

Portobello Grupo

2Q22 Results



Portobello Grupo

PBG S.A.

Release of 2Q22 results

June 30, 2022

Share Price (PTBL3): R\$ 6.36

Market value: R\$ 896.7 Million (US\$ 171.2 Million)

Number of shares: 140,986,886

Treasury shares: No treasury shares

Free Float: 39.1%

Investor Relations

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Portobello Grupo records another quarter with record-breaking results: Net Revenue R\$ 577 million, Growth 24%, EBITDA R\$ 111 million, and Leverage 1.3x

Tijucas, August 08, 2022. PBG S.A. (B3: PTBL3), the largest ceramic tile company in Brazil, announces its results for the second quarter of 2022. 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).

2Q22 Highlights

- Net Revenue of R\$ 577 million in 2Q22, a 24.4% increase versus 2Q21** in the Business Units, highlighting the **retail market and international operations**. In 1H22, Net Revenue reached **R\$ 1,102 million, a 25.2% growth** compared to the same period of the previous year.
- Adjusted and Recurring Gross Margin of 43.7% in 2Q22 and 44.3% in 1H22**, an improvement of **2.7 p.p.** and **2.4 p.p.**, respectively, compared to the same periods in 2021.
- Adjusted and Recurring EBITDA of R\$ 111 million in 2Q22, 34.3% higher than in 2Q21**, with Adjusted and Recurring EBITDA Margin of 19.2%, up 1.4 p.p. vs. 2Q21. **In 1H22, Adjusted and Recurring EBITDA grew by 35.3%**, reaching R\$ 221 million, with a Margin of 20.1%.
- Adjusted and Recurring Net Income of R\$ 52.4 million in 2Q22**, 30.2% above 2Q21. Year-to-date, income totals R\$ 83.5 million, 3.5% higher than in the same period the previous year.
- Investment in Working Capital was R\$ 335 million, a 49.8% increase vs. 2Q21. Cash Conversion Cycle was 43 days** in 2Q22 vs. 27 days in 2Q21, an increase of 16 days due to an increase in inventories, in part to improve the service level of the Business Units.
- Net Indebtedness of R\$ 543 million in 2Q22, a R\$ 73.4 million increase vs. 2Q21. Net Debt/Adjusted and Recurring EBITDA remained at the lowest level ever**, reaching **1.3x in 2Q22**, an **improvement of 0.3x vs. 2Q21**, given the strong growth in Adjusted and Recurring EBITDA.
- PTBL3 price ended 2Q22 quoted at R\$ 6.36, -63.6% below the 2Q21 closing.**

R\$ million	2Q21	2Q22	▲ %	▲ Abs	1H21	1H22	▲ %	▲ Abs
Net Revenue	464.3	577.5	24.4%	113.2	880.7	1,102.4	25.2%	221.8
Adjusted and Recurring Gross Profit	190.4	252.6	32.6%	62.2	368.9	488.5	32.4%	119.6
Adjusted and Recurring Gross Margin	41.0%	43.7%	2.7 p.p.		41.9%	44.3%	2.4 p.p.	
Net income	40.3	53.8	33.5%	13.5	80.7	91.5	13.3%	10.8
Net Margin	8.7%	9.3%	0.6 p.p.		9.2%	8.3%	-0.9 p.p.	
Adjusted and Recurring Net Income	40.3	52.4	30.2%	12.2	80.7	83.5	3.5%	2.8
Adjusted and Recurring Net Margin	8.7%	9.1%	0.4 p.p.		9.2%	7.6%		
EBITDA	82.6	110.8	34.2%	28.2	163.4	229.4	40.4%	66.0
EBITDA Margin	17.8%	19.2%	1.4 p.p.		18.6%	20.8%	2.3 p.p.	
Adjusted and Recurring EBITDA	82.6	111.0	34.3%	28.4	163.4	221.1	35.3%	57.7
Adjusted and Recurring EBITDA Margin	17.8%	19.2%	1.4 p.p.		18.6%	20.1%	1.5 p.p.	
Working Capital (R\$)	223.9	335.4	49.8%	111.5				
Cash Conversion Cycle (days)	27	43	59.3%	16				
Net Debt	469.4	542.8	15.6%	73.4				
Net Debt/EBITDA	1.6	1.3	-19.3%	(0.3)				
Net Debt/Adjusted and Recurring EBITDA	1.6	1.3	-18.2%	(0.3)				
Quotation	17.47	6.36	-63.6%	(11.11)				

Video conference

August 10, 2022

at 09:00 am (Brazi's time)

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

Presentation in Portuguese with simultaneous translation into English

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

From a macroeconomic viewpoint, 2022 continues to be severely impacted by reflections of the crisis brought on by the COVID-19 pandemic and the state of war between Russia and Ukraine; when combined, these factors have been causing a serious rupture in the global supply chain. During the second quarter, the scenario of uncertainties has been worsening, with concerns about high inflation rates and the consequent rise in interest rates, thus increasing the risk of recession in major European economies, in addition to the United States.

On the Brazilian market, despite a less pessimistic expectation, the behavior is still one of caution and risk aversion. Coupled with this, the high inflation and the consequent interest rate hikes observed in the last twelve months have caused a significant change in the consumption habits of the populace, which has been prioritizing basic and essential expenses. As a reflection of this, according to data from the ICVA (Cielo Broad Retail Index), underwent a retraction of 1.0% in 2Q22 compared to 2Q21 in the construction materials sector. Data from ABRAMAT (Brazilian Association of Construction Materials) show that the revenue of the industries in the sector was also impacted, showing a retraction of 6.9% in 2Q22 vs. 2Q21 (deflated data).

Nonetheless, despite the adverse situation, the real estate market still presents robust results in terms of both new property launches and sales, especially in the mid- and high-end segment, the Company's primary market, with volumes above the historical average.

Portobello Grupo, in turn, has maintained the strong pace used over the previous quarters and presented growth of 24.4% in 2Q22 compared to the same period in 2021, reaching the highest level of revenue ever obtained in a single quarter. This result was supported by the significant increase in sales to foreign markets, reinforcing the strategic direction of increasing the Company's international share. In addition, sales on the domestic market also showed significant growth compared to the sector as a whole, generating market share gains for Portobello Grupo.

In addition to the strong growth in sales, this quarter the Company focused on maintaining profitability. In this regard, Portobello Grupo continues to show efficiency in the qualification of sales with continuous improvement in the management of the mix of channels, products and pricing, and was able to offset the increase in costs. These actions – combined with improved productivity and tighter discipline in managing costs and expenses – have made the Company's Adjusted and Recurring Gross Margin reach levels above 43.0% and the highest operating income ever reported, reaching an Adjusted and Recurring EBITDA of R\$ 111 million, with a margin of 19.2%.

