2Q23
Earnings Release

Portobello Grupo

Portobello Grupo

Tijucas, August 14, 2023. PBG S.A. (B3: PTBL3), "PBG" or "Company", the largest ceramic tile company in Brazil, announces its results for the second quarter of 2023 (2Q23). The financial information reported herein is derived from PBG S.A.'s consolidated Quarterly Financial Information, prepared in accordance with the standards issued by the Accounting Pronouncement Committee (CPC) and the International Financial Reporting Standards (IFRS), whose comparisons are based on the same periods of 2022 and/or prior years, as indicated.

Portobello Group performance is above the market[1], recording market share gain, with sequential expansion of business in all its units and record sales in Portobello Shop.

2Q23 Highlights

- **Net Revenue** of R$ 549 million in 2Q23, PBG's third highest revenue in history. The result in the **Domestic Market** outperformed the market[2], **with growth of 1.1% vs. 2Q22.** It is worth highlighting the Portobello Shop's revenue record (R$ 233 million). Net Revenue reached R$ 1.0 billion in the first semester of the year.
- **Adjusted and Recurring Gross Income** totaled R$ 215 million, with a margin of 39.1%, highlighting the record result at Portobello Shop and the recovery of Portobello America.
- **Adjusted and Recurring EBITDA** in 2Q23 was R$ 62 million, a positive result considering the market challenges faced and sustaining investments in strategic projects. **Adjusted and Recurring EBITDA Margin** was 11.3% in the quarter.
- **Operating Expenses** increased by R$ 22.5 million in 2Q23 compared to 2Q22. This increase is related to the main strategic projects of Integrated Retail with Portobello Shop **(+18.7%)** and Portobello America **(+84.0%)**, partially offset by a reduction in Portobello BU **(-14.6%)**.
- **Net Result** was impacted by the lower operating result and the increase in financial expenses, recording an adjusted and recurring net loss of -R$ 20.7 million in 2Q23.
- Working Capital investment totaled R$ 338 million, in line with 2Q22 and -3.7% below 1Q23. The Cash Conversion Cycle was 67 days in 2Q23, in line with 1Q23.
- **PTBL3 shares** ended 2Q23 quoted at **R$ 6.96**. Market Value: R$ 981 million (US$ 204 million). Quantity of shares: 140,986,886, without treasury shares. Free Float: 38.9%.

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[1] Sector Average
[2] ANFACER: -13.4% 2Q23 vs. 2Q22

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Management Letter

Portobello Group experienced a decisive milestone in its strategy in July of this year with the start of operations at the new factory in the USA. This is an unprecedented advance in our history and marks a step forward in the Company's internationalization movement. In 2Q23, the Group presented solid results without losing focus on executing its strategy, even facing a period of historic lows in the ceramic tile sector.

The first half of 2023 was marked by macroeconomic uncertainties that impacted several countries and sectors. The Brazilian ceramic tile market presented volumes close to the worst historical period in recent years during the period, compared to April 2020, a period impacted by the pandemic. However, the sector is already showing signs of recovery in June, which reinforces more positive expectations for the second half.

In the North American ceramic tile market, high interest rates also impacted the first half of the year, but indicators in the civil construction sector, such as Housing Starts[3], showed a positive behavior at the end of the second quarter, with an increase of 4.5 % vs. previous quarter. This movement signals of a positive outlook for recovery.

Even in the face of challenges, the Company expanded its market share [4]in the Brazilian market and grew revenues and a strong backlog of orders at Portobello America. These movements were also accompanied by the maintenance of profitability at levels close to 40%, reflecting the assertiveness and resilience of the product multichannel model and strong brand positioning, with a comprehensive and innovative portfolio. Another highlight was the Portobello Shop's record revenue result in 2Q23, with a sustained gross margin of 48% in 2Q23. Strategic projects at the Shop unit continue to evolve, with the expansion of stores in our network, maturation of new openings and reopenings and a focus on digital transformation, with decisions oriented to the needs of our customers and consumers, optimizing the journey from the moment of inspiration to the delivery.

In the USA, with the beginning of the operation of the factory, which had already been designed since 2018, we consolidated ourselves as a North American producer, meeting the specificities and business model of the country and addressing a market whose only 30% of production manages to be enough to the internal demand. This business model in the USA has several synergies like our current operation in Brazil, where we hold market leadership and quality differentials. The plant was built with state-of-the-art technology and currently has a production capacity of 3.6 million m².

Another important strategic pillar of the Portobello Group is related to ESG initiatives. In this quarter, the Company held the third edition of the Sustainability Week. Over a week of events and interactions, the Company presented several advances in the three pillars of Sustainability: Portobello +Ecoefficient, Portobello +People and Portobello +Governance. As a highlight, the receipt of LEED Platinum Certification for the Portobello Shop in Jardim Social, in Curitiba-PR. This recognition is the highest level related to sustainable construction.

The Portobello Group remains confident in its strategy and celebrates this historic moment in the expansion of its operations and with positive market prospects. The Company believe that the differential quality and design of its products place Portobello Grupo at the forefront of this market, exporting to more than 70 countries and trust in the team, with the certainty that the best is yet to come.

The Portobello Grupo remains confident in its strategy and celebrates this historic moment in the expansion of operations and with positive market prospects. The Company believes that the quality and design differential of its products positions it as a leader in this market, exporting to more than 70 countries. PBG continues with full confidence in the execution of its team, oriented to results and in the generation of value to the stakeholder, confident that the best is yet to come.

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[3] Data from Housing Starts, which measures the construction of new homes in the country.
[4] +0.1p.p. vs. 1Q23, reaching 4.5% in 2Q23. Market Share by Volume. Source: Anfacer and PBG Data.

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Economic and Financial Performance - Consolidated

