



GRUPO SBF

**2020
ANNUAL
SUSTAINABILITY
REPORT**

PROMOTE SPORTS. TRANSFORM LIVES.

TABLE OF CONTENTS

<i>REPORT PRESENTATION</i>	<i>03</i>
<i>MESSAGE FROM THE CEO</i>	<i>04</i>
<i>GRUPO SBF</i>	<i>10</i>
<i>BUSINESS PERFORMANCE</i>	<i>15</i>
<i>CORPORATE GOVERNANCE</i>	<i>25</i>
<i>RESOURCES MANAGEMENT</i>	<i>33</i>
<i>OUR TEAM</i>	<i>42</i>
<i>SPORTS ECOSYSTEM</i>	<i>60</i>
<i>ACKNOWLEDGMENTS</i>	<i>72</i>



REPORT *PRESENTATION*



Grupo SBF celebrates forty years since its foundation. We started with Centauro's first store and, since the beginning, with the vision of building an emotional relationship with the client, developed a unique experience within the sports landscape. As a result of its evolution, in 2020 the Company organized itself as an ecosystem, with the purpose to transform lives through sports. For you to get to know our history better, we herein proudly present our first Annual Report, which discusses our performance, our vision of the future, and the Company's goals.

This report emerges from our commitment to transparency and value delivered to our stakeholders: customers, employees, suppliers, investors, partners, and the society in general, showing performance indicators and business management for the period between January 1st and December 31, 2020.

The ESG indicators were surveyed with the support of external advisors, the Grupo SBF as the scope of work, excluding data from Fisia operation, which became part of the Company only in December 2020. The financial information comprises the per-

formance of Grupo SBF, in line with our audited annual financial statements. Other information, especially those referring to our governance, strategy, innovation, and vision of the future refers to all business units composing our sports ecosystem.

The consolidated financial statements were elaborated in accordance with the accounting practices adopted in Brazil and the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB). The parent company financial statements were elaborated in accordance with the accounting practices adopted in Brazil (BR GAAP).

Doubts or suggestions about our Annual Report 2020 can be sent to our e-mail ri@gruposbf.com.br.

Have a good read!

MESSAGE *FROM THE CEO*



THE PAST AND FUTURE OF GRUPO SBF

This year, Grupo SBF celebrates 40 years since its foundation. The vision for the first Centauro store was to build an emotional customer relationship and promote a unique experience within the sports landscape.

Innovation has always been our motto while we pursue growth and expand our boundaries. Over the past years, with technological advances and new business ideas, we have prepared ourselves for another breakthrough: a sports ecosystem, building a customer-centric business, not only in terms of services, but also in the way of developing it.

For us, the year-end meant the onset of a new cycle. Less than two years after our IPO on B3, aside from operational advances at Centauro, we took relevant steps to build a sports ecosystem in December 2020. First, we concluded the Nike transaction, and started operating Nike in Brazil under the name Fisia. In addition, we signed the acquisition of NWB, concluded in February 2021.



Pedro Zemel | CEO

We develop a sports ecosystem, building a customer-centric business, not only in terms of services, but also in the way of developing it.

With those acquisitions, we now rely on three business units that offer sports in different ways to the public:

Centauro, focused on distribution, aims at increasingly becoming the number 1 sports destination and is Brazil's largest sporting goods retailer.

Fisia, focused on products and branding, is Nike's exclusive representative in Brazil, the world's largest sports brand.

NWB, focused on content and engagement, is Brazil's largest digital sports media platform and has over 70 million subscribers on YouTube and 80 million followers on Instagram.

These three business units represent the evolution of our sports ecosystem. Each of them will continue to develop individually while maximizing their mission. They will be integrated so that each one's strengths can be used to maximize others' value proposition. In our understanding, value is expanded by the plan sustained by these pillars.

These three business units represent the evolution of our sports ecosystem. Each of them will continue to develop individually while maximizing their mission.



CENTAURO

At Centauro, we tirelessly work to offer the best multi-brand experience in sports retail. We will continue to improve our platform to become Brazil's main shopping destination of sporting goods.

Our main priority is to enhance the customer experience of those who make purchases through our digital channels. Our strength lies at the intersection of both offline and digital channels. Now, it's time to invest in logistics and technology to better serve our customers. This will ultimately be Centauro's key driver of growth. It's important to say that separating these channels has been increasingly unnecessary. Our customer journey is omnichannel, so it is essential to move in the direction of having the best shopping experience in sports across the internet.

We will continue expanding our distribution capacity to reach an increasing share of consumers. Over 150 points have already been mapped for opening new G5 stores. We plan to renovate 150 traditional stores to the G5 model. This will not only boost our revenue but also our profitability, by diluting fixed costs. Our stores, aside from being generators of results, represent critical points for accelerating our digital operation. They are hubs of contact for the brand, fulfillment, and customer acquisition. We expect not only to advance in number of stores, but also in the three pillars mentioned above.

Centauro's results were severely affected by the pandemic in 2020. However, 4Q20 showed a recovery compared to previous quarters. Gross margin, one of the most impacted financial indicators of the year, came 3.5 percentage points lower than in 4Q19 vs. 5.9 percentage points down in 3Q20. The desire to purchase sports goods remained strong in 4Q20. We recorded a total growth of 10.9% in gross revenue

(67.4% in the digital channel) in the quarter. Our digital platform has been a key lever of growth. In 2020, we reached R\$1 billion in sales (GMV), an increase of 79% compared to 2019. Online sales accounted for 35.6% of our total sales and, of this volume, 48% came from our app.

Evidently, closed stores impact our results. However, when stores reopened, the results demonstrated our business resilience. Amidst one of the worst health crises in history, with sports events postponed and restrictions concerning sports activities, customers continued to visit our stores. Oddly, the month of October 2020 was peculiar: after six months, it was the first month when all units were open, and we recorded sales growth of 20%.

After seeing hardships in the first half of 2021 due to the worsening of the pandemic, we believe in consolidating the market through an omnichannel strategy, which has been revealed to be highly successful.

Our strength lies at the intersection of both offline and digital channels. Now, it's time to invest in logistics and technology to better serve our customers. This will ultimately be Centauro's key driver of growth.

FISIA

In 2020, Fisia recorded a gross revenue of R\$2.4 billion, historically operating through two main channels: wholesale, with an approximate 70% share of the business, and DTC (Direct-To-Consumer), with an approximate 30% share of the business (10% Nike.com.br and 20% outlets).

Fisia's priority is to foment online channel growth. Aside from approaching the Nike brand and the end customer, this channel is twice as profitable as others. We believe that the strength of the Nike brand will enable Fisia to accelerate the growth of its digital platform.

Our strategy for growth involves:

- Build an omnichannel platform, a strategy with proven results for Centauro;
- Offer products in marketplaces of other online players in the market specialized in sports, such as Centauro itself;
- Increase the number of SKUs offered;
- Invest in performance marketing in an assertive manner.

Reducing operating expenses is another lever for creating value at Fisia. We have been working on several initiatives in this regard, such as reducing store operations costs, integrating systems and analyzing potential gains from the integration of our logistics network.

The period between the signature (February 2020) and the closing of the transaction (December 2020) made it possible not only for the transition to take place seamlessly, but also for the Fisia operation to be profitable from the first month.

NWB

NWB is one of the pioneering companies in the daily production of sports-focused content with its six proprietary channels and its vast network of affiliates, having one of the largest sports channels in the world, Desimpedidos, in its portfolio.

It is a solid content generator for sports audience, organically attracting a growing demand and can be monetized in different ways, such as social marketing targeting sports audience, creating and producing sports advertisements, sports marketing campaigns for brands, as well as the management of their affiliated channels, sports influencers and creators.

NWB has a track record of accelerating growth and we intend to maintain this growth through new channels, developing strategies to increase the number of affiliates, social commerce, and more original content creation projects.

We are extremely excited about the increasing number of possibilities that NWB's entry into the group provides.

Fisia's priority is to foment online channel growth. Aside from approaching the Nike brand and the end customer, this channel is twice as profitable as others.

