Portobello Grupo

1Q23 Results

Portobello Grupo

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

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

1Q23 Highlights

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

Investor Relations

dri@portobello.com.br

Rosangela Sutil de Oliveira
Chief Financial and Investor Relations Officer

Andrés López
Investor Relations Manager

Renato Dias Dzierva
Investor Relations Specialist

Site de RI: ri.portobello.com.br

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Message from Management

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

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

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

Between the March 14 and 17, **ExpoRevestir 2023**, one of the main flooring and coverings fairs in the world, took place in São Paulo. **Portobello Group was a highlight at the event** with the launch of the new Authentic line. In a 1,400 m² booth assembled with a strong sustainability appeal, in which 100% of the material was reused, it received thousands of clients throughout the days of the events and, as a result, obtained record sales and orders in a single fair for over 30 countries, reinforcing the relevance that the brand has been achieving globally, and driving sales above the market already in 2Q23.

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

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

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

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[1] Source: ABRAMAT (Brazilian Association of Construction Materials Industry) Deflated data.
[2] Source: CBIC (National Confederation of Industry). Construction Industry Survey, Year 14, number 3.

Business Unit Operating Performance

Portobello Business Unit ("BU")

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

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

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

Portobello Shop Business Unit ("BU")

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

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

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

Pointer Business Unit ("BU")

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

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

Portobello America Business Unit ("BU")

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

[3] Brazilian Association of Construction Materials Industry
[4] Cielo Expanded Retail Index

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

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

Economic and Financial Performance - Consolidated

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

Net Revenue

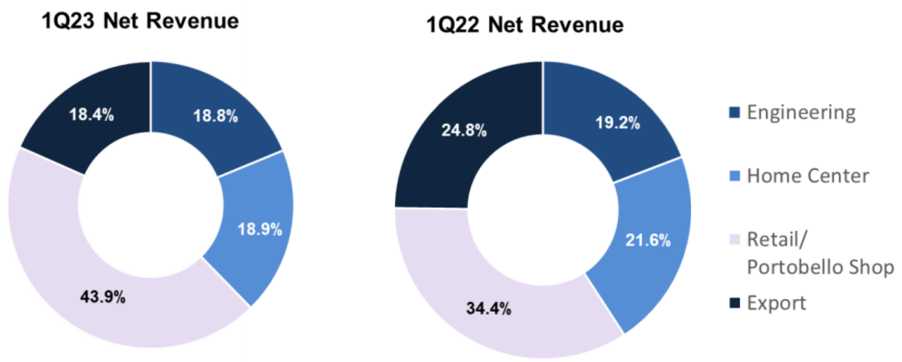
R$ million	1Q23	1Q22	▲ %	▲ Abs	4Q22	▲ %	▲ Abs
Net Revenue	**487.8**	**525.0**	**-7.1%**	**(37.2)**	**496.4**	**-1.7%**	**(8.6)**
Domestic Market	393.5	390.8	0.7%	2.7	398.3	-1.2%	(4.8)
International Market	94.2	134.2	-29.8%	(40.0)	98.1	-4.0%	(3.9)
US$ million	**1T23**	**1T22**	**▲ %**	**▲ Abs**	**4T22**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

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

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

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

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



Gross Income

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

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

[5] Brazilian Association of Construction Materials Industry

Operating Expenses

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

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

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

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

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

EBITDA and Adjusted EBITDA

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

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

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

Net Income

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

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

Cash Flow

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

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

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

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

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

Working Capital

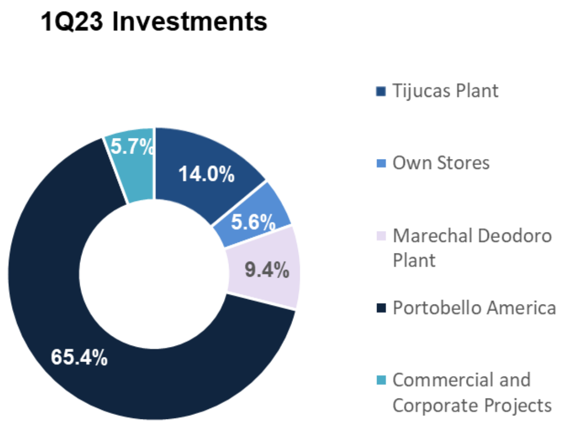
	1Q23	1Q22	▲ %	▲ Abs	4Q22	▲ %	▲ Abs
Accounts Receivable	222.0	288.2	-23.0%	(66.2)	230.0	-3.5%	(8.0)
Inventories	469.2	325.8	44.0%	143.4	455.0	3.1%	14.2
Suppliers	339.8	326.5	4.1%	13.3	367.1	-7.4%	(27.3)
Working Capital	**351.4**	**287.5**	**22.2%**	**63.9**	**317.9**	**10.5%**	**33.5**
Accounts Receivable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

