



Portobello Grupo  
**4Q21 Results**

# **PBG S.A.**

## **Release of 4Q21 results**

**December 31<sup>st</sup>, 2021**

Share Price (12/31/2021)

PTBL3 – R\$ 9.64

Market Value (12/31/2021)

R\$ 1,422.2 million

US\$ 254.9 million

Number of shares (12/31/2021)

Common: 147,529,703

Treasury: 6,542,817

Number of shares (03/17/2022)

Common: 140,986,886

Free Float = 39.5%

### **Investor Relations**

#### **Ronei Gomes**

Chief Financial and Investor Relations Officer

#### **Roger Nickhorn**

Financial Planning and Investor Relations Sr. Manager

[dri@portobello.com.br](mailto:dri@portobello.com.br)

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

# Portobello Grupo

**Portobello Grupo consolidates a new level of operational performance in 2021.**

**Net Revenue of R\$ 1.9 billion, EBITDA of R\$ 365 million and Net Income of R\$ 188 million**

Tijucas, March 17<sup>th</sup>, 2022. PBG S.A. (B3: PTBL3), the largest ceramic tile company in Brazil, announces its results for the fourth quarter of 2021 (4Q21). The financial information reported herein is derived from PBG S.A.'s consolidated Quarterly Financial Information, prepared in accordance with the standards issued by the Accounting Pronouncements Committee (CPC) and the International Financial Reporting Standards (IFRS).

## 4Q21 and 2021 Highlights

- **Net Revenue of R\$ 520.2 million in 4Q21**, with growth of **29.7% over 4Q20** and **R\$ 1.9 billion in 2021**, with growth of **43.6% over 2020**, with growth in all Business Units and highlighting **retail operations in Brazil and international market**.
- **Adjusted and Recurring Gross Margin of 45.1% in 4Q21**, up **5.8 pp over 4Q20**. In 2021, Adjusted and Recurring Gross Margin reached **43.3%**, **6.6 pp above 2020**.
- **Adjusted and Recurring EBITDA of R\$ 96.4 million in 4Q21**, **R\$ 21.8 million or 29.1% over 4Q20**. In 2021, Adjusted and Recurring EBITDA was **R\$ 365.4 million**, **R\$ 190.8 million or 109.3% higher than in 2020** and with **EBITDA Margin of 19.1%**, an improvement of **6.0 pp over 2020**.
- **Adjusted and Recurring Net Income of R\$ 49.3 million in 4Q21**, **R\$ 14.4 million or 41.5% higher than in 4Q20**. In the year 2021, Adjusted and Recurring Net Income reached **R\$ 188.0 million**, an increase of **R\$ 101.7 million or 117.8% over 2020**.
- **Working Capital Investment of R\$ 270.4 million**, with an increase of **R\$ 75.1 million over 4Q20**, but with an improvement in the **Cash Conversion Cycle**, reaching 32 days in 4Q21 compared to 42 days in 4Q20 (a 10-day reduction).
- **Net Debt of R\$ 576.9 million in 4Q21**, an increase of **R\$ 175.6 million over 4Q20**, although **Net Debt/Adjusted and Recurring EBITDA reduced to 1.6 times in 4Q21**, an improvement of **0.7 times over 4Q20** due to the strong growth in Adjusted and Recurring EBITDA and decrease in the Cash Conversion Cycle.
- **PTBL3 price ended the year 2021 at R\$ 9.64**, an appreciation of **40.5% over December 31, 2020**.

	4Q20	4Q21	▲ %	▲ Abs	2020	2021	▲ %	▲ Abs	
Performance	Net Revenue	401.1	520.2	29.7%	119.0	1,331.8	1,912.1	43.6%	580.3
	Adjusted and Recurring Gross Profit	157.5	234.7	49.0%	77.2	488.4	827.1	69.3%	338.7
	Adjusted and Recurring Gross Margin	39.3%	45.1%	5.8 p.p.		36.7%	43.3%	6.6 p.p.	
	Net Income	34.8	54.9	57.8%	20.1	128.2	216.2	68.7%	88.1
	Net Margin	8.7%	10.6%	1.9 p.p.		9.6%	11.3%	1.7 p.p.	
	Adjusted and Recurring Net Income	34.8	49.3	41.5%	14.4	86.3	188.0	117.8%	101.7
	Adjusted and Recurring Net Margin	8.7%	9.5%	0.8 p.p.		6.5%	9.8%	3.4 p.p.	
	EBITDA	74.7	94.5	26.5%	19.8	175.3	360.9	105.9%	185.6
	EBITDA Margin	18.6%	18.2%	-0.5 p.p.		13.2%	18.9%	5.7 p.p.	
	Adjusted and Recurring EBITDA	74.7	96.4	29.1%	21.8	174.5	365.4	109.3%	190.8
Adjusted and Recurring EBITDA Margin	18.6%	18.5%	-0.1 p.p.		13.1%	19.1%	6 p.p.		
Indicators	Working Capital (R\$)	195.3	270.4	38.5%	75.1				
	Cash Conversion Cycle (days)	42	32	-23.8%	(10)				
	Net Debt	401.4	576.9	43.7%	175.6				
	Net debt/EBITDA	2.3	1.6	-30.2%	(0.7)				
	Adjusted and Recurring Net Debt/EBITDA	2.3	1.6	-31.4%	(0.7)				
PTBL3	Share Price	6.86	9.64	40.5%	2.78				

# Portobello Grupo

## Message from Management

In 2021, Portobello Group consolidated the new operational performance level that has been taking place since the second semester of 2020, when all its industrial units started to operate at full capacity - and maintained this level since then - with revenue growth, maintenance of high levels of gross margin and expense dilution, despite strong cost pressure. The positive performance was presented in all Business Units, but mainly in the retail operations in Brazil and international businesses. The year was the best in the history of over 42 years of Portobello Group in terms of revenue, margins, cash generation, distribution of dividends, among several other indicators, and was achieved thanks to the effort and commitment of the more than 3,700 employees who are part of the Group.

The ceramic tile market continues to live a very positive moment, with high demand, and Portobello Group channeled opportunities and boosted its performance by focusing on generating value for the Company and on the service level provided to clients.

The amount of R\$ 102.7 million was distributed in dividends to shareholders during the year, equivalent to 50% of net income, net of capital reserves, in addition to R\$ 63.0 million regarding fiscal year 2020, corresponding to a dividend yield of 15.3% over the closing price of the year 2020. Furthermore, a total of 13.5 million shares were repurchased in the amount of R\$ 153.7 million (average price of R\$ 11.38 per share), equivalent to 8.8% of the total shares before these operations, and all repurchased shares were cancelled. Considering the dividends distributed and shares repurchased, a total of R\$ 319.4 million was paid to the Company's shareholders in 2021.

Keeping the strategic guideline of international growth, Portobello Group started the works on the new plant in the United States in 4Q21. The project for the new unit, approved by the Board of Directors in 3Q21, should start operating in early 2023 with an investment of US\$ 160 million, of which approximately 50% will be financed with BtS (*Built to Suit*) transaction and approximately 50% through own funds for the purchase of equipment with long-term financing from suppliers. The project is in the final phase of the contraction of an international partner for the long term financing in a BtS operation.

Net Revenue in 4Q21 totaled R\$ 520.2 million, maintaining the level above R\$ 500 million, reached in 3Q21 for the first time in the Group's history, with growth of 29.7% over 4Q20. Moreover, Net Revenue totaled R\$ 1,912.1 million in 2021, up 43.6% over 2020.

In the domestic market, Net Revenue in 4Q21 grew 28.8% over 4Q20 and, in 2021, there was a growth of 41.9% over 2020. According to ABRAMAT (Brazilian Association of Construction Materials Industries), in 2021, the sales of the construction materials market had a nominal growth of 37.9% over the last year, which demonstrates the strong growth of operations compared to the domestic market and the consistent increase in market share.

In the foreign market, Net Revenue increased 33.2% in 4Q21 over 4Q20 (36.9% in Dollars) and 50.0% growth in 2021 over 2020 (47.0% in Dollars). This growth was due to the expansion of distribution and increase in the average ticket in United States, an increase in the volume sold by Portobello America Business Unit, as well as the greater international presence of Portobello and Pointer Business Units.

The Adjusted and Recurring Gross Margin continued presenting a positive performance, reaching 45.1% in 4Q21, accounting for an increase of 5.8 pp over 4Q20, and 43.3% in 2021, with an improvement of 6.6 pp over 2020, mainly due to price increases, better product mix and productivity/cost efficiency initiatives and gains of scale.

Adjusted and Recurring EBITDA reached R\$ 96.4 million in 4Q21, with Adjusted and Recurring EBITDA Margin of 18.5%, in line with 4Q20. In 2021, the Company's Adjusted and Recurring EBITDA reached R\$ 365.4 million in 2021, with an Adjusted and Recurring EBITDA Margin of 19.1% and an increase of 6.0 pp over 2020, due to the increase in Adjusted and Recurring Gross Margin of 6.6 pp, and the decrease of Adjusted Operating Expenses of 0.2 pp over 2020 in relation to Net Revenue, due to gains of scale.



## Portobello Grupo

Working Capital investment in 4Q21 was R\$ 270.4 million, accounting for an increase of R\$ 75.1 million over 4Q20, with an increase in business volume being mitigated by the 10-day reduction in the Cash Conversion Cycle, reaching 32 days in 4Q21, compared to 42 days in 4Q20. Said reduction was due to the improvement in the management of the receivables portfolio and the initiatives to extend supplier terms.