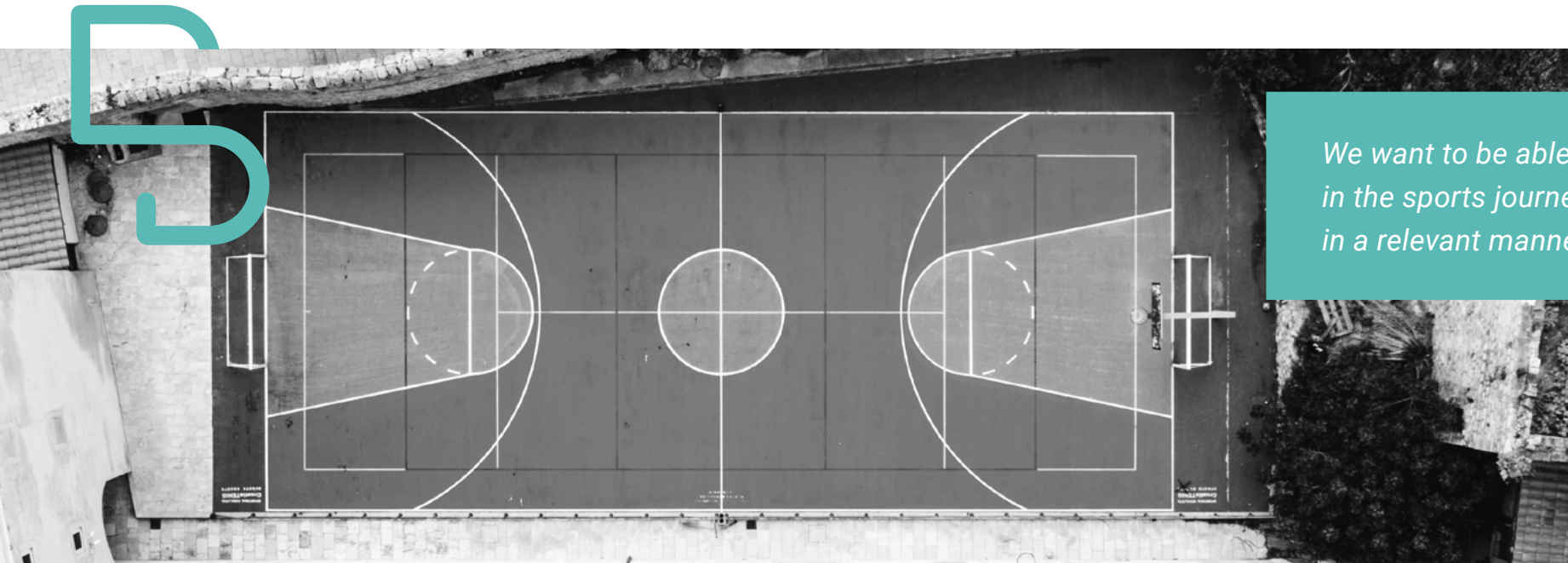
ECOSYSTEM INTEGRATION AND WHAT IS NEXT

Our dream is to build the world's largest and best sports ecosystem, starting with Brazil. We want to be able to participate in the sports journey (lato sensu) of Brazilians in a relevant manner and to monetize the relationship with this audience in several ways.

This strategy is based on these three pillars: distribution (Centauro), offering of products and brands (Fisia), and content/engagement (NWB). We set off with billions in revenue and views, tens of millions of registered customers and visitors on our digital platforms, in addition to brick-and-mortar stores of over 200,000 m² distributed in more than 100 cities and 26 States in Brazil, as well as thousands of other sports retailers served by our wholesale model.

During the first phase of construction, product sales will be the main tool of monetization for this ecosystem. We expect the business units to create value for each other by producing greater client lifetime value. We will initially focus on two aspects: (i) reducing the cost of acquiring clients by using NWB's content production to generate leads for our business units, mainly through a social commerce project and (ii) increasing recurrence and average spending in the ecosystem through the membership initiative.

Besides, we will maintain the paths of growth and profitability for each business unit. Centauro has no reason not to continue generating the results delivered during the pre-pandemic period -organic growth rates and profitability, and Fisia is expected to increasingly contribute to the group's profitability, especially with a higher penetration of the direct-to-consumer channel.



*We want to be able to participate
in the sports journey of Brazilians
in a relevant manner.*



In addition, we are working on generating synergies among our businesses. One of the most relevant strategic pillars for Fisia and Centauro is the expansion of their digital channels. Using a unique platform for both businesses, we can keep them independent under the customer's view with a single technology and logistics structure, representing a huge potential to accelerate growth and improve profitability by taking into account that we will be able to use Centauro's stores as a brick-and-mortar hub for Fisia's omnichannel strategy.

Another opportunity is to employ Fisia's wholesale channel-wide distribution that accesses millions of doors throughout the country. We intend to use business relations and logistics routes to foster a closer relationship with these points of sale, either by expanding the offering of products or creating a wide range of services that may integrate these partner retailers into our ecosystem.

All these actions are currently being worked on at Grupo SBF. We have dozens of experiences under execution and business assumptions that have been validated to continue exploring the advantages of enhancing and reinforcing our contact with the customer during their sports journey. Some of these experiences may not work, but they certainly will be a valuable and important learning experience.

We are committed to building a better future in Brazilian sports and adding value for our shareholders through this strategy. Our goal is to boost sports in Brazil and inspire our employees to wake up every day aware of their contributions towards a greater purpose.

We are very proud to see the quality of talent we have managed to attract and retain to help build our vision. We are honored with our strategic partners' engagement who share the same vision and with whom we hope to collaborate in building this

We are committed to building a better future in Brazilian sports and adding value for our shareholders.

future. We are grateful to our customers and know that we have much to improve to continue deserving our space in the relationship we have built over these 40 years.

We dream big. It has always been like that, since the foundation of our company. We are confident with our vision of the future and we are increasingly clear on how to achieve it. Considering what we did over the past months, we ended a cycle in which we only operated as Centauro. Now, we enter a new cycle by building something bigger: the ecosystem called Grupo SBF. From March 31, 2021, our shares are no longer traded at B3 as CNTO3, but under the ticker SBFG3.

We know that creating this ecosystem is a major challenge. It keeps us down to earth. We know that success always comes through a team, just like in sports. And that it is only putting a lot of effort in the preparation that the achievements are possible. With the utmost modesty, we are aiming high.

We appreciate the support of our investors and our team in this long journey. We hope you continue to follow us in what lies ahead!

Pedro Zemel
CEO





GRUPO *SBF*

I WHO WE ARE

Grupo SBF was created from a passion for sports 40 years ago, with the first Centauro store inaugurated in Brazil. Over time, we expanded our national footprint in sporting goods retail, besides brick-and-mortar stores, we improved our services concept to create the best experience for our customers, through an omnichannel platform and integration of logistics and store operations in our digital platform.

Sports is our focus, we seek to promote and democratize sports activity in the country by offering sporting goods from varied categories — footwear, clothing, and accessories - to all social classes, from low-cost items, such as Oxer, Centauro's private label, to iconic products desired by consumers, with international leading sportswear brand products. We promote sports through services and social transformation initiatives supported by our social responsibility program, the "Transforma".

In 2020, with our history of innovation and moved by our passion for sports as the driving force to transform people's lives, we took another step to deliver value. Besides the consolidated Centauro, we built our business model as a sports ecosystem with the conclusion of the Nike transaction, and started operating Nike in Brazil under the name Fisia, and the NWB acquisition concluded in February 2021.

SPORTS *ECOSYSTEM*

We connect millions of people to brands, products, services, and experiences



Brazil's largest sporting goods retailer and Latin America's largest multibrand network.



211
Centauro's stores

- 150 traditional stores
- 61 G5 stores - model that includes various technologies focused on customer experience



2 distribution centers



3 sorting centers (CTs)



OMNICHANNEL
Platform



Operations in **25** Brazilian states and the Federal District
Presence in **100+** Brazilian municipalities



20+ million customers served



2+ million customers via an app



Focused on product and brand, Fisia is the exclusive representative of Nike in Brazil, the world's largest sports brand.