In 2Q22, we observed an increase in the Company's inventory levels, partly due to a strategic decision to improve service levels at the Portobello Shop and Portobello América BUs, but also as a reflection of the slowdown on the construction market in the North and Northeast regions of Brazil, which led to an increase in inventories at Pointer. As a result, there was an increase in investment in working capital, which was partially offset by the optimization of the receivables portfolio and the negotiation of payment terms with suppliers. Investment in Working Capital was R\$ 335 million and the Cash Conversion Cycle was 43 days, levels considered adequate by the Company from a strategic standpoint.

Regarding investments, the Company continues to focus on strategic projects that add value to shareholders in the medium and long term, such as the expansion of retail, with the enlargement of the chain of stores and acquisition of new stores, as well as an increase in US market share, with the construction of the Portobello América factory. In the second quarter, the Company invested approximately R\$ 99.3 million, 63.3% of which in the expansion and acquisition of stores and 26.2% in the modernization of the industrial complex in Tijucas (SC). The remaining investments were mainly allocated to commercial and corporate projects.

The strong operating performance combined with discipline in cash management allowed the Company to maintain the lowest leverage ever recorded (1.3x Net Debt/Adjusted and Recurring EBITDA) while Net Debt closed out the quarter at R\$ 543 million.

Another strategic mainstay for the Company concerns ESG practices. In the first quarter, we published our Sustainability Report, in addition to reporting the Company's entry as a signatory to the UN Global Compact. Between June 20 and 24, the second edition of the Portobello Sustainability Week was held. This corporate event provides continuity to the Company's strategy of conferring consistency and maturity to our ESG Plan, which is already starting to be translated into actions and projects that strengthen our banners, initiatives, and communication with all

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stakeholders with whom we interact. Whereas in the 2021 edition we had an exclusively online programming due to the health crisis brought on by COVID-19, this year we have a hybrid agenda, with in-person events and live webcast on our YouTube channel, with the aim of democratizing access to information.

Business Unit Performance

The Portobello Business Unit ("BU") continues to show positive results, reflecting the assertiveness of the international expansion strategy, product positioning, and multichannel approach. In 2Q22, Net Revenue of the BUs was R\$ 275 million, up 21.6% vs. 2Q21. Portobello has been able to work with a portfolio of products with greater added value and more attractive profitability on foreign markets, without losing competitiveness in terms of price and quality. Additionally, the advance in the qualification of the product mix, especially with the growth in sales of porcelain tile panels and large formats, produced at the Tijucas-SC plant, and the effective work carried out in the management of distribution channels also generated growth in the domestic market.

During 2Q22, Portobello operated with 98% of its capacity being utilized, which – combined with the program to gain efficiency, improve the mix of products sold, and price readjustments enabled Gross Margin to grow to 45.6%. Portobello continues to prioritize continuous improvement in service levels, efficiency in balancing inventory levels, and meet growing demand, in addition to implementing ESG actions, such as the modernization of the Tijucas-SC plant and actions to reduce water consumption.

Portobello Shop currently has 143 stores in operation nationwide, three of which opened in 2Q22. Of the total number of stores, 22 are own units and 121 are franchises. Recently, the Company announced the acquisition of three franchised stores (in the cities of Balneário Camboriú, Tijucas, and São José), which will be integrated and consolidated in the income of company-owned stores starting in 3Q22.

Portobello Shop closed out 2Q22 with Net Revenue of R\$ 196 million. Company-owned stores showed an increase of 58.7% in Net Revenue in 2Q22 vs. 2Q21, partly due to the merger of the recently acquired Pacaembu and Gabriel stores, and began to be consolidated as from May, which increased the BU's share in the total amount to 39.6%. Stores that were already in operation in 2Q21 presented Same Store Sale growth of 26.7% in 2Q22. Moreover, Portobello Shop's Gross Margin reached 47.2%, mainly due to price adjustments – partially offset by the increase in production costs.

The favorable operating income, coupled with Portobello Shop's expansion strategy, reinforce the positive performance compared to the market's performance overall, which – according to the ICVA (Cielo Broad Retail Index), which measures the retail construction materials sector in Brazil – showed a nominal decline of 1.0% in 2Q22 vs. 2Q21.

The Pointer, the Group's democratic design brand, positioned in the North and Northeast regions of Brazil, was impacted by the slowdown in the civil construction market, which was more significant in these regions due to economic factors, in addition to the change in the population's consumption behavior, with the resumption of activities with less imposed restrictions imposed by the pandemic.. These factors caused a slowdown in sales via the sales channels / home centers throughout 2022.

As a result of this scenario, in 2Q22 Pointer obtained a Net Revenue of R\$ 60.7 million and a Gross Margin of 35.4%. When compared to 2Q21, Gross Margin decreased, largely due to strategic pricing in commercial campaigns aimed at reducing inventories and optimizing productivity level. Despite the adverse scenario, 2Q22 showed growth vs. 1Q22, mainly with the strengthening of the engineering channel, which has been showing a recovery on the local market.

Portobello América continues to show significant results. In 2Q22, it reached Net Revenue of R\$ 66.0 million, a significant growth of 74.6% vs. 2Q21, with emphasis on the local distribution operation. The BU presented a Gross Margin of 22.2% in the period, an improvement of 4.6 p.p. compared to 2Q21. Since the end of 2021, the Business Unit has been implementing a price adjustment process, taking into account the profitability estimate combined with the planning to gain scale, necessary for the occupation of the factory's 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

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increase in international freight costs, which has been observed since 2S21. These cost-pressure factors will be minimized when the Unit's local production gets underway in 2023.

During 2Q22, Portobello América 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 begin 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 – combined with the consolidation of Portobello América on the US market – will be an important strategic milestone for the Company.

