

A woman in athletic wear is holding a thick rope on a beach at sunset. The rope is thick and braided, and she is holding it with both hands. The background shows a beach, the ocean, and a city skyline in the distance under a warm, golden sky.

Track & Field

ANNUAL
REPORT
2023

EXECUTIVE SUMMARY

OUR ECOSYSTEM

We are an integrated ecosystem focused on well-being, made up of two main business fronts: Track&Field and TFSports.

In 2023, we reinforced our commitment to **connecting people to an active and healthy lifestyle** and this is reflected in our results, revealing that we were able to strengthen our core business and, at the same time, give traction to the company's main growth paths.

Track&Field, founded in 1988 as a sportswear company, has become a reference in the Brazilian market over 35 years, with a significant presence nationally among its own and franchised establishments. Across our channels, we maintain a broad portfolio of products for all age groups, including sports clothing and accessories, footwear and watersports. Our concept stores, in the Experience Store format, provide a personalized approach, from product selection to participation in events and meetings with specialized trainers. Furthermore, our omnichannel strategy keeps us strongly integrated with the digital world.



TFC Food&Market, part of Track&Field, offers healthy food and drink options, both for consumption on site and for purchase, with carefully selected products. Our product offering is expanded by tfmall, a curated marketplace featuring premium wellness products, where customers have access to a carefully selected range of items that meet the highest standards of quality and innovation.

TFSports, another important business front, organizes a variety of sports events, such as the Santander Track&Field Run Series, the Track&Field Open de Beach Tennis, the Track&Field Experience and *Continuem Movimento* (Keep Moving), promoting not only sports practice, but also unique experiences for our customers. Created in 2017, TFSports is in a phase of expansion and has been consolidating itself as one of the largest well-being platforms in the country, promoting and integrating the entire ecosystem of experiences, products and services related to wellness. Undergoing a major digital transformation project, from 2024 onwards TFSports is restructuring itself to turn into a healthtech.

TRACK & FIELD ECOSYSTEM

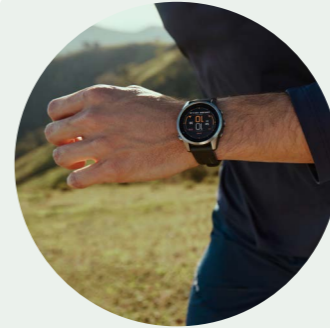


Track & Field

Sportswear & sports accessories, footwear and watersports.



Coffee shop and minimarket, with an exclusive menu and curation.



Curated marketplace with premium products oriented towards an active and healthy lifestyle.



A platform that integrates our entire events ecosystems and well-being experiences, providing street races; beach tennis tournaments; free online classes for different sports modalities; in addition to other experiences.

OUR MISSION

Connecting people with an active and healthy lifestyle.

OUR VISION

Creating products and experiences that exceed customer expectations, efficiently expanding our presence in the Brazilian market.



OUR VALUES

INTEGRITY

- Ethical sense
- Honesty
- Transparency
- Coherence
- Justice

RESPECT

- Empathy
- Humility
- Listen without judgment
- Respectful communication
- Follow rules and agreements

COLLABORATION

- Sense of collectivity
- Team work
- Customer solution focus
- Sharing ideas and goals
- Learning together
- Asking for and giving feedbacks

BUSINESS MINDFULNESS

- Growth mindset
- Well-founded decision making
- Improve and innovate
- Take risks responsibly
- Efficiency
- Sustainability

CUSTOMER SUCCESS

- Customer-centric decision-making
- Add value to products and experiences
- Meet and exceed customer expectations
- Develop our franchisees
- Spirit of serving
- Listening and acting as an ambassador for our client



PURPOSE

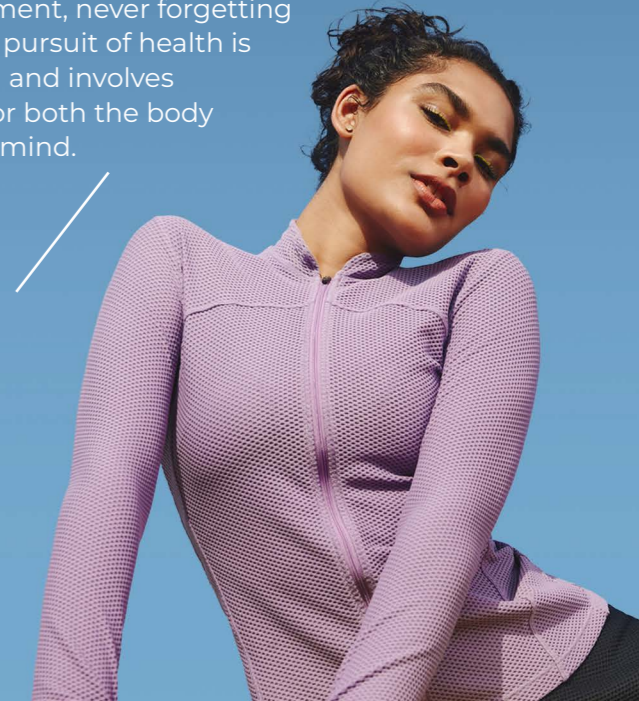
A healthy life requires balance.

The role of the Track&Field brand is to make balance possible, knowing that it is unique and different for each person.

It is to inspire, through sports, the pursuit of well-being and to show that, to accelerate, breathing is fundamental.

This conviction must be present in everything we deliver: from the product to the store, from the content to the experience. Always striving to exceed expectations.

Yes, indeed, we will encourage a healthy and more natural lifestyle, respecting the environment, never forgetting that the pursuit of health is ongoing and involves caring for both the body and the mind.





GENERAL HIGHLIGHTS

Sell out of
BRL 1.2 billion,
a 19.4% increase compared to 2022.

Adjusted net profit¹ of
BRL 120.8 millions,
20.8% higher than that recorded in 2022.

Increase in profitability
measured in terms of adjusted
EBTIDA² (+23.5% YoY),
with a margin of 22.8% in 2023
vs. 22.2% in 2022.

Launch of the
ESG Plan 2025,
with eight commitments
divided into three pillars:
**People; Products
and Experiences;
and Environment.**



First place in the
Financial category of the
IBEVAR 2023 Award,
being the company with the
highest return on invested capital.

Growth of
25.5%
in the sell out of the
e-commerce channel
(captured view).



