



RESULTS 4Q22

Portobello Grupo



Portobello
shop



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PBG S.A.

4Q22 Earnings Release

December 31, 2022

Share price (PTBL3): R\$ 8.23

Market value: R\$ 1,160 million (US\$ 222 million)

Number of shares: 140,986,886

Treasury shares: No treasury shares

Free Float: 38.8%

Investor Relations

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Portobello Group ends 2022 with excellent results:

Net Revenue of R\$ 2.2 billion with 15% growth, EBITDA of R\$ 386 million and Financial Leverage of 1.6x

Tijucas, March 28, 2023. PBG S.A. (B3: PTBL3), the largest ceramic tile company in Brazil, announces its results for the fourth quarter of 2022 (4Q22). 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).

4Q21 and 2022 Highlights

- **Net revenue of R\$ 2.2 billion in the year, a 14.9% growth in relation to 2021.** With emphasis on Portobello Shop BU and the Engineering and Export channels of the Portobello BU.
- **Adjusted and Recurring Gross Income grew 14.3% in the year compared to 2021, with a margin maintained at 43.0%,** despite the lower margins in 4Q22.
- In 2022, **Adjusted and Recurring EBITDA reached R\$ 386 million**, a 5.8% increase. In 4Q22 this result was R\$ 60.6 million, -37.0% lower than in 4Q21. The **Adjusted and Recurring EBITDA Margin was 17.6% in the year.**
- Operating Expenses increased by 17.3%, or R\$ 92.9 million, between 2021 and 2022. 92.0% of this increase was allocated to strategically priority projects, such as Integrated Retail (Portobello Shop) and Portobello America.
- **Adjusted and Recurring Net Income of R\$ 137 million in 2022**, -26.9% below 2021.
- **Investment in Working Capital was R\$ 318 million. Cash Conversion Cycle was 57 days** in 4Q22 vs. 32 days in 4Q21, an increase of 25 days due to the larger inventories, partially offset by the improvement in the term of receivables.
- **Net Indebtedness of R\$ 630 million in 4Q22. Net Debt/Adjusted and Recurring EBITDA remained close to the lowest historical level**, reaching **1.6 times in 4Q22**, reflecting the good operating results and efficient cash management.
- **PTBL3 shares ended 4Q22 quoted at R\$ 8.23.**

R\$ million	4Q21	4Q22	▲ %	▲ Abs	2021	2022	▲ %	▲ Abs
Net Revenue	520.2	496.4	-4.6%	(23.7)	1,912.1	2,196.7	14.9%	284.6
Adjusted and Recurring Gross Profit	234.7	199.9	-14.8%	(34.8)	827.1	945.7	14.3%	118.6
Adjusted and Recurring Gross Margin	45.1%	39.7%	0.00%		43.3%	43.1%	-0.2 p.p.	
Net Income	54.9	9.1	-83.4%	-45.8	216.2	153.1	-29.2%	(63.1)
Net Margin	10.6%	1.8%	-8.7 p.p.		11.3%	7.0%	-4.3 p.p.	
Adjusted and Recurring Net Income	49.4	4.9	-90.1%	(44.5)	188.0	137.4	-26.9%	(50.6)
Adjusted and Recurring Net Margin	9.5%	1.0%	-8.5 p.p.		9.8%	6.3%	-3.6 p.p.	
EBITDA	94.5	67.5	-28.5%	(27.0)	360.8	406.2	12.6%	45.4
EBITDA Margin	18.2%	13.6%	-4.6 p.p.		18.9%	18.5%	-0.4 p.p.	
Adjusted and Recurring EBITDA	96.4	60.6	-37.1%	(35.7)	365.3	386.4	5.8%	21.1
Adjusted and Recurring EBITDA Margin	18.5%	12.2%	-6.3 p.p.		19.1%	17.6%	-1.5 p.p.	
Working Capital (R\$)	270.4	317.9	17.6%	47.5				
Cash Conversion Cycle (days)	32	57	78.1%	25				
Net Debt	576.9	630.5	9.3%	53.5				
Net Debt/ EBITDA LTM	1.6	1.6	-2.9%	(0.0)				
Net Debt/ Adjustd and Recurring EBITDA LTM	1.6	1.6	3.3%	0.1				
Share Price	9.64	8.23	-14.6%	(1.41)				

Videoconference

March 30, 2023

at 2:00 pm (Brazil's time)

Link for connection: [Click here](https://ri.portobello.com.br/)

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

The videoconference will be broadcasted over the internet, accompanied by the slideshow, which will be available at: <https://ri.portobello.com.br/>

The video of the results' presentation will be made available in full, with access directly through the Company's IR website (<https://ri.portobello.com.br/>).

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Message from Management

The year 2022 was historical for Portobello Group. We advanced from a strategic perspective and consistently achieved record results over the period. Even facing a macroeconomic scenario with many uncertainties, the Company maintained its growth pace and delivered Net Revenue of R\$ 2.2 billion in the year, in addition to maintaining margins and indicators at expected levels.

The macroeconomic situation in Brazil and in the world was unfavorable throughout the year, notably in the second half, with high inflation levels, increase in interest rates and consequent slowdown in some industries, including construction materials. According to data from ABRAMAT, the industry recorded a retraction of -7% (in deflated values) during the year. In the ceramic industry segment, data provided by ANFACER show a drop in sales volumes of -18% compared to 2021. Despite the negative indicators, the Company has been demonstrating the resilience and assertiveness of its business model quarterly, increasing its Net Revenue by 15%. The multi-business, channel and brand model has once again allowed the Company to manage its results by leveraging the segments that offer the best opportunities and mitigating the segments most affected by the economic situation. It was only in the last quarter of 2022 that the Company felt the reflection of the macroeconomic situation in its sales performance. This reduction also took place in the period of greater annual seasonality, with a notable impact on multi-brand retail and exports, albeit positively, maintaining resilience in specialized retail (Portobello Shop) and sales to projects (construction companies), minimizing declines and projecting recovery for 2023.

But the year was not only important regarding our results. We advanced in our strategy with important achievements. The year 2022 will be marked as the beginning of building a dream: our plant in the United States. The plant, located in the municipality of Baxter, Tennessee, is in the final installation phase, with most of the structure completed and equipment in place. The plant will start operating in 1S23. This is an achievement of all our employees, clients, shareholders, suppliers and admirers of the Portobello brand.

We also made significant progress in the Retail strategy. Following our goal of being a data-driven and customer-centric company, we have approached our customers through the expansion of our network of own stores and the development of new technologies, which aim to better understand their needs in a timely manner to act on solutions that can assist them, thus improving their experience throughout their journey with Portobello.

Our advances in modernization and expansion always occur in a sustainable manner, in line with our defined ESG targets. In 2022, we advanced in a structured way with our ESG Plan. With guidelines in line with the UN Sustainable Development Goals (SDGs), which stress our commitment to the Global Compact, an initiative to which we are signatories, Portobello prepared an action plan and goals for the 2023 to 2027 period, involving all the Business Units and prioritizing the Environmental, Social and Governance pillars.