Outlook for 2022 and 3Q22

- The Company expects the market for premium construction/finishing materials to remain more resilient throughout 2022, with an opportunity for growth compared to 2021, via product-mix qualification and channels management.
- The Company expects to show real growth in 2022 Net Revenue, supported by the greater share of retail and exports, combined with our maintaining the strategy of gains in product mix, pricing and channels management, in order to offset cost pressure and sustain our sales volume.
 - In 3Q22, the Company expects to maintain growth in Net Revenue above 20% vs. 3Q21. In 1H22, the Company showed a of 25.2% growth in Net compared to same period in 2021.
- The Company continues working to improve its service levels, with the purpose of reducing delivery times, minimizing the risk of disruption and increasing the level of satisfaction of its clients. This initiative covers all Business Units and reflects the Group's effort to seek greater logistics efficiency and optimization of transport costs.
- In 2022, the Company's focus continues to be the maintenance of the Adjusted and Recurring Gross Margin in a level similar to 2021, despite the greater inflationary pressure on costs (mainly energy) through price increases, qualification of the product mix and factory productivity, in addition to strict management in the choices related to operating costs.
- The Company expects its Adjusted and Recurring EBITDA Margin in 2022 to remain close to the level reached in 2021, despite inflation pressures and adjustments in consumption on the domestic market.
- The 2022 CapEx investment plan is estimated by the Company in R\$ 280 million of financial effect (R\$ 460 million of accounting effect), of which around 25% will be allocated to the acquisition of equipment and infrastructure for the Portobello América's plant, approximately 40% for strategic projects related to the growth of retail in Brazil and strengthening of the digital initiatives of the Portobello Shop Business Unit, and around 35% for investments in technological updating and expansion of the industrial plants of the Portobello and Pointer Business Units.
- Although working capital management remains a priority for the Company, our expectation is that the Cash Conversion Cycle will end the year at a higher level than in 2021, albeit still at adequate levels. The main factors for this increase are higher inventories to support better levels of customer service and possible increases in terms of export customers, notably those in Argentina.
- The Company continues adopting its strong discipline in financial management, focusing on preserving liquidity and austerity in investment choices. The expectation is that the Net Debt/EBITDA ratio will remain at a level below 2.5 times the Adjusted and Recurring EBITDA for the year, which is the maximum limit approved by the Board of Directors.

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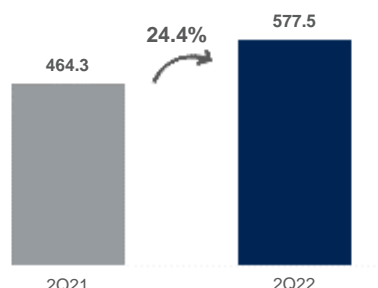
- Standouts among key risks to its operation throughout the year include: attention to inflation pressure, high interest rates affecting consumption of durable goods, and supply chain management, especially in international freight, which affects the competitiveness of exports.
- The US macroeconomic scenario still presents challenges, with high inflation levels and the recent GDP data presented, which put that country in a technical recession. However, the market is showing signs of recovery, with a reduction in the unemployment rate to pre-pandemic levels, in addition to the growth of Housing Starts.

Economic and Financial Performance

	2Q21	2Q22	▲ %	▲ Abs	1H21	1H22	▲ %	▲ Abs	
Performance	Net Revenue	464.3	577.5	24.4%	113.2	880.7	1,102.4	25.2%	221.8
	Gross Profit	190.4	252.6	32.6%	62.2	368.9	491.0	33.1%	122.1
	Gross Margin	41.0%	43.7%	2.7 p.p.		41.9%	44.5%	2.6 p.p.	
	Adjusted and Recurring Gross Profit	190.4	252.6	32.6%	62.2	368.9	488.5	32.4%	119.6
	Adjusted and Recurring Gross Margin	41.0%	43.7%	2.7 p.p.		41.9%	44.3%	2.4 p.p.	
	EBIT	66.7	89.5	34.1%	22.7	131.8	187.6	42.3%	55.8
	EBIT Margin	14.4%	15.5%	1.1 p.p.		15.0%	17.0%	1.4p.p.	
	Net income	40.3	53.8	33.5%	13.5	80.7	91.5	13.3%	10.8
	Net Margin	8.7%	9.3%	0.6 p.p.		9.2%	8.3%	-0.9 p.p.	
	Adjusted and Recurring Net Income	40.3	52.4	30.2%	12.2	80.7	83.5	3.5%	2.8
	Adjusted and Recurring Net Margin	8.7%	9.1%	0.4 p.p.		9.2%	7.6%	-1.6 p.p.	
	EBITDA	82.6	110.8	34.2%	28.2	163.4	229.4	40.4%	66.0
	EBITDA Margin	17.8%	19.2%	1.4p.p.		18.6%	20.8%	2.3 p.p.	
Adjusted and Recurring EBITDA	82.6	111.0	34.3%	28.4	163.4	221.1	35.3%	57.7	
Adjusted and Recurring EBITDA Margin	17.8%	19.2%	1.4 p.p.		18.6%	20.1%	1.5 p.p.		
Indicators	Working Capital (R\$)	223.9	335.4	49.8%	111.5				
	Cash Conversion Cycle (days)	27	43	59.3%	16				
	Net Debt	469.4	542.8	15.6%	73.4				
	Net debt/EBITDA	1.6	1.3	-19.3%	(0.3)				
	Adjusted and Recurring Net Debt/EBITDA	1.6	1.3	-18.2%	(0.3)				
PTBL3	Closing Quotation	17.47	6.36	-63.6%	(11.11)				
	Market Value	2,577.3	896.7	-65.2%	(1,680.6)				
	Monthly Average Trading Volume (12 Months)	523.6	367.1	-29.9%	(156.5)				
	Average Daily Trading Volume (ADTV)	52.4	5.4	-89.7%	(47.0)				

Net Revenue

Net Revenue totaled R\$ 577 million in 2Q22, a 24.4% increase vs. 2Q21. This growth is mainly due to: (i) price readjustments made, in order to offset cost pressure, and improvement of the product mix (ii) expansion of the participation of the Portobello Shop chain of stores, and (iii) expansion of the participation of international businesses (mainly Portobello exports and distribution in the United States from Portobello América).



R\$ million	2Q21	2Q22	▲ %	▲ Abs	1H21	1H22	▲ %	▲ Abs
Net Revenue	464.3	577.5	24.4%	113.2	880.7	1,102.4	25.2%	221.7
Domestic Market	365.3	427.3	17.0%	62.1	693.6	818.1	17.8%	124.5
Foreign Market	99.0	150.1	51.6%	51.1	187.1	284.3	52.1%	97.2
US\$ million	2Q21	2Q22	▲ %	▲ Abs	1H21	1H22	▲ %	▲ Abs
Foreign Market	18.7	28.6	53.1%	9.9	34.8	53.5	53.8%	18.7

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On the Brazilian domestic market, Net Revenue grew 17.0% in 2Q22 vs. 2Q21, reaching R\$ 427 million in the period. Comparing this result to the construction materials sector, which reduced 6.9% in deflated data in 2Q22 vs. 2Q21, according to data from the Brazilian Association of Construction Materials Industry (ABRAMAT), and with the sales volume of ceramic tiles (in square meters), which decreased 13.4% in 1Q22 vs. 2Q21 according to data from ANFACER (Brazilian Association of Ceramic Tiles Manufacturers), it is possible to verify the consistent gain in market share of Portobello Group.

