3Q23
Earnings Release

Portobello Grupo

Portobello Grupo

Tijucas, October 31, 2023. PBG S.A. (B3: PTBL3), "PBG" or "Company", the largest ceramic tile company in Brazil, announces its results for the third quarter of 2023 (3Q23). The financial information reported herein is derived from PBG S.A.'s consolidated Quarterly Financial Information, prepared in accordance with the standards issued by the Accounting Pronouncement Committee (CPC) and the International Financial Reporting Standards (IFRS), whose comparisons are based on the same periods of 2022 and/or prior years, as indicated.

Portobello Group advances in the USA, as well as the Portobello Shop operating model, recording record revenue in a single quarter

3Q23 Highlights

- **Net Revenue** of R$ 598 million in 3Q23, **with positive evolution throughout the quarters, reaching the** highest historical level. It is worth highlighting Portobello America's revenue, which reached a new level with the startup of the new plant.
- **Adjusted and Recurring Gross Profit** reached R$ 241 million with a margin maintained at 40.3% in a challenging sectoral margin scenario, performing above the market, with emphasis on the record profitability result in the Portobello Shop and in the Engineering and Resale in the Brazilian market due to the successful strategy of product mix and sales channels.
- In 3Q23, **Adjusted and Recurring EBITDA** was R$ 94 million, reaching a Margin of 15.8%. Sequential evolution of results, returns and profitability of operations. Excluding the effects of strategic investments in Portobello America, our operations perform better than the same period of the previous year.
- **Operating Expenses** presented results below the previous year in our mature operations, supporting the increase of R$ 6.6 million in 3Q23 compared to 3Q22, resulting from Portobello America's strategic projects (+48.9% vs 3Q22).
- **Adjusted and Recurring Net Income** recorded an improvement in operating income and maintenance of financial expenses compared to the previous quarter, presenting an adjusted and recurring net income of R$ 3.7 million in 3Q23.
- Investment in Working Capital was R$ 275 million, accounting for a significant improvement compared to 3Q22 and 18.6% better than in 2Q23. The Cash Conversion Cycle was 59 days in 3Q23, with a decrease of 8 days in relation to 2Q23.
- **PTBL3 shares** ended 2Q23 quoted at **R$ 5.82**. Market value: R$ 820 million (US$ 164 million). Quantity of shares: 140,986,886, without treasury shares. Free Float: 38.9%.

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Message from Management

The third quarter of 2023 was marked by major developments for the Portobello Group, mainly the consolidation of the brand in North American territory, through the start of operations at the new plant in the United States. Such achievement is the result of years of planning, effort and investments in the evolution of the business model which, with the opening of the plant, takes another step towards the Company's internationalization.

The outlook for the global economy still requires caution, with uncertainties related to inflation controls and the consequent reduction in interest rates in the main economies, still lacking forecasting and without clear economic growth horizons for the coming years. Regarding the ceramic tile market, both Brazil and the United States are still making adjustments due to the macroeconomic scenario, which recorded one of the worst periods since 2020 in the first semester of the year.

The Brazilian ceramic tile sector has been showing signs of recovery, although it is still slower than experts' initial expectations. The scenario showed improvement compared to 2Q23, but is still worse than that recorded in previous year. In the third quarter, data from ANFACER (Brazilian Association of Ceramic Tiles Manufacturers) indicate that sales in the Brazilian market increased 8.3% in 3Q23 compared to 2Q23,but dropped -2.5% compared to 3Q22. Considering billings, ABRAMAT data (deflated) points to a retraction of -5.7% in the Brazilian market in 3Q23 compared to the same period of the previous year.

In turn, the Portobello Group consistently presents superior results compared to the market, thus demonstrating the resilience of the business model and, consequently, the evolution in market share both in the wet process, with the increase in sales in the resale and engineering channels, and in the dry process, with the resumption of sales in the North and Northeast regions made by Pointer.

Regarding retail sales, according to data from ICVA (Cielo Broad Retail Index), the construction materials sector continues facing challenges, with a drop of -2.7% in 3Q23 compared to 3Q22, while Portobello Shop, the group's retail unit, recorded growth of 7.2% in net revenue in the same period. The BU, which currently has 149 stores spread throughout Brazil, including 24 own stores and 125 franchises, opened 3 new operations in the quarter. The stores that were already open in 3Q22 showed Same Store Sales growth of 2.0% in the period.

Portobello Shop's consistent growth is due to strategic advances implemented over recent years, mainly related to client focus and satisfaction of their needs. In this regard, the Company made important advances in satisfaction indicators (NPS), which reached 77.3 in 3Q23.

Portobello America, a Business Unit with American DNA and Portobello know-how created to specifically meet the needs of the North American consumer, started its operations on July 20, 2023. The consolidation of this project had great expectations from stakeholders in general, who had the opportunity to learn more about the operations at an official inauguration event, which took place between October 14 and 17 and was attended by the Portobello Board, shareholders, representatives of the country's ceramic tile sector, government leaders, clients and suppliers. Guests were able to see the Portobello America showroom first-hand, which has a 1,000m² space dedicated to displaying the main products from the brand's portfolio, as well as taking part in a tour of the manufacturing area, with an area of 90,000 square meters built and a benchmark in state-of-the-art machinery.

Another highlight for the quarter was Portobello's participation in Cersaie, the largest ceramic tiles fair in the world. The event took place between the 25th and 29th in the city of Bologna, Italy, and received over 90,000 clients representing 42 countries. Portobello was present with a booth, where it could demonstrate its difference in technology and innovation, with different finishes and surfaces, in addition to the exhibition of large formats, thus reinforcing the brand's positioning in quality, design and innovation.

Portobello Group remains committed to maximizing results in a sustainable manner, reinforcing the brand's positioning with discipline and active management of expenses and investments.

