

Track & Field



Earnings Release 1Q22

Video conference
May 13 (Friday)
09:00 BRT | 08:00 am NY

Portuguese
[Click here](#) to access the
video conference

English
[Click here](#) to access the video
conference

São Paulo, May 12, 2022 – Track & Field CO S.A. (B3: TFCO4) announces its results for the first quarter of 2022 (1Q22). The consolidated financial statements were prepared in compliance with the accounting practices adopted in Brazil with the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB).

Operating Highlights



Sell out in 1Q22 amounted to **R\$ 209.4 million, +68.1%** vs. 1Q21, with growth of **55.8% at Same Store Sales**. Compared to the pre-pandemic period of 1Q19, total growth was 108.8% in 1Q22;



3 new stores were opened in the quarter, all of which are franchises, and the chain reached a total of **300 stores at the end of the quarter**;



Increase in sales through **ship from store** in the total sales generated from e-commerce, which grew from **14% in 1Q21 to 50% in 1Q22**. At the end of 1Q22, **252 stores already had the ship from store/pick up in store** implemented, also counting on the **Super Express Delivery** (up to 2 business days at most);



Even with the reopening of stores, the **Social Selling** has been remaining relevant, representing **34% of sales in the period**;



In addition to offering free classes and online races, the **Trainer Platform has been connecting an increasing number of coaches (more than a thousand currently)**, promoting events and classes of different sports for our customer base;



NPS (Net Promoter Score) remains at a high level, scoring **77 points** in the quarter, demonstrating that the high growth was accompanied by the satisfaction and loyalty of our customers with the brand.

Financial Highlights



Net Revenue amounted to **R\$ 112.5 million** in 1Q22, **+76.6%** vs. 1Q21 (R\$ 63.7 million);



Gross Profit with growth of **65.8%**, reaching **R\$ 67.6 million** in 1Q22, and with **Gross Margin** of **60.1%**;



Adjusted EBITDA reached **R\$ 27.7 million** in 1Q22, **217.7% higher** than R\$ 8.7 million in 1Q21. **Adjusted EBITDA margin** was **24.6%** in 1Q22 vs. 13.7% from 1Q21;



Adjusted Net Income amounted to **R\$ 21.1 million** in 1Q22, **194.4% growth** as compared to R\$ 7.2 million recorded in 1Q21. **Adjusted net margin** of **18.7%** in 1Q22 vs. 11.3% from 1Q21.

B3: TFCO4

R\$ 10.74

(per PN share on 05/11)

877,251,375 ON shares

71,992,864 PN shares

(free float: 54,873,501 PN)

R\$ 1.7 billion

Market Cap on 05/11

TFCO
B3 LISTED N2

IGCB3 ITAGB3

Highlights

Table | Summary of Indicators

The information contained in this document refers to the consolidated financial statements for the first quarter and for the years 2022 and 2021.

R\$ thousand, except otherwise indicated	1Q22	1Q21	Chg. 1Q22/ 1Q21
Financial Results			
Net Revenue	112,524	63,713	76.6%
Gross Profit	67,613	40,790	65.8%
Gross Margin	60.1%	64.0%	-3.9 p.p.
EBITDA	32,372	10,989	194.6%
EBITDA Margin	28.8%	17.2%	11.5 p.p.
Adjusted EBITDA ¹	27,704	8,720	217.7%
Adjusted EBITDA Margin	24.6%	13.7%	10.9 p.p.
Net Income	19,977	7,227	176.4%
Net Margin	17.8%	11.3%	6.4 p.p.
Adjusted Net Income ²	21,115	7,172	194.4%
Adjusted Net Margin	18.7%	11.3%	7.5 p.p.
Net Cash ³	74,359	85,998	-13.5%
Net Cash Equivalents ⁴	121,315	113,917	6.5%
Operational Indicators			
Number of Stores	300	262	14.5%
Owned Stores	41	39	5.1%
Franchises	259	223	16.1%
Average Ticket (R\$)	337	309	9.1%
Total Sell Out ⁵ (R\$ thousand)	209,383	124,558	68.1%
Total Amount Raised by E-commerce (R\$ thousand)	17,133	15,655	9.4%

Note: Adjusted amounts refer to non-accounting measurements for purposes of comparability and better market analysis.

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

² Adjusted Net Income: excluding IFRS 16 application and non-recurring expenses.

³ Net cash: Cash and cash equivalents – Financial loans.

⁴ Net Cash Equivalents: Cash and Cash Equivalents + Receivables from cards.

⁵ Total Sell Out: Representing Track&Field Group's consumer sales, irrespective of sales channel (physical/online or whether own store/franchise).



Message from Management

The first quarter of 2022 was highlighted by the continuity of the positive sales trend, as seen in previous quarters. Despite the challenges faced in January, due to the spread of the Omicron variant of Covid-19, we had a good performance in the months of February and March – with sales growth exceeding our expectations. The continuous growth of the brand is driven by constant innovation, in a scenario in which our addressable market increased, with consumers increasingly concerned about having an active and healthy life and wearing more comfortable clothes.

We streamlined the digitization process and strengthened the social selling, which already represented 34% of the total sales in 1Q22. In this scenario, omnichannel also stood out, as a result of the expansion in ship from store in the total sales arising from e-commerce, which increased from 14% in 1Q21 to 50% in 1Q22. 252 out of our 300 stores are already connected to the omni platform.

Winter collection was successfully launched in March 2022 in terms of receptivity from our customers. Sell out in 1Q22 reached R\$ 209.4 million, up 68.1% vs. 1Q21, allowing us to improve our profitability measured both in terms of EBITDA (EBITDA margin at 24.6% in 1Q22 vs. 13.7% in 1Q21) and Net Income. In 1Q22, the Adjusted Net Income amounted to R\$ 21.1 million, 194.4% higher than 1Q21.

Regarding the expansion of the brand, we continued to focus on the opening of new stores throughout the year, especially with the opening of franchises. In March 2022, the chain had 300 stores, distributed in 129 cities and 25 states.