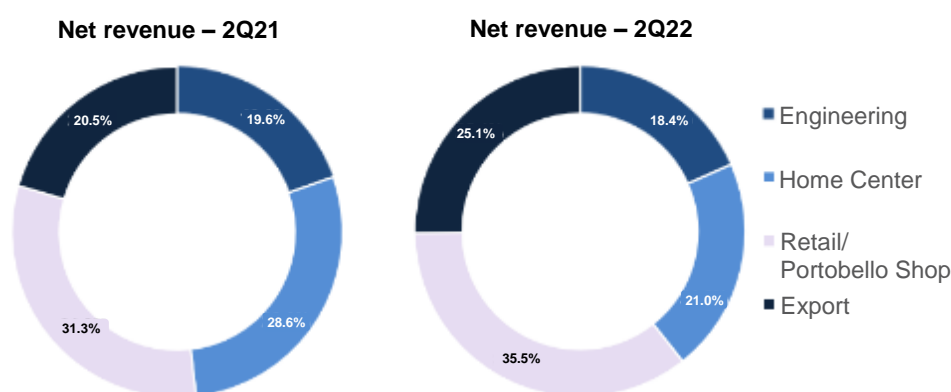
With regard to sales in the foreign market, the growth was 51.6% in 2Q22 vs. 2Q21 (53.1% in US dollars). This increase was influenced by the constant expansion of Portobello América (growth of 74.6% in the period) and the growth of Portobello's exports (55.5% vs. 2Q21).

In 2Q22, Portobello América represented 11.4% of total net revenue, with growth of 74.6% vs. 2Q21. Portobello Shop accounted for 34.0%, an increase of 33.1% vs. 2Q21. Portobello represented 47.6% of total Net Revenue, with growth of 21.6% vs. 2Q21, and Pointer's share was 10.5% – down 8.3% vs. 2Q21.

R\$ million	2Q21	2Q22	▲ %	▲ Abs	1H21	1H22	▲ %	▲ Abs
Consolidated	464.3	577.5	24.4%	113.2	880.7	1,102.4	25.2%	221.7
BU Portobello	225.9	274.8	21.6%	48.9	430.4	531.5	23.4%	101.0
BU Shop	147.4	196.1	33.1%	48.8	271.8	368.3	35.4%	96.6
BU Pointer	66.2	60.7	-8.3%	(5.5)	128.6	115.2	-10.6%	(13.4)
BU Portobello América	37.8	66.0	74.6%	28.2	76.8	124.2	61.7%	47.3
(-) Eliminations ¹	(13.0)	(20.2)	55.2%	(7.2)	(26.9)	(36.7)	36.4%	(9.8)
US\$ million	2Q21	2Q22	▲ %	▲ Abs	1H21	1H22	▲ %	▲ Abs
BU Portobello América	7.2	12.4	73.7%	5.3	14.3	22.9	60.5%	8.6

¹ Intercompany operations

The share of sales channels in 2Q22 continues to confirm the consistent execution of the group's strategy of accelerating growth in the Brazilian retail market and international expansion. It is worth mentioning retail sales, which account for 35.5% of the Group's total Net Revenue in 2Q22 vs. 31.3% in 2Q21, and exports, which in 2Q22 achieved 25.1% share in the Group's Net Revenue vs. 20.5% in 2Q21, 11.0% with sales made by Portobello América in the United States and 14.1% for the other markets of the Portobello and Pointer Business Units. The engineering channel, which serves the largest domestic and regional high-end construction companies, represents 18.4% of the Group's Net Revenue in 2Q22, in line with the performance in 2Q21.

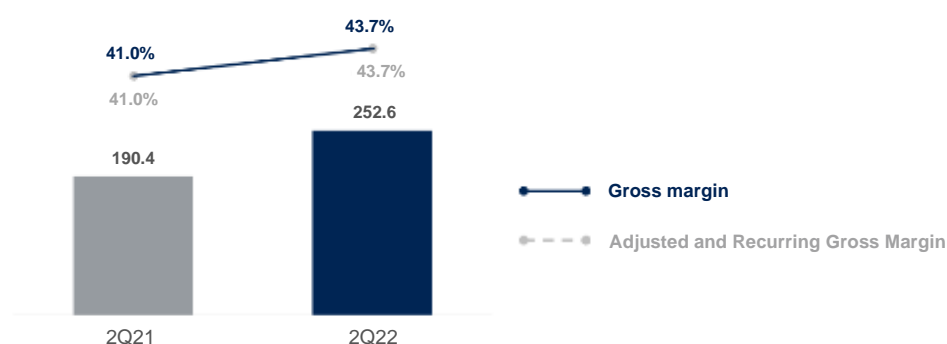


Gross Profit

Adjusted and Recurring Gross Income in 2Q22 increased 32.6% vs. 2Q21, reaching R\$ 253 million in the period. The Adjusted and Recurring Gross Margin reached 43.7% in 2Q22, an increase of 2.7 p.p. vs. 2Q21, as a result of active management of the product mix and price adjustments made to offset cost increases combined with the dilution of fixed production costs. The Adjusted and Recurring Gross Margin reached in 2Q22 shows that, despite inflationary pressures and restrictions in the global economy faced in recent months, the Company has been able to deliver results above the market performance, reinforcing its positioning and strategic direction adopted.

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R\$ Million	2Q21	2Q22	▲ %	▲ Abs	1H21	1H22	▲ %	▲ Abs
Net Operating Revenue	464.3	577.5	24.4%	113.2	880.7	1,102.4	25.2%	221.8
Cost of Goods Sold (COGS)	(273.8)	(324.9)	18.6%	51.0	(511.8)	(611.5)	19.5%	99.7
Gross operating income	190.4	252.6	32.6%	62.2	368.9	491.0	33.1%	122.1
Gross Margin	41.0%	43.7%	2.7 p.p.		41.9%	44.5%	2.6 p.p.	
Non-Recurring Events:						(2,5)		
1) Difal unconstitutionality reversal	-	-			-	(2,5)		
Adjusted and Recurring Gross Profit	190.4	252.6	32.6%	62.2	368.9	488.5	32.4%	119.6
Adjusted and Recurring Gross Margin	41.0%	43.7%	2.7 p.p.		41.9%	44.3%	2.4 p.p.	



Operating Expenses

Adjusted Operating Expenses in 2Q22, when analyzed as a percentage of Net Revenue, remained in line with 2Q21. The largest changes in absolute terms occurred in sales expenses; however, they remain in line in terms of percentage of Net Revenue. In 1H22, Adjusted Operating Expenses showed a change of 1.1 p.p. in the share of Net Revenue and 30.4% in absolute amounts, partly as a consequence of the non-recurring effect regarding the tax gain related to the reversal of the Tax Rate Difference (DIFAL), recognized in 1Q22.