The Company ended 4Q21 with a net debt of R\$ 576.9 million, with a Net Debt/Adjusted and Recurring EBITDA of 1.6 times. The 0.7 times decrease in leverage compared to 4Q20 was due to the consistent increase in Adjusted and Recurring EBITDA, coupled with an improvement in the Cash Conversion Cycle.

In 3Q21, the Company raised R\$ 430 million in the market through the issuance of Debentures and Export Credit Notes (NCEs) with a payment term of 5 years and a 2-year grace period. As part of the strategy to raise funds and lengthen the bank debt profile, the Company settled the shorter-term bank debt in 4Q21, bringing the average bank debt duration to 4.4 years, which represents an extension of 0.8 years over the average term at the end of 2020.

CapEx investments in 4Q21 totaled R\$ 47.6 million, of which 38% were allocated to investments in the Portobello America Business Unit and 50% to investments in the Tijucas-SC plant. In 2021, the amount invested was R\$ 114.8 million, being 34% allocated to investments in Portobello America and 36% to the Tijucas-SC plant. The other investment amounts were mainly allocated to the commercial projects of the Portobello Shop Unit and the Group's corporate projects.

### Business Unit Performance

The Portobello Shop Business Unit ended 4Q21 with Net Revenue of R\$ 183.3 million, accounting for an increase of 45.9% over 4Q20. In 2021, it reached R\$ 632.6 million, with growth of 60.7% over 2020, through the management of 138 stores across the country, of which 18 are own units. The ICVA (Cielo Broad Retail Index), which measures the construction materials retail sector in Brazil in value, recorded nominal growth of 4.6% in 2021 over 2020. Net Revenue from own stores grew 78.3% in 2021 over 2020 and increased its share of the Business Unit's total by 3.2 pp, reaching 32.7%. The Business Unit's Adjusted and Recurring Gross Margin also improved and achieved 46.6% in the 4Q21 with an increase of 6.5 p.p. over 4Q20, and in 2021, 45.5% with an improvement of 7.9 p.p. over 2020.

The Portobello Business Unit recorded Net Revenue in 4Q21 of R\$ 243.4 million, accounting for an increase of 23.0% over 4Q20, and it reached R\$ 904.7 million in 2021, an increase of 32.6% over 2020. The growth achieved in 2021 in all channels (exports, multibrand resale and engineering) was leveraged by the strong advance in the mix qualification, particularly with growth in porcelain tile panels produced in Tijucas-SC plant and channel management, with emphasis on the Foreign Market, with growth of 44.3% (41.1% in Dollars). Throughout 2021, the Business Unit kept operating at full capacity, which, coupled with the efficiency gain program, the improvement in the sales mix and the price increase, enabled the growth of Adjusted and Recurring Gross Margin to 46.6% in 4Q21, advancing 7.3 pp over 4Q20. Moreover, it reached 44.3% in 2021, also showing a positive evolution of 7.3 p.p. over 2020. The Business Unit's focus during 4Q21 was on improving service levels, coupled with the correct balance of inventories and meeting the strong demand, in addition to implementing ESG actions, such as the revitalization of the Tijucas-SC plant and reductions in water consumption.

The Pointer Business Unit, the Group's democratic design brand, reached Net Revenue of R\$ 69.1 million in 4Q21, a growth of 6.1% over 4Q20. In 2021, the net revenue amounted to R\$ 269.8 million, a 45.2% over 2020, with a positive performance in all channels due to the volume increase, productivity gains, price management and a more qualified mix with "Superceramic" items, highlighting the foreign market that grew 99.4% (95.7% in Dollars). Adjusted and Recurring Gross Margin was 40.3%, an improvement of 1.9 p.p. over 4Q20 and in 2021, was 40.0%, an increase of 9.2 p.p. over 2020 due to the positive effects of the qualification of the product mix, pricing and the brand's positioning in the North and Northeast regions of Brazil. Also due to production at full capacity, the Business Unit continues focused on maintaining the service level in a highly demanded market.

The Portobello America Business Unit reached Net Revenue of R\$ 44.6 million in 4Q21, a growth of 43.3% over 4Q20 (51.9% in Dollars). In 2021, it reached R\$ 175.4 million, a growth of 49.3% over 2020 (48.3% in Dollars). This growth

## Portobello Grupo

was mainly due to the local distribution operation, which grew 76.9% (77.7% in Dollars) in 2021 over 2020. The Business Unit presented Adjusted and Recurring Gross Margin of 18.2% in 2021, a one-off reduction of 6.1 pp over 2020, due to the increase in costs in Reais and significant increase in international freights in 2H21. In 4Q21 Portobello America Business Unit made the price adjustments needed, taking into consideration the expected profitability, as well as the need for scale growth, building the demand to occupy the new plant in the United States. This price adjustment will start presenting results within the 1H22, with billings from the portfolio at new price levels.

### Outlook for 2022 and 1Q22

- The Company expects the premium market for construction/finishing materials to remain strong throughout 2022, with growth opportunities in relation to 2021 via price increases and product mix qualification, mainly as a result of continued cost pressure and limited installed capacity for significant growth in production volume.
- The Company expects to record growth in Net Revenue of around 20% for 2022 compared to 2021, fully driven by price increases and product mix improvement to cover cost pressure.
  - In 1Q22, the Company expects to grow its Net Revenue by around 25% over 1Q21. In January and February 2022, the Company recorded growth in Net Revenue of 25% over the same period in 2021.
- The Company continues working to improve its service levels, with the purpose of reducing delivery times, minimizing the risk of disruption and increasing the level of satisfaction of its clients. This initiative covers all Business Units and reflects the Group's effort to seek greater logistics efficiency and optimization of transport costs.
- In 2022, the Company's focus continues to be the maintenance of the Adjusted and Recurring Gross Margin in a level similar to 2021, around 43% of Net Revenue, despite the greater inflationary pressure on costs (mainly energy) through price increases, qualification of the product mix and factory productivity, in addition to strict management in the choices related to operating costs.
- The Company expects that the Adjusted and Recurring EBITDA Margin in 2022 will remain at the same level as in 2021, around 19% of Net Revenue.
- The 2022 CapEx investment plan is estimated by the Company in R\$ 280 million, of which around 40% will be allocated to the acquisition of equipment and infrastructure for the Portobello America Business Unit's plant, around 25% for strategic projects related to the growth of retail in Brazil and strengthening of the digital initiatives of the Portobello Shop Business Unit, and around 35% for investments in technological updating and expansion of the industrial plants of the Portobello and Pointer Business Units.
- Working Capital management also remains a priority for the Company and the Cash Conversion Cycle at the end of 2022 is expected to remain in line with the performance at the end of 2021, although with possible occasional increases during the quarters of the year, owing to small corrections in the inventory level with the objective of improving the service level to clients, minimized by the continuity in the improvement of the receivables portfolio and by the strategic management of supplier terms.
- The Company continues adopting its strong discipline in financial management, focusing on preserving liquidity and austerity in investment choices. The expectation is that the Net Debt/EBITDA ratio will remain at a level below 2.5 times the Adjusted and Recurring EBITDA for the year, which is the strategy approved by the Board of Directors.

### COVID-19

During 4Q21, we had the advancement of the Omicron variant, which made the Company remain cautious regarding COVID-19 security protocols, with the return of a significant portion of the administrative teams from remote work.

