New own store in Curitiba (Paraná)

Earnings Release

2Q21

PortobelloGrupo

Disclaimer

The information prepared by PBG, such as the operational and financial perspectives, projections or targets related to the business, are forecasts based on Management's expectations regarding the company's future.

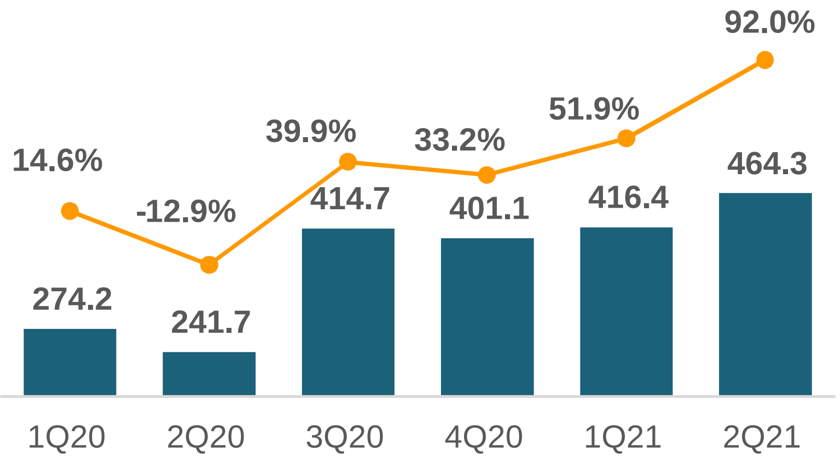
Forward-looking statements are not a guarantee of performance. They involve risks, uncertainties and assumptions. Said expectations depend on circumstances that may or may not occur, as well as the conditions of the national and international markets, the general economic performance of the country and the industry, which may lead to results that differ materially from those expressed in such forward-looking statements.

2Q21

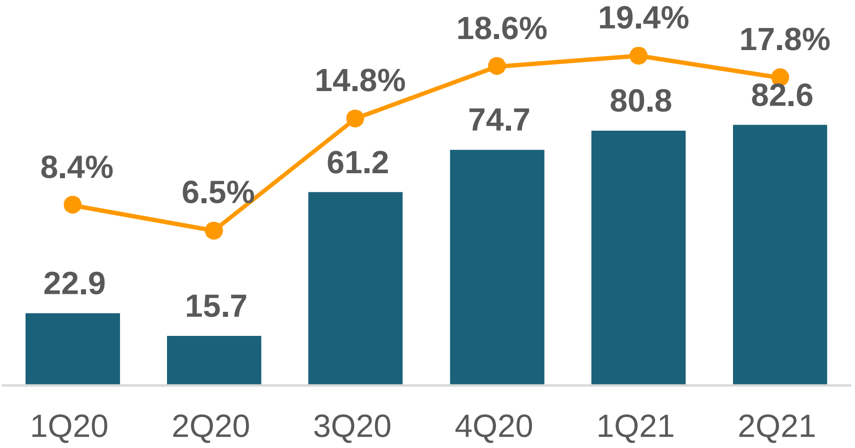
Operating and Financial Performance

2Q21 Summary
Portobello Group continues capturing market opportunities and delivering growth with improved economic and financial foundations

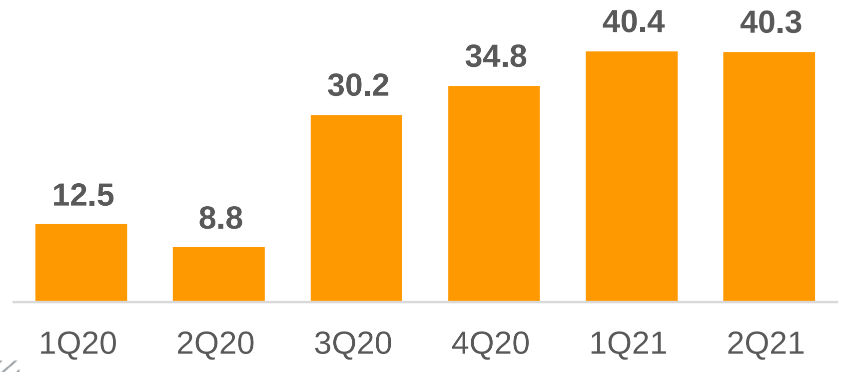
Net Revenue
R$ million and % change over last year



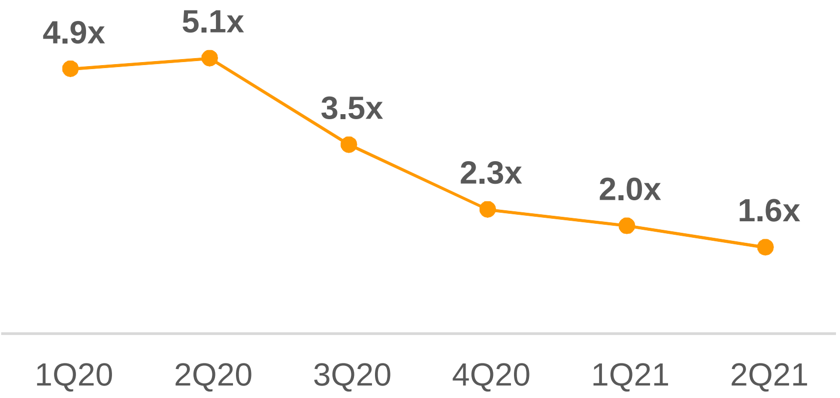
EBITDA and Margin (Adjusted and Recurring)
R$ million and Margin (%)



Adjusted and Recurring Net Income
R$ million



Adjusted and Recurring Net Debt/EBITDA



Highlights

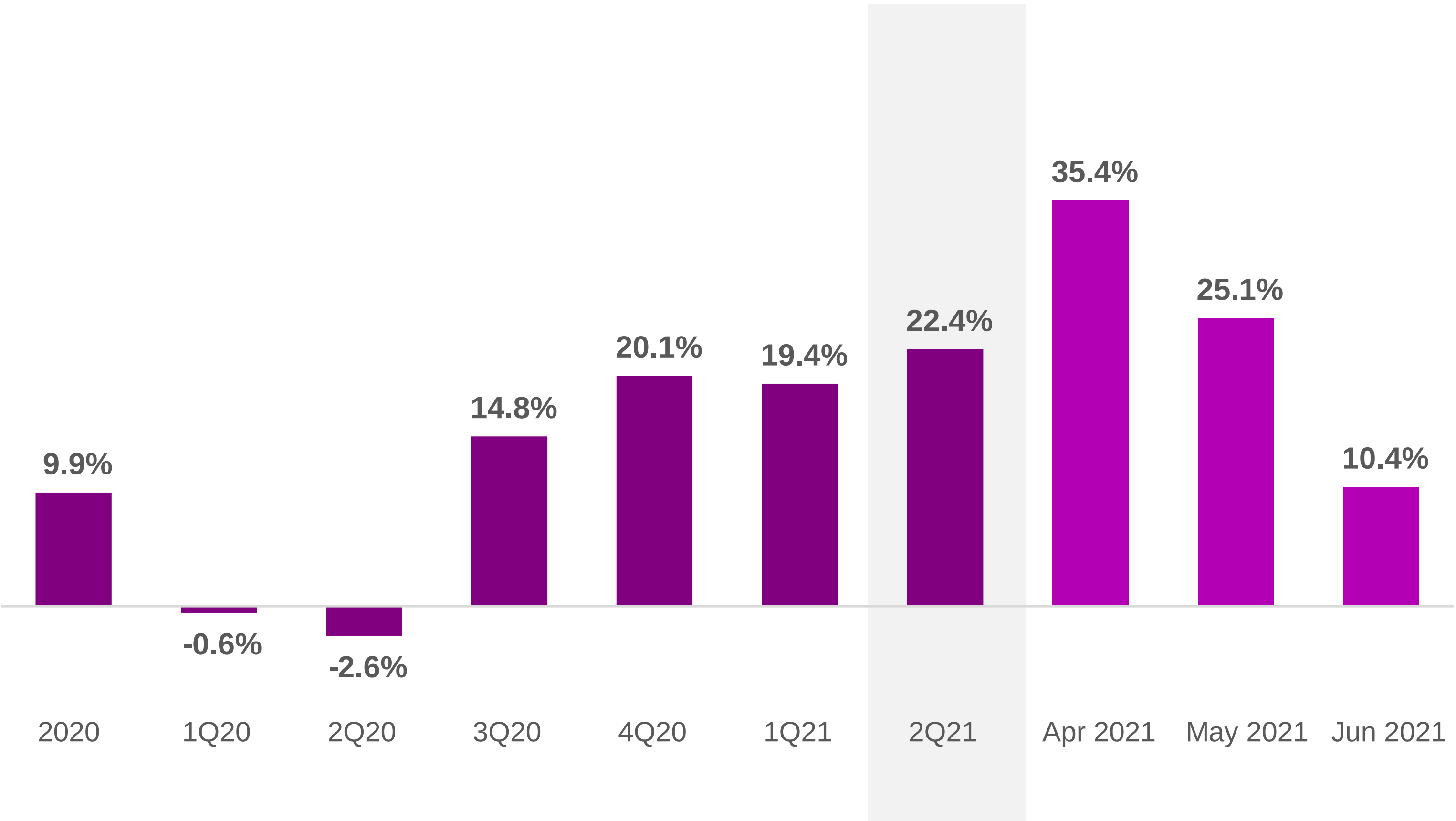
Consistent delivery in 2Q21, confirming the perspectives communicated in 1Q21