R$ million	2Q23	2Q22	▲ %	▲ Abs	1H23	1H22	▲ %	▲ Abs
Net Revenue	**548.8**	**577.5**	**-5.0%**	**(28.7)**	**1,037**	**1,102**	**-6.0%**	**(65.8)**
Gross Profit	**214.5**	**252.6**	**-15.1%**	**(38.1)**	**406.8**	**491.0**	**-17.1%**	**(84.2)**
Gross Margin	39.1%	43.7%	-4.7 p.p.		39.2%	44.5%	-5.3 p.p.	
Adjusted and Recurring Gross Profit	**214.5**	**252.6**	**-15.1%**	**(38.1)**	**406.8**	**488.5**	**-16.7%**	**(81.7)**
Adjusted and Recurring Gross Margin	39.1%	43.7%	-4.7 p.p.		39.2%	44.3%	-5.1 p.p.	
EBIT	**28.9**	**89.5**	**-67.7%**	**(60.6)**	**48.8**	**187.6**	**-74.0%**	**(139)**
Ebit Margin	5.3%	15.5%	-10.2 p.p.		4.7%	17.0%	-12.3 p.p.	
Net income (loss)	**(38.3)**	**53.8**	**-171.2%**	**(92.1)**	**(53.4)**	**91.5**	**-158.4%**	**(145)**
Net Margin	-7.0%	9.3%	-16.3 p.p.		-5.2%	8.3%	-13.5 p.p.	
Adjusted and Recurring Net Income	**(20.7)**	**52.4**	**-139.5%**	**(73.1)**	**(38.4)**	**83.5**	**-146.0%**	**(122)**
Adjusted and Recurring Net Margin	-3.8%	9.1%	-12.8 p.p.		-3.7%	7.6%	-11.3 p.p.	
EBITDA	**63.4**	**111**	**-42.8%**	**(47.4)**	**113.6**	**229.4**	**-50.5%**	**(116)**
EBITDA Margin	11.6%	19.2%	-7.6 p.p.		11.0%	20.8%	-9.9 p.p.	
Adjusted and Recurring EBITDA	**62.1**	**111.0**	**-44.1%**	**(48.9)**	**111.5**	**221.1**	**-49.6%**	**(110)**
Adjusted and Recurring EBITDA Margin	11.3%	19.2%	-7.9 p.p.		10.8%	20.1%	-9.3 p.p.	
Working Capital (R$)	**338.3**	**335.4**	**0.9%**	**2.9**				
Cash Conversion Cycle (days)	**67**	**43**	56%	**24**				
Net Debt	**859.2**	**542.8**	**58.3%**	**316**				
Net debt/EBITDA	**3.0**	**1.3**	133%	1.7				
Adjusted and Recurring Net Debt/EBITDA	**3.1**	**1.3**	142%	**1.8**				
Share Price	6.96	6.36	9.4%	0.6				
Market Value	981.3	896.7	9.4%	84.6				
Average Trading Volume (12 Months)	182.0	367.1	-50.4%	(185)				
Average daily trading volume (ADTV)	7.8	5.4	44.4%	2.4				

Comparable adjusted result

To show the comparable result, we present below the adjustments related to investments made in strategic projects of the Portobello Group that will bring future results. Part of the additional expenses are related to Portobello America's projects, with the purpose of building demand and structuring the teams for the start-up of the new plant in the United States.

The second part of the additions is related to the Portobello Shop projects related to the expansion of the network of owned stores, which should generate a positive result as sales increase and order backlogs are formed.

Both investments will bring future results and dilute the additional expenses, making the operations reach the ideal levels of margins and profitability.

		Adjustments						Adjustments				
R$ million	**2Q23**	**PB Shop**	**PBA**	**2Q23 Comparabe**	**2Q22**	**▲%**	**1H23**	**PB Shop**	**PBA**	**1H23 Comparabe**	**1H22**	**▲%**
Net Revenue	**548.8**	**-**	**-**	**548.8**	**577.5**	**-5.0%**	**1,037**	**-**	**-**	1,037	**1,102**	**-6.0%**
Gross Profit	214.5	-	-	214.5	252.6	-15.1%	406.8	-	-	406.8	491.0	-17.1%
Gross Margin	39.1%	-	-	39.1%	43.7%	-10.6%	39.2%	-	-	39.2%	44.5%	-11.9%
Expenses	(185.6)	13.9	17.5	(154.2)	(163.1)	-5.5%	(358.0)	30.9	30.0	(297.0)	(303.4)	-2.1%
Depreciation	34.4	-	-	34.4	34.4	0.0%	64.8	-	-	64.8	41.9	54.8%
EBITDA	**63.4**	13.9	17.5	**94.8**	**110.8**	**-14.4%**	**113.6**	30.9	30.0	**174.6**	**229.4**	**-23.9%**
Non-Recurring Events:	(1.3)	-	-	**(1.3)**	0.2		(2.1)	-	-	**(2.1)**	(8.3)	
Adjusted and Recurring EBITDA	**62.1**	**13.9**	**17.5**	**93.5**	**111.0**	**-15.7%**	**111.5**	**30.9**	**30.0**	**172.5**	**221.1**	**-22.0%**
Adjusted and Recurring EBITDA Margin	11.3%			17.0%	19.2%	-2.2 p.p.	10.8%			16.6%	20.1%	-3.4 p.p.

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Business Unit Operating Performance

Portobello Business Unit ("BU")

R$ million	2Q23	2Q22	▲%	▲Abs	1H23	1H22	▲%	▲Abs
Net Revenue	**244.5**	**274.8**	**-11.0%**	**(30.2)**	**461.1**	**531.5**	**-13.2%**	**(70.3)**
(-) COGS	157.5	149.5	5.3%	8.0	292.0	282.9	3.2%	9.0
Gross Profit	**87.0**	**125.3**	**-30.5%**	**(38.2)**	**169.1**	**248.5**	**-31.9%**	**(79.4)**
Gross Margin	35.6%	45.6%	-10.0 p.p.		36.7%	46.8%	-10.1 p.p.	

In 2Q23, BU net revenue totaled R$ 245 million, a 11.0% decrease in relation to 2Q22, with a gross margin of 35.6%. Results in the domestic market were strong, with important advances in the resale and engineering channels and market share gains. Regarding exports, sales were lower than in 2Q22, which was a very strong quarter, but with significant improvements compared to 1Q23. Compared to the market, the Company also continues presenting better results in this channel.

Capacity utilization indicators also outperform the market, closing the quarter with a 93% utilization, while the market average was 64% according to ANFACER[5].

Such performance above the market average is the result of the assertive multichannel and production flexibility strategy, which allows focusing sales efforts according to the best opportunities considering volumes and profitability. This characteristic of the Tijucas-SC unit is a consequence of the advances in the product mix qualification, especially with the growth in sales of porcelain tile panels and large formats, products with greater added value, which resulted in the maintenance of the gross margin at high levels. The accumulated result for the first semester of 2023 is -13.2% lower in terms of net revenue compared to the same period in 2022. However, the market expects that the second semester of the year will bring recovery and present good opportunities, for which the Company is well positioned and should record a strong result.

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

[5] Brazilian Association of Construction Materials Industry

Portobello Shop Business Unit (“BU”)

R$ million	2Q23	2Q22	▲%	▲Abs	1H23	1H22	▲%	▲Abs
Net Revenue	**232.5**	**196.1**	**18.6%**	**36.4**	**443.5**	**368.3**	**20.4%**	**75.2**
(-) COGS	121.7	103.6	17.4%	18.1	237.1	195.0	21.5%	42.0
Gross Profit	**110.9**	**92.5**	**19.8%**	**18.3**	**206.4**	**173.3**	**19.1%**	**33.1**
Gross Margin	47.7%	47.2%	0.5 p.p.		46.5%	47.0%	-0.5 p.p.	

In 2Q23, the BU's net revenue totaled R$ 233 million, accounting for a significant growth of 18.6% in relation to 2Q22, which led the BU to a record result in a single quarter. Portobello Shop's gross margin also recorded a strong result, reaching 47.7%. Such result, much higher than that presented by the market, shows a significant market share gain in retail, since the market continues presenting a decrease compared to the previous year, according to data from ICVA[6], which measures the building materials retail sector in Brazil.

