

A modern interior scene featuring a long, low wooden cabinet with vertical grain patterns against a textured, light-colored wall. On the wall, there are several decorative wooden knobs and a shower head. A glass vase with dried flowers and a stack of books are placed on the cabinet. The scene is lit with dramatic, low-key lighting, creating strong shadows and highlights.

Portobello Gruppo 3Q22 Results

Portobello Grupo

PBG S.A.

Earnings Release 3Q22

September 30, 2022

Share price (PTBL3): R\$ 10.29

Market value: R\$ 1,451 million (US\$ 268 million)

Number of shares: 140,986,886

Treasury shares: No treasury shares

Free Float: 38.9%

Investor Relations

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Portobello Grupo

Portobello Grupo records another quarter with record revenue and good results: Net Revenue of R\$ 598 million, EBITDA of R\$ 105 million and Leverage of 1.4x

Tijucas, November 10, 2022. PBG S.A. (B3: PTBL3), the largest ceramic tile company in Brazil, announces its results for the third 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).

3Q22 Highlights

- Net Revenue of R\$ 598 million in 3Q22**, new sales record, with a **15.1% increase versus 3Q21**, highlighting retail with Portobello Shop and Engineering and Export channels of Portobello BU. Year-to-date, Net Revenue reached **R\$ 1.7 billion**, accounting for a **growth of 21.4%** over the same period of the previous year.
- Gross Profit also growing 15.2% compared to 3Q21 and 25.9% in 9M22. Adjusted and Recurring Gross Margin of 43.0% in 3Q22**, in line with 3Q21 and **43.9% in 9M22**, 1.6 p.p. higher over the same period of the previous year.
- Adjusted and Recurring EBITDA of R\$ 105 million in 3Q22, similar to 3Q21**, with Adjusted and Recurring EBITDA Margin of 17.5%, accounting for a decrease of 2.9 p.p. versus 3Q21. **In 9M22**, Adjusted and Recurring EBITDA **grew 21.1%**, reaching R\$ 326 million.
- Adjusted and Recurring Net Income of R\$ 48.9 million in 3Q22**, -16.0% over 3Q21. Year-to-date, the result is R\$ 133 million, similar to the same period of the previous year.
- Investment in Working Capital was R\$ 374 million**, a **55.0% increase vs. 3Q21. Cash Conversion Cycle was 47 days** in 3Q22 vs. 24 days in 3Q21, an increase of 23 days due to an increase in inventories, in part to improve the service level of the Business Units.
- Net Indebtedness of R\$ 584 million in 3Q22**, a **R\$ 94.9 million increase vs. 3Q21. Net Debt/Adjusted and Recurring EBITDA remained close to the lowest historical level**, reaching **1.4 times in 3Q22**, considering the strong growth of Adjusted and Recurring EBITDA.
- PTBL3 shares** ended 3Q22 quoted at **R\$ 10.29**, **-5.2%** below the closing price in 3Q21, but with an appreciation of 61.8% vs. 2Q22.

	R\$ million	3Q21	3Q22	▲ %	▲ Abs	9M21	9M22	▲ %	▲ Abs
Performance	Net Revenue	519.4	597.9	15.1%	78.5	1,400.0	1,700.3	21.4%	300.3
	Adjusted and Recurring Gross Profit	223.5	257.4	15.2%	33.9	592.4	745.9	25.9%	153.5
	Adjusted and Recurring Gross Margin	43.0%	43.0%	0 p.p.		42.3%	43.9%	1.6 p.p.	
	Net Income	80.7	52.5	-35.0%	-28.2	161.3	143.9	-10.8%	(17.3)
	Net Margin	15.5%	8.8%	-6.8 p.p.		11.5%	8.5%	-3.1 p.p.	
	Adjusted and Recurring Net Income	58.2	48.9	-16.0%	(9.3)	138.8	132.5	-4.5%	(6.3)
	Adjusted and Recurring Net Margin	11.2%	8.2%	-3 p.p.		9.9%	7.8%	-2.1 p.p.	
	EBITDA	103.2	109.3	5.9%	6.1	266.5	338.7	27.1%	72.2
	EBITDA Margin	19.9%	18.3%	-1.6 p.p.		19.0%	19.9%	0.9 p.p.	
	Adjusted and Recurring EBITDA	105.7	104.6	-1.1%	(1.1)	269.0	325.8	21.1%	56.8
Indicators	Adjusted and Recurring EBITDA Margin	20.4%	17.5%	-2.9 p.p.		19.2%	19.2%	-0.1 p.p.	
	Working Capital (R\$)	241.3	374.0	55.0%	132.7				
	Cash Conversion Cycle (days)	24	47	95.8%	23				
	Net Debt	489.4	584.3	19.4%	94.9				
	Net Debt/ EBITDA LTM	1.4	1.3	-6.0%	(0.1)				
PTBL3	Net Debt/ Adjustd and Recurring EBITDA LTM	1.4	1.4	-2.8%	(0.0)				
	Share Price	10.85	10.29	-5.2%	(0.56)				

Videoconference

November 11, 2022

at 2:00 pm (Brazil's time)

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

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

The video of the results' presentation will be made available in full, with access directly through the Company's IR website.

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Message from Management

The year 2022 already showed that it would be more challenging than the previous year, with the slowdown of some markets that had been heated, including the construction industry and building materials sector. Historically, a positive seasonality effect is expected in the third quarter, which, however, was not observed this year, confirming the trend of a tougher year. A large part of this scenario resulted from the imminent recession in major world economies and the global rise of global interest rates, which generated a cautious behavior in investment decisions in several markets.

In Brazil, economic indicators show good signs of recovery, with GDP growth above expectations, improvement in unemployment rates, control of inflation and stabilization of the Selic rate. With this situation, contrary to what happened in most parts of the world, Brazil started to be seen with good eyes from the investment perspective, attracting interest from foreign investors and generating an optimistic expectation for the next year.

However, building materials chain has been witnessing a reduction in demand this year, due to high tax rates, political and economic uncertainties (recently reduced with the definition in the elections) and a possible adjustment in the pace of carrying out restorations in the post-pandemic. According to data from ABRAMAT, the industries in the sector dropped 4.7%. The ceramic tile market also presented a 17.3% retraction in volumes sold in the quarter compared to the same period of the previous year, according to ANFACER data.

