

Results Presentation 2023

Viver design.
Transformar ambientes
e emocionar pessoas.

Portobello Grupo



Disclaimer

Information prepared by PBG, such as business outlooks, projections or operating and financial targets, are forecasts based on management's expectations regarding the company's future.

Future considerations are not guarantees of performance. They involve risks, uncertainties and assumptions. These expectations depend on circumstances that may or may not occur, as well as national and international market conditions, 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.



Agenda

- 1 Market Overview
- 2 Operational and Financial Performance 2023 and 4Q23
- 3 Strategic Projects Update
- 4 Outlook 2024
- 5 Q&A

A modern interior scene featuring a wooden armchair with a cane backrest, a low wooden coffee table with a vase of flowers, and a potted plant on a hexagonal tile floor. The floor is composed of large, light-colored hexagonal tiles with white grout. The walls are a light, textured grey. A large window on the left shows a view of a beach and the ocean. A framed abstract artwork is on the wall behind the coffee table.

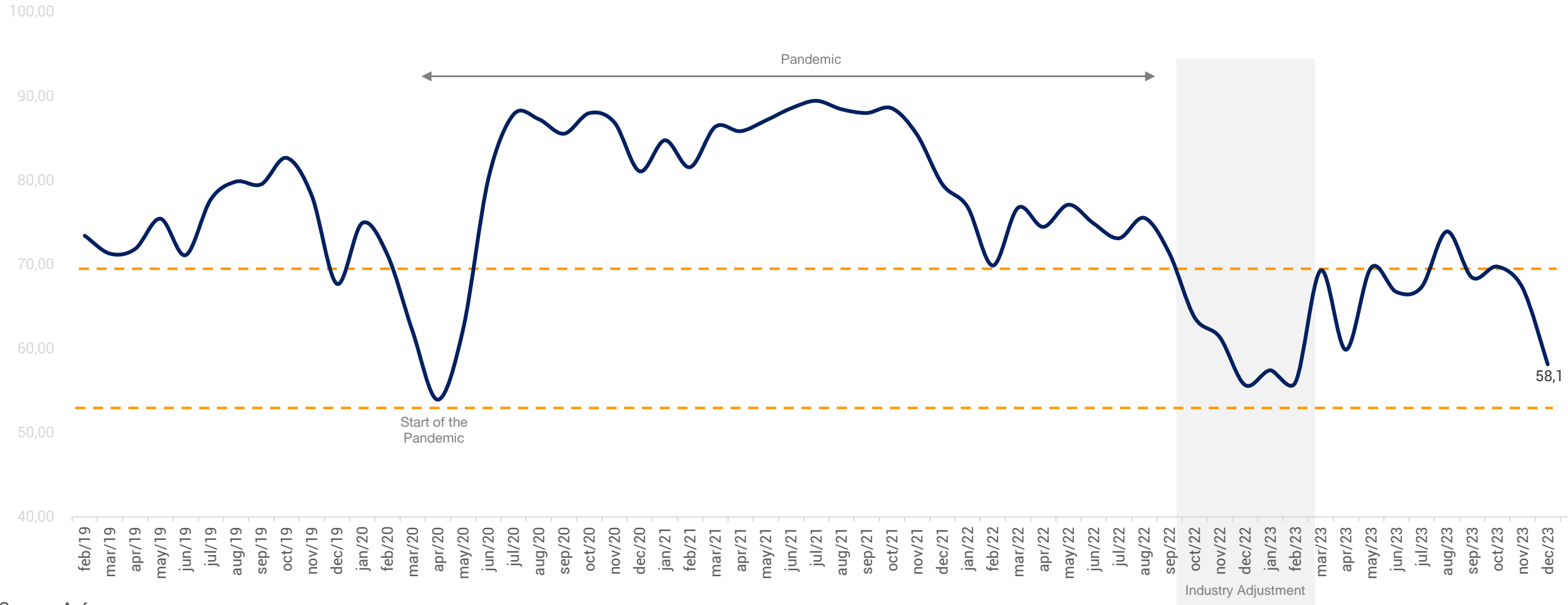
Market Overview

Domestic Market Performance (Brazil) | Ceramic Tile

The sector experienced a growth of 9.2% in 4Q23 compared to 4Q22, despite a decrease of 5.7% compared to 3Q23

Ceramic Total Market Evolution (Millions of Square Meters)

January 2019 to December 2023



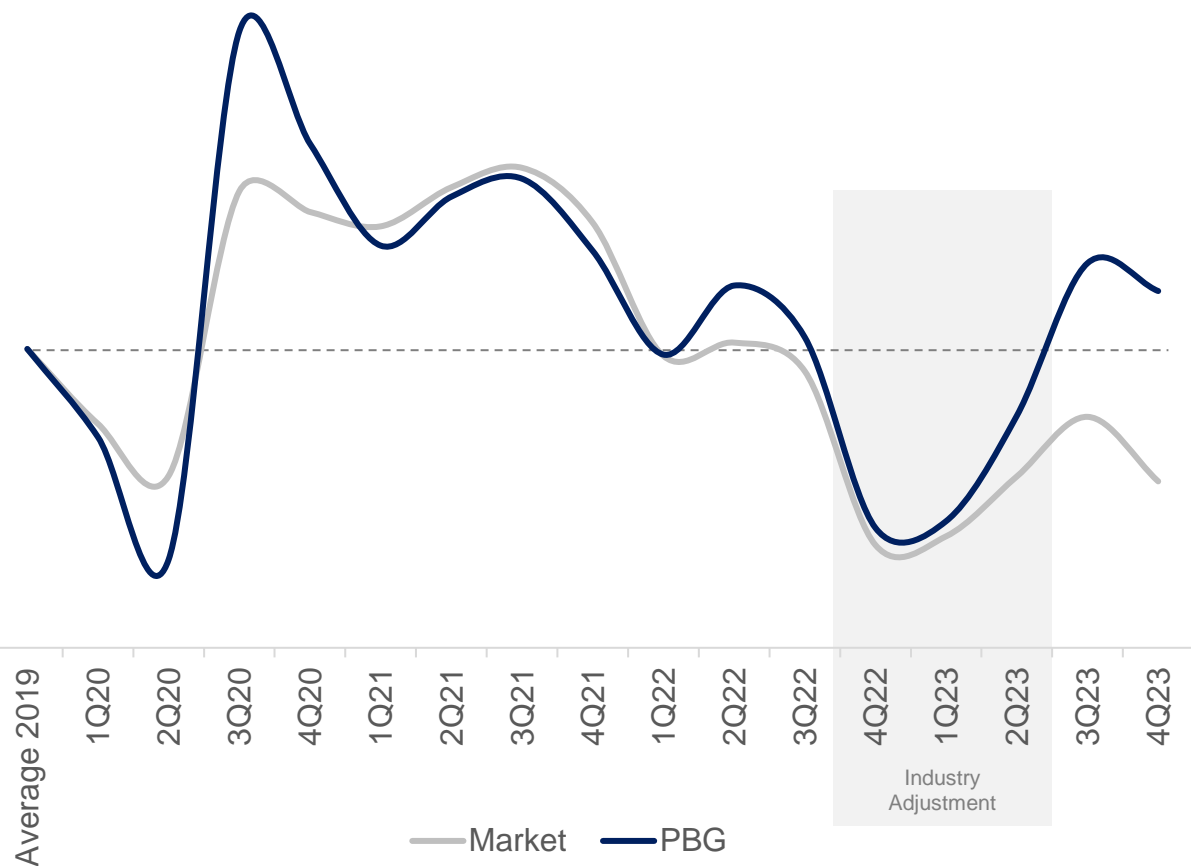
Brazilian Market vs. PBG

Market share gain across all units

In 4Q23, we surpassed market growth in volume by 21.0 p.p compared to 4Q22

- Total market +8.0% in 4Q23 vs. 4Q22
- PBG +29.0% in 4Q23 vs. 4Q22

Progression of volume in the Brazilian market and PBG, with a base of 100



¹ Market volume, source: Anfacer. ² Sales volume of PBG Brazil.