We consolidated the operation of the first Experience Store of the brand, opened in September 2021 at Shopping Iguatemi São Paulo, with 71.0% increase in sales as compared to 1Q21. The 230 m² store connects the public to a universe of experiences linked to well-being and healthy living, and has exclusive services, such as a concierge. Our first TFC Food&Market, a mini emporium linked to food, supplements, body care and home care, is integrated to the space. We also reinforce the cross selling of different categories, and we made the exhibition of products, such as accessories and shoes, more efficient. Due to the success of this new format, we will remodel 6 to 8 owned stores during 2022. In addition, the brand's new franchises will also be inaugurated, following this new concept.

TFSports - a wellness platform that integrates the company's entire ecosystem of events and experiences - already has more than 279,000 users and continues to grow. In addition to working for the free classes of the "Continue em Movimento" program, it is the focal point for registrations for the virtual and in-person circuits and connects coaches who offer paid or free classes to our customer base - there are already more than a thousand professionals registered in all country.

Presential events, one of the most important aspects of our relationship with our audience, resumed this year. Santander Track&Field Run Series resumed in January after almost two years of break and 88 races are already scheduled throughout Brazil. By the end of March, 20 races had been held, bringing together more than 33,000 entries. This year we will also have the first marathon in the circuit's history, scheduled to be held on May 14, 2022, in Aracaju (SE). Aiming to reinforce and raise the visibility of the sport that has become a national phenomenon, we launched the first "Track&Field Open de Beach Tennis", a tournament which will have 15 events across the country and has already passed through 3 cities from its launch, in February this year, to the end of March.

We are focused on our digital strategy, always in line with our physical activity front and our franchisees. In this sense, we will implement significant improvements in the shopping experience in our e-commerce and we will move forward with omnichannel initiatives such as the infinite shelf, which expands the inventory of physical stores allowing the sales team to forward an order to other stores if any product desired by the customer is not available. The marketplace implementation is also under development. The goal is to launch the system later this year, with the curation and marketing of wellness products from other brands within Track&Field's store network and e-commerce.

Within the scope of ESG, we are in the last stage of approval of goals and projects that will be prioritized by the Sustainability Committee and will support the pillars of our materiality matrix: corporate governance, supply chain, environmental and social, which will start to be monitored and reported in the coming years. A study on greenhouse gas emissions, electricity consumption, water and solid waste generation is already underway. Furthermore, in the next months, the roll out of new sustainable packaging for all of owned stores and franchises. Launched as a pilot at the Experience Store, at Shopping Iguatemi São Paulo, the paper bags and cartridges were very well accepted by the brand's audience.

Finally, we keep working hard on our purpose, always placing the customer at the core of our decisions, developing high quality products, without neglecting the style and convenience that define our brand. We once again thank our employees, our Board of Directors, franchisees and our suppliers for their engagement and partnership, and our shareholders for their trust.

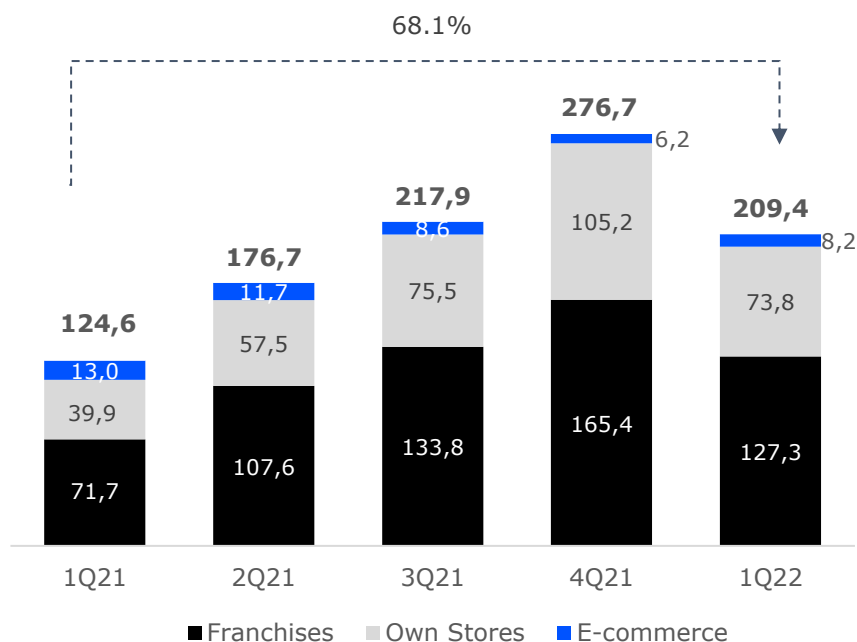
Sell Out

Sell Out per channel (R\$ thousand)	1Q22	1Q21	Chg. 1Q22/1Q21
Franchises	127,332	71,675	77.7%
Owned stores	73,850	39,887	85.1%
E-commerce	8,201	12,995	-36.9%
Total Sell Out	209,383	124,558	68.1%

Sell Out, the result of the sum of gross sales in all of Track&Field's sales channels (including owned stores, franchises and e-commerce), recorded 68.1% growth as compared to 1Q21, reaching R\$ 209.4 million in 1Q22, driven by the brand strength in a scenario of expansion of our addressable market, with higher demand for more comfortable clothes associated with a healthier lifestyle, in addition to a range of initiatives by company over the last few periods, with emphasis on: i) evolution of omnichannel and social selling, always in line with our franchisee base; ii) launches of new product lines, with emphasis on beach tennis, yoga and sports footwear; iii) accelerated growth at physical stores in virtue of the maturation curve of the stores opened over the years; (iv) successful strategy for the brand's entry into small/medium-sized cities; and (v) low need for discounts/promotions over the period.

The base of stores operating in 1Q21 grew by 55.8% in 1Q22 (Same Store Sales), demonstrating the continuity of the chain's strong growth trajectory, even excluding the effect of the opening of new stores. If we exclude existing stores in 1Q21, which were closed due to the pandemic, the Company still recorded a robust growth of 44.6%.