## Portobello Grupo

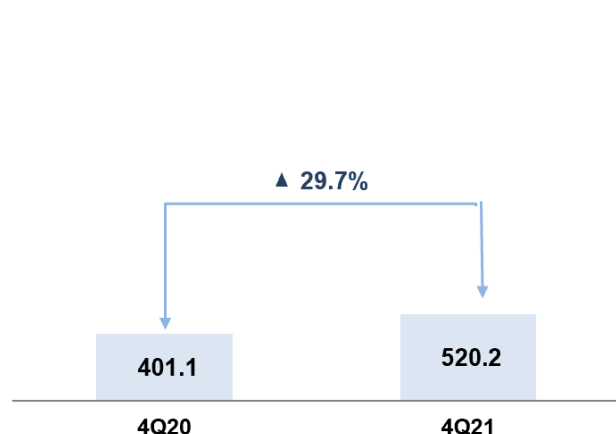
## Economic and Financial Performance

	4Q20	4Q21	▲ %	▲ Abs	2020	2021	▲ %	▲ Abs	
Performance	Net Revenue	401.1	520.2	29.7%	119.0	1,331.8	1,912.1	43.6%	580.3
	Gross Profit	157.5	234.7	49.0%	77.2	460.4	827.1	79.6%	366.6
	Gross Margin	39.3%	45.1%	5.8 p.p.		34.6%	43.3%	8.7 p.p.	
	Adjusted and Recurring Gross Profit	157.5	234.7	49.0%	77.2	488.4	827.1	69.3%	338.7
	Adjusted and Recurring Gross Margin	39.3%	45.1%	5.8 p.p.		36.7%	43.3%	6.6 p.p.	
	EBIT	57.5	71.6	24.5%	14.1	115.6	288.7	149.8%	173.2
	EBIT Margin	14.3%	13.8%	-0.6 p.p.		8.7%	15.1%	1.4p.p.	
	Net Income	34.8	54.9	57.8%	20.1	128.2	216.2	68.7%	88.1
	Net Margin	8.7%	10.6%	1.9 p.p.		9.6%	11.3%	1.7 p.p.	
	Adjusted and Recurring Net Income	34.8	49.3	41.5%	14.4	86.3	188.0	117.8%	101.7
	Adjusted and Recurring Net Margin	8.7%	9.5%	0.8 p.p.		6.5%	9.8%	3.4 p.p.	
	EBITDA	74.7	94.5	26.5%	19.8	175.3	360.9	105.9%	185.6
	EBITDA Margin	18.6%	18.2%	-0.5p.p.		13.2%	18.9%	5.7 p.p.	
Adjusted and Recurring EBITDA	74.7	96.4	29.1%	21.8	174.5	365.4	109.3%	190.8	
Adjusted and Recurring EBITDA Margin	18.6%	18.5%	-0.1 p.p.		13.1%	19.1%	6 p.p.		
Indicators	Working Capital (R\$)	195.3	270.4	38.5%	75.1				
	Cash Conversion Cycle (days)	42	32	-23.8%	(10)				
	Net Debt	401.4	576.9	43.7%	175.6				
	Net debt/EBITDA	2.3	1.6	-30.2%	(0.7)				
	Adjusted and Recurring Net Debt/EBITD/	2.3	1.6	-31.4%	(0.7)				
PTBL3	Share Price	6.86	9.64	40.5%	2.78				
	Market Value	1,012.1	1,422.2	40.5%	410.1				
	Average Trading Volume (12 Months)	241.4	718.0	197.5%	476.7				
	Average daily trading volume (ADTV)	23.9	11.8	-50.5%	(12.1)				

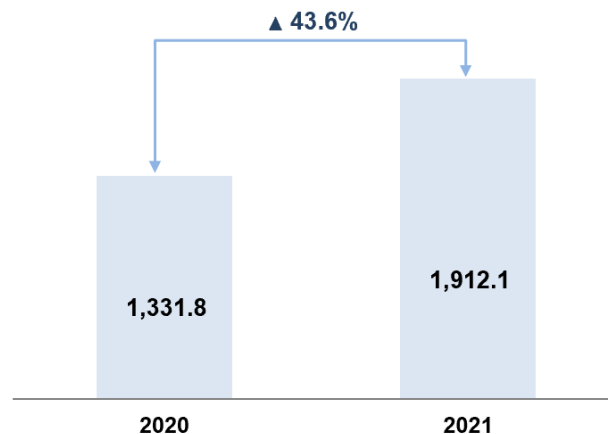
## Net Revenue

Net Revenue totaled R\$ 520.2 million in 4Q21, an increase of 29.7% over 4Q20. In 2021, Net Revenue reached R\$ 1,912.1 million, an increase of 43.6% over 2020. This growth is mainly due to: (i) higher value-added product mix, with higher prices, (ii) expansion of the share in the retail segment, and (iii) expansion of the share of international business.

R\$ Million



R\$ Million



## Portobello Grupo

Net Revenue from the domestic market grew 28.8% in 4Q21 over 4Q20 and 41.9% in 2021 over 2020, while the construction materials sector (in value) has a nominal growth by 37.9% in 2021 over 2020, according to data from ABRAMAT (Brazilian Association of Construction Materials Industries). According to ANFACER (Brazilian Association of Ceramic Tiles Manufacturers), the volume of ceramic tiles sales (in square meters) grew by 12.2% in 2021 over 2020.

Net Revenue from the export market grew 33.2% in 4Q21 over 4Q20 (36.9% in Dollars) and 50.0% in 2021 over 2020 (47.0% in Dollars). This increase was influenced by the expansion of the Portobello America Business Unit and the growth in exports by the Portobello and Pointer Business Units.

R\$ million	4Q20	4Q21	▲ %	▲ Abs	2020	2021	▲ %	▲ Abs
<b>Net Revenue</b>	<b>401.1</b>	<b>520.2</b>	<b>29.7%</b>	<b>119.0</b>	<b>1,331.8</b>	<b>1,912.1</b>	<b>43.6%</b>	<b>580.3</b>
Domestic Market	322.9	415.9	28.8%	93.0	1,063.6	1,510.2	41.9%	446.6
International Market	78.2	104.2	33.2%	26.0	268.1	401.9	50.0%	133.8
US\$ milhões	4Q20	4Q21	▲ %	▲ Abs	2020	2021	▲ %	▲ Abs
International Market	14.5	19.8	36.9%	5.3	51.9	76.4	47.0%	24.4

The Portobello Shop Business Unit reached Net Revenue of R\$ 183.3 million in 4Q21, 45.9% higher than in 4Q20, and R\$ 632.6 million in 2021, an increase of 60.7% over 2020. The strong growth in Portobello Shop's revenue was generated mainly by the performance of the Company's own store network, which was mainly influenced by the price and mix in the quarter, while it was also driven by an increase in volume in the year.

The Portobello Business Unit recorded a 23.0% growth in Net Revenue in 4Q21 over 4Q20, reaching R\$ 243.4 million, and 32.6% in 2021 over 2020, reaching R\$ 904.7 million. The improvement in the Unit's performance was supported by the increase in prices and the mix qualification, especially with the strong growth in porcelain tile panels. It is worth highlighting the foreign market, with growth of 44.3% during the year (41.1% in Dollars).

The Pointer Business Unit, the Group's democratic design brand, reached Net Revenue of R\$ 69.1 million in 4Q21, a growth of 6.1% over 4Q20. Net Revenue reached R\$ 269.8 million in 2021, an increase of 45.2% over 2020, with positive price management performance and a more qualified portfolio, with significant growth in the foreign market, which grew 99.4% (95.7% in US dollars) over 2020.

The Portobello America Business Unit reached Net Revenue of R\$ 44.6 million in 4Q21, a growth of 43.3% over 4Q20 (51.9% in Dollars). Furthermore, in 2021, it reached R\$ 175.4 million, a growth of 49.3% over 2020 (48.3% in Dollars).

Said growth was driven by the market share gain in the North American market, through the 28.6% increase in volume sold over 2020.

R\$ million	4Q20	4Q21	▲ %	▲ Abs	2020	2021	▲ %	▲ Abs
<b>Consolidated</b>	<b>401.1</b>	<b>520.2</b>	<b>29.7%</b>	<b>119.0</b>	<b>1,331.8</b>	<b>1,912.1</b>	<b>43.6%</b>	<b>580.3</b>
UN Portobello	197.8	243.4	23.0%	45.5	682.0	904.7	32.5%	222.6
UN Shop	125.6	183.3	45.9%	57.7	393.7	632.6	60.6%	238.9
UN Pointer	65.2	69.1	6.1%	4.0	185.8	269.8	45.1%	83.9
UN Portobello America	31.2	44.6	43.1%	13.4	117.5	175.4	49.4%	57.9
( - ) Eliminations <sup>1</sup>	(18.7)	(20.3)	8.6%	(1.6)	(47.3)	(70.3)	48.7%	(23.0)
US\$ million	4Q20	4Q21	▲ %	▲ Abs	2020	2021	▲ %	▲ Abs
UN Portobello America	5.8	8.8	51.9%	3.0	22.7	33.7	48.3%	11.0

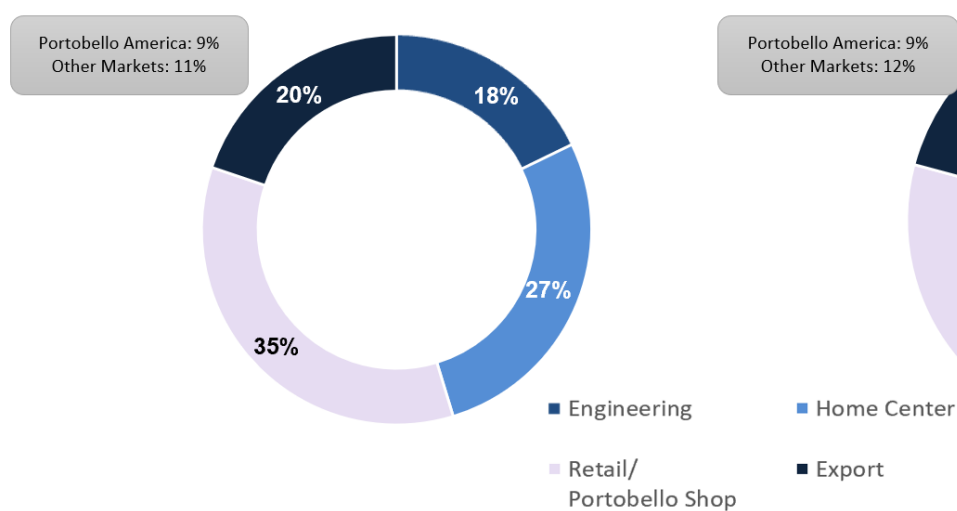
<sup>1</sup> Intercompany Operations



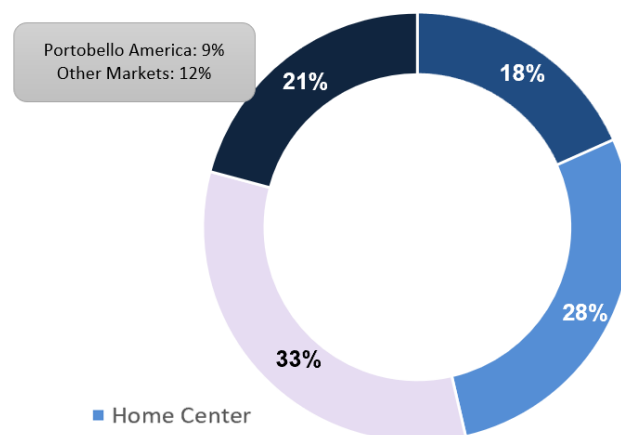
## Portobello Grupo

The share of sales channels in 4Q21 remains consistent with the mix for 2021. It is worth highlighting retail sales, which account for 33% of the Group's total Net Revenue in 2021 (35% in 4Q21), and exports, which in the year surpassed the 21% share of the Group's Net Revenue, with 9% for the Portobello America Business Unit in the United States and 12% for the other markets of the Portobello and Pointer Business Units. It is important mentioning that the Engineering channel, which serves the largest national and regional high-end construction companies, accounts for 18% of the Group's Net Revenue.