Currently, the Company has 146 stores in operation across the country, 24 of which are owned and 122 are franchises. Portobello Shop has a store network expansion plan based on its strategy of meeting demand and capturing potential market, but it is also worth mentioning the growth of stores that were already open in the previous year, which can be observed by the Same Store Sales indicator in the quarter, which accounted for an increase of 11.2% in 2Q23 vs. 2Q22.

The performance of own stores, which started to consolidate the results of acquired stores in 2022, showed an increase of 34.2% in Net Revenue, accounting for 44.8% of the total BU. Furthermore, due to the growth in the share of own stores, the BU starts absorbing synergies from the integrated chain and offsetting the inflationary impacts on expenses and cost of capital, thus generating margin and profitability gains.

It is also worth highlighting the expenses generated due to the Portobello Shop's strategic advances, mainly the expansion of its own stores' network and initiatives related to the digital transformation. Portobello Shop BU expenses reached R$ 88.3 million, an increase of R$ 13.9 million in relation to 2Q22.

[6] Cielo Expanded Retail Index

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Pointer Business Unit ("BU")

R$ million	2Q23	2Q22	▲%	▲Abs	1H23	1H22	▲%	▲Abs
Net Revenue	**42.6**	**60.7**	**-29.8%**	**(18.1)**	**86.0**	**115.2**	**-25.3%**	**(29.2)**
(-) COGS	38.9	39.3	-0.9%	(0.4)	76.0	73.2	3.9%	2.9
Gross Profit	**3.7**	**21.5**	**-82.8%**	**(17.8)**	**10.0**	**42.0**	**-76.3%**	**(32.0)**
Gross Margin	8.7%	35.3%	-26.7 p.p.		11.6%	36.5%	-24.9 p.p.	

In 2Q23, net revenue totaled R$ 42.6 million, 29.8% lower than 2Q22, with a gross margin of 8.7%. Gross margin decreased compared to 2Q22, largely due to the lower dilution of production costs, which had an additional idleness factor due to the furnace stoppages carried out throughout 2Q23, which generated an additional cost of R$ 5.8 million in 2Q23. The cooling of demand in the market for ceramic tiles in the North and Northeast regions of Brazil also continued to impact Pointer's result.

Even with this scenario of decreased production, the plant in the city of Maceió, state of Alagoas, had occupancy of the capacity above the market average due to the specific and strategic commercial campaigns to optimize the productivity level.

Despite the adverse scenario and lower-than-expected sales results, Pointer remains in good market position, maintaining its market share and is prepared for the expected market recovery in 2S23. Pointer BU shows good profitability levels with an EBITDA Margin always positive, driven by the strengthening of the engineering channel and the several commercial and training initiatives with thousands of commercial partners, which has been strengthening its presence in the domestic market.

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Portobello America Business Unit ("BU")

R$ million	2Q23	2Q22	▲%	▲Abs	1H23	1H22	▲%	▲Abs
Net Revenue	**56.1**	**66.0**	**-15.0%**	**(9.9)**	**97.9**	**124.2**	**-21.2%**	**(26.3)**
(-) COGS	41.6	51.3	-19.0%	(9.8)	73.5	95.9	-23.3%	(22.4)
Gross Profit	**14.5**	**14.7**	**-0.9%**	**(0.1)**	**24.4**	**28.3**	**-13.8%**	**(3.9)**
Gross Margin	25.9%	22.2%	3.7 p.p.		24.9%	22.8%	2.1 p.p.	

In 2Q23, Net Revenue reached R$ 56.1 million, with positive results in local distribution operations, which grew 9.3% vs. 2Q22 and large accounts, growing 70.4% vs. the same period of the previous year, partially offsetting the decrease in sales to some relevant clients, who, due to the high interest rate and inflation in the country, readjusted their inventory levels in the period. The Gross Margin reached 25.9% in the period. This result was reached by means of management aimed at creating demand, a process that should continue throughout 2023, aiming at gaining scale in a more profitable business model than the current one, doubling the plant's capacity for next year.

With this movement, a large part of this BU's expenses are characterized as pre-operational, whether those related to the preparation of the plant start-up or to sales activities, marketing and other support areas. In this sense, total expenses at Portobello América in 2Q23 were R$ 38.4 million, accounting for an increase of 84.0% in relation to 2Q22. These expenses are part of the unit's strategic planning and are considered as part of the project's investment for management purposes, from which a future return is expected.

As of 3Q23, Portobello America will have the production capacity of the new plant, a project that takes the North American unit to another level. As a local producer, the Portobello brand product achieves a higher competitiveness level and an important positioning.

The *ramp-up* process implemented and the commercial strategies over the last few quarters allowed that, when the new plant entered into operation, a large part of the demand had already been developed, thus guaranteeing a portfolio of over 3 months of products sold at the time of the production start-up.

This process of building demand put pressure on operating margins in these periods, but as production at the Portobello America plant gains momentum, margin gains can be observed, in line with the main strengths of the project.

In the first phase of the project, the BU will have a furnace with a production capacity of 3.6 million m² and special parts. Furthermore, the plant's project includes the addition of a second furnace, which should double its capacity, reaching 7.2 million m² when fully operational. To this end, Portobello America continues using part of the production capacity of the Portobello BU in Tijucas as a way of complementing its portfolio and continuing to gain scale for the entry into phase II of the project.

Portobello Grupo

Consolidated Performance

Net Revenue

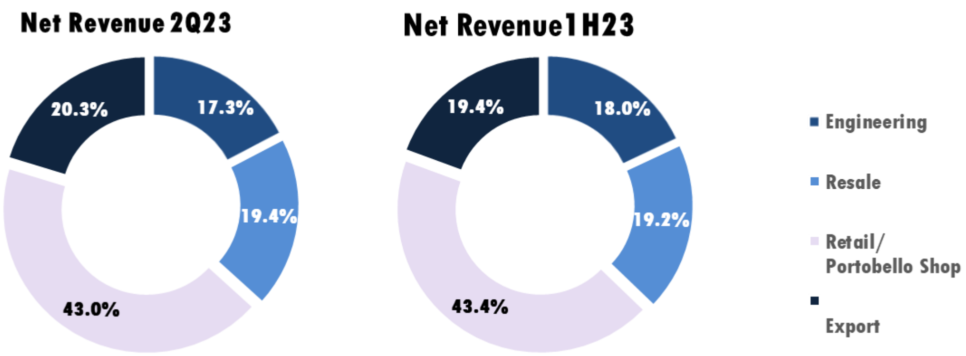
R$ million	2Q23	2Q22	▲ %	▲ Abs	1H23	1H22	▲ %	▲ Abs
Net Revenue	**548.8**	**577.5**	**-5.0%**	**(28.7)**	**1,037**	**1,102**	**-6.0%**	**(65.8)**
Domestic Market	432.1	427.3	1.1%	4.8	825.7	818.1	0.9%	7.6
International Market	116.7	150.1	-22.3%	(33.4)	210.9	284.3	-25.8%	(73.4)
US$ million	**2Q23**	**2Q22**	**▲ %**	**▲ Abs**	**1H23**	**1H22**	**▲ %**	**▲ Abs**
International Market	21.4	28.6	-25.2%	(7.2)	38.8	53.5	-27.5%	(14.7)

Net Revenue in 2Q23 reached R$ 549 million, accounting for a change of -5.0% vs. 2Q22. This result, despite a more sensitive scenario in the civil construction market, was the third highest in the Company's history, thus reflecting the business model resilience and the assertiveness of the multichannel model.