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

Investments

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

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

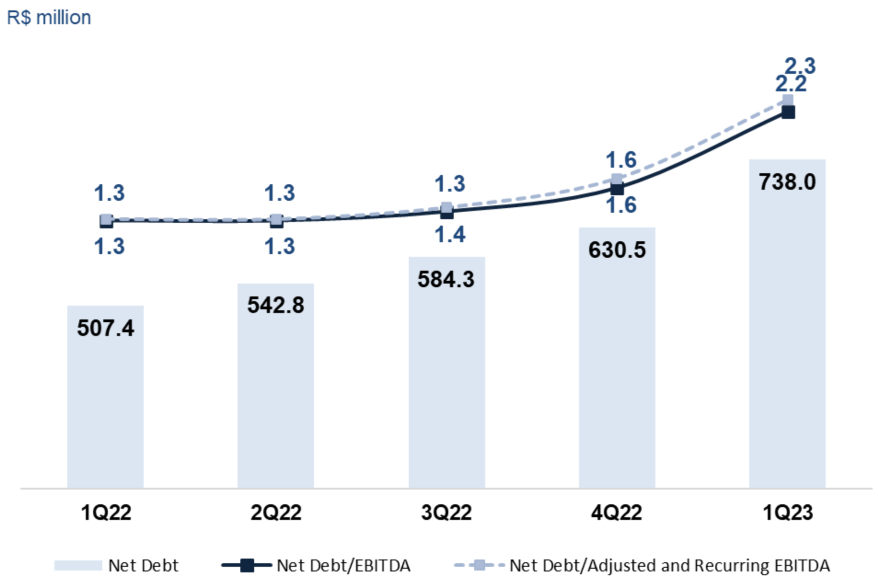


Indebtedness and Capital Structure

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

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

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



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

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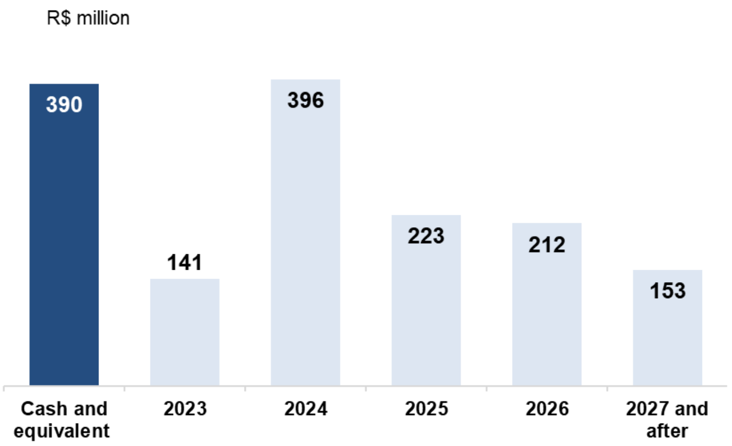
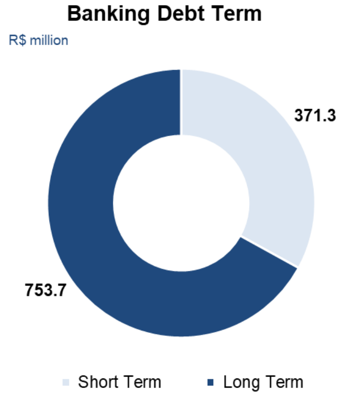
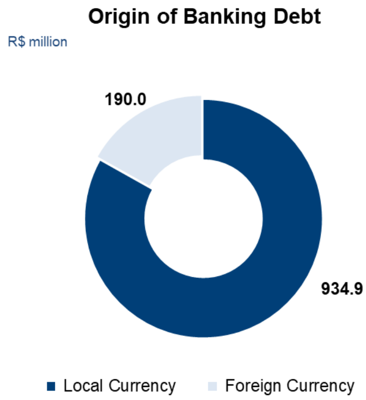
The details of the amortization schedule (Gross Banking Debt) can be found below:



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

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





2023 and 1Q23 Outlook (Strategic Planning)

- The Company expects a more challenging market, but that should normalize throughout the year, in addition to observing greater resilience of the premium construction/finishing materials market, with good opportunities for growth in the Company's revenue in relation to 2022 through the channel management strategy, international expansion, retail, innovation and product mix qualification.

- The Engineering channel should maintain its good demand level in 2023, because of the launches carried out in recent years, whose works are still in progress.