Perspectives for 2Q21		2Q21 Delivery	
• In the short term, the **civil construction market should remain heated**	Market	• Cielo (Value): 22.4% over 2Q20 • ABRAMAT (Value): 39.9% over 2Q20 • ANFACER (Volume): 33.2% over 2Q20	✓
• 2Q21 **Net Revenue with significant growth compared to the weak basis of comparison in 2Q20** • 2Q21 **Net Revenue in absolute terms similar to 1Q21**	Production and Sales	• **Net Revenue Growth**, increasing **92.0% over 2Q20** • **Net Revenue of R$ 464.3 million, an increase of R$ 47.9 million over 1Q21 or 11.5%**, due to greater performance in Retail and international expansion	✓✓
• Maintenance of **Gross Margin around 40%**, despite strong inflationary pressure on costs (increase in energy costs), with price increases, improved mix and industrial productivity • Maintenance of **strict cost and expense management**	Costs and Expenses	• **Gross Margin** of **41.0%**, up **6.9 pp over 2Q20**. • **Operating Expenses of 26.7%,** with a dilution of **6.9 pp over 2Q20** • **EBITDA of R$ 82.6 million**, up **426.4% over 2Q20** (R$ 66.9 million), **EBITDA Margin of 17.8%**, up **11.3 pp over 2Q20**	✓✓
• **Focus on strategic projects**: Retail growth with expansion of the Portobello Shop store network, expansion of the Tijucas plant, expansion of Portobello America	CapEx	• Investments of R$ 38.8 million, of which **65% are allocated to increase production capacity and expansion of own stores**	✓
• Financial management discipline, **optimization of the Cash Conversion Cycle** and preservation of liquidity • Maintenance of the **Net Debt/EBITDA ratio around 2.5x**	Cash Flow	• **Working Capital** of R$ 223.9 million, **in line with 2Q20 and 1Q21** • **Reduction of 48 days in the CCC** over 2Q20, reaching **27 days** • **Net Debt/EBITDA** reduced from 5.1x in 2Q20 to **1.6x in 2Q21**	✓✓

Market Performance

Building materials in the retail segment continues to grow quickly, driven by the resumption of the civil construction sector and changing habits due to the pandemic

ICVA | Cielo Expanded Retail Index
Building Materials Sector in 2Q21

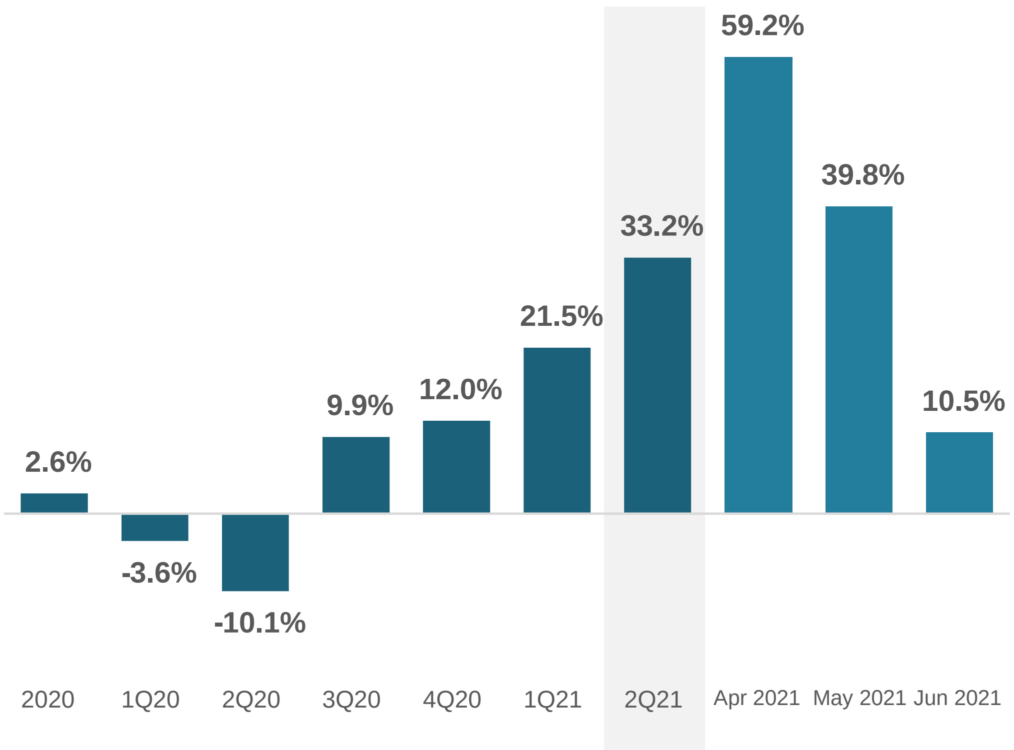


Source: Cielo

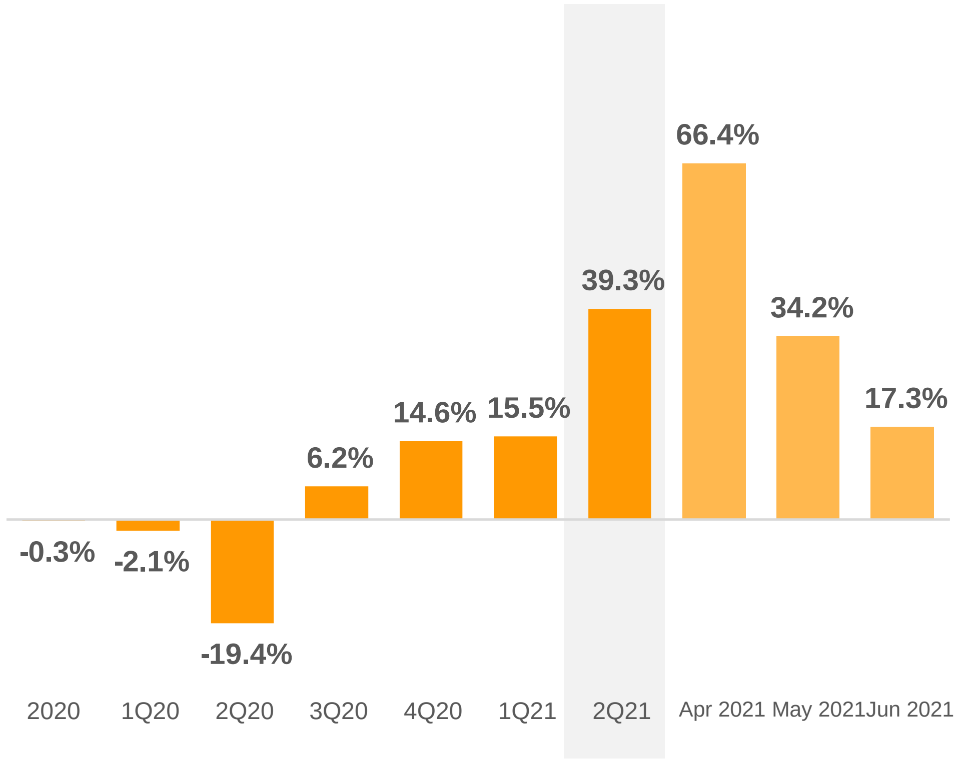
Market Performance

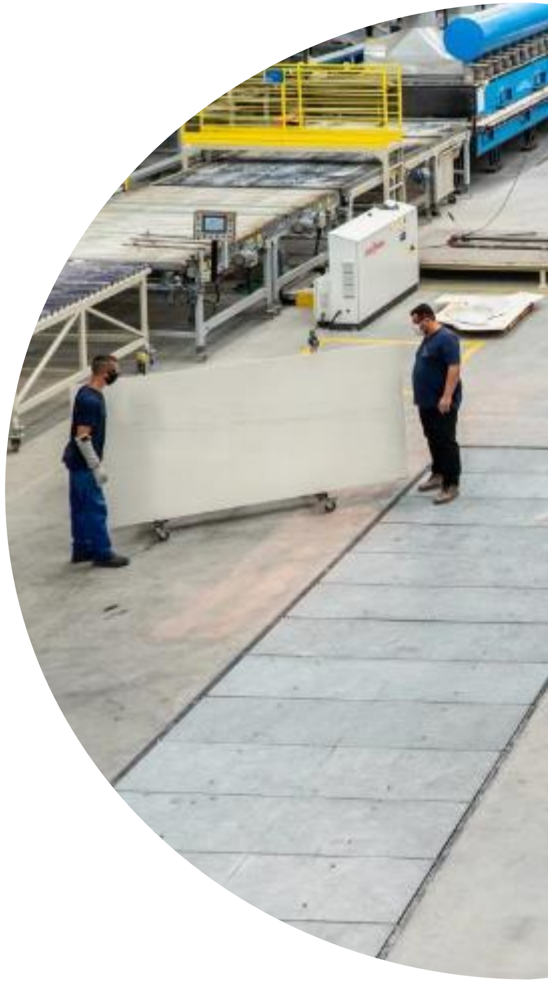
Ceramic tile and building materials industry with accelerated volume and value growth in 2Q21 vs. 2Q20 with idleness effect

