

A woman with dark hair tied back, wearing a light blue athletic two-piece set, is performing a yoga pose on a white pier. Her arms are raised and hands are clasped together above her head. She is smiling and looking upwards. The background is a calm body of water with gentle ripples.

Track & Field<sup>®</sup>

Earnings  
Release  
**2Q23**

**Videoconference**  
**August 15 (Tuesday)**  
09:00 BRT | 08:00 a.m. NY

[Click here](#) to access the  
conference call

São Paulo, August 14, 2023 – Track & Field CO S.A. (B3: TFCO4) announces its results for the second quarter of 2023 (1T23). 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** reached **R\$ 263.3 million in the 2Q23**, representing an **increase of 18.8% vs. 2Q22**, with **SSS growth of +13.2% YoY**. We highlight the performance of the stores refurbished to the new concept, with the franchises growing 33.9% YoY and owned stores growing 34.3% YoY.



**7 new stores were opened during the quarter**, all of which were franchises, and the network reached a total of **339 stores at the end of the second quarter of 2023**. All new stores continue to be open under the new layout and we will remain focused throughout the year on continuing the refurbishment of our owned stores and franchises.



**Increase in sales through the ship from store modality** (sales captured by e-commerce and invoiced by physical stores), which grew from **67% in 2Q22 to 83% in 2Q23**.



Second wave of omnichannel with its continuous **focus on the implementation of the infinite shelf project** and in the **capturing new sellers for our sporting goods marketplace** (tfmall);



During the 2Q23, **TFSports** held a total of 22 street races, 362 Keep Moving classes, 50 T&F Experience events and the Beach Tennis Circuit, with 11 stages held up to the end of July. At the end of the quarter, the **Platform had over 490 thousand users (+54.5% YoY), more than 5 thousand trainers enrolled, and a net income growth of 74.7%**.



**NPS (Net Promoter Score) reached 86.6 points in 2T23**, maintaining its high level, and showcasing that continuous growth of the Company co-exists with a high customer' satisfaction and loyalty towards our products and ecosystem.

**B3: TFCO4**

**R\$ 13,74**

(per PN share on 08/11)

**877.251.375 ON shares**

**71.992.864 PN shares**

(free float: 53.689.262 PN)

**R\$ 2,2 billion**

Market Cap on 08/11

## Financial Highlights



**Net Revenue** totaled **R\$ 155.8 million** in 2Q23, **+18.5% vs. 2Q22** (R\$ 131.4 million).



**Gross Profit** reached a **24.9% growth vs. 2Q22**, totaling **R\$ 88.9 million** during 2Q23; **gross margin at 57.1%**.



**Adjusted EBITDA** of **R\$ 36.1 million** in 2Q23, **43.3% higher** than R\$ 25.2 million reported in 2Q22. **Adjusted EBITDA margin of 23.2%** in the quarter vs. 19.2% in 2Q22;



**Adjusted Net Income** amounted to **R\$ 27.9 million in 2Q23, a 52.5% growth** in comparison to the R\$ 18.3 million registered during 2Q22; this represents an adjusted net income of **R\$ 54.4 million in 1H23 (+38.1% YoY)**.

## Table | Summary of Indicators

The information contained in this document refers to the consolidated financial statements for the second quarter of 2023.

R\$ thousand, except otherwise indicated	2Q23	2Q22	Chg. 2Q23/2Q22	1H23	1H22	Chg. 1H23/1H22
<b>Financial Results</b>						
Net Revenue	155,775	131,443	18.5%	297,465	243,967	21.9%
Gross Profit	88,901	71,169	24.9%	172,208	138,782	24.1%
Gross Margin	57.1%	54.1%	3.0 p.p.	57.9%	56.9%	1.0 p.p.
EBITDA	40,870	28,793	41.9%	78,645	61,165	28.6%
EBITDA Margin	26.2%	21.9%	4.3 p.p.	26.4%	25.1%	1.4 p.p.
Adjusted <sup>1</sup> EBITDA	36,064	25,173	43.3%	69,512	52,877	31.5%
Adjusted EBITDA Margin	23.2%	19.2%	4.0 p.p.	23.4%	21.7%	1.7 p.p.
Net Income	26,831	17,270	55.4%	51,918	37,247	39.4%
Margem Líquida	17.2%	13.1%	4.1 p.p.	17.5%	15.3%	2.2 p.p.
Ajusted <sup>2</sup> Net Income	27,850	18,264	52.5%	54,402	39,379	38.1%
Adjusted Net Margin	17.9%	13.9%	4.0 p.p.	18.3%	16.1%	2.2 p.p.
Net Cash <sup>3</sup>	39,929	60,671	-34.2%	39,929	60,671	-34.2%
Net Cash Equivalents <sup>4</sup>	91,301	101,477	-10.0%	91,301	101,477	-10.0%
<b>Operational Indicators</b>						
Number of Stores	339	310	9,4%	339	310	9,4%
Owned Stores	44	42	4,8%	44	42	4,8%
Franchises	295	268	10,1%	295	268	10,1%
Average Ticket (R\$)	410.72	376.23	9.2%	379.60	355.12	6.9%
Total Sell Out (R\$ thousands) <sup>5</sup>	263,328	221,723	18.8%	509,685	431,106	18.2%
Total Amount Raised by e-commerce (R\$ thousands)	16,099	12,556	28.2%	37,164	29,689	25.2%

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

<sup>1</sup> 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.

<sup>2</sup> Adjusted Net Income: excluding IFRS-16 application and non-recurring expenses.

<sup>3</sup> Net cash: Cash and cash equivalents – Financial loans.

<sup>4</sup> Net Cash Equivalents: Cash and Cash Equivalents + Receivables from cards.

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



# Message from Management

Prior to presenting our results for the second quarter of 2023, we would like to point out our excitement about the changes we have just implemented in our governance structure, which should further leverage our growth and efficiency on processes and operation. The move, announced to the market on August 1st, allows one of our founding partners, Fred Wagner, to focus on innovation and new sources of revenue as CEO of TFSports and Vice President of Strategy and New Business at Track&Field, in addition to continuing as a member of the Board of Directors. Fernando Tracanella, who has headed the company's finances, IR and expansion for five years, takes over as CEO of T&F and Patricia Abibe, former head of controllership, is the new CFO and Director of Investor Relations.

In this new cycle, we are confident that we will fully take advantage of the potential of our core activity while expanding new business opportunities, starting with the reinforcement of the TFSports platform, which will increase the amount of products and services to consumers in three new fronts: tfmall (clothing, accessories, and sporting goods), tfood (food and supplementation) and tfhealth (healthcare).

Once again, we report solid numbers for the quarter, registering robust growth in sales and profitability. We believe that the high quality of our products, combined with our successful expansion and digitalization strategies, in addition to our permanent focus on strengthening the relationship with our franchisees, are key factors that enable us to continue presenting promising results even in a difficult environment for the retail segment in Brazil.

In terms of sales, we had a challenging month of April due to a calendar affected by two more holiday amendments than in 2022. However, these effects were offset in the months of May and June when we once again recorded growth above 20% during the bimester. Among the factors that contributed to this performance are the greater variety of winter products in the store, compared to the previous year, and the above-average performance of the store remodeled to the new Experience Store concept.