Despite this major market challenge, Portobello Grupo confirmed its resilience, delivering robust results with growth of 15.1% compared to 3Q21 and reaching the highest level of revenue in a single quarter once again. As a result, Net Operating Revenue accumulated in the year grew 21.4%, with emphasis on Portobello Shop sales, which increased 29.8% in the quarter and 33.3% in the year, and of the Engineering and Export Channels of Portobello Business Unit.

Regarding profitability, one of the main levers for generating value for shareholders, the Company continues showing efficiency in the qualification of sales with continuous improvement in the management of the channel, product and pricing mix, managing to cover the full increase in sales costs observed in the year. Thus, the Company's Adjusted and Recurring Gross Margin was maintained at 43.0% in 3Q22, while the operating result was also maintained, reaching an Adjusted and Recurring EBITDA of R\$ 105 million, with a margin of 17.5%. Said results were possible through the ongoing search for productivity improvement, and discipline in the management of costs and expenses.

In 3Q22, as in the previous quarters, we observed an increase in the Company's inventory levels, partially due to a strategic decision to improve service levels at the Portobello Shop and Portobello América BUs, but also as a result of the slowdown on the civil construction market, mainly 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 Working Capital investment, which was partially offset by the improvement in terms negotiated with suppliers and the maintenance of terms in the receivables portfolio. Working Capital investment was R\$ 374 million and the Cash Conversion Cycle was 47 days, levels considered slightly higher than those 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 plant. In the third quarter, the Company invested approximately R\$ 121 million, 36.3% of which in the expansion and acquisition of stores, 36.1% in the installations of the Portobello América plant and 17.7% in the modernization of the Tijucas industrial park (SC). The remaining investments were allocated to the Pointer's industrial unit, in the city of Marechal Deodoro, state of Alagoas, and to commercial and corporate projects.

The strong operational performance coupled with discipline in cash management allowed the Company to maintain leverage close to the lowest historical level ever achieved (1.4x Net Debt/Adjusted and Recurring EBITDA LTM) while Net Debt closed the quarter at R\$ 584 million.

Another strategic mainstay for the Company concerns ESG practices. Several initiatives have been implemented in the Company aimed at strengthening the environmental and social sustainability culture. In September, Portobello Sustainable Development Goals (SDGs) Week was held, with the purpose of presenting the development of indicators that will guide actions in the coming years, aiming at making the company more sustainable. Also from the

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Corporate Governance point of view, the Company continues to advance, this time with the approval of the new Code of Ethical Conduct, with the objective of providing clarity and guidance on the conduct required in the professional exercise, always aiming at the purpose and in line with the values of Portobello brand.

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 3Q22, Net Revenue of the BUs was R\$ 273 million, up 18.2% vs. 3Q21. 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.

In this quarter, the sound results arising from the efficiency gain programs, improvements in the mix of products sold and price adjustments were not enough to cover the cost increase, impacting the UN's Gross Margin, which reached 42.6%, a level still considered healthy by the Company. In 9M22, the Gross Margin remains consistent, reaching 45.3%. Portobello continues prioritizing continuous improvement in service levels, efficiency in balancing inventory levels and meeting demand, in addition to advancing in the implementation of ESG actions.

Portobello Shop, which currently has 143 stores in operation within the country, 26 of which are owned and 117 are franchises, opened 3 new stores in 3Q22. During 3Q22, the Company merged three franchised stores acquired in July (Balneário Camboriú, Tijucas and São José).

Portobello Shop ended 3Q22 with Net Revenue of R\$ 230 million. The performance of owned stores, which started consolidating the results of Pacaembu and Gabriel stores as of May, recorded an increase of 79.9% in Net Revenue in 3Q22 vs. 3Q21, increasing BU's share in the total amount to 44.8%. Stores that were already in operation in 3Q21 showed a growth (Same Store Sales) of 18.2% in 3Q22 vs. 3Q21. Furthermore, Portobello Shop's Gross Margin also increased, reaching 47.3% in the quarter, mainly due to the growth in the share of owned stores, which recorded higher profitability by taking advantage of synergies from the integrated chain.

The favorable operating income, coupled with Portobello Shop's expansion strategy, reinforce the positive performance compared to the overall market performance, which, according to the ICVA (Cielo Broad Retail Index), which measures the retail construction materials sector in Brazil – showed a nominal decline of 4.2% in 3Q22 vs. 3Q21.

Pointer, the Group's democratic *design* brand, positioned in the North and Northeast regions of Brazil, continues to be impacted by the slowdown in demand in the civil construction market, which has been more pronounced in such regions. Higher demand is expected in the third quarter due to historical seasonality. However, due to the uncertain scenarios in the country, this year demand did not follow the behavior of previous years. These factors caused a slowdown in sales via the sales channels / home centers throughout 2022.

As a result of this scenario, in 3Q22 Pointer obtained a Net Revenue of R\$ 62.5 million and a Gross Margin of 27.8%. Compared to 3Q21, the Gross Margin decreased, largely due to the pricing strategy in commercial campaigns aimed at reducing inventories and optimizing the productivity level. Despite the adverse scenario and the lower-than-expected sales results, Pointer delivers good profitability, with an EBITDA Margin of 14.0%, driven by the strengthening of the engineering channel, which has shown a recovery in the local market.

Portobello América continues to implement its growth strategy and, despite the adverse economic scenario in the North American country, continues to record growth. In 3Q22, Net Revenue reached R\$ 59.7 million, accounting for an increase of 10.6% vs. 3Q21, with emphasis on the local distribution operation. The BU recorded a Gross Margin of 26.2% in the period, an improvement of 11.5 p.p. vs. 3Q21. Portobello América continues to manage demand, combining the profitability with the planning to gain scale, required for the occupation of the plant capacity in the United States. This price adjustment process offset the impacts of the increase in production costs, in Reais, in addition to the significant increase in international freight costs, which has been observed since 2021. These cost-pressure factors will be minimized when the Unit's local production gets underway in 2023.

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During 3Q22, 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 start operating in the first semester of 2023. In the first phase of the project, it will have an annual production capacity of around 3.6 million square meters. This production, combined with the consolidation of Portobello América on the US market, will be an important strategic milestone for the Company.

