

# Track & Field

## Track&Field Q3 2025 Earnings Conference Call Transcript

### **Operator:**

Good morning, ladies and gentlemen, and welcome to the Track&Field video conference for the discussion of results for the Third Quarter of 2025 (3Q25).

This video conference is being recorded, and the replay can be accessed on the Company's website at [www.tfco.com.br/ri](http://www.tfco.com.br/ri). The presentation is also available for download.

Please be advised that all participants will be in listen-only mode during the presentation, after which we will begin the question and answer session, where further instructions will be provided.

Before proceeding, I would like to reinforce that forward-looking statements are based on the beliefs and assumptions of Track&Field's management and the current information available to the Company. These statements may involve risks and uncertainties, as they relate to future events and, therefore, depend on circumstances that may or may not occur.

Investors, analysts, and journalists should consider that events related to the macroeconomic environment, the segment, and other factors may cause results to differ materially from those expressed in the respective forward-looking statements.

Present at this video conference are Mr. Fernando Tracanella, Track&Field CEO; Ms. Patrícia Abibe, CFO and Investor Relations Officer; and Mr. Fred Wagner, TFSports CEO and Track&Field Vice President of Strategy and New Business.

I would now like to hand the floor over to Mr. Fernando Tracanella, who will begin the presentation. Please, Fernando, you may proceed.

### **Fernando Tracanella:**

First, good morning to everyone. I would like to thank you for dedicating your time to hear about our 3Q results.

As a Company, we are very happy to report another quarter with great numbers. I would like to congratulate the entire Company team, all franchisees, and everyone who is part of this ecosystem. I will go over some highlights with you here; I won't go into too much detail. Patrícia will delve deeper into the numbers later, and Fred will also talk a bit about TFSports and TFC afterward.

Let's begin, then. It was a quarter, once again, where the Company managed to maintain a very robust top-line growth, a total growth of 28%, but what I think is more relevant to highlight here is the like-for-like (same-store) growth of almost 23%. So this is a trend we have been seeing since the beginning of the year: strong growth. And regarding this growth, a few comments: First, there is obviously a favorable context, a very favorable scenario for a company like ours, which operates in wellness and active healthy living, which is precisely our mission—to connect people to an active and healthy lifestyle. This is not new, but we believe it has accelerated more recently, with people being more engaged with physical activity, taking better care of their health, and practicing more sports. In this context, Track&Field is a very well-positioned brand. So, having a scenario with a tailwind is important, but the Company also has many merits in this 2025 performance.

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I would start by talking about product. So, it's a year where we have been very successful with the product, across both collections—the winter collection, which had more impact in H1, and also this summer collection, which was recently launched, with more impact at the end of 3Q, but providing a very good outlook for 4Q. And also in the mini-collections, which are those capsule collections that we launch virtually every week, we have also had great success.

So, I think I would start by talking about product, but then other levers have also been important: Store renovations. On this first slide, consistently, store renovation has brought growth very close to double the Company's like-for-like growth. This was maintained in 3Q. So, store renovation has been a very good capital allocation for us from the perspective of our own stores, but also very good for the franchisee, with very interesting returns. And this year, we should end with a portion of approximately 60% of the network already in the new format, and a good outlook for a group of stores that will be renovated in the coming years and will continue to drive like-for-like growth.

Another important factor also explaining the growth is digital. Our digital channel, e-commerce, has been growing significantly for some time now. In 3Q, it once again grew well above the average. For those who have followed the Company longer, its participation came from around 3% pre-pandemic and is now above 10%, on a Company that has quadrupled in size. So, it is very significant growth, coupled with an omnichannel strategy that has also been very important in explaining this performance.

So, today, we have ship from store very consolidated, with over 70% of sales captured being fulfilled by stores closest to the customer. This has allowed us to achieve two major objectives: The first is putting the customer at the center, trying to offer a better experience for the customer in this digital sale, with faster delivery and integrating the franchisee into the Company's digital strategy. The second wave, which has also been very important, [06:33 - inaudible], which already represents over 10% of digital sales, is the method through which our sales team can view the inventory of the entire network and offer a product that the customer may not have found in the physical store they are shopping at. So, these strategies have helped a lot. Thus, digital has been an important lever.