In this context, the sell out of 2Q23 reached the mark of R\$ 263.3 million, an increase of 18.8% vs. 2Q22, allowing us to increase the profitability measured in terms of adjusted EBITDA (+43.3% YoY) – with margin of 23.2% in 2Q23 vs. 19.2% in 2Q22 – and adjusted net income, which totaled R\$27.9 million, 52.5% higher than recorded in 2Q22. Also noteworthy is the gross margin, which increased by 2.9 p.p. vs. 2Q22, reflecting a more favorable channel mix and margin growth across all channels.

Regarding brand expansion, we are implementing a new communication strategy which aims to increase the customer base and add even more value to our products, based on a new positioning: “Every Movement is Track&Field”.

The strategy consists of bringing the brand closer to new consumers through the stories of amateur and professional athletes, presenting new modalities beyond our core of running and fitness and, mainly, leading the incentive to the journey of a more active and healthy life through our wellness ecosystem.

In addition, we continue with the plan to renovate and open new stores throughout the year. So far in 2023 we have opened 11 stores (7 during 2Q23), reaching a total of 339 stores in the network. It is worth mentioning that we have observed a rapid maturation of recently opened stores (less than 2 years), a fact that has been boosting even more our sell out level and reducing the payback time for the franchisee.

Regarding omnichannel, we currently have 333 stores operating with the ship from store modality, which has enabled us to invoice more than 80% of sales captured by the e-commerce

through our physical stores, always with the objective of speeding up the delivery time to our customers, with the lowest shipping cost possible. Within this omnichannel modality, 22 stores operate as mini Distribution Centers, delivering nationwide. Also, we continue with the second wave of omnichannel, which focuses on the implementation of the infinite shelf. Initiated at the beginning of the year, this functionality allows our sales force to see the stock of the entire network and enables the sale of a product that may not be in stock at the store the customer is buying at. We already have 154 stores operating with the infinite shelf modality and we will continue, in the second half, with the roll out to the rest of the network.

Another important highlight of the quarter was the performance of TFSports. During the period, we held 445 events/experiences, consisting of 22 street races on the Santander Track&Field Run Series circuit, 11 stages of the Track&Field Open in Beach Tennis, 50 experiences from the T&F Experience and 362 classes from the Keep Moving Program. The TFSports Platform served more than 490 thousand users at the end of the quarter, with a 54.5% YoY growth, in addition to a net revenue growth of 74.7% versus the same period of the previous year (results already close to breakeven). We currently have 5,000 trainers connected to the app, offering classes and hosting events to our customer base. We also continued to expand our marketplace for curated sporting goods, tfmall, with the entry of new sellers in the period.

Regarding the ESG agenda, we published our Annual Report ([here](#)) where we present our ESG Plan, with 8 voluntary and qualitative commitments until 2025, organized into 3 pillars of action: People, Products and Experiences, and Environment. In the Report we also present the 2022 results regarding our Greenhouse Gas (GHG) emissions, including the emissions that occur throughout the life cycle of products and materials purchased, ranging from extraction, production to transportation. This category reflects the impact of the production of raw materials and products purchased for sale in our own stores.

After the launch of the Report and in-line with our commitment to promote a culture of sustainability and a more diverse and inclusive work environment, we started implementing an internal communication plan with the goal of raising awareness among our employees on environmental, social, and governance matters.

We continue to focus on growing our wellness ecosystem, always guided by the mission of connecting people to an active and healthy lifestyle. We would like to thank once again our employees, our Board of Directors, the franchisees and our suppliers for their engagement and partnership, and our shareholders for the ongoing trust placed in us.

## Sell Out

Sell out billed per channel (R\$ thousand)			Chg.			Chg.
	2Q23	2Q22	2Q23/ 2Q22	1H23	1H22	1H23/ 1H22
Franchises	169,443	141,621	19.6%	322,248	268,953	19.8%
Owned stores	91,079	76,304	19.4%	180,658	150,154	20.3%
E-commerce	2,806	3,798	-26.1%	6,780	11,999	-43.5%
<b>Total Sell Out</b>	<b>263,328</b>	<b>221,723</b>	<b>18.8%</b>	<b>509,685</b>	<b>431,106</b>	<b>18.2%</b>

Sell out captured per channel (R\$ thousand)			Chg.			Chg.
	2Q23	2Q22	2Q23/ 2Q22	1H23	1H22	1H23/ 1H22
Franchises	162,610	137,571	18.2%	307,683	261,233	17.8%
Owned stores	84,619	71,596	18.2%	164,839	140,184	17.6%
E-commerce	16,099	12,556	28.2%	37,164	29,689	25.2%
<b>Total Sell Out</b>	<b>263,328</b>	<b>221,723</b>	<b>18.8%</b>	<b>509,685</b>	<b>431,106</b>	<b>18.2%</b>

*Sell Out*, defined as the result of the sum of gross sales in all Track&Field' sales channels (including owned stores, franchises, and e-commerce), reached R\$ 263.3 million no 2Q23, representing a total growth of 18.8% compared to 2Q22 and 13.2% on a same-store basis. During the quarter, once again we observed a different performance throughout the months, but which combined generated a solid growth versus the previous year. The month of April proved to be the most challenging one in the period, due to a greater number of amended holidays compared to the previous year (two more). However, in the months of May and June we saw the normalization of customers' flow, which resulted in a cumulative growth of over 20% in the bimester compared to the previous year.

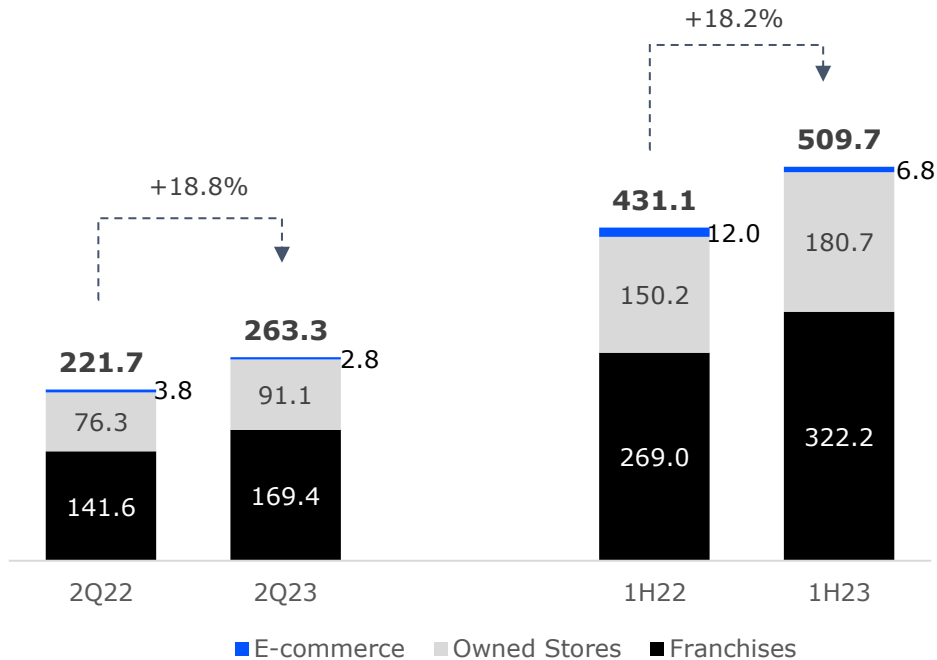
In short, the good performance in the quarter was due to: (i) a greater assortment of winter products in stores compared to the previous year, which favored the average ticket; (ii) an excellent performance on the two commemorative dates of the quarter (Mother's Day and Valentine's Day), reinforcing our positioning as a "giftable" brand, and (iii) an excellent performance of stores refurbished for the new concept, both owned and franchised, which grew their sales by 33.9% and 34.3%, respectively. The growth of refurbished stores has been driven by an increase in the average ticket - better exposure of some categories and more cross selling - and, mainly, by an increase in the number of tickets resulting from new customers and an increase in the frequency of customers in the base.