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Economic and Financial Performance - Consolidated

R$ Million	3Q23	3Q22	▲ %	▲ Abs	9M23	9M22	▲ %	▲ Abs
Net Revenue	**598.0**	**597.9**	**0.0%**	**0.1**	**1,634.6**	**1,700.3**	**-3.9%**	**(65.7)**
Gross Profit	**240.9**	**257.4**	**-6.4%**	**(16.5)**	**647.7**	**748.4**	**-13.4%**	**(100.6)**
Gross Margin	40.3%	43.0%	-2.8 p.p.		39.6%	44.0%	-4.4 p.p.	
Adjusted and Recurring Gross Profit	**240.9**	**257.4**	**-6.4%**	**(16.5)**	**647.7**	**745.9**	**-13.2%**	**(98.2)**
Adjusted and Recurring Gross Margin	40.3%	43.0%	-2.8 p.p.		39.6%	43.9%	-4.2 p.p.	
EBIT	**58.0**	**85.3**	**-32.0%**	**(27.3)**	**106.9**	**273.0**	**-60.9%**	**(166)**
Ebit Margin	9.7%	14.3%	-4.6 p.p.		6.5%	16.1%	-9.5 p.p.	
Net income (loss)	**4.0**	**52.5**	**-92.4%**	**(48.5)**	**(49.4)**	**143.9**	**-134.3%**	**(193)**
Net Margin	0.7%	8.8%	-8.1 p.p.		-3.0%	8.5%	-11.5 p.p.	
Adjusted and Recurring Net Income	**3.7**	**48.9**	**-92.4%**	**(45.2)**	**(34.7)**	**132.5**	**-126.2%**	**(167)**
Adjusted and Recurring Net Margin	0.6%	8.2%	-7.6 p.p.		-2.1%	7.8%	-9.9 p.p.	
EBITDA	**94.7**	**109.3**	**-13.3%**	**(14.5)**	**208.3**	**338.7**	**-38.5%**	**(130)**
EBITDA Margin	15.8%	18.3%	-2.4 p.p.		12.7%	19.9%	-7.2 p.p.	
Adjusted and Recurring EBITDA	**94.4**	**104.6**	**-9.8%**	**(10.3)**	**205.9**	**325.8**	**-36.8%**	**(120)**
Adjusted and Recurring EBITDA Margin	15.8%	17.5%	-1.7 p.p.		12.6%	19.2%	-6.6 p.p.	
Working Capital (R$)	**275.5**	**373.9**	**-26.3%**	**(98.4)**				
Cash Conversion Cycle (days)	**59**	**47**	**24.4%**	**12**				
Net Debt	**869.4**	**584.3**	**48.8%**	**285.1**				
Net debt/EBITDA	3.1	1.3	1.3	1.8				
Share Price	5.8	10.3	-43.4%	(4.5)				
Market Value	820.5	1,450.8	-43.4%	(630.2)				
Average Trading Volume (12 Months)	195.3	166.6	17.2%	28.7				
Average daily trading volume (ADTV)	9.4	7.0	34.3%	2.4				

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Business Unit Operating Performance

Portobello Business Unit ("BU")

R$ million	2Q23	2Q22	▲%	▲Abs	9M23	1M22	▲%	▲Abs
Net Revenue	**255.7**	**272.5**	**-6.1%**	**(16.7)**	**716.8**	**804.3**	**-10.9%**	**(87.5)**
(-) COGS	158.2	156.7	1.0%	1.5	450.2	439.6	2.4%	10.6
Gross Profit	**97.5**	**115.8**	**-15.8%**	**(18.3)**	**266.7**	**364.7**	**-26.9%**	**(98.0)**
Gross Margin	38.1%	42.5%	-4.4 p.p.		37.2%	45.3%	-8.1 p.p.	

In 3Q23, BU's net revenue totaled R$ 256 million, a 6.1% decrease in relation to 3Q22, with a gross margin of 38.1%. Results in the domestic market were strong, with important advances in the resale and engineering channels, accounting for a gain of 1.2 pp in the unit's market share compared to the same period of the previous year, in a market whose behavior still recorded a drop of 2.8% compared to the same period of the previous year, according to ANFACER data[1]. Concerning exports, net revenue was lower than in 3Q22, due to temporary commercial restrictions in some of the Company's important markets. Compared to the market, the Company continues presenting better results in this channel.

Capacity utilization indicators also outperform the market, closing the quarter with a 93% utilization, while the market average was 75% according to ANFACER.

Such performance above the market average is the result of the assertive multichannel and production flexibility strategy, which allows focusing sales efforts according to the best opportunities considering volumes and profitability. This characteristic of the Tijucas-SC unit is a consequence of the advances in the product mix qualification, especially with the growth in sales of porcelain tile panels and large formats, products with different design and greater added value, which result in the maintenance of the gross margin at high levels. The accumulated result for the first nine months of 2023 is 10.8% lower in terms of net revenue compared to the same period in 2022. However, the market is already showing an improvement in sales dynamics compared to the first semester of the year, with the expectation that the recovery in the second semester 2023 will continue presenting good opportunities.

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

[1] Brazilian Association of Construction Materials Industry

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Portobello Shop Business Unit ("BU")

R$ million	2Q23	2Q22	▲%	▲Abs	9M23	1M22	▲%	▲Abs
Net Revenue	**246.8**	**230.3**	**7.2%**	**16.5**	**690.4**	**598.7**	**15.3%**	**91.7**
(-) COGS	126.8	120.9	4.9%	5.9	363.9	316.0	15.2%	47.9
Gross Profit	**120.0**	**109.4**	**9.7%**	**10.6**	**326.4**	**282.7**	**15.5%**	**43.8**
Gross Margin	48.6%	47.5%	1.1 p.p.		47.3%	47.2%	0.1 p.p.	

In 3Q23, the BU's net revenue totaled R$ 247 million, accounting for a growth of 7.2% in relation to 3Q22, which led the BU to a new record result in quarterly income (loss). Such result, much higher than that presented by the market, shows a market share gain in retail, since the market continues presenting a decrease compared to the previous year, according to data from ICVA[2], which measures the building materials retail sector in Brazil. Portobello Shop's gross margin also recorded a strong result, reaching 48.6%.

Currently, the Company has 149 stores in operation across the country, 24 of which are owned and 125 are franchises. The growth of stores that were already open in the previous year, which can be observed by the Same Store Sales indicator in the quarter, accounted for an increase of 2.0% in 3Q23 vs. 3Q22.

The performance of own stores showed an increase of 8.4% in Net Revenue, accounting for 45.3% of the total BU. Furthermore, due to the growth in the share of own stores, the BU drives the absorption of synergies from the integrated chain and starts to offset the investment expenses in strategic projects, thus generating margin and profitability gains.

It is also worth highlighting the Portobello Shop's strategic advances, mainly related to the expansion of its own stores' network and initiatives related to the digital transformation as they advance in maturity, capture synergies and improve results. Portobello Shop's BU expenses decreased compared to 3Q22, reaching R$ 83.8 million in 3Q23.

[2] Cielo Expanded Retail Index

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Pointer Business Unit (“BU”)

R$ million	2Q23	2Q22	▲%	▲Abs	9M23	1M22	▲%	▲Abs
Net Revenue	**50.8**	**62.5**	**-18.8%**	**(11.7)**	**136.8**	**177.7**	**-23.0%**	**(40.9)**
(-) COGS	43.3	45.1	-4.1%	(1.9)	119.3	118.3	0.8%	1.0
Gross Profit	**7.5**	**17.4**	**-56.8%**	**(9.9)**	**17.5**	**59.4**	**-70.6%**	**(41.9)**
Gross Margin	14.8%	27.8%	-13.0 p.p.		12.8%	33.4%	-20.6 p.p.	