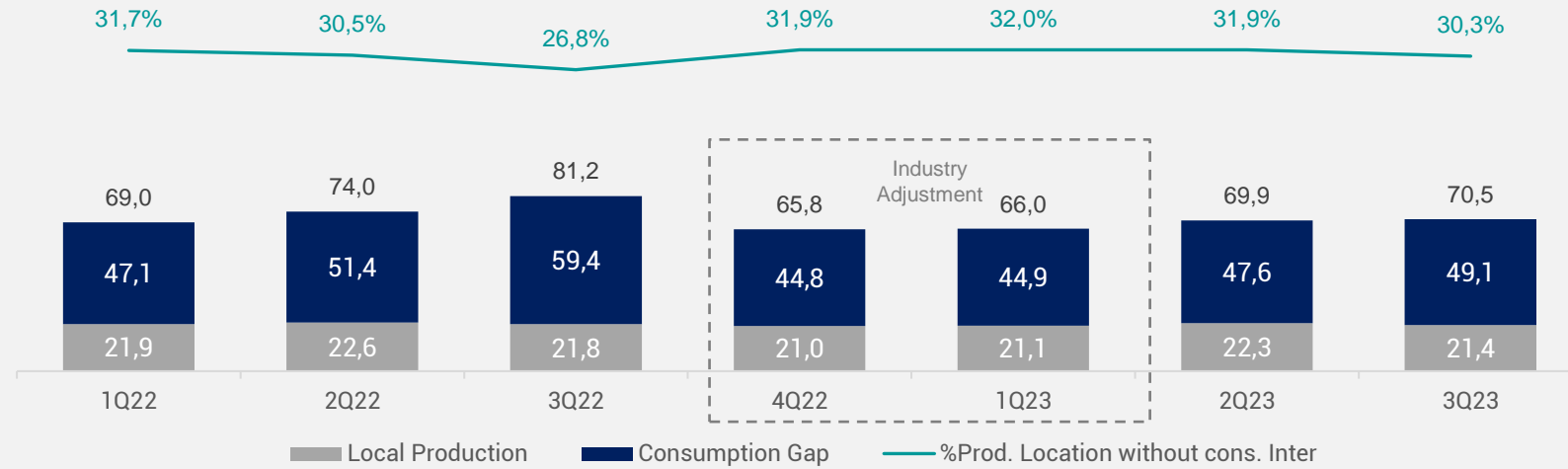


North American market

The sector is still undergoing adjustments, especially in imports, but maintaining a stable share in the consumption of local production. Data from Housing Stars indicate a growth scenario of 3.4% in 4Q23 compared to 4Q22 in the volume of initiated projects.

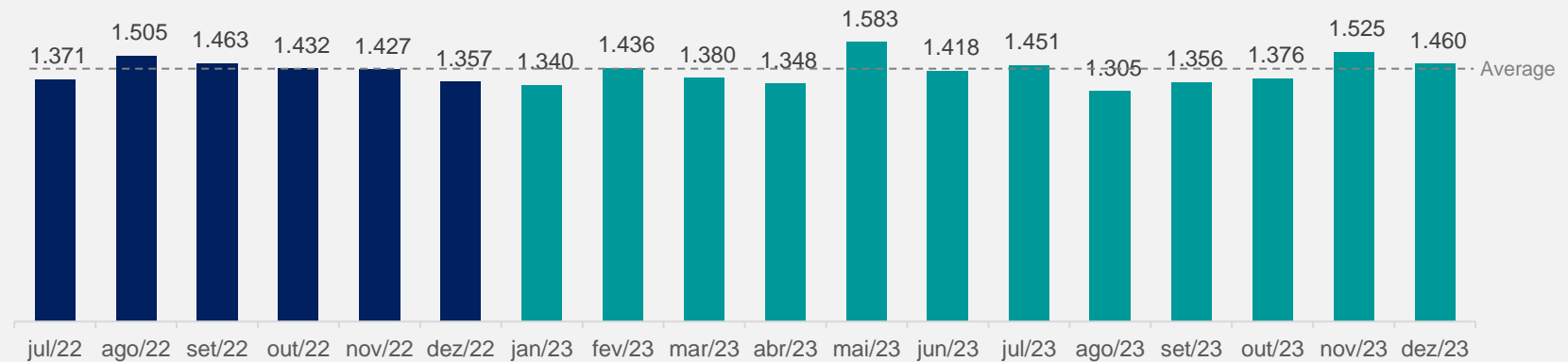
Ceramic Tile Consumption (TCNA)¹

Volume in millions of m²



Housing Starts²

Annualized volume adjusted for seasonality



¹ Source: Tile Council of North America; ² Source: U.S. Census Bureau. Values in thousands. ³ Domestic consumption equals the sum of production + imports - exports.



Operational and Financial Performance

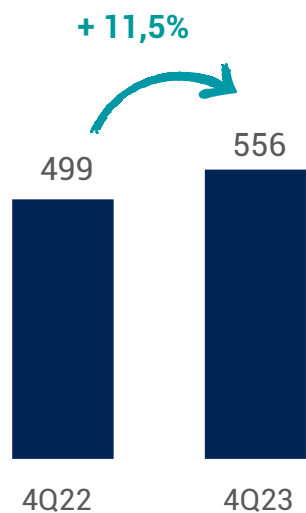
2023 and 4Q23

Net Revenue

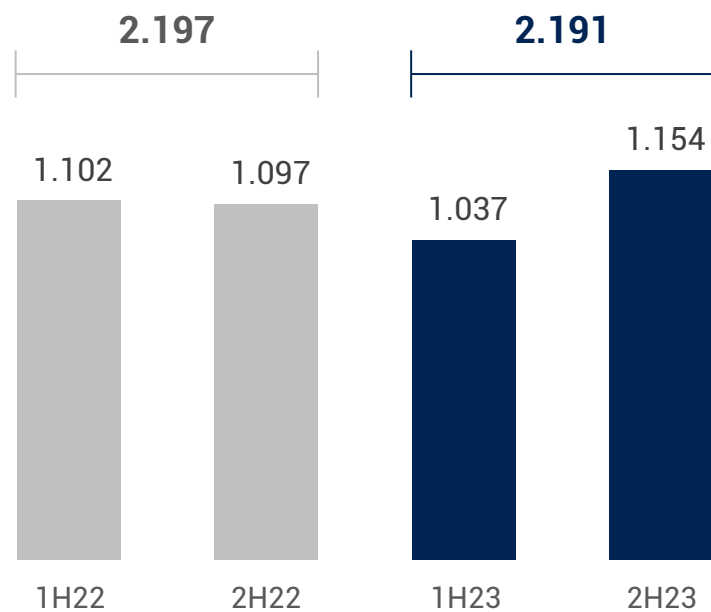
The evolution of results in the last quarters of 2023 allowed the Company to offset the more challenging scenario of the first semester

Net Revenue R\$ million

4Q23 vs. 4Q22



Evolution by semester



- The annual revenue of 2023 is similar to that of 2022, with a stronger growth trend demonstrated in the following semester.