In the domestic market, Net Revenue grew 1.1% vs. 2Q22, reaching R$ 432 million, while the construction materials sector recorded a retraction of -6.5%, according to ABRAMAT deflated data[7]. The ceramic tile sector, according to data from the Brazilian Association of Ceramic Tiles Manufacturers (ANFACER) recorded a decrease of -13.4% in 2Q23 vs. 2Q22 in volumes (in square meters).

Regarding sales in the foreign market, the Company recorded a decrease of -22.3% in 2Q23 compared to 2Q22 (-25.2% in dollars), largely due to the temporary suspension of sales to Argentina, with a delay in the release of authorization documents for imports, and international freight that affected exports to the USA. Even though, the Company sees good prospects for a reversal of this scenario from 2Q23 onwards with the drop in freight prices.

The distribution of sales across channels highlights the Company's ability to execute the multichannel strategy. It is worth highlighting: i) retail sales, which accounted for 43.0% of the Group's total Net Revenue in 2Q23 vs. 34.0% in 2Q22; ii) the export channel, with a 20.3% share of the result, 9.7% with sales made by Portobello America in the United States and 10.5% to the other markets of the Portobello and Pointer Business Units; and iii) the share of sales in the Engineering channel by 17.3%.



[7] Brazilian Association of Construction Materials Industry

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Gross Income

R$ million	2Q23	2Q22	▲ %	▲ Abs	1H23	1H22	▲ %	▲ Abs
Net Operating Revenue	548.8	577.5	**-5.0%**	(28.7)	1,037	1,102	**-6.0%**	(65.8)
Cost of Goods Sold (COGS)	(328.5)	(324.9)	-1.1%	(3.6)	(619.5)	(611.5)	-1.3%	(8.0)
Idleness Costs	(5.8)	-	-100.0%	(5.8)	(10.3)	-	-100.0%	(10.3)
Gross Operating Profit	**214.5**	**252.6**	**-15.1%**	**(38.1)**	**406.8**	**491.0**	**-17.1%**	**(84.2)**
Gross Margin	39.1%	43.7%	**-4.7 p.p.**		39.2%	44.5%	**-5.3 p.p.**	
Non-Recurring Events:	**-**	**-**	0.0%	**0.0**	**-**	**(2.5)**	100.0%	**2.5**
1) DIFAL unconstitutionality reversal	-	-	0.0%	0.0	-	(2.5)	100.0%	2.5
Adjusted and Recurring Gross Profit	**214.5**	**252.6**	**-15.1%**	**(38.1)**	**406.8**	**488.5**	**-16.7%**	**(81.7)**
Adjusted and Recurring Gross Margin	39.1%	43.7%	**-4.7 p.p.**		39.2%	44.3%	**-5.1 p.p.**	

Adjusted and Recurring Gross Income in 2Q23 decreased -15.1% vs. 2Q22, -4.7 p.p. of gross margin. This result was mainly impacted by (i) inflationary pressure on goods, services, labor and cost of capital during 2022; (ii) commercial strategies to make prices more flexible for specific products, seeking to maintain the market share level and better production planning without impacting inventories and (iii) the effect of reduced production at Pointer, with a furnace shutdown that resulted in a idle cost of R$ 5.8 million in the quarter, resulting in higher unit costs. We highlight the +41.1% increase in natural gas throughout 2022, based on data from the Ministry of Mines and Energy. However, it started to present decreases in 2023, accumulating a change of -10.3% in the year.

Operating Expenses

R$ million	2Q23	%RL	2Q22	%RL	▲ %	▲ Abs	1H23	%RL	1H22	%RL	▲ %	▲ Abs
Operating Expenses												
Selling	(163.9)	29.9%	(129.5)	22.4%	26.6%	(34.4)	(307.8)	29.7%	(248.4)	22.5%	23.9%	(59.4)
General and Administrative	(33.2)	6.0%	(24.1)	4.2%	37.8%	(9.1)	(57.0)	5.5%	(42.4)	3.8%	34.4%	(14.6)
Other Revenues (Expenses)	11.5	-2.1%	(9.5)	1.6%	-221.1%	21.0	6.8	-0.7%	(12.5)	1.1%	-154.4%	19.3
Operating Expenses	**(185.6)**	**33.8%**	**(163.1)**	**28.2%**	**13.8%**	**(22.5)**	**(358.0)**	**34.5%**	**(303.4)**	**27.5%**	**18.0%**	**(54.6)**
Non-Recurring Revenues	(1.3)	0.2%	0.2	0.0%	750.0%	(1.5)	(2.1)	0.2%	(5.8)	1%	-63.8%	3.7
Adjusted Operating Expenses	**(186.9)**	**34.1%**	**(162.9)**	**28.2%**	**14.7%**	**(24.0)**	**(360.2)**	**34.7%**	**(309.2)**	**28.0%**	**16.5%**	**(51.0)**

Adjusted Operating Expenses in 2Q23, when analyzed as a percentage of Net Revenue, increased 14.7 p.p. compared to 2Q22.

The largest changes in absolute terms were concentrated in: (i) Portobello Shop (+18.7% vs. 2Q22), explained by the growth in the sales structure absorbed in the acquisitions made in the expansion of the Owned Store network; and (ii) at Portobello America (+ 84% vs. 2Q22) due to the marketing strategy and team structuring, adopted in the demand building stage for the startup of operations at the new plant. Without strategic expenses, the Company would have reduced expenses in absolute terms.

Sales Expenses: Increase of 26.6% vs. 2Q22, justified by additional investments in the Company's growth strategies, which will bring future results.

General and Administrative Expenses: They showed an increase of 37.8% (+ R$ 9.1 million) vs. 2Q22, with most of this change being investments in the structure of the operations teams with the highest growth, mainly in the Portobello America and Portobello Shop Business Units. Such investments are in line with the Company's strategic planning and should be supported by expected growth and expenses should be diluted proportionally to the development of operations.

Other Revenues and Expenses: In 2Q23, they refer mainly to the recognition of tax credits (R$ 1.5 million) and the reversal of legal provisions (R$ 9.9 million).