R\$ Million	2Q21	%NR	2Q22	%NR	▲ %	▲ Abs	1H21	%NR	1H22	%NR	▲ %	▲ Abs
Operating Expenses												
Selling	(101.6)	21.9%	(129.5)	22.4%	27.5%	28.0	(193.2)	21.9%	(248.4)	22.5%	28.6%	55.2
General and Administrative	(15.6)	3.4%	(24.1)	4.2%	54.2%	8.5	(29.1)	3.3%	(42.4)	3.8%	45.5%	13.3
Other Revenues (Expenses)	(6.7)	-1.4%	(9.5)	1.6%	41.5%	(2.8)	(14.7)	1.7%	(12.5)	1.1%	-14.9%	2.2
Operating Expenses	(123.9)	26.7%	(163.1)	28.2%	31.7%	39.2	(237.1)	26.9%	(303.4)	27.5%	28.0%	66.3
Non-Recurring Expenses / Revenues	-	-	0.2	-			-	-	(5.8)	-		
Adjusted Operating Expenses	(123.9)	26.7%	(162.9)	28.2%	31.5%	39.1	(237.1)	26.9%	(309.2)	28.0%	30.4%	72.1

Sales Expenses in 2Q22 represented 22.4% of Net Revenue, an increase of 0.5 p.p. compared to 2Q21. In absolute terms, Sales Expenses increased by 27.5% vs. 2Q21 and grew 28.6% year-to-date compared to the same period the previous year, largely due to our participation at Expo Revestir 2022, which this year was an in-person event, and at the Coverings trade show in the USA. Both fairs had positive impacts on sales performance and brand positioning.

General and Administrative Expenses corresponded to 4.2% of Net Revenue in 2Q22, an increase of 0.8 p.p. compared to 2Q21. In absolute terms, growth was 54.2%, largely due to investments in structuring our teams in the operations with the highest growth, mainly in the Business Units Portobello América and Portobello Shop. These investments are in line with the Company's strategic planning and should be supported by the expected growth; expenses are expected to be diluted as operations develop.

Portobello Grupo

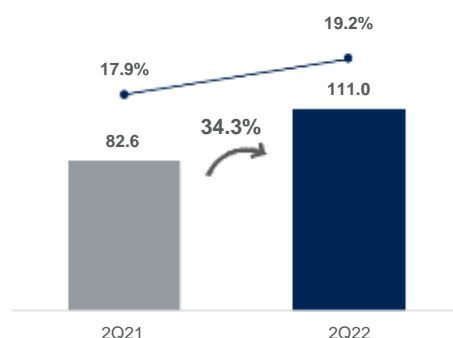
Other Revenues and Expenses in 2Q22 refer mainly to the provisioning of the Profit Sharing Program (PPR) and the Long-Term Incentive Plan (ILP), which totaled R\$ 2.1 million, and civil, labor and tax provisions in the amount of R\$ 2.9 million.

In 1H22, Operating Expenses were positively impacted by the non-recurring effect related to the tax gain related to the reversal of the DIFAL – Tax Rate Difference, since it was considered unconstitutional, in the amount of R\$ 4.6 million and by the change in the legal asset Rural Credit Bill, in the amount of R\$ 1.5 million, among other less relevant effects.

EBITDA

Adjusted and Recurring EBITDA was R\$ 111 million in 2Q22, an increase of R\$ 28.4 million (or 34.3%) vs. 2Q21. Adjusted and Recurring EBITDA Margin was 19.2% in 2Q22, 1.4 p.p. higher than in 2Q21, mainly due to the expansion of Adjusted and Recurring Gross Margin. During the semester, Adjusted and Recurring EBITDA presented a growth of R\$ 57.7 million or 35.3%, and it increased by 1.5 p.p. due to the normalization of Operating Expenses.

The Company once again presented the highest historical operating income, mainly because of the efficient optimization of the equation between volume performance, price flexibility and improvement of the product mix, combined with the culture of cost and expense management.



R\$ Million	2Q21	2Q22	▲ %	▲ Abs	1H21	1H22	▲ %	▲ Abs
Net income	40.3	53.8	33.5%	13.5	80.7	91.5	13.3%	10.8
(+) Financial Expenses	24.5	9.7	-60.4%	(14.8)	36.0	51.1	41.8%	15.1
(+) Depreciation and Amortization	15.9	21.3	34.3%	5.4	31.5	41.8	32.8%	10.3
(+) Income Taxes	1.9	25.9	1275.9%	24.1	15.2	45.1	196.5%	29.9
EBITDA	82.6	110.8	34.2%	28.2	163.4	229.4	40.4%	66.0
EBITDA Margin	17.8%	19.2%	1.4 p.p.		18.6%	20.8%	2.3 p.p.	
Non-Recurring Events:	-	0.2			-	(8.3)		
1) DIFAL unconstitutionality reversal	-	-			-	(7.1)		
2) Other Favorable Outcomes in Lawsuits	-	0.2			-	(1.2)		
Adjusted and Recurring EBITDA	82.6	111.0	34.3%	28.4	163.4	221.1	35.3%	57.7
Adjusted and Recurring EBITDA Margin	17.8%	19.2%	1.4 p.p.		18.6%	20.1%	1.5 p.p.	

The amount of non-recurring events of R\$ 0.2 million recorded in 2Q22 refers to the tax gain related to the reversal of the Tax Rate Difference (DIFAL), which was deemed unconstitutional. In 1H22, these amounts were R\$ 7.1 million and R\$ 1.2 million related to the updating of the lawsuits of legal assets of the credit bill.

Net income

Adjusted and Recurring Net Income in 2Q22 totaled R\$ 52.4 million, a 30.2% increase vs. 2Q21, because of the significant improvement in the Company's operating income and better financial performance. In 1H22, Adjusted and Recurring Net Income reached R\$ 83.5 million, particularly operating income, which was partially offset by the increase in financial expenses in 1Q22 due to higher interest rates and changes in foreign exchange rates.