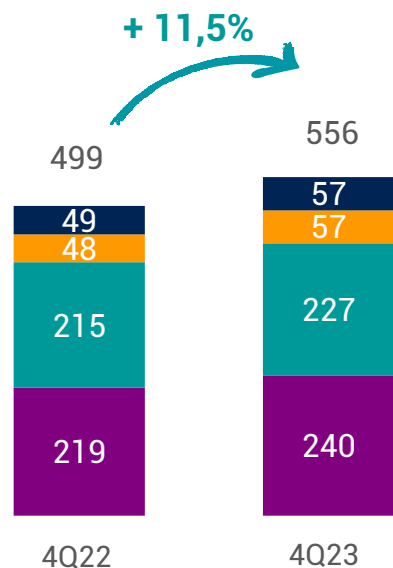
Net Revenue per Unit

Improvement in Revenues in all business units in 4Q23 vs. 4Q22. Highlight for the 12.7% growth in Portobello Shop revenue

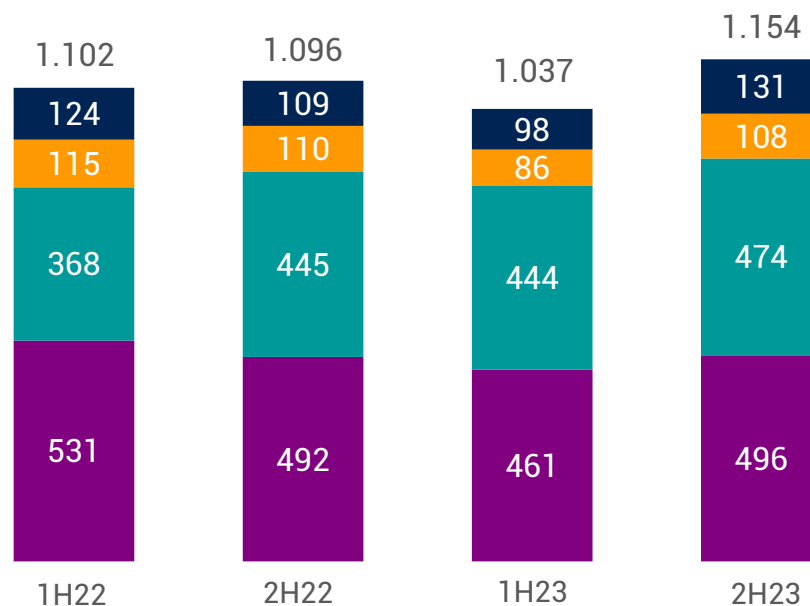
Net Revenue by unit

R\$ million

4Q23 vs. 4Q22



Evolution by semester



■ Portobello
 ■ Portobello Shop
 ■ Pointer
 ■ Portobello America



Highlights

Portobello UN:

- Revenue in the Domestic Market (BR) in 4Q23 increased by **+15.7%** compared to 4Q22, with Engineering channel standing out (**+25.0%** vs. 4Q22).

Portobello Shop:

- Growth of **+5.5%** in 4Q23 compared to 4Q22.
- The unit represented 41.9% of the Group's revenue.

Pointer

- Best revenue of the year in 4Q23 (**+19.0%** vs. 4Q22) with advancements in sales volume. Highlight on the Reseller channel (**+15.7%** 4Q23 vs. 4Q22).

Portobello America:

- Revenue growth (**+13.9%** 4Q23 vs. 4Q22)
- Home Centers (**+29,8%** 4Q23 vs. 4Q22)

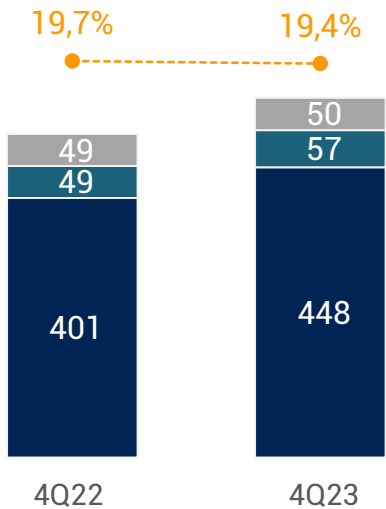
Net Revenue by Segment

Advances in the **domestic market (BR)** compensate for lower export revenues in the year. **The North American** market advances in revenues from local production

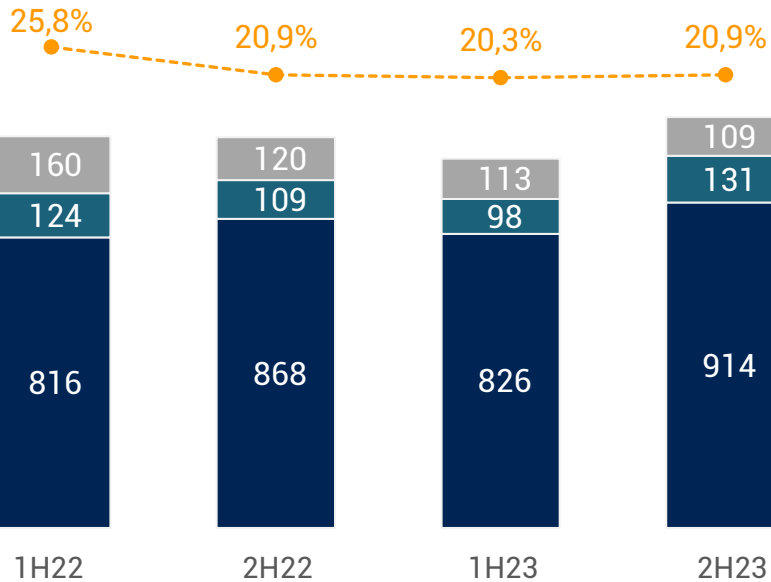
Share of Net Revenue

R\$ million | % of Net Revenue

4Q23 vs. 4Q22



Semestral Evolution



■ Mercado Interno (BR)
 ■ Portobello America
 ■ Exportação
 -●- Exportação + PBA



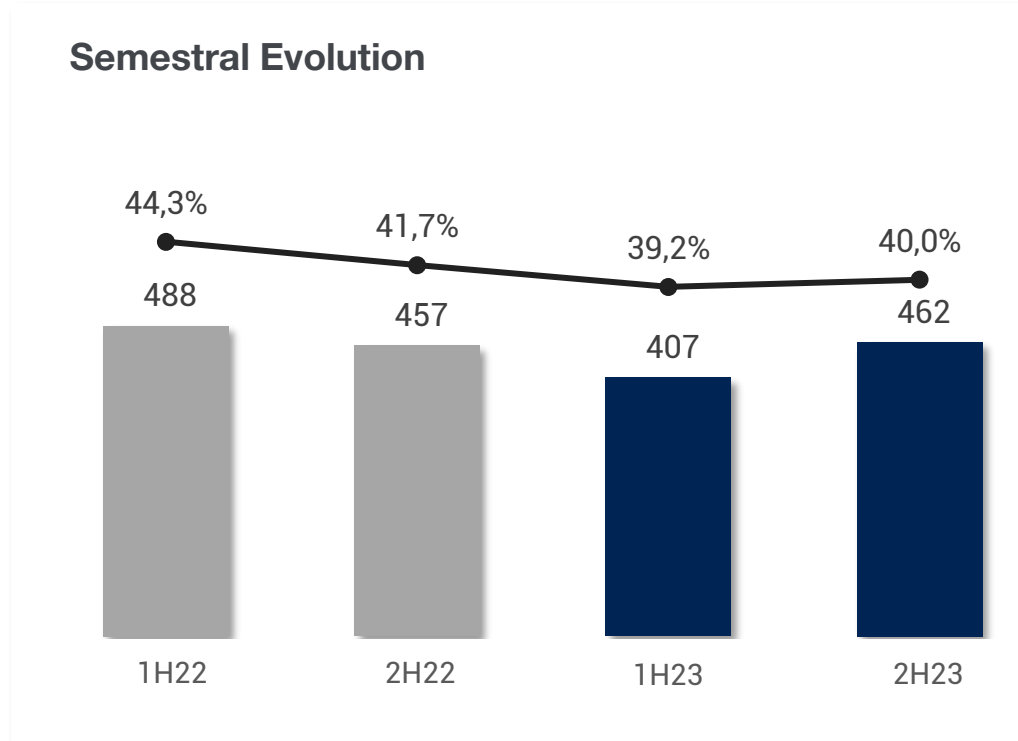
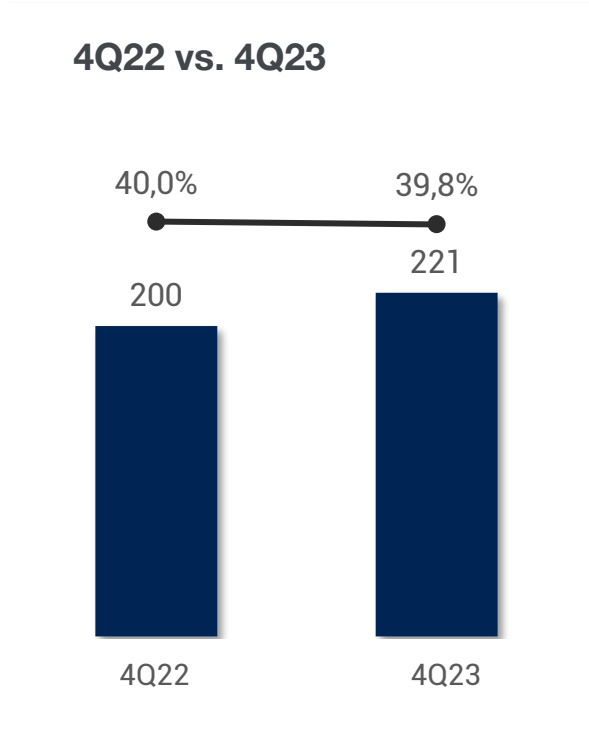
- **The Domestic Market (BR)** showed growth of **+11.8%** vs. 4Q22 and **+3.3%** in 2023 vs. 2022.
- **Portobello America** (in \$U) grew by **+38.4%** in 2H23 vs. 2H22, with highlights in the home center channel (**+46.6%**) and distributors (**+27.1%**).
- Even amidst international instability and a decline in Brazilian exports, our efforts to develop the export channel have enabled us to outperform the market, exporting to **over 75 countries**.