Sell Out
R\$ million



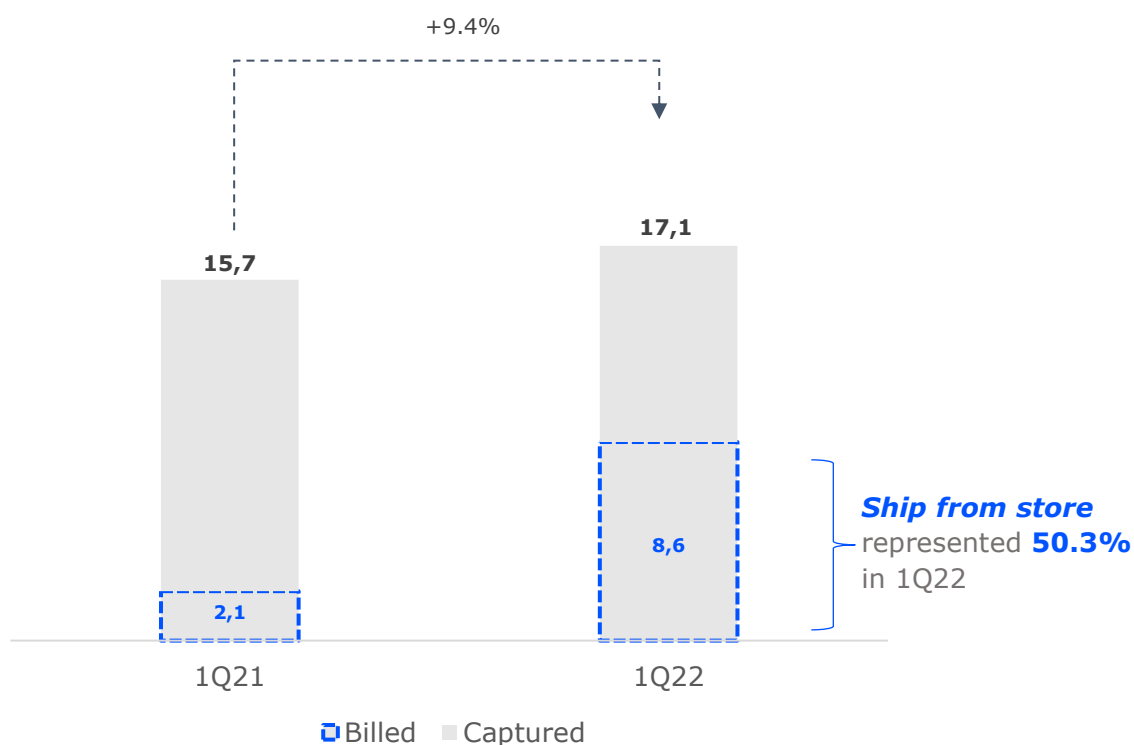
Franchises and owned stores posted sales growth in the quarter of 77.7% and 85.1%, respectively, as compared to 1Q21, reinforcing the expansion of our addressable market and the various initiatives to boost the aforementioned sales.

The sales via e-commerce in 1Q22 decreased by 36.9% as compared to 1Q21, as explained by the strong evolution of the ship from store modality - 50.3% of sales raised by e-commerce were billed by physical stores in the quarter (vs. 13.7% in 1Q21).

The total amount raised by e-commerce grew by 9.4%, from R\$15.7 million in 1Q21 to R\$17.1 million in 1Q22. The lower growth of e-commerce reflects the more difficult comparison base in 1Q21, since, due to the closing of stores due to pandemic restrictions, the online channel gained representation during this period.

E-commerce

R\$ million



Digital Channels and Omnichannel Platform

Track&Field is in constant transformation, continuously improving its wellness ecosystem through the implementation of innovations and technologies that expand the brand's digital capabilities.

We continue in the rollout process for implementing ship from store – an initiative in which physical stores operate as mini Distribution Centers – and pick up in store – pick up of orders placed online at physical stores – expanding the omnichannel concept to the entire network. By the end of the quarter, we reached a total of 300 brand stores in operation across the country, whereby 252 stores already operate in both systems, providing more convenience to our customers. At the end of 1Q22, 50% of the digital revenue was derived from sales via ship from store.



The physical store network is increasingly integrated, with the introduction of new features, such as comprehensive seller, an initiative that allows certain stores to operate as mini omnichannel hubs, making their inventory available in e-commerce and delivering products nationwide. As of 05/12 Track&Field had 13 stores operating with this system.

Other initiative that continues to be highlighted is social selling, which represented 34% of Sell Out in 1Q22. Within this social selling criterion, we consider sales made by sending a payment link and delivering the product to the address indicated by the customer, the conversion of a sale that started with a Whatsapp contact (influenced sale) into a physical store sale, as well as products sold in demonstration. These social selling initiatives have been instrumental in leveraging same-store sales, increasing the productivity of the sales team and raising our average ticket.

Supplementing the implementation of all these initiatives in our network, we have an optimized logistics operation, enabling the delivery of products sold within a maximum term of 2 business days. This express delivery accounted for about 84% of all deliveries in 1Q22.

As part of the entire business strategy, the agility in the delivery of products to customers is also a key factor in ensuring their satisfaction with the shopping experience. Our NPS (Net Promoter Score) remains at a high level, reaching 77 points in the quarter's average.

TFSports Platform

In line with the digital trend boosted by the pandemic and a growing demand for a more active and healthy life, our TFSports application has been showing constant growth in the number of registered users, which is around 279 thousand, representing a 28% growth as compared to 1Q21.

316 “Keep Moving” classes were held between January and March 2022, with more than 9 thousand people enrolled. Since the beginning of “Keep Moving” classes in March 2020, we had a total of 163,948 people enrolled in this program.

In addition to existing features, such as free classes and current events, the app also started to connect more than 1,000 coaches who offer paid or free classes to our customer base.

With the progress of vaccination, we were able to resume events in 2022, running 27 street races to date. We expect to hold around 88 races by the end of the year, including the first marathon in the circuit's history, which will be held in Aracaju. We will also have the first primeiro Track&Field Open de Beach Tennis, a tournament which will have 15 events across the country and has already passed through 3 cities from its launch, in February this year, to the end of March.