22 outlets besides a digital platform



R\$2.4 BILLION in gross revenue



70% wholesale

30% direct-to-consumer



Content and engagement arm, NWB is Brazil's largest digital sports media platform, with more than 80 affiliated channels.



73.4 million subscribers on YouTube



81 million followers on Instagram



10+ BILLION views on YouTube

ooo

Learn more about our strategy, organization, and objectives in the **SportsEcosystem** chapter.

TIMELINE

First Centauro's store is inaugurated in the city of Belo Horizonte (MG).



1981

With its consolidation in approximately 10 cities, Centauro launches its **e-commerce** through the website centauro.com.br.



2003

A 3,400m² full-size Centauro store is inaugurated, in Barra da Tijuca (Rio de Janeiro).



2013

Centauro's three Generation 5 stores are inaugurated, the company's value proposition becomes a reality, offering experiences that improve customer's shopping journey and approaches the sports community.



2017

- **Acquisition of Nike distribution** in Brazil.
- Follow-on to **raise funds**.
- Centauro opens an **iconic store** at Avenida Paulista (São Paulo - SP).
- Agreement to **acquire NWB**.



2020

2000



The first 2,200m² mega store is inaugurated at West Plaza Shopping mall, in the city of São Paulo.

2012



GP Investimentos acquires equity interest in the company.

2014



Centauro is the official sponsor of the world's largest sports event: the **FIFA World Cup in Brazil**.

2019



IPO on B3, under the ticker CNT03.

An eye on 2021:



- **Conclusion** of NWB acquisition.
- CNT03 **ticker change** to SBFG3 on B3.
- **Structuring** of the sports ecosystem.

| 2020 HIGHLIGHTS

Our businesses



Fisia acquisition is concluded and the integration phase initiates



Signature of NWB acquisition concluded in February 2021

CENTAURO



The first street shop is inaugurated at the iconic Avenida Paulista, in São Paulo (SP), with different experiences

67.1%

growth of **digital platform**

74%

growth of orders during **Black Friday**



R\$1 BILLION

in total sales via **digital platform** in 2020

60%

of **e-mails** captured at stores

5.6%

of store sales at the **megastore**



R\$434 MILLION

in **omnichannel sales**, 23% higher than in 2019

FISIA

19%

of Fisia's revenue through **digital platform** in December 2020

| 2020 HIGHLIGHTS

Economic and financial results (Grupo SBF consolidated)*



*With-IFRS and without non-recurring adjustments.

Shared value



Human capital



Natural capital





BUSINESS *PERFORMANCE*

I MACROECONOMIC SCENARIO

COVID-19

The Covid-19 pandemic deeply impacted millions of lives and sectors of the economy around the globe. Amid this challenging scenario, we prioritized the safety of our employees and other stakeholders, as well as the continuity of our operations through our solid digital platform, and protecting the Company's financial health.

During the first months of the pandemic in Brazil, we set up multidisciplinary Crisis Committees, whose members held meetings to continuously analyze internal and external scenarios, and assess potential risks for the company, to ensure agile and assertive decisions. Below, the main measures adopted during such a period.

Amid this challenging scenario, we prioritized the safety of our employees and other stakeholders.

Employees

We adjusted labor to remote work, by offering all the infrastructure required. For teams at distribution centers, we ensured all the measures to protect their health and safety, including new protocols of hygiene and cleaning, team rotation, personal protective equipment (PPE), and Covid-19 tests, when necessary.

We provide non-deducted healthcare insurance for 100% of our employees, and we prioritize their mental health, by creating a psychological support program described in the chapter – Our Team. Besides, we seek a close relationship with our employees through communication plans and engagement actions, such as free classes and training sessions, as well as leadership training in order to foster team support, and a concerned and efficient remote management during such period. We created

We provide healthcare insurance for 100% of our employees, and we prioritize their mental health, by creating a psychological support program.



the All-Hands, an online meeting every two weeks with the CEO, gathering 100% of the company to ensure everyone's alignment.

In 2020, the most critical period with our 211 stores closed, we had to adopt severe measures, which included reducing staff and a provisional measure to cut salaries and working hours.



Continuity of activities and customer services

Although stores were closed, we found new ways to serve our customers and ensure our business sustainability. Among them, we point out massive investments in innovation, and an IT team to ramp up the structure of our digital platform.

We took advantage of our 211 Centauro's stores wide distribution and our consolidated omnichannel platform and use stores as shadow stores, i.e., hubs of distribution to meet the demands of orders via a digital platform and deliver products via drive-thru, in which customers make the purchase, set the delivery through the chosen store's WhatsApp and pick up the product at shopping malls' parking lot. The "Seleção Centauro" (Centauro Team) was another highlight, a group composed of store employees working as digital salespersons, boosting online sales and providing customized service.



Before reopening our brick-and-mortar stores, we started to elaborate health and safety protocols, with the support of the Albert Einstein Hospital. We decided to go beyond appropriate authorities' recommendations, and with excessive care, we achieved a higher level of customer satisfaction, a positive factor in NPS.

With stores reopening, we resumed 100% of our operations, including the endless aisle, our online inventory available at all stores. We restarted our G5 stores' expansion plan, by renovating 14 stores in 2020 and opening other 4 stores, including a 2,000 m² G5 street shop at Avenida Paulista (São Paulo – SP), located in a relevant cultural point to integrate community and promote sports.



Support to society

Amid this sensitive period when the pandemic affected society in 2020, we promoted support and value creation actions for society. We donated over 3,000 pairs of sneakers of our private label Oxer to the Covid-19-frontliners. The objective was to support physicians, nurses, technicians, and health sector employees with quality and comfortable products.

We directed our efforts to meet the needs of socially vulnerable people, we supported the Civil Society Organizations (OSCs) composing our relationship and social investment program. In 2020, we donated 1,400+ staple baskets and 20,000 masks, and distributed explanatory and educational flyers about the pandemic and hygiene practices for OSCs.

We gathered various football celebrities in the "Desafío Corona", a project that relied on over 150 athletes from different inter-

national football teams, who donated exclusive t-shirts for this project, aiming at raising funds to assist socially vulnerable households and acquire medical supplies. We also donated over 70 items for this project and we offered our logistics infrastructure to deliver products to the buyers.

We directed our efforts to meet the needs of socially vulnerable people, we supported the Civil Society Organizations (OSCs).



3,000+

pairs of sneakers
donated



1,400+

staple baskets
donated



**Desafío
Corona**

70+ items donated

Financial breakeven

Our operations were severely affected by store closure during the first months of the pandemic, the unfeasibility of on-site sales, and the omnichannel platform, impacting our inventory sales. Among the restraint measures adopted, we reduced payroll, energy, and occupation expenses, and we renegotiated payment terms with shopping malls and suppliers to receive products. We adopted lines to reinforce working capital, among other measures.

After the most critical period and the measures adopted in our sales channels, we resumed product supply, and thanks to our good relationship with suppliers, we managed to anticipate collections and offer differentiated products. We

included various sellers in our marketplace, which complemented our portfolio, including the industry.

The follow-on held in the second quarter was another highlight, which reinforced capital structure for the most critical period of the pandemic and for the expansion strategy, with the conclusion of the transaction with Nike in Brazil.

The follow-on held in the second quarter which reinforced capital structure for the expansion strategy, with the conclusion of the transaction with Nike in Brazil.



Expenses

Reduced payroll, energy, and occupation

Payment terms

Renegotiation with shopping centers and suppliers to receive products

Nike

Conclusion of the transaction with Nike in Brazil



MACROECONOMIC AND SECTOR SCENARIOS

The pandemic caused serious impacts on the global macroeconomic scenario. The 4.1% slowdown of Gross Domestic Product (PIB) and the Selic benchmark interest rate at 2% p.a. in 2020 reflect the adverse effects in Brazil, as well as the annual average unemployment rate of 13.5%, the highest of the historical series initiated in 2012, according to the National Survey by Household Sample (Pnad). The Extended Consumer Price Index (IPCA), in turn, ended 2020 at 4.52%, 1.35% higher than in 2019.