EBITDA and Adjusted EBITDA

R$ million	2Q23	2Q22	▲ %	▲ Abs	1H23	1H22	▲ %	▲ Abs
Net Income	**(38.3)**	**53.8**	**-171.2%**	**(92.1)**	**(53.4)**	**91.5**	**-158.4%**	**(144.9)**
(+) Financial Expenses	62.1	9.7	540.2%	52.4	98.8	51.1	93.3%	47.7
(+) Depreciation and Amortization	34.4	21.3	61.5%	13.1	64.8	41.8	55.0%	23.0
(+) Income Taxes	5.2	25.9	-79.9%	(20.7)	3.4	45.1	-92.5%	(41.7)
EBITDA	**63.4**	**110.8**	**-42.8%**	**(47.4)**	**113.6**	**229.4**	**-50.5%**	**(115.8)**
EBITDA Margin	**11.6%**	**19.2%**	**-7.6 p.p.**		**11.0%**	**20.8%**	**-9.9 p.p.**	
Non-Recurring Events:	**(1.3)**	**0.2**			**(2.1)**	**(8.3)**		
1) DIFAL unconstitutionality reversal	-	-			-	(7.1)		
2) Other Favorable Outcomes in Lawsuits	-	0.2			-	(1.2)		
4)COFINS - Tax optimization	0.2	-			(1.4)	-		
5) Recognition and Restatements of Lawsuits	(1.5)				(1.5)	-		
6) Commissions	-	-			0.8	-		
Adjusted and Recurring EBITDA	**62.1**	**111.0**	**-44.1%**	**48.9**	**111.5**	**221.1**	**-49.6%**	**109.6**
Adjusted and Recurring EBITDA Margin	**11.3%**	**19.2%**	**-7.9 p.p.**		**10.8%**	**20.1%**	**-9.3 p.p.**	

Adjusted and Recurring EBITDA in 2Q23 was R$ 62.1 million, accounting for a decrease of -44,1% vs. 2Q22, resulting in an Adjusted and Recurring EBITDA Margin of 11.3%, -7.9 p.p. lower than 2Q23. To determine the adjusted result, gains on restatements of lawsuits were not considered.

The result reflects the Company's resilience when facing a market situation marked by activities in the civil construction sector repressed by high interest rates and inflation. Even in moment where the demand for ceramic tiles was the lowest since 2019 and close to the lowest levels of the last 10 years, the Company managed to support investments in strategic projects at Portobello America and Portobello Shop and still present a positive operating result. In line with its strategy, the Company will start presenting good profitability levels in 2023 with the start of operations at the plant in Portobello America. The Company will continue prioritizing the construction and optimization of the equation between volume performance, price flexibility, innovation and ongoing improvement of the product mix, coupled with discipline in cost, expense and investment management.

Portobello Grupo

Net Income

R$ million	2Q23	2Q22	▲ %	▲ Abs	2023	2022	▲ %	▲ Abs
EBITDA	**63.4**	**110.8**	**-42.8%**	**-47.4**	**113.6**	**229.4**	**-50.5%**	**-115.8**
(-) Financial Expenses	(62.1)	(9.7)	-540.2%	-52.4	(98.8)	**(51.1)**	-93.3%	-47.7
(-) Depreciation and Amortization	(34.4)	(21.3)	-61.5%	-13.1	(64.8)	**(41.8)**	-55.0%	-23.0
(-) Income Taxes	(5.2)	(25.9)	79.9%	20.7	(3.4)	**(45.1)**	92.5%	41.7
Net Income	**(38.3)**	**53.8**	**-171.2%**	**-92.1**	**(53.4)**	**91.4**	**-158.4%**	**-144.8**
Net Margin	**-7.0%**	**9.3%**	**-16.3 p.p.**		**-5.2%**	**8.3%**	**-13.4 p.p.**	
Non-Recurring Events:	**17.6**	**(1.4)**			**15.0**	**(8.0)**		
(1) DIFAL unconstitutionality reversal	-	-			-	(7.1)		
(2) Recognition and Restatements of Lawsuits	18.2	(1.1)			18.2	(1.8)		
(3) Others¹	(0.6)	(0.3)			(3.3)	0.9		
Adjusted and Recurring Net Income	**(20.7)**	**52.4**	**-139.5%**	**-73.1**	**(38.4)**	**83.5**	**-146.0%**	**-121.9**
Adjusted and Recurring Net Margin	**-3.8%**	**9.1%**	**-12.8 p.p.**		**-3.7%**	**7.6%**	**-11.3 p.p.**	

The high interest rates that impact the Portobello Group's market also had an influence on the Company's financial result. Higher gross debt, coupled with high interest rates, led to an increase of R$ 18.7 million in interest expenses compared to 2Q22. The financial result was also impacted by the monetary restatement of provisions for contingencies in the amount of R$ 14.4 million. Furthermore, the financial result had positive effects from exchange variation in 2Q22, which were not recorded in 2Q23.

This increase in financial expenses, together with the lower operating result, generated an Adjusted and Recurring Net Loss of R$ 20.7 million in 2Q23, a difference of -R$ 73.1 million compared to 2Q22. Several market indicators point to a recovery in 2S23, which is why the Company acts on several fronts to ensure greater operating cash generation and prioritization of investments, thus reducing financial leverage and cost of financing.

Cash Flow

R$ million	2Q23	2Q22	▲ %	▲ Abs	1S23	1S22	▲ %	▲ Abs
Activities								
Operating	20.7	39.5	-47.6%	(18.8)	8.9	123.9	-92.8%	(115.0)
Investment	(119.0)	(58.4)	-103.8%	(60.6)	(204.2)	(73.9)	-176.3%	(130.3)
Financing	117.6	(14.7)	900.0%	132.3	348.2	(49.1)	809.2%	397.3
Changes in Cash	19.3	(33.6)	157.4%	52.9	152.9	0.9	16888.9%	152.0
Opening Balance	**389.7**	**224.2**	**73.8%**	**165.5**	**256.1**	**189.7**	**35.0%**	**66.4**
Closing Balance	**409.0**	**190.5**	**114.7%**	**218.5**	**409.0**	**190.6**	**114.6%**	**218.4**

The Company ended 2Q23 with a cash position of R$ 409 million, an increase of R$ 219 million vs. 2Q22. The main changes occurred in financing activities with a funding of R$ 150 million carried out in April with the first issue of PBG Commercial Notes. The Company continues focusing its efforts on efficient debt and cash management, always seeking to optimize debt costs, coupled with the best timing of amortizations.

The highest level of investment activities was due to Capex for the acquisition of equipment for the Portobello America plant.

The Company's operating activities generated a cash of R$ 20.7 million, a decrease of R$ 18.8 million in 2Q23 compared to 2Q22, due to higher costs that negatively impact the operating margin and higher consumption of working capital with inventories.

Moreover, in 2023, the amount of R$ 13.8 million was raised, which had a positive impact on operating activities, referring to: (i) Eletrobrás receivables in the amount of R$ 12.7 million; (ii) redemption of deposits pledged in guarantee in the amount of R$ 1.1 million.