Creation of the Action Plan of
Diversity and Inclusion,
which prioritized four marginalized audiences:
*Gender, Race and Ethnicity Groups,
People with Disabilities (PwDs)
and LGBT+.*



Development of an
internal communication
plan to encourage
*the culture of
sustainability.*

1. Adjusted Net Profit: exclusion of the application of IFRS 16 and non-recurring expenses.
2. Adjusted EBITDA: exclusion of the effects of IFRS 16 (effect of excluding depreciation expense of right-of-use assets and lease expense related to rentals) and non-recurring expenses.

Creation of a socio-environmental risk matrix

of the supply chain and restructuring of our Supplier Social and Environmental Assessment and Monitoring Program.



ESG Commitments

linked to the Executive Board's variable compensation.

Creation of the list of socio-environmental attributes for products,

which involved mapping more sustainable raw materials as alternatives to conventional materials.

Pilot project with **5,792** deliveries including low-emission vehicles, which reduced **GHG emissions by 76%.***



*In comparison with deliveries if they had been made by conventional vehicles.

Identification of opportunities and risks related to



climate issues.

Finalization of Solid Waste Management Plan

of own operations and its management improvement tools.



OUR BUSINESS

Track & Field

Track&Field has a company-owned network and franchised stores throughout the country, totaling 359 stores in 162 cities across 25 states and the Federal District, with a digital presence offering a personalized omnichannel experience. We are leaders in the Brazilian sportswear market, offering a complete portfolio that includes sportswear, fitness, lifestyle, watersports, footwear, and accessories.



HIGHLIGHTS OF THE YEAR



32 stores opened, totaling
359 stores
and renovation of another 21 stores.

Offering more than
7.1 million
of products.

The second wave of
omnichannel integration,
focusing on the infinite showcase, piloted in
226 stores
throughout the year.

Opening of
3 stores 
of TFC Food&Market,
totaling 9 units.

23 national
sellers and
314 regional
sellers.

NPS
84.2
points.



Supply chain

The success of our collections, which offered more than 7.1 million products throughout 2023, is the result of long-lasting partnerships with our suppliers, which cover a variety of partners for national and imported inputs, raw materials and finished products, in addition to dyeing, laundry to dyeing and proofing, labeling, folding and packaging services. In 2023, we relied on the collaboration of 115 companies, some with decades of relationship with us.

To serve our consumers with quality and agility, we have our own fabric factory and acquire raw materials from specialized suppliers for internal production and in sewing factories – small companies that manufacture the pieces, from cutting to finishing. Furthermore, we obtain finished products from several national and international suppliers. This

hybrid production model allows us to offer manufacturing alternatives, with the goal of achieving the best cost-benefit ratio for the consumer. This provides excellent lead time and optimizes the costs of core products, ensuring access to innovations and new technologies.

Given such a comprehensive chain in mind, in 2023 we dedicated ourselves to restructuring and expanding our Socio-Environmental Assessment and Monitoring Program for the national textile supply chain, in line with our commitment to the ESG Plan 2025. To review the Program, diagnostic steps were carried out; awareness raising of leaders and purchasing interface areas; in addition to the development and updating of management tools, such as a socio-environmental risk matrix for the supply chain; assessment questionnaires and their supporting documents.

Retail

With a wide national network of 359 stores, 46 of which are company-owned and 313 franchised, in 2023 we advanced in expansion with the opening of 32 stores in high traffic areas, ensuring greater proximity to our customers, and the renovation of 21 stores following the Experience Store concept, curating products in a way that reflects the brand's wellness ecosystem.

Furthermore, our efforts are focused on increasing our presence in the digital environment with the implementation of initiatives within our omnichannel strategy, such as ship from store, in which physical stores function as small distribution centers, and the pick-up in store model, in which products purchased online can be picked up directly



in stores. We ended the year with 337 stores operating in both models.

Social selling was also relevant, representing 43.3% of the sell out, including sales techniques via payment links and express delivery in some regions.

tfmall®

tfmall was designed to enrich our customers' well-being journey, integrating with our e-commerce platform. Here, we offer a careful selection of premium products, making it easy to access a diverse range of items that cater to an active and healthy lifestyle. We ended 2023 with nine brands available, all of them aligned with our purpose (Apple, Garmin, Head, Hoka, Manduka, New Balance, Polar, Samsung and Saucony).



Integrated to
226 stores
*through the infinite
showcase concept*

Growth of
90.6%
in the fourth quarter of 2023

food & market

As part of our purpose, we integrated TFC Food&Market into some physical stores. It is a coffee shop and minimarket, which offers our customers a space for social interaction, a menu and curation of delicious and healthy products. Focusing on the “Fresh & Up” concept, the space offers fresh options, mainly locally sourced and grown without pesticides.



3 new stores
in São Paulo,
one being in our administrative headquarters building.

We closed 2023 with
9 units
*distributed in São Paulo (SP),
São Roque (SP), Salvador (BA), João
Pessoa (PB) and Belo Horizonte (MG).*

tfssports

In 2023, TFSports hosted 2,925 sports events, bringing together more than 250 thousand participants. These are diverse events to cater to various audiences, such as runners, beach tennis players and fans of sports and well-being in general. For running lovers, we offer the Santander



Track&Field Run Series, the largest street running circuit in Latin America. The Beach Tennis Track&Field Open brought together pairs of beach tennis players in various stages throughout the year and expanded from 16 to 35 editions in 2023, including new cities and categories.

We also offer the Track&Field Experience, experiences with different modalities and formats. In addition to in-person events, we have *Continue em Movimento* (Keep Moving), a front that offers free online classes

through the TFSports app, taught by qualified and experienced teachers from different disciplines, such as yoga, pilates, functional, dance and much more.

In 2024, TFSports will undergo a process of expansion and digital transformation that will enable the launch of three marketplace verticals focused on well-being and health, expanding the offer of products and services and creating an infrastructure for TFSports to consolidate itself as a healthtech in the future.

2,925 sports events, and more than 592 thousand users on the platform.

Santander Track & Field

RUN SERIES

81 stages Over 159 thousand participants

Track & Field OPEN BEACH TENNIS

2nd edition 35 stages in 2023 Over 8 thousand participants

CONTINUE EM MOVIMENTO

+21 modalities in the project Over 1,600 classes

Track & Field EXPERIENCE

374 events

GOVERNANCE

Our governance structure is made up of several decision-making and advisory bodies to ensure effective and responsible management. We have a General Meeting of Shareholders, which meets ordinarily once a year and, extraordinarily, as necessary. Its responsibilities include analyzing financial statements, deliberating on the distribution of dividends, electing members for the Board of Directors and Fiscal Council, among other duties.