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R\$ Million	2Q21	2Q22	▲ %	▲ Abs	1H21	1H22	▲ %	▲ Abs
EBITDA	82.6	110.8	34.2%	28.2	163.4	229.4	40.4%	66.0
(-) Financial expenses	(24.5)	(9.7)	-60.4%	14.8	(36.0)	(51.1)	41.8%	(15.1)
(-) Depreciation and Amortization	(15.9)	(21.3)	34.3%	(5.4)	(31.5)	(41.8)	32.8%	(10.3)
(-) Income Taxes	(1.9)	(25.9)	1240.4%	(24.0)	(15.2)	(45.1)	196.5%	(29.9)
Net income	40.3	53.8	33.7%	13.6	80.7	91.4	13.3%	10.7
Net margin	8.7%	9.3%	0.6 p.p.		9.2%	8.3%	-0.9 p.p.	
Non-Recurring Events	-	(1.4)			-	(7.9)		
(1) DIFAL unconstitutionality reversal	-	-			-	(7.1)		
(2) Selic on income tax/social contribution bases	-	(0.5)			-	(0.5)		
(3) Recognition and Restatements of Lawsuits	-	(1.1)			-	(1.8)		
(4) Recognition and Restatements of Lawsuits Legal – Other revenues/expenses	-	0.2			-	(1.2)		
(5) Recognition and Restatements of Lawsuits IR (Income Tax)/CSLL (Social Contribution on Net Income)	-	-			-	2.6		
Adjusted and Recurring Net Income	40.3	52.4	30.2%	12.2	80.7	83.5	3.5%	2.8
Adjusted and Recurring Net Margin	8.7%	9.1%	0.4 p.p.		9.2%	7.6%	-1.6 p.p.	

In 1H22, Net Income was positively impacted by the non-recurring effect related to the tax gain related to the reversal of the DIFAL – Tax Rate Difference, which was considered unconstitutional, in the amount of R\$ 7.1 million, R\$ 1.8 million referring to the update of lawsuits for legal assets of credit bills, and R\$ 0.7 million referring to the financial update of the Excise Tax - IPI premium credit, partially offset by the levy of R\$ 2.6 million referring to Income Tax - IR/Social Contribution on Net Income - CSLL.

Cash Flow

The Company closed out 2Q22 with a cash position of R\$ 191 million, a R\$ 16.4 million increase vs. 2Q21. The increase in the level of cash reflects the consistent improvement in the Company's financial performance. In 1H22, an amount of R\$ 35.4 million was raised, which positively impacted the line of 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\$ 15.2 million.

R\$ Million	2Q21	2Q22	▲ Abs	1H21	1H22	▲ Abs
Activities						
Operating	78.2	39.5	(38.7)	119.2	123.9	(4.7)
Investment	(38.8)	(58.4)	(19.6)	(55.7)	(73.9)	(18.2)
Financing	(108.1)	(14.7)	93.4	(215.6)	(49.1)	166.5
Changes in Cash	(68.7)	(33.6)	35.1	(152.1)	0.9	153.0
Opening Balance	242.9	224.2	(18.7)	326.3	189.7	(136.6)
Closing Balance	174.2	190.5	16.4	174.2	190.6	16.4

The Company's operating activities totaled R\$ 39.5 million in 2Q22, driven by the generation of EBITDA, albeit impacted by the change in working capital, mainly the increase in inventory levels.

The Company's investment activities amounted to R\$ 58.4 million in 2Q22, earmarked mainly for the expansion of the company's chain of stores; the CapEx of the Tijucas-SC plant, with the refurbishment of the industrial complex to produce higher-value and larger-sized products; Portobello América, with investments in the new factory; and the Marechal Deodoro-AL plant, for refurbishing and revitalizing the factory.

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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.

Financing activities resulted in an effect of R\$ 14.7 million in 2Q22, largely due to the payment of loans and financing, which totaled R\$ 18.7 million, partially offset by proceeds raised, in the amount of R\$ 12.6 million. Complementary Dividends in the amount of R\$ 3.5 million referring to the 2021 result were also paid in the period.

Working Capital

The Company's Working Capital in 2Q22 was R\$ 335 million, an increase of R\$ 47.9 million or 16.6% compared to 1Q22. The Cash Conversion Cycle in 2Q22 was 43 days, an increase of 1 day compared to 1Q22, highlighting the fact that the Company was able to maintain the term of the receivables portfolio at the lowest historical level ever reached by the Company. Compared to 2Q21, the change in Working Capital was R\$ 111 million, and the change in Cash Conversion Cycle was 16 days. A major part of this change was due to the increase in inventory levels, mainly at Pointer, as a result of the slowdown in the civil construction market in the North and Northeast regions of Brazil, and at Portobello América, as a result of a strategic decision aimed at improving service level and customer service on the US market. This result was partially offset by the increase in supplier terms and the improvement in the receivables portfolio.

		2Q21	2Q22	▲ %	▲ Abs	1Q22	▲ %	▲ Abs
In R\$ million	Accounts receivable	288.5	336.9	16.8%	48.4	288.2	16.9%	48.7
	Inventories	224.9	370.1	64.6%	145.2	325.8	13.6%	44.3
	Suppliers	289.5	371.6	28.4%	82.1	326.5	13.8%	45.1
	Working Capital	223.9	335.4	49.8%	111.5	287.5	16.6%	47.9
In days	Accounts receivable	48	43	-10.4%	(5)	43	0.0%	-
	Inventories	80	108	35.0%	28	101	6.9%	7
	Suppliers	101	108	6.9%	7	102	5.9%	6
	Cash Conversion Cycle (CCC)	27	43	59.3%	16	42	2.4%	1

Investments

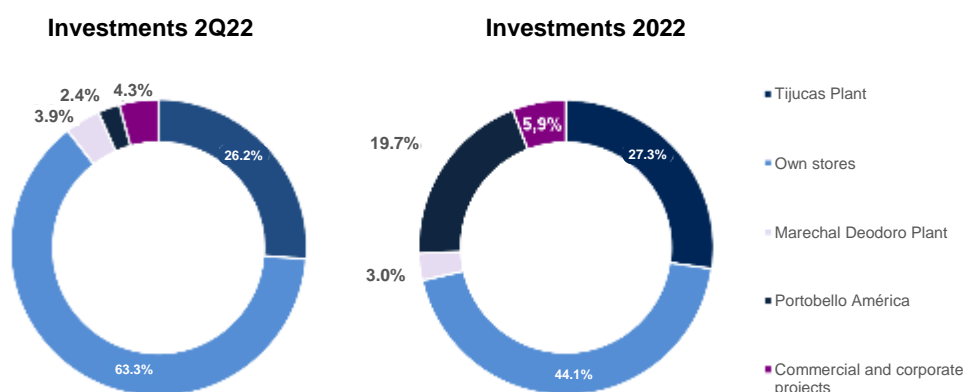
Investments in 2Q22 totaled R\$ 99.3 million, and 63.3% were allocated to investments in own stores, 26.2% were allocated to the Tijucas-SC plant, 2.4% were allocated to Portobello América and the remainder to commercial and corporate projects and to the industrial plant in Marechal Deodoro-AL.