I will also mention marketing. Our marketing has evolved greatly toward being a marketing that speaks to the entire ecosystem, in a very good strategy also with financiers/funders (franqueadores in Portuguese, which means franchisors, but here likely refers to external partners or strategic backers), and I believe this evolution this year also contributed significantly to this growth.

In other words, there are some factors—a very favorable context—but also some internal factors that help justify this number.

Net revenue grew, as you can see, at a faster pace than sell-out—31%. What was the main point here regarding net revenue that I would like to summarize at this beginning, and Patrícia will comment on in more depth? We had a very large participation of sell-in, which is the sale of merchandise to franchisees. It was a growth of 55%. So, sell-in ended up driving net revenue up, and this largely explains the impact on gross margin—which Patrícia will discuss—because our business model is to sell products to franchisees at a very small margin, or even at cost, and profitability comes from royalties.

So, when we have a greater participation of sell-in in the sales mix, there is obviously pressure, pushing the margin down a little. But what I wanted to emphasize very much to you is that today's sell-in is tomorrow's royalty, where we have a 100% margin.

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Therefore, if I remove sell-in, and the stores are well-stocked—we anticipated this stocking-up with a very good outlook for 4Q—it means that this will return to our profitability through royalties, where I have the highest margin in the Company's business mix. So, again, today's sell-in is tomorrow's royalty. This is, in fact, a very positive signal.

And when I have more net revenue, in this case, largely due to sell-in, this sale of merchandise to the franchisee, I also have more expense dilution. So, part of this also comes back through expense dilution, as occurred this quarter.

So, it was a quarter where sales were very good, we grew well, but we also had very positive profitability. So, EBITDA grew practically 28%, and adjusted net income grew 30%. Thus, it was a quarter with strong top-line and good profitability.

From the expansion point of view, we had the opening of two new franchises, ending with 417 stores in the network, and we carried out 17 renovations. When we look at the year-to-date, the company has maintained growth, a cumulative growth very close to 30%, with 23% like-for-like.

There is an important point here: the growth in these 9M was even higher than we expected. So, at the beginning of the year, we needed to make a series of adjustments in the operation from the product and production perspective, from the logistics perspective. We had some bottlenecks at the beginning of the year from the point of view of store supply, which is normal when a company grows at this speed, which was a speed reasonably greater than, for example, last year compared to 2023, a period when we grew around 18%.

So, for a company that is growing around 18% to grow 30%, it is obvious that some adjustments and some bottlenecks appear, and some adjustments to those bottlenecks are necessary. But I think the good news is that in 3Q, we had an excellent collection turnover, with optimal store supply and decreasing stock-outs, which is an important sign for this 4Q. So, we think another merit of ours this year is having reacted very quickly and adjusted the operation very quickly.

And the profitability indicators are very good. We have consolidated EBITDA growth in TFSports, with all businesses growing 37%, and net income growing 35%. The Company maintains zero debt, generating cash with zero debt. Obviously, we are in a period of higher investments—store renovations, technology, the TFSports platform. So, there is consumption of this operational cash generation, but we maintained a debt-free position with a rate. And finally, to conclude here on expansion, I think we can even... next slide, please. This slide.

This is just a bit of history. In fact, it is a long history here, so we go back to 2011, which marks the beginning of the franchise channel at Track&Field. So, we see that from 2011 to 2025, we are very close to multiplying the number of stores by 10, with growth primarily through franchises, which is the blue part of the bar chart. And this year, we have the prospect of opening around 40 stores, a number very similar to last year, which is a level of stores that we believe makes it possible to preserve the quality of the point of sale and the quality of the franchisee, which is very important to us. So, we prefer to moderate this speed and maintain quality in the operation.

And from the perspective of renovations, which is super important, we are going to do more than 40. So, our goal was 40, and we should even slightly exceed it, which shows the success of this store renovation program, both for us as our own stores and for the franchisees.

So, that is the introduction I wanted to make. I will now hand it over to Patrícia to talk a little more about the results.

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## **Patricia Abibe:**

Very good, thank you, Traca. Well, it is with great satisfaction that I can report our results today—the work of many people here in the back office, on the store floor, partnership with franchisees, suppliers. So, right off the bat, I start by thanking everyone directly and indirectly linked to all these results.