ANFACER
Volume



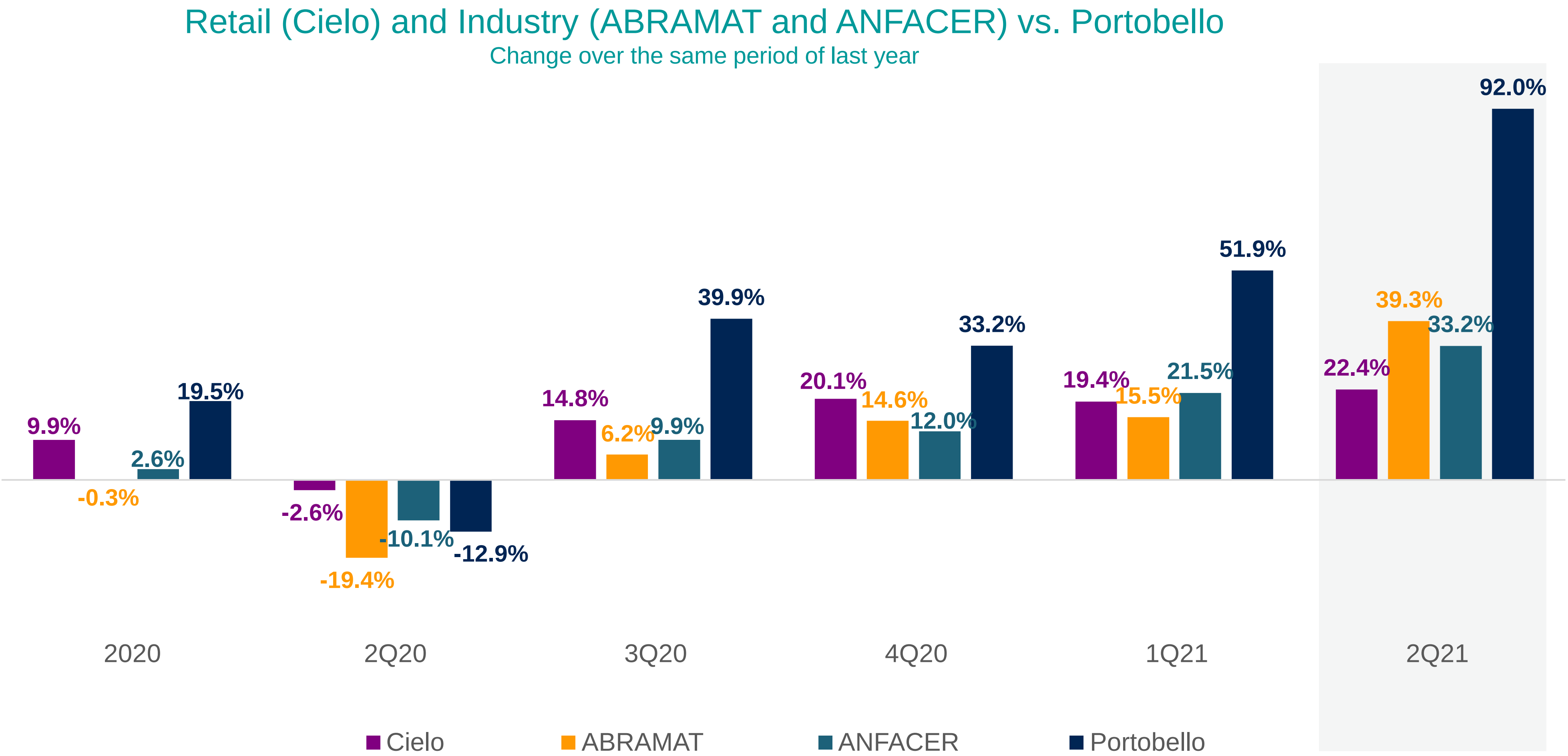
ABRAMAT
Value





Sources: ANFACER, ABRAMAT

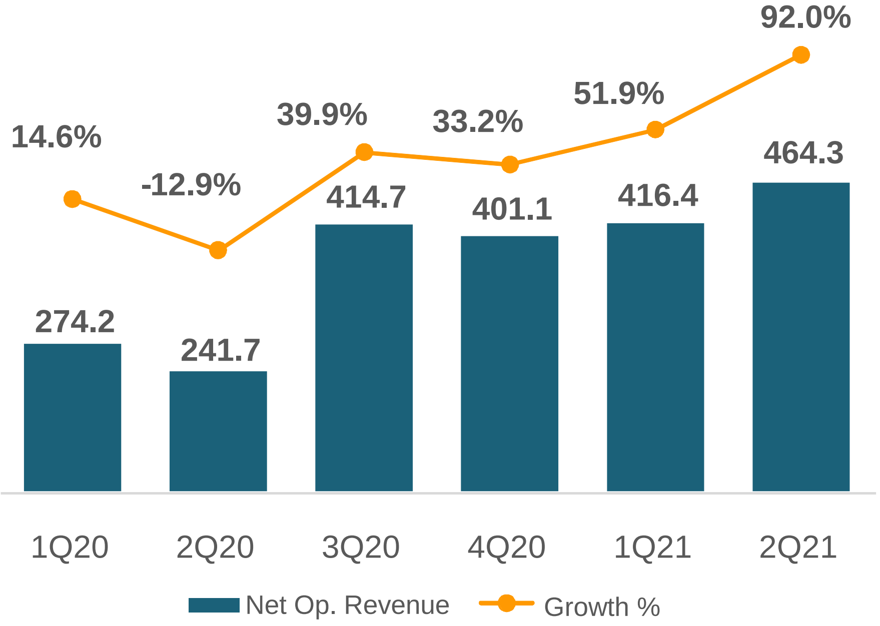
Portobello Performance vs. Market
The Group continues to outperform the market, both in retail and industry



Sources: Cielo, ANFACER, ABRAMAT

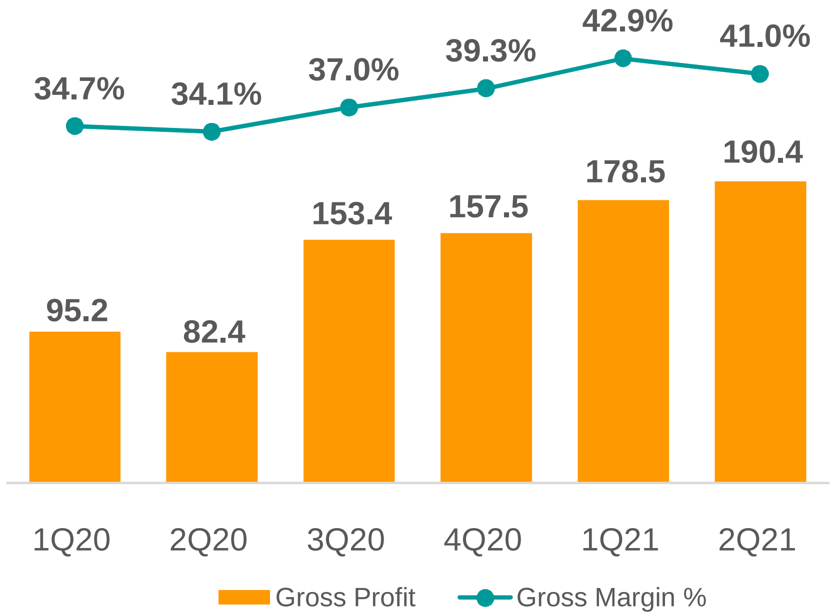
Net Revenue and Gross Profit
Net Revenue growth and Gross Margin increase, repositioning the Group’s profitability

Net Revenue
R$ million and % change



Gross Profit and Gross Margin (Adjusted and Recurring)
R$ million and % change | % and pp change

2Q21 vs. 2Q20 **131.4%**
6.9 pp



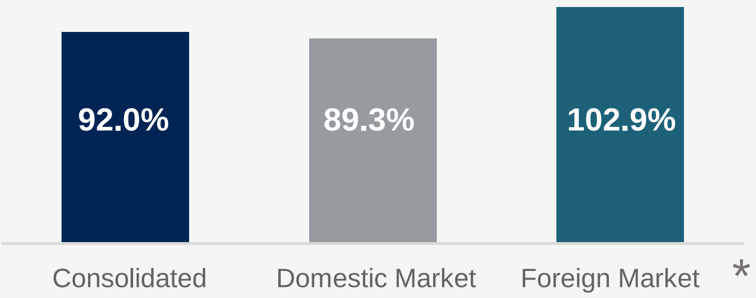
Net Revenue by Segment

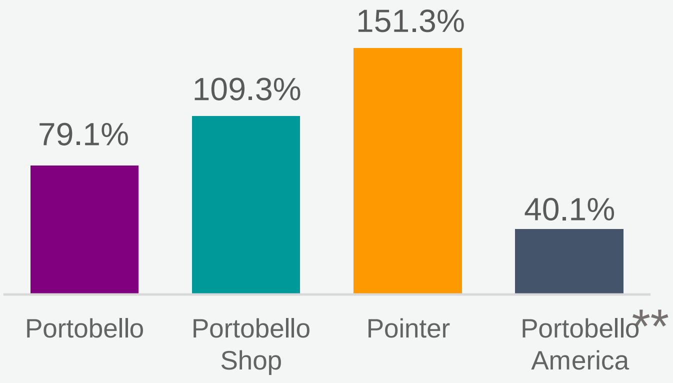
Strong performance in the Domestic and Foreign Markets, with all Business Units growing double digits, mainly Portobello Shop and Pointer