### 4Q21 Net Revenue



### 2021 Net Revenue



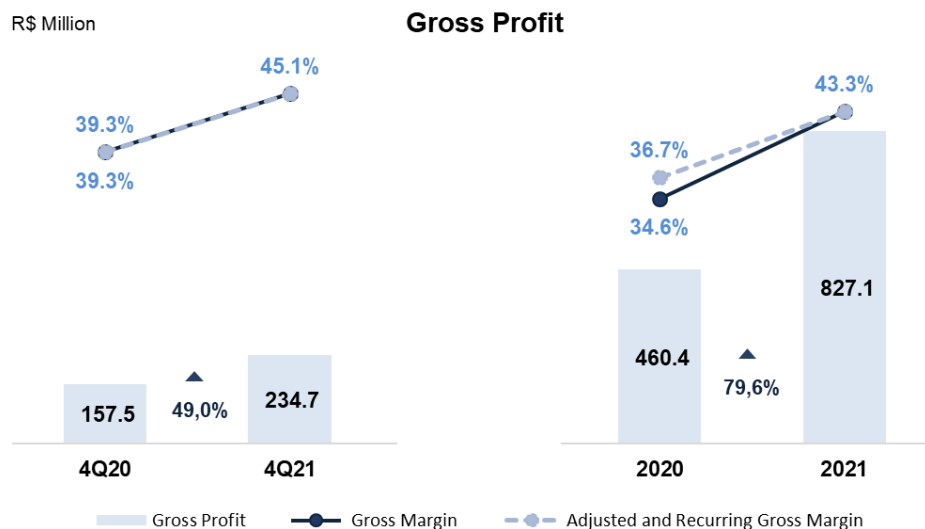
## Gross Profit

Adjusted and Recurring Gross Profit in 4Q21 increased 49.0% over 4Q20 and the increase was 69.3% in 2021 over the previous year. In 2020, Gross Profit was negatively impacted by the reduction in revenue arising from idleness (R\$ 27.9 million in non-recurring stoppage costs during the pandemic), and the consequent lack of fixed cost dilution.

R\$ million	4Q20	4Q21	▲ %	▲ Abs	2020	2021	▲ %	▲ Abs
Net Operating Revenue	401.1	520.2	29.7%	119.0	1,331.8	1,912.1	43.6%	580.3
Cost of Goods Sold (COGS)	(243.6)	(285.5)	17.2%	41.9	(843.4)	(1,085.0)	28.6%	241.6
Idleness Costs	-	-	0.0%	0.0	(27.9)	-	-	(27.9)
<b>Gross Operating Profit</b>	<b>157.5</b>	<b>234.7</b>	<b>49.0%</b>	<b>77.2</b>	<b>460.4</b>	<b>827.1</b>	<b>79.6%</b>	<b>366.6</b>
Gross Margin	39.3%	45.1%	5.8 p.p.		34.6%	43.3%	8.7 p.p.	
Adjusted and Recurring Gross Margin	39.3%	45.1%	5.8 p.p.		36.7%	43.3%	6.6 p.p.	
<b>Adjusted and Recurring Gross Profit</b>	<b>157.5</b>	<b>234.7</b>	<b>49.0%</b>	<b>77.2</b>	<b>488.4</b>	<b>827.1</b>	<b>69.3%</b>	<b>338.7</b>

Adjusted and Recurring Gross Margin reached 45.1% in 4Q21, an increase of 5.8 pp over 4Q20, and 43.3% in 2021, with an improvement of 6.6 pp over 2020. The positive variation in Adjusted and Recurring Gross Margin is mainly due to: (i) prices readjustment, (ii) improvement in the *mix* of products with higher added value and (iii) dilution of fixed production costs.

## Portobello Grupo



## Operating Expenses

Adjusted and Recurring Operating Expenses, when analyzed as a percentage of Net Revenue, recorded a dilution of 0.2 pp in 2021 over 2020, mainly due to the business scale gain. In 4Q21, Adjusted and Recurring Operating Expenses presented a growth of 6.1 pp over 4Q20, mainly due to investment in logistics restructuring in retail operations, with the purpose of improving service level, investment in consulting (McKinsey) for the preparation of the long-term strategic plan focused on the Portobello Shop and Portobello America Business Units, and investments in the organizational structure to strengthen the Group's Business Units and corporate governance, and updating of civil, labor and tax provisions.

R\$ Million	4Q20	%Net Rev	4Q21	%Net Rev	▲ %	▲ Abs	2020	%Net Rev	2021	%Net Rev	▲ %	▲ Abs
<b>Operating Expenses</b>												
Selling	(87.5)	21.8%	(122.4)	23.5%	39.8%	34.8	(319.1)	24.0%	(421.3)	22.0%	32.0%	102.1
General and Administrative	(12.4)	3.1%	(22.1)	4.2%	78.2%	9.7	(44.9)	3.4%	(69.0)	3.6%	53.5%	24.1
Other Revenues (Expenses)	(0.1)	0.0%	(18.7)	3.6%	> 200%	(18.6)	19.2	-1.4%	(48.1)	2.5%	> 200%	(67.3)
<b>Operating Expenses</b>	<b>(100.1)</b>	<b>24.9%</b>	<b>(163.1)</b>	<b>31.4%</b>	<b>63.1%</b>	<b>63.1</b>	<b>(344.9)</b>	<b>25.9%</b>	<b>(538.4)</b>	<b>28.2%</b>	<b>56.1%</b>	<b>193.5</b>
Non-Recurring Revenues	-	-	2.0	-			(29.4)	-	4.5	-		
<b>Adjusted Operating Expenses</b>	<b>(100.1)</b>	<b>24.9%</b>	<b>(161.2)</b>	<b>31.0%</b>	<b>61.1%</b>	<b>61.1</b>	<b>(374.3)</b>	<b>28.1%</b>	<b>(533.9)</b>	<b>27.9%</b>	<b>42.6%</b>	<b>159.6</b>

Sales expenses reached 23.5% of Net Revenue in 4Q21 and 22.0% in 2021, with an increase of 1.7 p.p. over 4Q20 and dilution of 2.0 p.p. over 2020. In absolute terms, Sales Expenses grew 39.8% over 4Q20 and 32.0% over 2020. The increase in the percentage of Net Revenue in 4Q21 was due to a one-off adjustment for logistics restructuring in retail operations with the purpose of improving the service level.

General and Administrative Expenses reached 4.2% of Net Revenue in 4Q21 and 3.6% in 2021, with an increase of 1.1 pp over 4Q20 and 0.2 pp over 2020. In absolute figures, General and Administrative Expenses grew 78.2% over 4Q20 and 53.5% over 2020 due to the implementation of the new organizational structure focused on the Business Units, strengthening of Group's corporate governance and investment in advisory to support the long-term strategic planning process (with an impact on expenses in 3Q21 and 4Q21).

Other Revenues and Expenses in 4Q21 and 2021 refer mostly to the provision for the Profit Sharing Program (PPR) and the Long-Term Incentive Plan (ILP) which total R\$ 24.9 million due to the Group's positive evolution of results and R\$ 23.2 million mainly from the civil, labor and tax provisions. In 2020, in the Other Revenues and Expenses line, the Company incurred in revenue of R\$ 19.2 million, referring to: (i) the recognition of the complementary portion of the

## Portobello Grupo

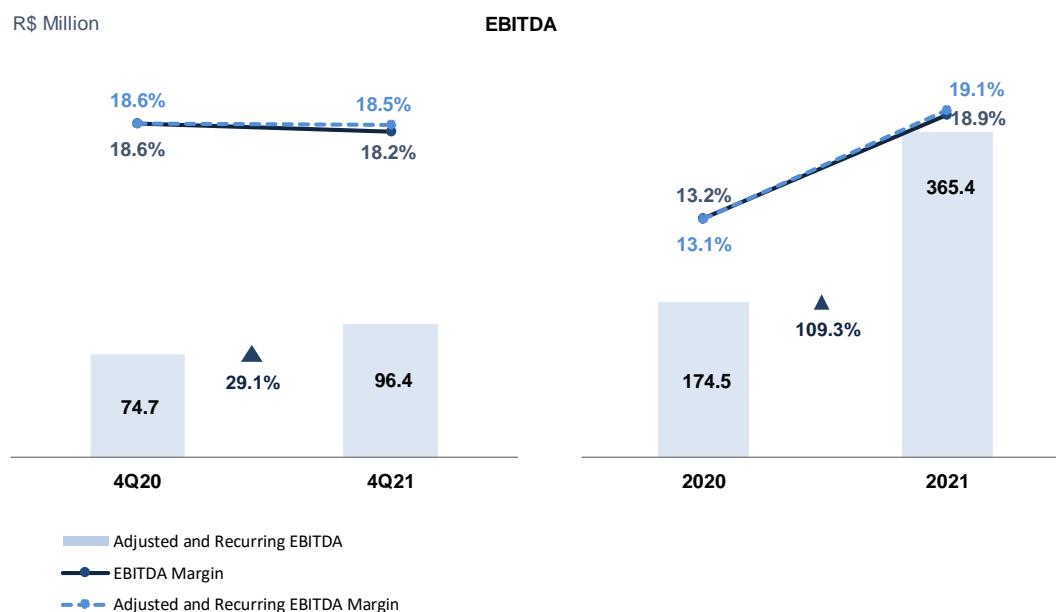
IPI premium credit - Plaintiff and the completion of lawsuits in 1Q20 in the amount of R\$ 19.3 million, (ii) the reversal of taxation (PIS/COFINS) of the IPI premium credit proceeding - Plaintiff, due to the decision of the Federal Supreme Court (STF) in 2Q20, in the amount of R\$ 16.2 million, and (iii) provisioning for the Profit Sharing Program (PPR) for the year.