The Board of Directors assumes responsibility for establishing business guidance, defining policies and evaluating risks and opportunities. The body is made up of 5 to 7 members elected by the General Meeting of Shareholders for two-year terms, with the possibility of re-election. All members must have professional experience and diverse knowledge, in line

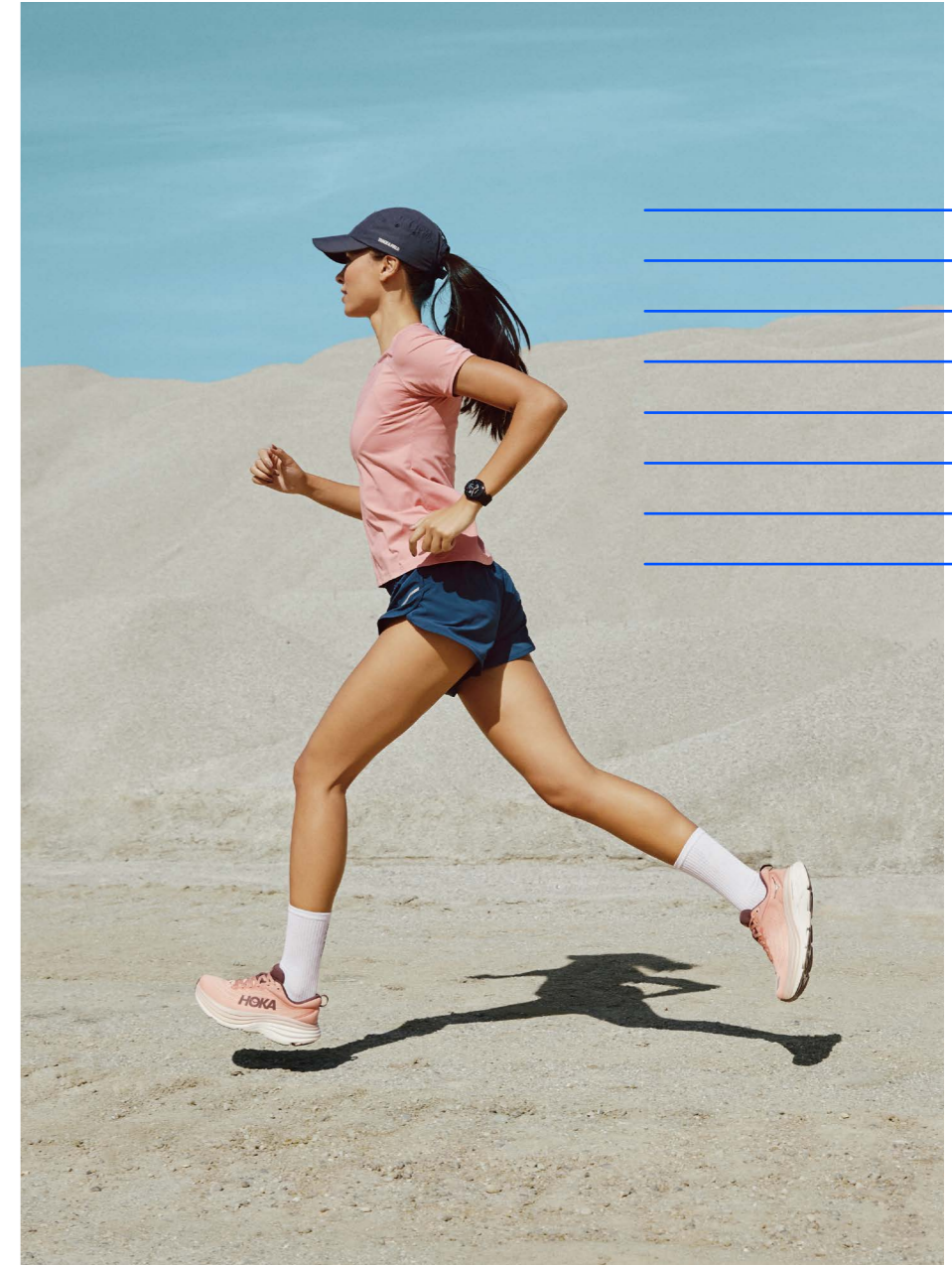
with our strategic themes. The Board of Directors has the support of thematic committees: the Statutory Audit Committee, the Strategy and Innovation Committee, the People Committee and the Sustainability Committee.

The Fiscal Council is responsible for monitoring the actions of administrators and analyzing the financial statements, among other duties observed by law or as good corporate governance practice. The Executive Board works to execute the strategy, strengthen the business and manage impacts. To manage impacts on the economy, the environment and people and monitor the ESG Plan, the Executive Board has an ESG Executive Management, which reports to the CEO.

The Board of Directors, its advisory committees and the Executive

Board are evaluated at least once during the term of office, and regularly through a process conducted with the support of external advisors. The evaluation is based on the performance of specific activities and deliberate themes, and aims to constantly improve the effectiveness of the bodies. Additionally, the Committees have the presence of external specialist members who add specific knowledge to the scope of each Committee.

In 2023, continuing the evolution of our governance, we carried out an internal reorganization of the Executive Board, which recognized the results of the work of talented professionals and paved the way for our development strategy, directing efforts towards the core business, while at the same time boosting the main avenues of the company's growth.