Change in Net Revenue

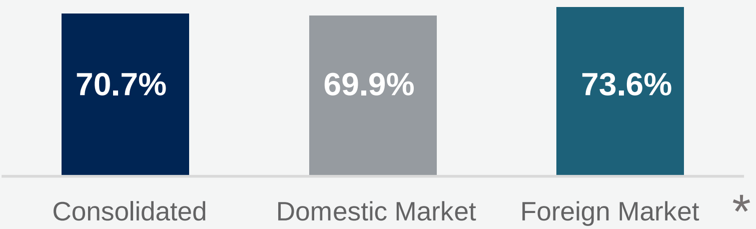
% over the same period in 2020

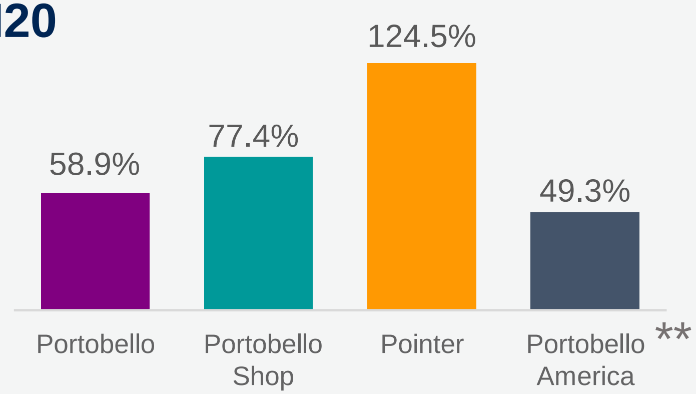
2Q21 vs. 2Q20





1H21 vs. 1H20





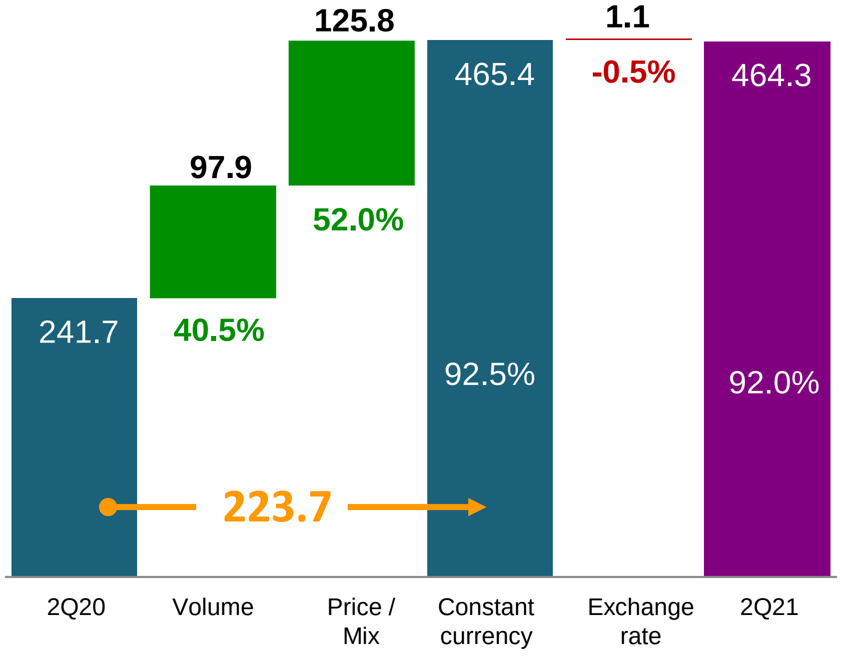
* Foreign Market in Dollars: 2Q21 105.5%; 1H21 56.1%

** Portobello America in Dollars: 2Q21 42.1%; 1H21 36.1%

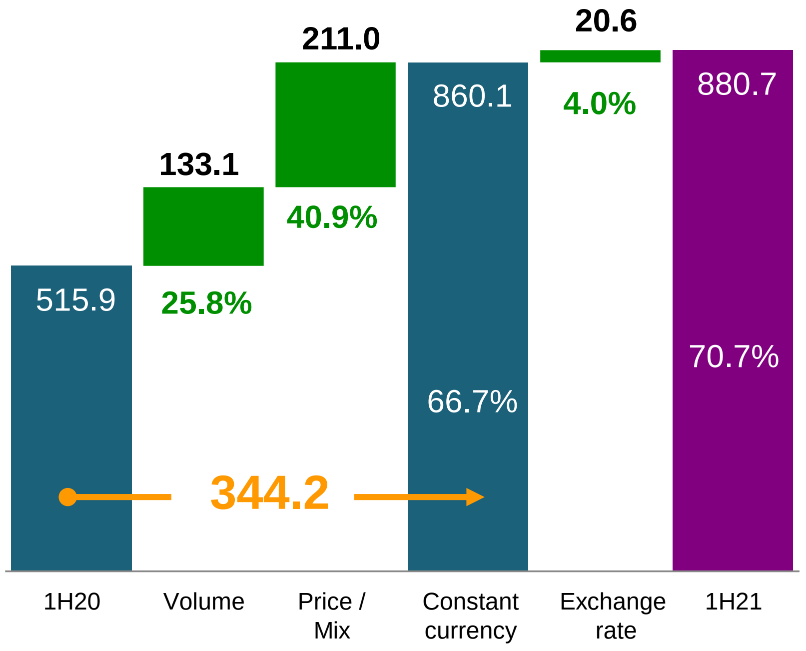
Net Revenue drivers

Growth supported by greater performance in retail, volume increase above the market, better price/mix management and favorable exchange rate in exports (1H21)

Net Revenue
R$ million



2Q21 vs. 2Q20



1H21 vs. 1H20

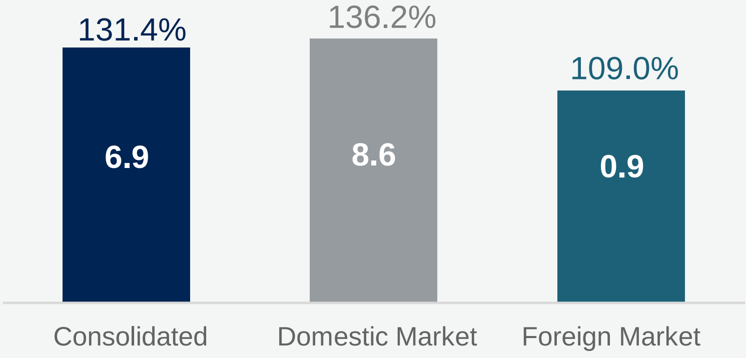
Gross Margin by Segment

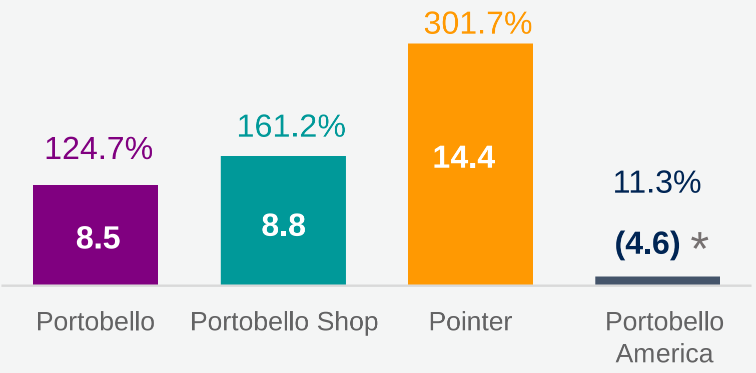
Higher profitability supported by the Gross Margin gain in all Business Units, with emphasis on Portobello Shop and Pointer

Adjusted and Recurring Gross Margin Change

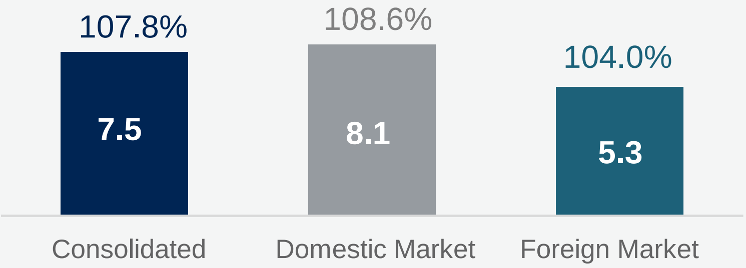
Percentage points and % over the same period in 2020