The amount of R\$ 4.5 million of Non-Recurring Expenses in 2021 is composed of: (i) R\$ 2.5 million in 3Q21 and R\$ 0.1 million in 4Q21, referring to legal advisory fees related to the income tax and social contribution on amounts related to the Selic correction of Undue Tax and (ii) R\$ 1.8 million recorded in 4Q21, also related to legal advisory fees related to lawsuits, including IPI premium credit (phase I and phase II), rural credit notes and Eletrobrás receivables.

The amount of R\$ 29.4 million of Non-Recurring Revenues in 2020 is composed of: (i) Favorable Outcomes in Lawsuits from restatement of rural credit bills in the amount of R\$ 13.2 million were recognized in the 1Q20 and (ii) Other Favorable Outcomes of R\$ 16.2 million recognized in 2Q20 refer to the reversal of taxation (PIS/COFINS) of the IPI premium credit proceeding (Plaintiff), due to a decision by the STF (Federal Supreme Court) with binding effect and general repercussion.

### EBITDA

In 4Q21, Adjusted and Recurring EBITDA reached R\$ 96.4 million, R\$ 21.8 million or 29.1% higher than in 4Q20. In 2021, Adjusted and Recurring EBITDA reached R\$ 365.4 million, R\$ 190.8 million or 109.3% above 2020. Adjusted and Recurring EBITDA Margin was 18.5% in 4Q21, in line with the 4Q20. In 2021, Adjusted and Recurring EBITDA Margin reached 19.1%, 6.0 p.p. above 2020.



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

In 3Q21, a non-recurring effect related to the income tax/social contribution taxation was recorded on amounts related to the restatement of Undue Tax by the Selic rate. The amount of R\$ 2.5 million in 3Q21 and R\$ 0.1 million in 4Q21 refer to legal advisory fees related to this proceeding. The amount of R\$ 1.8 million recorded in 4Q21 is also related to legal advisory fees related to lawsuits, including IPI premium credit (phase I and phase II), rural credit notes and Eletrobrás receivables.

## Portobello Grupo

In 2020, the Company recognized R\$ 28.0 million in idleness costs due to non-recurring stoppages and R\$ 0.6 million in non-recurring expenses during the pandemic. Favorable Outcomes in Lawsuits from restatement of rural credit bills in the amount of R\$ 13.2 million were recognized in the 1Q20 and in 2Q20, Other Favorable Outcomes of R\$ 16.2 million refer to the reversal of taxation (PIS/COFINS) of the IPI premium credit proceeding (Plaintiff), due to a decision by the STF (Federal Supreme Court) with binding effect and general repercussion.

R\$ Million	4Q20	4Q21	▲ %	▲ Abs	2020	2021	▲ %	▲ Abs
Net Income	34.8	54.9	57.8%	20.1	128.2	216.2	68.7%	88.1
(+) Financial Expenses	17.3	8.6	-50.5%	(8.8)	30.0	59.2	97.4%	29.2
(+) Depreciation and Amortization	17.2	22.9	33.3%	5.7	59.8	72.2	20.8%	12.4
(+) Income Taxes	5.3	8.0	51.6%	2.7	(42.7)	13.3	-131.1%	56.0
<b>EBITDA</b>	<b>74.7</b>	<b>94.5</b>	<b>26.5%</b>	<b>19.8</b>	<b>175.3</b>	<b>360.9</b>	<b>105.9%</b>	<b>185.7</b>
<b>EBITDA Margin</b>	<b>18.6%</b>	<b>18.2%</b>	<b>-0.5 p.p.</b>		<b>13.2%</b>	<b>18.9%</b>	<b>5.7 p.p.</b>	
<b>Non-Recurring Events:</b>	<b>-</b>	<b>2.0</b>			<b>(0.7)</b>	<b>4.5</b>		
1) COVID (Idleness Costs)	-	-			28.6	-		
2) Reversal of Taxation (Plaintiff)	-	-			(16.2)	-		
3) Other Favorable Outcomes in Lawsuits	-	1.8			(13.2)	1.8		
4) Selic on Income Tax/Social Contribution Basis	-	0.1			-	2.6		
<b>Adjusted and Recurring EBITDA</b>	<b>74.7</b>	<b>96.4</b>	<b>29.2%</b>	<b>21.8</b>	<b>174.5</b>	<b>365.4</b>	<b>109.4%</b>	<b>190.9</b>
<b>Adjusted and Recurring EBITDA Margin</b>	<b>18.6%</b>	<b>18.5%</b>	<b>-0.1 p.p.</b>		<b>13.1%</b>	<b>19.1%</b>	<b>6 p.p.</b>	

### Net Profit

Adjusted and Recurring Net Profit in 4Q21 totaled R\$ 49.3 million, an increase of 41.5% or R\$ 14.4 million over 4Q20. In 2021, Adjusted and Recurring Net Profit reached R\$ 188.0 million, an increase of 117.8% or R\$ 101.7 million over 2020. The growth in Adjusted and Recurring EBITDA was the main reason for the increase in Adjusted and Recurring Net Income in 4Q21, while in 2021, the higher generation of EBITDA was partially reduced by the increase in the IR/CSLL amount and the increase in financial expense, proportional to the increase in the interest rate in Brazil.

R\$ Million	4Q20	4Q21	▲ %	▲ Abs	2020	2021	▲ %	▲ Abs
<b>Net Income</b>	<b>34.8</b>	<b>54.9</b>	<b>57.8%</b>	<b>20.1</b>	<b>128.2</b>	<b>216.2</b>	<b>68.7%</b>	<b>88.1</b>
<b>Non-Recurring Events</b>	<b>-</b>	<b>(5.7)</b>			<b>(41.9)</b>	<b>(28.2)</b>		
(1) Financial Expenses	-	-			7.1	-		
(2) Selic on Income tax/Social Contribution Basis - Effect on IR/CSLL	-	(1.2)			-	(26.3)		
(3) IRPJ/CSLL	-	-			(48.1)	-		
(4) Selic on Income tax/Social Contribution Basis - Effect on other revenues/expenses	-	0.1			-	2.6		
(5) Recognition and Restatements of Lawsuits	-	(8.8)			(29.4)	(8.8)		
(6) Recognition and Restatements of Lawsuits - Other revenues/expenses	-	1.8			-	1.8		
(7) Recognition and Restatements of Lawsuits - IR/CSLL	-	2.4			-	2.4		
(8) COVID Effect	-	-			28.6	-		
<b>Adjusted and Recurring Net Income</b>	<b>34.8</b>	<b>49.3</b>	<b>41.5%</b>	<b>14.4</b>	<b>86.3</b>	<b>188.0</b>	<b>117.8%</b>	<b>101.7</b>
<b>Adjusted and Recurring Net Margin</b>	<b>8.7%</b>	<b>9.5%</b>			<b>6.5%</b>	<b>9.8%</b>	<b>3.4 p.p.</b>	

Net Income, which serves as the basis for calculating the distribution of dividends to shareholders, reached R\$ 216.2 million in 2021, an increase of 68.7% over 2020. In 4Q21, Net Profit reached R\$ 54.9 million, a growth of 57.8% over 4Q20.

In 2021, there was a non-recurring effect related to the taxation of income tax/social contribution on amounts related to the monetary restatement of Undue Taxes by the Selic rate in the net amount of R\$ 23.6 million, of which R\$ 26.3 million was considered in the IR/CSLL caption and R\$ 2.6 million related to attorney's fees recorded in Other Expenses. The revenue amount of R\$ 8.8 million refers to the financial updating of the lawsuits, divided between rural credit notes and IPI premium credit (phases I and II). The amount of R\$ 1.8 million recorded in 4Q21 is the result of legal fees related to the lawsuits, including IPI premium credit (phase I and phase II), rural credit notes and Eletrobrás receivables, and the amount of R\$ 2.4 million is a monetary updating of the income tax and social contribution on these proceedings.



## Portobello Grupo

There were also financial and tax effects from tax changes in 2020; on the other hand, in the 2Q20, there was a R\$ 48.1 million decrease in income tax, due to the reversal of provisions on the realization of the IPI premium credit (Plaintiff) due to the STF decision with binding effect and general repercussion. Furthermore, the Company recognized idle costs and non-recurring expenses during the pandemic in 2020, which totaled R\$ 28.6 million. Favorable Outcomes in Lawsuits from restatement of rural credit bills in the amount of R\$ 13.2 million also were recognized in the 1Q20 and in 2Q20, Other Favorable Outcomes of R\$ 16.2 million refer to the reversal of taxation (PIS/COFINS) of the IPI premium credit proceeding (Plaintiff), due to a decision by the STF (Federal Supreme Court) with binding effect and general repercussion.