In 3Q23, net revenue totaled R$ 50.8 million, 18.8% . lower than 3Q22, with a gross margin of 14.8%. Compared to 3Q22, gross margin dropped, largely due to the lower dilution of production costs and sales promotional actions, seeking to balance inventory levels and productivity. Lower demand in the ceramic tiles market in the North and Northeast regions of Brazil continued to impact Pointer's results, but to a lesser extent, indicating the beginning of the recovery scenario expected for the second semester of the year.

Even with this scenario of lower market demand, the advance compared to 2Q23 and the prospect of accelerated sales in the end of the year allowed Pointer to reactivate the furnaces that were stopped, presenting a capacity occupancy of 84%, above the average market share in the region, which was approximately 75%, according to data from Anfacer.

Despite the adverse scenario, Pointer recorded a good performance compared to the market, maintaining its market share, in line with the expectation of beginning of recovery in 2S23, largely due to its brand and product positioning. The BU presents an evolution in profitability with a positive EBITDA margin, driven by the strengthening of commercial actions with large and small clients, with specific commercial actions for each type of product and channel, supported by the training of commercial partners, which has been reinforcing its presence in the domestic market.

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Portobello America Business Unit ("BU")

R$ million	2Q23	2Q22	▲%	▲Abs	9M23	1M22	▲%	▲Abs
Net Revenue	**73.9**	**59.7**	**23.7%**	**14.1**	**171.7**	**183.9**	**-6.6%**	**(12.1)**
(-) COGS	58.8	44.0	33.6%	14.8	132.4	139.9	-5.4%	(7.6)
Gross Profit	**15.0**	**15.7**	**-4.1%**	**(0.6)**	**39.4**	**43.9**	**-10.4%**	**(4.6)**
Gross Margin	20.3%	26.2%	-5.9 p.p.		22.9%	23.9%	-1.0 p.p.	

In 3Q23, Portobello America's Net Revenue reached R$ 73.9 million, the highest level ever achieved by the Unit in a quarter, mainly influenced by the local distribution operation, which grew 18.1% over 3Q22 and large accounts, which grew 35.9% compared to the same period of the previous year. The gross margin decreased in the quarter, reaching 20.3%, due to the greater concentration of sales of higher-value inventory to home centers, which business margin is naturally lower than the distribution model. With the start of production at the new factory, the main focus is on expanding the distribution model, which has more attractive profitability.

Still in this quarter, part of Portobello America's expenses was characterized as pre-operational, whether those related to the preparation of the plant start-up or to sales activities, marketing and other support areas. In this sense, total expenses at Portobello América in 3Q23 totaled R$ 11.4 million, accounting for an increase of 48.7% in relation to 3Q22. These expenses are part of the unit's strategic planning and are considered as part of the project's investment for management purposes, from which a future return is expected.

Starting officially on July 20, Portobello America started to rely on the production capacity of the new plant as of the 3Q23, a project that takes the North American unit to another level. As a local producer, the Portobello brand product achieves a higher competitiveness level and an important positioning.

The *ramp-up* process implemented and the commercial strategies over the last few quarters allowed that, when the new plant entered into operation, a large part of the demand had already been developed, thus guaranteeing a portfolio of over 3 months of products sold at the time of the production start-up.

In the first phase of the project, the BU has a furnace with a production capacity of 3.6 million m² and special parts. In the future, the plant project aims for a second line, which should double the capacity, reaching around 7.2 million square meters. To keep a balance between the group's production, Portobello America will continue using part of the production capacity of the Portobello BU in Tijucas as a way of complementing its portfolio and continuing to gain scale for the entry into phase II of the project.

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Consolidated Performance

Net Revenue

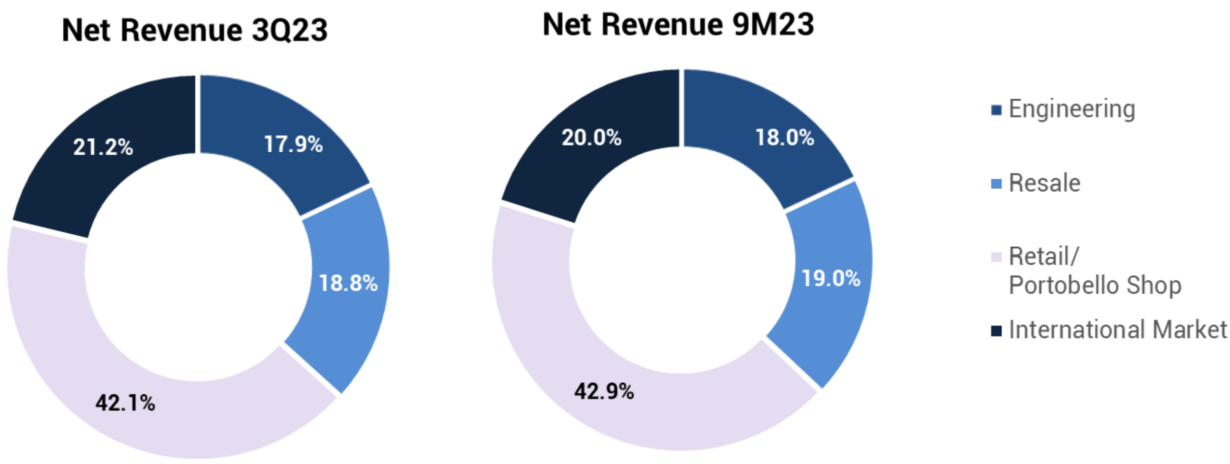
R$ Million	3Q23	3Q22	▲ %	▲ Abs	9M23	9M22	▲ %	▲ Abs
Net Revenue	**598.0**	**597.9**	**0.0%**	**0.1**	**1,634.6**	**1,700.3**	**-3.9%**	**(65.7)**
Domestic Market	465.0	467.2	-0.5%	(2.2)	1,290.7	1,285.2	0.4%	5.5
International Market	133.0	130.7	1.7%	2.3	343.9	415.1	-17.2%	(71.2)
US$ million	**3T23**	**3T22**	**▲ %**	**▲ Abs**	**9M23**	**9M22**	**▲ %**	**▲ Abs**
International Market	26.2	23.0	13.9%	3.2	65.3	76.5	-14.7%	(11.2)

Net Revenue in 3Q23 reached R$ 598 million, surpassing 3Q22, which was the previous sales record. This result reflects the resilience of the business model and the assertiveness of the multichannel model, as well as the increase in revenues in strong currency.

In the Brazilian market, the Company recorded an income in line with 3Q22, reaching R$ 465 million (-0.5%), while the construction materials sector recorded a retraction of -5.7%, according to ABRAMAT deflated data[3]. The ceramic tile sector, according to data from the Brazilian Association of Ceramic Tiles Manufacturers (ANFACER) recorded a decrease of -2.8% in 3Q23 vs. 3Q22 in volumes (in square meters).