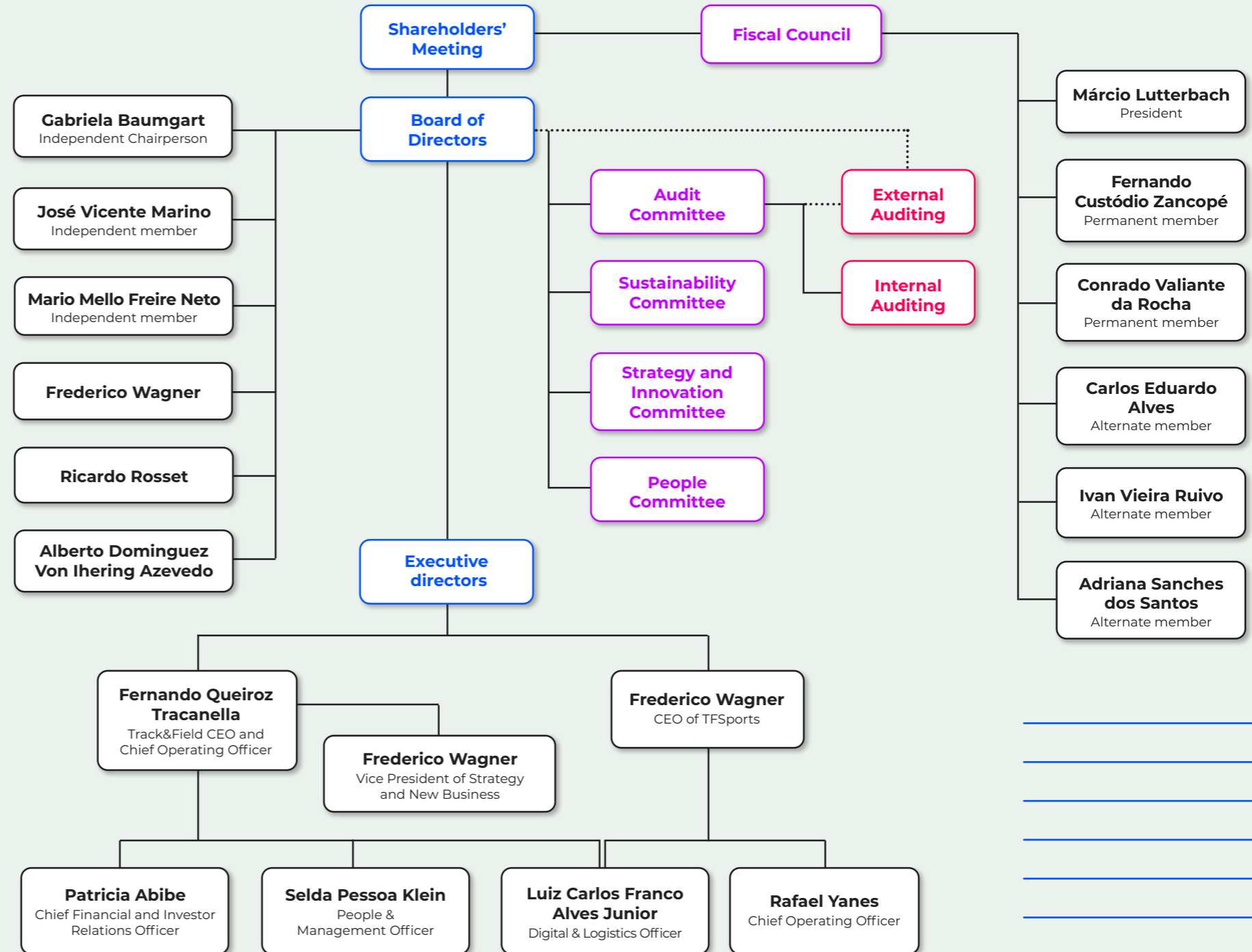




Among our governance practices, the following stand out:

- Availability of varied communication channels to offer relevant and updated information to shareholders and the market in general;
- Shareholder access to Administration, through General Assemblies, public meetings or interaction with the Investor Relations team;
- Presence of independent members on the Board of Directors representing 50% of the members, especially in the presidency of the body;
- Work on thematic committees (Statutory Audit Committee, Strategy and Innovation Committee, People Committee and Sustainability Committee);
- Application of strict compliance mechanisms to ensure the dissemination of ethical precepts among employees and other stakeholders;
- Fiscal Council installed, composed of three members, one appointed by minority shareholders.
- 33% of women on the Statutory Board;
- 100% of women on the Statutory Audit Committee;
- Positions of chairman of the Board of Directors and chief executive officer held by different executives;
- Internal regulations for the Board of Directors, Fiscal Council, advisory committees and Board of Directors;
- Formal evaluation by the Board of Directors, advisory committees and the Board of Directors;
- Long-term incentive plans aligning the interests of management and shareholders;
- Board with variable remuneration linked to ESG goals;
- Outsourced and independent reporting channel.

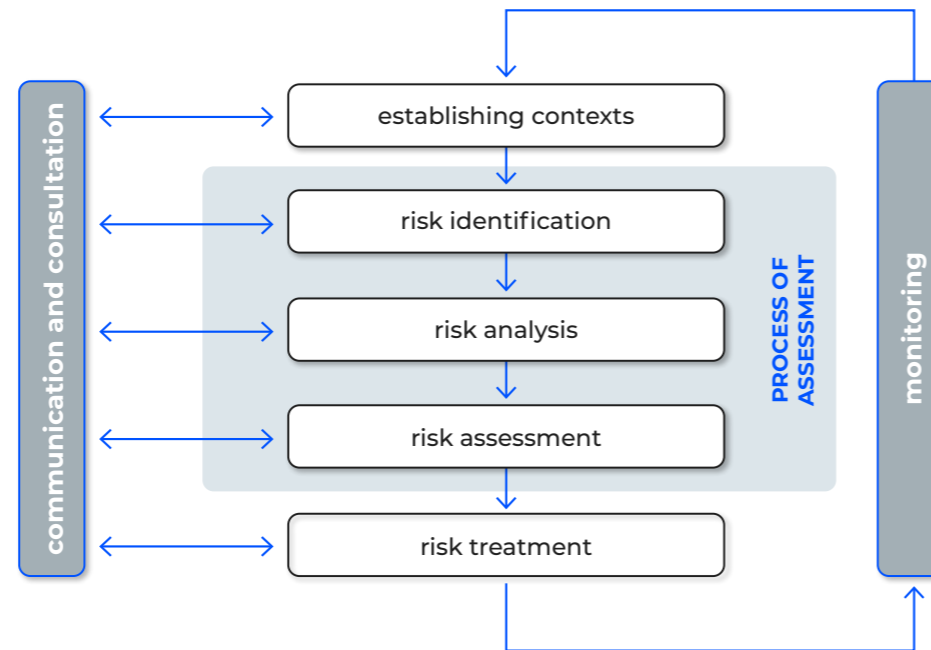
GOVERNANCE STRUCTURE



RISK MANAGEMENT AND IMPACTS

In 2023, we adopted a methodology that connects our risk management to daily processes and strategic planning. We thus strengthen an organizational culture focused on preventing and mitigating risks and responding quickly to events that could materialize them. The analysis process includes defining actions to maintain risks at acceptable levels, mitigating significant impacts. We develop control activities to identify emerging risks and internal and external changes that may affect our operations.

Our risk management structure follows the Institute of Internal Auditors (IIA) three-line model: the first represents the business areas; the second provides support



and monitoring, and the third provides independent assessment. Risk owners play a fundamental role in disseminating the risk management culture in their areas, identifying risk

factors, proposing limits and actively participating in the management process.