The investments made in company-owned stores in 2Q22 were largely related to the acquisition of Pacaembu and Gabriel stores, announced by the Company in March of this year.

In 1H22, investments totaled R\$ 146 million, of which 44.1% was allocated to company-owned stores, 27.3% to the Tijucas-SC plant, 19.7% to Portobello América, and the remainder to commercial and corporate projects and the industrial unit in Marechal Deodoro-AL.

The investments made in the Portobello América are largely related to the acquisition of machinery and equipment for phase 1 of the new factory, 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.

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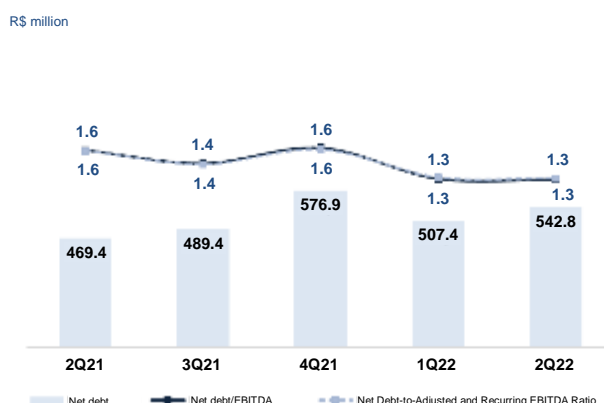
Indebtedness and Capital structure

The Company's Net Debt ended 2Q22 at R\$ 543 million, a R\$ 35.4 million increase vs. 1Q22, due to change in cash level. Compared to 2Q21, there was an increase of R\$ 73.4 million as a result of investments in working capital and CapEx. The increase in Adjusted and Recurring EBITDA in the last 12 months to R\$ 423 million, and discipline in financial management – whose focus is on the constant optimization of the Cash Conversion Cycle – resulted in the Company's maintaining financial leverage at 1.3 times Adjusted and Recurring EBITDA, the lowest indebtedness level ever reached by the Company.

R\$ million	2Q21	3Q21	4Q21	1Q22	2Q22
Gross Banking Debt ¹	643.6	822.3	766.7	731.6	733.4
Cash and Cash Equivalents	(174.2)	(332.9)	(189.7)	(224.2)	(190.6)
Net Indebtedness	469.4	489.4	576.9	507.4	542.8
EBITDA (Last 12 months)	298.1	341.2	360.9	398.7	427.1
Adjusted and Recurring EBITDA (Last 12 months)	299.4	343.7	365.4	394.9	423.1
Net Debt-to-EBITDA Ratio	1.6	1.4	1.6	1.3	1.3
Net Debt-to-Adjusted and Recurring EBITDA Ratio	1.6	1.4	1.6	1.3	1.3

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

In 2Q22, R\$ 18.7 million of contracted Bank Debt were amortized. Funding totaled R\$ 12.6 million. In 1H22, R\$ 48.3 million was amortized and R\$ 14.8 million was raised.



At the end of 2Q22, 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.

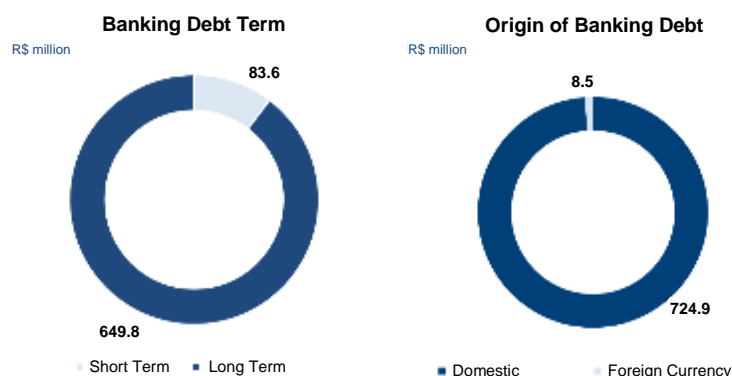
The details of the amortization schedule (Gross Banking Debt) can be found below:

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Gross Bank Debt maturing in the short term represents 11.4% of the total, an increase of 1.0 p.p. compared to 1Q22, due to the amortizations carried out in accordance with debt maturities in 2Q22. The remaining debt matures in the long term, as shown in the amortization schedule above. The Gross Banking Debt is mostly in domestic currency (98.9%). The average total cost of Bank Debt is 12.4% p.a. and the average term is 4.4 years vs. 3.6 in the 2Q21 due to the debt extension strategy starting in 2021.

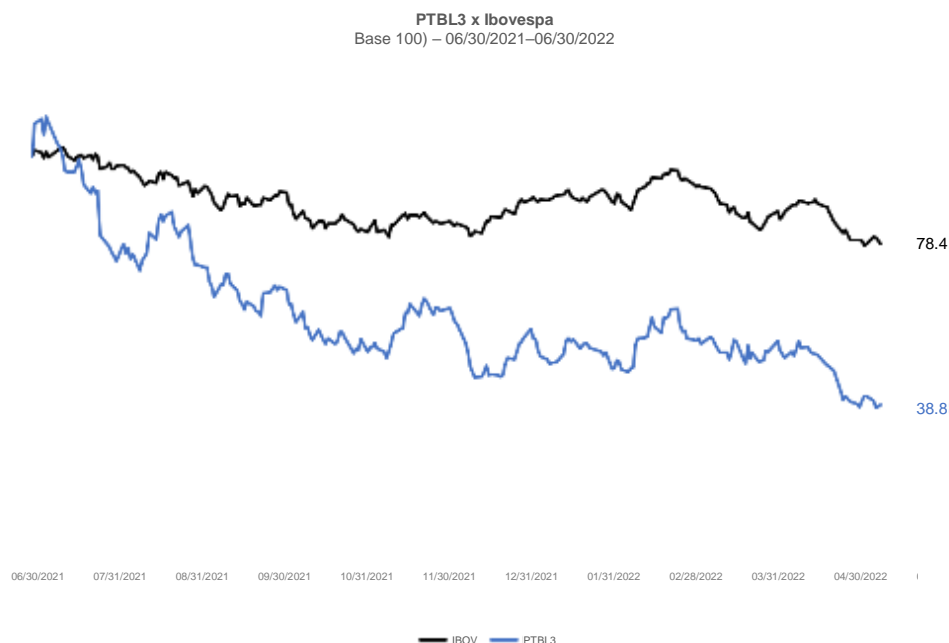
This new debt profile will provide greater flexibility for the Company to develop its strategic plan, focused on the growth of retail in Brazil and international business, mainly in the USA through Portobello América.