Regarding sales in other countries, the Company recorded growth of 1.7%% in 3Q23 compared to 3Q22 (13.9% in US dollars), mainly influenced by the increased share of sales in the United States.

The distribution of sales across channels highlights the Company’s ability to execute the multichannel strategy. It is worth highlighting: i) retail sales, which accounted for 42.1% of the Group's total Net Revenue in 3Q23 vs. 36.0% in 3Q22; ii) the export channel, with a 21.2% share of the result, 11.8% with sales made by Portobello America in the United States and 9.4% to the other markets of the Portobello and Pointer Business Units; and iii) the share of sales in the Engineering channel by 17.9%.



[3] Brazilian Association of Construction Materials Industry

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Gross Profit

R$ Million	3Q23	3Q22	▲ %	▲ Abs	9M23	9M22	▲ %	▲ Abs
Net Operating Revenue	598.0	597.9	**0.0%**	0.1	1,634.6	1,700.3	**-3.9%**	(65.7)
Cost of Goods Sold (COGS)	(354.8)	(340.5)	-4.2%	(14.3)	(974.2)	(952.0)	-2.3%	(22.2)
Idleness Costs	(2.3)	-	-100.0%	(2.3)	(12.7)	-	-100.0%	(12.7)
Gross Operating Profit	**240.9**	**257.4**	**-6.4%**	**(16.5)**	**647.7**	**748.4**	**-13.4%**	**(100.6)**
Gross Margin	40.3%	43.0%	**-2.8 p.p.**		39.6%	44.0%	**-4.4 p.p.**	
Non-Recurring Events:	**-**	**0.0**	0.0%	**(0.0)**	**-**	(2.5)	100.0%	**2.5**
1) DIFAL unconstitutionality reversal	-	-	0.0%	0.0	-	(2.5)	100.0%	2.5
Adjusted and Recurring Gross Profit	**240.9**	**257.4**	**-6.4%**	**(16.5)**	**647.7**	**745.9**	**-13.2%**	**(98.2)**
Adjusted and Recurring Gross Margin	40.3%	43.0%	**-2.8 p.p.**		39.6%	43.9%	**-4.2 p.p.**	

Adjusted and Recurring Gross Profit in 3Q23 decreased -6.4% vs. 3Q22 and -2.8 p.p. in the gross margin. The company recorded progress compared to 2Q23, showing the beginning of the recovery process expected for the second semester of the year. The result in 3Q23 was mainly impacted by: (i) inflationary pressure on goods, services, labor throughout 2022, reflected in the income of 2023; (ii) retraction in the scenario of sectoral margins, partially offset by commercial strategies to make prices more flexible for specific products, seeking to maintain the market share and better production planning without impacting inventories and (iii) the start of production at the Portobello America plant, which is still going through a process of evolution in productivity and efficiency, in line with the strategic plan. We highlight the +41.1% increase in natural gas throughout 2022, based on data from the Ministry of Mines and Energy. However, it started presenting decreases in 2023, accumulating a change of -10.3% in the year.

Operating Expenses

R$ Million	3Q23	%RL	3Q22	%RL	▲ %	▲ Abs	9M23	%RL	9M22	%RL	▲ %	▲ Abs
Operating Expenses												
Selling	(156.9)	26.2%	(145.7)	24.4%	7.7%	(11.2)	(464.6)	28.4%	(394.1)	23.2%	17.9%	(70.5)
General and Administrative	(27.6)	4.6%	(22.2)	3.7%	24.3%	(5.4)	(84.6)	5.2%	(64.6)	3.8%	31.0%	(20.0)
Other Revenues (Expenses)	1.6	-0.3%	(4.1)	0.7%	-139.0%	5.7	8.4	-0.5%	(16.6)	1.0%	-150.6%	25.0
Operating Expenses	**(182.9)**	**30.6%**	**(172.0)**	**28.8%**	**6.3%**	**(10.9)**	**(540.8)**	**33.1%**	**(475.3)**	**28.0%**	**13.8%**	**(65.5)**
Non-Recurring Revenues	(0.4)	0.1%	(4.7)	0.8%	-92.2%	4.3	(2.5)	0.2%	(10.5)	1%	-76.4%	8.0
Adjusted Operating Expenses	**(183.3)**	**30.6%**	**(176.7)**	**29.6%**	**3.7%**	**(6.6)**	**(543.3)**	**33.2%**	**(485.8)**	**28.6%**	**11.8%**	**(57.5)**

Adjusted Operating Expenses in 3Q23, when analyzed as a percentage of Net Revenue, increased 1.0 p.p. compared to 3Q22.

The biggest changes in absolute terms were concentrated in Portobello America (+ 47.3% vs. 3Q22) due to the marketing strategy and team structuring, adopted in the demand building stage for the startup of operations at the new plant. Without strategic expenses, the Company would have reduced expenses of R$ 11.4 million in absolute terms.

Sales Expenses: Increase of R$ 11.2 million (+7.7%) vs 3Q22, justified by additional investments in the Company's strategic projects that will bring future results, as previously mentioned.

General and Administrative Expenses: They showed an increase of R$ 5.4 million (+ 24.3%) vs. 3Q22, reached through discipline and decrease plan; however, still covering investments in the structure of the operations teams with the highest growth, mainly in the Portobello America and Portobello Shop Business Units. Such investments are in line with the Company's strategic planning and should be supported by expected growth and expenses should be diluted proportionally to the development of operations.

Other Revenues and Expenses: in 3Q23, they mainly refer to the recognition of tax credits and update of provisions.

EBITDA and Adjusted EBITDA

R$ Million	3Q23	3Q22	▲ %	▲ Abs	9M23	9M22	▲ %	▲ Abs
Net Income	**4.0**	**52.5**	**-92.4%**	**(48.5)**	**(49.4)**	**143.9**	**-134.4%**	**(193.3)**
(+) Financial Expenses	48.1	20.6	133.2%	27.5	147.0	71.7	105.0%	75.3
(+) Depreciation and Amortization	36.7	24.0	52.6%	12.6	101.5	65.9	54.0%	35.6
(+) Income Taxes	5.9	12.2	- 51.2%	(6.2)	9.3	57.2	- 83.7%	(47.9)
EBITDA	**94.7**	**109.1**	**-13.1%**	**(14.3)**	**208.3**	**338.7**	**-38.5%**	**(130.3)**
EBITDA Margin	**15.8%**	**18.2%**	**-2.4 p.p.**	- 2%	**12.7%**	**19.9%**	**-7.2 p.p.**	- 7%
Non-Recurring Events:	**(0.4)**	**(4.7)**			**(2.5)**	**(13.0)**	1052.9 p.p.	10.5
1) DIFAL unconstitutionality reversal	-	(5.3)			-	(12.3)		
2) Other Favorable Outcomes in Lawsuits	(0.4)	0.5			(0.4)	(0.7)		
4)COFINS - Tax optimization	-	-			(1.4)	-		
5) Recognition and Restatements of Lawsuits	-	-			(1.5)	-		
6) Commissions	-	-			0.8	-		
Adjusted and Recurring EBITDA	**94.4**	**104.3**	**-9.5%**	**10.0**	**205.9**	**325.8**	**-36.8%**	**119.9**
Adjusted and Recurring EBITDA Margin	**15.8%**	**17.4%**	**-1.7 p.p.**		**12.6%**	**19.2%**	**-6.6 p.p.**	