Let's go. Tracanella spoke a little about the expansion. Today, I was already looking at the expansion team: there have been five more stores as of today, the 14th. So, 417 stores at the close of the quarter, and 422 today.

Speaking of sell-out, Tracanella gave an excellent opening here for us, and just complementing this part of sell-out, which was our sales: This sale is a reflection of many initiatives that have been happening for quite some time and are gaining more and more traction, bringing this result of a sell-out growth here in the order of 28%. This growth we saw in 1Q, 2Q, and 3Q keeps the Company maintaining this level of growth of almost 30% in 9M.

This growth has truly been very significant for us, and this will corroborate the success of the launch of our summer collection—which I am even honoring here, our collection, which is this little jacket of ours, which is in the store, one of our top sellers, wonderful, I always like to make a correlation with what happens in the store—the summer collection, which is marvelous, the winter clearance, which was also very good and brought an excellent result here for the quarter. Father's Day, always in our place as a gift seller, very relevant, with sales even above the growth that the network has been bringing.

Undoubtedly, this better-stocked network has made a big difference—the right product at the right time in the right place—so I think a lot of energy is being dedicated to this, which is also bringing this growth lever here for us.

The greater customer flow in stores, here we are talking about renovations, new stores; renovations here growing at the magnitude of 46%, a lot. And undoubtedly, we cannot fail to mention the organization of events, which has been a success. In the quarter, there were more than a thousand events—Fred will talk a little more about TFSports soon—but also in the quarter, almost 150,000 registrations in our events. So, it is another reflection of everything that happened in our sell-out.

E-commerce. E-commerce, with this participation in our sell-out of almost 11% of the total captured, remembering that when we look at e-commerce, it is the channel where we capture this sale digitally, on our website, and this is fulfilled through our Distribution Center (CD) and through all our physical stores, whether owned or franchised. And remember that e-commerce, when I look at 9M, will grow even stronger, growing almost 42%. So, there is a lot of opportunity here that the team is also working hard on in this digital front for us.

Omnichannel, also connected to our increasing concern to have the right product at the right time, bringing the opportunity to the customer there, who is looking for a product and eventually I don't have it at the time of sale, in the physical store: it is this connection with our infinite window. Today, 378 stores are connected to this tool, which is the moment I offer the customer something they were looking for at that moment and did not find, and I can make that sale right then and deliver it to the customer at a later time. This already represents almost 13% of all our digital sell-out. Quite significant.

Social Selling. We always bring up this initiative too, which is a success. Today, it represents almost 39% of sales in the quarter. It is that sale that we start via WhatsApp, through our store

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teams, in the mini-chat, and the people who are involved in this sale also bringing customers, and it is a sale that happens following this contact with the customer.

So, our sell-out is bringing this strong growth again here for us in the quarter.

Speaking of net revenue, 31.4%. Traca already gave a good explanation for us again. But how does sell-out grow 28.3% and net revenue grows 31.4%? It is precisely this product sale to the franchisee, which is the sell-in. This product sale to the franchisee is very important to us today because it makes the franchisee increasingly well-stocked, anticipating movements in the store.

For example, entering 4Q now, soon we'll be talking about Black Friday, soon we'll be talking about Christmas, anticipating gifts in stores. October also just turned. So, the franchisee was better stocked. It was a different sales behavior for us compared to last year, hence this discrepancy here in net revenue.

So, the fact that this sell-in business grew 55% is precisely the signal that the network is very confident in the collection, is very confident in the product we are delivering, and so they will stock up, and then they will be increasingly better able to take advantage of these opportunities that we are reflecting here. There is demand for this, and we are working.

This portion of sell-in took a relevant piece of our net revenue when compared to last year. It was 5 percentage points more of our net revenue this quarter compared to last year. Let's keep this information because soon we will connect it to gross profit.

Retail, which is what we call the own-store network, 24% last year, also reflecting all this effect we are talking about: renovated stores, clearance, Father's Day, an excellent result also. Royalties, here we are already talking about what the franchisee sold throughout the quarter and what that generated for us in royalties. And this, for example, is directly linked to the growth of sell-out, 31.2%. This correlation is interesting to see, and it is what we were talking about: this will happen in the coming months. Today's sell-in is tomorrow's sell-out; therefore, in my net revenue, it is tomorrow's royalty. It is important to have this visibility.