In 2022, we made investments in several strategic projects, totaling R\$ 401 million. Of this amount, about a third was allocated to the purchase of equipment and structuring of the new Portobello America plant. For retail expansion, with the opening of new stores and acquisitions of franchised stores and digital transformation projects, approximately 30% of the total investments for the year were earmarked. The remainder was allocated to the modernization of the industrial units of the Portobello BU, in Tijucas/SC, and Pointer, in Marechal Deodoro/AL.

From the financing perspective, the Company delivered good operating results, which, coupled with good cash and debt management, maintained leverage close to the lowest level ever reached, 1.6 times Net Debt/EBITDA, considered extremely healthy for the industry. Net debt ended the year at R\$ 630 million.

Throughout 2022, we revisited our strategic planning for the next five years, projecting our advances in all Business Units. We would like to thank all the employees, partners and investors for believing and helping us achieving these results. We are very proud of what has been built so far and remain focused on the advances that are yet to come.

Business Unit Performance

The Portobello Business Unit ("BU") currently represents the group's largest operation. Its multichannel characteristic has been very assertive, since it does not rely on a single segment, being able to concentrate sales efforts on hotter and more profitable markets. Furthermore, progress in qualifying the product mix, especially with the growth in sales of slabs and large formats, produced at the Tijucas-SC plant, and the flexibility of prices throughout the year made it

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possible to work with products with greater added value and better profitability, in addition to allowing the transfer of cost increases recorded in the period.

These factors, coupled with good management resulted in good performance, especially in the Export and Engineering operations. In 2022, the Portobello BU grew 13%, reaching Net Revenue of R\$ 1 billion, sustaining margins at good levels. The Gross Margin for the year was 43.6%, reflecting the maintenance of prices and qualification of the product mix considering the inflationary pressure recorded in the period. Portobello continues prioritizing continuous improvement in service levels, efficiency in balancing inventory levels and meeting demand, in addition to advancing in the implementation of ESG actions.

Portobello Shop, which currently has 145 stores in operation within the country, 25 of which are owned and 120 are franchises, opened 13 new stores in 2022 (2 of which in 4Q22). The BU ended the year with Net Revenue of R\$ 814 million, accounting for a significant growth of 28.6% over last year. The performance of own stores, which started to consolidate the results of acquired stores, showed an increase of 62.7% in Net Revenue for the year, accounting for 41.4% of the total BU. Furthermore, Portobello Shop's Gross Margin also increased, reaching 46.3% in the year (43.9% in 4Q22) mainly due to the growth in the share of own stores, which recorded higher profitability by taking advantage of synergies from the integrated chain.

The favorable operating income, coupled with Portobello Shop's expansion strategy, reinforce the positive performance compared to the overall market performance, which, according to the ICVA (Cielo Broad Retail Index), which measures the retail construction materials sector in Brazil – showed a nominal decline of -2.4% in 2022 vs. 2021.

Pointer, the Group's democratic design brand, positioned in the North and Northeast regions of Brazil, was heavily impacted by the slowdown in demand in the ceramic tile market, which has been more pronounced in such regions. It was a very atypical year, even from a seasonality perspective, since historically the second semester has a stronger demand, mainly driven by the results of the third quarter. However, because of scenarios marked by extreme political and economic uncertainty in the country, demand, which had already been slowing down, remained low. These factors caused a slowdown in sales via the sales channels / home centers throughout 2022.

As a result of this scenario, Pointer obtained a Net Revenue of R\$ 225 million and a Gross Margin of 32.0% in 2022. Compared to the previous year, the Gross Margin decreased, largely due to the pricing strategy in commercial campaigns aimed at reducing inventories and optimizing the productivity level. Despite the adverse scenario and the lower-than-expected sales results, Pointer delivers positive profitability, with an EBITDA Margin of 18.5%, driven by the strengthening of the engineering channel, which has shown a recovery in the local market.

During the year, Portobello America implemented a strategy to gain scale and build demand and, despite the adverse market situation in the North American country, continues to record growth. In the year, Net Revenue reached R\$ 233 million, accounting for an increase of 32.9% vs. 2021, highlighting the local distribution operation. The BU recorded a Gross Margin of 23.5% in the period. Portobello America continues to manage demand, combining the profitability with the planning to gain scale, required for the occupation of the plant capacity in the United States. This price adjustment process offset the impacts of the increase in production costs, in Reais, in addition to the significant increase in international freight costs, which has been observed since 2021. These cost-pressure factors will be minimized when the Unit's local production gets underway in 2023.

During the year, Portobello America made progress on the project for the new factory that is being built in Baxter, Tennessee, in the United States. The plant is expected to start operating in the first semester of 2023. In the first phase of the project, it will have an annual production capacity of around 3.6 million square meters. This production, coupled with the consolidation of Portobello America on the US market, will be an important strategic milestone for the Company.

Outlook for 2023 and 1Q23

- The Company expects a more challenging market, but that should normalize throughout the year, in addition to observing the resilience of the premium construction/finishing materials market, with good opportunities for

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growth in the Company's revenue in relation to 2022 through the channel management strategy, international expansion, retail, innovation and product mix qualification.

- The Engineering channel should maintain its good demand level in 2023, because of the launches carried out in recent years, whose works are still in progress.
- The full Group's exports should also sustain its good performance, with potential sales increases generated by ongoing actions.
- The Company expects to show actual growth in Net Revenue for 2023, supported by the greater participation of Specialized Retail, Engineering and Exports, not only in the United States but globally, with emphasis on Latin America and Asia.
- • The start-up of operations at the Portobello America factory, scheduled for the summer of 2023, will considerably improve the result of this Business Unit. With local production in the United States, the BU will start to show better margins, which will be observed gradually from 2Q23, reaching the second half of the year with a significant contribution to the Portobello Group.
- In 2023, the Company's focus continues to be the maintenance of the Adjusted and Recurring Gross Margin in a level similar to 2022, despite the more restricted demand in the macroeconomic context, offset by the qualification of the product mix and factory productivity, in addition to strict management in the choices related to operating costs.
- The Company expects its Adjusted and Recurring EBITDA Margin in 2023 to remain close to the level reached in 2022, despite inflation pressures and adjustments in consumption on the domestic market.
- The 2023 CapEx investment plan is estimated by the Company in R\$ 380 million of financial effect (R\$ 640 million of accounting effect), of which around 45% will be allocated to the acquisition of equipment and infrastructure for the Portobello America's plant, approximately 30% for strategic projects related to the growth of retail in Brazil and strengthening of the digital initiatives of the Portobello Shop Business Unit, and around 25% for investments in technological updating and expansion of the industrial plants of the Portobello and Pointer Business Units.
- Although working capital management remains a priority for the Company, our expectation is that the Cash Conversion Cycle will end the year at a level similar to 2022. The main factors for this increase are higher inventories to support better levels of customer service and possible increases in terms of export customers, including operations in the demanding US market, and to manage the balance between supply and demand.
- The Company continues adopting its strong discipline in financial management, focusing on preserving liquidity and austerity in expenses and investment choices. The expectation is that the Net Debt/EBITDA (LTM) ratio will remain at a level below 2.5 times the Adjusted and Recurring EBITDA for the year, which is the maximum limit approved by the Board of Directors.
- Standouts among key risks to its operation throughout the year include: attention to high interest rates affecting consumption of durable goods and the consequent impact on the competitive environment that could compromise profitability in our sector..
- The US macroeconomic scenario still presents challenges due to the current policy of raising interest rates to reduce inflation and the consequent reduction in the level of activity, especially in the civil construction industry. However, we remain confident with the competitive differentials developed at Portobello America, mainly with the start-up of the Baxter plant.