Net Revenue

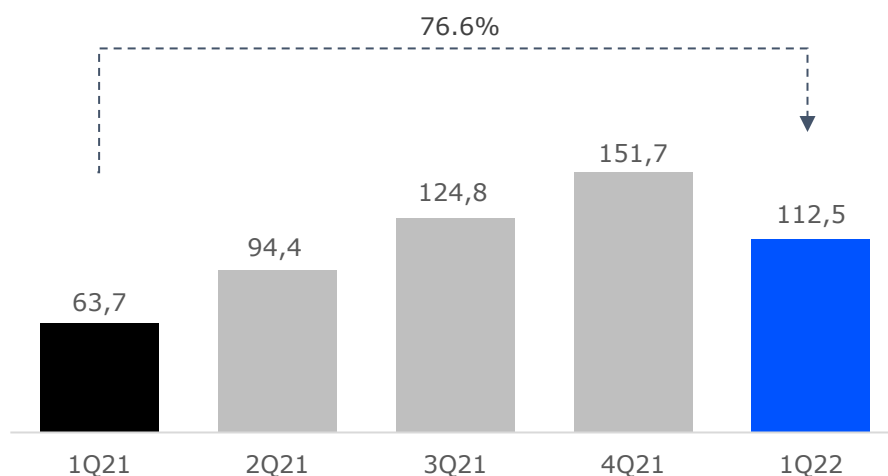
Net Revenue (R\$ thousand)	1Q22	1Q21	Chg. 1Q22/1Q21
Goods for Franchises	25,847	14,373	79.8%
Royalties	19,062	10,444	82.5%
Retail (Own Network)	61,661	38,866	58.7%
Events and Other	5,953	30	n.m.
Total Net Revenue (R\$ thousand)	112,524	63,713	76.6%

Net Revenue in this quarter amounted to R\$ 112.5 million, up 76.6% compared to 1Q21. Such growth reflected the increase in Sell Out in the own network and the effects of the growth in franchise sales on the sale of merchandise and royalties.

In addition to the strong sales growth in the period, we also have an effect from stores that were not yet fully operational in 1Q21, due to the pandemic. Even so, we continue with a positive sales trend and an increase in the addressable market.

Net Revenue

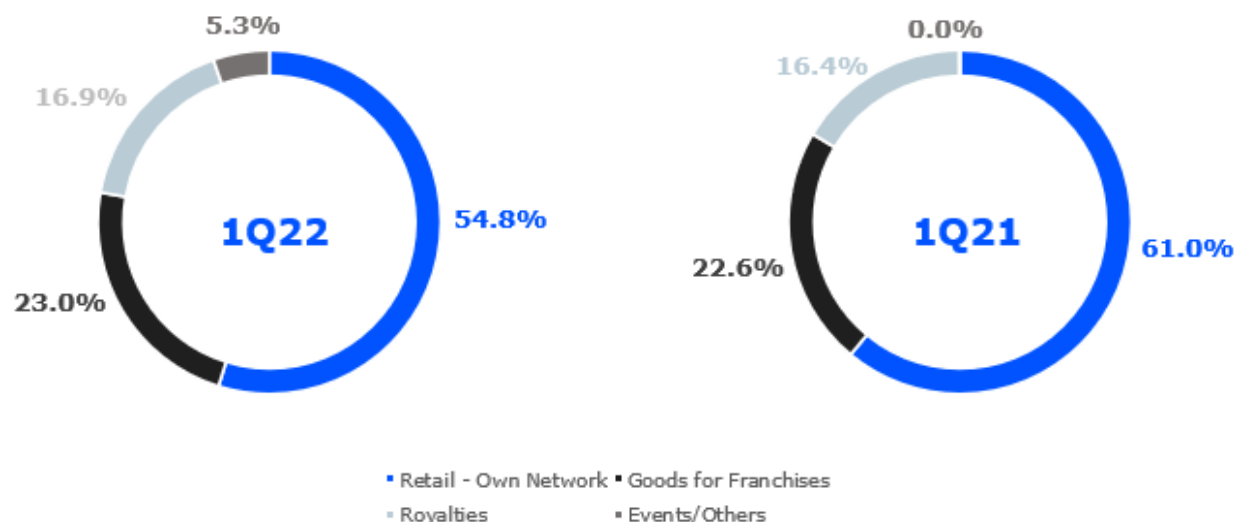
R\$ million



Retail (own network) grew 58.7% as compared to sales recorded in 1Q21, reaching R\$ 61.7 million, with a 54.8% share in total net revenues, goods for franchises grew 79.8% in 1Q22 versus 1Q21, due to the launch of the winter collection in March, representing 23.0% of total net revenues.

Composition of Net Revenue

%



Gross Profit

Gross Profit (R\$ thousand)	1Q22	1Q21	Chg. 1Q22/ 1Q21
Gross Profit	67,613	40,790	65.8%
Gross Margin	60.1%	64.0%	-3.9 p.p.

Gross Profit for the quarter amounted to R\$ 67.6 million, with 65.8% increase as compared to 1Q21, reflecting an increase of sales, with no requirement for promotional effort, in addition to better negotiations with suppliers and pricing that allowed us to absorb pressures from costs, keeping the competitiveness of our prices before the competition.

Gross margin reached 60.1% in 1Q22, in line with our history, but down 3.9 p.p. compared to 1Q21. Such drop can be explained by the business mix, with greater representation of owned stores and e-commerce in 1Q21 (higher margin), reflecting a period of closed stores or operating restrictions (mainly franchises). In addition, in 1Q22, events resumed (lower margin), representation of outlets increased (impacted by the pandemic in 1Q21) and the collection was launched versus 2Q21 (causing a greater share of sales of goods in 1Q22 versus 1Q21).

Operating Expenses

Operating Expenses (R\$ thousand)	1Q22	1Q21	Chg. 1Q22/ 1Q21
Sales	24,527	18,059	35.8%
General and Administrative	17,517	13,482	29.9%
Other operating revenues (expenses), net	-2,803	701	-499.9%
Total Operating Expenses	39,241	32,242	21.7%

The highlight in the quarter was operating leverage vs. 2021 in view of sales growth. Operating Expenses in 1Q22 represented 34.9% of net sales, 15.7 p.p. lower than in 1Q21.