Events and TFMall. We have a reduction here of 11% compared to the same period, basically due to the ending of a benefit we had last year, which is the PERSI benefit. This is a benefit where companies linked to events, which were stopped, paralyzed during the pandemic due to everything that happened back then, had this benefit of PIS and COFINS exemption. TFSports was one of them. So, it was exempt from PIS and COFINS until April of this year. From then on, it brings this impact to net revenue, and therefore, this quarter it has this reduction.

Well, then I talked about gross profit that I was going to connect to the sell-in story. Today's sell-in is my sell-out tomorrow, therefore, it is my royalty in my net revenue. It will impact here; it will put pressure on my gross margin. Why? Because I have 5 points more of representativeness in net revenue due to a lower margin. So, in the mix of businesses we have, it is my lowest margin channel, and that's why it puts pressure.

It's nice to see that, if you look at 9M here, I have a very similar margin. So, this seasonality that happens between the quarters, in 9M it already shows here that it comes in very similarly. In 9M, we can already start to have a little more time to compare. But, again, with 4Q, a full year, it is much easier to explain all this, right?

What else was I going to explain here? For the rest, all channels are having a very good gross margin. I think that's it; I spoke well about gross profit here. Shall we go to the expenses?

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Expenses. We had a strong growth here in revenue, and undoubtedly, it will help to dilute my operating expenses, especially those related to sales. Why? Because they are expenses that are correlated to a sale that I make, and this sale is happening from a channel that does not require the same magnitude of a direct sales expense, such as commission, variable rent, that kind of thing, building. So, this one, for example, is preserved, and I can dilute more.

And, undoubtedly, a management work that we have been doing very strongly for a long time, and increasingly so, also brings this delivery here of administrative expenses diluting by 1.2% in our comparison. 33.6% of our net revenue was the reflection we had this quarter in total expenses.

EBITDA margin. We are practically in line with last year. Why? Let's break it down: Net revenue growing 31%, gross profit, with that issue we were talking about sell-in, came in around 24%. So, therefore, I lose those 2.7 in gross margin. Who delivers? Expenses, delivering 2.2. It dilutes a little, what happens with EBITDA? It comes in very similarly.

So, it is also what Traca gave us the message about at the beginning: It might put a little pressure on the gross margin, but it helps me dilute expenses more, and then EBITDA comes in very similarly.

The expansion here of our 9M EBITDA is around 1.3—it is worth mentioning here too—and regarding TFSports, in the magnitude of the investments we have been making in TFSports, this brings here 4.1 of net revenue, and in the cumulative 9M, also due to quarterly seasonality issues for TFSports, it represents 3%, diluting even a little more than we saw throughout last year.

And speaking of net income, if this EBITDA comes in 0.5% less than last year, practically in line, what I will have here is better depreciation and income tax (IR) than last year in this 3Q, essentially in IR, because I had a more relevant Interest on Equity (JSCP) than last year, and therefore, I bring almost one point of better margin here for us, and 0.6 in financial results, which even relates to a slightly lower cash position we have, due to all the reinvestments we made here in share buybacks, around R\$ 44 million—which I will talk about in our cash section soon—but look, net income that will deliver 0.2% compared to the past, practically in line. And looking at 9 months, then we talk about 0.6% more margin, 34.6% growth in the period.

And then, talking about cash, operational cash generation was almost 34%, a very strong growth for us, even above what we brought here in terms of growth in our net income. Better management, obviously, of our working capital, especially inventories. So, if we look at our entire inventory position, we even had better turnover, especially due to this acceleration of sell-in, so it also helped me slightly decrease our average inventory period, for example, and supplier also, which was a little lower.

Where does it impact a little here? In my average collection period. Perhaps you might even ask me why? Precisely because of the behavior of my net revenue, but channeled into sell-in, which is also a channel where I have a slightly longer collection period when compared to the collection period I have in retail.

On the other hand, financing activities: We have a reduction here of about 30% compared to the same period last year, but this is due to a shift to 4Q of renovations that are still going full steam ahead until the end of the year. In financing, I do not have, for example, those buybacks that I did in this period last year, around R\$ 12 million. So, in this period this year, I no longer

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do them, also due to the value that the stock has been recovering, and then I have a significant reduction here of 43% in these cash applications here.