Outlook for 2022 and 4Q22

- The Company expects the market for premium construction/finishing materials to remain more resilient throughout 2022, with an opportunity for a Company revenue growth compared to 2021, via product-mix qualification and channels management.
- The Engineering channel should also maintain its good level of demand in 2022 and 2023, as a result of the launches carried out in recent years, whose works are still in progress.
- Exports of the whole group should sustain its good performance, with potential sales increase generated by the actions in progress.
- The Company expects to show actual growth in Net Revenue in 2022, supported by the greater share of Retail, of Engineering and Exports, coupled with the maintenance of the product mix gain, pricing and channels management strategy, aiming to offset the demand reduction noticed in the chain.
 - In 4Q22, the Company, as in the previous quarters, expects to maintain Net Revenue growth, now at a pace of around 10% vs. 4Q21.
- 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 LTM ratio will remain at a level below 2.5 times the Adjusted and Recurring EBITDA for the year, which is the maximum limit approved by the Board of Directors.
- Standouts among key risks to its operation throughout the year include: attention high interest rates affecting consumption of durable goods, and supply chain management, especially in international freight, which affects the competitiveness of exports.

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- The US macroeconomic scenario still presents challenges, due to current policy of raising interests rates to reduce inflation and consequent reduction in the level of activity, especially in the civil construction sector. However, we remain confident with the competitive differentials being developed at Portobello America, mainly with the start-up of the Baxter plant.

Economic and Financial Performance

	3Q21	3Q22	▲ %	▲ Abs	9M21	9M22	▲ %	▲ Abs
Desempenho								
Net Revenue	519.4	597.9	15.1%	78.5	1,400.0	1,700.3	21.4%	300.3
Adjusted and Recurring Gross Profit	223.5	257.4	15.2%	33.9	592.4	745.9	25.9%	153.5
Adjusted and Recurring Gross Margin	43.0%	43.0%	0 p.p.		42.3%	43.9%	1.6 p.p.	
EBIT	85.4	85.4	0.0%	0.0	217.2	273.0	25.7%	55.8
EBIT Margin	16.4%	14.3%	-2.2 p.p.		15.5%	16.1%	0.5 p.p.	
Net Income	80.7	52.5	-35.0%	(28.2)	161.3	143.9	-10.8%	(17.3)
Net Margin	15.5%	8.8%	-6.8 p.p.		11.5%	8.5%	-3.1 p.p.	
Adjusted and Recurring Net Income	58.2	48.9	-16.0%	(9.3)	138.8	132.5	-4.5%	(6.3)
Adjusted and Recurring Net Margin	11.2%	8.2%	-3 p.p.		9.9%	7.8%	-2.1 p.p.	
EBITDA	103.2	109.3	5.9%	6.1	266.5	338.7	27.1%	72.2
EBITDA Margin	19.9%	18.3%	-1.6 p.p.		19.0%	19.9%	0.9 p.p.	
Adjusted and Recurring EBITDA	105.7	104.6	-1.1%	(1.1)	269.0	325.8	21.1%	56.8
Adjusted and Recurring EBITDA Margin	20.4%	17.5%	-2.9 p.p.		19.2%	19.2%	-0.1 p.p.	
Indicadores								
Working Capital (R\$)	241.3	374.0	55.0%	132.7				
Cash Conversion Cycle (days)	24	47	95.8%	23				
Net Debt	489.4	584.3	19.4%	94.9				
Net debt/EBITDA	1.4	1.3	-6.0%	(0.1)				
Adjusted and Recurring Net Debt/EBITDA	1.4	1.4	-2.8%	(0.0)				
PTBL3								
Share Price	10.85	10.29	-5.2%	(0.56)				
Market Value	1,600.7	1,450.8	-9.4%	(149.9)				
Average Trading Volume (12 Months)	777.8	166.6	-78.6%	(611.2)				
Average daily trading volume (ADTV)	44.6	7.0	-84.3%	(37.6)				

Net Revenue

Net Revenue totaled R\$ 598 million in 3Q22, accounting for an increase of 15.1% vs. 3Q21. This growth is mainly due to: (i) price readjustments made, to offset cost pressure, and improvement of the product mix, (ii) expansion of the share of Portobello Shop, (iii) greater share in the engineering channel and (iv) expansion of the participation of international businesses (mainly Portobello exports and distribution in the United States from Portobello América).

R\$ million	3Q21	3Q22	▲ %	▲ Abs	9M21	9M22	▲ %	▲ Abs
Net Revenue	519.4	597.9	15.1%	78.5	1,400.0	1,700.3	21.4%	300.3
Domestic Market	409.1	467.2	14.2%	58.1	1,102.7	1,285.3	16.5%	182.5
International Market	110.2	130.7	18.6%	20.5	297.4	415.1	39.7%	117.7
US\$ million	3Q21	3Q22	▲ %	▲ Abs	9M21	9M22	▲ %	▲ Abs
International Market	21.7	23.0	5.8%	1.3	56.5	76.5	35.4%	20.0

In the domestic market, Net Revenue grew 14.2% in 3Q22 vs. 3Q21, reaching R\$ 467 million in the period. Comparing this result to the construction materials sector, which reduced 4.7% in deflated data in 3Q22 vs. 3Q21, 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 17.3% in 3Q22 vs. 3Q21 according to data from ANFACER (Brazilian Association of Ceramic Tiles Manufacturers), it is possible to verify the consistent market share gain of Portobello Group.

Regarding sales in the foreign market, there was a growth of 18.6% in 3Q22 vs. 3Q21 (5.8% in US dollars). This increase was driven by the advance in the Company's internationalization strategy, with the constant expansion of Portobello América (growth of 10.6% in the period) and the growth of Portobello's exports (32.3% vs. 3Q21).

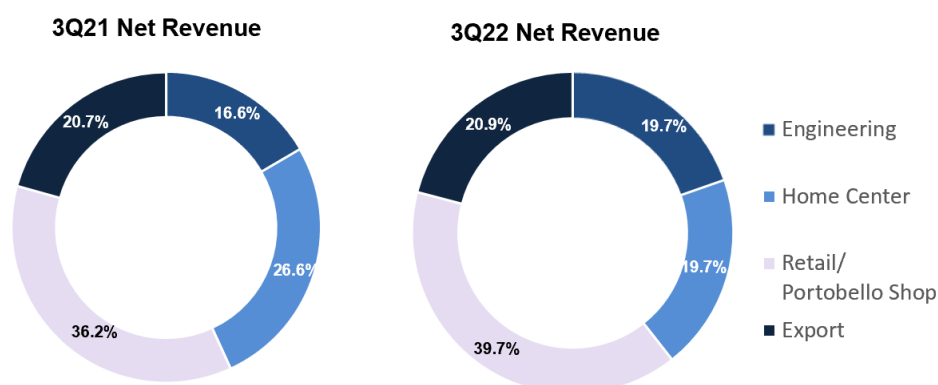
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In 3Q22, Portobello América accounted for 9.6% of Portobello Group's total net revenue, with growth of 10.6% vs. 3Q21. Portobello Shop accounted for 36.9%, an increase of 29.8% vs. 3Q21. Portobello BU accounted for 43.6% of total Net Revenue, with growth of 18.2% vs. 3Q21, while Pointer's share was 10.0% – down 13.2% vs. 3Q21.