Our e-commerce (+28.2% vs. 2Q22 in the captured view) also continues to grow at a pace above the physical channels and gaining share in the Company's business mix, positively reflecting the improvements implemented throughout the second half of the previous year - with a focus on improving our consumer's experience in this channel, in addition to efficiency gains in SEO and performance media.

The 26.1% drop in sales in this channel is due to the increase in sales from omnichannel, with sales captured through the website being increasingly billed and delivered by physical stores and no longer billed by our Distribution Center.

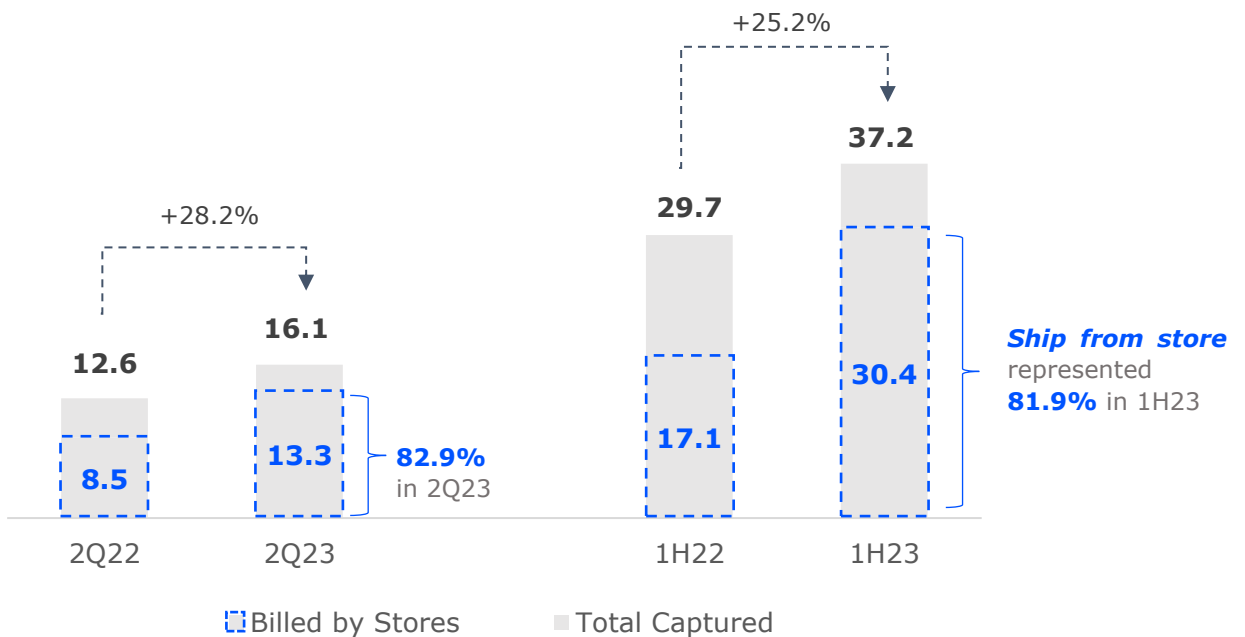
### Sell Out Billed

R\$ million



### E-commerce

R\$ million



## Digital Channels and Omnichannel Platform



We continue to observe positive results from ship from store initiatives – in which physical stores act as mini distribution centers – and pick up in store – picking up orders placed online at physical stores – expanding the omnichannel concept to the entire chain. At the end of the quarter, we reached a total of 339 stores, with 333 operating in both modes, bringing greater convenience to our customers. Of the digital revenue in the quarter, 83% were generated through the ship from store modality.

The physical store network is becoming increasingly integrated with the incorporation of new functionalities, such as the comprehensive seller, an initiative that currently allows 22 stores to act as mini Distribution Centers, making their stock

available in the e-commerce window and delivering products throughout the national territory. In addition, we recently started the second wave of omnichannel, now focusing on the infinite shelf (pilot in 154 stores).

Another initiative that continues to stand out is social selling, which represented ~44% of sell out in 2Q23. Within this criteria, we consider sales made by sending a payment link and product delivery to the address indicated by the customer, the conversion of a sale in a physical store of a transaction that started with a contact via WhatsApp (influenced sale), in addition to products sold in demo for customers. These initiatives have been fundamental in boosting in-store sales, increasing sales' team productivity, and increasing our average ticket.

Complementing the implementation of all these initiatives in our network, we have an optimized logistics operation, enabling the delivery of products sold in a maximum of 2 working days. This super express delivery continued to represent ~83% of all deliveries in 2Q23.



## Table | Summary of Indicators

	2Q23	2Q22	Chg. 2Q23 / 2Q22	1H23	1H22	Chg. 1H23 / 2H22
Net Revenue (R\$ thousands)	8,868	5,075	74.7%	18,094	10,166	78.0%
User on the App (thousand)*	490.1	317.1	54.5%	490.1	317.1	54.5%
Registration in street races/Experiences (thousand)	63.4	46.3	36.8%	108.5	91.1	19.1%
Number of Trainers (thousand)*	5.0	1.6	206.5%	5.0	1.6	206.5%

Note (\*): positions on the closing date of each period

Net revenue for 2Q23 totaled R\$8.9 million, an expansion of 74.7% compared to the same period of the previous year. Adjusted EBITDA for the quarter was negative by R\$1.6 million and, in the six-month period, we observed a slightly positive value, R\$382 thousand, positively impacted by the high volume of sponsorships in 1Q23.

In operational terms, our TFSports app has shown constant growth in the number of registered users, reaching over 490 thousand in 2Q23 (+54.5% compared to 2Q22). In addition to offering sporting events, experiences, and classes from the Keep Moving Program, the platform also connects 5,000 trainers, who offer paid or free classes to our customer base.





In the second quarter of 2023, 362 Keep Moving classes were held, with more than 7 thousand subscribers. We organized 22 street races and expect to hold a total of 80 by the end of 2023. The Beach Tennis Track&Field Open had 11 stages across the country and we held 50 T&F Experience events, which are face-to-face classes conducted by trainers specializing in different modalities such as Kayak, Yoga, Bike, Fight, Tennis, Beach Tennis, Hawaiian Canoe, Functional, Paddle Sports, Kangoo Jump, Indoor Bike, among others.

Regarding tfmall – our marketplace curated in the wellness segment – we currently have sellers that we believe have high synergy with our brand, such as Apple, Samsung, Garmin,

Saucony, Hoka and Manduka – the latter being added to the platform during 2Q.

Throughout 2023, we will continue to accelerate the platform; we are aiming to offer more than 2,000 events/classes, consolidating TFSports as one of the largest platforms in the world for organizing experiences related to a healthy active lifestyle.