So, we end here with a cash position of R\$ 20.7 million, totaling almost R\$ 109 million with my accounts receivable position, with my credit card. I emphasize that we remain debt-free, and our sustainable growth and constant cash generation here, which is very important to us.

I think that's it from my side. Fred?

## **Fred Wagner:**

Good morning, everyone. It's a pleasure. Thank you for everyone's presence. I think we can move to the next slide. I'll talk a little about TFSports.

TFSports hit the mark of 1.1 million users, we are super happy with the growth of almost 47% year-over-year in the number of users of our application. Remembering that this year we made the transition of the application to the new platform, and we are now expanding new services on it, so we are very focused on increasing the frequency and use of the TFSports platform.

We have 8,800 trainers. I think from now on, with the new version, we are starting to pay a little more attention to the trainers. Regarding the number of events, we held 1,100 events in the quarter, a growth of 15%, and 148,000 registrations in these events in the quarter, an increase of 25%. Here we also note greater traction, an increase in the number of participants per event, and we have also seen a great increase in the number of sports modalities we offer, so we have a broader opening, we are relating to different tribes, in different sports modalities, and a net revenue of R\$ 14 million, a drop of 7%, but this has a bit to do with the seasonality of event shifts we have from one quarter to the next.

So, regarding TFSports, we are quite excited. I think there is a great interaction and correlation between our Track&Field ecosystem and TFSports, and we are quite excited about the traction we are managing to bring and the number of users we are bringing to the platform.

Moving to the next slide, talking a bit about TFC, we are starting to really see an increased focus on the addressable market in our food and supplements initiative. So, speaking of stores, a growth of 58% in the sales of our Food & Market operations, with a 36% increase in the number of customers served. So, customers are also buying more, slightly increasing what we do in food and what we do in Grab & Go. So, the Grab & Go part, supplements, also with great growth, and we see a very broad distribution across categories, and we have been doing a very great job of curation in stores. So, we are also quite satisfied with TFC and how we are managing to increase this addressable market.

And speaking of TFMall, we increased the number of partner brands by more than 50% from one year to the next. We are also increasing what we offer on the marketplace, and there is also an important change between stores and our marketplace, managing to serve a greater number of customers with products that are not within the scope of Track&Field to develop, but are super complementary for us to deliver. So, when we talk about technical running shoes or equipment like Garmin, we are quite satisfied with the traction we are managing to have within these markets.

So, well, talking a little about the platform, we are quite excited about what we are managing to build. I think within the Company, we have greatly increased our addressable market, and we have managed to create brand protection, as we say here, in the sense of being able to provide a complete journey for the person who wants to connect to an active and healthy lifestyle.

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So, I think that's what I have to say about TFSports. I don't know what the next step is, is it the questions?

## Questions and Answers Session

**Kelvin Dechen, Itaú BBA:** Thank you for taking my questions. I have two here. The first is about gross margin. You made it very clear that the main pressure factor in the quarter was the increased representation of sell-in. But trying to isolate this effect a little, how was the evolution of gross margin year-over-year, looking at the same channels here?

And the second is about the structuring of e-commerce in the Portugal operation. If you could share more about the expectations for the platform and also a bit about the expectation for the timeline and how you are structuring the operation in the country, that would be great. Those are the two. Thank you, everyone.

**Patrícia Abibe:** Hi, Kelvin. Good morning. Thank you for the questions. I will answer this question about gross margin that you asked. Yes, all channels, if we compare by business, are in line, if not a little higher compared to last year.

**Fernando Tracanella:** Yes, I think, just complementing, there is no movement to become more promotional. On the contrary, when we look at the promotional effort this year, in the clearance periods, or even what lies ahead, with Black Friday, the average discount is lower compared to 2024.

So, as Patrícia said, our gross margin, if we look at it by channel in isolation, is even growing this year compared to last year. So, I'll pass it to Fred. Fred, can you comment a little on the international website?

**Fred Wagner:** Yes. Well, by the end of the year, we are launching an international website that we are developing with Shopify. We are even developing it internationally. It is a multi-language and multi-currency site, so it allows us to quickly offer our product line in several countries, with local languages and currencies and also payment methods.