R\$ million	3Q21	3Q22	▲ %	▲ Abs	9M21	9M22	▲ %	▲ Abs
Consolidated	519.4	597.9	15.1%	78.5	1,400.0	1,700.3	21.4%	300.3
BU Portobello	230.9	272.9	18.2%	42.0	661.3	804.3	21.5%	143.1
BU Shop	177.5	230.4	29.8%	52.9	449.3	598.7	33.2%	149.5
BU Pointer	72.0	62.5	-13.2%	(9.5)	200.6	177.7	-11.6%	(23.0)
BU Portobello America	54.0	59.7	10.6%	5.7	130.8	183.9	40.6%	53.0
(-) Eliminations ¹	(15.0)	(27.5)	83.6%	(12.5)	(42.0)	(64.3)	53.2%	(22.3)
US\$ million	3Q21	3Q22	▲ %	▲ Abs	9M21	9M22	▲ %	▲ Abs
BU Portobello America	10.7	10.2	-4.4%	(0.5)	24.9	33.1	32.8%	8.2

¹ Intercompany operations

The distribution of sales across channels highlights the Company's ability to execute the cross-channel management strategy. It is worth mentioning retail sales, which account for 39.7% of the Group's total Net Revenue in 3Q22 vs. 36.2% in 3Q21, sales to the Engineering channel, which in 3Q22 reached the 19.7% share in the Group's Net Revenue vs. 16.6% in 3Q21. The export channel maintained the 21%-level in revenue, 9.5% of which coming from sales made by Portobello America in the United States and 11.4% to the other markets of the Portobello and Pointer Business Units.



Gross Profit

Adjusted and Recurring Gross Income in 3Q22 was R\$ 257 million in the period, up 15.2% vs. 3Q21. The Adjusted and Recurring Gross Margin remained at 43.0% in 3Q22, in line with 3Q21. The evolution of costs was properly allocated through price readjustments throughout the year and efficiency in the active management of the product and channel mix. The profitability maintenance demonstrates that, despite inflationary pressures and restrictions in the global economy faced in recent months, the Company has been able to outperform the market, reinforcing the positioning and strategic direction adopted.

R\$ million	3Q21	3Q22	▲ %	▲ Abs	9M21	9M22	▲ %	▲ Abs
Net Operating Revenue	519.4	597.9	15.1%	78.5	1,400.0	1,700.3	21.4%	300.3
Cost of Goods Sold (COGS)	(295.9)	(340.5)	15.1%	44.7	(807.6)	(952.0)	17.9%	144.4
Gross Operating Profit	223.5	257.4	15.2%	33.9	592.4	748.4	26.3%	155.9
Gross Margin	43.0%	43.0%	0 p.p.		42.3%	44.0%	1.7 p.p.	
Non-Recurring Events:	-	-			-	(2.5)		
1) DIFAL unconstitutionality reversal	-	-			-	(2.5)		
Adjusted and Recurring Gross Profit	223.5	257.4	15.2%	33.9	592.4	745.9	25.9%	153.5
Adjusted and Recurring Gross Margin	43.0%	43.0%	0 p.p.		42.3%	43.9%	1.6 p.p.	

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Operating Expenses

Adjusted Operating Expenses in 3Q22, when analyzed as a percentage of Net Revenue, increased 3.5 p.p. compared to 3Q21. The largest changes in absolute terms occurred in sales expenses, mostly due to the improvement of sales structure with acquired stores and marketing strategy adopted by Portobello America, aiming the scale gain in the North-American market. In 9M22, Adjusted Operating Expenses recorded a change of 2.0 p.p. in the share of Net Revenue and 30.3% in absolute amounts, partially as a consequence of the non-recurring effect regarding the tax gain related to the reversal of the ICMS Tax Rate Difference (DIFAL), recognized in 1Q22.

R\$ million	3Q21	%NR	3Q22	%NR	▲ %	▲ Abs	9M21	%NR	9M22	%NR	▲ %	▲ Abs
Operating Expenses												
Selling	(105.7)	20.3%	(145.7)	24.4%	37.8%	40.0	(298.9)	21.4%	(394.1)	23.2%	31.8%	95.2
General and Administrative	(17.8)	3.4%	(22.2)	3.7%	25.1%	4.5	(46.9)	3.4%	(64.6)	3.8%	37.8%	17.7
Other Revenues (Expenses)	(14.7)	2.8%	(4.1)	0.7%	-72.1%	10.6	(29.4)	2.1%	(16.6)	1.0%	-43.5%	12.8
Operating Expenses	(138.1)	26.6%	(172.0)	28.8%	24.5%	33.9	(375.2)	26.8%	(475.3)	28.0%	26.7%	100.1
Non-Recurring Revenues	2.5	0%	(4.7)	0.8%			2.5	-0.2%	(10.5)	1%		
Adjusted Operating Expenses	(135.6)	26.1%	(176.7)	29.6%	30.3%	41.1	(372.7)	26.6%	(485.8)	28.6%	30.3%	113.1

Sales Expenses in 3Q22 accounted for 24.4% of Net Revenue, an increase of 4.1 p.p. compared to 3Q21. In absolute terms, Sales Expenses increased 37.8% vs. 3Q21 and grew 31.8% year-to-date compared to the same period the previous year, largely due to our participation in trade shows and events, such as Expo Revestir 2022, which this year was an in-person event, and at the Coverings trade show in the USA.

General and Administrative Expenses accounted for 3.8% of Net Revenue in 3Q22, an increase of 0.3 p.p. compared to 3Q21. In absolute terms, the growth was 25.1%, largely due to investments in assembling our teams in the operations with the highest growth, mainly in the Portobello América and Portobello Shop Business Units. 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.

Other Revenues and Expenses in 3Q22 refer mainly to the provisioning of the Profit Sharing Program (PPR) and the Long-Term Incentive Plan (ILP), which totaled R\$ 4.7 million and civil, labor and tax provisions in the amount of R\$ 2.8 million.