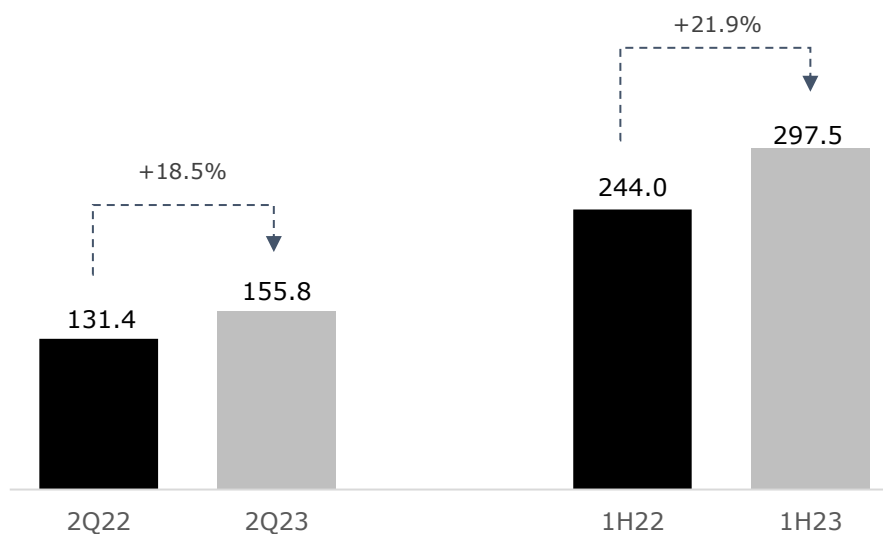
## Net Revenue

Net Revenue (R\$ thousand)	2Q23	2Q22	Chg. 2Q23/ 2Q22	1H23	1H22	Chg. 1H23/ 1H22
Goods for Franchises	47,321	42,389	11.6%	85,994	68,236	26.0%
Royalties	26,431	20,930	26.3%	49,859	39,992	24.7%
Retail (Own Network)	71,761	60,954	17.7%	141,384	122,615	15.3%
Events and Other	8,868	5,075	74.7%	18,094	10,166	78.0%
<b>Total Net Revenue (R\$ thousand)</b>	<b>1,394</b>	<b>2,095</b>	<b>-33.4%</b>	<b>2,133</b>	<b>2,958</b>	<b>-27.9%</b>
Goods for Franchises	<b>155,775</b>	<b>131,443</b>	<b>18.5%</b>	<b>297,465</b>	<b>243,967</b>	<b>21.9%</b>

Net Revenue in this quarter totaled R\$155.8 million, an increase of 18.5% compared to 2Q22, driven by increased sales in owned stores, revenue from royalties and revenue from TFSports.

### Net Revenue

R\$ million

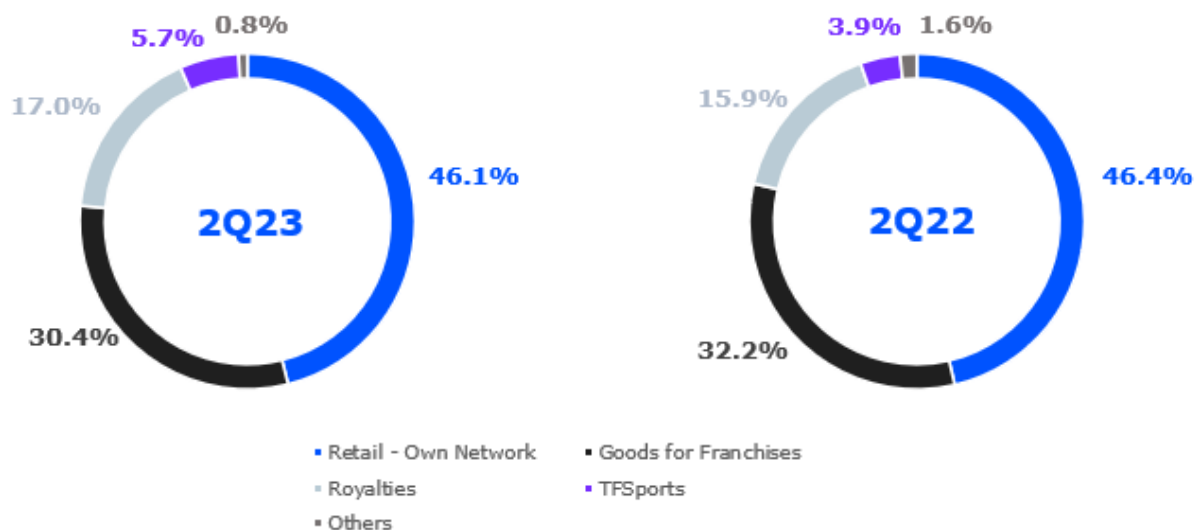


One of the highlights of the quarter's net sales were the retail sales (own stores), which grew 17.7% YoY, reaching R\$71.8 million, with a 46.1% share in the total net revenue. The performance of the owned stores reflected the good reception of the winter collection and the positive impact of the refurbishments carried out in recent periods.

Another highlight of the quarter was the revenue from royalties, reaching a 17.0% share in the total revenue (vs. 15.9% in 2Q22) and growth of 26.3% YoY, in response to the high level of sell in seen in the first quarter of the year. Additionally, it is worth highlighting the growth of 74.7% vs. 2Q22 in TFSports' revenue, as a result of the growth seen in subscription revenue and sponsorship revenue.

## Net Revenue Breakdown

%



## Gross Profit

Gross Profit (R\$ thousand)			Chg.			Chg.
	2Q23	2Q22	2Q23/ 2Q22	1H23	1H22	1H23/ 1H22
Gross Profit	88,901	71,169	24.9%	172,208	138,782	24.1%
Gross Margin	57.1%	54.1%	3.0 p.p.	57.9%	56.9%	1.0 p.p.

Gross Profit for the quarter totaled R\$88.9 million, an increase of 24.9% compared to 2Q22, reflecting the sell out growth in the period and the acceleration of revenues from royalties and TFSports. Gross margin, in turn, reached 57.1% in 2Q23 versus 54.1% in the previous year, impacted by the improvement in the margin practiced in all channels, reflecting, among other factors, the sale of winter products with a higher mark-up, and by the growth of the contribution margin from royalties in the period.

## Adjusted Operating Expenses

Adjusted Net Revenue	2Q23	2Q22	Chg. 2Q23/2Q22	1H23	1H22	Chg. 1H23/1H22
<b>General Adjusted Net Revenue</b>	<b>155,775</b>	<b>131,443</b>	<b>18.5%</b>	<b>297,465</b>	<b>244,141</b>	<b>21.8%</b>
Operating Expenses (R\$ thousand)	2Q23	2Q22	Chg. 2Q23/2Q22	1H23	1H22	Chg. 1H23/1H22
Sales	27,611	24,579	12.3%	57,084	49,339	15.7%
% With Sales over General NR	17.7%	18.7%	-1.0 p.p.	19.2%	20.2%	-1.0 p.p.
General and Administrative	26,253	21,209	23.8%	47,184	39,223	20.3%
% G&A over General NR	16.9%	16.1%	0.8 p.p.	15.9%	16.1%	-0.2 p.p.
<b>Operating Expenses</b>	<b>53,864</b>	<b>45,789</b>	<b>17.6%</b>	<b>104,268</b>	<b>88,562</b>	<b>17.7%</b>
%Total Operating Expenses wo/ General NR	34.6%	34.8%	-0.2 p.p.	35.1%	36.3%	-1.2 p.p.
Other operating revenues (expenses)	-1,100	123	n.m.	-1,343	-2,680	-49.9%
<b>Total Operating Expenses (Revenue) without depreciation</b>	<b>52,764</b>	<b>45,912</b>	<b>14.9%</b>	<b>102,925</b>	<b>85,882</b>	<b>19.8%</b>
%Total Operating Expenses wo/ General NR	33.9%	34.9%	-1.0 p.p.	34.6%	35.2%	-0.6 p.p.
Depreciation	2,246	1,266	n.m.	4,246	2,443	n.m.
<b>Total Operating Expenses (Revenue) with depreciation</b>	<b>55,010</b>	<b>47,179</b>	<b>16.6%</b>	<b>107,171</b>	<b>88,325</b>	<b>21.3%</b>
%Total Operating Expenses wo/ General NR	35.3%	35.9%	-0.6 p.p.	36.0%	36.2%	-0.2 p.p.