Working Capital

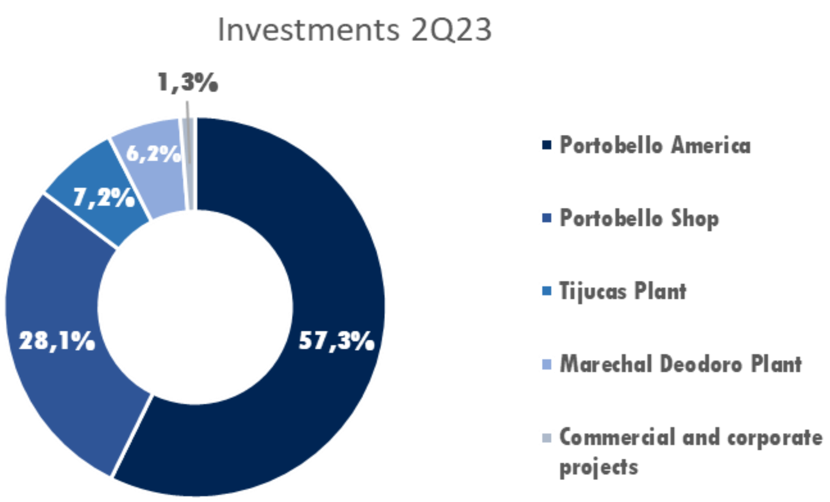
		2Q23	2Q22	▲ %	▲ Abs	1Q23	▲ %	▲ Abs
R$ million	Accounts Receivable	226.0	336.9	-32.9%	(110.9)	222.0	1.8%	4.0
	Inventories	475.0	370.1	28.3%	104.9	469.2	1.2%	5.8
	Suppliers	362.7	371.6	-2.4%	(8.9)	339.8	6.7%	22.9
	Working Capital	**338.3**	**335.4**	**0.9%**	**2.9**	**351.4**	**-3.7%**	**(13.1)**
Days	Accounts Receivable	34	43	-20.9%	(9)	31	9.7%	3
	Inventories	128	108	18.5%	20	133	-3.8%	(5)
	Suppliers	95	108	-12.0%	(13)	97	-2.1%	(2)
	Cash Convertion Cycle (CCC)	**67**	**43**	**55.8%**	**24**	**67**	**0.0%**	**-**

The Company's Working Capital decreased in 2Q23, totaling R$ 338 million, R$ 13.1 million below 1Q23 (-3.7%). The Cash Conversion Cycle in 4Q22 was 67 days, in line with 1Q23. The improvement in terms of the receivables portfolio partially offset the increase in terms of inventories and the reduction in terms with suppliers. Compared to 2Q22, the change in Working Capital was R$ 2.9 million, and the change in Cash Conversion Cycle was 24 days.

Investments

In 2Q23, investments totaled R$ 127 million, of which 57.3% were allocated to the project for the new Portobello America plant, 28.1% at Portobello Shop, among own stores and digital evolution, 7.2% were allocated to the UN Portobello plant in Tijucas-SC, 6.2% to investments in the industrial plant of Pointer and 1.3% for commercial and corporate projects.

The investments made in the Portobello America are mainly related to the acquisition of machinery and equipment for phase 1 of the new plant, which started operating in July 2023. The plant is one of the most modern ceramic tile and flooring plants in the United States, with state-of-the-art technology in all its facilities.

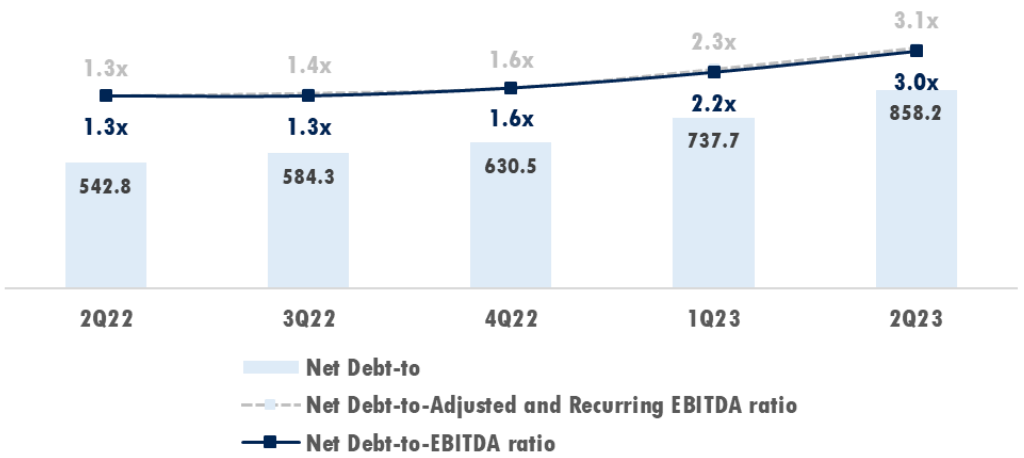


Indebtedness and Capital structure

The Company's Net Debt ended the quarter at R$ 859 million, accounting for an increase of R$ 121 million vs. 1Q23. The Company's debt follows the investment plan in strategic projects and working capital, in addition to supporting a healthy cash position at a time when cash generation is more compromised. The decrease in Adjusted and Recurring EBITDA for the last 12 months to R$ 276 million, added to the higher level of indebtedness, led to a financial leverage of 3.0x. The Company expects that this leverage level will be reduced as EBITDA increases in the coming quarters replaces the lower results of previous quarters. Portobello Group continues to have discipline in financial management as one of its priorities, focused on the constant optimization of the Cash Conversion Cycle.

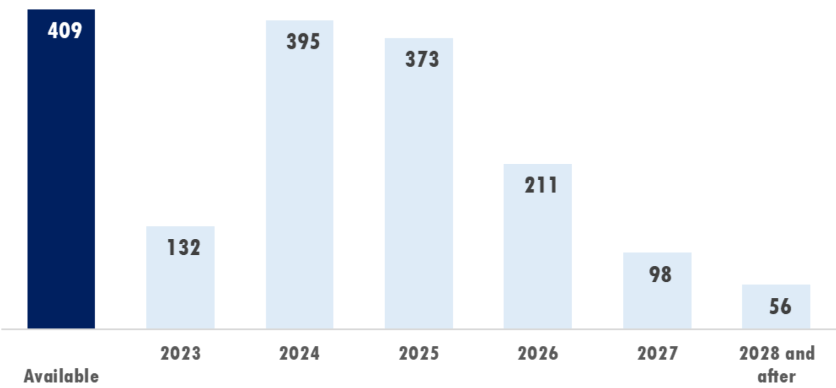
R$ million	2Q23	1Q23	4Q22	3Q22	2Q22
Gross Bank Debt[1]	**1,268**	**1,127**	**886.6**	**718.4**	**733.4**
Cash and Cash Equivalents	(409.0)	(389.7)	(256.1)	(134.2)	(190.6)
Net Indebtedness	**859.2**	**737.7**	**630.5**	**584.3**	**542.8**
EBITDA (LTM)	290.4	337.6	406.2	433.2	427.1
Adjusted and Recurring EBITDA (LTM)	276.7	325.4	385.1	422.3	423.1
Net Debt-to-EBITDA ratio	**3.0**	**2.2**	**1.6**	**1.3**	**1.3**
Net Debt-to-Adjusted and Recurring EBITDA ratio	3.1	2.3	1.6	1.4	1.3

In 2Q23, the amount of R$ 14.6 million of contracted Bank Debt was amortized. Funding totaled R$ 150 million.