In 9M22, Operating Expenses were positively impacted by the non-recurring effect related to the tax gain related to the reversal of DIFAL – Tax Rate Difference, since it was considered unconstitutional, in the amount of R\$ 9.4 million.

EBITDA

Adjusted and Recurring EBITDA was R\$ 105 million in 3Q22, accounting for a 1.1% decrease vs. 3Q21. The Adjusted and Recurring EBITDA Margin was 17.5% in 3Q22, 2.9 p.p. lower than in 3Q21, mainly due to the higher level of expenses in relation to Net Revenue. In 9M22, Adjusted and Recurring EBITDA has been growing 21.1% vs. 9M21, reaching R\$ 326 million in the period, with Adjusted and Recurring EBITDA Margin of 19.2%, in line with 9M21.

The operating income recorded by the Company in 3Q22 is among the highest ever achieved, despite the challenges faced in the period. This result demonstrates the Company's efficiency in optimizing the equation between volume performance, price flexibility and improvement of the product mix, combined with the culture of cost and expense management.

Portobello Grupo

R\$ million	3Q21	3Q22	▲ %	▲ Abs	9M21	9M22	▲ %	▲ Abs
Net Income	80.7	52.5	-35.0%	(28.2)	161.3	143.9	-10.8%	(17.4)
(+) Financial Expenses	14.7	20.6	40.9%	6.0	50.7	71.7	41.6%	21.0
(+) Depreciation and Amortization	17.8	24.0	34.8%	6.2	49.3	65.8	33.5%	16.5
(+) Income Taxes	(9.9)	12.2	-222.4%	22.1	5.4	57.2	969.6%	51.9
EBITDA	103.2	109.3	5.9%	6.1	266.5	338.7	27.1%	72.2
EBITDA Margin	19.9%	18.3%	-1.6 p.p.		19.0%	19.9%	0.9 p.p.	
Non-Recurring Events:	2.5	(4.7)			2.5	(13.0)		
1) DIFAL unconstitutionality reversal	-	(5.3)			-	(12.3)		
2) Other Favorable Outcomes in Lawsuits	-	0.5			-	(0.7)		
3) Selic on Income Tax/Social Contribution Basis	2.5	-			2.5	-		
Adjusted and Recurring EBITDA	105.7	104.6	-1.1%	-1.1	269.0	325.8	21.1%	56.8
Adjusted and Recurring EBITDA Margin	20.4%	17.5%	-2.9 p.p.		19.2%	19.2%	-0.1 p.p.	

The amount of non-recurring events of R\$ 4.7 million recorded in 3Q22 refers to the tax gain related to the reversal of the Tax Rate Difference (DIFAL), which was deemed unconstitutional. In 9M22, the amounts recognized as non-recurring events were R\$ 13.0 million, R\$ 12.3 million of which related to the tax gain from the reversal of DIFAL and R\$ 0.7 million related to other favorable legal decisions.

Net income

Adjusted and Recurring Net Income in 3Q22 totaled R\$ 48.9 million, 16.0% lower than in 3Q21, mainly due to the increase in financial expenses for the period, as a result of the higher interest rate, proportional to the interest rate increase in Brazil, partially offset by gains from exchange rate. In 9M22, Adjusted and Recurring Net Income reached R\$ 133 million, with a positive highlight for operating income, but it was also impacted by the increase in financial expenses in 1Q22 due to higher interest rates and exchange-rate changes.

R\$ million	3Q21	3Q22	▲ %	▲ Abs	9M21	9M22	▲ %	▲ Abs
EBITDA	103.2	109.3	5.9%	6.1	266.5	338.7	27.1%	72.2
(-) Financial Expenses	(14.7)	(20.6)	40.9%	(6.0)	(50.7)	(71.7)	41.6%	(21.0)
(-) Depreciation and Amortization	(17.8)	(24.0)	34.8%	(6.2)	(49.3)	(65.8)	33.5%	(16.5)
(-) Income Taxes	9.9	(12.2)	-222.4%	(22.1)	(5.4)	(57.2)	969.6%	(51.9)
Net Income	80.7	52.5	-35.0%	(28.2)	161.3	143.9	-10.8%	(17.3)
Net Margin	15.5%	8.8%	-6.8 p.p.		11.5%	8.5%	-3.1 p.p.	
Non-Recurring Events:	(22.5)	(3.6)			(22.5)	(11.5)		
(1) DIFAL unconstitutionality reversal	-	(5.3)			-	(12.3)		
(2) Selic on Income Tax/Social Contribution Basis	(22.5)	(0.3)			(22.5)	(0.8)		
(3) Recognition and Restatements of Lawsuits	-	(0.3)			-	(2.1)		
(4) Recognition and Restatements of Lawsuits – Other revenues/expenses	-	0.5			-	(0.7)		
(5) Recognition and Restatements of Lawsuits-IR/CSLL	-	1.8			-	4.4		
Adjusted and Recurring Net Income	58.2	48.9	-16.0%	(9.3)	138.8	132.5	-4.6%	(6.3)
Adjusted and Recurring Net Margin	11.2%	8.2%	-3 p.p.		9.9%	7.8%	-2.1 p.p.	

In 3T22, 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\$ 5.3 million, partially offset the levy of R\$ 1.8 million referring to IR/CSLL.

In 9M22, there was a non-recurring effect related to the tax gain related to the reversal of the DIFAL, which was considered unconstitutional, in the amount of R\$ 12.3 million, R\$ 2.1 million referring to the update of lawsuits for legal assets (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\$ 4.4 million referring to the update of Income Tax - IR/Social Contribution on Net Income - CSLL of said lawsuits.

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Cash Flow

The Company ended 3Q22 with a cash position of R\$ 134 million, a R\$ 56.4 million reduction vs. 3Q21. The reduction in the closing cash balance was due to the higher level of investments made in the period. The balance is in line with the management strategy adopted by the Company. Additionally, in July 2022, funds were received related to the redemption of deposits given as guarantee, in the amount of R\$ 58.3 million. In 9M22, the amounts collected totaled R\$ 93.8 million, 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\$ 73.5 million.