### Cash Flow

The Company ended 4Q21 with a cash position of R\$ 189.7 million, accounting for a decrease of R\$ 136.6 million when compared to 4Q20, mainly due to the payment of dividends, the share buyback program in 1Q21 and 3Q21, and the disbursement of CapEx investments.

The Company's operating activities reached R\$ 48.1 million in 4Q21 and R\$ 288.1 million in 2021, mainly due to the generation of EBITDA of R\$ 365.4 million and the working capital investment of R\$ 75.1 million, partially reduced by the improvement in the Cash Conversion Cycle.

The Company's investment activities totaled R\$ 37.9 million in 4Q21 and R\$ 114.9 million in 2021, mainly allocated to CapEx in the Portobello America Business Unit in Tijucas-SC plant, to update the industrial park for the manufacturing of products with greater added value and larger formats, in the plant in Marechal Deodoro-AL, to update and revitalize the plant, and to expand the sales area of owned stores.

Financing activities resulted in an effect of R\$ 153.4 million in 4Q21 and of R\$ 309.8 million in 2021, arising from the payment of dividends and share buybacks in the amount of R\$ 316.0 million, from borrowings and financing totaling R\$ 513.7 million and amortization of loans and financing in the amount of R\$ 507.5 million, in line with the strategy of lengthening the debt profile.

R\$ Million	4Q20	4Q21	▲ Abs	2020	2021	▲ Abs
<b>Activities</b>						
Operating	80.2	48.1	(32.1)	210.3	288.1	77.8
Investment	(24.9)	(37.9)	(13.0)	(89.0)	(114.9)	(25.9)
Financing	(18.1)	(153.4)	(135.3)	(70.4)	(309.8)	(239.4)
Changes in Cash	37.1	(143.2)	(180.4)	50.9	(136.6)	(187.5)
<b>Opening Balance</b>	<b>289.2</b>	<b>332.9</b>	<b>43.8</b>	<b>275.4</b>	<b>326.3</b>	<b>50.9</b>
<b>Closing Balance</b>	<b>326.3</b>	<b>189.7</b>	<b>(136.6)</b>	<b>326.3</b>	<b>189.7</b>	<b>(136.6)</b>

### Working Capital

The Company's Working Capital in 4Q21 was R\$ 270.4 million, an increase of R\$ 75.1 million or 38.5% over 4Q20, while the Company's business grew 43.6 % in 2021 over 2020. This performance improvement results from the 10-day optimization in the Cash Conversion Cycle, reaching 32 days in 4Q21, compared to 42 days in 4Q20, as a result of better management of the client receivables portfolio of the engineering and home centers channels of the Portobello and Pointer Units and of the final consumers of the Portobello Shop Business Unit, as well as the increase in supplier terms, mainly in the Portobello and Pointer Business. Improvements in receivables and suppliers were partially reduced by the growth in inventories at the Portobello Shop Business Unit, due to the qualification of the inventories mix to improve the logistics service level in retail.

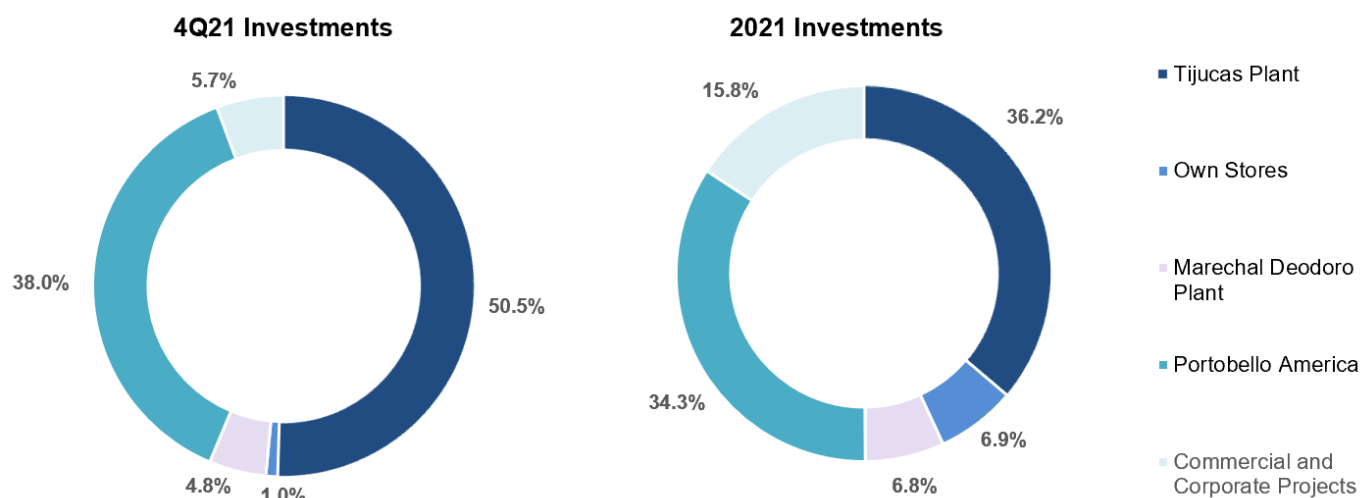
# Portobello Grupo

		4Q20	4Q21	▲ %	▲ Abs
In R\$ million	Trade Receivables	245.3	306.1	24.8%	60.8
	Inventories	204.6	285.4	39.5%	80.8
	Suppliers	254.6	321.0	26.1%	66.4
	<b>Working Capital</b>	<b>195.3</b>	<b>270.4</b>	<b>38.5%</b>	<b>75.1</b>
In days	Trade Receivables	58	49	-15.5%	(9)
	Inventories	84	88	4.8%	4
	Suppliers	101	104	3.0%	3
	<b>Cash Conversion Cycle (CCC)</b>	<b>42</b>	<b>32</b>	<b>-23.8%</b>	<b>(10)</b>

## Investments

Investments in 4Q21 totaled R\$ 47.6 million, accumulating R\$ 114.8 million in 2021, of which 34% were allocated to investments in Portobello America, 36% were allocated to the Tijucas-SC plant, 16% to commercial and corporate projects, 7% to Marechal Deodoro-AL plant and 7% to owned stores.

At Portobello America Business Unit, investments were made to start the construction process of the new plant in the United States (architectural project, land leveling and foundation of the plant), while, at the Tijucas-SC plant, investments were aimed at optimizing the industrial park for the production of products with greater added value and larger formats. At the Marechal Deodoro-AL plant, most of the investments were allocated to the structural adjustment of the industrial park. The remaining investments were for the digital transformation of the commercial area, the expansion of its own stores and the updating of points of sale, taking the innovation of large size formats to the front of stores. It is important mentioning that the investments made in the Portobello America Business Unit will be reimbursed after the signing of the BtS contract, totaling approximately US\$ 11.9 million invested since 2020.



## Indebtedness

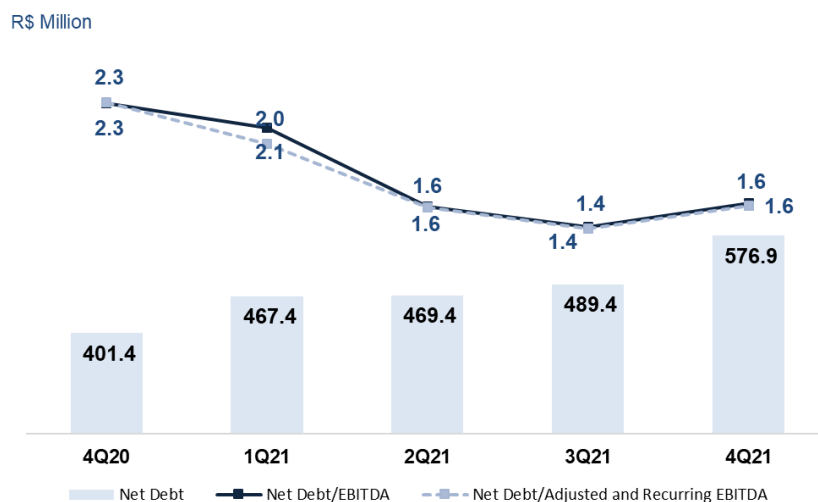
The Company's Net Debt ended 4Q21 at R\$ 576.9 million, an increase of R\$ 175.6 million over 4Q20. The increase in Adjusted and Recurring EBITDA in the last 12 months, reaching R\$ 365.4 million, and the Company's financial management discipline, whose focus is on optimizing the Cash Conversion Cycle, resulted in the reduction of financial leverage to 1.6 times Adjusted and Recurring EBITDA, an improvement of 0.7 times over 4Q20.

In 4Q21, a total of R\$ 111.8 million in Bank Debt was amortized, referring to several operations, such as 3<sup>rd</sup> Series Debentures, NCE (Export Credit Notes) and Working Capital. Funding totaled R\$ 46.9 million. The main impact of the

## Portobello Grupo

increase in net debt in 4Q21 was the anticipation of dividends in the amount of R\$ 80.9 million, deliberated and paid in November 2021. Without said effect, net debt in 4Q21 would be R\$ 486.5 million, in line with 3Q21, and financial leverage would be 1.4 times Adjusted and Recurring EBITDA, also in line with 3Q21.