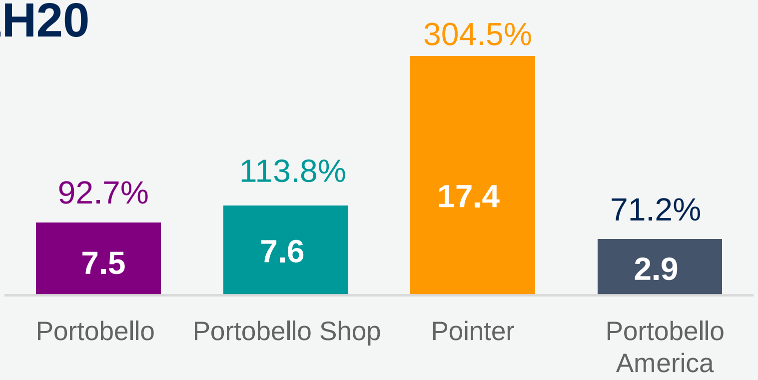
2Q21 vs. 2Q20





1H21 vs. 1H20





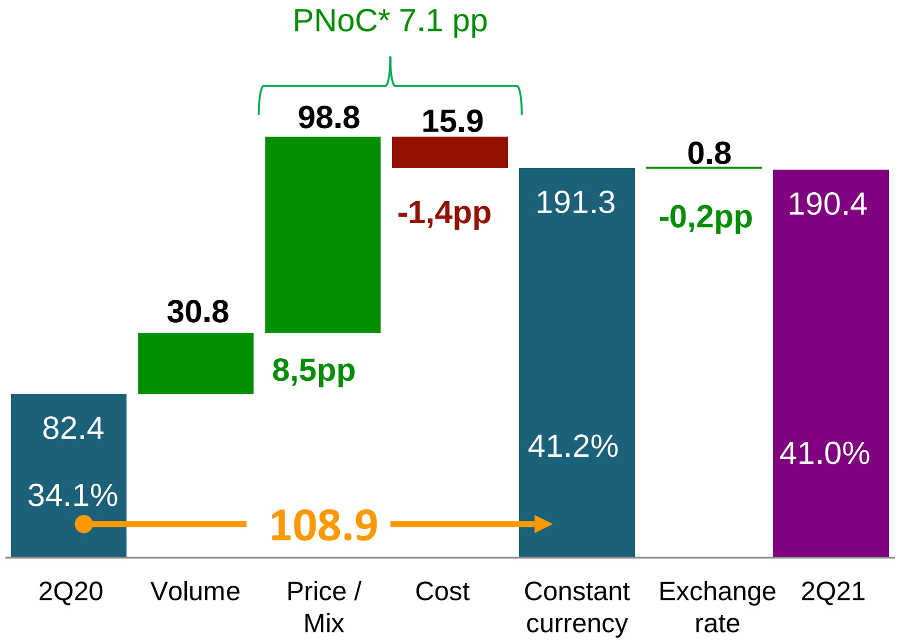
*One-off impact of inventory adjustment

Gross Margin drivers

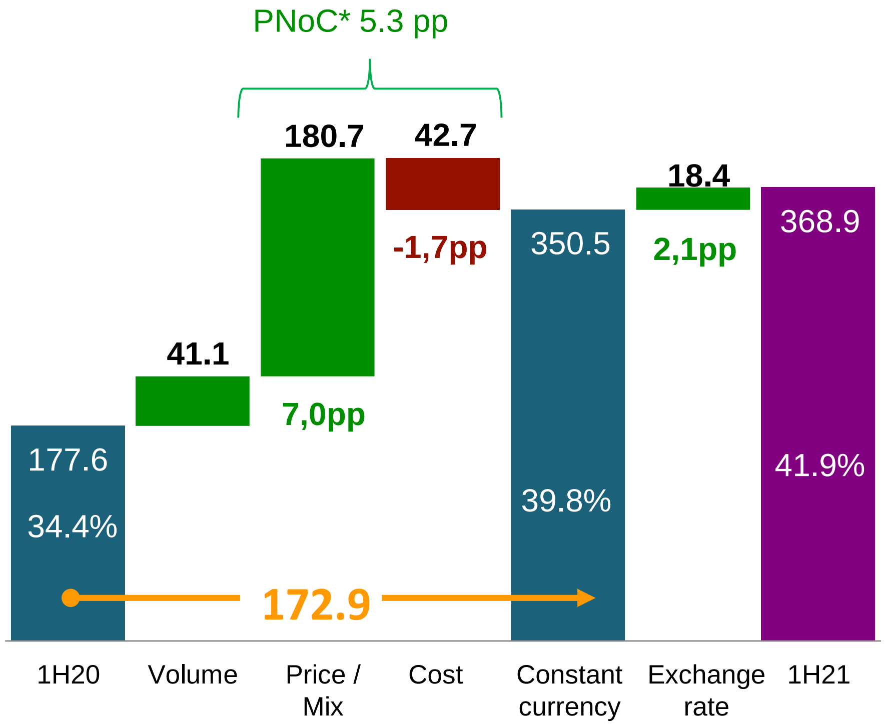
Sustainable Gross Margin gain due to higher prices and better mix above cost pressure, coupled with a favorable exchange rate

Gross Profit and Gross Margin (Adjusted and Recurring)

R$ Million and % of Net Revenue



2Q21 vs. 2Q20



1H21 vs. 1H20

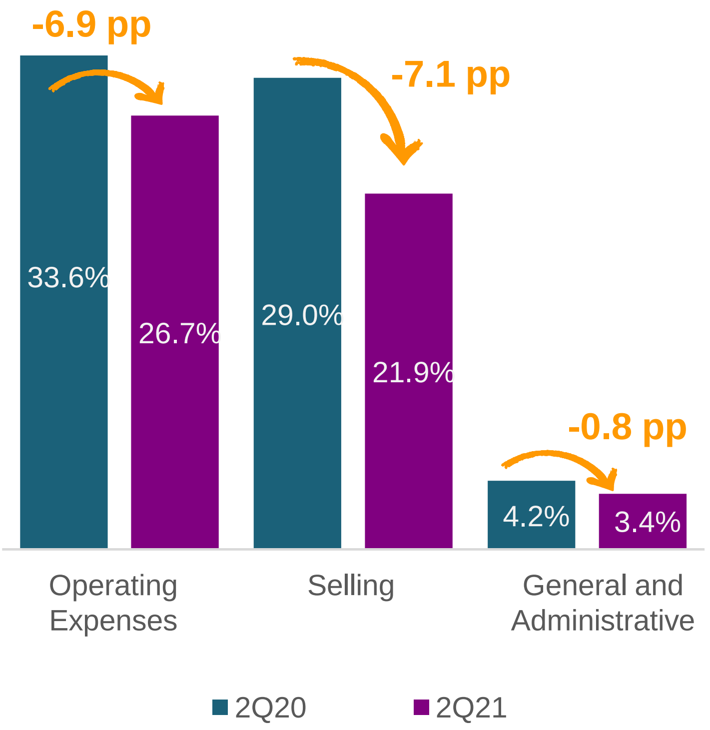
* PNoC (Pricing Net of Cost)

Operational Expenses

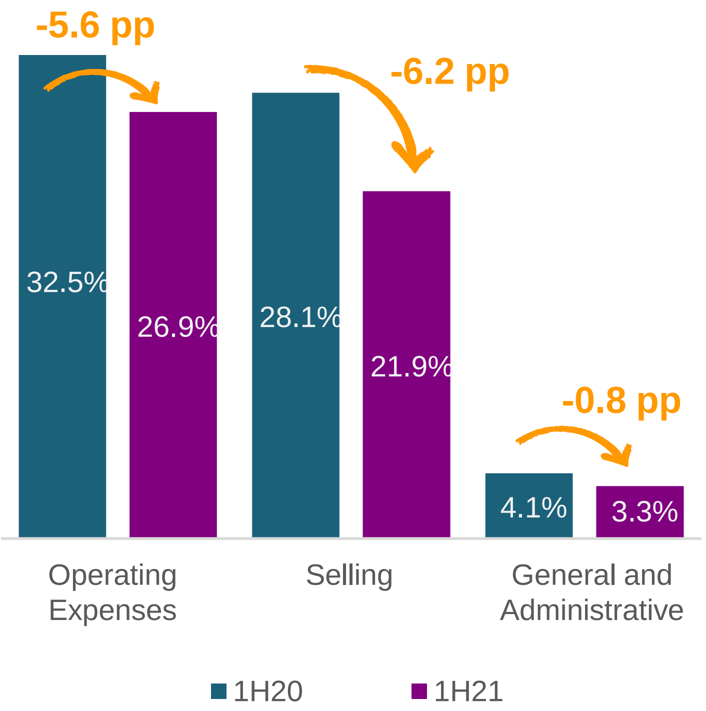
Management discipline and rigor in choices resulted in the dilution of Selling and G&A Expenses as a percentage of Net Revenue

Adjusted and Recurring Operating Expenses

R$ million and % on Net Revenue



2Q21 vs. 2Q20



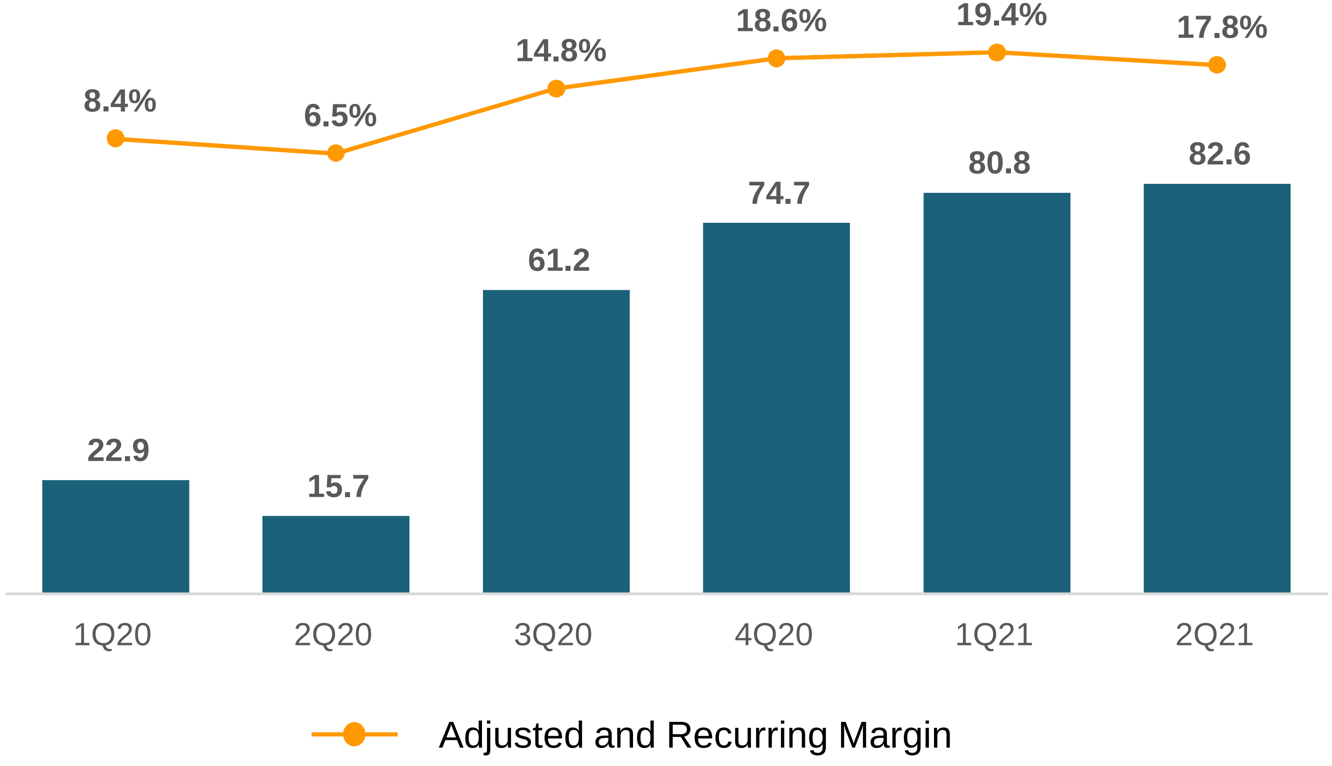
1H21 vs. 1H20

EBITDA

EBITDA growth in absolute terms in the last 4 quarters due to the improvement in Gross Margin and Expenses management discipline