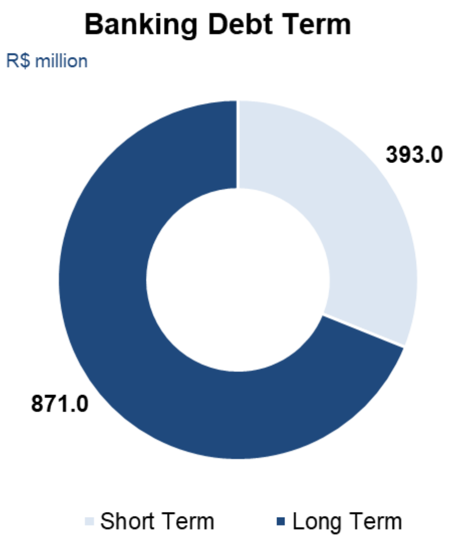
At the end of 2Q23, all covenants related to the leverage ratio were met, which could lead to the early maturity of financing contracts and debentures if not complied with.

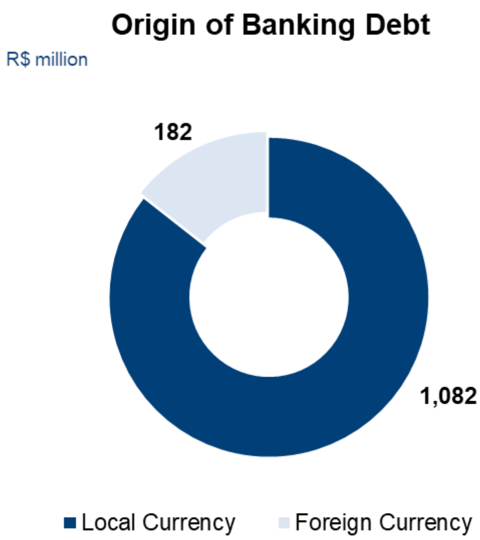
The details of the amortization schedule (Gross Banking Debt) can be found below:



Gross Bank Debt maturing in the short term represents 31.1% of the total, a 1.9 p.p. decrease compared to 1Q23. The remaining debt matures in the long term, as shown in the amortization schedule above. The Gross Banking Debt is mostly in domestic currency (85.6%). The average total cost of Banking Debt is 14.0% per annum and the average term is 3.8 years, vs 4.3 in 2Q22.

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





2023 Outlook and Strategic Planning

- The Company foresees a scenario of gradual recovery for the Brazilian ceramic tile sector throughout the second half of 2023. Market studies point to recovery, with growth in volumes in both the dry and wet processes.
- The North American civil construction sector presented a retraction in 2H22, which was also reflected in the performance of Portobello America in 1H23. Housing starts data has been showing evolution in the last 2 months, which indicates that the ceramic tile market tends to follow the movement, with good opportunities for local producers.
- Evolution of the Portobello Shop result, with growth in the store network and sell-out, boosted by the expansion of Same Store Sales and sales influenced by Digital, in addition to advances in large strategic accounts.

- Prospects for accelerating sales and expanding margins of Portobello America with the start of production at the US plant.
- Company has a positive outlook for working capital, with measures to reduce inventories in all Business Units and improve payment terms and receivables, maintaining a controlled level of default.
- The Group maintains a perspective of strategic investments concentrated mainly in PBA and Portobello Shop throughout 2023, with an estimate of approximately R$ 360 million for the year.
- Perspective of reduction in net leverage (ratio between net debt and adjusted and recurring EBITDA in the last 12 months) close to the level of 2.5x at the end of 2023.

ESG Initiatives

The Company carried out the Portobello Sustainability Week for the third consecutive year. The event was held between June 14 and 23 and was aimed at reinforcing the commitment to sustainable practices in the social, environmental and governance levels.

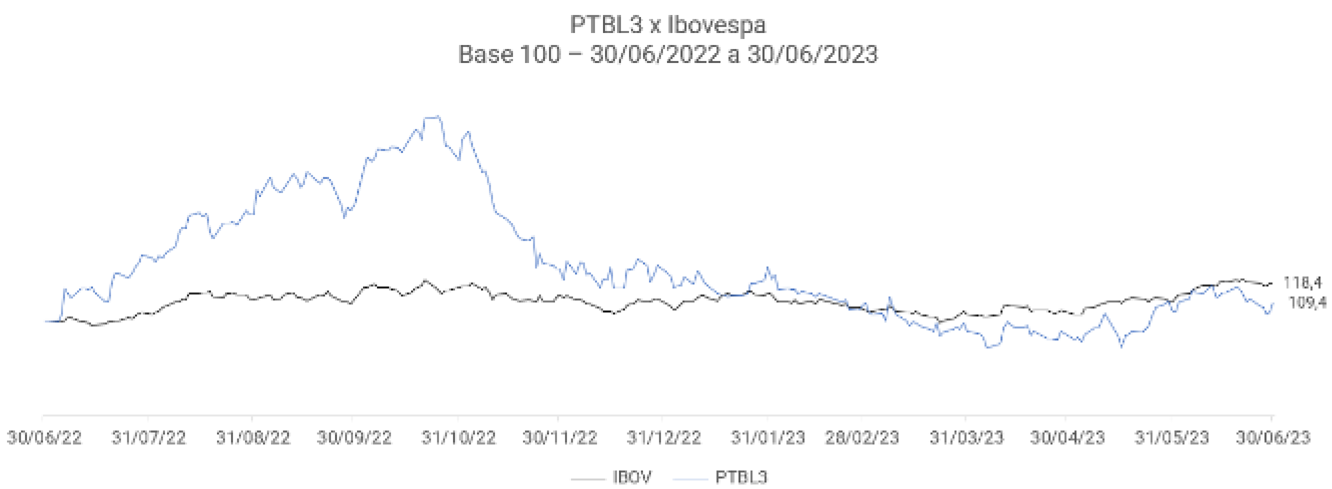
Under the motto "Sow change, transform the future", the PBG teams had the opportunity to review the full journey that made the ESG concept one of the main pillars of operation in all BUs - Portobello, Portobello Shop, Pointer and Portobello America.

Among the knowledge exchange over these days, some highlights were the development of the community on the shores of Lagoa Mundaú, participants of the "Sururu Project: Shells that Transform", a company's initiative related to the development of products through the resignification of the sururu shell, a popular marine mollusk in Alagoas.

Another highlight was the official delivery of the Leed Platinum Certificate to the Portobello Shop store in the Jardim Social, in the city of Curitiba, state of Paraná. The Certificate recognizes the store's title in the most important category of the US Green Building Council (USGBC) certification for sustainable buildings.