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Economic and Financial Performance

	4Q21	4Q22	▲ %	▲ Abs	2021	2022	▲ %	▲ Abs		
Performance	Net Revenue	520.2	496.4	-4.6%	(23.7)	1,912.1	2,196.7	14.9%	284.6	
	Gross Profit	234.7	197.3	-15.9%	(37.4)	827.1	945.7	14.3%	118.6	
	Gross Margin	45.1%	39.7%	-5.4 p.p.		43.3%	43.1%	-0.2 p.p.		
	Adjusted and Recurring Gross Profit	234.7	199.9	-14.8%	(34.8)	827.1	945.7	0.1	118.6	
	Adjusted and Recurring Gross Margin	45.1%	40.3%	-4.8 p.p.		43.3%	43.1%	-0.2 p.p.		
	EBIT	71.6	41.4	-42.3%	(30.3)	288.7	314.5	0.1	25.7	
	EBIT Margin	13.8%	8.3%	-5.4 p.p.		15.1%	14.3%	-0.8 p.p.		
	Financial Results	8.7	37.9	336.5%		(17.3)	(109.7)			
	Net Income	54.9	9.1	-83.4%	(45.8)	216.2	153.1	(0.3)	(63.1)	
	Net Margin	10.6%	1.8%	-8.7 p.p.		11.3%	7.0%	-4.3 p.p.		
	Adjusted and Recurring Net Income	49.4	4.9	-90.1%	(44.5)	188.0	137.4	(0.3)	(50.6)	
	Adjusted and Recurring Net Margin	9.5%	1.0%	-8.5p.p.		9.8%	6.3%	-3.6 p.p.		
	EBITDA	94.5	67.5	-28.5%	(27.0)	360.8	406.2	0.1	45.4	
	EBITDA Margin	18.2%	13.6%	-4.6p.p.		18.9%	18.5%	-0.4 p.p.		
Indicators	Adjusted and Recurring EBITDA	96.4	60.6	-37.1%	(35.7)	365.3	386.4	0.1	21.1	
	Adjusted and Recurring EBITDA Margin	18.5%	12.2%	-6.3p.p.		19.1%	17.6%	-1.5 p.p.		
	Working Capital (R\$)	270.4	317.9	17.6%	47.5					
	Cash Conversion Cycle (days)	32	57	78.1%	25					
	Net Debt	576.9	630.5	9.3%	53.5					
	Net debt/EBITDA	1.6	1.6	-2.9%	(0.0)					
	Adjusted and Recurring Net Debt/EBITDA	1.6	1.6	3.3%	0.1					
	PTBL3	Share Price	9.64	8.23	-14.6%	(1.41)				
		Market Value	1,422.2	1,160.3	-18.4%	(261.9)				
		Average Trading Volume (12 Months)	718.0	181.4	-74.7%	(536.6)				
		Average daily trading volume (ADTV)	11.8	14.8	25.4%	3.0				

Net Revenue

In 2022, Net Revenue reached R\$ 2.2 billion in 2022, a 14.9% growth vs. 2021. This result shows a constant strategic evolution promoted by the Company, which always seeks to align innovation with profitability and value generation and, even in the face of adverse scenarios, is still capable of delivering robust results. From this result, we can highlight (i) the qualification and improvement of the product mix; (ii) the expansion of Portobello Shop's participation, (iii) greater participation in the engineering channel and (iv) expansion of the participation of international businesses (mainly exports from Portobello BU and distribution of Portobello America in the United States).

R\$ million	4Q21	4Q22	▲ %	▲ Abs	2021	2022	▲ %	▲ Abs
Net Revenue	520.2	496.4	-4.6%	(23.7)	1,912.1	2,196.7	14.9%	284.6
Domestic Market	415.9	398.3	-4.2%	(17.5)	1,510.2	1,683.6	11.4%	173.4
International Market	104.2	98.1	-5.8%	(6.1)	401.9	513.2	27.8%	111.3
US\$ million	4Q21	4Q22	▲ %	▲ Abs	2021	2022	▲ %	▲ Abs
International Market	19.8	16.4	-17.1%	(3.4)	76.4	92.9	21.6%	16.5

In the domestic market, Net Revenue grew 11.4% in 2022 compared to 2021, reaching R\$ 1.7 billion, while the construction materials sector recorded a retraction of -6.9%, according to deflated data from the Brazilian Association of Construction Materials Industry (ABRAMAT). The ceramic tile sector, according to data from the Brazilian Association of Ceramic Tiles Manufacturers (ANFACER) recorded a decrease of -17.7% in 2022 vs. 2021 in volumes (in square meters).

In 4Q22, Net Revenue from the domestic market decreased -4.2% vs. 4Q21, reaching R\$ 398 million in the quarter. This result is a consequence of a market that is extremely pressured by political and economic factors, which left consumers on alert for any sign that the economic team of the new government would give. Such results demonstrate that, despite the reduction in 4Q22, PBG continues to outperform the market, as in all other quarters, demonstrating the resilience of the strategic model adopted by the Company.

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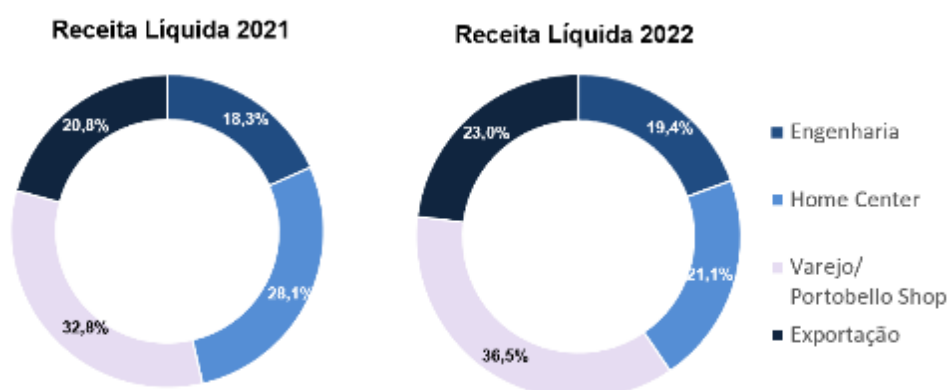
Regarding sales in the foreign market, the Company recorded a significant growth of 27.8% in 2022 vs. 2021 (21.6% in US dollars). This result continues to be driven by the progress in the Company's international expansion strategy, with the evolution of the Portobello America operation (growth of 32.8% in the year) and the growth of exports from the Portobello BU (32.2% vs. 2021). In 4Q22, revenue from the foreign market dropped -5.8% vs. 4Q21 (-17.1% in US dollars), with a 10.2% growth in Portobello America, but impacted by a -15.1% decrease in exports from the Portobello BU.