This scenario caused effects on sporting goods retail. The brick-and-mortar stores closed due to social distancing and the postponement of sports competitions resulted in losses across the sports industry chain - from large retailers to large brands, industries, and teams, among other economic agents. According to the Brazilian Institute of Geography and Statistics (IBGE), in April 2020, a critical period of the pandemic in the country, the domestic retail trade

shrank 16.8% versus March, in the seasonal adjustment series, the steepest drop of the historical series initiated in January 2000.

According to the IBGE, retail sales ended 2020 with a 1.2% growth, despite the drop of 6.1% in December compared to November. In December, the fabric, clothing, and footwear categories saw a decline of 13.3% and 22.7% down in the last 12 months.

Despite these impacts, it is worth noting the e-commerce opportunities, widely bolstered by the pandemic scenario in 2020. According to the MCC-ENET index developed by the Brazilian Chamber of Digital Economy's metrics committee, in partnership with Neotrust/ "Compre & Confie" Movement, Brazilian e-commerce grew by 73.88% in 2020. By region, growth was seen in the Northeast (100.34%), South (79.22%), North (73.24%), Mid-West (72.87%), and Southeast (68.74%) regions.



16.8%

Domestic retail trade shrank in April



1.2%

Retail sales growth



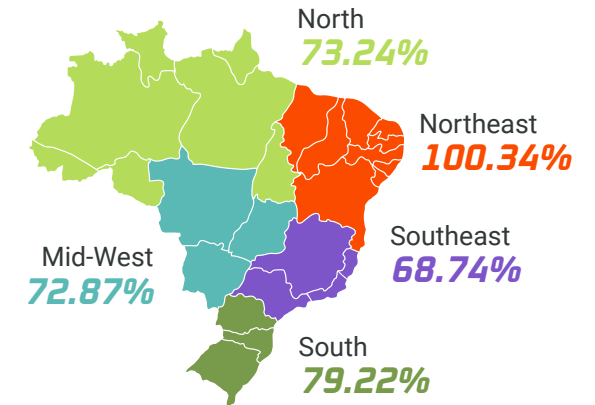
22.7%

The fabric, clothing, and footwear categories saw a decline



73.88%

Brazilian e-commerce grew



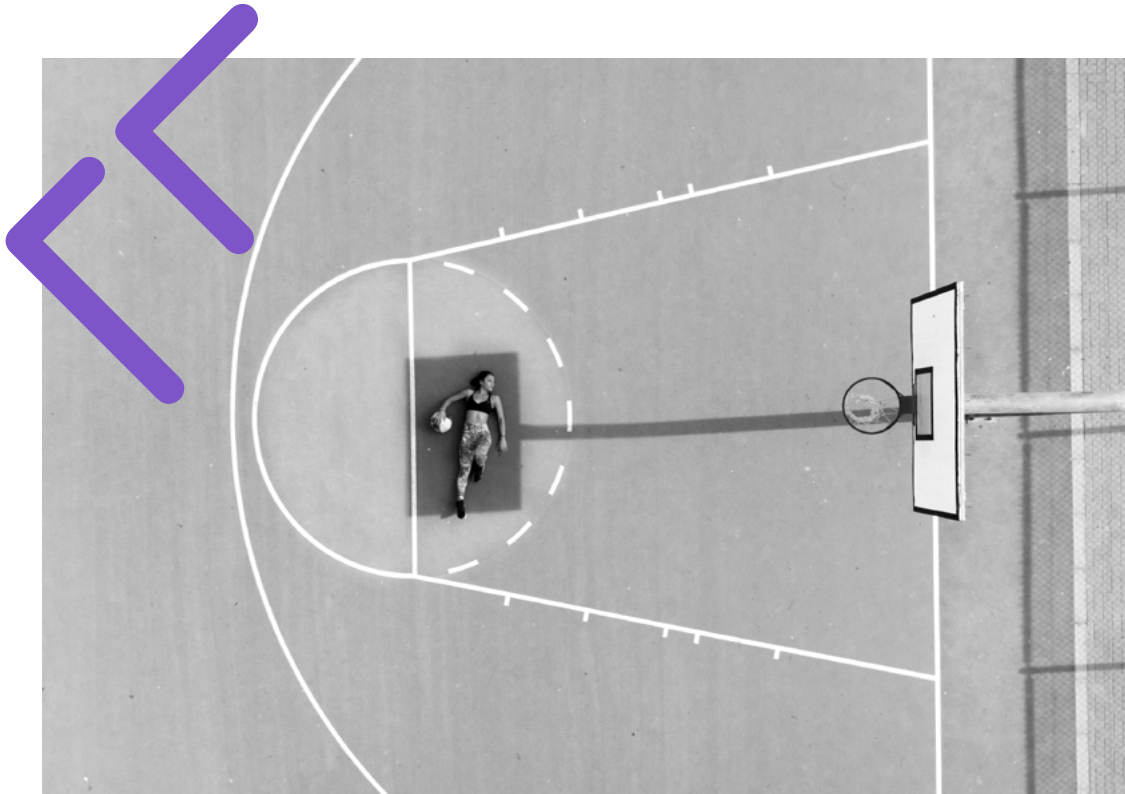
IBGE - April/20 MCC-ENET, developed by the Brazilian Chamber of Digital Economy's metrics committee, in partnership with Neotrust/ "Compre & Confie" Movement.

For the future, however, prospects concerning consumer behavior indicate the multi-channel model. According to a survey "The omnichannel journey and the future of retail", conducted by Social Miner, partnered with Opinion Box, 49% of Brazilian consumers

intend to mix online and offline shopping. The study indicates that 52% of consumers intend to buy online and pick up at brick-and-mortar stores, and 50% of customers expect to rely on alternative services, such as the drive-thru at shopping malls.

ECONOMIC AND FINANCIAL RESULTS

Due to the acquisition of Fisia concluded in December 2020, Grupo SBF 2020 results only include the month of December for Fisia, plus Centauro's results. In 2019, Grupo SBF results include only Centauro. In addition, adjusted results presented in this report exclude non-recurring effects and, when indicated with ex-IFRS, they disregard the impacts of IFRS-16 to better represent the economic reality of the business and make feasible the comparison with the Company's historical results.



Key Indicators (R\$ million)

Grupo SBF	2019	2020	Chg. (%)
Gross revenue	3,193	3,075	-3.7%
Net revenue	2,545	2,407	-5.4%
Gross profit	1,259	1,050	-16.6%
Gross margin	49.4%	43.6%	-5.8 p.p.
EBITDA	673	156	-76.8%
EBITDA margin	26.4%	6.5%	-20 p.p.
Net income	310	-113	n.a.
Net margin	12.2%	-4.7%	-16.9 p.p.
Adjusted EBITDA (ex-IFRS)	311	40	-87.2%
Adjusted EBITDA margin (ex-IFRS)	12.2%	1.7%	-10.6 p.p.
Adjusted net income (ex-IFRS)	151	-29	n.a.
Adjusted net margin (ex-IFRS)	5.9%	-1.2%	-7.1 p.p.

NET REVENUE

In 2020, we recorded a 67.1% growth in Centauro's digital platform net revenue, totaling R\$734.9 million. It is worth highlighting our best Black Friday, with a volume of orders 74% higher than in 2019, and omnichannel sales that hit its all-time volume of R\$434 million. On the other hand, brick-and-mortar stores shrank 28.2% vs. 2019, due to restrictions imposed by the pandemic.

Fisia's net revenue only refers to December, when we acquired the company. The seasonality of December provided a positive share from Digital Platform + Outlet (DTC), which accounted for nearly 50% of the month's sales.

GROSS PROFIT

In 2020, Grupo SBF's gross margin was 43.6%, 5.8 p.p. lower than in 2019. This result reflects the promotional environment caused by the pandemic, especially in Centauro's online channel. However, the price dynamics have been returning to normal and we recovered 1.5 p.p. in Centauro's gross margin, in the last quarter of the year.