PTBL3 Stock Performance

Shares traded under the PTBL3 ticker closed the trading session on June 30, 2023 quoted at R$ 6.96, showing a valuation of 9.4% when compared to the closing of 2Q22 (quoted at R$ 6.36). The average daily financial volume traded (ADTV) in 2Q23 was R$ 7.8 million. At the end of the quarter, the Company had a market value equivalent to R$ 981 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

Financial Statements

Balance Sheet

Assets	2Q23	AV %	4Q22	AV %	Var%
Current assets	**1,290.9**	**42.2%**	**1,103.1**	**44.5%**	**17.0%**
Cash and cash equivalents	409.0	13.4%	256.1	10.3%	59.7%
Trade Receivables	314.6	10.3%	314.5	12.7%	0.0%
Inventories	475.0	15.5%	455.0	18.3%	4.4%
	13.4	0.4%	11.8	0.5%	13.6%
Other	78.9	2.6%	65.7	2.6%	20.1%
Non-current assets	**1,767.2**	**57.8%**	**1,376.7**	**55.5%**	**28.4%**
Long-term assets	**271.8**	**8.9%**	**375.0**	**15.1%**	-27.5%
Judicial deposits	13.1	0.4%	106.7	4.3%	-87.7%
Judicial assets	142.5	4.7%	140.3	5.7%	1.5%
Guarantee deposit	18.9	0.6%	19.4	0.8%	-2.4%
Receivables - Eletrobrás	-	0.0%	12.8	0.5%	-100.0%
Restricted financial investments	9.8	0.3%	9.3	0.4%	5.5%
Recoverable taxes and deferred tax	47.3	1.5%	19.4	0.8%	143.3%
Other non-current assets	40.2	1.3%	67.0	2.7%	-40.0%
Fixed assets	**1,495.4**	**48.9%**	**1,001.7**	**40.4%**	**49.3%**
PPE, Intangible Assets and Investments	999.3	32.7%	813.6	32.8%	22.8%
Right of Use of Leased Assets	495.8	16.2%	187.7	7.6%	164.1%
Other investments	0.3	0.0%	0.3	0.0%	-13.8%
Total assets	**3,058.1**	**100.0%**	**2,479.8**	**100.0%**	**23.3%**

Liabilities	2T23	AV %	4T22	AV %	Var%
Current liabilities	**1,191.7**	**39.0%**	**945.1**	**38.1%**	**26.1%**
Loans and Debentures	393.5	12.9%	165.9	6.7%	137.2%
Trade Payables and Credit Assignment	376.1	12.3%	378.8	15.3%	-0.7%
	52.6	1.7%	82.0	3.3%	-35.9%
Lease obligations	55.2	1.8%	26.4	1.1%	109.1%
Tax liabilities	49.4	1.6%	43.2	1.7%	14.4%
Payroll and related taxes	83.6	2.7%	64.6	2.6%	29.4%
Advances from Customers	88.6	2.9%	84.5	3.4%	4.9%
Other	92.7	3.0%	99.7	4.0%	-7.0%
Non-current liabilities	**1,492.5**	**48.8%**	**1,067.5**	**43.0%**	**39.8%**
Loans and Debentures	871.3	28.5%	717.7	28.9%	21.4%
Suppliers	-	0.0%	94.4	3.8%	-100.0%
	106.6	3.5%	28.1	1.1%	279.4%
Debts with related parties	56.3	1.8%	56.3	2.3%	0.0%
Provisions	93.7	3.1%	88.4	3.6%	6.0%
Lease obligations	339.0	11.1%	51.4	2.1%	559.5%
Other Non Current Liabilites	25.6	0.8%	31.3	1.3%	-18.2%
Equity	**373.9**	**12.2%**	**467.2**	**18.8%**	**-20.0%**
Capital	250.0	8.2%	250.0	10.1%	0.0%
Earnings reserve	172.9	5.7%	255.3	10.3%	-32.3%
Other comprehensive income	(49.0)	-1.6%	(38.1)	-1.5%	28.6%
Total liabilities	**3,058.1**	**100.0%**	**2,479.8**	**100.0%**	**23.3%**

PortobelloGrupo

Statement of Income

R$ million	2Q23	2Q22	2S23	2S22
Net Sales Revenue	548.8	577.5	1,036.6	1,102.4
Cost of goods sold	(334.3)	(324.9)	(629.8)	(611.5)
Gross Operating Profit	**214.5**	**252.6**	**406.8**	**490.9**
Operating Income (Expenses), Net	**(185.5)**	**(163.1)**	**(357.9)**	**(303.4)**
Selling	(163.9)	(129.5)	(307.8)	(248.4)
General and Administrative	(33.2)	(24.1)	(57.0)	(42.4)
Other Operating Income (Expenses), Net	11.5	(9.5)	6.8	(12.5)
Operating Profit before Financial Income	**29.0**	**89.5**	**48.9**	**187.5**
Financial Result	**(62.1)**	**(9.7)**	**(98.8)**	**(51.0)**
Financial Revenues	10.5	5.7	18.5	10.0
Financial Expenses	(72.3)	(30.2)	(113.3)	(56.8)
Net exchange rate change	(0.3)	14.8	(4.0)	(4.2)
Income (loss) before income taxes	**(33.1)**	**79.8**	**(49.9)**	**136.5**
Income Tax and Social Contribution	(5.2)	(25.9)	(3.4)	(45.0)
Net income (loss) for the Period	**(38.3)**	**53.8**	**(53.3)**	**91.5**

Cash Flow

R$ million	2Q23	2Q22	2H23	2H22
Net cash from operating activities	**20.7**	**39.3**	**8.9**	**123.8**
Cash from operations	75.5	97.9	135.9	198.6
Changes in assets and liabilities	(23.3)	(31.1)	(58.0)	(7.9)
Interest paid and income taxes paid	(31.5)	(27.5)	(69.0)	(66.9)
Net cash used in investment activities	**(119.0)**	**(58.4)**	**(204.2)**	**(73.9)**
Acquisition of property, plant and equipment	(104.5)	(35.3)	(234.4)	(78.2)
Acquisition of intangible assets	(10.9)	(3.9)	(18.9)	(7.6)
	-	(60.2)	-	(60.2)
Receipt for the sale and reimbursement of fixed assets	-	-	-	55.8
Other investments	(3.6)	41.1	49.1	16.3
Net cash provided by (used in) financing activities	**117.6**	**(14.7)**	**348.2**	**(49.1)**
Funding loans and financing	150.0	12.6	412.6	14.8
Payment of loans and financing	(14.6)	(18.7)	(34.5)	(48.3)
Dividends paid	-	(3.5)	-	(3.6)
Lease Amortization	(17.8)	(5.1)	(29.9)	(12.0)
Treasury acquisitions	-	-	-	-
Increase/(Decrease) in Cash for the period/year	**19.3**	**(33.8)**	**152.9**	**0.8**
Opening Balance	**389.7**	**224.2**	**256.1**	**189.7**
Closing Balance	**409.0**	**190.5**	**409.0**	**190.5**

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