In 4Q22, Portobello America accounted for 9.3% of Portobello Group's total Net Revenue, up 10.2% vs. 4Q21. Portobello Shop accounted for 40.5%, an increase of 17.3% vs. 4Q21. Portobello BU accounted for 41.3% of total Net Revenue, down 9.9% vs. 4Q21 and Pointer's share was 9.0%, down -30.9% vs. 4Q21.

R\$ million	4Q21	4Q22	▲ %	▲ Abs	2021	2022	▲ %	▲ Abs
Consolidated	520,2	496,4	-4,6%	(23,7)	1.912,1	2.196,7	14,9%	284,6
BU Portobello	243,4	219,2	-9,9%	(24,2)	904,7	1.022,8	13,0%	118,2
BU Shop	183,3	215,1	17,3%	31,7	632,6	813,7	28,5%	181,1
BU Pointer	69,1	47,8	-30,9%	(21,4)	269,8	225,4	-16,5%	(44,3)
BU Portobello America	44,6	49,2	10,2%	4,5	175,4	233,0	32,9%	57,6
(-) Eliminations ¹	(20,3)	(34,8)	71,3%	(14,5)	(70,4)	(98,3)	39,8%	(28,0)
US\$ million	4Q21	4Q22	▲ %	▲ Abs	2021	2022	▲ %	▲ Abs
BU Portobello America	8,8	7,9	-10,3%	(0,9)	33,7	41,0	21,6%	7,3

¹ Intercompany operations

The distribution of sales across channels highlights the Company's ability to execute the cross-channel management strategy. It is worth highlighting retail sales, which account for 36.5% of the Group's total Net Revenue in 2022 vs. 32.8% in 2021. The export channel maintained the level of 23.0% in revenue, of which 10.5% with sales made by Portobello America in the United States and 12.6% for the other markets of the Portobello and Pointer Business Units. The share of sales in the Engineering channel was 19.4% vs. 18.3% in the previous year.



Gross Income

Adjusted and Recurring Gross Income reached R\$ 946 million in 2022, accounting for an increase of 14.3% compared to the previous year, with the Gross Margin remaining at 43.0%, in line with 2021. In the fourth quarter, Adjusted and Recurring Gross Income reached R\$ 200 million in the period, 14.8% lower than in 4Q21. The Adjusted and Recurring Gross Margin also decreased compared to 4Q21, reaching 40.3%, a change of -4.8 p.p. over 4Q21. The evolution of costs, owing to greater inflationary pressure, could not be adequately allocated through price adjustments, since the market had been decelerating throughout the year.

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R\$ million	4Q21	4Q22	▲ %	▲ Abs	2021	2022	▲ %	▲ Abs
Net Operating Revenue	520.2	496.4	-4.6%	(23.7)	1,912.1	2,196.8	14.9%	284.7
Cost of Goods Sold (COGS)	(285.5)	(299.1)	4.8%	(13.6)	(1,085.0)	(1,251.0)	15.3%	(166.0)
Gross Operating Profit	234.7	197.4	-15.9%	(37.3)	827.1	945.7	14.4%	118.7
Gross Margin	45.1%	39.7%	-5.4 p.p.		43.3%	43.1%	-0.2 p.p.	
Non-Recurring Events:		2.5			-	-		
1) DIFAL unconstitutionality reversal	-	2.5			-	-		
Adjusted and Recurring Gross Profit	234.7	199.9	-14.8%	(34.8)	827.1	945.7	14.3%	118.6
Adjusted and Recurring Gross Margin	45.1%	40.3%	-4.8 p.p.		43.3%	43.1%	-0.2 p.p.	

Operating Expenses

Adjusted Operating Expenses in 2022, when analyzed as a percentage of Net Revenue, recorded an increase of 1.7 pp in relation to 2021 (+2.3 pp in 4Q22 vs. 4Q21). The major changes in absolute terms occurred in sales expenses, mainly due to the growth of the sales structure in the acquisitions made and expansion of own stores network, as well in the marketing strategy adopted by Portobello America in the pre-operational phase of the factory's entry into operation, aimed at gaining scale in the North American market. In 4Q22, Adjusted Operating Expenses recorded a change of 2.0 p.p. in the share of Net Revenue and 30.3% in absolute amounts, partially as a consequence of the non-recurring effect regarding the tax gain related to the reversal of the ICMS Tax Rate Difference (DIFAL), recognized in 1Q22.

R\$ million	4Q21	%RL	4Q22	%RL	▲ %	▲ Abs	2021	%RL	2022	%RL	▲ %	▲ Abs
Operating Expenses												
Selling	(122.4)	23.5%	(139.9)	28.2%	14.3%	17.5	(421.3)	22.0%	(534.0)	24.3%	26.7%	112.7
General and Administrative	(22.1)	4.2%	(25.5)	5.1%	15.7%	3.5	(69.0)	3.6%	(90.2)	4.1%	30.7%	21.2
Other Revenues (Expenses)	(18.7)	3.6%	9.5	-1.9%	-150.8%	28.2	(48.1)	2.5%	(7.1)	0.3%	-85.2%	(41.0)
Operating Expenses	(163.1)	31.4%	(155.9)	31.4%	-4.4%	(7.2)	(538.4)	28.2%	(631.2)	28.7%	17.3%	92.9
Non-Recurring Revenues	2.0	0%	(9.4)	1.9%			4.5	-0.2%	(20.0)	1%		
Adjusted Operating Expenses	(161.2)	31.0%	(165.3)	33.3%	2.5%	4.1	(533.9)	27.9%	(651.2)	29.6%	22.0%	117.3

In this pre-operational phase in which Portobello America finds itself, the Company incurred expenses that for the most part are characterized as pre-operational, whether those related to the preparation of the start-up of the factory or to sales, marketing and other areas of support. In this regard, total expenses at Portobello America in 4Q22 were R\$30.1 million and R\$93.9 million in 2022. These expenses are part of the BU's strategic planning and are considered, for management purposes, part of the investment in project, from which a future return is expected.

It is also worth mentioning the expenses generated due to the Portobello Shop's advances, mainly the expansion of its own stores. Portobello Shop BU expenses reached BRL 301 million, BRL 68 million more than in 2021.

Sales Expenses in 4Q22 accounted for 28.2% of Net Revenue, an increase of 4.7 p.p. compared to 4Q21. In absolute terms, Sales Expenses increased 14.3% vs. 4Q21 and, year-to-date, grew 26.7% compared to the previous year, largely due to participation in trade fairs and events, such as Expo Revestir, Coverings (USA) and Cersaie (Italy), which this year were held as an in-person event.