Adjusted operating expenses in the second quarter represented 33.9% of net sales, compared to 34.9% observed in 2Q22 (-1.0% p.p. YoY). In the 6-months period, we also observed a decrease in the level of operating expenses to net sales (-0.6 p.p. YoY), demonstrating, once again, the Company's ability to dilute its costs as a proportion of net revenue.

Regarding selling expenses, we observed a decrease on its level to net sales (-1.0 p.p.) when comparing both 2Q23 vs. 2Q22 and in the six-month period. The lower level of selling expenses in the period was due to the increased representation of the franchise channel in the network, as we dilute the weight of our own retail expenses with this format, and due to some postponements of expenses from the second semester (especially marketing expenses).

The increase in administrative expenses over net sales in the quarter is due to a reclassification in between lines to ensure comparability with the previous year - in 1Q23 some administrative expenses were allocated to selling expenses, and in 2Q23 they were managerially reclassified to administrative expenses. In the semester, the reclassification is neutralized, and we can observe a decrease in the percentage of administrative expenses in relation to the previous year, reinforcing the trend of operational leverage, even with the reinforcement of some corporate structures at the end of last year.

## EBITDA

EBITDA (R\$ thousand)	2Q23	2Q22	Chg. 2Q23/ 2Q22	1H23	1H22	Chg. 1H23/ 1H22
Net Income	26,831	17,270	55.4%	51,918	37,247	39.4%
(+) Income Tax and Social Security	4,966	6,419	-22.6%	9,181	13,588	-32.4%
(+) Net Financial Result	2,881	798	261.0%	5,541	2,024	173.8%
(+) Depreciation and amortization	6,192	4,306	43.8%	12,004	8,306	44.5%
<b>EBITDA</b>	<b>40,870</b>	<b>28,793</b>	<b>41.9%</b>	<b>78,645</b>	<b>61,165</b>	<b>28.6%</b>
<b>EBITDA Margin</b>	<b>26.2%</b>	<b>21.9%</b>	<b>4.3 p.p.</b>	<b>26.4%</b>	<b>25.1%</b>	<b>1.4 p.p.</b>
(+) IFRS-16 Adjustment	-5,110	-4,112	24.3%	-10,217	-8,010	27.6%
(+) Non-Recurring Adjustment*	303	492	-38.4%	1,083	-278	n.m.
<b>Adjusted EBITDA</b>	<b>36,064</b>	<b>25,173</b>	<b>43.3%</b>	<b>69,512</b>	<b>52,877</b>	<b>31.5%</b>
<b>Adjusted EBITDA Margin</b>	<b>23.2%</b>	<b>19.2%</b>	<b>4.0 p.p.</b>	<b>23.4%</b>	<b>21.7%</b>	<b>1.7 p.p.</b>

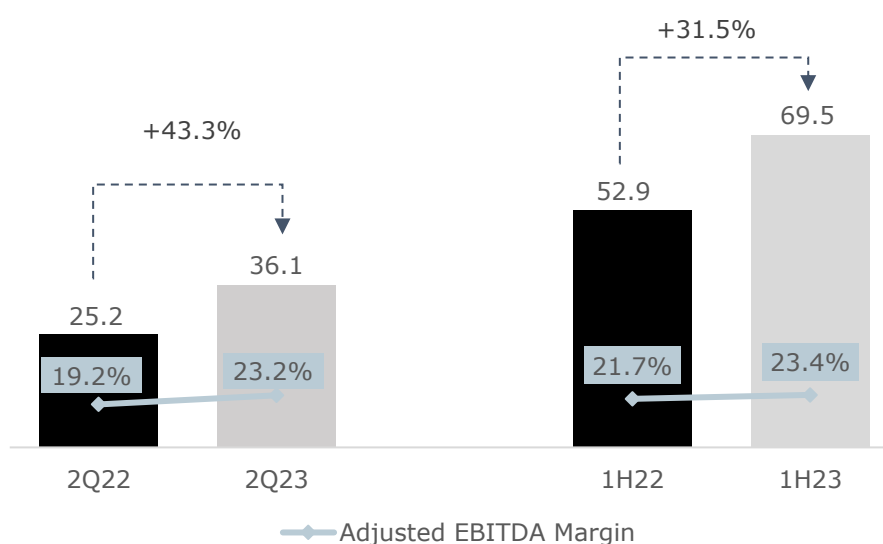
\* Non-Recurring Adjustment breakdown is on page 21.

EBITDA totaled R\$40.9 million in the quarter, up 41.9% compared to 2Q22, with an EBITDA margin of 26.2% (vs. 21.9% in 2Q22), due to the decrease in the level of expenses over net sales and, mainly, the expansion of the gross margin observed during the quarter.

Excluding the effects of IFRS-16 and non-recurring expenses, Adjusted EBITDA amounted to R\$36.1 million in 2Q23, with a margin of 23.2% (+4.0 p.p. vs. 2Q22) and growth of 43.3% versus the previous year.

## Adjusted EBITDA

R\$ million



## Financial Result

<b>Financial Result (R\$ thousand)</b>	<b>2Q23</b>	<b>2Q22</b>	<b>Chg. 2Q23/ 2Q22</b>	<b>1H23</b>	<b>1H22</b>	<b>Chg. 1H23/ 1H22</b>
Financial Revenues	2,217	2,652	-16.4%	4,203	4,819	-12.8%
Financial Expenses	-5,098	-3,450	47.8%	-9,744	-6,843	42.4%
<i>IFRS interest</i>	-2,186	-1,977	10.5%	-4,389	-3,878	13.2%
<i>Other Financial Expenses</i>	-2,912	-1,473	97.8%	-5,355	-2,965	80.6%
<b>Financial Result</b>	<b>-2,881</b>	<b>-798</b>	<b>261.0%</b>	<b>-5,541</b>	<b>-2,024</b>	<b>173.8%</b>
Net Effect of Adjustments	2,329	1,978	17.7%	4,983	3,841	29.7%
<b>Adjusted Financial Result*</b>	<b>-552</b>	<b>1,180</b>	<b>-146.8%</b>	<b>-558</b>	<b>1,817</b>	<b>-130.7%</b>

\* Effects Adjustments: interest on leasing and non-recurring operations.

The adjusted financial result, excluding IFRS-16 and non-recurring effects, was negative by R\$552 thousand in the second quarter.

We reported a lower average cash position due to the investment program, mainly focused on the reforms and development of the TFSports application, which neutralized the impact of the Selic increase on financial income.

The Company ended the quarter, once again, with no debt and did not prepay any receivables over the period.