Adjusted and Recurring EBITDA in 3Q23 was R$ 94.4 million, accounting for a decrease of -9.5% vs. 3Q22, resulting in an Adjusted and Recurring EBITDA Margin of 15.8%, -1.7 p.p. lower than 3Q22. To determine the adjusted result, gains on restatements of lawsuits were not considered. As with the gross margin, despite the drop, such result reflects an improvement compared to 2Q23, reinforcing the recovery sought by the Company in 2S23.

The result reflects the Company's resilience when facing a market situation marked by activities in the civil construction sector repressed by high interest rates and inflation, already starting the decrease process and estimates of more cut-offs until the end of 2023. Even in a moment where the demand for ceramic tiles was the lowest since 2019 and close to the lowest levels of the last 10 years, the Company managed to support investments in strategic projects at Portobello America and Portobello Shop. In line with its strategy, the Company will start presenting good profitability levels in 2023 with the start of operations at the plant in Portobello America. The Company will continue prioritizing the construction and optimization of the equation between volume performance, price flexibility, innovation and ongoing improvement of the product mix, coupled with discipline in cost, expense and investment management.

Net Income

R$ Million	3Q23	3Q22	▲ %	▲ Abs	9M23	9M22	▲ %	▲ Abs
EBITDA	**94.7**	**109.1**	**-13.1%**	**-14.3**	**208.3**	**338.7**	**-38.5%**	**-130.4**
(-) Financial Expenses	(48.1)	(20.6)	-133.2%	-27.5	(147.0)	**(71.7)**	-105.0%	-75.3
(-) Depreciation and Amortization	(36.7)	(24.0)	-52.6%	-12.6	(101.5)	**(65.8)**	-54.2%	-35.7
(-) Income Taxes	(5.9)	(12.2)	51.2%	6.2	(9.3)	**(57.2)**	83.7%	47.9
Net Income	**4.0**	**52.2**	**-92.4%**	**-48.2**	**(49.4)**	**143.9**	**-134.3%**	**-193.3**
Net Margin	**0.7%**	**8.7%**	**-8.1 p.p.**		**-3.0%**	**8.5%**	**-11.5 p.p.**	
Non-Recurring Events:	**(0.2)**	**(3.6)**			**(14.7)**	**(11.5)**		
(1) DIFAL unconstitutionality reversal	-	(5.3)			-	(12.3)		
	-	(0.3)			-	(0.8)		
(2) Recognition and Restatements of Lawsuits	-	(0.3)			18.2	(2.8)		
(3) Others[1]	(0.2)	2.3			(0.8)	4.4		
Adjusted and Recurring Net Income	**3.7**	**48.9**	**-92.4%**	**-45.2**	**(34.7)**	**132.5**	**-126.2%**	**-167.2**
Adjusted and Recurring Net Margin	**0.6%**	**8.2%**	**-7.6 p.p.**		**-2.1%**	**7.8%**	**-9.9 p.p.**	

The high interest rates that still impact the Portobello Group's market continue having an influence on the Company's financial result. Higher gross debt, coupled with high interest rates, led to an increase of R$ 27.5 million in interest expenses compared to 3Q22. Furthermore, the financial result had positive effects from exchange variation in 3Q22, which were not recorded in 3Q23.

The recovery in operating results in 3Q23 was partially offset by the increase in financial expenses, resulting in an Adjusted and Recurring Net Income of R$ 3.7 million. The resumption estimated for the second semester showed a positive effect; however, in a subtle manner, which is why the Company acts on several fronts to ensure greater operating cash generation and prioritization of investments, thus reducing financial leverage and cost of financing.

Cash Flow

R$ Million	3Q23	3Q22	▲ %	▲ Abs	9M23	9M22	▲ %	▲ Abs
Activities								
Operating	88.1	98.6	-10.6%	(10.5)	97.0	222.4	-56.4%	(125.4)
Investment	(68.5)	(93.5)	26.7%	25.0	(272.7)	(167.4)	-62.9%	(105.3)
Financing	(102.9)	(61.5)	-67.3%	(41.4)	245.3	(110.6)	321.8%	355.9
Changes in Cash	(83.3)	(56.4)	-47.7%	(26.9)	69.6	(55.5)	225.4%	125.1
Opening Balance	**409.0**	**190.5**	**114.7%**	**218.5**	**256.1**	**189.7**	**35.0%**	**66.4**
Closing Balance	**325.7**	**134.2**	**142.7%**	**191.5**	**325.7**	**134.2**	**142.7%**	**191.5**

The Company ended 3Q23 with a cash position of approximately R$ 326 million, an increase of R$ 191 million vs. 3Q22. The main changes occurred in financing activities with payments between interest and amortizations in the amount of R$ 118 million. The Company continues focusing its efforts on efficient debt and cash management, always seeking to optimize debt costs, coupled with the best timing of amortizations.

Furthermore, there was a lower level of investment activities in the period, due to the timing of the flow of payments for investments made in Portobello America and Portobello Shop.

The Company's operating activities generated a cash of R$ 88.1 million, a decrease of R$ 10.5 million in 3Q23 compared to 3Q22, due to higher costs that negatively impact the operating margin.