General and Administrative Expenses accounted for 5.1% of Net Revenue in 4Q22, accounting for an increase of 0.9 p.p. compared to 4Q21. In absolute terms, growth reached 15.7%. In the year, such expenses accounted for 4.1% of Net Revenue (+1.0 pp) and showed absolute growth of 30.7%. A large part of this change is due to 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 4Q22 refer mainly to the provisioning of the Profit Sharing Program (PPR) and the Long-Term Incentive Plan (ILP), which totaled R\$ 13.9 million and civil, labor and tax provisions in the amount of R\$ 4.7 million.

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In 2022, Operating Expenses were positively impacted by the non-recurring effect related to the tax gain related to the reversal of DIFAL – Tax Rate Difference, since it was considered unconstitutional, in the amount of R\$ 19.6 million.

EBITDA

Even in the face of market challenges, the Company continues presenting good operating results, in line with its strategy, which, in 2023, will incorporate good levels of profitability at Portobello America, whose manufacturing unit will start operating in 2Q23. This result demonstrates the construction and optimization of the equation between volume performance, price flexibility, innovation and constant improvement of the product mix, combined with discipline in cost and expense management.

Adjusted and Recurring EBITDA in 2022 was R\$ 386 million, accounting for an increase of 12.7% vs. 2021, resulting in an Adjusted and Recurring EBITDA Margin of 17.6%, -1.5 pp lower than 2021, mainly due to the higher level of expenses in relation to Net Revenue, but also impacted by the result below the average of the other quarters in 4Q22. Adjusted and Recurring EBITDA for the quarter was R\$ 60.6 million (-37.1% vs. 4Q21), with a margin of 12.2%, impacted by lower sales results and Gross Margin.

R\$ million	4Q21	4Q22	▲ %	▲ Abs	2021	2022	▲ %	▲ Abs
Net Income	54.9	9.134	-83.4%	(45.8)	216.2	153.1	-29.2%	(63.1)
(+) Financial Expenses	8.6	37.906	341.8%	29.3	59.2	109.6	85.0%	50.4
(+) Depreciation and Amortization	22.9	26.156	14.2%	3.3	72.2	92.0	27.4%	19.8
(+) Income Taxes	8.0	(5.683)	-171.0%	(13.7)	13.3	51.6	289.0%	38.3
EBITDA	94.5	67.5	-28.5%	(27.0)	360.9	406.2	12.5%	45.3
EBITDA Margin	18.2%	13.6%	-4.6 p.p.		18.9%	18.5%	-0.4 p.p.	
Non-Recurring Events:	1.9	(6.9)			4.5	(19.9)		
1) DIFAL unconstitutionality reversal	-	(4.9)			0.0	(17.3)		
Adjusted and Recurring EBITDA	96.4	60.6	-37.1%	-35.7	365.4	386.4	5.7%	21.0
Adjusted and Recurring EBITDA Margin	18.5%	12.2%	-6.3 p.p.		19.1%	17.6%	-1.5 p.p.	

The amount of non-recurring events of R\$ 6.9 million recorded in 4Q22 refers to the tax gain related to the reversal of the Tax Rate Difference (DIFAL), which was deemed unconstitutional. In the year, the amounts recognized as non-recurring events were R\$ 19.9 million, R\$ 17.3 million of which related to the tax gain from the reversal of DIFAL and COFINS tax optimization in the amount of R\$ 3.0million, partially offset by the recognition of other favorable legal decisions, in the order of R\$ 0.3 million.

Net Income

The current macroeconomic situation in Brazil, with high interest rates, caused the Company's financial expenses to increase 85.0% in 2022, affecting the Adjusted and Recurring Net Income for the period, when it reached R\$ 137 million in the year, a decrease of -26.9% compared to 2021. In 4Q22, Adjusted and Recurring Net Income was R\$ 4.9 million, the result of a worsening operating performance linked to the economic factors observed throughout the year.

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R\$ million	4Q21	4Q22	▲ %	▲ Abs	2021	2022	▲ %	▲ Abs
EBITDA	94.5	67.5	-28.5%	-26.966	360.9	406.2	12.5%	45.25
(-) Financial Expenses	(8.6)	(37.9)	341.8%	(29.3)	(59.2)	(109.6)	85.0%	(50.38)
(-) Depreciation and Amortization	(22.9)	(26.2)	14.2%	(3.3)	(72.2)	(92.0)	27.4%	(19.76)
(-) Income Taxes	(8.0)	5.7	-171.0%	13.7	(13.3)	(51.6)	289.0%	(38.30)
Net Income	54.9	9.1	-83.4%	(45.8)	216.3	153.1	-29.2%	(63.2)
Net Margin	10.6%	1.8%	-8.7 p.p.		11.3%	7.0%	-4.3 p.p.	
Non-Recurring Events:	(5.7)	(4.2)			(28.2)	(15.7)		
(1) DIFAL unconstitutionality reversal	-	(4.9)			-	(17.3)		
(2) Selic on Income Tax/Social Contribution Basis	(1.1)	(0.3)			(23.6)	(1.1)		
(3) Recognition and Restatements of Lawsuits	(8.8)	(0.4)			(8.8)	(2.5)		
(4) Recognition and Restatements of Lawsuits – Other revenues/expenses	1.8	1.0			1.8	0.3		
(5) Recognition and Restatements of Lawsuits-IR/CSLL	2.4	3.3			2.4	7.8		
(6) COFINS - Tax optimization	-	(3.0)			-	(3.0)		
Adjusted and Recurring Net Income	49.3	4.9	-90.1%	(44.4)	188.1	137.4	-27.0%	(50.7)
Adjusted and Recurring Net Margin	9.5%	1.0%	-8.5 p.p.		9.8%	6.3%	-3.6 p.p.	

In 4Q22, Net Income was positively impacted by the non-recurring effect related to the tax gain related to the reversal of DIFAL, which was considered unconstitutional, in the amount of R\$ 4.9 million, partially offset by the levy of R\$ 3.3 million referring to income tax/social contribution.

Cash Flow

The Company ended the year with a cash position of R\$ 256 million, a R\$ 66.4 million increase vs. 2021. The change in the final cash balance was due to the lower level of disbursements in financing activities in the period, with lower amortizations in the period due to efficient cash management and debt scheduling. The balance is in line with the management strategy adopted by the Company. Furthermore, in July 2022 funds were received related to the redemption of deposits pledged as guarantee, in the amount of R\$ 58.3 million. In 2022, the amounts raised totaled R\$ 93.8 million, which had a positive impact on the operating activities, referring to: (i) rural credit bills, in the amount of R\$ 20.3 million; (ii) redemption of deposits pledged in guarantee in the amount of R\$ 73.5 million.