Throughout the year, we conducted a comprehensive study to identify climate risks

and opportunities, following the guidelines of the Task Force on Climate-related Financial Disclosures (TCFD). In partnership with external consultancy, the project took place in two major stages. Firstly, we developed a benchmark of climate risks and opportunities, aligned with the TCFD framework and internally aligned the methodology and scales for classifying the identified risks.

In the second stage, we identified, assessed and recorded 25 climate risks and nine opportunities applicable to our business. Each one was thoroughly evaluated, including a description of the impact and its applicability to our operations. As a result, we prioritized six risks and five opportunities. Identified risks include carbon pricing mechanisms, extreme weather events, changes in weather

patterns and resource scarcity, while opportunities encompass sustainability initiatives, energy efficiency and the development of low-emission products. The 25 identified climate risks were converted into risk factors and incorporated into our corporate risk matrix through a detailed exercise, associating each climate risk factor with an existing corporate risk. Furthermore, we added a new risk on Climate Change to the matrix, consolidating all 25 identified risk factors. This approach reinforces our commitment to proactively managing climate challenges and strengthens our positioning as a resilient company committed to sustainability.

Main climate risks and opportunities identified for T&F



Type	Climate risk factor
Regulation	Carbon pricing mechanism for third parties and the company
Physical	Floods, storms and landslides that interrupt the supply chain and affect T&F structures
Physical	Changes in precipitation patterns and types and the impact on T&F structures
Physical	Temperature changes and the impact on the availability of inputs
Physical	Water shortages and periods of drought that increase the cost of energy and can affect the supply chain
Reputational	Stigmatization of the sector

Type	Climate opportunity
Resource efficiency	Lower water use and consumption, both for our own and for the supply chain
Resilience	Participation in renewable energy programs and adoption of energy efficiency measures
Resource efficiency	Use of more efficient distribution processes
Products and services	Development and/or expansion of new products or services with low emission rates through R&D
Power supply	Shift to decentralized energy generation or renewable matrix



ESG PLAN 2025

Our ESG Plan 2025, designed in 2022, represents a significant milestone in our journey towards sustainability. With eight voluntary and qualitative commitments, we now have guidance for our efforts on the socio-environmental agenda until December 31, 2025.

The commitments were organized into three pillars: People; Products and Experiences; and Environment. The People pillar reflects our dedication to involving our stakeholders in our socio-environmental journey. In Products and Experiences, we want to offer products and experiences with positive socio-environmental attributes.

And, in the Environment area, we want to understand and reduce our environmental impacts. Tracked by key performance indicators, commitments will be constantly reviewed and monitored to ensure continued progress towards our objectives.

In 2023, we made progress towards all commitments and went from an initial stage to a new level in which we have already established action fronts ready to be implemented from 2024.



ESG Plan 2025

General status



PEOPLE

Engage key stakeholders in our ESG journey

COMMITMENTS

Promote and foster initiatives connecting society with an active and healthy lifestyle.

STATUS

ONGOING

ACTIONS

TFSports entered into a partnership with Achilles International Brazil, an organization whose mission is to transform the lives of people with disabilities through sports programs and social connection. We also support social impact projects related to sport, through private social investment and project funding via incentive laws.

RELATED SUSTAINABLE DEVELOPMENT GOALS (SDGS)



Encourage our employees to have a more active and healthy lifestyle; promote a culture of sustainability and a more diverse and inclusive work environment.

ONGOING

Development and implementation of an internal communication plan aimed to foster a culture of sustainability through internal actions. Development of the Diversity and Inclusion Action Plan prioritizing four marginalized groups: gender; race and ethnicity; disabilities; and LGBT+.

Redesign and expand our socio-environmental assessment program for the domestic textile supply supply chain.

ONGOING

Creation of a matrix of socio-environmental risks for the supply chain; review of the socio-environmental assessment and monitoring system and creation of support tools; review of the Code of Conduct for Suppliers.

Make our ESG initiatives more transparent for investors and customers.

ONGOING

Publication of the first Annual Report for 2022.



PRODUCTS AND EXPERIENCES

Offer products and experiences that enable a more active, healthy and sustainable lifestyle

COMMITMENTS

Search for alternatives and solutions with socio-environmental attributes for products and experiences.

STATUS

ONGOING

ACTIONS

Creation of a list of socio-environmental attributes for products, focusing on raw materials.

RELATED SUSTAINABLE DEVELOPMENT GOALS (SDGS)



Lead initiatives that contribute to increasing the products and materials use cycle.

ONGOING

Assessment of the possibilities of disposing disused materials to increase their use cycle.



ENVIRONMENT

Understand and reduce the environmental footprint of our operations

COMMITMENTS

Monitor, reduce and neutralize* scopes 1, 2 and 3 greenhouse gas emissions.

STATUS

ONGOING

ACTIONS

Preparation of a 2022 GHG emissions inventory; development of a study on climate opportunities and risks; 2022 scopes 1 and 2 emissions neutralized.

RELATED SUSTAINABLE DEVELOPMENT GOALS (SDGS)



Create a Solid Waste Management Plan for owned operations and establish waste reduction goals.

ONGOING

Solid Waste Management Plan completed and creation of tools that will support us in better waste management.

* Scopes 1 and 2.

FINANCIAL RESULTS

The year was marked by the realization of our positioning as a true well-being ecosystem, accelerated by a combination of investments in innovation and new business fronts. We achieved record results, maintaining double-digit growth in every quarter.

Our consolidated net revenue in 2023 reached BRL 683.7 million, representing a growth of 20.5% compared to 2022. Gross profit, in turn, grew 20.7%, reaching BRL 394.4 million, with a gross margin of 57.7%. This performance is the result of continuous sales growth throughout all quarters of the year. Consolidated adjusted EBITDA for the year 2023 reached BRL 155.8 million,

showing significant growth of 23.5% and an adjusted Ebitda margin of 22.8%. Adjusted net profit reached BRL 120.8 million, marking a significant increase of 20.8% compared to the previous year.

In terms of sales, 2023 reached a sell out of BRL 1.2 billion, an increase of 19.4% compared to 2022, with emphasis on renovated stores, which grew their sales by 34.9%. In e-commerce, we grew 25.5% in the vision captured in 2023 and consolidated the ship from store model, which represented, in 2023, 78.5% of sales captured by e-commerce.