Gross Profit and Gross Margin

Recovery of gross margin to the 40% level in 2H23, driven by the performance of Portobello Shop

Gross Profit and Gross Margin (Adjusted and Recurrent).

R\$ million and % margin



■ LOB ● Margem Bruta



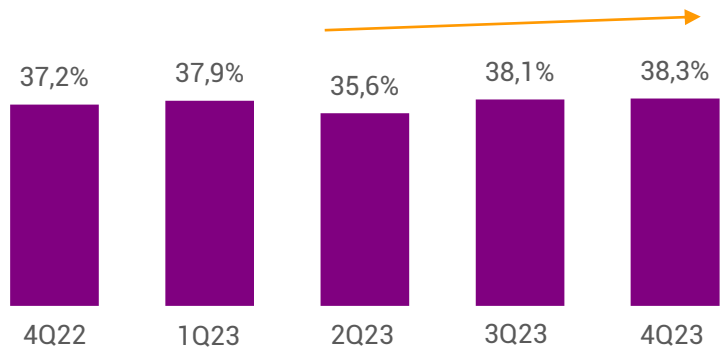
Throughout the year 2023, the gross margin faced a more restricted market, with increased price competition, as well as a market with higher levels of idle capacity.

Gross Margin by Business Unit

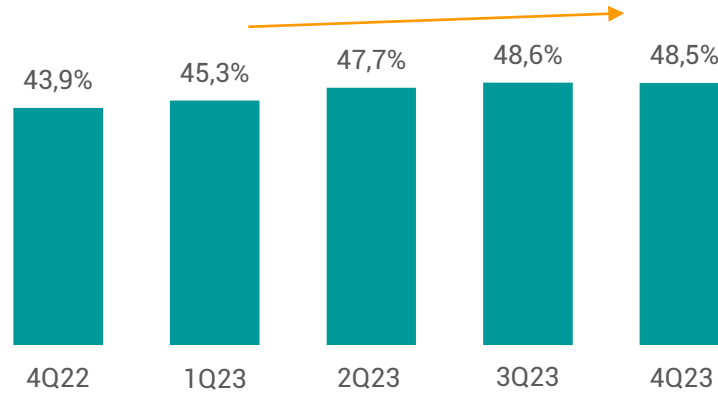
Sequential increasing margin evolution in the Portobello and Shop business units

Gross Margin (Adjusted and Recurrent)

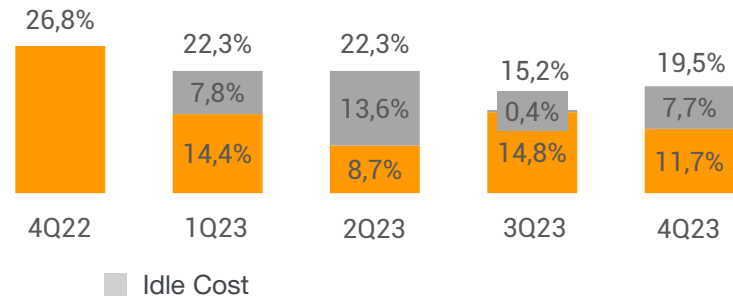
Portobello



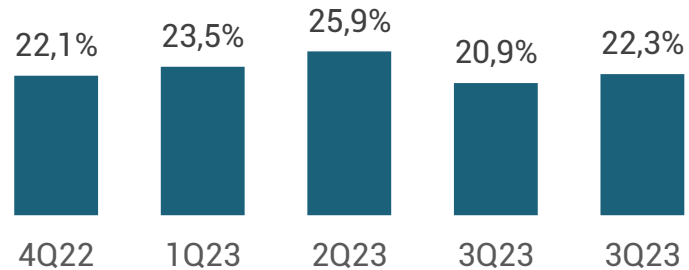
Portobello shop



POINTER



Portobello America



Portobello Unit: Progress in the domestic market (BR) offsetting the impacts of exports.

Portobello Shop: Maintenance of increasing margin levels.

Pointer: Margin was mainly impacted by idleness throughout the year.