EBITDA and Margin (Adjusted and Recurring)
R$ million and % change | % and pp change

2Q21 vs. 2Q20 ▶ **426.4%** **11.3 pp**



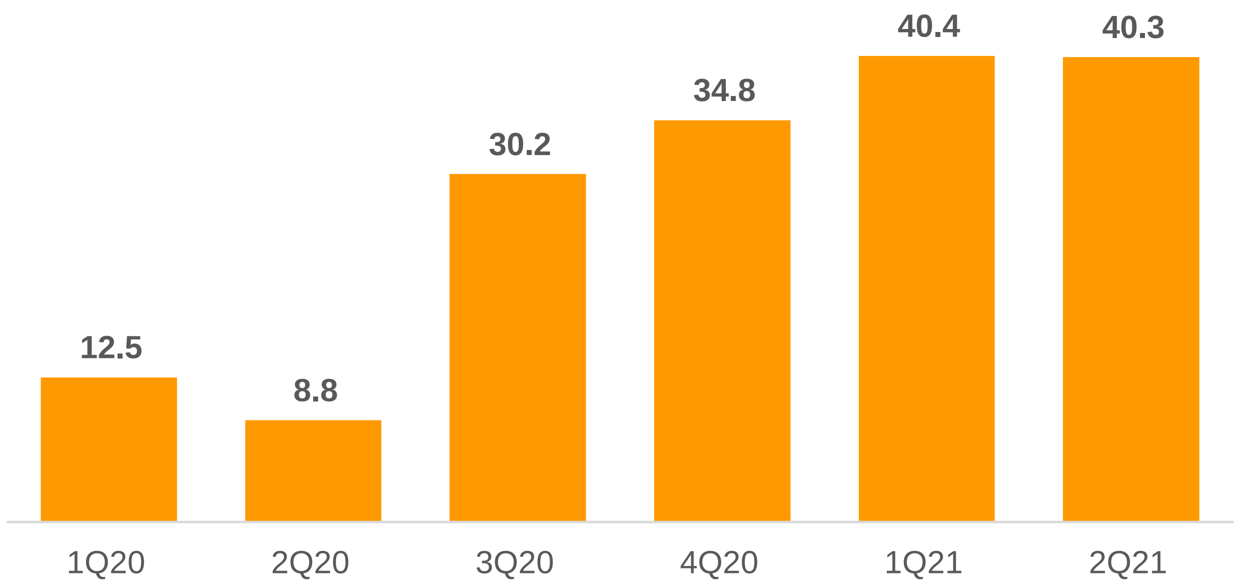
Net Income

Growth in Net Profit due to higher EBITDA, lower financial cost (Net Debt and interest reduction) coupled with lower effective tax rate

Adjusted and Recurring Net Income

R$ million

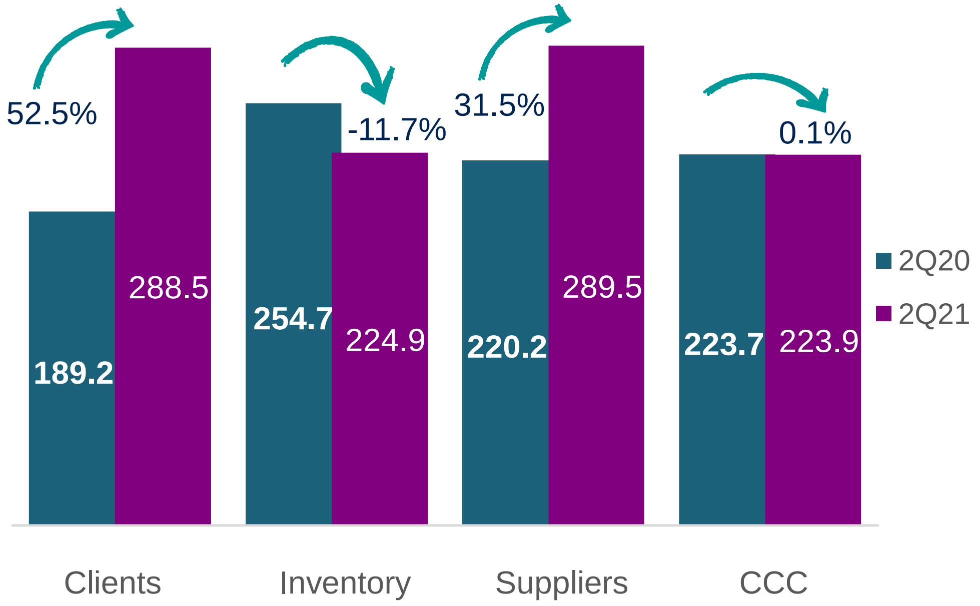
2Q21 vs. 2Q20 ▶ **358.5%**



Working capital

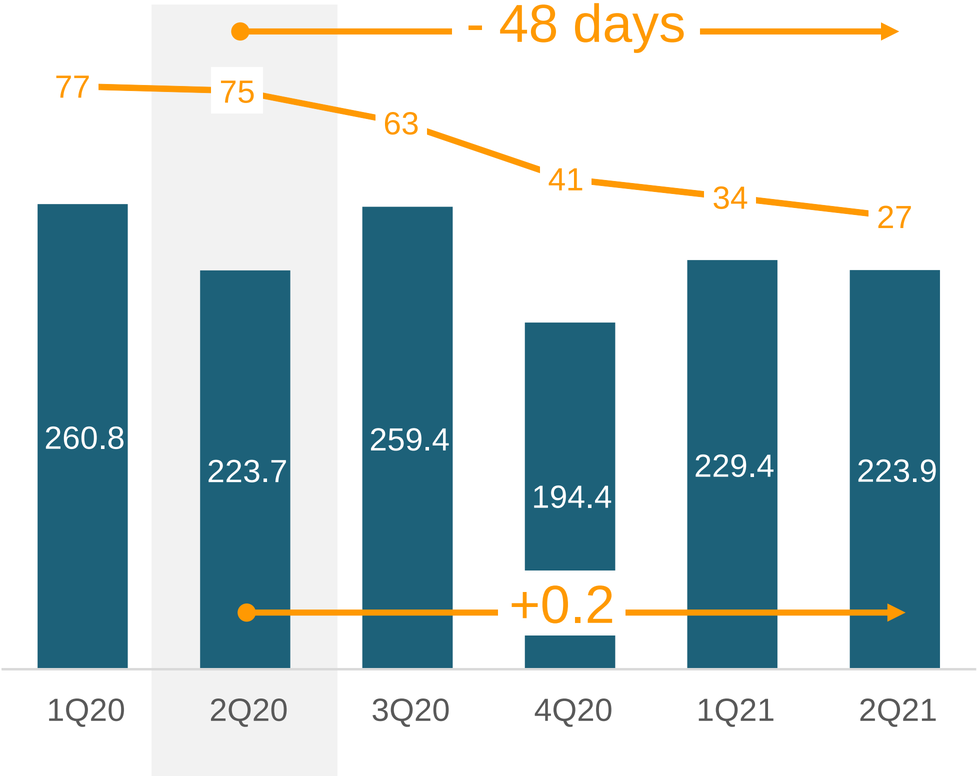
Stable Working Capital with a strong decrease in the CCC due to the focus on optimizing inventories and receivables management with lower delinquency levels

Cash Conversion Cycle (CCC)
R$ million



	Clients	Inventory	Suppliers	CCC
2Q20	55	129	109	**75**
2Q21	48	80	101	**27**
Chg.	-7	-49	-8	**-48**