R\$ million	3Q21	3Q22	▲	▲ Abs	9M21	9M22	▲	▲ Abs
Activities								
Operating	120.8	98.6	-18.4%	(22.3)	251.8	222.4	-11.7%	29.4
Investment	(21.3)	(93.5)	338%	(72.1)	(88.9)	(167.4)	88.3%	78.5
Financing	59.2	(61.5)	-204%	(120.8)	(156.4)	(110.6)	-29.3%	(45.7)
Changes in Cash	158.7	(56.4)	-136%	(215.1)	6.6	(55.5)	-944%	62.1
Opening Balance	174.2	190.5	9.4%	16.4	326.3	189.7	-41.9%	136.6
Closing Balance	332.9	134.2	-59.7%	(198.7)	332.9	134.2	-59.7%	198.7

The Company's operating activities generated cash of R\$ 98.6 million in 3Q22, driven by a sound EBITDA, but were impacted by the change in working capital, mainly the increase in inventory levels.

The Company's investment activities totaled R\$ 93.5 million in 3Q22, earmarked mainly for the expansion of Portobello Shop's own store network, investments in the new Portobello América plant, CapEx for the Tijucas-SC plant, with modernization of the industrial park to produce products with greater added value and larger formats.

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

Financing activities resulted in an effect of R\$ 61.5 million in 3Q22, largely due to the distribution of dividends in the amount of R\$ 43.3 million, paid in September. The payment of loans and financing totaled R\$ 12.6 million in the period. Funding was also raised, totaling R\$ 1.9 million.

Working Capital

The Company's Working Capital in 3Q22 totaled R\$ 374 million, an increase of R\$ 38.6 million or 11.5% compared to 2Q22. The Cash Conversion Cycle in 3Q22 was 47 days, an increase of 4 days compared to 2Q22, with emphasis on the improvement in supplier terms. Compared to 3Q21, the change in Working Capital was R\$ 133 million, and the change in Cash Conversion Cycle was 23 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/Northeast regions of Brazil, and at Portobello America and Portobello Shop Business Units, as a result of a strategic decision aimed at improving service level for retail customers and the US market. This result was partially offset by the increase in supplier terms and the improvement in the receivables portfolio.

		3Q21	3Q22	▲ %	▲ Abs	2Q22	▲ %	▲ Abs
Em R\$ milhões	Accounts Receivable	307.0	359.9	17.2%	52.9	336.9	6.8%	23.0
	Inventories	251.0	418.7	66.8%	167.7	370.1	13.1%	48.6
	Suppliers	316.7	404.6	27.8%	87.9	371.6	8.9%	33.0
	Working Capital	241.3	374.0	55.0%	132.7	335.4	11.5%	38.6
Em Dias	Accounts Receivable	48	47	-2.1%	(1)	43	9.3%	4
	Inventories	83	116	39.8%	33	108	7.4%	8
	Suppliers	107	116	8.4%	9	108	7.4%	8
	Cash Conversion Cycle (CCC)	24	47	95.8%	23	43	9.3%	4

Portobello Grupo

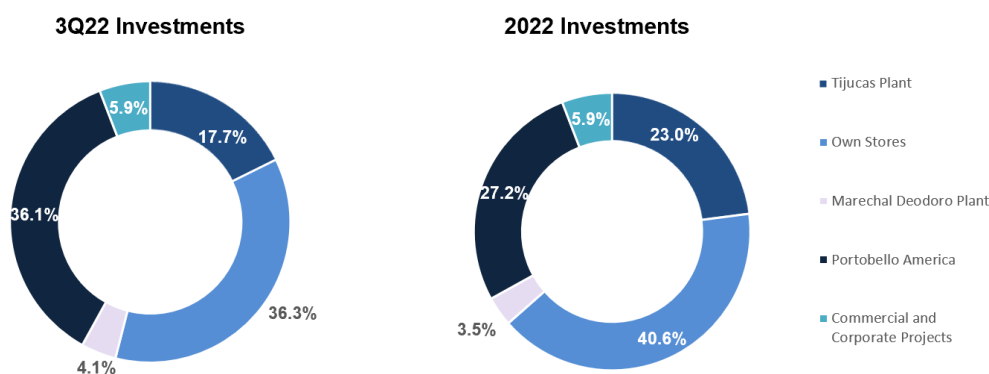
Investments

Investments in 3Q22 totaled R\$ 121 million, and 36.3% were allocated to investments in own stores, 36.1% were allocated to the Portobello América, 17.7% were allocated to the Tijucas-SC plant and the remainder to commercial and corporate projects and to the industrial plant in Marechal Deodoro-AL.

Investments made in owned stores in 3Q22 were largely related to the acquisition of stores announced by the Company in March (Pacaembu and Gabriel) and July (Balneário Camboriú, Tijucas and São José) of this year.

In 9M22, investments totaled R\$ 267 million, of which 40.6% was allocated to owned stores, 27.5% to Portobello América, 23.0% to the Tijucas-SC plant 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 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 3Q22 at R\$ 584 million, an increase of R\$ 41.5 million vs. 2Q22. Compared to 3Q21, there was an increase of R\$ 94.9 million due to investments in working capital and CapEx. The increase in Adjusted and Recurring EBITDA in the last 12 months to R\$ 422 million, and discipline in financial management, focused on the constant optimization of the Cash Conversion Cycle, resulted in the Company's maintaining a financial leverage of 1.4x the Adjusted and Recurring EBITDA, the lowest indebtedness level ever reached by the Company.

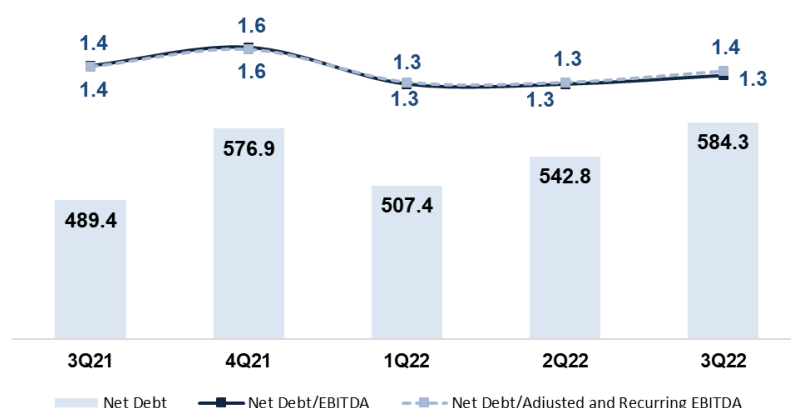
R\$ million	3Q21	4Q21	1Q22	2Q22	3Q22
Gross Bank Debt¹	822.3	766.7	731.6	733.4	718.4
Cash and Cash Equivalents	(332.9)	(189.7)	(224.2)	(190.6)	(134.2)
Net Indebtedness	489.4	576.9	507.4	542.8	584.3
EBITDA (LTM)	341.2	360.9	398.9	427.1	433.2
Adjusted and Recurring EBITDA (LTM)	343.7	365.4	394.9	423.1	422.3
Net Debt-to-EBITDA ratio	1.4	1.6	1.3	1.3	1.3
Net Debt-to-Adjusted and Recurring EBITDA ratio	1.4	1.6	1.3	1.3	1.4

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

In 3Q22, R\$ 12.6 million of contracted Bank Debt were amortized. Funding totaled R\$ 1.9 million. In 9M22, R\$ 61.0 million was amortized and R\$ 16.7 million was raised.