Variable expenses recorded a drop over net revenue, reflecting the dilution of store personnel, marketing and other expenses associated with the digital operation (platform and freight). The same performance may be highlighted for administrative expenses, which also recorded a drop in the margin over net revenue, neutralizing the increase in the corporate structure that is related to the company's structuring process, which began at the end of 2018, in line with the expected growth.



EBITDA

EBITDA (R\$ thousand)	1Q22	1Q21	Chg. 1Q22/ 1Q21
Net Income	19,977	7,227	176.4%
(+) Income Tax and Social Security	7,169	1,332	438.3%
(+) Net Financial Result	1,226	-11	n.a.
(+) Depreciation and amortization	4,000	2,442	63.8%
EBITDA	32,372	10,989	194.6%
EBITDA Margin	28.8%	17.2%	11.5 p.p.
(+) IFRS-16 Adjustment	-3,898	-2,270	71.7%
(+) Non-Recurring Adjustment*	-770	0	n.a.
Adjusted EBITDA	27,704	8,720	217.7%
Adjusted EBITDA Margin	24.6%	13.7%	10.9 p.p.

* Non-Recurring Adjustment breakdown is on page 20.

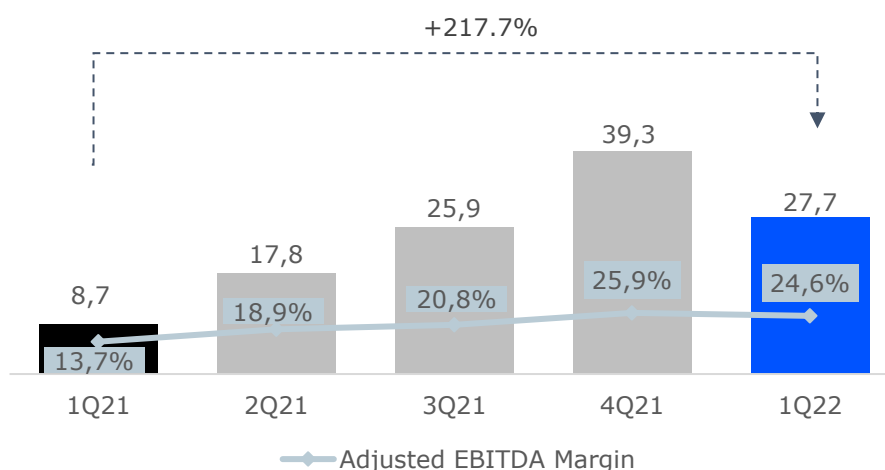
EBITDA amounted to R\$32.4 million in the quarter, 194.6% growth as compared to 1Q21. This result was mainly driven by the significant growth in sales in the period. EBITDA margin was 28.8% in 1Q22.

The increased taxes observed in the quarter was due to the migration of one of our companies, at which we have franchise services, to the taxable income regime in 2022.

Excluding IFRS-16 effects and non-recurring expenses (the breakdown of non-recurring expenses is on page 20), Adjusted EBITDA amounted to R\$27.7 million in 1Q22, with 24.6% margin.

Adjusted EBITDA

R\$ million



Financial Result

Financial Result (R\$ thousand)	1Q22	1Q21	Chg. 1Q22/ 1Q21
Financial Revenues	2,167	1,410	53.7%
Financial Expenses	-3,393	-1,399	142.5%
Financial Result	-1,226	11	n.m.
Net Effect of Adjustments	1,863	629	196.0%
Adjusted Financial Result*	637	641	-0.6%

Adjusted Financial Result in the quarter, excluding IFRS 16 effects, was R\$ 637 thousand.

The increase in financial revenues arises from income on financial investments due to the higher cash balance in the period. Currently, the Company has no debts and did not discount receivables over the year.

The increase in financial expenses reflected the discounts granted to franchisees on the purchase of goods.

Net Income

Net Income R\$ thousand and %	1Q22	1Q21	Chg. 1Q22/ 1Q21
Net Income	19,977	7,227	176.4%
Net Margin	17.8%	11.3%	6.4 p.p.
(+) IFRS-16 Adjustment	609	-55	-1207.0%
(+) Non-Recurring Adjustment ¹	529	0	n.a.
Adjusted Net Income	21,115	7,172	194.4%
Adjusted Net Margin	18.7%	11.3%	7.5 p.p.

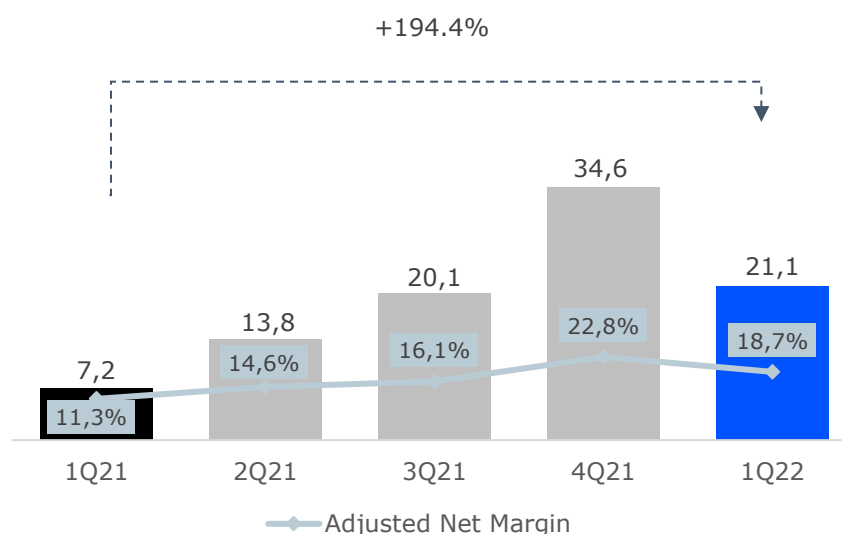
* Non-Recurring Adjustment breakdown is on page 20.