## Net Income

<b>Net Income R\$ thousand and %</b>	<b>2Q23</b>	<b>2Q22</b>	<b>Chg. 2Q23/ 2Q22</b>	<b>1H23</b>	<b>1H22</b>	<b>Chg. 1H23/ 1H22</b>
<b>Net Income</b>	<b>26,831</b>	<b>17,270</b>	<b>55.4%</b>	<b>51,918</b>	<b>37,247</b>	<b>39.4%</b>
<b>Net Margin</b>	<b>17.2%</b>	<b>13.1%</b>	<b>4.1 p.p.</b>	<b>17.5%</b>	<b>15.3%</b>	<b>2.2 p.p.</b>
(+) <i>IFRS-16 Adjustment</i>	751	698	7.5%	1,428	1,307	9.3%
(+) <i>Non-Recurring Adjustment*</i>	268	296	-9.5%	1,055	825	27.8%
<b>Adjusted Net Income</b>	<b>27,850</b>	<b>18,264</b>	<b>52.5%</b>	<b>54,402</b>	<b>39,379</b>	<b>38.1%</b>
<b>Adjusted Net Margin</b>	<b>17.9%</b>	<b>13.9%</b>	<b>4.0 p.p.</b>	<b>18.3%</b>	<b>16.1%</b>	<b>2.2 p.p.</b>

\* Non-Recurring Adjustment breakdown is on page 21.

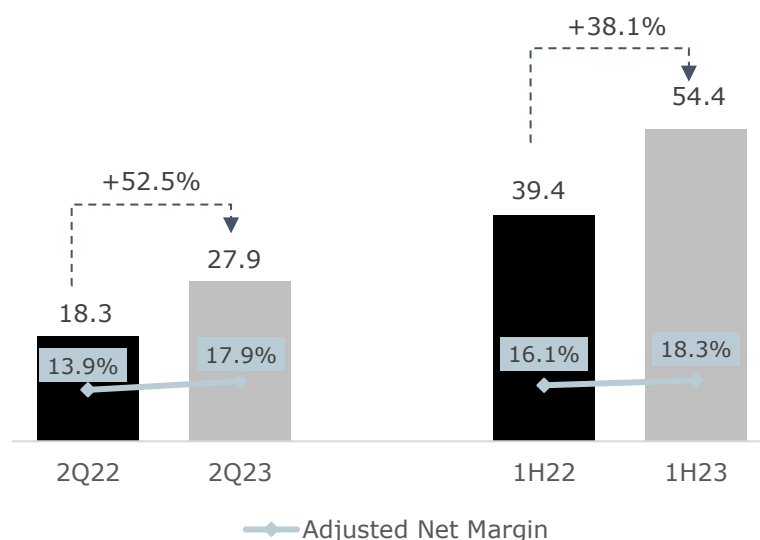
Net Income reached R\$26.8 million in 2Q23, +55.4% compared to the R\$17.3 million in 2Q22. Net margin for the quarter reached 17.2% (+4.1 p.p. vs 2Q23).

Adjusted Net Income, excluding the effects of IFRS-16 and non-recurring expenses, totaled R\$27.9 million in the quarter, growing 52.5% compared to the result of R\$18.3 million recorded in 2Q22. The adjusted net margin for the quarter was 17.9%, an increase of 4.0 p.p. in the annual comparison.

In the first half of the year, adjusted net income totaled R\$54.4 million, growing 38.1% compared to the R\$39.4 million recorded in the first half of 2022.

### Adjusted Net Income

R\$ million



## Cash Flow

Cash Flow (R\$ mil)	2Q23	1Q23	2Q22
Net cash generated (applied) in operating activities	29.1	15.1	28.9
Net cash applied in investing activities	-14.5	-6.7	-17.2
Net cash generated (applied) in financing activities	-35.2	-5.6	-17.9
<b>Increase / Decrease in Cash and Cash Equivalents</b>	<b>-20.6</b>	<b>2.8</b>	<b>-6.1</b>
<b>Initial Cash Balance</b>	<b>60.5</b>	<b>60.5</b>	<b>66.8</b>
<b>Final Cash Balance</b>	<b>39.9</b>	<b>63.3</b>	<b>60.7</b>

The Company ended the second quarter of 2023 with a net cash balance in the amount of R\$39.9 million and cash equivalents (including credit card receivables) in the amount of R\$91.3 million.

Net cash generation from operating activities in the quarter was R\$29.1 million, a level close to that seen in the same period of the previous year.

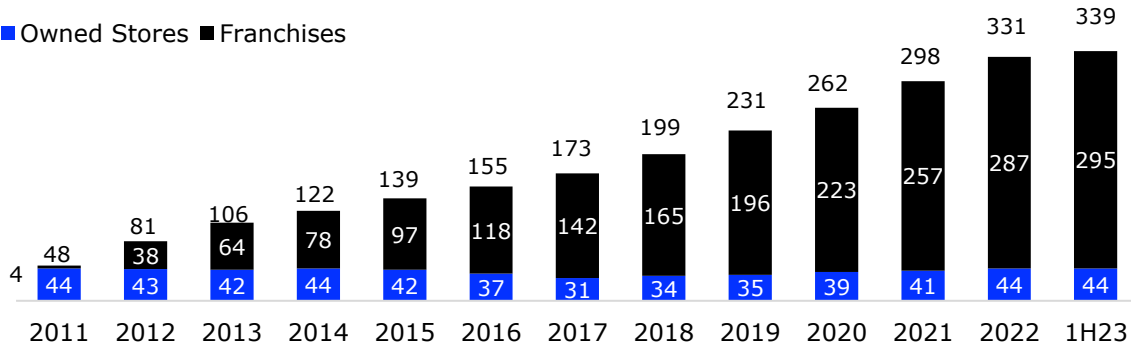
The R\$35.2 million in the “financing activities” group basically reflects the payment of dividends and interest on capital made in the period.

The investment account increased versus 1Q23 due to the acceleration of investments made in store renovations and developments and improvements in the TFSports Platform.

## Investments/Expansion

### Number of Stores

■ Owned Stores ■ Franchises



Note: E-commerce considered as 1 owned store.