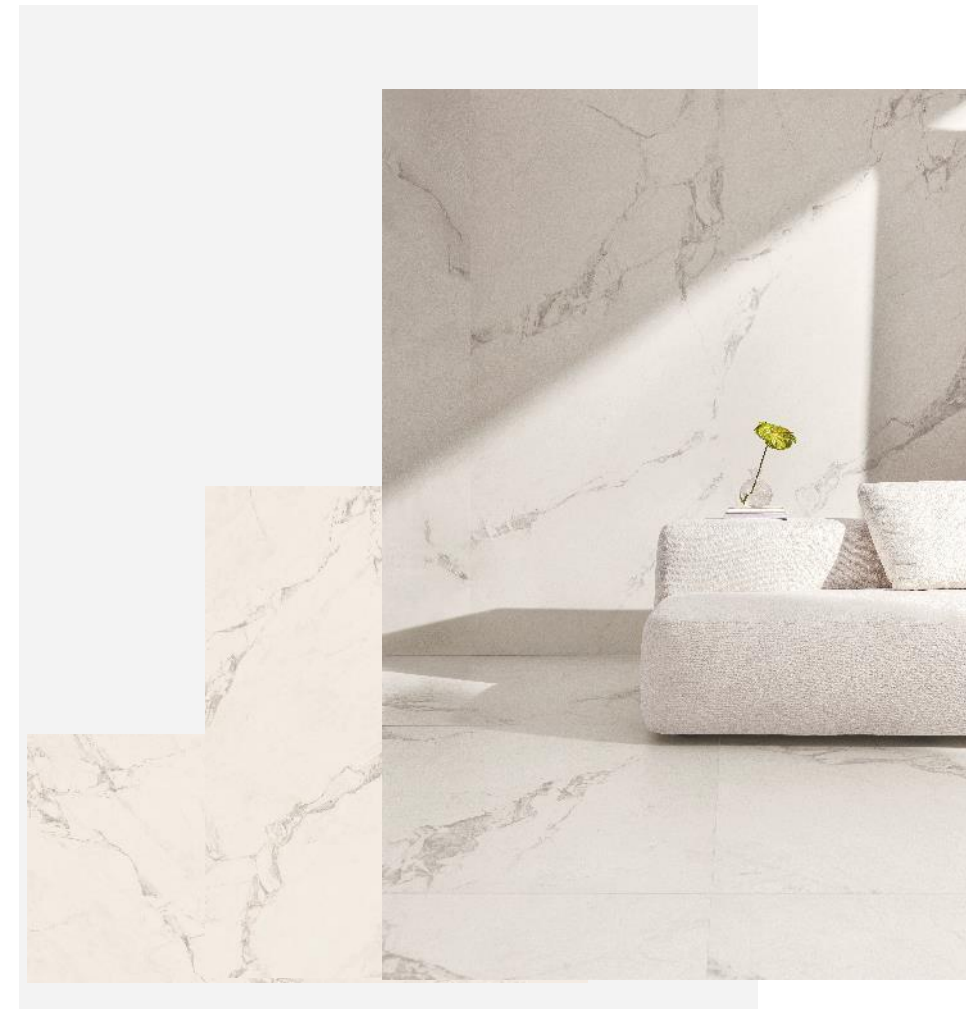
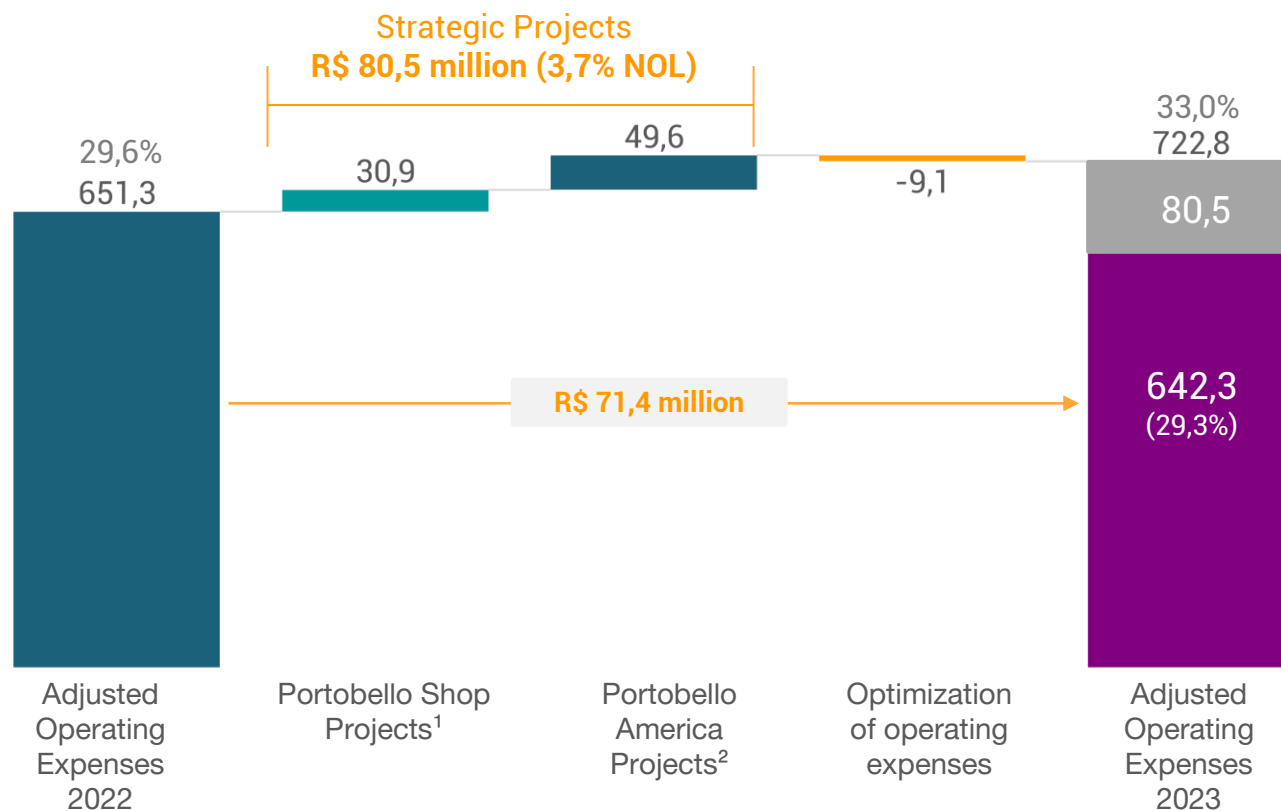
Portobello America: 4Q23 result superior to 3Q23 with factory ramp-up.

Operating Expenses

In 2023, we invested R\$ 80 million in strategic project expenses. Excluding these effects, we demonstrate optimization of expenses compared to 2022

Adjusted and Recurrent Operating Expenses

R\$ million and % of Net Revenue



¹ Portobello Shop strategic investments: considers incremental expenses related to the maturation stage of acquired stores, with the expectation of generating future revenues

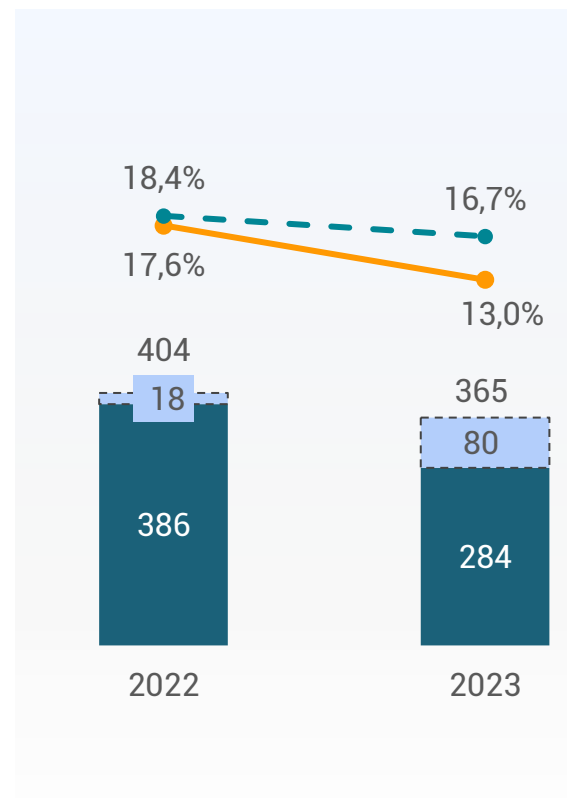
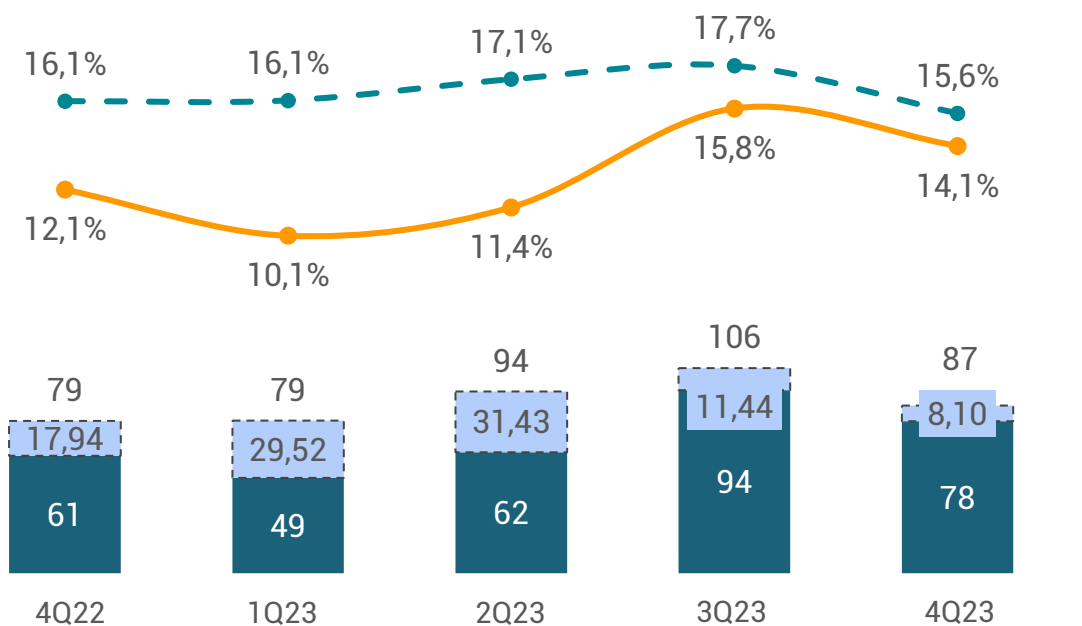
² Portobello America strategic investments: considers incremental expenses related to the structuring stage of teams in preparation for the ramp-up of the new factory

Adjusted and Recurrent EBITDA and Comparable

In 4Q23, the EBITDA performance exhibited a 29% improvement compared to 4Q22. Throughout 2023, the comparable EBITDA margin remained stable, maintaining levels close to 17%.