The idea is, obviously, to initially use our Portugal store as a stock base, as we do in Brazil, also integrating with the franchisee, as we do in Brazil, and little by little, we will implement an expansion strategy as we did in Brazil. So, we open stores in specific places, use this inventory for omnichannel, and it also enters with the DTC (Direct-to-Consumer) brand with integration with the stores, and we can do local marketing in different markets.

So, we are quite excited about this initiative, and I think it is a step for us to start, little by little, to internationalize and learn a little about the market. I think we have a very differentiated product for the international market, at a competitive price, and we can test micro-markets in a more objective way, without having to make big moves and learning about this international market.

So, this is the movement we are making regarding the international e-commerce operation.

**Kelvin Dechen:** No, super clear, everyone. Thank you very much.

**Laryssa Sumer, XP:** Good morning, everyone. Thank you for taking our questions here, and congratulations on another very strong result. Two quick points here. The first is more of a double-check with you on this point of the collection anticipation. Just to understand a little bit

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of the rationale behind it, if it's a more one-off thing, or if we can expect this dynamic for other collection launches too.

And then, if you could also take some of your time to hear a little about how this start of 4Q has been, a little about October and these first few days of November. And also, if you could comment a little about the expectations for Black Friday, Christmas, anyway, it will be good to hear from you.

**Fernando Tracanella:** I can start here, and then Patrícia, if she wants to supplement. In fact, we had a much more robust collection turnover in September compared to previous periods. This has a lot to do with an effort by the operations area to have a larger volume of items right at the turnover compared to our history, more launches, more novelties. So, I think it was also an interesting turnover because it was a turnover where we had more new things for the customer compared to previous periods.

So, this is an important first move that, yes, we should be maintaining in the coming periods. And I think it also has a lot to do with the good sales outlook for the last period of the year due to everything that was achieved in the 9M. So, we also made an effort for our network as a whole to enter this period better stocked, with fewer stock-outs, and we have already seen—getting to the second part of your question—a positive reflection of this in 4Q, which is the month of October.

Obviously, we cannot talk about numbers yet, but we have a very good outlook because we have a scenario where the network is better stocked, in a healthy way—there is no excess inventory, which is what we think is correct—with fewer stock-outs, with a collection that has been very well accepted by the customer.

So, the outlook for 4Q is good. There is still a lot of time left; we still have half of 4Q ahead of us, which is the most important half from a sales perspective. Therefore, we cannot guarantee that it will be a very good quarter, but the trend and the signals are very positive.

Regarding Black Friday, the Company has a strategy of not being an extremely promotional brand. I think this is a trap that retail ended up falling into, training the customer to only buy with a discount. We have a Black Friday that is, in fact, a Black Friday, not a Black November. What we see in the market is that brands ended up moving toward a full month of promotions, and we maintain our view of being more controlled, obviously offering opportunities to our customers, but in a very rational way and understanding that it is important to preserve what we have built for the brand and also to preserve our profitability objectives.

So, we expect a good Black Friday, but without crazy moves. So, we prepare rationally, offering interesting opportunities for the customer, but also looking at profitability, okay?

**Laryssa Sumer:** Super clear. Thank you, everyone, and good sales ahead.

**Bob Ford, Bank of America:** Thank you. Good morning, Fred, Fernando, Pati, congratulations on the results. Fernando, how should we view the increase in added value in the product mix, and when evaluating future opportunities, where do you identify possibilities for improvement?

And also, how should we consider the cost structure as you develop the marketplace, wellness offerings, direct sales, and greater added value? Do you already have the necessary people, structures, and processes, or should we expect necessary investments? Thank you.

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**Fernando Tracanella:** Well, I'll take the first part here, and then I think it would be great for Fred to talk a little about our marketplace. Regarding added value, yes, in fact, we have a good mix effect this year from higher added value products that we had great success with, especially in mini-collections, products that we offer in these capsule collections, which had very great acceptance, and that's where we ended up taking a bit more risk, perhaps in athleisure, and this ended up helping us from a price point of view, and the average price grows much more because of this than because of a price increase when you look at item by item.