Working Capital

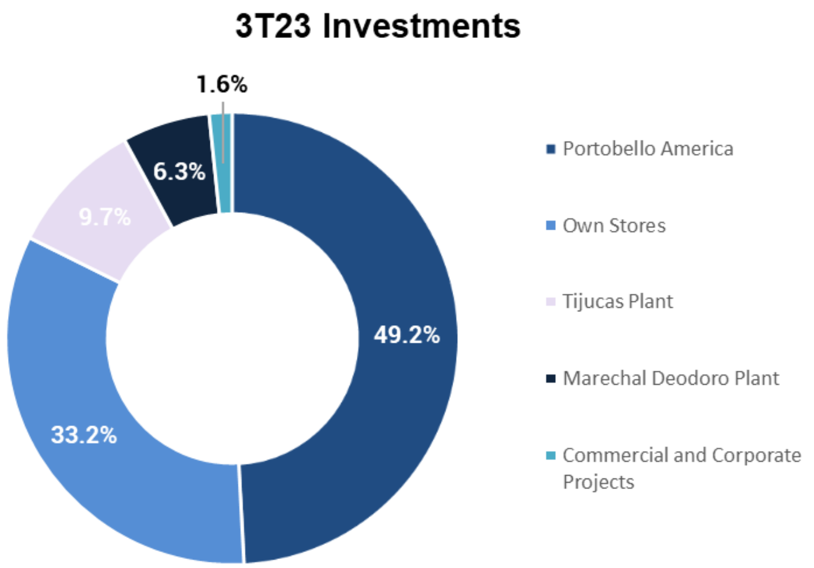
		3Q23	3Q22	▲ %	▲ Abs	2Q23	▲ %	▲ Abs
R$ million	Accounts Receivable	210.6	359.9	-41.5%	(149.3)	226.0	-6.8%	(15.4)
	Inventories	467.9	418.7	11.8%	49.3	475.0	-1.5%	(7.1)
	Suppliers	(403.0)	(404.6)	-0.4%	1.6	(362.7)	11.1%	(40.3)
	Working Capital	**275.5**	**373.9**	**-26.3%**	**(98.4)**	**338.3**	**-18.6%**	**(62.8)**
Days	Accounts Receivable	34	47	-28.0%	(13)	34	0.0%	-
	Inventories	131	116	13.0%	15	128	2.7%	3
	Suppliers	(106)	(116)	-8.6%	10	(95)	11.6%	(11)
	Cash Convertion Cycle (CCC)	**59**	**47**	**25.2%**	**12**	**67**	**-11.3%**	**(8)**

The Company's Working Capital decreased in 3Q23, totaling R$ 275 million, R$ 62.8 million below 2Q23 (-18.6%). The Cash Conversion Cycle in 3Q23 was 59 days, eight days lower than in 2Q23. The improvement in terms of the receivables portfolio partially offset the increase in terms of inventories and the reduction in terms with suppliers. Compared to 3Q22, the change in Working Capital was -R$ 98.4 million, and the change in Cash Conversion Cycle was 12 days.

Investments

In 3Q23, investments totaled R$ 66 million, of which 49.2% were allocated to the project for the new Portobello America plant, 33.2% at Portobello Shop, among own stores and digital evolution, 9.7% were allocated to the UN Portobello plant in Tijucas-SC, 6.3% to investments in the industrial plant of Pointer and 1.6% for commercial and corporate projects.

The investments made in Portobello America are mainly related to the acquisition of machinery and equipment for phase 1 of the new plant, which started operating in July 2023. The plant is one of the most modern ceramic tile and flooring plants in the United States, with state-of-the-art technology in all its facilities.

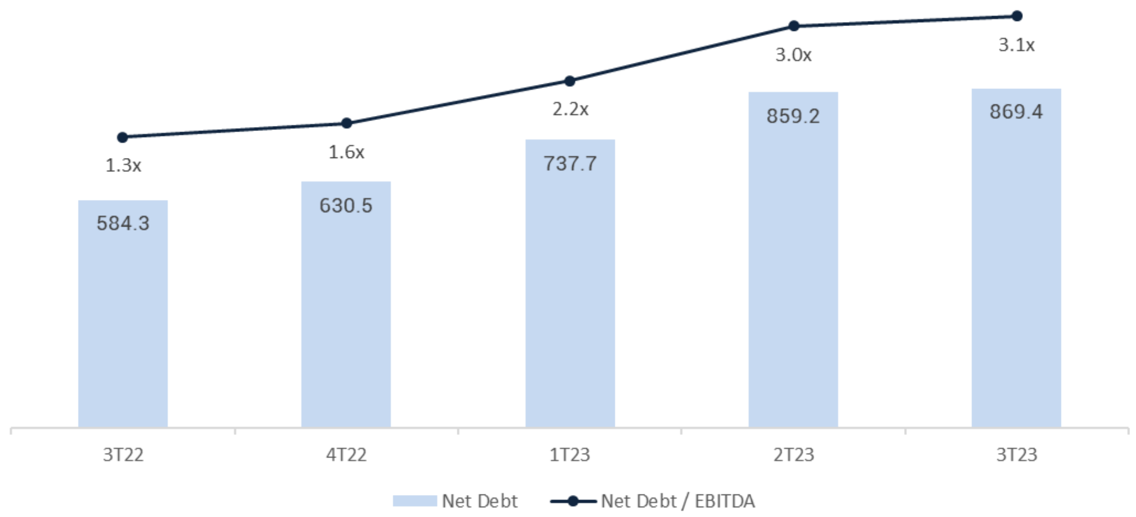


Indebtedness and Capital structure

The Company's Net Debt ended the quarter at R$ 869 million, accounting for an increase of R$ 131.7 million vs. 1Q23. The Company's debt follows the investment plan in strategic projects and working capital, in addition to supporting a healthy cash position at a time when cash generation is more compromised. The decrease in Adjusted and Recurring EBITDA for the last 12 months to R$ 276 million, added to the higher level of indebtedness, led to a financial leverage of 3.1x. The Company expects that this leverage level will be reduced as EBITDA increases in the coming quarters replaces the lower results of previous quarters. Portobello Group continues to have discipline in financial management as one of its priorities, focused on the constant optimization of the Cash Conversion Cycle.

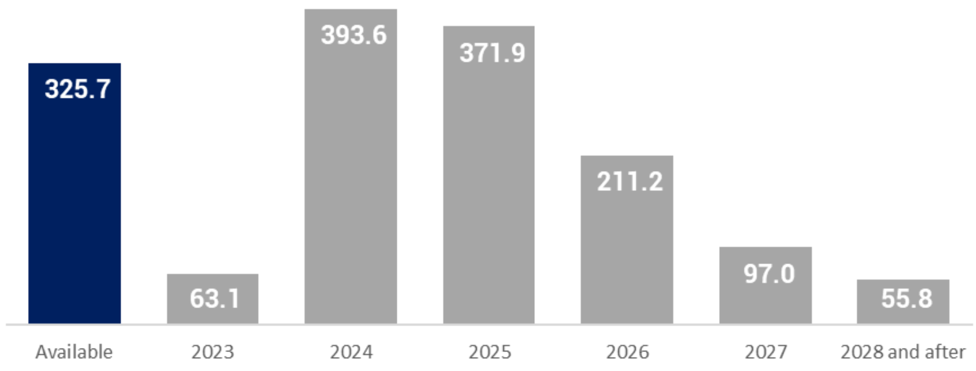
R$ million	3Q23	2Q23	1Q23	4Q22	3Q22
Gross Bank Debt[1]	**1,195.1**	**1,268.2**	**1,127.4**	**886.6**	**718.4**
Cash and Cash Equivalents	(325.7)	(409.0)	(389.7)	(256.1)	(134.2)
Net Indebtedness	**869.4**	**859.2**	**737.7**	**630.5**	**584.3**
EBITDA (LTM)	276.0	290.4	337.6	406.2	433.2
Adjusted and Recurring EBITDA (LTM)	266.5	276.7	325.4	385.1	422.3
Net Debt- to- EBITDA ratio	**3.1**	**3.0**	**2.2**	**1.6**	**1.3**

In 3Q23, the amount of R$ 85.8 million of contracted Bank Debt was amortized. Funding totaled R$ 1.5 million.