EBITDA and Margin (Adjusted and Recurrent) and Comparable

R\$ million and % of Net Revenue



Adjusted and Recurrent EBITDA %Adjusted and Recurrent EBITDA Strategic Projects¹ Comparable Adjusted %EBITDA

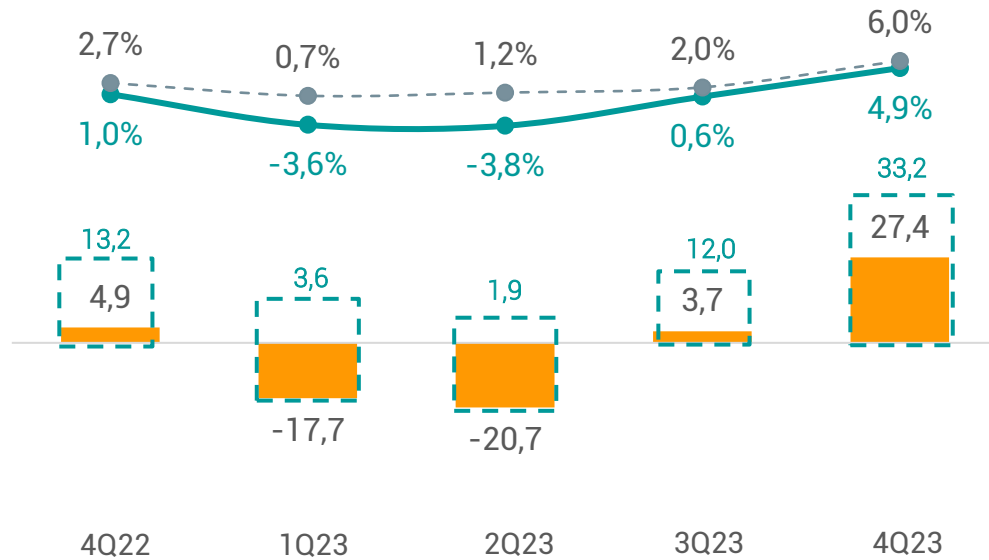
¹Strategic projects in the Portobello Shop store network and in Portobello America

Net Profit

The comparable result¹ would be a net profit of R\$ 55.4 million in the year 2023 in a scenario of uncertainties and high interest rates

Adjusted and Recurrent Net Profit

R\$ million and % of Net Revenue



- Adjusted and Recurrent Net Profit
- Adjusted and Recurrent Net Margin
- Effects of incremental expenses on strategic projects
- Comparable Adjusted Net Margin

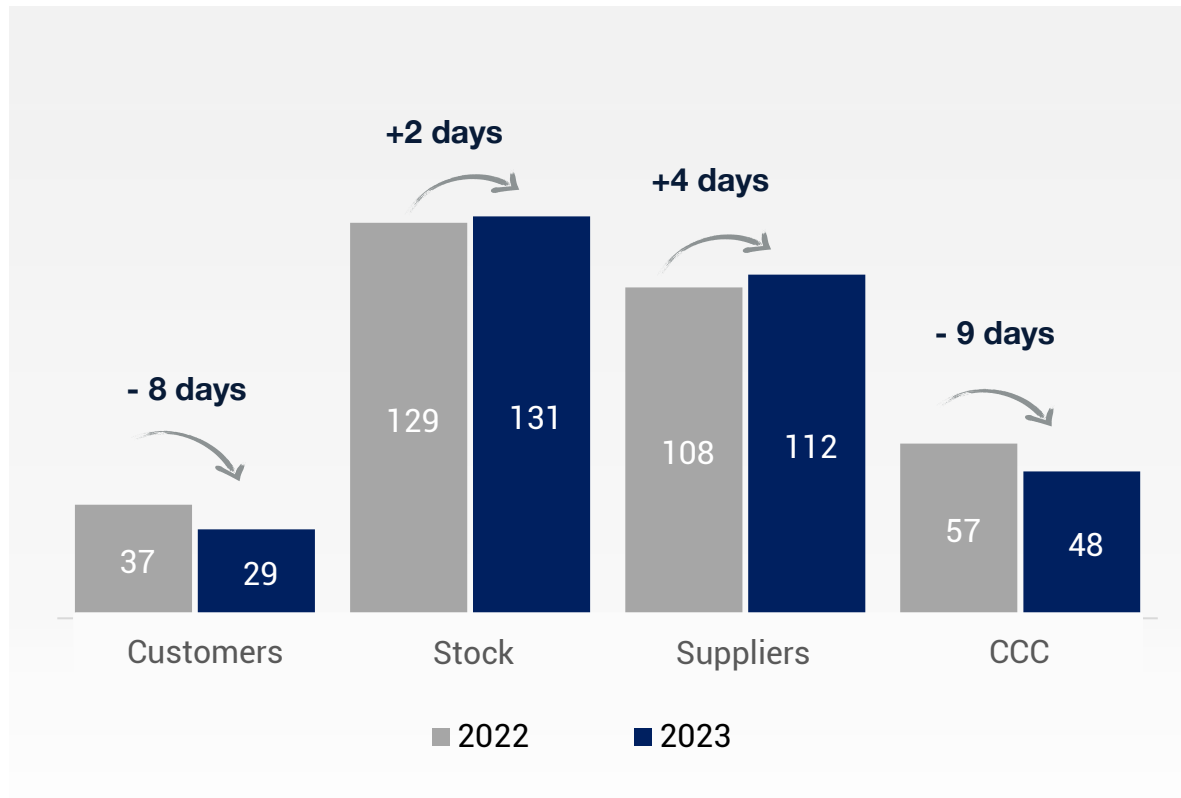
¹ Comparable Net Profit estimate excludes the effect of strategic investment expenses in Portobello Shop and America and the effects of inventory adjustments and idleness in Portobello America, net of income tax at a rate of 28%.

² Further details of non-recurring adjustments are explained in the results release