Sell out
BRL 1.2 billion
 +19.4% (2022)

Net Revenue
BRL 683,7 million
 +20.5% (2022)

Adjusted net profit¹ of
BRL 120,8 million
 +20.8% (2022)

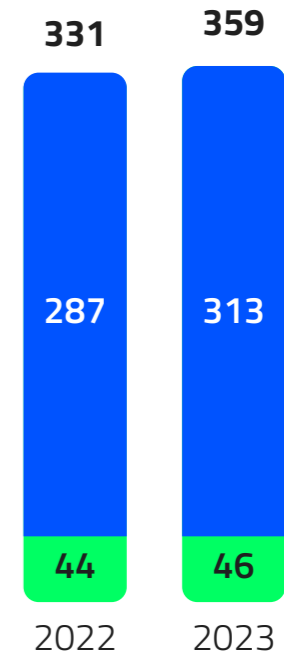
1. Adjusted Net Profit: exclusion of the application of IFRS 16 and non-recurring expenses.

Adjusted EBITDA²
BRL 155,8 million
 +23.5% (2022)

2. Adjusted EBITDA: exclusion of the effects of IFRS 16 (effect of excluding depreciation expense of right-of-use assets and lease expense related to rentals) and non-recurring expenses.

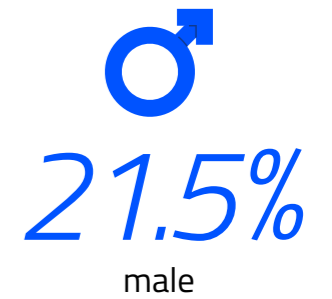
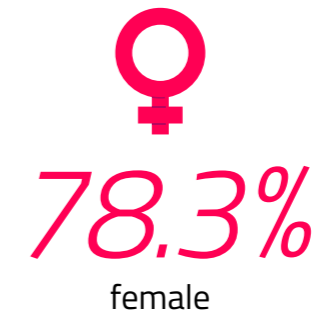
TFSports Net Revenue
BRL 36 million
 +36.4% (2022)

Expansion of stores



OUR PEOPLE

The latest engagement survey, conducted in 2023 in partnership with the consultancy Pulses, revealed an active participation of 93.2% of employees, with an ambassadorship index of 8.9. The survey assesses the satisfaction of our teams in relation to 12 essential dimensions, such as well-being, happiness, feedback, ambassadorship, leadership, among others. We also highlight the high employee engagement rate, reaching 80% on a scale of 0 to 100%.

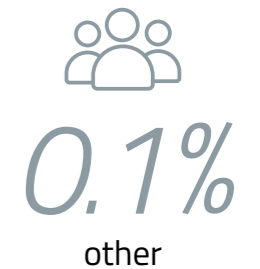
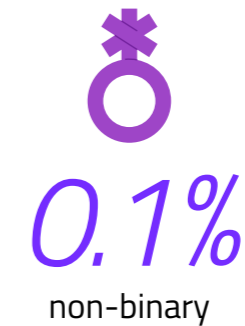


Collaborators by region and gender

	2022		2023			
	MALE	FEMALE	MALE	FEMALE	NON-BINARY	OTHER ¹
Southeast	283	990	307	1,068	2	1
South	20	115	35	128	0	0
Midwest	8	27	1	42	0	0
North ²	0	0	0	0	0	0
Northeast	4	20	2	21	0	0
Total	315	1,152	345	1,259	2	1

1. Gender as specified by the employees.

2. We do not have our own operations in the North region.



Our compensation and benefits practices strictly follow legislation, collective bargaining agreements and market standards. To ensure our compensation remains competitive, we regularly participate in salary surveys within our industry. These analyses guide our salary competitiveness standards, which are essential for attracting and retaining the best talent. We also announced our participation in the *Empresa Cidadã* (Citizen Company) program starting in 2024, which will extend the current maternity leave from 120 days to 180 days and increase the paternity leave from 5 days to 20 days.

Throughout the year we also developed our Diversity Action Plan, which is divided into four fronts: People with Disabilities (PwDs), Race and Ethnicity, Gender and LGBT+. For each of these fronts, objectives were established to be achieved by 2025.

All of these efforts were essential for us to prioritize key audiences and define

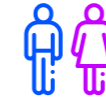
the directions of our efforts on this agenda. As a result, our Diversity and Inclusion Action Plan consisted of a broad diagnostic process conducted by a specialized consultancy; in addition to awareness and literacy actions; prioritization and definition of objectives; and details of the action plan.

The diagnosis involved interviews with company leaders, in addition to a lecture and alignment with the Board of Directors. We also promote conversation circles and focus groups with employees from different hierarchical levels and types of operations: stores, distribution centers, factories and administrative headquarters. These activities not only provided valuable diagnostic insights, but also aimed to promote awareness and sensitization about the importance of diversity.

Diversity and Inclusion Action Plan

FRONT

Gender



GOAL

To be an increasingly welcoming and promising company for women to develop their careers.

Race and Ethnicity



Increase the representation of people from different backgrounds in all positions and business units.

PwDs



Offer work opportunities that promote the development of professional and personal skills for people with disabilities, as well as providing an inclusive environment where everyone feels genuinely welcomed.

LGBT+



Create a space for open and inclusive dialogue that contributes to maintaining a safe and respectful environment for everyone.

COMMUNITY ENGAGEMENT



In our journey of supporting the community, we reinforce our commitment to projects aligned with our mission, highlighting initiatives that promote sports and transform lives. Throughout the year, in line with our ESG Plan macro objective of connecting people to an active, healthy and more sustainable lifestyle, we support social responsibility projects through the contribution of our own resources and incentive laws.

Achilles International Brazil

Partners from 2023, the NGO transforms the lives of people with disabilities through sports programs and social connection.

Instituto Guga Kuerten

A partnership started in 2015, the entity promotes sports, educational and social initiatives aimed at children, teenagers and people with disabilities in Santa Catarina.

Hospital de Amor

With a partnership established since 2016, it operates in prevention, rehabilitation and research related to the oncology area, with treatment units distributed throughout Brazil.

Instituto Esporte & Educação (IEE)

Since 2020, we have been partners with the Institute, which promotes sports culture in low-income communities, trains Physical Education teachers, promoting values such as inclusion and respect for diversity.

Associação Santo Agostinho (ASA)

Since 2020, we have supported ASA, which offers personal development opportunities with respect and dignity for children, young people and adults from vulnerable communities.