Net Income reached R\$ 20.0 million in 1Q22, +176.4% compared to R\$ 7.2 million in 1Q21. Net margin also improved in the quarter, ending the period at 17.8%.

Adjusted Net Income, excluding the IFRS 16 application effects and non-recurring expenses (the breakdown of non-recurring expenses is on page 20), amounted to R\$21.1 million in the quarter, growing 194.4% versus the result of R\$7.2 million recorded in 1Q21. Adjusted net margin grew 7.5 p.p. YoY.

Adjusted Net Income

R\$ million



Cash Flow

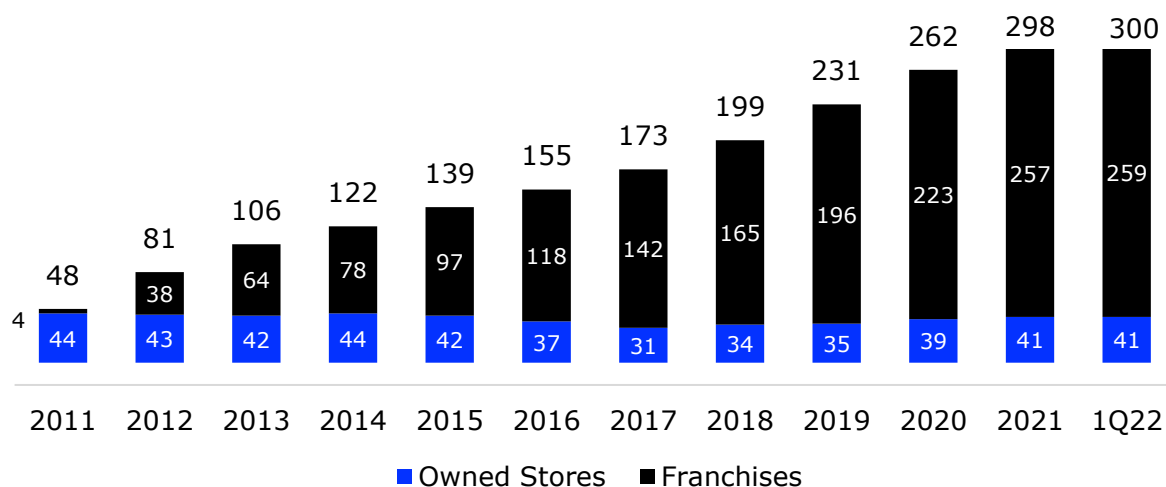
Cash Flow (R\$ thousand)	1Q22	1Q21
Net Cash Generated from Operating Activities	16.1	1.1
Net Cash Generated from Investing Activities	-4.9	-2.4
Net Cash Generated from Financing Activities	-3.6	-1.8
Increase (Decrease) in Cash and Cash Equivalents	7.6	-3.1
Initial Cash Balance	66.8	89.1
Final Cash Balance	74.4	86.0

The Company ended the first quarter of 2022 with a net cash balance of R\$ 74.4 million. The improvement in cash generated by operating activities reflects the Company's growth acceleration in 1Q22 vs. 1Q21, which neutralized the larger investments made in the composition of the inventory to face the expected growth in the subsequent periods.

Our Cash and Cash Equivalents position at the end of the quarter was R\$121.3 million, after adding card receivables. The company sustained its zero-debt position and did not discount receivables throughout the first quarter.