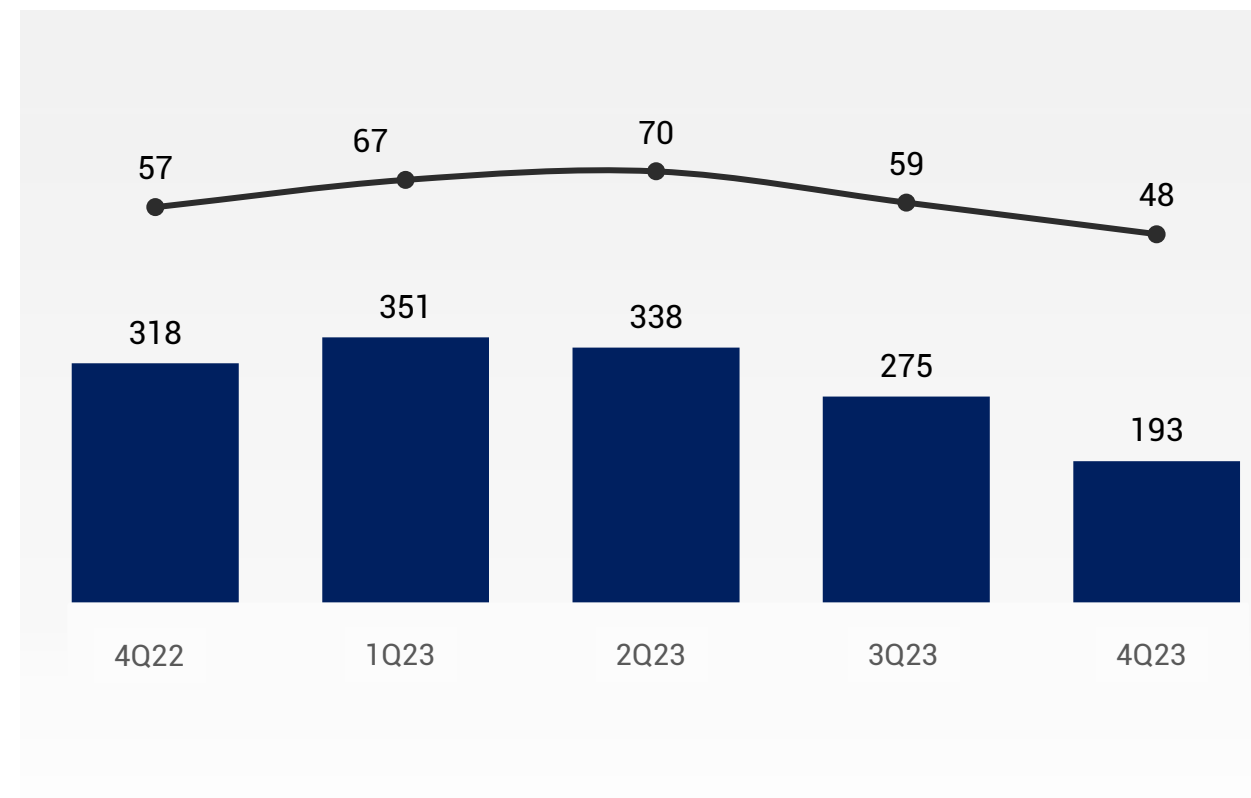
Working Capital

The Working Capital showed a significant improvement compared to 4Q22 and was 42.2% better than 3Q23. The Cash Conversion Cycle decreased by 9 days compared to 4Q22.

Cash Conversion Cycle (CCC) Days



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

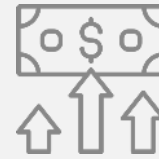
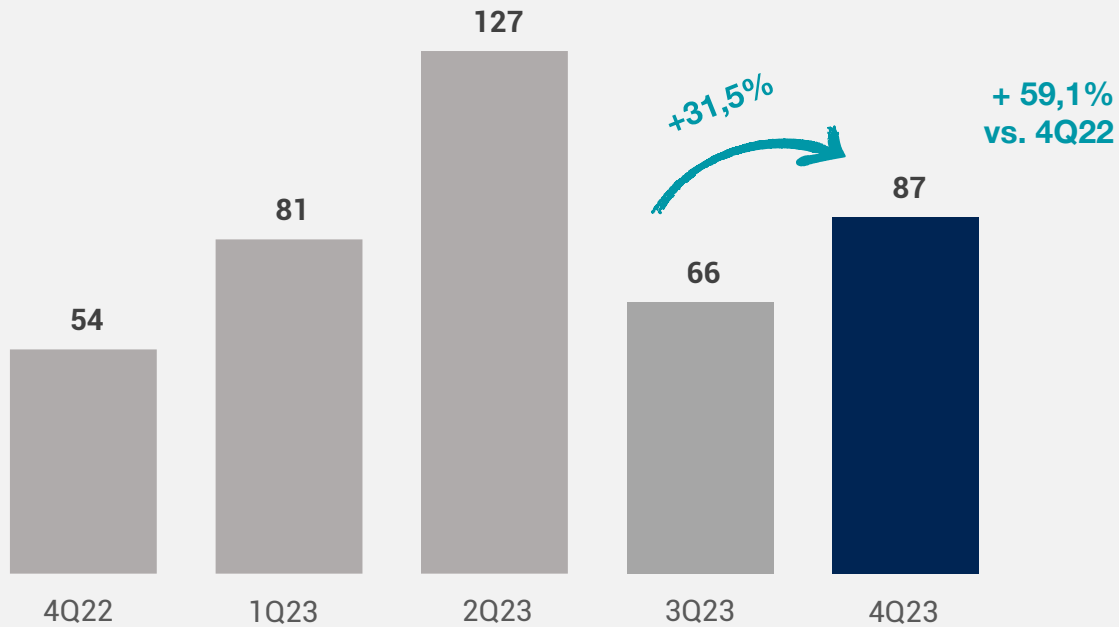


Investments

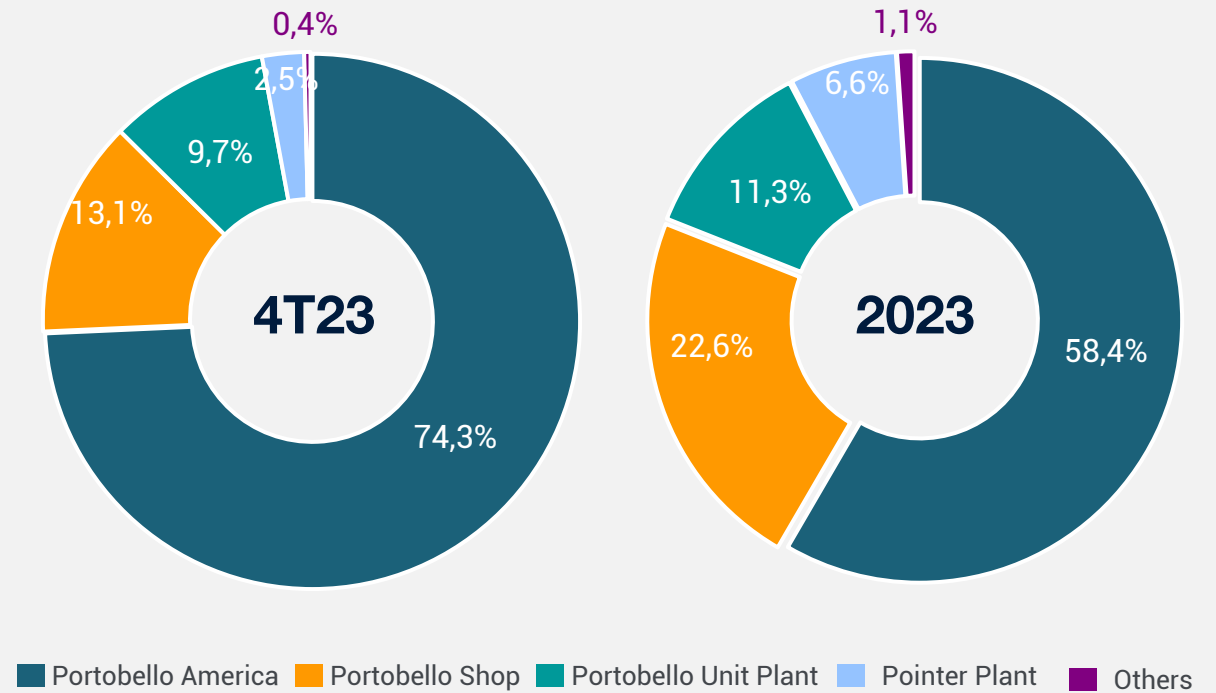
The main investments made in 2023 were in Portobello America, which represented 58.4% of the total invested, and in Portobello Shop with 22.6%



Investments
R\$ million



Composition of Investments

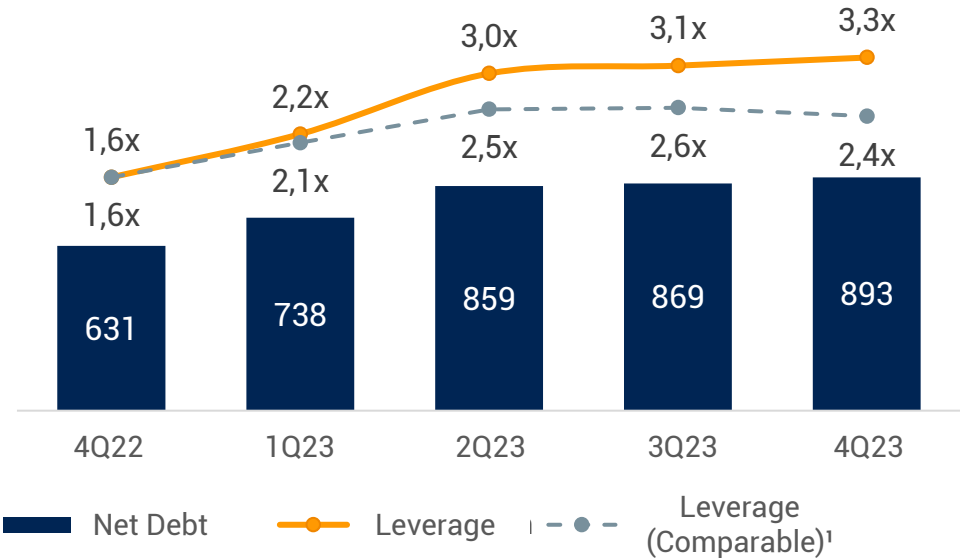


Net Debt

At the end of 2023, we carried out the Company's 5th Debenture issuance, raising R\$ 367 million with the objective of extending the amortization schedule

