	Multilog Sul Armazéns S/A	(1.606)	-
Accounts payable	Flooring Revest. Cer. Ltda.	(6.119)	(6.575)
Trade payables	AB Parking	(24)	(13)
Trade payables	Neoway	(195)	(106)
Net assets of liabilities with other related parties		(62.834)	(62.640)

All amounts in thousands of reais, unless otherwise stated

Nature - profit or loss	Company	Accumulated March 31, 2021	Accumulated March 31, 2020
Revenue			
Subsidiaries			
Sale of products	PBTech Com. Sern. Cer. Ltda.	22.240	9.935
Sale of products	Cia Brasileira de Cerâmica	154	165
Sale of products	Portobello América, Inc.	18.731	1.424
Related parties			
Sale of products	Solução Cerâmica Com. Ltda.	7.485	4.882
Sale of products	Flooring Revest. Cer. Ltda.	2.575	2.232
Expenses			
Subsidiaries			
Acquisition of inputs	Mineração Portobello Ltda.	(2.615)	(2.552)
Related parties			
Rental	Gomes Part Societárias Ltda.	(186)	126
Freight service	Multilog Sul Armazéns S/A	(1.032)	(1.359)
Cutting service	Flooring Revest. Cer. Ltda.	(2.289)	(3.269)
Software service	Neoway Tecnologia	(122)	-
Marketing	Decorado Marketplace Ltda.	-	-
Software	Senior Sistemas S/A	(130)	-
Parking service	AB Parking	(78)	-
		44.733	11.583

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

Related-party transactions

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

Transactions with subsidiaries and related entities	Nature	March 31, 2021	December 31, 2020	Nature	Accumulated March 31, 2021	Accumulated March 31, 2020
	Equity			Profit or loss		
Solução Cerâmica Com. Ltda.	Trade receivables, net of advances	853	607	Royalties	2.283	1.210
Flooring Revest. Cer. Ltda.	Trade receivables, net of advances	310	198	Royalties	800	569
		1.163	805		3.083	1.779

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 in the quarter ended March 31, 2021, are as follows:

All amounts in thousands of reais, unless otherwise stated

	Parent Company		Consolidated	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Fixed compensation				
Salaries	3.565	3.212	3.959	3.604
Fees	1.822	1.511	1.822	1.511
Variable compensation	724	406	799	475
Pension Plan	262	207	274	214
Other	500	112	547	156
	6.873	5.448	7.401	5.960

40. Related entities and parties

(a) Capital increase resolved in an Extraordinary General Meeting

On April 27, 2021, in an Extraordinary General Meeting, it was approved the capital increase with the use of profit reserves, in the amount of R$ 50,000, totaling the new capital stock in R$ 250,000.

(A free translation of the original in Portuguese)

PBG S.A.

Quarterly Information (ITR) at March 31, 2021 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 reviewed the accompanying parent company and consolidated interim accounting information of PBG S.A. ("Company"), included in the Quarterly Information Form (ITR) for the quarter ended March 31, 2021, comprising the balance sheet at that date and the statements of income, comprehensive income, changes in equity and cash flows for the quarter then ended, and a summary of significant accounting policies and other explanatory information.

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

Scope of review

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

Conclusion on the interim information

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

PricewaterhouseCoopers Auditores Independentes, Avenida Rio Branco, 847, Salas 401, 402, 403 e 409, Florianópolis, SC, Brasil 88015-215, T: (48) 3212-0200, www.pwc.com/br

PBG S.A.

Other matters

Statements of value added

We have also reviewed the parent company and consolidated statements of value added for the quarter ended March 31, 2021. These statements are the responsibility of the Company's management, and are required to be presented in accordance with standards issued by the CVM applicable to the preparation of Quarterly Information (ITR) and are considered supplementary information under IFRS, which do not require the presentation of the statement of value added. These statements have been submitted to the same review procedures described above and, based on our review, nothing has come to our attention that causes us to believe that they have not been prepared, in all material respects, in a manner consistent with the parent company and consolidated interim accounting information taken as a whole.

Florianopolis, May 14, 2021

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5

Leandro Sidney Camilo da Costa
Accountant CRC 1SP 236051/O-7

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

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

(i) reviewed, discussed and agreed with the Company's Quarterly Information for the quarter ended March 31, 2021; and

(ii) reviewed, discussed and agreed with the opinions expressed in the special review report of PRICEWATERHOUSECOOPERS AUDITORES INDEPENDENTES Independent Auditors, regarding the Company's Quarterly Information for the quarter ended on March 31, 2021.

Tijucas, May 14, 2021.

Board Composition

Mauro do Valle Pereira - Chief Executive Officer

Ronei Gomes – Vice President of Finance and Investor Relations

Edson Luiz Mees Stringari - Vice President of Legal and Compliance

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Mauro do Valle Pereira

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Ronei Gomes

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Edson Luiz Mees Stringari