Investments/Expansion

Number of Stores

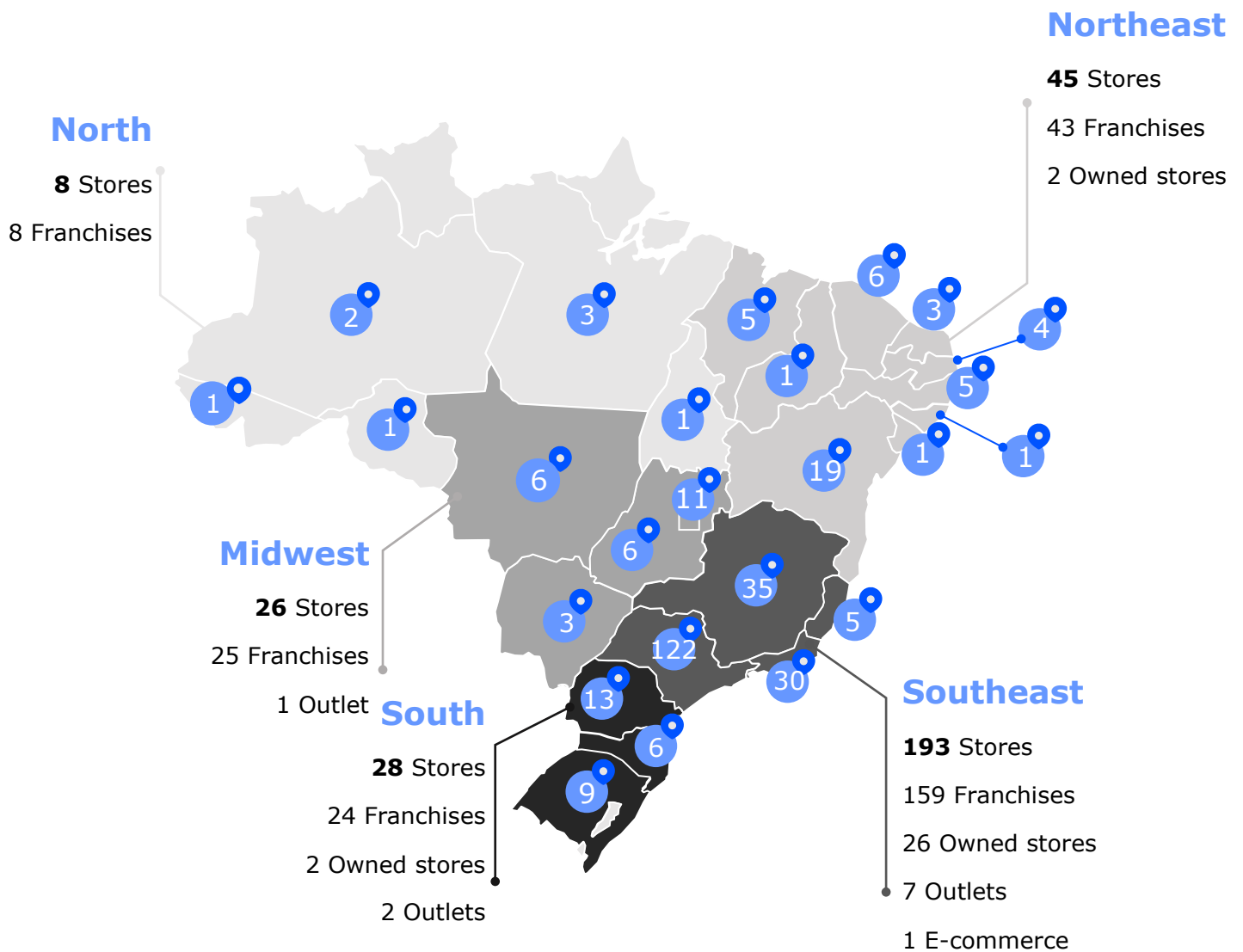


Note: E-commerce considered as 01 owned store

We opened 3 stores in the quarter, all of which are franchises. We ended the period with a total of 300 stores, of which 31 are owned stores, 10 outlets and 259 franchises.



Stores Map



Annexes

Income Statement for the Period

R\$ thousand	1Q22	1Q21
NET REVENUE OF SALES AND SERVICES PROVIDED	112,524	63,713
Cost of goods sold and services provided	-44,911	-22,923
GROSS PROFIT	67,613	40,790
<i>Gross Margin</i>	60.1%	64.0%
OPERATING REVENUES (EXPENSES)	-39,241	-32,242
Sales	-24,527	-18,059
General and administrative	-17,517	-13,482
Other operating revenues (expenses), net	2,803	-701
EBITDA	32,372	10,989
<i>EBITDA Margin</i>	28.8%	17.2%
Depreciation and Amortization	-4,000	-2,442
PROFIT BEFORE FINANCIAL RESULT	28,372	8,548
FINANCIAL RESULT	-1,226	11
Financial Revenues	2,167	1,410
Financial Expenses	-3,393	-1,399
OPERATING PROFIT BEFORE IT AND SC	27,146	8,559
INCOME TAX AND SOCIAL CONTRIBUTION	-7,169	-1,332
NET INCOME FOR THE PERIOD	19,977	7,227
<i>Net Margin</i>	17.8%	11.3%

Income Statement for the Period (Excluding IFRS-16 Effect and Non-Recurring Items)

R\$ thousand	1Q22	1Q21
NET REVENUE OF SALES AND SERVICES PROVIDED	112,698	63,713
Cost of goods sold and services provided	-45,024	-22,923
GROSS PROFIT	67,674	40,790
<i>Gross Margin</i>	60.0%	64.0%
OPERATING REVENUES (EXPENSES)	-41,146	-32,805
Sales	-25,235	-17,048
General and administrative	-18,715	-15,058
Other operating revenues (expenses), net	2,803	-700
Adjusted EBITDA	27,704	8,720
<i>Adjusted EBITDA Margin</i>	24.6%	13.7%
Depreciation and Amortization	-1,176	-735
PROFIT BEFORE FINANCIAL RESULT	26,528	7,985
FINANCIAL RESULT	637	641
Financial Revenues	2,129	901
Financial Expenses	-1,492	-260
OPERATING PROFIT BEFORE IT AND SC	27,165	8,626
INCOME TAX AND SOCIAL CONTRIBUTION	-6,050	-1,454
ADJUSTED NET INCOME FOR THE PERIOD	21,115	7,172
<i>Adjusted Net Margin</i>	18.7%	11.3%

IFRS-16 Impacts

The mandatory adoption of IFRS-16, in January 2019, has led to significant changes in the accounting of Brazilian companies, including Track&Field. Therefore, to better understand IFRS-16 effect on our financial statements, we detail below the impact on the main items of the Balance Sheet and Income Statement.

Items included in BP by IFRS 16 in R\$ thousand	Including IFRS 16 Effect (A)	Excluding IFRS 16 Effect (B)	Difference (A-B)
Assets - Rights of Use	78,175	-	78,175
Liabilities - Leases Payable	84,151	-	84,151

1Q22 Items affected by IFRS 16 in R\$ thousand	Including IFRS 16 Effect (A)	Excluding IFRS 16 Effect (B)	Difference (A-B)
Operating Expenses (excl. Depreciation and Amortization)	-35,241	-39,139	3,898
Depreciation and Amortization Expenses	-4,000	-1,176	-2,824
Financial Result	-1,226	637	-1,863
IRPJ/CSLL	-7,169	-7,348	180
Net Income	19,977	20,587	-609
EBITDA	32,372	28,474	3,898



Non-Recurring Adjustments

Adjusted EBITDA Reconciliation (R\$ thousand)	1Q22	1Q21
EBITDA	32,372	10,989
IFRS 16	-3,898	-2,270
PIS/COFINS Controlled rate	-113	0
CPC Effect 47 2021	174	0
IN Administrative Proceeding 86	-831	0
Adjusted EBITDA	27,704	8,720

Adjusted Net Income Reconciliation (R\$ thousand)	1Q22	1Q21
Net Income	19,977	7,227
IFRS 16	789	66
PIS/COFINS Controlled rate	-113	0
CPC Effect 47 2021	174	0
IN Administrative Proceeding 86	-831	0
IRCS on Adjustments	1,119	-121
Adjusted Net Income	21,115	7,172