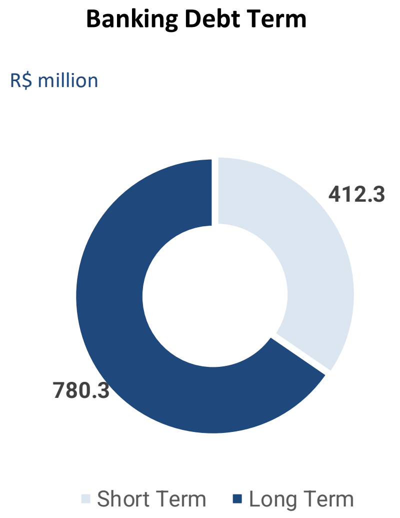
At the end of 3Q23, all covenants related to the leverage ratio were met, which could lead to the early maturity of financing contracts and debentures if not complied with.

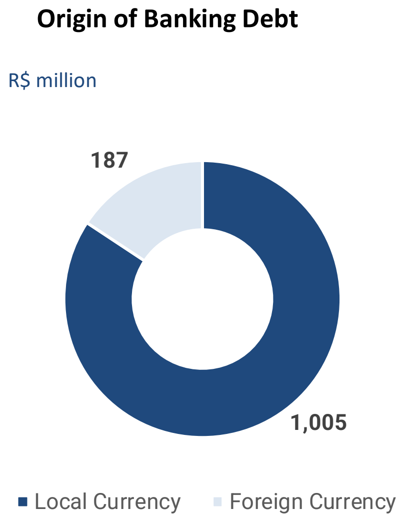
The details of the amortization schedule (Gross Banking Debt) can be found below:



Gross Bank Debt maturing in the short term represents 34.6% of the total, a 1.4 p.p. increase compared to 2Q23. The remaining debt matures in the long term, as shown in the amortization schedule above. The Gross Banking Debt is mostly in domestic currency (84.3%). The average total cost of Banking Debt is 14.0% per annum and the average term is 3.8 years, vs 4.3 in 3Q22.

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





2023 Outlook and Strategic Planning

- The Company expects a market improvement for the second semester of the year, greater than in the first semester of the year, due to seasonality and with a gradual recovery for the Brazilian ceramic tile sector. Sector experts point to a recovery, with growth in volumes in both the dry and wet methods.

- The North American construction sector recorded a decrease in 2S22, which was also reflected in Portobello America's performance in 1S23. Housing starts data has not shown any evolution in recent months, which indicates that the ceramic tiles market tends not to show a significant recovery in 2023, with stability for local producers.

- **Portobello Shop:** Evolution of Portobello Shop's results, with growth in the store network and sell-out, driven by the expansion of Same Store Sales and sales influenced by Digital channel, in addition to advances in large strategic accounts.

- **Portobello America:** prospects for accelerating sales and expanding margins with the start of production at the plant in the USA.

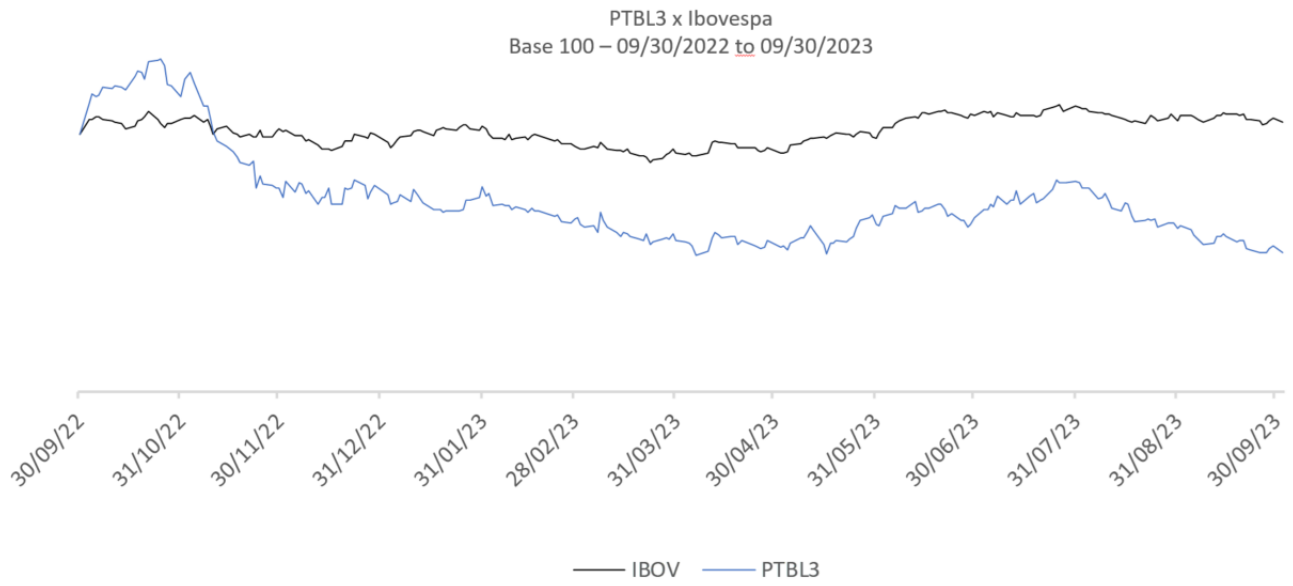
- The Company has a positive outlook for working capital, with actions to reduce inventories in all Units and improve payment terms and receivables, maintaining a controlled default level.

- The Group maintains a perspective of strategic investments concentrated mainly in PBA and Portobello Shop throughout 2023.

- Perspective of continuous reduction in the level of net leverage (net debt and adjusted and recurring EBITDA ratio over the last 12 months) with a downward trend in the coming months.

PTBL3 Stock Performance

Shares traded under the PTBL3 ticker closed the trading session on September 30, 2023 at R$ 5.82, presenting a decrease of -43.4% when compared to the closing of 3Q22 (quoted at R$ 10.29). The average daily financial volume traded (ADTV) in 3Q23 was R$ 9.4 million. At the end of the quarter, the Company had a market value equivalent to R$ 820 million.