Escola de Atletismo de Paraty

Supported by Comunitas, a civil society organization, in a collaboration that began in 2021, the program benefits students from public schools in Paraty (RJ), encouraging them to practice sports and helping to train future athletes, promoting inclusion Social.

ENVIRONMENT

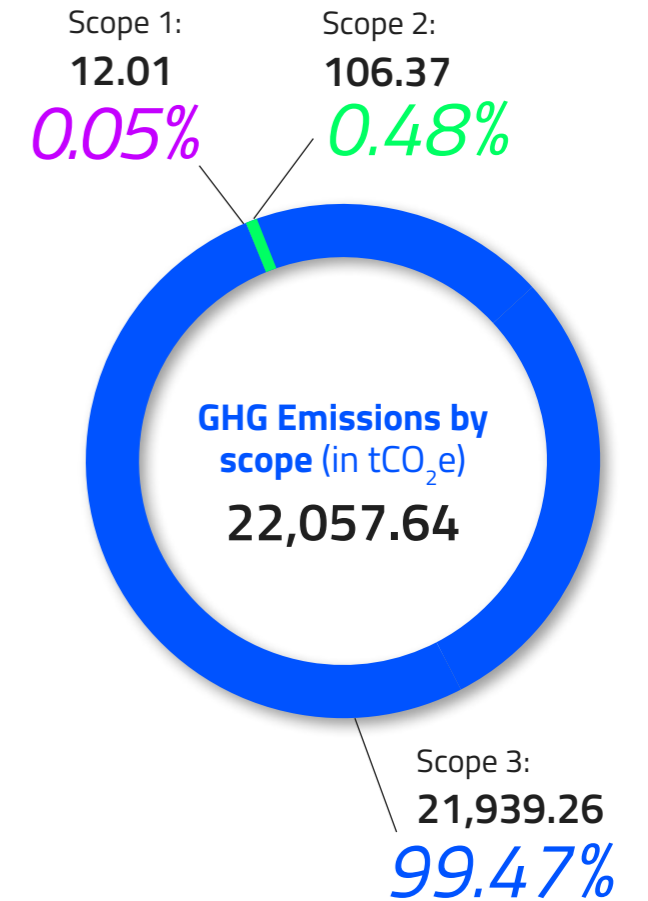
Within the Environment pillar of our ESG Plan 2025, we have a commitment related to climate change, an issue that has gained prominence especially due to the extreme weather events observed recently. In 2023 we dedicated ourselves to understanding our impacts and prepared our greenhouse gas (GHG) emissions inventory, in accordance with the GHG Protocol Corporate Standard methodology and the ISO 14064-1 standard. According to the methodology, emissions are classified into three scopes: direct (Scope 1), indirect through energy acquisition (Scope 2) and other indirect emissions (Scope 3).

Our inventory was prepared considering all categories applicable to our business.

GHG Emissions by Scope (in tCO₂e)

GRI 305-1, 305-2, 305-3

	2022	2023
Scope 1	18.25	12.01
Mobile combustion	6.10	10.50
Stationary combustion	1.15	1.32
Fugitive emissions	11.00	0.20
Scope 2	90.41	106.37
Acquisition of electricity	90.41	106.37
Scope 3	23,538.00¹	21,939.26
1. Goods and services purchased	18,201.54 ¹	16,236.56
2. Capital goods	1,456.03	1,273.88
3. Activities related to fuels and energy not included in Scopes 1 and 2	48.24	59.51
4. Transport and distribution (upstream)	148.63	118.99
5. Waste generated in operations	81.98	108.63
6. Business travel ²	269.48	461.85
7. Employee commuting (home-work)	1,685.88	1,914.18
9. Transport and distribution (downstream)	223.52	229.20
11. Use of Sold Products	852.93	864.93
12. End-of-life treatment of sold products	371.81	450.47
14. Franchises	197.96	221.07
Total	23,646.66¹	22,057.64



1. In 2023, we identified an opportunity for improvement related to the emission factors used to calculate Scope 3, updating the emission factors referring to raw material and finished product activity data. This improvement was also applied to 2022 data. [GRI 2-4](#)

2. In reviewing the 2022 data, it was observed that emissions resulting from employees commuting using app cars represent 0.09% of Scope 3, and it was found that the index remained at the same magnitude compared to the previous year. In this way, we excluded the calculation of emissions for traveling in category 6 application cars.

In the search for continuous improvement in our data collection, we identified an opportunity for improvement related to the emission factors used to calculate Scope 3, which had an impact mainly on category 1 – Goods and Services Purchased. Aligned with the GHG Protocol, we also redid the calculation of the affected categories for the year 2022 and the index for Scope 3 was updated to 23,538 tCO₂e.

In 2023, our total emissions were 22,057.64 tCO₂e, which represents a reduction of 6.7% compared to the previous year's updated emissions.