Portobello Grupo

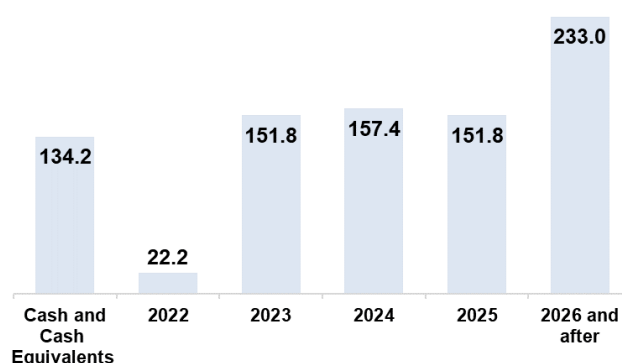
R\$ Million



At the end of 3Q22, 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:

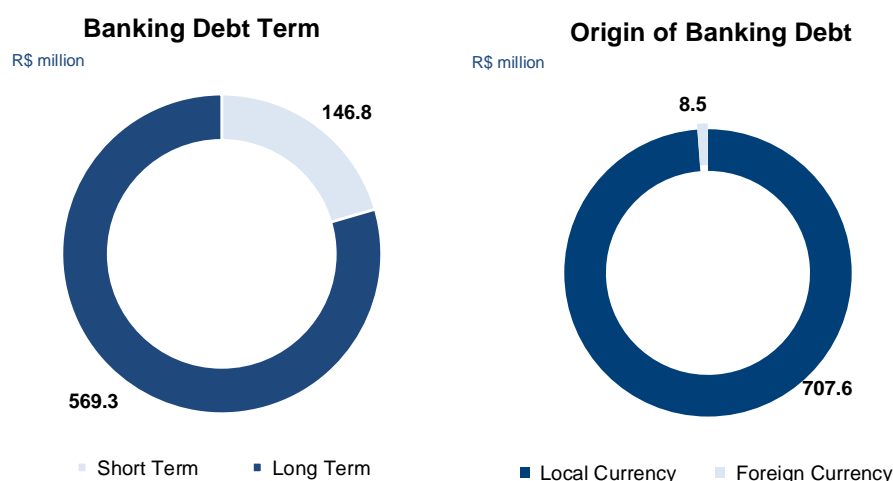
R\$ million



Gross Bank Debt maturing in the short term represents 20.5% of the total, an increase of 9.1 p.p. compared to 2Q22, due to the amortizations carried out in accordance with debt maturities in 3Q22. The remaining debt matures in the long term, as shown in the amortization schedule above. The Gross Banking Debt is mostly in domestic currency (98.8%). The average total cost of Banking Debt is 12.7% per annum and the average term is 4.3 years, vs 4.2 in 3Q21.

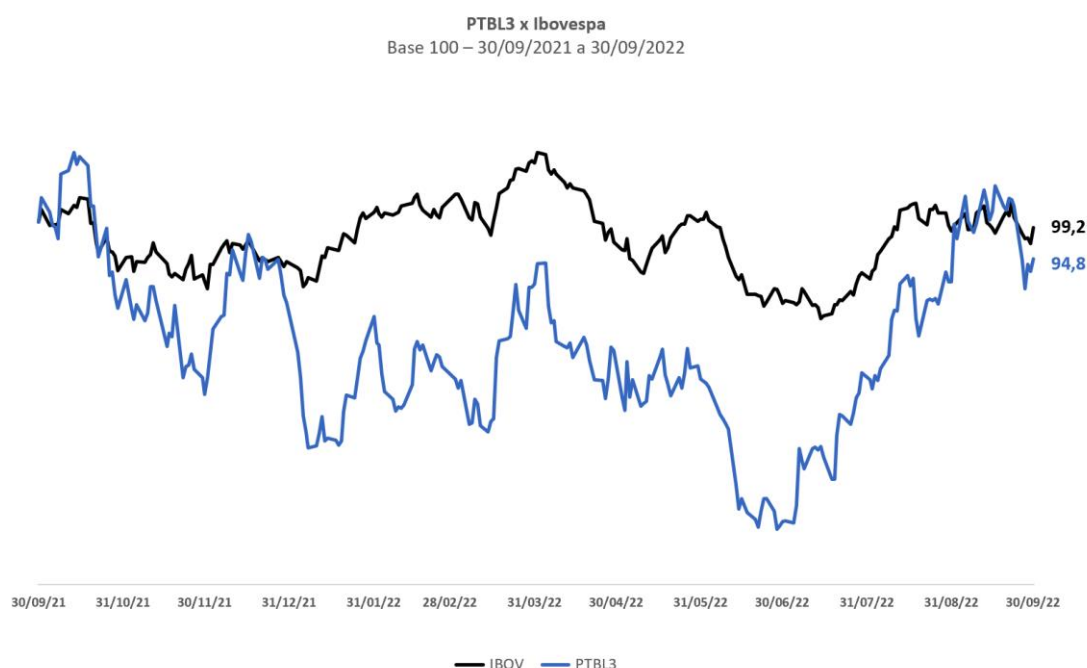
This debt profile provides greater flexibility for the Company to develop its strategic plan, focused on the growth of retail in Brazil and international business, mainly in the USA through Portobello América.

Portobello Grupo



PTBL3 Stock Performance

Shares traded under the PTBL3 ticker closed the trading session on September 30, 2022 at R\$ 10.29, presenting a devaluation of 5.2% when compared to the closing of 3Q21 (quoted at R\$ 10.85). The average daily financial volume traded (ADTV) in 3Q22 was R\$ 7.0 million. At the end of September 2022, the Company had a market value equivalent to R\$ 1,451 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.