CASH FLOW

R\$ thousand	1Q22	1Q21
CASH FLOW FROM OPERATING ACTIVITIES		
Net income for the year	19,977	7,227
Adjustments to reconcile net income (loss) for the year with net cash from operating activities:		
Depreciation and amortization	4,054	2,455
Inflation adjustment on judicial deposits	-195	-62
Inflation adjustment on provision for contingencies	0	-63
Current and deferred income tax and social contribution	7,169	1,332
Provision (Reversal) for inventory losses	140	159
Provision (Reversal) for civil, labor and tax risks	-118	-134
Credit losses	21	642
Expected credit losses	-80	-94
Tax credits from previous periods	0	-874
Interest on lease - right of use	1,902	1,139
Inflation adjustment of recoverable taxes	-311	-241
Inflation adjustment of taxes payable	426	0
Change in operating assets and liabilities:		
Accounts receivable	40,051	41,727
Inventories	-39,133	-36,079
Taxes recoverable	4,488	2,232
Judicial deposits.	793	219
Other credits	-34	-895
Suppliers	4,693	2,362
Labor and social security obligations	-4,660	-2,534
Tax obligations	-14,114	-13,240
Accounts payable	-1,628	-2,095
Accounts payable - related parties	0	-215
Advance on events	-1,584	0
Other obligations	-1,112	25
Net cash from operating activities	20,745	2,993
Income tax and social contribution paid	-4,609	-1,874
Net cash generated from operating activities	16,136	1,119
CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of fixed assets	-3,599	-1,956
Acquisition of intangible assets	-1,342	-483
Net cash used in investing activities	-4,941	-2,439
CASH FLOW FROM FINANCING ACTIVITIES		
Leases - right of use paid	-3,604	-1,760
Net cash used in financing activities	-3,604	-1,760
EXCHANGE RATE VARIATION ON CASH AND CASH EQUIVALENTS OF SUBSIDIARY ABROAD	-3	1
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	7,588	-3,079
Initial balance of cash and cash equivalents	66,771	89,077
Final balance of cash and cash equivalents	74,359	85,998

Balance Sheet

R\$ thousand	1Q22	1Q21
ASSETS		
CURRENT		
Cash and cash equivalents	74,359	85,998
Accounts receivable	84,680	56,056
Inventories	197,631	115,821
Taxes recoverable	8,856	16,540
Prepaid expenses and other credits	2,093	3,168
Advances from Suppliers	1,628	-
Total current assets	369,247	277,583
NON-CURRENT		
Judicial deposits.	676	946
Deferred income tax and social contribution	6,826	4,480
Taxes recoverable	4,455	6,678
Property, Plant & Equipment	97,133	77,772
Intangible Assets	5,962	1,801
Total non-current assets	115,052	91,677
TOTAL ASSETS	484,299	369,260

R\$ thousand	1Q22	1Q21
LIABILITIES AND NET EQUITY		
CURRENT		
Suppliers	46,102	38,613
Related parties	-	14
Labor and social security obligations	17,624	10,292
Tax obligations	10,947	4,718
Leases - right of use payable	12,001	8,652
Rents payable	1,665	858
Advance from customers	1,774	-
Advance on events	6,659	8,196
Dividends payable	9,881	6,135
Other obligations	8,599	8,568
Total current liabilities	115,252	86,046
NON-CURRENT		
Leases - right of use payable	72,150	63,602
Provision for civil, labor and tax risks	9,008	10,742
Other obligations	108	-
Total non-current liabilities	81,266	74,344
NET EQUITY		
Share capital	192,392	192,392
Treasury shares	(21)	(21)
Capital reserve	(12,935)	(20,084)
Reserve of tax incentives	4,008	-
Profit Reserve	86,502	27,487
Other comprehensive income	1,866	1,869
Result for the Year	15,969	7,227
Equity attributable to owners of the parent company	287,781	208,870
Total net equity	287,781	208,870
TOTAL LIABILITIES AND NET EQUITY	484,299	369,260

Non-accounting metrics

EBITDA – EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) is the net income for the period, plus income tax and social contribution, financial expenses, depreciation and amortization and deducted from the net financial result. This indicator is a non-accounting measure prepared by the Company in accordance with CVM Instruction No. 527/12. EBITDA is used to present the Company's operating cash flow, but it is not a measure of profitability, as it does not consider certain expenses arising from the business, such as taxes, financial expenses and revenues, depreciation and amortization. This indicator also does not represent cash flows for the reporting periods. EBITDA Margin is calculated by EBITDA (as mentioned above) divided by net revenue from sales of goods and services provided.

Adjusted EBITDA - Adjusted EBITDA is EBITDA excluding the effect of the adoption of IFRS 16 / CPC 06(R2) - which came into effect for the handling of the accounting standard related to Lease Transactions as of 2019, and non-recurring expenses. Additionally, Adjusted EBITDA Margin is calculated by Adjusted EBITDA divided by net Revenue from sales of Goods and services provided.

Adjusted EBITDA and Adjusted EBITDA margin are not measures of results in accordance with accounting practices adopted in Brazil. Other companies may calculate Adjusted EBITDA differently from the Company.

The Company presents adjusted EBITDA as a means of assessing its operating financial performance, as it is a non-accounting measure of results that excludes non-recurring effects from the result. Thus, it purges effects that are not part of the business routine and that were punctual to the result.

Adjusted Net Income - Adjusted Net Income is net income excluding the effect of the adoption of IFRS 16 / CPC 06(R2), and non-recurring expenses.

Adjusted Net Income is not a measure of results in accordance with accounting practices adopted in Brazil. Other companies may calculate Adjusted Net Income differently from the Company.

Gross Debt - Gross Debt is the total sum of loans payable (current and non-current liabilities). Gross Debt is not a measure of results in accordance with accounting practices adopted in Brazil. Other companies may calculate Gross differently from the Company.

Net Cash - Net Cash is the sum of short-term and long-term loans included in Current Liabilities and Non-Current Liabilities minus the sum of Cash and cash equivalents included in the Company's Current Assets. This indicator is a non-accounting measure prepared by the Company. Net Cash is not a measure of profitability in accordance with accounting practices adopted in Brazil and does not represent cash flows for the reporting periods.

Total Sell Out – Total Sell Out represents Track&Field Group's consumer sales, irrespective of sales channel (physical/online or whether own store/franchise).



IR Contacts

Track & Field®



Fernando Tracanella
Gabriela Bussotti
Bárbara Tanure



Email: ri@tf.com.br