- The full Group's exports should also sustain its good performance, with potential sales increases generated by ongoing actions.

- Predicted drop in natural gas prices and international freight, with a positive impact on product costs and incentives for operations (homecenters) in the US.

- The Company expects to present real growth in Net Revenue for 2023, supported by the greater share of the North American operation, as well as, in the Brazilian operations, of Specialized Retail, Engineering and Exports, not only in the United States, but globally, with emphasis on Latin America and Asia.

- The start-up of Portobello America plant, scheduled for the second quarter of 2023, will considerably improve the result of this Business Unit. With local production in the United States, the BU will start presenting better margins, which will be observed gradually from 2Q23, reaching the second semester with a significant contribution to the Portobello Group.

- New product mix at the Portobello Unit and at the Pointer, which has just put a new polishing and grinding line into operation.

- The Company's focus in 2023 remains on maintaining the Adjusted and Recurring Gross Margin at a level similar to that recorded in 2022, despite the more restricted demand in the macroeconomic context, offset by the qualification of the product mix and manufacturing productivity, in addition to strict management in the choices relating to operating costs.

- The Company expects its Adjusted and Recurring EBITDA Margin in 2023 to remain close to the level reached in 2022, despite inflation pressures and adjustments in consumption on the domestic market.

- The 2023 CapEx investment plan is estimated by the Company in R$ 380 million of financial effect (R$ 640 million of accounting effect), of which around 45% will be allocated to the acquisition of equipment and infrastructure for the Portobello America’s plant, approximately 30% for strategic projects related to the growth of retail in Brazil and strengthening of the digital initiatives of the Portobello Shop, and around 25% for investments in technological updating and expansion of the industrial plants of the Portobello and Pointer Business Units.

- Although working capital management remains a priority for the Company, our expectation is that the Cash Conversion Cycle will end the year at a level similar to 2022. The main drivers for such increase are higher inventories to support better customer service levels, including operations in the demanding US market, and to manage the balance between supply and demand.

- The Company continues maintaining its strong discipline in financial management, focusing on preserving liquidity and austerity in spending and investment choices. The Net Debt/EBITDA LTM ratio is expected to remain at a level below 2.5 times the Adjusted and Recurring EBITDA for the year, which is the maximum limit approved by the Board of Directors.

- As the main risks to its operation throughout the year, it is worth highlighting the high interest rates, affecting consumption of durable goods and the consequent impact on the competitive environment that could compromise the profitability of our sector.

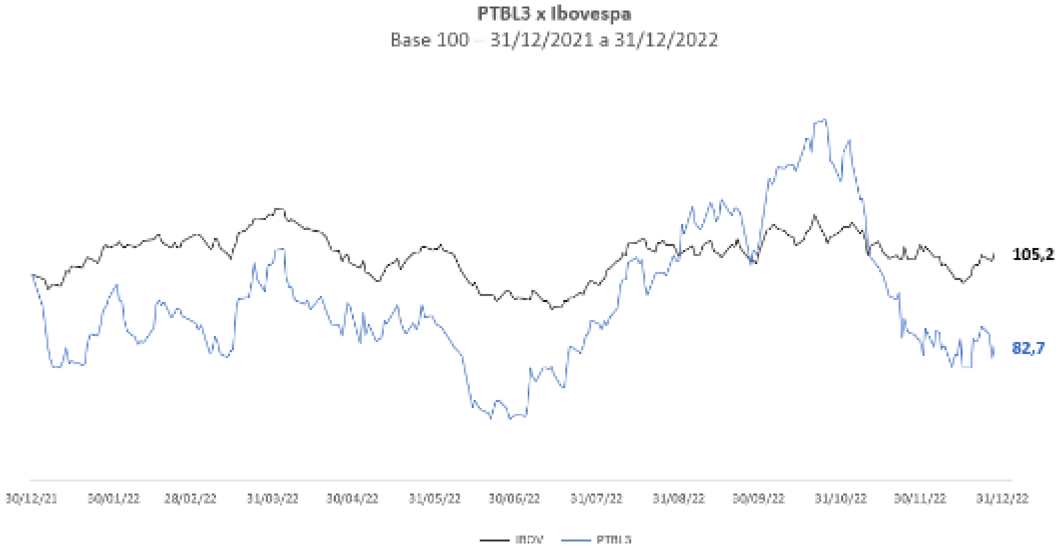
- The US macroeconomic scenario still presents challenges due to the high cost of fuel and the instabilities generated by the war in Europe. However, the market records stability in the employment rate, with a slight reduction in inflation in the short term and maintenance of the GDP level. We remain confident with the competitive differentials developed at Portobello America, mainly with the start-up of the Baxter plant.