So, we did have an improvement in the mix this year, largely due to these mini-collections that we successfully launched. And there are other important, interesting things happening in the product mix this year. For example, the Kids line, which is a line we reformulated, has a larger size range, now up to size 14. So, everyone who has children in this transition of 12, 13, 14 years old, we now have a great option, and this has already had a great effect on us with sales flow, and we always see a lot of opportunity in product, and these added value products ended up coming a lot from the mini-collections that we just launched.

Now, Fred, can you comment a little on the marketplace for Bob?

**Fred Wagner:** Yes, I can. Hi, Bob, how are you? Nice to have you and your team on the call. Well, finally, regarding the marketplace and TFSports as a whole, obviously, we have a plan, not only a business plan but also the budget we are working on internally for 2026, and we have the intention to accelerate this fundraising process as we perceive the possibilities for monetization and acceleration of user acquisition for TFSports.

We do not, obviously, have the idea of increasing the investment part, meaning that it should be something that takes more cash or investment from Track&Field than it is taking today. So, this issue of investment or fundraising will depend a lot on our view of what we find regarding the development of TFSports and this discussion with the Board of Directors and how we will move forward.

So, at this moment, we don't have anything moving on this. We obviously have a view of the moment when this Company becomes breakeven and profitable going forward within our business plan, and we are learning a lot with the curation marketplace we are doing, both for sports goods and for food and supplements, and also for events—we cannot forget that we are also an event marketplace as we bring events onto the TFSports platform.

And we also look at the health and wellness market within the platform as a potential market for us to enter in the future. So, as we learn, we gain a clearer vision. Remember that we have this conservative mindset regarding not taking more cash than we have in the past, turning TFSports into a profitable company going forward, and accelerating this Company like a startup to be a wellness platform, the wellness platform, where people go to look for anything related to this market.

**Bob Ford:** Very clear. Congratulations again. Thank you.

**João Vítor Neves, Sunset Investimentos [via webcast]:** What is the potential of Portugal as a gateway for international expansion, and how is the competition in the premium performance segment?"

**Fernando Tracanella:** Speaking of Portugal, we made the decision to enter Portugal for a few factors: Obviously, the ease regarding language and cultural connection, the presence of Brazilians also, I think, is an important factor, and because it is a smaller, less explored market in Europe, a bit more of what we call a Blue Ocean for us to learn.

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We have a very strong, cool, local partner, our franchisee there, who has helped a lot. So, I think it's a decision to start with a smaller market, learn, and then start expanding to larger markets. So, I think when we talk about Portugal, we are talking about Europe. The potential is, by getting the operation right, to expand into Europe, to larger markets.

I think Portugal has the advantages of being a less explored market and the disadvantages of being a smaller market, but that is also more linked to the potential number of stores than anything else. We went there to do work not only in retail but also in event organization, and we are quite happy with the results so far, and that is why we have expanded and increased the number of stores.

So, regarding the last part of your question, about the competition, well, competition is part of the game. Competition grows even because the wellness market is becoming increasingly attractive, but the fact is that, even in the face of perhaps an increase in competition, our performance is very good because I think we have some strengths within this market that you classify as premium performance: First, there is the fashion component allied with performance, which is something very consolidated for the brand; we have something that is perhaps unique, which is a breadth of age groups that few brands achieve. I think our brand can serve from children to the elderly, men and women.

Even though it is a more feminine than masculine brand, we can serve all audiences, and the consequence of this is that the brand ends up being a very giftable brand, which is also one of the strengths we have.

So, competition exists, but we also focus a lot on our own universe. We look, obviously, at the competition, but our focus is really on developing products with increasingly more quality, technology, functionality, durability, and ecosystem. So, I think this is our focus, and even in the face of perhaps a little more competition, we have been able to perform well.

**Thomas Crellis, Prumo Capital [via webcast]:** "Could you give a little more detail on the inventory policy? I say this because the current level, despite the year-over-year reduction, is well above the IPO level. I would like to understand how you view this level and if there is any opportunity for optimization going forward?"

**Patrícia Abibe:** Hi Thomas, I will answer your question here. Indeed, I think this is a point that we have been quite concerned about for a long time, since the IPO, as you mentioned in that comparison. I think there are numerous initiatives that we have been carrying out over these last few years, which I will mention some of now, but before I do, I want to make a correlation here about how difficult this is, when you consider that you have an extremely strong demand coming from a market where, in recent years, we brought a CAGR of around 25%, last year grew 18%, and this year is growing 30%.