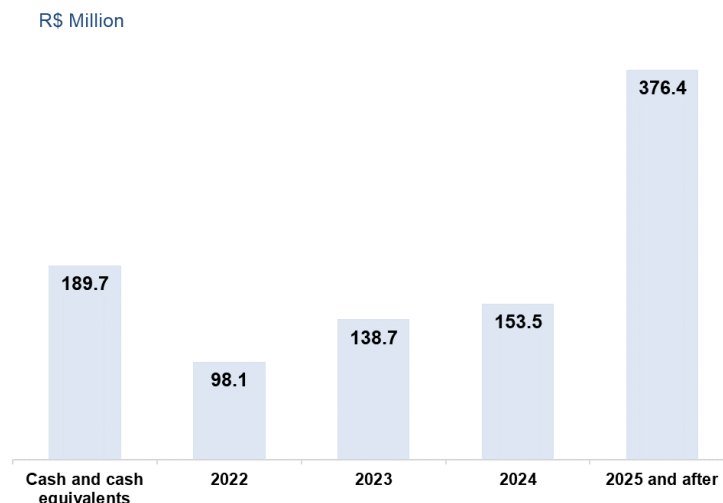
At the end of 4Q21, all covenants related to the leverage ratio, which could lead to the early maturity of financing contracts and Debentures if not complied with, were met.



R\$ Million	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21
<b>Gross Banking Debt<sup>1</sup></b>	<b>750.0</b>	<b>727.8</b>	<b>710.3</b>	<b>643.6</b>	<b>822.3</b>	<b>766.7</b>
Cash and Cash Equivalents	(289.2)	(326.4)	(242.9)	(174.2)	(332.9)	(189.7)
<b>Net Indebtedness</b>	<b>460.8</b>	<b>401.4</b>	<b>467.4</b>	<b>469.4</b>	<b>489.4</b>	<b>576.9</b>
EBITDA (LTM)	130.9	175.3	220.1	298.1	341.2	360.9
EBITDA Adjusted and Recurring (LTM)	130.0	174.5	232.4	299.4	343.7	365.4
Net Debt / EBITDA	3.5	2.3	2.1	1.6	1.4	1.6
<b>Net Debt / EBITDA Adjusted and Recurring</b>	<b>3.5</b>	<b>2.3</b>	<b>2.1</b>	<b>1.6</b>	<b>1.4</b>	<b>1.6</b>

<sup>1</sup> As of 4Q21 includes lease liabilities with call option

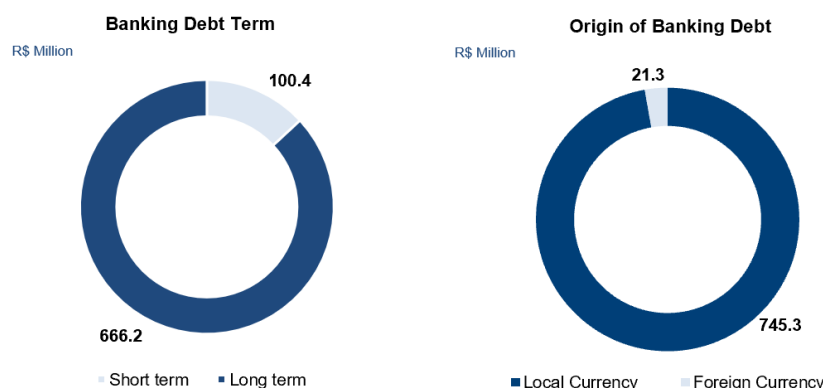
The details of the amortization schedule (Gross Banking Debt) can be found below:



# Portobello Grupo

Gross Banking Debt maturing in the short term represents 12.9% of the total, a reduction of 4.4 pp over 3Q21 due to extension operations carried out in the quarter and the remainder matures in the long term, as shown in the amortization schedule above. The Gross Banking Debt is mostly in domestic currency (97.2%). The average total cost of Banking Debt is 9.6% per annum and the average term is 4.4 years, a growth of 0.8 years over 2020 due to the debt extension strategy carried out in 2021.

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



## Acquisition of Franchised Stores

At a meeting held on March 16<sup>th</sup>, 2022, the Board of Directors approved the acquisition of two franchised stores, Gabriel and Pacaembu stores, both in São Paulo, from a related party, in the amount of R\$ 60.0 million. The transaction value was set by an independent third party, Trust & Co. Investimentos, through the Discounted Cash Flow (DCF) method, analyzing each of the stores individually. In addition the transaction amount represents multiples similar to the Company's current market multiples. The payment terms will be as follows: 1/3 (one third) of the total value equivalent to R\$ 20.0 million, due on April 10<sup>th</sup>, 2022; 1/3 (one third) of the total value, equivalent to BRL 20.0 million, will be paid in 08 (eight) consecutive monthly installments in the amount of BRL 2.5 million, the first due on May 10<sup>th</sup>, 2022, and the others on the same day of subsequent months; and 1/3 (one third) of the amount, equivalent to R\$ 20.0 million, will be paid in a single installment on April 10<sup>th</sup>, 2023. The two stores in question have a differential in terms of location and revenue, above the average presented by the other stores of the Portobello Shop chain.

## Fitch National Rating upgrade

As announced to the market on December 3<sup>rd</sup>, 2021, the credit rating agency Fitch Ratings revised the Company's long-term national rating to "A-(bra)", with a stable outlook, which means an upgrade of two notches at once in relation to the rating assigned in March 2021, which was "BBB(bra)".

According to Fitch's report, "The upgrade reflects PBG's stronger than anticipated operating performance, which has allowed the company to reduce net leverage to below 2.0x. Strong demand and significant price increase bolstered operating cash flow generation during 2021, and Fitch expects EBITDA margin to remain above 17%, as the company should continue to benefit from the strong homebuilders' demand due to high volume of projects launched in the last couple of years. Also factored into the rating is PBG's adequate liquidity and lower refinancing risk, with a more extended debt amortization profile."

## Dividends

In 2021, the Company presented R\$ 216.2 million in corporate net income Considering the formation of the legal reserve (5%) and the percentage of payout defined by the Shareholders' Agreement of 50%, the total amount to be distributed in dividends is R\$ 102.7 million. During 2021, dividends in the amount of R\$ 99.2 million were prepaid.



## Portobello Grupo

Thus, the Board of Directors approved the distribution of complementary dividends in the amount of R\$ 3.5 million, at a meeting held on March 16<sup>th</sup>, 2022. The base date for calculating said dividends will be March 23<sup>rd</sup>, 2022, with the shares trading ex-dividend on March 24<sup>th</sup>, 2022 and payment scheduled for April 5<sup>th</sup>, 2022.

### Treasury shares

In a Board of Directors' meeting held on March 16<sup>th</sup>, 2022, was approved the cancellation of 6,542,817 shares currently in treasury. As a result, total number of shares issued was changed from 147,529,703 to 140,986,886 shares.

In the year 2021, a total of 13.5 million shares were repurchased, in the amount of R\$ 153.7 million (average price of R\$ 11.38 per share), equivalent to 8.8% of the total shares before these operations, and all repurchased shares were cancelled.

### Sustainability and ESG Report

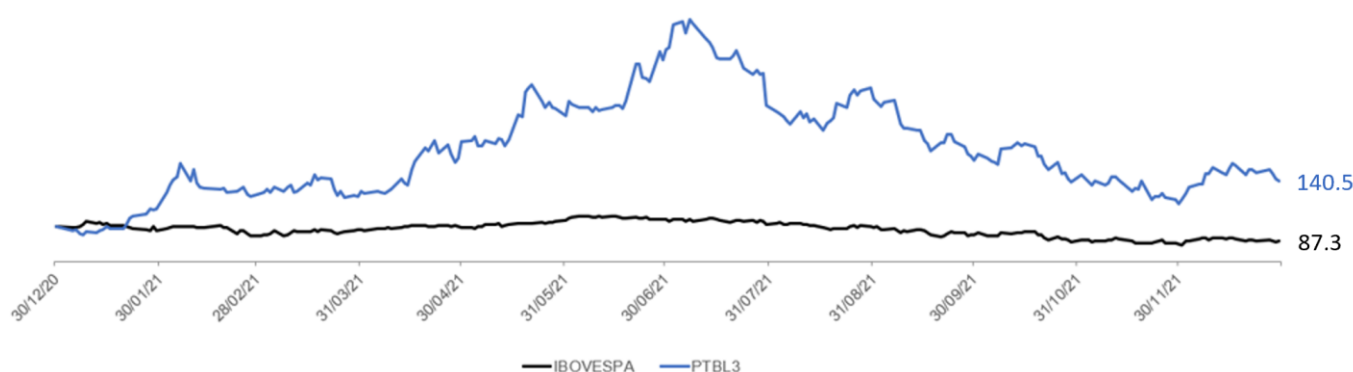
Along with the 4Q21 results, the 2021 Portobello Group Sustainability Report is being released in the year that marks the company's entry as a signatory of the UN Global Compact and the presentation of the ESG planning, with the ambitions and links with the selected SDGs (Sustainable Development Goals). Disclosed in the GRI standard, this is the 7<sup>th</sup> year in which the report has been produced, being available on the Investor Relations website ([ri.portobello.com.br](http://ri.portobello.com.br)).