Concerning Fisia, the inventory after the acquisition of operations is mostly composed of goods acquired still in the condition as Nike Global subsidiary. When we undertook operations, new goods are then acquired based on a commercial distribution agreement, with higher prices than the subsidiary operation, which may impact the operation's gross margin, to the extent inventory is renewed.



R\$734.9 million

Centauro's digital platform
net revenue



R\$434 million

Omnichannel sales hit its
all-time volume



67.1%

Growth in Centauro's digital
platform net revenue



28.2%

brick-and-mortar stores
shrank vs. 2019

43.6%

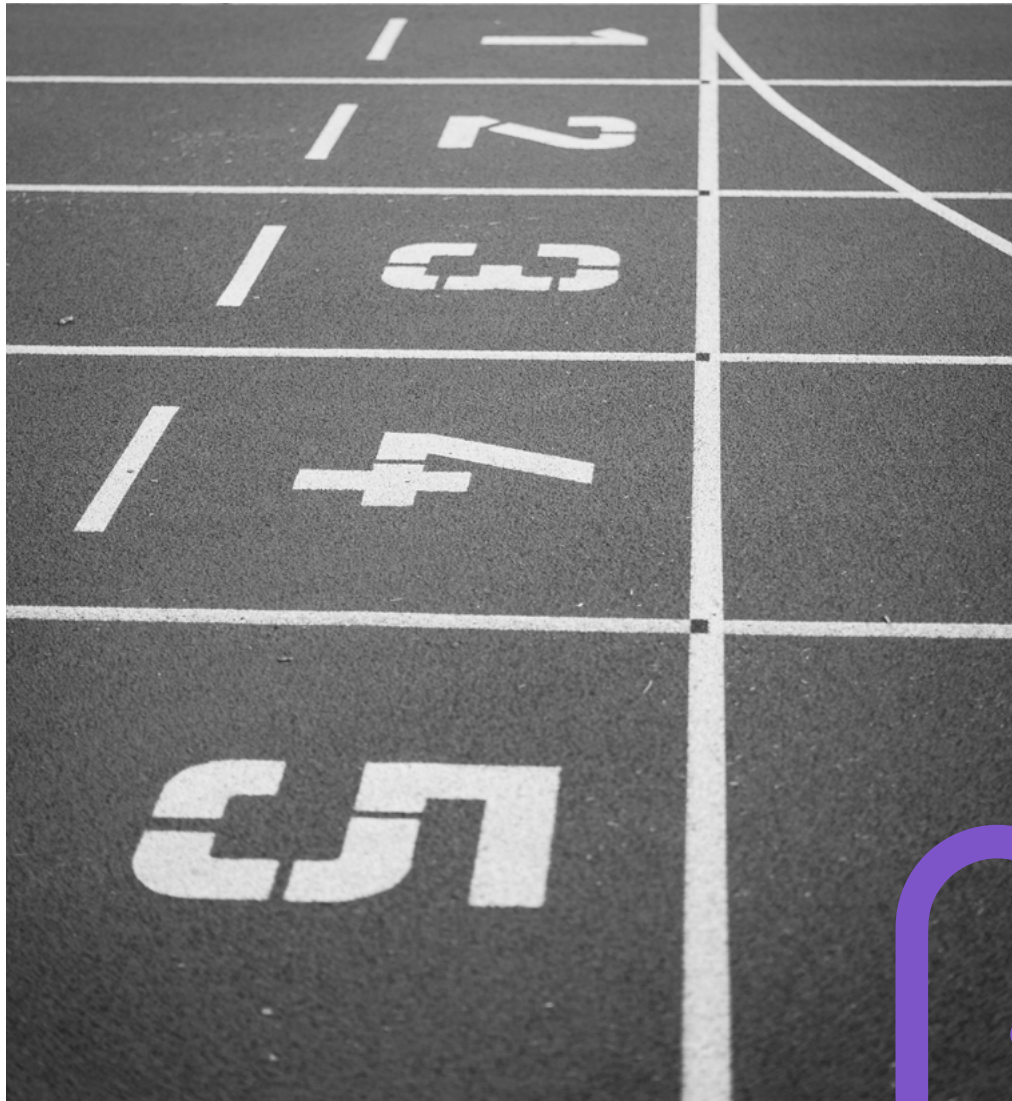
Grupo SBF's
gross margin

5.8p.p.

drop when
compared
to 2019

1.5p.p.

Recovery in
Centauro's gross
margin



EBITDA (ex-IFRS)

As a result of impacts on the operations in 2020, Grupo SBF's EBITDA totaled R\$39.9 million, with a margin of 1.7%.



**R\$39.9
million**
EBITDA



**R\$900
million**
Follow-on



**R\$1.914
billion**
Capital stock

OPERATING CASH FLOW

The operating cash generation in 2020 was a result of the initiatives adopted during the pandemic and the use of tax credits. It is worth noting the positive cash flow from financing, due to the follow-on in 2020 and debts assumed to reinforce cash and finance Fisia acquisition.

Also, we raised R\$900 million with follow-on, increasing the Company's capital stock, from R\$1.014 billion to R\$1.914 billion, divided into 241,889,833 shares.

INVESTMENTS (CAPEX)

In 2020, we maintained our Capex at a level close to 2019. We invested R\$158.9 million highlighting technology and innovation, which accounted for 51.2% of the total amount invested, in line with our ecosystem strategy.

Value-Added Statement (VAS)

Consolidated VAS (R\$ thousands)	2018	2019	2020
Revenue	2,884,843	3,193,065	3,075,039
Sale of goods, products and services	2,884,843	3,193,065	3,075,039
Other revenues	-	-	-
Provision/Reversal of doubtful accounts	-	-	-
Inputs acquired from third parties	-1,594,189	-1,794,298	-1,891,791
Costs of products, goods and services sold	-1,367,599	-1,487,722	-1,469,988
Supplies, energy, outsourced services and others	-203,813	-271,766	-395,181
Others	-22,777	-34,810	-26,622
Gross value-added	1,250,654	1,398,767	1,183,248
Retentions	-80,766	-216,158	-239,912
Net value-added produced	1,169,888	1,182,609	943,336
Value-added received in transfer	69,739	645,139	122,452
Equity pick-up	-	-	-
Financial revenue	60,992	227,767	103,844
Other operating revenue	8,747	417,372	18,608

Consolidated VAS (R\$ thousands)	2018	2019	2020
Total Value-Added to Distribute	1,239,627	1,827,748	1,065,788
Distribution of Value-Added	1,239,627	1,827,748	1,065,788
Personnel	354,448	407,939	367,109
Direct compensation	254,063	293,242	278,465
Benefits	77,335	88,188	64,642
F.G.T.S.	23,050	26,509	24,002
Taxes, fees and contributions	348,746	555,376	450,142
Federal	137,096	162,081	283,787
State	260,356	319,632	444,110
Municipal	15,785	18,981	20,088
Deferred taxes	-64,491	54,682	-297,843
Debt capital remuneration	369,040	387,067	312,257
Interest rates	191,147	331,792	307,377
Rentals	177,893	55,275	4,880
Others	18,645	167,639	49,085
Equity capital remuneration	148,748	309,727	-112,805

+ Additional information on our economic and financial performance is available in our [Financial Statements](#).



CORPORATE *GOVERNANCE*

We conduct our businesses according to the market good practices and principles relating to corporate governance to ensure transparency with our stakeholders and business continuity. We are committed to maintaining high corporate governance standards, with equal treatment to shareholders, accountability and corporate responsibility, in line with recommendations of the Brazilian Institute of Corporate Governance (IBGC).

We are committed to maintaining high corporate governance standards, with equal treatment to shareholders, accountability and corporate responsibility.

GOVERNANCE STRUCTURE

Our governance structure is composed of the Board of Directors and the Board of Executive Officers.

It shall be incumbent upon the Board of Directors, the Company's decision-making joint committee, besides the responsibilities conferred by Brazilian Corporation Law, the provisions of Clause 18 of the Company's Bylaws. It is composed of 11 members, among them, one chairman, one vice-chairman, two independent members, three sitting members, and four deputies.

The Board of Executive Officers is liable for managing businesses in general and representing the Company in all decisions, except for the issues under the competence of the Board of Directors and/or Shareholders General Meeting.