R\$ million	4Q21	4Q22	▲	▲ Abs	2021	2022	▲	▲ Abs
Activities								
Operating	48.1	4.6	-90%	(43.5)	288.1	227.0	-21%	61.1
Investment	(37.9)	(38.6)	2%	(0.7)	(114.9)	(206.0)	79%	91.1
Financing	(153.4)	155.9	-202%	309.4	(309.8)	45.3	-115%	(355.1)
Changes in Cash	(143.2)	121.9	-185%	265.1	(136.6)	66.4	-149%	(202.9)
Opening Balance	332.9	134.1	-60%	(198.8)	326.3	189.7	-42%	136.6
Closing Balance	189.7	256.0	35%	66.4	189.7	256.0	35%	(66.3)

The Company's operating activities generated a cash position of R\$ 227 million in 2022, driven by the good EBITDA levels, but were impacted by the change in working capital, mainly the increase in inventory levels.

The Company's investment activities totaled R\$ 206 million in 2022, earmarked mainly for the expansion of Portobello Shop's own store network, investments in the new Portobello America plant, CapEx for the Tijucas-SC plant, with modernization of the industrial park to produce products with greater added value and larger formats.

Additionally, in 1Q22, there was a positive impact in the amount of US\$ 11.8 million (R\$ 55.8 million) in investment activities as a result of the recognition of the sale of assets, specifically the land in Tennessee for the amount of R\$ 18.1 million, and the reimbursement made by Oak Street for investments made in the construction of the new factory in the amount of R\$ 37.6 million in the BtS operation closed in March 2022.

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Financing activities resulted in a positive effect of R\$ 45.3 million for the year, due to the funding raised, which totaled R\$ 192 million, and the better debt profile, with longer maturities. The payment of loans and financing totaled R\$ 12.6 million in the period. In September, the amount of R\$ 43.3 million was paid to shareholders as prepaid dividends.

Working Capital

The Company's Working Capital decreased in 4Q22, totaling R\$ 318 million, R\$ 56.1 million below 3Q22 (-15.0%). The Cash Conversion Cycle in 4Q22 was 57 days, accounting for an increase of 10 days compared to 3Q22, with improvements in the terms of the receivables portfolio, but hampered by the increase in inventories. Compared to 4Q21, the change in Working Capital was R\$ 47.5 million, and the change in Cash Conversion Cycle was 25 days. A large part of the change in Inventories was due to the slowdown in the civil construction market, mainly in the North/Northeast regions, which mainly impacted Pointer, but also due to the improvement in the customer service in the retail and the North American market.

	4Q21	4Q22	▲ %	▲ Abs	3Q22	▲ %	▲ Abs
R\$ millions	Accounts Receivable	306.1	230.0	-24.9%	(1.0)	359.9	-36.1% (129.9)
	Inventories	285.4	455.0	59.4%	169.6	418.7	8.7% 36.3
	Suppliers	321.0	367.1	14.4%	46.1	404.6	-9.3% (37.5)
	Working Capital	270.4	317.9	17.6%	47.5	374.0	-15.0% (56.1)
Days	Accounts Receivable	49	37	-24.5%	(12)	47	-21.3% (10)
	Inventories	88	129	46.6%	41	116	11.2% 13
	Suppliers	104	108	3.8%	4	116	-6.9% (8)
	Cash Conversion Cycle (CCC)	32	57	78.1%	25	47	21.3% 10

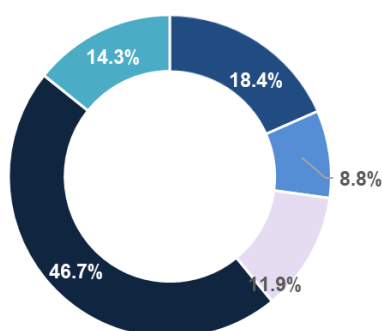
Investments

Investments in 2022 totaled R\$ 401 million, and 33.7% were allocated to the Portobello America new plant project, 29.9% were allocated to investments in own stores, 21.4% were allocated to the Tijucas-SC plant and the remainder to commercial and corporate projects and to the industrial plant in Marechal Deodoro-AL.

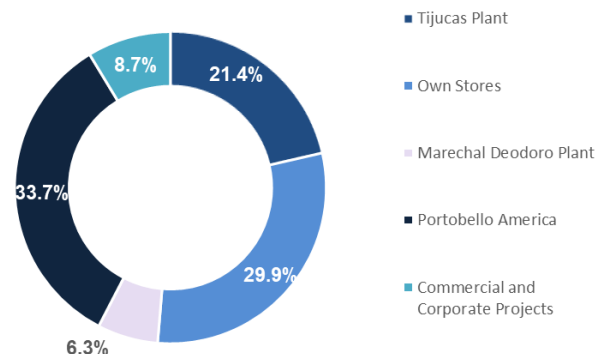
Investments made in own stores in 2022 mainly refer to the acquisition of stores announced by the Company in March (Pacaembu and Gabriel) and July (Balneário Camboriú, Tijucas and São José), in addition to the opening of new stores that occurred throughout the year.

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

4T22 Investments



2022 Investments



Portobello Grupo

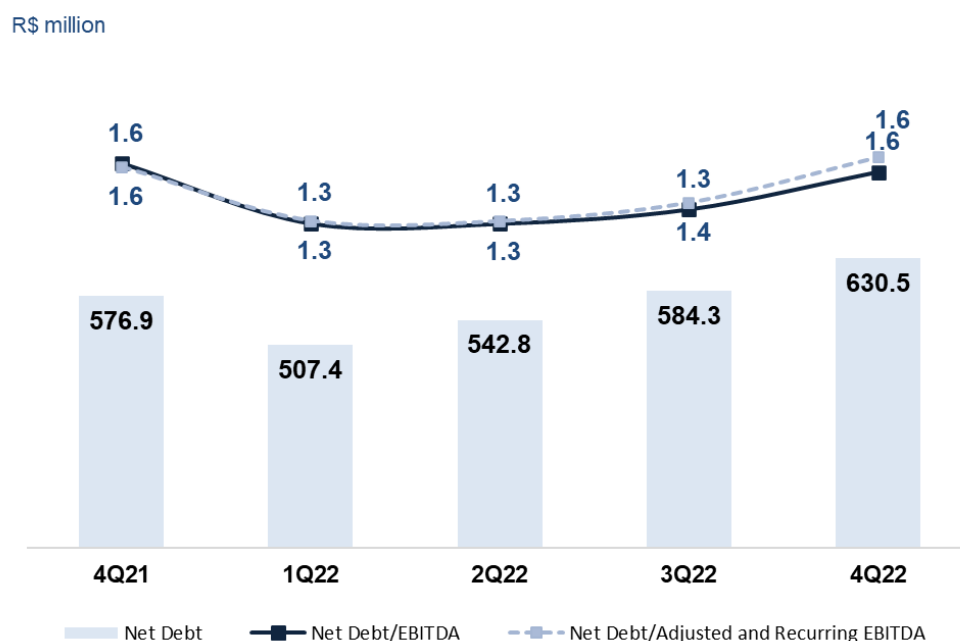
Indebtedness and Capital structure

The Company's Net Debt ended the year at R\$ 630 million, accounting for an increase of R\$ 53.5 million vs. 2021. Compared to 3Q22, there was an increase of R\$ 46.2 million due to investments in working capital and CapEx. The increase in Adjusted and Recurring EBITDA in the last 12 months to R\$ 396 million, and discipline in financial management, focused on the constant optimization of the Cash Conversion Cycle, resulted in the Company's maintaining a financial leverage of 1.6x the Adjusted and Recurring EBITDA, next to the lower indebtedness level ever reached by the Company.