### PTBL3 Stock Performance

The shares traded under the ticker symbol PTBL3 closed the last trading session of December 2021 quoted at R\$ 9.64, with an increase of 40.5% when compared to the closing of December 2020 (R\$ 6.86). The PTBL3 stock performed 59.9% above the Bovespa index during this period. The average monthly financial volume traded in 2021 was R\$ 718.0 million, an increase of 197.5% compared to the R\$ 241.4 million in 2020.

At the end of 4Q21, the Company had a market cap equivalent to R\$ 1,422.2 million, considering the final share price of R\$ 9.64, an increase of R\$ 410.1 million over 4Q20.

PTBL3 x Ibovespa  
Base 100 – 12/30/2020 to 12/30/2021



### 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

## Management

### Statutory Executive Board

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

### Board of Directors

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

## Corporate Governance

Electronic address to communicate corporate governance related issues to senior management

[dri@portobello.com.br](mailto:dri@portobello.com.br).

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

- Shares listed on the Novo Mercado of B3;
- Only outstanding common shares, that is, each share entitles their holders to one vote in General Shareholders' Meetings.;
- Tag-Along to 100% of the shares;
- Four independent members on the Board of Directors;
- Policy on minimum mandatory dividend of 50% of adjusted net profit, as provided in the Shareholders' Agreement;
- Policies in force on the disclosure of significant acts and facts and on the trading of securities.

The Company adapted to the requirements of the Novo Mercado regulation regarding the inspection and control bodies, including the creation of the Audit Committee and the Compliance, Internal Audit and Internal Controls areas.

## Conference Call

Friday, Mar 18<sup>th</sup>, 2022 at 02:00 pm Brazil Time (01:00 PM EDT). The conference call will be held in Portuguese to report the earnings for the 4Q21, with simultaneous translation to English.

Link for connection: [Click here](#)

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

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

## Portobello Grupo

## Financial Statements

## Balance Sheet

Assets	4Q20	AV %	4Q21	AV %	Var%
<b>Current assets</b>	<b>916.7</b>	<b>45.1%</b>	<b>906.1</b>	<b>42.0%</b>	<b>-1.2%</b>
Cash and cash equivalents	326.3	16.0%	189.7	8.8%	-41.9%
Trade Receivables	289.1	14.2%	375.6	17.4%	29.9%
Inventories	204.6	10.1%	285.4	13.2%	39.5%
Other	96.7	4.8%	55.4	2.6%	-42.7%
<b>Non-current assets</b>	<b>1,117.6</b>	<b>54.9%</b>	<b>1,251.2</b>	<b>58.0%</b>	<b>12.0%</b>
<b>Long-term assets</b>	<b>464.5</b>	<b>22.8%</b>	<b>536.1</b>	<b>24.8%</b>	<b>15.4%</b>
Judicial deposits	156.3	7.7%	185.4	8.6%	18.6%
Judicial assets	119.7	5.9%	155.2	7.2%	29.7%
Guarantee deposit	87.4	4.3%	89.7	4.2%	2.6%
Receivables - Eletrobrás	12.8	0.6%	12.8	0.6%	0.0%
Restricted financial investments	15.3	0.8%	13.7	0.6%	-10.7%
Recoverable taxes and deferred tax	51.0	2.5%	14.9	0.7%	-70.9%
Other non-current assets	22.0	1.1%	64.5	3.0%	193.1%
<b>Fixed assets</b>	<b>653.1</b>	<b>32.1%</b>	<b>715.1</b>	<b>33.1%</b>	<b>9.5%</b>
PPE, Intangible Assets and Investments	581.3	28.6%	643.3	29.8%	10.6%
Right of Use of Leased Assets	71.4	3.5%	71.5	3.3%	0.2%
Other investments	0.3	0.0%	0.3	0.0%	0.0%
<b>Total assets</b>	<b>2,034.3</b>	<b>100.0%</b>	<b>2,157.3</b>	<b>100.0%</b>	<b>6.0%</b>
<b>Liabilities</b>	<b>4T20</b>	<b>AV %</b>	<b>4Q21</b>	<b>AV %</b>	<b>Var%</b>
<b>Current liabilities</b>	<b>740.6</b>	<b>36.4%</b>	<b>714.1</b>	<b>33.1%</b>	<b>-3.6%</b>
Loans and Debentures	223.9	11.0%	98.1	4.5%	-56.2%
Trade Payables and Credit Assignment	292.7	14.4%	365.7	16.9%	24.9%
Lease obligations	34.8	1.7%	19.5	0.9%	-44.1%
Tax liabilities	33.8	1.7%	39.7	1.8%	17.6%
Payroll and related taxes	46.5	2.3%	59.0	2.7%	26.9%
Advances from Customers	43.8	2.2%	69.6	3.2%	58.7%
Other	65.1	3.2%	62.6	2.9%	-3.9%
<b>Non-current liabilities</b>	<b>876.5</b>	<b>43.1%</b>	<b>1,087.1</b>	<b>50.4%</b>	<b>24.0%</b>
Loans and Debentures	503.9	24.8%	664.3	30.8%	31.8%
Suppliers	169.7	8.3%	189.9	8.8%	11.9%
Debts with related parties	56.3	2.8%	56.4	2.6%	0.1%
Provisions	63.6	3.1%	89.0	4.1%	40.0%
Lease obligations	38.4	1.9%	45.4	2.1%	18.3%
Other Non Current Liabilities	44.6	2.2%	42.1	2.0%	-5.7%
<b>Equity</b>	<b>417.2</b>	<b>20.5%</b>	<b>356.2</b>	<b>16.5%</b>	<b>-14.6%</b>
Capital	200.0	9.8%	250.0	11.6%	25.0%
Treasury shares	(14.1)	-0.7%	(91.4)	-4.2%	548.1%
Earnings reserve	250.9	12.3%	240.1	11.1%	-4.3%
Other comprehensive income	(50.1)	-2.5%	(42.6)	-2.0%	-15.0%
<b>Total liabilities</b>	<b>2,034.3</b>	<b>100.0%</b>	<b>2,157.3</b>	<b>100.0%</b>	<b>6.0%</b>

# Portobello Grupo

## Income Statement

R\$ million	4Q20	4Q21	2020	2021
Net Sales Revenue	401.1	520.2	1,331.8	1,912.1
Gross Operating Profit	157.5	234.7	460.4	827.1
<b>Operating Income (Expenses), Net</b>	<b>(100.1)</b>	<b>(163.1)</b>	<b>(344.9)</b>	<b>(538.4)</b>
Selling	(87.5)	(122.4)	(319.2)	(421.3)
General and Administrative	(12.4)	(22.0)	(44.9)	(69.0)
Other Operating Income (Expenses), Net	(0.1)	(18.7)	19.2	(48.1)
<b>Operating Profit before Financial Income</b>	<b>57.5</b>	<b>71.6</b>	<b>115.6</b>	<b>288.7</b>
<b>Financial Result</b>	<b>(17.3)</b>	<b>(8.7)</b>	<b>(30.0)</b>	<b>(59.2)</b>
Financial Revenues	2.3	17.5	22.8	24.8
Financial Expenses	(18.7)	(28.9)	(78.0)	(90.0)
Net exchange rate change	(0.9)	2.7	25.1	5.9
<b>Income (loss) before income taxes</b>	<b>40.2</b>	<b>62.9</b>	<b>85.6</b>	<b>229.5</b>
Income Tax and Social Contribution	(5.4)	(8.0)	42.7	(13.3)
<b>Net income (loss) for the Period</b>	<b>34.8</b>	<b>54.9</b>	<b>128.2</b>	<b>216.2</b>

## Cash Flow

R\$ million	4Q20	4Q21	2020	2021
<b>Net cash from operating activities</b>	<b>80.2</b>	<b>48.1</b>	<b>210.3</b>	<b>288.1</b>
Cash from operations	45.6	140.0	122.6	393.6
Changes in assets and liabilities	61.7	(62.9)	145.9	(31.0)
Interest paid and income taxes paid	(27.1)	(29.1)	(58.2)	(74.4)
<b>Net cash used in investment activities</b>	<b>-24.9</b>	<b>(37.9)</b>	<b>(89.0)</b>	<b>(114.9)</b>
Acquisition of property, plant and equipment	(21.2)	(42.6)	(109.5)	(96.6)
Acquisition of intangible assets	(3.7)	(5.0)	(10.9)	(18.2)
Other investments		9.7	31.4	(0.2)
<b>Net cash provided by (used in) financing activities</b>	<b>-18.1</b>	<b>(153.4)</b>	<b>(70.4)</b>	<b>(309.8)</b>
Funding loans and financing	76.4	46.9	171.0	513.7
Payment of loans and financing	(94.2)	(111.8)	(217.8)	(488.8)
Dividends paid	(6.3)	(83.2)	(6.3)	(162.3)
Lease Amortization	5.9	(5.3)	(17.3)	(18.7)
Treasury acquisitions	-	-	-	(153.7)
<b>Increase/(Decrease) in Cash for the period/year</b>	<b>37.1</b>	<b>(143.2)</b>	<b>50.9</b>	<b>(136.6)</b>
<b>Opening Balance</b>	<b>289.2</b>	<b>332.9</b>	<b>275.4</b>	<b>326.3</b>
<b>Closing Balance</b>	<b>326.3</b>	<b>189.7</b>	<b>326.3</b>	<b>189.7</b>

Please visit the Investor Relations website:

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