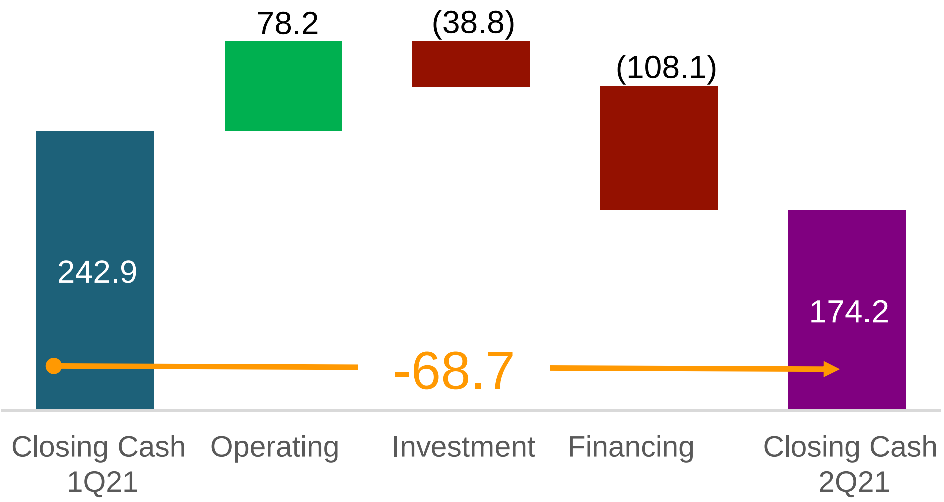
Evolution of Cash Conversion Cycle (CCC)
R$ million and days



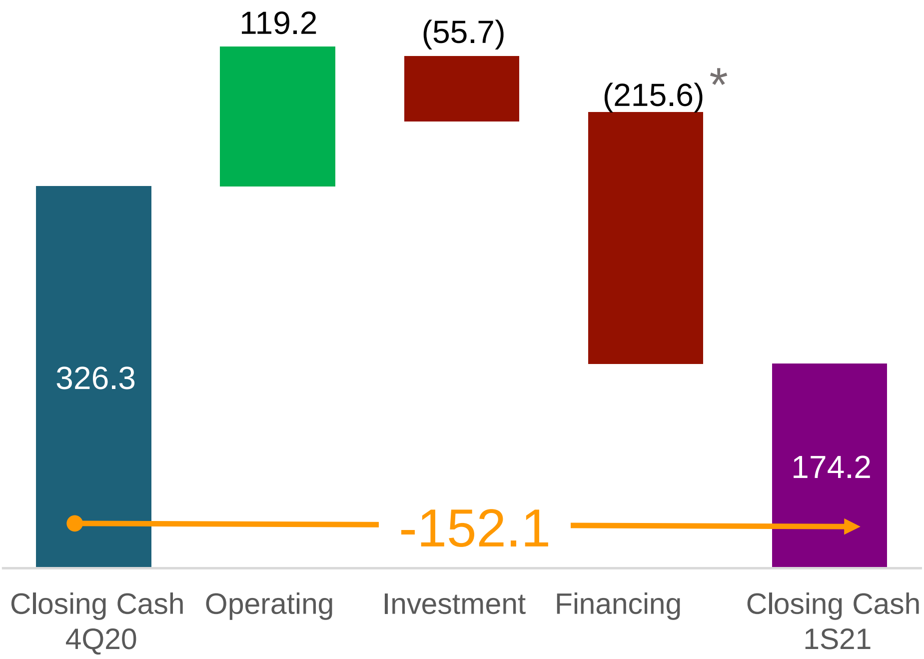
Cash Flow

Reduction in cash position due to the amortization schedule, CapEx investments, payment of dividends and implementation of share buyback program

2Q21 Cash Position
R$ million



1H21 Cash Position
R$ million

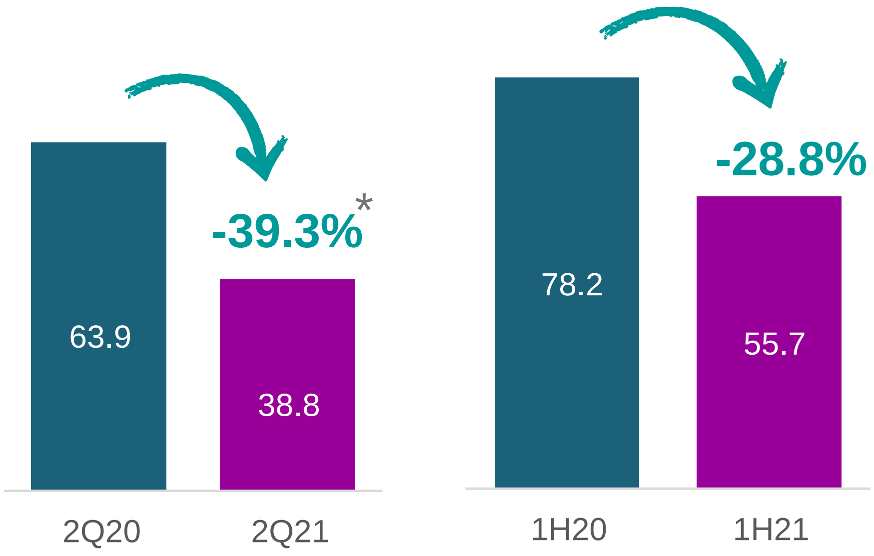


*Share buyback program reclassified from Investment to Financing

Investments

CapEx focused on increasing production capacity, expansion of own stores and digital transformation project

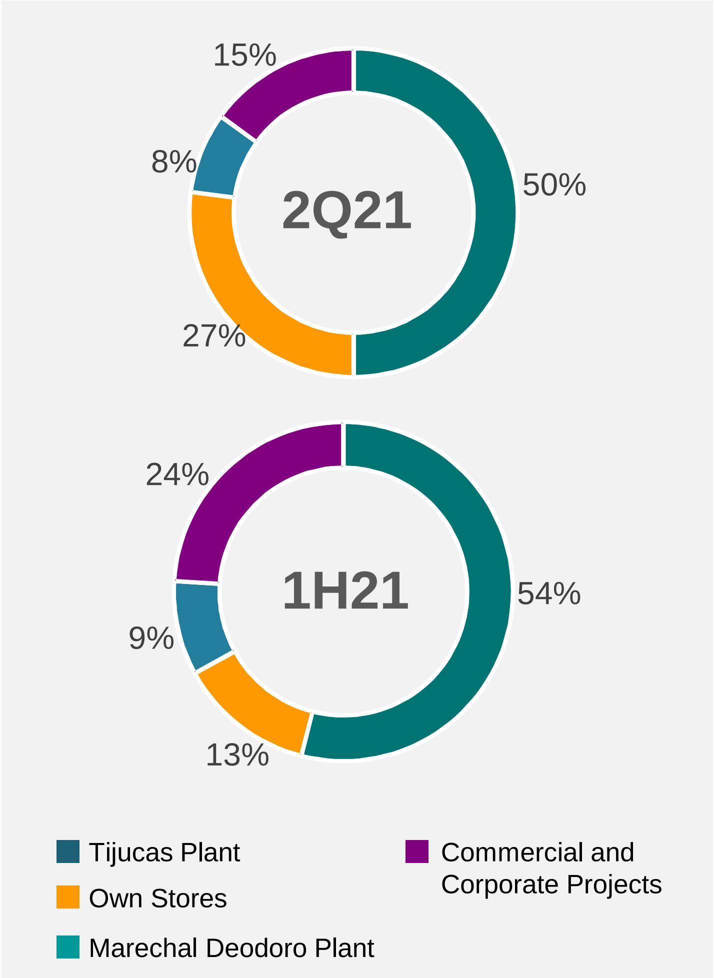
Investments
R$ million



* In 2020, 50% of the investments for the year were concentrated in 2Q20 (*Lastras* Project)

Lastras = Large formats

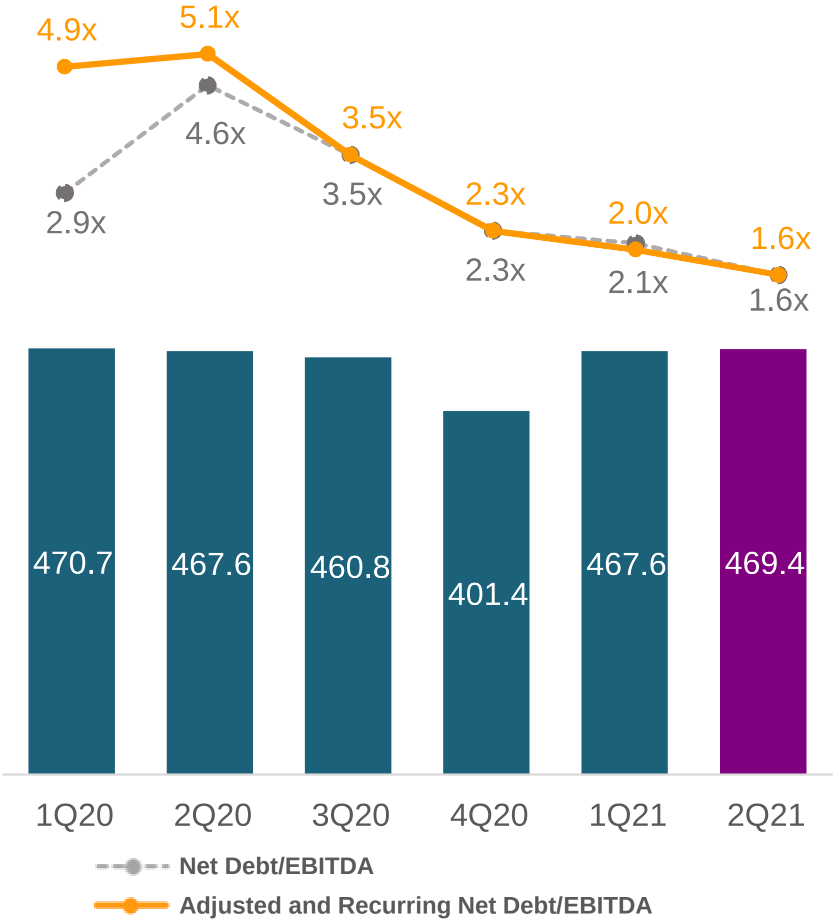
Breakdown of Investments



Net Debt

Net Debt and Financial Leverage reduction to a lower historical level due to the EBITDA increase and better working capital management