Independent Audit

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

Portobello Grupo

Financial Statements

Balance Sheet

Assets	3Q23	AV %	3Q22	AV %	Var%
Current assets	**1,191.1**	**39.2%**	**1,103.1**	**44.5%**	**8.0%**
Cash and cash equivalents	325.7	10.7%	256.1	10.3%	27.2%
Trade Receivables	312.8	10.3%	314.5	12.7%	-0.5%
Inventories	467.9	15.4%	455.0	18.3%	2.8%
	18.3	0.6%	11.8	0.5%	55.1%
Other	66.4	2.2%	65.7	2.6%	1.1%
Non-current assets	**1,844.4**	**60.8%**	**1,376.7**	**55.5%**	**34.0%**
Long-term assets	**264.9**	**8.7%**	**375.0**	**15.1%**	-29.4%
Judicial deposits	12.8	0.4%	106.7	4.3%	-88.0%
Judicial assets	114.8	3.8%	140.3	5.7%	-18.2%
Guarantee deposit	19.4	0.6%	19.4	0.8%	0.2%
Receivables - Eletrobrás	0.0	0.0%	12.8	0.5%	-100.0%
Restricted financial investments	10.1	0.3%	9.3	0.4%	8.7%
Recoverable taxes and deferred tax	67.6	2.2%	19.4	0.8%	247.7%
Other non-current assets	40.2	1.3%	67.0	2.7%	-40.0%
Fixed assets	**1,579.5**	**52.0%**	**1,001.7**	**40.4%**	**57.7%**
PPE, Intangible Assets and Investments	1079.4	35.6%	813.6	32.8%	32.7%
Right of Use of Leased Assets	496.8	16.4%	187.7	7.6%	164.6%
Other investments	3.3	0.1%	0.3	0.0%	848.3%
Total assets	**3,035.5**	**100.0%**	**2,479.8**	**100.0%**	**22.4%**

Liabilities	3T23	AV %	3T22	AV %	Var%
Current liabilities	**1,213.4**	**40.0%**	**945.1**	**38.1%**	**28.4%**
Loans and Debentures	412.3	13.6%	165.9	6.7%	148.5%
Trade Payables and Credit Assignment	421.3	13.9%	378.8	15.3%	11.2%
	42.8	1.4%	82.0	3.3%	-47.8%
Lease obligations	49.1	1.6%	26.4	1.1%	86.0%
Tax liabilities	54.9	1.8%	43.2	1.7%	27.1%
Payroll and related taxes	89.5	2.9%	64.6	2.6%	38.5%
Advances from Customers	102.2	3.4%	84.5	3.4%	20.9%
Other	41.3	1.4%	99.7	4.0%	-58.6%
Non-current liabilities	**1,439.9**	**47.4%**	**1,067.5**	**43.0%**	**34.9%**
Loans and Debentures	780.3	25.7%	717.7	28.9%	8.7%
Suppliers	-	0.0%	94.4	3.8%	-100.0%
	139.4	4.6%	28.1	1.1%	396.1%
Debts with related parties	56.3	1.9%	56.3	2.3%	0.0%
Provisions	89.6	3.0%	88.4	3.6%	1.4%
Lease obligations	351.0	11.6%	51.4	2.1%	582.9%
Other Non Current Liabilites	23.3	0.8%	31.3	1.3%	-25.6%
Equity	**382.2**	**12.6%**	**467.2**	**18.8%**	**-18.2%**
Capital	250.0	8.2%	250.0	10.1%	0.0%
Earnings reserve	177.2	5.8%	255.3	10.3%	-30.6%
Other comprehensive income	(45.0)	-1.5%	(38.1)	-1.5%	18.1%
Total liabilities	**3,035.5**	**100.0%**	**2,479.8**	**100.0%**	**22.4%**

Statement of Income

R$ Million	3Q23	3Q22	9M23	9M22
Net Sales Revenue	598.0	597.9	1,634.6	1,700.3
Cost of goods sold	(357.1)	(340.5)	(986.9)	(952.0)
Gross Operating Profit	**240.9**	**257.4**	**647.7**	**748.4**
Operating Income (Expenses), Net	**(182.9)**	**(172.1)**	**(540.8)**	**(475.5)**
Selling	(156.9)	(145.7)	(464.6)	(394.1)
General and Administrative	(27.6)	(22.2)	(84.6)	(64.6)
Other Operating Income (Expenses), Net	1.6	(4.2)	8.4	(16.7)
Operating Profit before Financial Income	**58.0**	**85.3**	**106.9**	**272.9**
Financial Result	**(48.1)**	**(20.7)**	**(146.9)**	**(71.8)**
Financial Revenues	11.4	4.9	29.9	14.9
Financial Expenses	(57.8)	(34.1)	(171.2)	(90.9)
Net exchange rate change	(1.7)	8.5	(5.6)	4.3
Income (loss) before income taxes	**9.9**	**64.6**	**(40.0)**	**201.1**
Income Tax and Social Contribution	(5.9)	(12.1)	(9.3)	(57.2)
Net income (loss) for the Period	**4.0**	**52.5**	**(49.3)**	**144.0**

Cash Flow

R$ Million	3Q23	3Q22	9M23	9M22
Net cash from operating activities	**88.1**	**98.6**	**97.0**	**222.4**
Cash from operations	72.1	124.2	208.0	322.7
Changes in assets and liabilities	62.0	22.1	4.0	14.4
Interest paid and income taxes paid	(46.0)	(47.8)	(115.0)	(114.7)
Net cash used in investment activities	**(68.5)**	**(93.5)**	**(272.7)**	**(167.4)**
Acquisition of property, plant and equipment	(66.2)	(67.9)	(300.6)	(146.1)
Acquisition of intangible assets	(22.3)	(8.0)	(41.2)	(15.6)
	-	(44.8)	-	(105.0)
	(3.0)	-	(3.0)	-
Receipt for the sale and reimbursement of fixed assets	-	-	-	55.8
Other investments	23.0	27.2	72.1	43.5
Net cash provided by (used in) financing activities	**(102.9)**	**(61.5)**	**245.3**	**(110.6)**
Funding loans and financing	1.5	1.9	414.1	16.7
Payment of loans and financing	(85.8)	(12.6)	(120.3)	(61.0)
Dividends paid	-	(43.3)	-	(46.9)
Lease Amortization	(18.6)	(7.5)	(48.5)	(19.5)
Treasury acquisitions	-	-	-	-
Increase/(Decrease) in Cash for the period/year	**(83.3)**	**(56.4)**	**69.6**	**(55.5)**
Opening Balance	**409.0**	**190.5**	**256.1**	**189.7**
Closing Balance	**325.7**	**134.2**	**325.7**	**134.2**

Please visit the Investor Relations website:
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