So, there is a very big challenge on our side to be able to offer the product to this consumer who comes with this very strong demand at the right time and not offend our working capital with this committed inventory. So, I think this has been a concern that we have been bringing for some time.

The initiatives we have carried out recently have had results, some for the better, others to put a little pressure—which I will also explain—but let's imagine here, look, initiatives that contributed to this better efficiency: First, we have here a pulled production model, which was developed over recent times, and this year, for example, we can already feel this impact better. And what I mean by that? It's FB (I believe this is a mispronunciation or a quick internal

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acronym, possibly referring to flexibility), the need to sell a certain product in the store and be able to, in quotes, stop a piece of your production that is thinking about, for example, winter, and enter with some collection, some summer necessity, for example. So, in this case, it was the opposite; we used our productive capacity to be able to, for example, place products that were at the height of summer. This happened.

Also, our position of less sensitivity to products that are less susceptible to weather issues. So, I think this is also a positive point, that we often end up having a stock of products that we even call heroes, which are important products that cannot be out of stock, and we keep them in stock, so it ends up being an opportunity for me to have this in stock so that it is not out of stock, so it is a very positive point.

We also made some changes regarding our Water Sports collection today, but before we even called it Beachwear. This collection, if we can even correlate it with what I just said here about sensitivity, was one of our most sensitive due to color issues, trend issues, so we made a change even in what we offer, more towards a product geared towards water sports, such as kitesurfing, stand-up paddle. So, this is a very important move.

And the second, which is working with pre-order. It is the only product category we have here that, to make this sale to the franchisee, I have a pre-order. So, this also helped to reduce the impact here of our high inventory volumes, let's say.

And then, when I talk about things, in theory, to put a little pressure on the negative side, let's say, of numbers, but on the other hand, very good, is, for example, our factory that we opened in Joinville in June 2022, where we now verticalize our main fabric today, which is ThermoDry, which is the thin T-shirt we see in races, lots of technology, and in June '22, we started verticalizing this production, so it also ends up slightly impacting my inventory position when you compare those periods back then.

In December '24, we turned the year, for example, self-sufficient in ThermoDry. Today, we no longer buy this fabric from the market. So, at the same time that it gave me a great margin opportunity, because today I have all this production capacity in-house and I can have a lot of margin to even remove possible pressures of passing costs on for this type of product, which is very good, but on the other hand, in one product and even in my cycle when you think about inventory, today I need to have yarn, for example, which I didn't have back then, for example, at the IPO, when we compare here.

I think these were some of the initiatives, the main ones. Traca, do you want to supplement?

**Fernando Tracanella:** I think just to add that, well, we look at this, but our major focus today is to decrease stock-outs, to have greater product availability. Obviously, if we can gradually, with great care, without any markdown movement that could depreciate the brand or product, we will seek this lower coverage.

Our product has the characteristic of being a low-perishability product, so it is a product that we can work with over time. So, we have been making these movements with great care. Obviously, we have opportunities to improve demand forecasting, improve supply parameters, in addition to everything Patrícia commented on, to have lower coverage. But our big focus today is to pursue this, but without risking product availability and without deteriorating or causing any damage to the brand, because we see some other brands in the market that ended up going very deep into markdown due to pressures on cash flow, and in our view, this is bad in the long term.

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So, we also make decisions looking at the long term, always thinking about the brand.

**Operadora:** The question and answer session is now closed. We would like to hand the floor over to Mr. Fernando Tracanella for his final remarks for the Company.

**Fernando Tracanella:** Well, everyone, I wanted to thank you very much for your time, to say that we are very happy with the results. I wanted to congratulate the entire team, the entire Track&Field team, the entire team that worked hard on the publication for the disclosure of the results presented here.

Thank you very much to the franchisees, our franchisees, suppliers, to everyone who is part of our ecosystem. The investors, with all the support and very interesting and always very positive feedback. And I wish everyone a great end of the week, and also mention that we are available to you; if you have any other questions, our IR area is fully available.

So, thank you very much, good morning to all.

**Operadora:** The Track&Field video conference is now concluded. We thank everyone for their participation and have an excellent day.