R\$ million	4Q21	1Q22	2Q22	3Q22	4Q22
Gross Bank Debt¹	766.7	731.6	733.4	718.4	886.6
Cash and Cash Equivalents	(189.7)	(224.2)	(190.6)	(134.2)	(256.1)
Net Indebtedness	576.9	507.4	542.8	584.3	630.5
EBITDA (LTM)	360.9	398.8	427.1	433.2	406.2
Adjusted and Recurring EBITDA (LTM)	365.4	394.8	423.1	422.3	386.5
Net Debt-to-EBITDA ratio	1.6	1.3	1.3	1.3	1.6
Net Debt-to-Adjusted and Recurring EBITDA ratio	1.6	1.3	1.3	1.4	1.6

¹ As from 4Q21, includes lease liabilities with call option

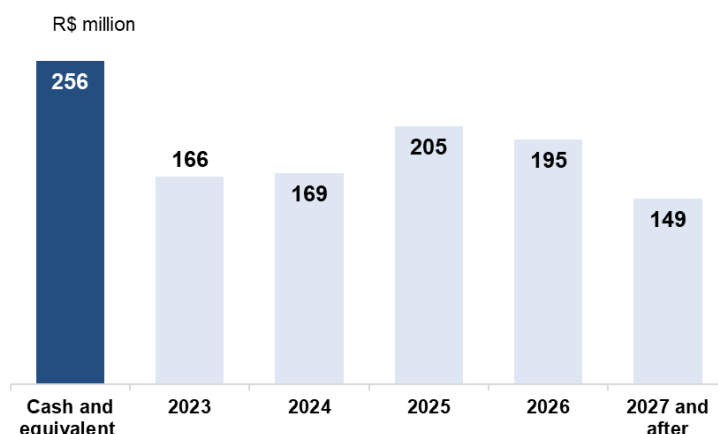
In 2022, the amount of R\$ 74.8 million of contracted Bank Debt was amortized. Funding totaled R\$ 192 million.



At the end of 2022, 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.

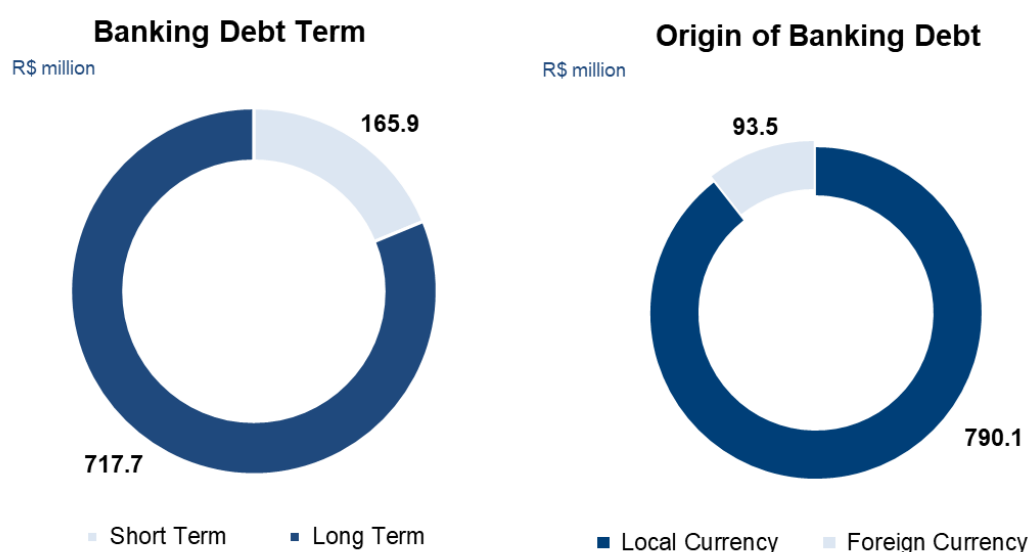
The details of the amortization schedule (Gross Banking Debt) can be found below:

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Gross Bank Debt maturing in the short term represents 18.8% of the total, a 1.2 pp decrease compared to 3Q22. The remaining debt matures in the long term, as shown in the amortization schedule above. The Gross Banking Debt is mostly in domestic currency (89.4%). The average total cost of Banking Debt is 13.26% per annum and the average term is 4.7 years, vs 4.4 in 2021.

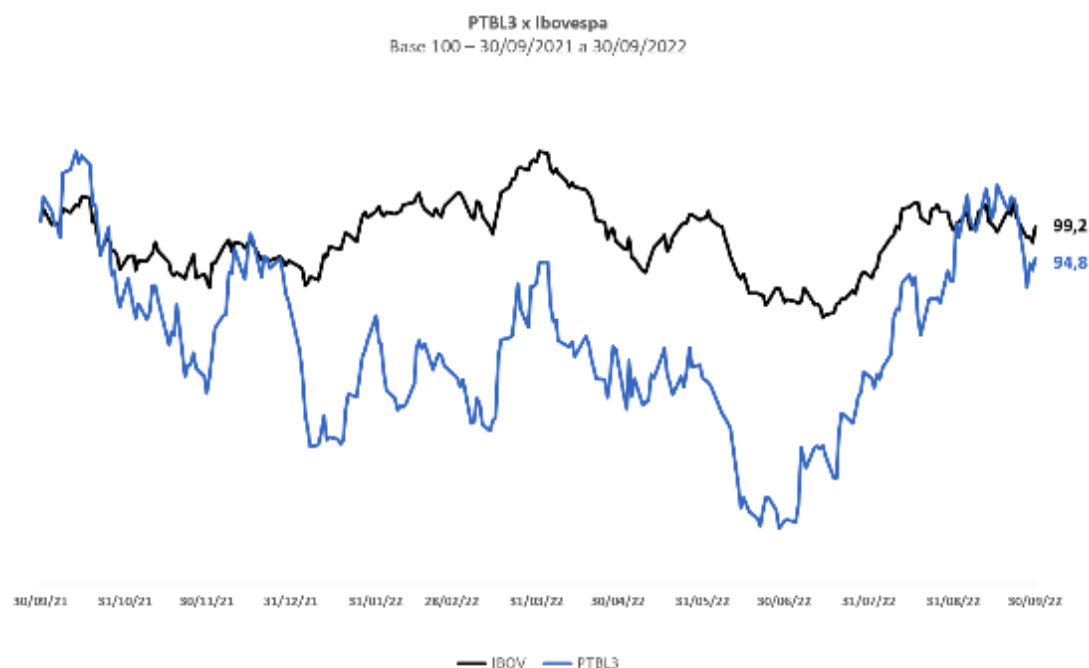
This debt profile provides greater flexibility for the Company to develop its strategic plan, focused on the growth of retail in Brazil and international business, mainly in the USA through Portobello America.