Portobello Grupo

PTBL3 Stock Performance

Shares traded under the PTBL3 code closed the trading session on June 30, 2022, at R\$ 6.36, presenting a devaluation of 63.6% when compared to the closing of 2Q21 (quoted at R\$ 17.47). The average daily financial volume traded (ADTV) in 2Q22 was R\$ 5.4 million. In late June 2022, the Company had a market value equivalent to R\$ 897 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.

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 Côte	Independent Board Member
Geraldo Luciano Mattos Junior	Independent Board Member
Walter Roberto de Oliveira Longo	Independent Board Member
Marcos Gouvêa de Souza	Independent Board Member

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Corporate Governance

The Company made the adjustment 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.

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Financial Statements

Balance Sheet

Assets	2Q21	AV %	2Q22	AV %	Var%
Current assets	851.7	43.1%	1,026.5	46.2%	20.5%
Cash and Cash Equivalents	174.2	8.8%	190.6	8.6%	9.4%
Accounts receivable	343.4	17.4%	412.9	18.6%	20.2%
Inventories	225.0	11.4%	370.1	16.7%	64.5%
Other	109.1	5.5%	52.9	2.4%	-51.5%
Non-current assets	1,123.4	56.9%	1,193.4	53.8%	6.2%
Long-term assets	455.5	23.1%	414.6	18.7%	-9.0%
Judicial deposits	166.8	8.4%	106.4	4.8%	-36.2%
Judicial assets	119.7	6.1%	139.0	6.3%	16.1%
Guarantee deposit	87.1	4.4%	77.3	3.5%	-11.3%
Receivables - Eletrobrás	12.8	0.6%	12.8	0.6%	0.0%
Restricted interest earning bank deposits	8.2	0.4%	14.4	0.6%	75.1%
Recoverable taxes and deferred tax	33.8	1.7%	15.2	0.7%	-54.9%
Other non-current assets	27.0	1.4%	49.5	2.2%	83.2%
Fixed assets	667.9	33.8%	778.8	35.1%	16.6%
Intangible assets, property, plant and equipment and investments	587.4	29.7%	651.4	29.3%	10.9%
Lease assets	80.2	4.1%	127.0	5.7%	58.4%
Other investments	0.3	0.0%	0.3	0.0%	0.0%
Total Assets	1,975.1	100.0%	2,219.9	100.0%	12.4%
Liabilities	2Q21	AV %	2Q22	AV %	Var%
Current liabilities	758.0	38.4%	788.6	35.5%	4.0%
Loans/Debentures	223.9	11.3%	82.0	3.7%	-63.4%
Suppliers and Credit Granting	316.9	16.0%	439.6	19.8%	38.7%
Lease obligations	17.1	0.9%	18.5	0.8%	8.1%
Tax liabilities	33.2	1.7%	44.8	2.0%	35.1%
Social and labor charges	67.0	3.4%	79.9	3.6%	19.3%
Advance from clients	54.9	2.8%	76.0	3.4%	38.4%
Other	45.0	2.3%	47.7	2.1%	6.0%
Non-current liabilities	814.1	41.2%	978.0	44.1%	20.1%
Loans/Debentures	419.7	21.2%	649.0	29.2%	54.6%
Suppliers	176.1	8.9%	102.9	4.6%	-41.6%
Related party debts	56.4	2.9%	56.3	2.5%	-0.1%
Provisions	66.7	3.4%	91.5	4.1%	37.1%
Lease obligations	65.7	3.3%	42.1	1.9%	-36.0%
Other	29.5	1.5%	36.2	1.6%	22.9%
Shareholders' equity	403.0	20.4%	453.3	20.4%	12.5%
Capital	250.0	12.7%	250.0	11.3%	0.0%
Treasury Shares	(1.0)	-0.1%	-	0.0%	-100.0%
Profit reserves	237.3	12.0%	237.2	10.7%	0.0%
Other comprehensive income	(83.3)	-4.2%	(33.9)	-1.5%	-59.3%
Total liabilities	1,975.1	100.0%	2,219.9	100.0%	12.4%

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Statement of income

R\$ million	2Q21	2Q22	1H21	1H22
Net sales revenue	461.4	577.5	877.8	1,102.4
Gross operating profit	190.4	252.6	368.9	491.0
Net operating revenues (expenses)	(123.9)	(163.1)	(237.1)	(303.4)
Selling	(101.5)	(129.5)	(193.2)	(248.4)
General and Administrative	(15.7)	(24.1)	(29.2)	(42.4)
Other operating revenues (expenses), net	(6.7)	(9.5)	(14.7)	(12.5)
Operating profit (loss) before financial income (loss)	66.5	89.5	131.8	187.6
Financial Income (Loss)	(24.4)	(9.7)	(35.9)	(51.1)
Financial revenues	1.9	5.7	5.0	10.0
Financial expenses	(22.7)	(30.2)	(38.1)	(56.8)
Net exchange rate change	(3.6)	14.8	(2.8)	(4.2)
Income (loss) before income taxes	42.1	79.8	95.9	136.5
Income tax and social contribution	(1.9)	(25.9)	(15.3)	(45.1)
Net income (loss) for the period	40.2	53.8	80.6	91.5

Cash Flow

R\$ million	2Q21	2Q22	1H21	1H22
Net cash from operating activities	78.2	39.5	119.2	123.9
Cash generated in operations	55.2	97.9	150.5	198.5
Changes in assets and liabilities	48.8	(30.9)	9.6	(7.7)
Interest paid and income taxes paid	(25.8)	(27.5)	(40.9)	(66.9)
Net cash from investment activities	(38.8)	(58.4)	(55.7)	(73.9)
Acquisition of property, plant and equipment	(35.2)	(35.3)	(48.2)	(78.2)
Acquisition of intangible assets	(3.6)	(3.9)	(7.5)	(7.6)
Acquisition of lease assets	-	(60.2)	-	(60.2)
Receipts for the sale and reimbursement of property, plant and equipment	-	-	-	55.8
Other - Investments	-	41.1	-	16.3
Net cash from financing activities	(108.1)	(14.7)	(215.6)	(49.1)
Funding of loans and financing	40.0	12.6	56.9	14.8
Payment of loans and financing	(98.6)	(18.7)	(140.0)	(48.3)
Dividends paid	(43.5)	(3.5)	(60.7)	(3.6)
Lease Amortization	(5.2)	(5.1)	(8.5)	(12.0)
Treasury acquisitions	(0.8)	-	(63.3)	-
Increase/(Decrease) in Cash for the period/year	(68.7)	(33.6)	(152.1)	0.9
Opening Balance	242.9	224.2	326.3	189.7
Closing Balance	174.2	190.6	174.2	190.6

Please visit the Investor Relations website:

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