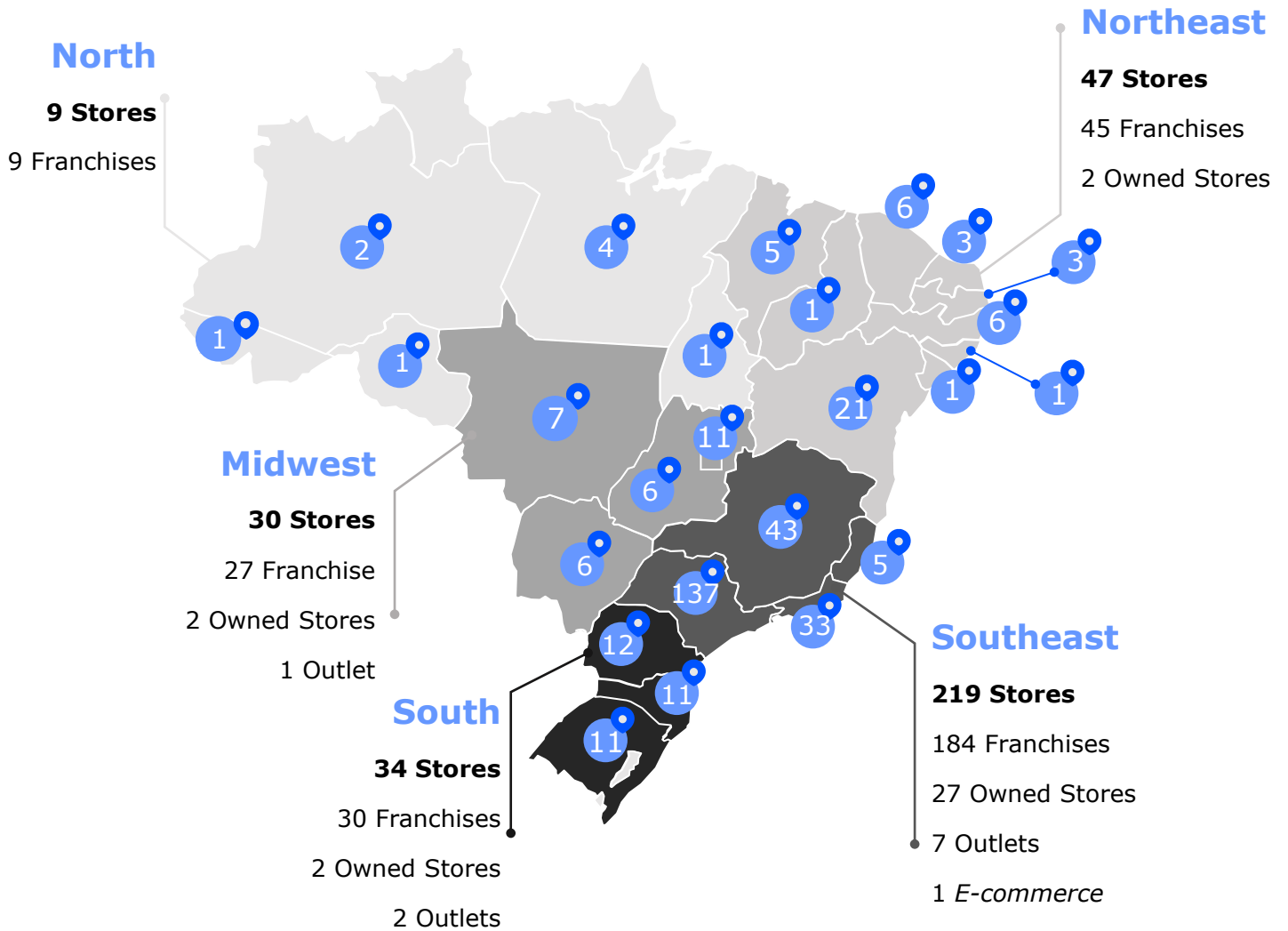
We ended the period with a total of 339 stores within the network, in which 34 are owned stores, 10 are outlets and 295 are franchises (7 were opened during 2Q23).

All the new stores are being inaugurated with elements from the Experience store, with a complete renovation of their equipment, visual communication, and product display. In addition, of the 25 stores we are targeting for 2023, 9 have already been renovated during 1H23 (3 owned stores and 6 franchises), so we expect to renovate 15 stores during 2H23.

Additionally, by the end of 2Q23, we opened two TFC Food & Market units (Vila Nova Conceição and Edifício Juscelino Plaza, both in São Paulo) and we expect to end the year with 10 locations.



## Map of Stores



## Annexes

## Income Statement for the Period

R\$ thousand	2Q23	2Q22	1H23	1H22
NET REVENUE OF SALES AND SERVICES PROVIDED	155,775	131,443	297,465	243,967
Cost of goods sold and services provided	-66,874	-60,274	-125,257	-105,185
GROSS PROFIT	88,901	71,169	172,208	138,782
<i>Gross Margin</i>	57.1%	54.1%	57.9%	56.9%
Operating Expenses	-55,322	-46,559	-106,617	-88,603
Sales	-27,626	-24,421	-56,891	-48,948
General and administrative	-27,696	-22,138	-49,726	-39,655
<i>% Total Operating Expenses over General NR</i>	35,5%	35,4%	35,8%	36,3%
Other operating revenues (expenses)	1,099	-123	1,049	2,680
Total Operating Expenses (revenues)	-54,223	-46,682	-105,568	-85,923
<i>% Total Operating Expenses (revenues) over General NR</i>	34.8%	35.5%	35.5%	35.2%
EBITDA	40,870	28,793	78,645	61,165
<i>EBITDA Margin</i>	26.2%	21.9%	26.4%	25.1%
Depreciation and Amortization	-6.192	-4.306	-12.004	-8.306
PROFIT BEFORE FINANCIAL RESULT	34,678	24,487	66,640	52,859
FINANCIAL RESULT	-2,881	-798	-5,541	-2,024
Financial Revenues	2,217	2,652	4,203	4,819
Financial Expenses	-5,098	-3,450	-9,744	-6,843
OPERATING PROFIT BEFORE IT AND SC	31,797	23,689	61,099	50,835
INCOME TAX AND SOCIAL CONTRIBUTION	-4,966	-6,419	-9,181	-13,588
<b>NET INCOME FOR THE PERIOD</b>	<b>26,831</b>	<b>17,270</b>	<b>51,918</b>	<b>37,247</b>
<i>Net Margin</i>	17.2%	13.1%	17.5%	15.3%

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

R\$ thousand	2Q23	2Q22	1H23	1H22
NET REVENUE OF SALES AND SERVICES PROVIDED	155,775	131,443	297,465	244,141
Cost of goods sold and services provided	-66,949	-60,357	-125,031	-105,382
GROSS PROFIT	88,827	71,086	172,435	138,760
<i>Gross Margin</i>	57.0%	54.1%	58.0%	56.8%
Operating Expenses	-56,110	-47,056	-108,514	-91,005
Sales	-28,511	-25,067	-58,787	-50,302
General and administrative	-27,599	-21,988	-49,727	-40,703
<i>% Total Operating Expenses over General NR</i>	36,0%	35,8%	36,5%	37,3%
Other operating revenues (expenses)	1,100	-123	1,343	2,680
Total Operating Expenses (revenues)	-55,010	-47,179	-107,171	-88,325
<i>% Total Operating Expenses (revenues) over General NR</i>	35.3%	35.9%	36.0%	36.2%
Adjusted EBITDA	36,064	25,173	69,512	52,877
<i>Adjusted EBITDA Margin</i>	23.2%	19.2%	23.4%	21.7%
Depreciation and Amortization	-2,246	-1,266	-4,246	-2,442
PROFIT BEFORE FINANCIAL RESULT	33,818	23,907	65,266	50,435
FINANCIAL RESULT	-552	1,180	-558	1,817
Financial Revenues	2,217	2,652	4,203	4,781
Financial Expenses	-2,768	-1,472	-4,761	-2,964
OPERATING PROFIT BEFORE IT AND SC	33,265	25,087	64,707	52,252
INCOME TAX AND SOCIAL CONTRIBUTION	-5,415	-6,823	-10,305	-12,873
<b>ADJUSTED NET INCOME FOR THE PERIOD</b>	<b>27,850</b>	<b>18,264</b>	<b>54,402</b>	<b>39,379</b>
<i>Adjusted Net Margin</i>	17.9%	13.9%	18.3%	16.1%

## 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

<b>Items included in BP by IFRS-16 in R\$ thousand</b>	<b>Including IFRS-16 Effect (A)</b>	<b>Excluding IFRS-16 Effect (B)</b>	<b>Difference (A-B)</b>
Assets - Rights of Use	90,228	-	90,228
Liabilities - Leases Payable	98,830	-	98,830