Portobello Grupo

Management

Statutory Executive Board

Name	Position
Mauro do Valle Pereira	Chief Executive Officer
John Shojiro Suzuki	Vice-President and Chief Financial and Investor Relations Officer
Edson Luiz Mees Stringari	Vice-President of Legal and Compliance Matters

Board of Directors

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

Portobello Grupo

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	3Q21	AV %	3Q22	AV %	Var%
Current assets	1,043.8	46.9%	1,035.5	45.8%	-0.8%
Cash and cash equivalents	332.9	15.0%	134.2	5.9%	-59.7%
Trade Receivables	379.4	17.1%	426.7	18.9%	12.5%
Inventories	251.0	11.3%	418.7	18.5%	66.8%
Other	80.5	3.6%	56.0	2.5%	-30.5%
Non-current assets	1,179.8	53.0%	1,227.7	54.2%	4.1%
Long-term assets	493.9	22.2%	352.9	15.6%	-28.5%
Judicial deposits	174.6	7.9%	104.2	4.6%	-40.3%
Judicial assets	144.7	6.5%	139.7	6.2%	-3.5%
Guarantee deposit	87.1	3.9%	18.7	0.8%	-78.6%
Receivables - Eletrobrás	12.8	0.6%	12.8	0.6%	0.0%
Restricted financial investments	8.3	0.4%	9.1	0.4%	10.0%
Recoverable taxes and deferred tax	15.2	0.7%	19.6	0.9%	29.1%
Other non-current assets	51.2	2.3%	48.9	2.2%	-4.5%
Fixed assets	685.8	30.8%	874.8	38.7%	27.6%
PPE, Intangible Assets and Investments	604.1	27.2%	709.8	31.4%	17.5%
Right of Use of Leased Assets	81.4	3.7%	164.6	7.3%	102.3%
Other investments	0.3	0.0%	0.3	0.0%	0.0%
Total assets	2,223.6	100.0%	2,263.2	100.0%	1.8%
Liabilities	3Q21	AV %	3Q22	AV %	Var%
Current liabilities	769.8	34.6%	919.0	40.6%	19.4%
Loans and Debentures	143.9	6.5%	146.8	6.5%	2.0%
Trade Payables and Credit Assignment	358.8	16.1%	442.8	19.6%	23.4%
Lease obligations	18.1	0.8%	18.1	0.8%	-0.2%
Tax liabilities	43.0	1.9%	43.2	1.9%	0.5%
Payroll and related taxes	74.0	3.3%	87.5	3.9%	18.2%
Advances from Customers	72.4	3.3%	66.8	3.0%	-7.7%
Other	59.6	2.7%	113.9	5.0%	91.2%
Non-current liabilities	1,080.4	48.6%	888.1	39.2%	-17.8%
Loans and Debentures	678.3	30.5%	569.3	25.2%	-16.1%
Suppliers	181.2	8.1%	101.9	4.5%	-43.8%
Debts with related parties	56.4	2.5%	56.3	2.5%	-0.1%
Provisions	70.9	3.2%	89.3	3.9%	25.9%
Lease obligations	66.5	3.0%	37.1	1.6%	-44.3%
Other Non Current Liabilities	27.0	1.2%	34.2	1.5%	26.4%
Equity	373.4	16.8%	456.1	20.2%	22.1%
Capital	250.0	11.2%	250.0	11.0%	0.0%
Treasury shares	(91.4)	-4.1%	-	0.0%	-100.0%
Earnings reserve	268.3	12.1%	245.3	10.8%	-8.6%
Other comprehensive income	(53.6)	-2.4%	(39.2)	-1.7%	-26.7%
Total liabilities	2,223.6	100.0%	2,263.2	100.0%	1.8%

Portobello Grupo

Statement of income

R\$ million	3Q21	3Q22	9M21	9M22
Net Sales Revenue	519.4	597.9	1,400.0	1,700.3
Gross Operating Profit	223.5	257.4	592.4	748.4
Operating Income (Expenses), Net	(138.1)	(172.1)	(375.2)	(475.5)
Selling	(105.7)	(145.7)	(298.9)	(394.1)
General and Administrative	(17.8)	(22.2)	(47.0)	(64.6)
Other Operating Income (Expenses), Net	(14.7)	(4.2)	(29.4)	(16.7)
Operating Profit before Financial Income	85.4	85.3	217.2	272.9
Financial Result	(14.7)	(20.7)	(50.5)	(71.8)
Financial Revenues	2.3	4.9	7.3	14.9
Financial Expenses	(23.0)	(34.1)	(61.1)	(90.9)
Net exchange rate change	6.0	8.5	3.2	4.3
Income (loss) before income taxes	70.7	64.6	166.6	201.1
Income Tax and Social Contribution	9.9	(12.1)	(5.3)	(57.2)
Net income (loss) for the Period	80.7	52.5	161.3	144.0

Cash Flow

R\$ million	3Q21	3Q22	9M21	9M22
Net cash from operating activities	120.8	98.6	251.8	222.4
Cash from operations	103.0	124.2	257.3	322.7
Changes in assets and liabilities	22.2	22.1	39.9	14.4
Interest paid and income taxes paid	(4.5)	(47.8)	-45.4	-114.7
Net cash used in investment activities	(21.3)	(93.5)	(88.9)	(167.4)
Acquisition of property, plant and equipment	(5.8)	(67.9)	-54.0	-146.1
Acquisition of intangible assets	(5.7)	(8.0)	-13.2	-15.6
Acquisition of lease assets	-	(44.8)	0.0	-105.0
Receipt for the sale and reimbursement of fixed assets	-	-	0.0	55.8
Other investments	(9.8)	27.2	-21.7	43.5
Net cash provided by (used in) financing activities	59.2	(61.5)	(156.4)	(110.6)
Funding loans and financing	409.9	1.9	466.8	16.7
Payment of loans and financing	(236.8)	(12.6)	-376.9	-61.0
Dividends paid	(18.3)	(43.3)	-79.0	-46.9
Lease Amortization	(5.0)	(7.5)	-13.5	-19.5
Treasury acquisitions	(90.5)	-	-153.7	0.0
Increase/(Decrease) in Cash for the period/year	158.7	(56.4)	6.6	(55.5)
Opening Balance	174.2	190.5	326.3	189.7
Closing Balance	332.9	134.2	332.9	134.2

Please visit the Investor Relations website:

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