ESG Initiatives

As one of the main management pillars and part of the Portobello Group's purpose, we continue advancing with our Sustainability initiatives. On March 29, 2023, we published our Annual Sustainability Report, in which we detail all the advances on the Portobelo+Ecoefficient, Portobello+People, and Portobello+Governace fronts, for which we have defined an individual action plan for the next 5 years, in line with the UN Sustainable Development Goals. The Annual Sustainability Report is available on the Company's IR website[6].

PTBL3 Stock Performance

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



Independent Audit

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

[6] Sustainability

Portobello Grupo

Management

Statutory Executive Board

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

Board of Directors

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

Corporate Governance

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

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

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

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

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

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

Portobello Grupo

Financial Statements

Balance Sheet

Assets	1Q23	AV %	4Q22	AV %	Var%
Current assets	**1,264.6**	**46.0%**	**1,103.1**	**44.5%**	**14.6%**
Cash and cash equivalents	389.7	14.2%	256.1	10.3%	52.2%
Trade Receivables	315.6	11.5%	314.5	12.7%	0.3%
Inventories	469.2	17.0%	455.0	18.3%	3.1%
	7.5	0.3%	11.8	0.5%	-36.4%
Other	82.6	3.0%	65.7	2.6%	25.7%
Non-current assets	**1,487.5**	**54.0%**	**1,376.7**	**55.5%**	**8.1%**
Long-term assets	**371.8**	**13.5%**	**375.0**	**15.1%**	-0.9%
Judicial deposits	107.0	3.9%	106.7	4.3%	0.3%
Judicial assets	141.6	5.1%	140.3	5.7%	0.9%
Guarantee deposit	18.7	0.7%	19.4	0.8%	-3.4%
Receivables - Eletrobrás	-	0.0%	12.8	0.5%	-100.0%
Restricted financial investments	9.6	0.3%	9.3	0.4%	3.3%
Recoverable taxes and deferred tax	33.4	1.2%	19.4	0.8%	71.8%
Other non-current assets	61.5	2.2%	67.0	2.7%	-8.3%
Fixed assets	**1,115.7**	**40.5%**	**1,001.7**	**40.4%**	**11.4%**
PPE, Intangible Assets and Investments	923.3	33.5%	813.6	32.8%	13.5%
Right of Use of Leased Assets	192.1	7.0%	187.7	7.6%	2.3%
Other investments	0.3	0.0%	0.3	0.0%	-13.8%
Total assets	**2,752.1**	**100.0%**	**2,479.8**	**100.0%**	**11.0%**

Liabilities	1Q23	AV %	4T22	AV %	Var%
Current liabilities	**1,122.9**	**40.8%**	**945.1**	**38.1%**	**18.8%**
Loans and Debentures	371.3	13.5%	165.9	6.7%	123.8%
Trade Payables and Credit Assignment	347.3	12.6%	460.8	18.6%	-24.6%
Lease obligations	33.7	1.2%	26.4	1.1%	27.8%
Tax liabilities	48.1	1.7%	43.2	1.7%	11.3%
Payroll and related taxes	71.8	2.6%	64.6	2.6%	11.2%
Advances from Customers	93.6	3.4%	84.5	3.4%	10.8%
Other	157.1	5.7%	99.7	4.0%	57.5%
Non-current liabilities	**1,170.8**	**42.5%**	**1,067.5**	**43.0%**	**9.7%**
Loans and Debentures	753.6	27.4%	717.7	28.9%	5.0%
Suppliers	94.4	3.4%	122.5	4.9%	-22.9%
Debts with related parties	56.3	2.0%	56.3	2.3%	-0.1%
Provisions	88.8	3.2%	88.4	3.6%	0.5%
Lease obligations	50.3	1.8%	51.4	2.1%	-2.1%
Other Non Current Liabilites	127.4	4.6%	31.3	1.3%	307.3%
Equity	**458.4**	**16.7%**	**467.2**	**18.8%**	**-1.9%**
Capital	250.0	9.1%	250.0	10.1%	0.0%
Earnings reserve	210.9	7.7%	255.3	10.3%	-17.4%
Other comprehensive income	(32.1)	-1.2%	(38.1)	-1.5%	-15.7%
Additional dividends proposed	29.6	1.1%	-	0.0%	100.0%
Total liabilities	**2,752.1**	**100.0%**	**2,479.8**	**100.0%**	**11.0%**

Portobello Grupo

Statement of Income

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

Cash Flow

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

Please visit the Investor Relations website:
https://ri.portobello.com.br/