We have a Nomination Policy for members of the Board of Directors, the Board of Executive Officers and Advisory Committees of Grupo SBF, and statutory management bodies of companies controlled by Grupo

SBF. All nominations to eligible positions shall take into account the policy criteria, besides the provisions of Bylaws, Code of Ethics, B3's *Novo Mercado* listing rules, and prevailing laws.

According to the policy, the composition of the Board of Directors shall be assessed at the end of each term of office to comply with criteria, upon approval of candidates proposed by management. In the event members of the Board of Directors are re-elected, it is necessary to consider their good performance during the period, their experience, and attendance at meetings during the previous tenure, according to evaluation results.

Check the composition of our corporate governance bodies [here](#).



The composition of the Board of Directors shall be assessed at the end of each term of office to comply with criteria.

ADVISORY COMMITTEES

To support the decision-making process, our structure comprises the following advisory committees:

People, Environment and Compensation Committee

The People, Environment, and Compensation Committee (COPAR) has been effective since March 2021 and was created according to information included in the Company's Bylaws, B3's *Novo Mercado* rules, and prevailing laws.

Linked to the Board of Directors, COPAR is a body that works independently in relation to members of the statutory board of executive officers, and it is liable for advising the Board on the monitoring of people management system, employees workplace and compensation and entities controlled by the Company.

COPAR's main responsibilities include: to periodically analyze the organizational structure proposed by the chief executive officer, and ensure to be compatible with its strategic, growth, and results objectives, observing the key factors of business success; assist in the implementation of improvements in the workplace; revise and, where applicable, suggest improvement of human resources policies and people management; analyze, elaborate and oversee the executive board's succession plan and other key positions of the Company; among others.



Analyze

the organizational structure



Assist

in the implementation of improvements in the workplace



Revise

human resources policies and people management

Digital Transformation, Product and Services Committee

The Digital Transformation, Product and Services Committee (CODIG) is the advisory body linked to the Board of Directors, it monitors and analyzes technological trends and innovations, projects, initiatives, and technological innovation proposals.

COPAR

Independence from statutory board members

CODIG

Monitoring and analysis of technological trends and innovations

COUAD

Follow the activities from the compliance area and internal audit

Audit Committee

The Audit Committee (COUAD), created in August 2018, linked to the Board of Directors, monitors the activities of compliance, internal audit, internal controls, and risk areas, continuously assessing the integrity of financial reports, the adhesion of practices adopted by the Company to the legal (including those relating to compliance), statutory and regulatory standards.

It also supports adjusting the processes relating to these topics and independent auditors' activities, observing the scope of this authority. In addition, it is liable for analyzing the conditions of risk controls to which the Company is exposed and/or subject, weighting the quality and effectiveness of decisions made to manage and mitigate them.



COMPENSATION POLICY

We have a Compensation Policy approved by the Board of Directors in March 2021, which sets forth, among others, the basic compensation principles of our Board of Executive Officers, Board of Directors and advisory committees, so that to align the interests of referred bodies with the Company's objectives, based on the best practices adopted by the market.

The Board of Executive Officers' compensation is an effective tool of attraction, motivation, and retention of officers, fairly structured and compatible with the duties and risks inherent to the position, so as to provide the alignment of their interests with the Company's long-term interests. The Board of Directors is the body liable for approving the Board of Executive Officers' compensation, through a formal procedure, which occurs smoothly, aligning the interests of our officers with our long-term interests.

In early 2021, we updated our Appointment and Compensation policies, as well as our Bylaws and the charter of our committees. Check [here](#).

The Board of Executive Officers' compensation is an effective tool of attraction, motivation, and retention of officers, so as to provide the alignment of their interests with the Company's long-term interests.

ETHICS AND TRANSPARENCY

Our Code of Ethical Conduct, last approved in March 2021, defines our ethical values and principles and reinforces our commitment to transparency in our relationship with stakeholders.

The document includes guidelines relating to the behavior expected from employees; conflicts of interests; gifts, favors and events; relationship with shareholders and capital market, partners, customers, suppliers, and other stakeholders, as well as the environment and the community. It includes specific topics on anti-corruption and anti-money laundering practices.

The Code of Ethics was revised in 2021, and training sessions throughout the year are foreseen relating to the topics of the document.

We have a Confidential Channel, managed by an independent advisory firm, that receives complaints referring to the non-compliance with the rules provided for the Code of Ethics, other policies of the Company,

and prevailing rules and laws. The tool can be used by all employees, suppliers, and other business partners of the Company, and identification is not required. The analysis process ensures the confidentiality and secrecy of complaints.

Confidential Channel

Telephone: 0800 721 0761, from Monday to Saturday, from 9:00 a.m. to 9:00 p.m. Brazilian time.
Website: www.canalconfidencial.com.br/gruposbf



Infringements to the rules may result in the following disciplinary actions: warning, suspension, employee's dismissal, or termination of employment contract with the Company, without prejudice of reasonable legal measures. In 2020, we received 380 reports in the Confidential channel. No reports indicating risks of child labor were received.



Trainings

related to included topics in the document



Practices

anti-corruption and anti-money laundering



Secrecy

of complaints



380 reports

in the Confidential channel in 2020



No child labor

No reports indicating risks of child labor

RELATED PARTIES TRANSACTIONS POLICY

The Board of Directors approved in 2019 the Related Parties Transactions Policy, which sets forth the rules ensuring that all decisions involving related parties and other situations with a potential conflict of interests are made in light of the Company's interests.

Referred Policy specifies, among others, that contracts between related parties shall always be formalized in writing, detailing its main characteristics (rights, responsibilities, quality, prices, charges, terms, etc.) and the purpose of business, as well as they shall be reflected in our financial statements.

Referred Policy forbids related parties transactions in the following assumptions: transactions made under conditions

rather than the market conditions; grant of loans to our managers, direct or indirect controlling shareholders, entities under common control, or entities directly or indirectly controlled by them, or a person with significant influence over the Company. Besides, it forbids transactions between legal entities and operations or businesses conflicting with our corporate purpose, our interests, or our subsidiaries' interests.

For additional information about our Related Parties Transactions Policy, visit our [Investor Relations](#) website.



RISK MANAGEMENT

Our risk management is guided by a Risk Management Policy approved in 2019. This document provides that the Board of Directors, jointly with other bodies, shall periodically analyze the exposure of our businesses to risks, as well as the efficacy of risk management systems, internal controls, and integrity/compliance systems.

The risk management process observes methodologies already consolidated in the market, such as The Committee of Sponsoring Organizations (COSO), which proposes a standard of understanding, assessment, and improvement of internal controls, in five components: control environment; risk assessment; control activities; information and communication; and monitoring.

We adopt criteria recommended by ISO 31000 certification, which comprises communications and consultation; monitoring and critical analysis; definition of context; risk assessment process (including phases of identification, analysis, and assessment); and risk treatment.



Risk management model



Identification of risks

Identification of risk factors and implications in projected objectives (targets and results).

Assessment

Process to determine the probability and impact for each risk, according to respective responses to risks.



Treatment

Definition of treatment to be given to each risk, according to its rating.

Monitoring

Process to continuously check and oversee to recognize changes in scenario, objectives, and feedback necessary, thus, new risks and causes can be identified.



Risk categories

For better management, we subdivide the risks into categories, in order to standardize internally and externally the reference to various risks that may impact the Company. The categories are:



Strategic risks

Risks that may prevent or affect the scope of our strategic decision for us to achieve the business's goals.



Operational risks

Risks that involve operations, information system, processes, internal controls, customers, revenues, and other assets that may imply financial losses, damages of reputation and image, decline in the Company's results, among others.



Financial risks

Risks deriving from effects not expected in the economic and political scenarios and market trends that may affect consumer behavior, interest rates, inflation, financial investments, among others.



Compliance risks

Risks caused by the failure to comply with laws, rules, regulations, and in-house ethical and conduct policies, or due to the existence of pending lawsuits or lawsuits in the future that may result in financial losses and harm our image and reputation.