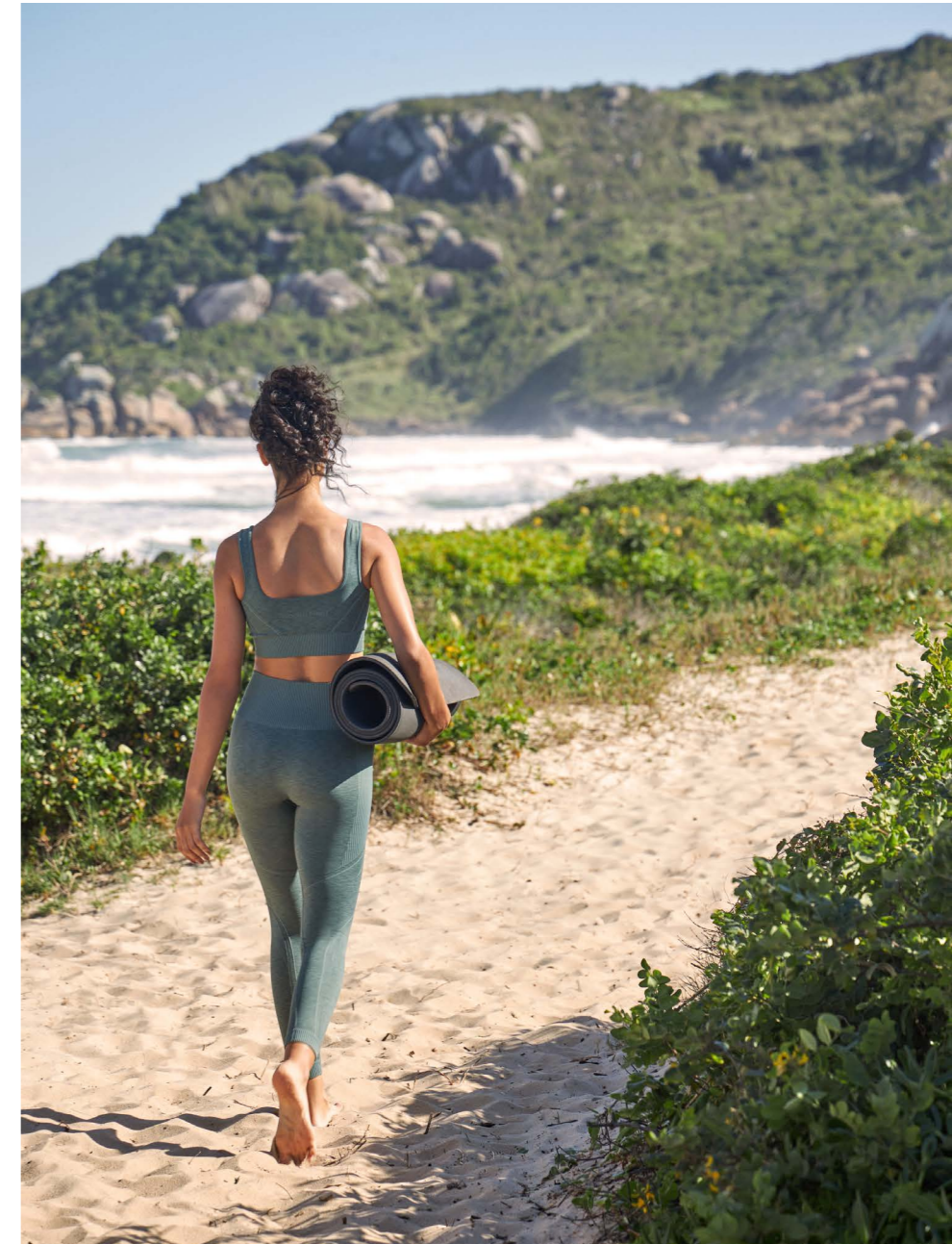
In Scope 1, there was less maintenance on refrigeration equipment, generating lower emissions of refrigerant gases. In Scope 2, emissions did not increase in the same proportion as the increase in energy consumption caused by the expansion of the factory's

operations in Joinville, due to the decrease in the emission factor of the Brazilian grid. In Scope 3, the reduction was due to methodological changes, such as improving data collection, changing the base of emission factors to bases with greater granularity and improving planning for the acquisition of materials and products.

In 2023, we neutralized 109 tCO₂e related to our 2022 scope 1 and 2 GHG emissions through the REDD+ Jari/ Amapá project. We also carried out a pilot project for last-mile deliveries in the capitals of São Paulo and Rio de Janeiro with low-emission vehicles, and, throughout the year, the 5,792 deliveries from this project added up to a 76% reduction in emissions, when compared to same volume if they had been made with conventional vehicles.

Climate risks and opportunities

In 2023, we have dedicated ourselves to better understanding how climate change interacts with our business, and conducted a comprehensive study to identify climate risks and opportunities, following the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). In partnership with external consultancy, we internally aligned the methodology and scales for classifying identified risks and incorporated them into our corporate risk matrix. We identified, assessed and recorded 25 climate risks and nine opportunities applicable to our business, of which 6 risks and 5 opportunities were prioritized. For more information, [read more on page 16](#).



Waste management

In 2023, we also made progress towards the commitment established in our ESG Plan 2025 to create a comprehensive Solid Waste Management Plan (PGRS in Portuguese) for our own operations. In this sense, we carried out an in-depth study to understand waste management in each of our units. Technical visits were carried out to stores, including some with TFC Food&Market; to factories; to the distribution center; to the warehouse dedicated to TFSports operations; and our administrative headquarters, in addition to visiting and conducting technical analysis of three sports events.

Based on this study, we developed several management support documents, including our PGRS, which details waste management in all our units, establishing goals for adequate management of waste generated in our activities.

The PGRS covers all of our business units and is in compliance with Law 12,305/2010, National Solid Waste Policy. A comprehensive diagnosis was also prepared, which not only describes the current management of each type of waste in our units, but also the impacts and challenges at all stages of waste management, highlighting points of attention, positive aspects and environmental, legal trends and consumption. Furthermore, we have developed a detailed procedure for improving waste management processes at our units. From 2024, these tools will be used to support the beginning of the implementation of improvements in waste management mapped in our own operations.

In our physical stores, we have adopted measures designed to reduce impact, including replacing plastic packaging with tissue paper and reusing, whenever possible, the zip bags that package all of our clothing items. Furthermore, we encourage the practice of repairs on mannequins to

extend their useful life. It is worth mentioning that we environmentally compensated the plastic and paper packaging distributed, in line with legislation, totaling 51.21 tons of paper and 15.58 tons of plastic compensated in 2023, referring to distribution in 2022.

Energy

Also in 2023, we continued mapping energy consumption in our factories, own stores, offices, warehouses and distribution centers and consumed a total of 2,762.1MWh of electricity, which is equivalent to 9,943.6GJ. In addition to this electrical consumption, our generators contributed 563 liters of diesel, representing a consumption equivalent to 23.1GJ.

Energy consumption within the organization (in GJ)

GRI 302-1

UNIT	2022			2023		
	ELECTRICITY	DIESEL	TOTAL	ELECTRICITY	DIESEL	TOTAL
TFLog	367.3	8.2	375.5	357.9	9.8	367.7
JK	247.4	-	247.4	363.5	-	363.5
Factories	1,560.8	11.7	1,572.5	3,075.7	13.2	3,088.9
Own stores	5,535.0	-	5,535.0	6,122.2	-	6,122.2
Warehouse	-	-	0.0	24.3	-	24.3
Total	7,710.5	19.9	7,730.4	9,943.6	23.0	9,966.6

Corporate information

GRI 2-1, 2-3

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Expedient

The collaboration and partnership of the Track&Field teams were essential for the preparation of this Annual Report. Thanks to the dedication of each employee, we were able to share our achievements, evolutions and challenges throughout 2023. Thank you!

COORDINATION:
[ESG T&F Team](#)

CONTENT, DESIGN AND CONSULTANCY:
[Walk4Good](#)

PHOTOGRAPHY:
[Internal collection](#)

LIMITED ASSURANCE:
[Deloitte Touche Tohmatsu Auditores Independentes Ltda](#)

Track & Field