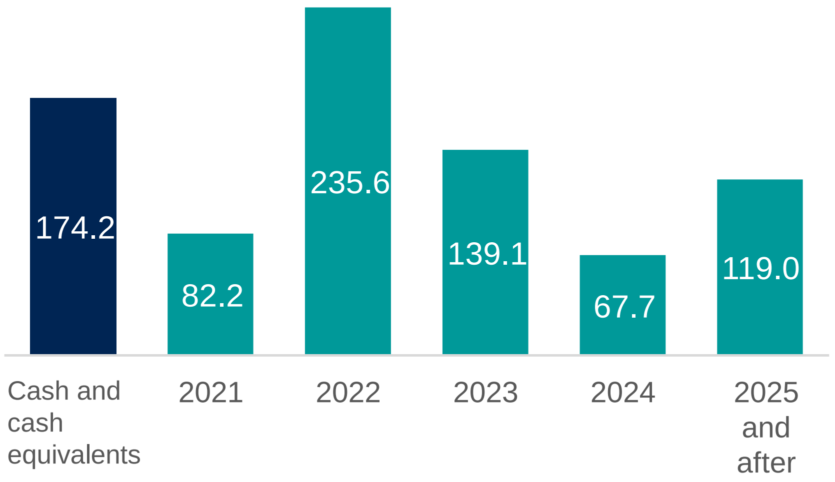
Net Debt and Net Debt-to-EBITDA Ratio
R$ million



Amortization Schedule
R$ million

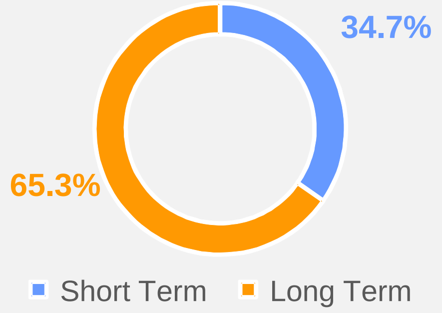
Notice to the Market: August 13, 2021

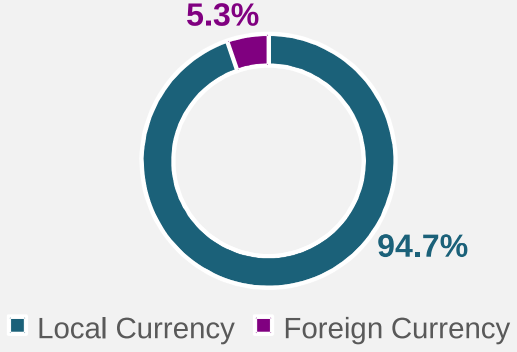
- Issuance of NCEs* in the amount of R$ 130 million
- Cost of CDI** rate + 2.85% per annum
- Tranche 1: R$ 30 million, term of 5 years (grace period of 2 years)
- Tranche 2: R$ 100 million, term of 6 years (grace period of 2 years)



* NCEs = Corporate Debt
** CDI = Brazilian interbank rate

Breakdown of Debt





Average cost of 6.1% p.a.

Duration 3.6 years

FitchRatings BBB(bra)

Capital Markets

PTBL3 shares quoted above Ibovespa, with an increase in the volume traded. Dividend Distribution (R$ 0.1298 per share). New buyback program in place

Buyback Program

June 04, 2021: Cancellation of treasury shares in the 1st buyback program, totaling 7.0 million shares.

June 14, 2021: 2nd buyback program approved 6.7 million shares.

June 30, 2021: 71.2 thousand treasury shares at an average price of R$ 13.98.

Dividends Distribution

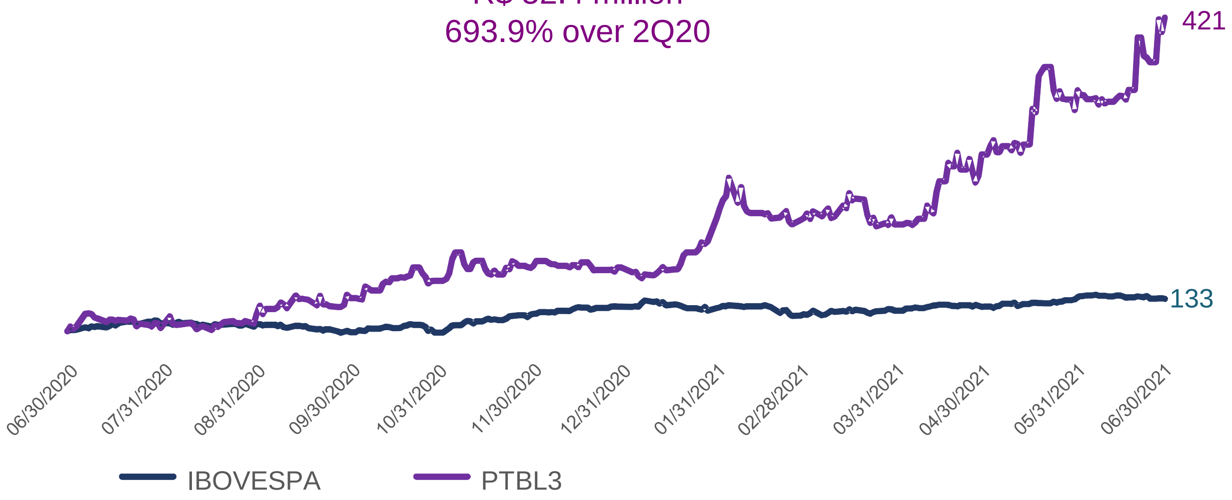
Distribution of R$ 19.2 million
Approved
R$ 0.1298 per share

Record date - September 3, 2021
"Ex" Date - September 6, 2021
Payment – September 15, 2021

Performance
PTBL3 vs. Ibovespa

Average daily trading volume (ADTV)
R$ 52.4 million
693.9% over 2Q20

321.0% in 12 months

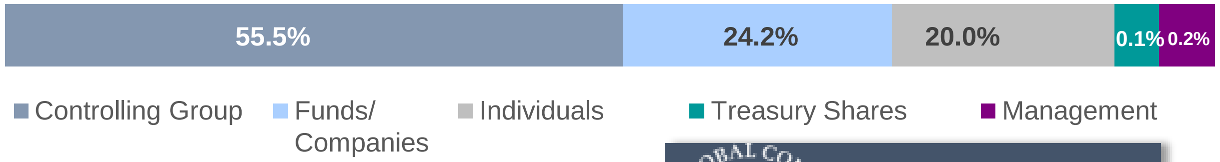


Shareholding Structure
June 30, 2021

147.5 million outstanding shares

65.3 million Free Float

44.4% Free Float



ESG: Adhesion to the UN's Global Compact

Pacto Global
Rede Brasil

Perspectives for 3Q21

Market environment remains favorable, with operating performance similar to 2Q21

Market

Production and Sales

- **In the short term, the civil construction market should remain heated**
- **Net Revenue in 3Q21 in absolute terms similar to 2Q21**
- 3Q21 Net Revenue with double digit growth over 3Q20
- The evolution of basic interest rates may affect the growth projections of the economy and prospects for the real estate market in the medium/long term.

Costs and Expenses

- **Maintenance of Gross Margin around 40.0%**, despite **strong inflationary pressure on costs** (mainly energy and imported materials), through price increases, improvement in the product mix and plant productivity
- Maintenance of **strict operational cost and expense management**

CapEx

- **Focus on strategic projects**: Retail growth with expansion of the Portobello Shop store network, expansion of the Tijucas plant, expansion of Portobello America

Cash Flow

- **Maintenance of the Net Debt/EBITDA ratio below 2.5x** the Adjusted and Recurring EBITDA
- **Financial management discipline, optimization of the Cash Conversion Cycle and preservation of liquidity**

Strategic Projects Update

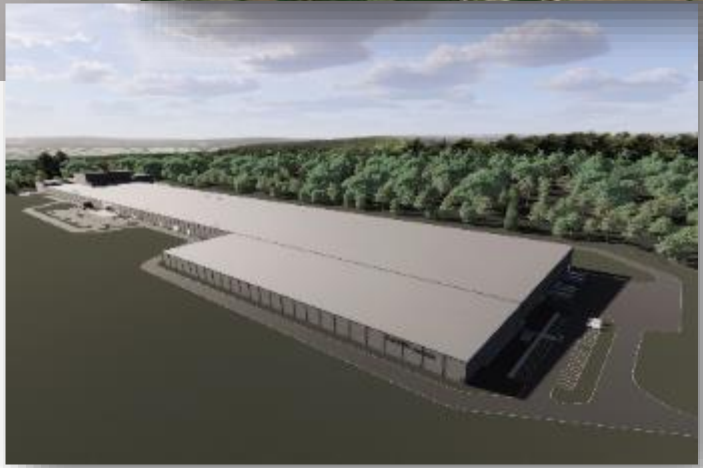
Portobello America

Avison Young engaged to support funding (BtS*) of US$ 80 million for the construction of a new plant in the US, expected to start operating in 2023

The new plant will be the **Portobello America headquarters** in the United States

Tennessee State

Putnan County



Portobello Grupo

AVISON YOUNG

Creation of **220** local **jobs and Annual Revenue** exceeding **US$ 100 million,** with a capacity of **77.5 million square feet** per year, accounting for an increase of approximately **20% in the Group's capacity**

* Build to Suit

Questions and Answers

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