We have a Currency Risk Policy, approved in 2020, which aims at analyzing the impact of foreign currency on our operations, especially considering the acquisition of Nike's operations in Brazil, and set out a hedging strategy, defining authorized financial instruments (hedge) and thresholds. Referred Policy includes guidelines to manage these risks, as well as the roles and responsibilities of governance bodies on this topic.

It is worth noting that it shall be incumbent upon the Audit Committee to analyze the structure of the risk management and advise on improvements whenever necessary. The Audit Committee reviews and submits for approval of the Board of Directors the Company's risk appetite proposal, elaborated by senior management, as well as it annually issues a summarized report on meetings held and main topics discussed, highlighting the recommendations made to the Board of Directors. The management structure, as determined by the policy, also envisages the Internal Audit, Compliance, and Businesses areas.

Information security

Our stakeholders' information security is a priority, in compliance with the General Law of Data Protection (LGPD), which became effective in 2020. In this regard, we have a Privacy Policy and a channel that receives a request for information, registration, and doubts (privacidade@gruposbf.com.br). Up to date, no complaint involving privacy infringement was reported.

We have an Information Security area, which applies the Threat Intelligence tool, liable for identifying everything related to Grupo SBF in the dark and surface web. With this tool, we can see any vulnerability involving violations to the privacy and attempts of fraud that may harm customers, therefore, we manage to proactively act in these cases. Learn more [here](#).



RESOURCES *MANAGEMENT*

We are constantly evolving and pursuing the best practices to mitigate the adverse effects and maximize value creation across our chain. We already had resource efficient-use initiatives, with a positive impact on our stakeholders, and in 2019, we identified sustainability risks and opportunities, supported by an external advisory firm.

As a result, in 2020 we created the ESG (environmental, social, and governance) area, allocated in Human Resources, which not only coordinates initiatives in an organized manner but also promotes an ESG mindset throughout the Company.

We are constantly evolving and pursuing the best practices to mitigate the adverse effects and maximize value creation across our chain.

NATURAL RESOURCES

As part of our commitment to sustainable development, we pursue an efficient use of resources in our operations. Our main impacts on the environment refer to water and energy consumption in the production processes and offices.

To manage these aspects, we observe the principles of renowned certifications, such as ISO 14000, which proposes the development of an environmental management structure; and ISO 9001, which certifies the Quality Management Systems and defines the requirements for its implementation.

ENERGY

To promote a conscious use of resources, we involve all our employees in actions to reduce water, paper, and energy consumption. For instance, we have a Manual of Good Practices, adopted during training sessions at stores, which presents technical and efficient solutions to save energy resources.

Within this context, since 2018, we have been promoting a championship to reduce energy consumption (kWh), wherein the store with fewer expenditures receives a

reward by region. In the 2019/2020 cycle, the Norte Sul Plaza shopping mall store located in the state of Mato Grosso do Sul was the highlight.

As part of our commitment to sustainable development, we pursue an efficient use of resources in our operations.





Follow Energy System

54 units adopt this system



LED lightning

All new stores and those converted into the G5 model already have the more efficient LED technology



21+ units

migrated to the Energy Free market



21%

energy consumption dropping



5.5%

average growth of consuming units



The in-house management of electricity consumption is monitored by the Follow Energy System, which allows monitoring parameters online, such as consumption, the internal temperature at the store ($^{\circ}\text{C}$), automatic connection and disconnection of air conditioners, lightning system, among others.

Overall, 54 units adopt this system and, in 2021, we estimate that over 40 units will adopt this type of automation. In addition, all new stores and those converted into the G5 model already have the more efficient LED technology. The lighting system and common-use plugs account for 20%, on average, of the store's full charge.

Most of the energy supply derives from the captive market and, for stores located in shopping malls, consumption management is integrated into the premise. However, our distribution center in Extrema (MG) was the first to migrate to the Energy Free market, in 2019, which, besides contributing to efficient management of consumption,

promotes the free choice for renewable sources. In 2020, other 21 units adopted this change and, for 2021, we estimate that the other 20 stores should migrate to the energy-free market by the year-end.

In 2020, we saw energy consumption dropping 21% from 2019, despite the opening of other stores and service centers, with an average growth of 5.5% of consuming units. The result is due to initiatives, such as the new LED lighting system, the dedicated air conditioner added to the dressing rooms, the awareness policy, the automation, and the monitoring project. Another factor that contributed to such decline was the closure of stores due to the pandemic caused by the new coronavirus.

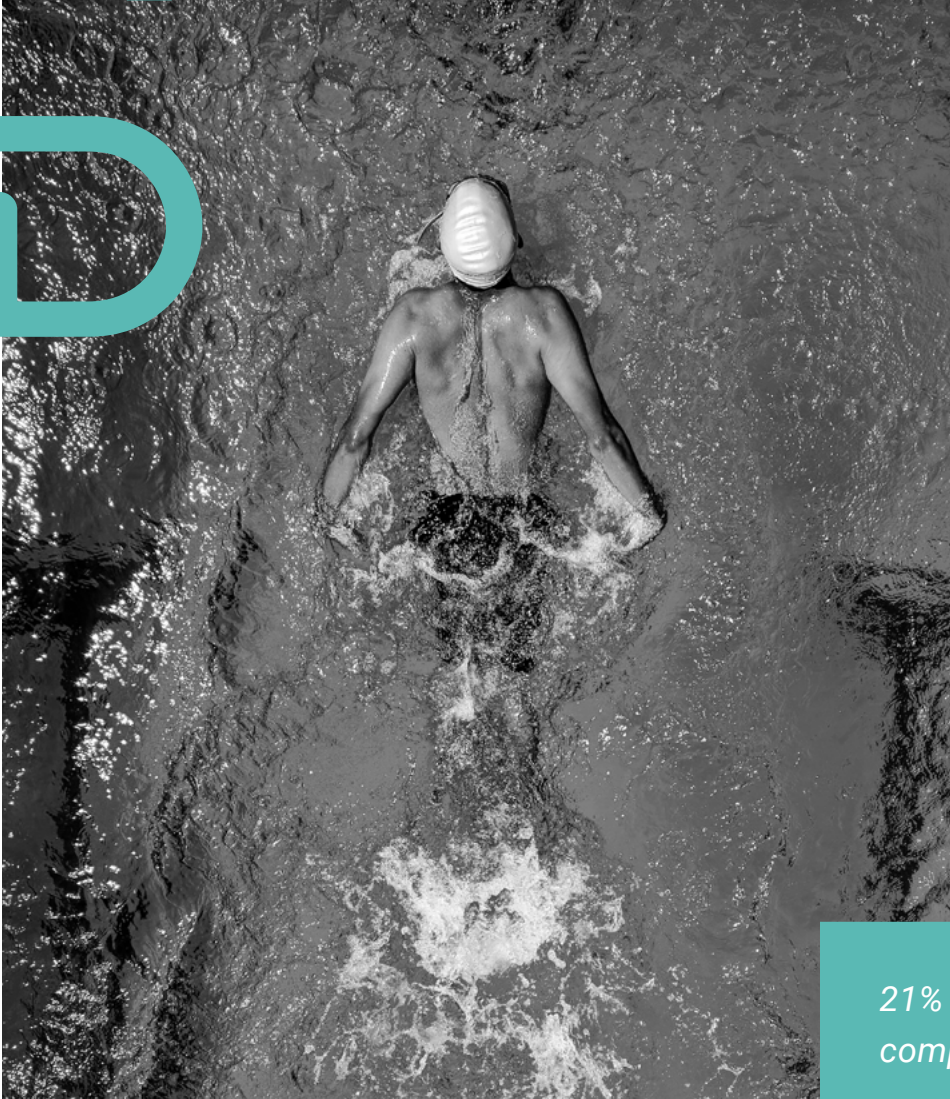
For 2021, we estimate that the other 20 stores should migrate to the energy-free market.