<b>1Q23 Items affected by IFRS-16 in R\$ thousand</b>	<b>Including IFRS-16 Effect (A)</b>	<b>Excluding IFRS-16 Effect (B)</b>	<b>Difference (A-B)</b>
Operating Expenses (excl. Depreciation and Amortization)	-48,031	-53,141	5,110
Depreciation and Amortization Expenses	-6,192	-2,246	-3,946
Financial Result	-2,881	-552	-2,329
IRPJ/CSLL	-4,966	-5,237	271
Net Income	26,831	27,582	-751
EBITDA	40,870	35,760	5,110

<b>1H23 Items affected by IFRS-16 in R\$ thousand</b>	<b>Including IFRS-16 Effect (A)</b>	<b>Excluding IFRS-16 Effect (B)</b>	<b>Difference (A-B)</b>
Operating Expenses (excl. Depreciation and Amortization)	-93,564	-103,781	10,217
Depreciation and Amortization Expenses	-12,004	-4,246	-7,758
Financial Result	-5,541	-558	-4,983
IRPJ/CSLL	-9,181	-9,684	503
Net Income	51,918	53,346	-1,428
EBITDA	78,645	68,428	10,217

## Non-Recurring Adjustments

<b>Adjusted EBITDA Reconciliation (R\$ thousand)</b>	<b>1Q23</b>	<b>1Q22</b>	<b>1H23</b>	<b>1H22</b>
<b>EBITDA</b>	<b>40,870</b>	<b>28,793</b>	<b>78,645</b>	<b>61,165</b>
IFRS 16	-5,110	-4,112	-10,217	-8,010
CPC 47 Effect - 2021	0	0	0	174
Pre-operational: new DC / TF Joinville	-75	492	-151	379
Reversal of provision for contingency/ terminations of C-Level	0	0	0	-831
Strategic Consulting	279	0	464	0
Import tax restructuring	0	0	377	0
Other non-recurring expenses	99	0	393	0
<b>Adjusted EBITDA</b>	<b>36,064</b>	<b>25,173</b>	<b>69,512</b>	<b>52,877</b>

<b>Adjusted Net Income Reconciliation (R\$ thousand)</b>	<b>1Q23</b>	<b>1Q22</b>	<b>1H23</b>	<b>1H22</b>
<b>Net Income</b>	<b>26,831</b>	<b>17,270</b>	<b>51,918</b>	<b>37,247</b>
IFRS 16	1,022	906	1,931	1,695
CPC 47 Effect - 2021	0	0	0	174
Pre-operational: new DC / TF Joinville	-75	492	-151	379
Reversal of provision for contingency/ terminations of C-Level	0	0	0	-831
IRPJ/CSLL on Adjustments	-449	-404	-1,124	715
Strategic Consulting	279	0	563	0
Import tax restructuring	129	0	535	0
Other non-recurring expenses	114	0	730	0
<b>Adjusted Net Income</b>	<b>27,850</b>	<b>18,264</b>	<b>54,402</b>	<b>39,379</b>

## CASH FLOW

R\$ thousand	1H23	1H22
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net income for the year	51,918	37,247
<b>Adjustments to reconcile net income (loss) for the year with net cash from operating activities:</b>		
Depreciation and amortization	13,079	8,491
Inflation adjustment on judicial deposits	-970	-586
Current and deferred income tax and social contribution	459	0
Constitution (Reversal) of projected inventory loss	9,181	13,588
Provision (Reversal) for civil, labor and tax risks	252	329
Credit losses	-399	-255
Expected credit losses	341	24
Tax credits from previous periods	-57	-59
Interest on lease - right of use	0	138
Inflation adjustment of recoverable taxes	4,389	3,878
Inflation adjustment of taxes payable	-604	-597
Inflation adjustment of other obligations	926	792
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>207</b>	<b>0</b>
<b>Varição nos ativos e passivos operacionais:</b>		
Accounts receivable	34,658	32,806
Inventories	-49,643	-49,442
Taxes recoverable	-1,506	2,652
Judicial deposits	913	1,166
Other credits	-3,103	-563
Suppliers	-5,687	10,378
Labor and social security obligations	-2,645	-2,855
Tax obligations	-14,899	-12,457
Rents payable	-1,997	0
Accounts payables	0	-1,639
Advance on events	5,317	-3,424
Other obligations	1,389	1,043
<b>Net cash from operating activities</b>	<b>41,519</b>	<b>40,654</b>
Income tax and social contribution paid	-12,380	-11,706
<b>Net cash generated from operating activities</b>	<b>29,139</b>	<b>28,948</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Acquisition of intangible assets	-14,506	-17,189
<b>Net cash used in investing activities</b>	<b>-14,506</b>	<b>-17,189</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Dividends paid	-5,392	-9,881
Interest over capital	-18,968	0
Leases - right of use paid	-10,678	-7,979
Acquisition of own shares	-153	0
<b>Caixa líquido aplicado nas atividades de financiamento</b>	<b>-35,191</b>	<b>-17,860</b>
<b>EXCHANGE RATE VARIATION ON CASH AND CASH EQUIVALENTS OF SUBSIDIARY ABROAD</b>		
	-2	1
<b>INCREASE (REDUCTION) IN CASH AND CASH EQUIVALENTS</b>	<b>-20,560</b>	<b>-6,100</b>
<b>Initial balance of cash and cash equivalents</b>	<b>60,489</b>	<b>66,771</b>
<b>Final balance of cash and cash equivalents</b>	<b>39,929</b>	<b>60,671</b>

## Balance Sheet

R\$ thousand	2Q23	2Q22
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash and cash equivalents	39,929	60,671
Accounts receivable	117,827	92,551
Inventories	253,857	207,751
Taxes recoverable	6,034	8,922
Prepaid expenses and other credits	7,161	2,153
Advances from Suppliers	1,480	1,447
<b>Total current assets</b>	<b>426,288</b>	<b>373,495</b>
<b>NON-CURRENT</b>		
Judicial deposits	467	694
Deferred income tax and social contribution	8,163	6,594
Taxes recoverable	8,847	6,373
Property, Plant & Equipment	136,416	106,804
Intangible Assets	14,652	6,879
<b>Total non-current assets</b>	<b>168,545</b>	<b>127,344</b>
<b>TOTAL ASSETS</b>	<b>594,833</b>	<b>500,839</b>

R\$ thousand	2Q23	2Q22
<b>LIABILITIES AND NET EQUITY</b>		
<b>CURRENT</b>		
Suppliers	55,844	51,309
Labor and social security obligations	24,743	19,429
Tax obligations	12,760	12,060
Leases - right of use payable	17,213	12,803
Rents payable	1,394	1,654
Advance from customers	2,749	1,983
Advance of Events	5,317	4,819
Dividends payable	10,389	0
Other obligations	4,909	8,936
<b>Total current liabilities</b>	<b>135,318</b>	<b>112,993</b>
<b>NON-CURRENT</b>		
Suppliers	879	1,927
Leases - right of use payable	81,617	71,907
Provision for civil, labor and tax risks	7,413	8,864
Other liabilities	21	93
<b>Total non-current liabilities</b>	<b>89,930</b>	<b>82,791</b>
<b>NET EQUITY</b>		
Share capital	192,392	192,392
Treasury shares	-12,278	-21
Capital reserve	-12,527	-12,935
Reserve of tax incentives	7,040	5,596
Profit Reserve	153,434	86,502
Other comprehensive income	1,867	1,870
Profit for the Period	39,657	31,651
<b>Total net equity</b>	<b>369,585</b>	<b>305,055</b>
<b>TOTAL LIABILITIES AND NET EQUITY</b>	<b>594,833</b>	<b>500,839</b>

## 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, 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).

# Track & Field



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