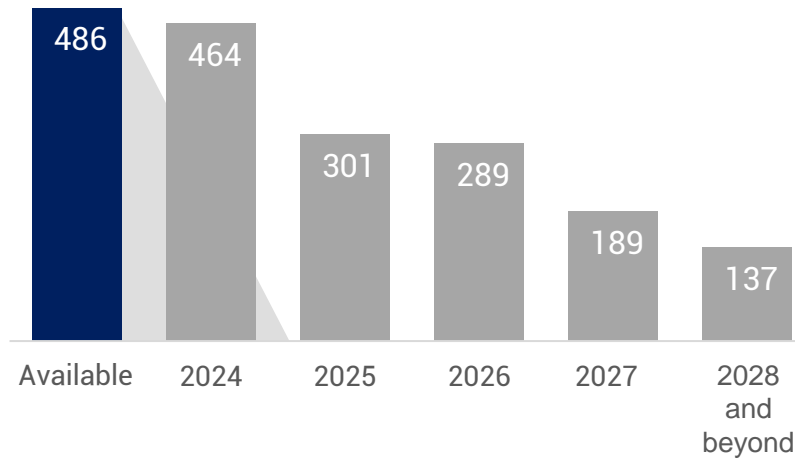
Net Debt and Net Debt/EBITDA

R\$ millions



Amortization Schedule

R\$ million



Average cost
13.3% per year

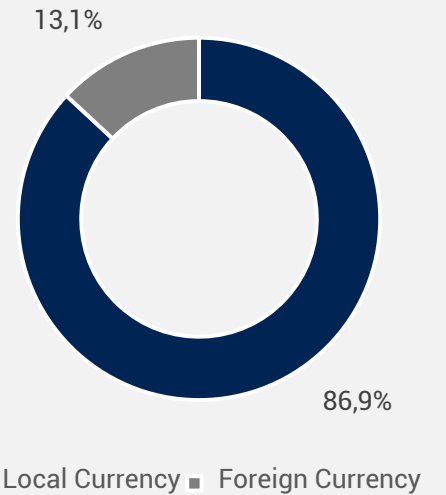
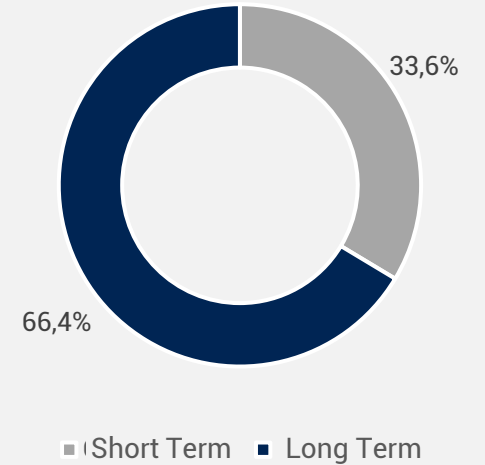
-0.7 p.p. 2023 vs. 2022



Average term
5 Years

+1.2 year in 2023 vs. 2022

Debt Composition



FitchRatings **A-(bra)**

¹Comparable leverage considers strategic projects in the Portobello Shop store network and the Portobello America factory.

Strategic Projects Update



Portobello Shop

Portobello
shop

The image shows the exterior of a modern building with a dark, textured facade. The words "Portobello shop" are mounted on the wall in large, white, three-dimensional letters. To the left, there is a large glass window with a dark frame. The foreground is landscaped with various green plants, including tall grasses and small trees, planted in dark rectangular planters. The sky is clear and blue.

Portobello Shop

The business unit surpassed the threshold of R\$ 1 billion in revenue, representing 41.3% of the group's income



Performance of the Business Unit

R\$ 917 million
of Net Revenue in
2023

Growth of
13%
vs. 2022

Same Store Sales
5,1%
vs. 2022



Open Stores

158 stores (+16 stores in 2023)

133 franchises | **25 own stores**
(+1 store in 2023)

Performance of own stores

44.9%
of Shop unit
revenue

+23%
in sales vs.
2022

6.1%
Same Store Sale

86.9%
NPS

Retail

Transformation of Portobello Group's business model

Advancements in integrated retail



Investment cycle

Over R\$ 200 million invested between 2021 and 2023



Customer Centricity

End customer as the protagonist of the business



NPS

CRM and Loyalty as tools serving operational excellence and productivity of the stores.



Operational Excellence

Efficiency in execution and improvement of service level through simplification and automation of processes



Digital

Drive the Retail strategy through intelligent digital solutions that ensure execution and conversion



Loyalty

Largest Relationship Program in the industry

Productivity

Evolution of the number of stores



Evolution of sales area and Net Revenue per m²

m² and R\$ thousand



Portobello America



Portobello America

2023 marked the beginning of factory operations, a project that transforms Portobello Group's business model

Evolution of the Business Model

Implementation of the project
Factory installation

Implementation of the project
Factory installation

Start of **special pieces** production
(500k m² year)

Growth of the distribution channel

2018 - 2023

2024

Distribution model reselling products manufactured by Portobello Unit and Outsourcing

Start of operations in 2023

Strategic focus for 2024



- **Competitiveness** in the North American market with local distribution



- **Profitability** with a more automated process and lower costs in the energy matrix and raw materials.



- Recognition as a **design** brand with local production (Made in USA).



- Guarantee of **service level** adequate to the North American consumer.



- Development of the **supply chain**

Portobello
America

Mudança na Diretoria

Seguimos com foco nas estratégias para atingir os melhores resultados do Grupo, valorizando os talentos internos dentro de cada contexto de desenvolvimento da Companhia



Former CEO of Portobello America, now he assumes a strategic position in the Company, focused on the development of **new businesses** (CBDO).

Luiz Felipe Brito

Chief Business Development Officer (CBDO)



Former CEO of Portobello, he takes on the challenge of leading the factory operation to continue the **consolidation phase of the integrated business model with production, growth, and profitability.**

João Henrique Oliveira

CEO Portobello America



CTO of Portobello Grupo since May 2023. In 2024, he assumes the role of interim CEO of Portobello Unit, bringing his expertise in digital transformation to leverage the growth of the UN.

Luciano Alves Abrantes

CTO of Portobello Group and interim CEO of UN Portobello.



She previously worked as Innovation and Branding Director at Unidade Shop. In 2024 she takes over as CCO of the Group

Christiane Ferreira

Chief Creative Officer of the Portobello Group (CCO)

Outlook
2024



Outlook 2024 | Strategic Agenda

Focus on execution and operational excellence, leveraging investments made with disciplined management

Portobello America

Developing the sales and factory ramp-up, seeking profitability and preparation for the next stages of the project

Portobello shop

Boosting our retail value proposition (design, product, experience...) and growing our B2B business

Portobello

Growing in all channels, advancing in internationalization, evolving our product mix, and gaining market share

POINTER

Advance in market strategy, small, and medium-sized resellers and strengthen the home centers channel

EBITDA



Expense management discipline through Matrix Management (GMD) and focus on cash generation

Capex



Investments focused on maintenance and technological updates

Alavancagem



Sequential progress in reducing leverage by the end of the year

Liability management



Development of financial solutions, improvement of capital structure, extension of debt amortization schedule, and cost reduction

Questions and Answers



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