PTBL3 Stock Performance

Shares traded under the PTBL3 ticker closed the trading session on December 30, 2022 quoted at R\$ 8.23, showing a devaluation of -14.6% when compared to the closing of 2021 (quoted at R\$ 9.64). The average daily financial volume traded (ADTV) in 4Q22 was R\$ 14.8 million. At the end of 2022, the Company had a market value equivalent to R\$ 1,160 million.

Portobello Grupo



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
John Shojiro Suzuki	Vice-President and Chief Financial and Investor Relations Officer
Edson Luiz Mees Stringari	Vice-President of Legal and Compliance Matters

Board of Directors

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

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Corporate Governance

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

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

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

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

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

Electronic address to communicate corporate governance related issues to senior management

dri@portobello.com.br.

Portobello Grupo

Financial Statements

Balance Sheet

Assets	4Q21	AV %	4Q22	AV %	Var%
Current assets	906.1	42.0%	1,103.1	44.5%	21.7%
Cash and cash equivalents	189.7	8.8%	256.1	10.3%	35.0%
Trade Receivables	375.6	17.4%	314.5	12.7%	-16.3%
Inventories	285.4	13.2%	455.0	18.3%	59.4%
Other	55.4	2.6%	77.5	3.1%	39.8%
Non-current assets	1,251.2	58.0%	1,376.7	55.5%	10.0%
Long-term assets	536.1	24.8%	375.0	15.1%	-30.0%
Judicial deposits	185.4	8.6%	106.7	4.3%	-42.4%
Judicial assets	155.2	7.2%	140.3	5.7%	-9.6%
Guarantee deposit	89.7	4.2%	19.4	0.8%	-78.4%
Receivables - Eletrobrás	12.8	0.6%	12.8	0.5%	0.0%
Restricted financial investments	13.7	0.6%	9.3	0.4%	-32.1%
Recoverable taxes and deferred tax	14.9	0.7%	19.4	0.8%	30.8%
Other non-current assets	64.5	3.0%	67.0	2.7%	4.0%
Fixed assets	715.1	33.1%	1,001.7	40.4%	40.1%
PPE, Intangible Assets and Investments	643.3	29.8%	813.6	32.8%	26.5%
Right of Use of Leased Assets	71.5	3.3%	187.7	7.6%	162.4%
Other investments	0.3	0.0%	0.3	0.0%	0.0%
Total assets	2,157.3	100.0%	2,479.8	100.0%	14.9%
Liabilities	4Q21	AV %	4Q22	AV %	Var%
Current liabilities	714.1	33.1%	945.1	38.1%	32.3%
Loans and Debentures	98.1	4.5%	165.9	6.7%	69.1%
Trade Payables and Credit Assignment	365.7	16.9%	460.8	18.6%	26.0%
Lease obligations	19.5	0.9%	26.4	1.1%	35.5%
Tax liabilities	39.7	1.8%	43.2	1.7%	8.8%
Payroll and related taxes	59.0	2.7%	64.6	2.6%	9.4%
Advances from Customers	69.6	3.2%	84.5	3.4%	21.5%
Other	62.6	2.9%	99.7	4.0%	59.3%
Non-current liabilities	1,087.1	50.4%	1,067.4	43.0%	-1.8%
Loans and Debentures	664.3	30.8%	717.7	28.9%	8.0%
Suppliers	189.9	8.8%	122.5	4.9%	-35.5%
Debts with related parties	56.4	2.6%	56.3	2.3%	-0.1%
Provisions	89.0	4.1%	88.4	3.6%	-0.7%
Lease obligations	45.4	2.1%	51.4	2.1%	13.1%
Other Non Current Liabilities	42.1	2.0%	31.2	1.3%	-25.9%
Equity	356.2	16.5%	467.2	18.8%	31.2%
Capital	250.0	11.6%	250.0	10.1%	0.0%
Treasury shares	(91.4)	-4.2%	-	0.0%	-100.0%
Earnings reserve	240.1	11.1%	255.3	10.3%	6.3%
Other comprehensive income	(42.6)	-2.0%	(38.1)	-1.5%	-10.6%
Total liabilities	2,157.3	100.0%	2,479.7	100.0%	14.9%

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Statement of Income

R\$ million	4Q21	4Q22	2021	2022
Net Sales Revenue	520.2	496.4	1,912.1	2,196.7
Gross Operating Profit	234.7	197.3	827.1	945.6
Operating Income (Expenses), Net	(163.1)	(155.9)	(538.4)	(631.4)
Selling	(122.4)	(139.9)	(421.3)	(534.0)
General and Administrative	(22.0)	(25.5)	(69.0)	(90.2)
Other Operating Income (Expenses), Net	(18.7)	9.5	(48.1)	(7.2)
Operating Profit before Financial Income	71.6	41.4	288.7	314.2
Financial Result	(8.7)	(37.9)	(59.2)	(109.7)
Financial Revenues	17.5	3.2	24.8	18.2
Financial Expenses	(28.9)	(31.5)	(90.0)	(122.4)
Net exchange rate change	2.7	(9.6)	5.9	(5.4)
Income (loss) before income taxes	62.9	3.5	229.5	204.6
Income Tax and Social Contribution	(8.0)	5.7	(13.3)	(51.5)
Net income (loss) for the Period	54.9	9.1	216.2	153.1

Cash Flow

R\$ million	4Q21	4Q22	2021	2022
Net cash from operating activities	48.1	4.6	288.1	227.0
Cash from operations	140.0	24.0	393.6	346.7
Changes in assets and liabilities	(62.9)	3.9	(31.0)	18.4
Interest paid and income taxes paid	(29.1)	(23.4)	(74.4)	(138.1)
Net cash used in investment activities	(37.9)	(38.6)	(114.9)	(206.0)
Acquisition of property, plant and equipment	(42.6)	(86.8)	(96.6)	(232.9)
Acquisition of intangible assets	(5.0)	(7.4)	(18.2)	(23.0)
Acquisition of lease assets	-	45.8	-	(59.2)
Receipt for the sale and reimbursement of fixed assets	-	-	-	55.8
Other investments	9.7	9.8	(0.2)	53.3
Net cash provided by (used in) financing activities	(153.4)	155.9	(309.8)	45.3
Funding loans and financing	46.9	176.2	513.7	192.9
Payment of loans and financing	(111.8)	(13.8)	(488.8)	(74.8)
Dividends paid	(83.2)	(0.0)	(162.3)	(46.9)
Lease Amortization	(5.3)	(6.4)	(18.7)	(25.9)
Treasury acquisitions	-	-	(153.7)	-
Increase/(Decrease) in Cash for the period/year	(143.2)	121.9	(136.6)	66.4
				0
Opening Balance	332.9	134.1	326.3	189.7
Closing Balance	189.7	256.0	189.7	256.0

Please visit the Investor Relations website:

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