Energy consumption inside the organization



Unit	Source (GJ)	2018	2019	2020
Stores	Captive + Shopping	1,147,457.39	1,190,060.87	884,704.85
Stores	Energy Free Market (i50%)	-	-	42,458.54
Services Center (CS)	Captive + Shopping	58,117.59	59,691.33	25,196.18
Services Center (CS)	Energy Free Market (i50%)	-	-	19,188.70
Distribution Center	Captive + Shopping	96,854.42	69,707.33	29,696.35
Distribution Center - Extrema	Energy Free Market (i50%)	-	38,056.46	67,778.60
Total		1,302,429	1,357,516	1,069,023
Energy consumed from renewable sources		-	38,056	129,426
Energy consumed from non-renewable sources		1,302,429	1,319,460	939,597





WATER

The distribution, transmission, and services centers are our main water consumers. Our water resources catchment and storage comprise common grid, groundwater, and rainwater. We saw an increased number of consuming units, but a 21% lower consumption in 2020, compared to 2019, and a stable consumption in 2019 vs. 2018, despite the operation's growth.

The result derives from awareness policies on the rational use of water, besides a reduced number of people working by attendance at distribution centers and services centers, due to the pandemic.

Water consumption

Water withdrawn by source (ml)	2018	2019	2020
Municipal supply	18,040,000.000	18,169,000.000	14,431,000.000
Total	18,040,000.000	18,169,000.000	14,431,000.000

21% lower consumption in 2020, compared to 2019.



WASTE MANAGEMENT

We sell quality, long-lasting products, with low environmental impact. Our main challenge is to ensure that suppliers control and reduce waste emissions. On the other hand, as they are among the world's largest sportswear brands, they continuously invest in technology to elaborate quality products, and reduce waste, carbon footprint, and consumption of materials.

We operate as retailers and our own production does not imply significant impacts on waste generation. However, we promote awareness actions for the efficient use of resources to mitigate the impacts.

Previously discarded at stores, now cardboard boxes are destined for a reverse logistics project. Currently, nearly 67% of our stores take part in this project. Thus, we detected a 141% increase in these material recycling at our operations. Our target is to reuse 80% of cardboard boxes from product suppliers, to result in an 80% reduction in the acquisition of inputs through initiatives, such as the 5S, an efficiency gain program and one of its objectives is to diminish waste. In addition, we monitor indicators related to the number of boxes reused in the operation.

67%

Stores participating in the reverse logistics project

141%

Increased recycling in our operations

80%

Reuse target of cardboard boxes from suppliers

Reverse logistics assists sports and cooperative projects

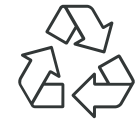
Still referring to reverse logistics, unused materials are reversed to sports projects supported by Grupo SBF within the social responsibility program, the "Transforma", which recorded 15 organizations assisted in 2020. 5,000 items were reversed, corresponding to R\$100,000, totaling 12 OSCs.

We maintain an initiative with "[Empresa B Retalhar](#)", which recycles textile waste that cannot be sold, or with insufficient quality to be donated. This entity recycles work uniforms no longer used. Through responsible waste management, this initiative creates job opportunities for over 40 cooperative professionals, fomenting entrepreneurship. In 2020, over 17,000 items were recycled and 19,583 pairs of shoes were dispatched to co-processing.



5,000

Items for the Transform program



17,000+

Recycled parts



19,583

Pairs of shoes dispatched to co-processing

Our initiatives:



Stores

- Part of items (27%) at our stores is composed of paper packages, instead of plastic.
- We reuse cardboard boxes sent from DC to stores. These boxes are stored and used to dispatch omnichannel orders for customers and reverse logistics for DC.
- Packages not reused are compressed by shopping malls and sent to recyclers.

Unused materials are reverted to sports projects supported by Grupo SBF within the Transforma social responsibility program.



DCs

- We have a process to recover pallets so that we can reuse them. In 2020, 90% of pallets were restored.
- We reused 75% of packages where we receive goods from our suppliers in 2020.
- When we no longer can reuse them, we have a machine to compress them, so that we can sell them to recycling companies.



Fleet

- We deliver tires and oil to sustainable-certified landfills.




33%

Waste reduction
not dangerous

11%

Organic
waste fall

109%

Kitchen sewage
destined for
treatment increased

Concerning non-hazardous waste, which includes items, such as bathroom trash, paper, and plastic cups, we saw a 33% reduction from 2019 to 2020. During the early pandemic, between March and April, all our administrative sectors initiated remote work, which resulted in less waste generation.

We have organic waste indicators, i.e., food leftovers from Extrema restaurant, which saw an 11% decline from 2019 to 2020; grease boxes, wherein kitchen sewage destined for treatment increased by 109%, due to deep cleaning in reservoirs. Other waste destined to the Sewage Treatment Station dropped 15%.

We stimulate everyone to consume only the amount necessary of materials and avoid the production of waste in daily activities. We involve our customers in initiatives, such as campaigns to collect old shoes in exchange for discounts in the acquisition of a new pair of shoes. It is worth noting that partner brands, whose industrial production is meaningful, maintain programs of efficient use of resources and mitigation of impacts.

Waste by type and disposal method (tons)

	2018	2019	2020
Not hazardous	-	143.4	96.0
Organic	-	71.1	62.7
Recycling	150.9	202.8	489.2
Grease Box	30.1	21	44
ETE (Sewage Treatment Station)	70	35	29

EMISSIONS

To manage greenhouse gas emissions (GHG), we calculate information on our fleet's kilometers traveled – 3,342,494 km in 2020 – to identify and control the CO₂ emissions of our operation.

From 2019 to 2020, most of our sales came from the online channel, accordingly, resulting in an increased number of kilometers traveled by our fleet and a small increase in scope 1 emissions.

However, since 2016, we have been using road trains in DCs transfer operations, thus, avoiding CO₂ emissions by more vehicles. Currently, our operations rely on three road trains.

Concerning scope 2 emissions, we recorded a 28% reduction, due to lower energy consumed as Centauro's stores were closed and the migration of a few units to the Free Energy Market. We no longer consume energy from the captive market, in which the energy matrix includes thermopower plants, and we contracted the incentivized energy (50%).

We no longer consume energy from the captive market, in which the energy matrix includes thermopower plants, and we contracted the incentivized energy (50%).



Total fleet emissions

Greenhouse gas emissions (GEE)	2018	2019	2020
GHG emissions (thousand tCO ₂ e)	992.48	1,930.01	2,005.50

Total emissions in Scope 2

GHG emissions (thousand tCO ₂ e)	2018	2019	2020
Indirect emissions (electricity consumption)	2,894	2,932	2,088



3,342,494
fleet's kilometers traveled



Road trains
our operations rely on
three road trains



28%
emission reduction
of scope 2



OUR *TEAM*

Our employees are essential for the advances in our objectives and our business sustainability. Thus, we address attraction and development initiatives, we promote career opportunities and a diverse and inclusive environment for everyone.

In 2020, we cared for our employees' physical and mental health, softening the effects caused by the pandemic. We restructured our Human Resources, focusing on sustaining the construction of our sports ecosystem and providing greater development initiatives for all our leaders and employees, as well as contributing to reinforce our culture. To support our decisions, in early 2021 we set out the charter of the People, Environment and Compensation Committee – COPAR (read more in *Governance*).

We address attraction and development initiatives, we promote career opportunities and a diverse and inclusive environment for everyone.

At the end of 2020, we recorded 9,467 employees who are represented by retail unions in the cities in which our stores, distribution, and transfer centers are located. We comply with laws ruling the unions and the freedom of association. Our assumption is to maintain a good relationship with employees and professionals associations, participating in collective bargaining agreements and being open to direct negotiation with employee unions.

We rely on a Salaries and Benefits Policy, and our main tools to compensate our employees are: base salary, sales commission

at brick-and-mortar stores, the profit-sharing program, long-term incentives under the stock option mode, healthcare and dental care, meal ticket, discounts to shop online, employee credit card, life insurance, transportation ticket, Gympass allowance, maternity leave, and paternity leave - extended to 180 days and 20 days, respectively.

Due to the impact of the Covid-19 crisis in the retail trade, over which all the company's business activity is concentrated, we signed individual agreements with our employees to reduce and suspend employment contracts.


9,467

Employees

- | | | |
|--------------------------|------------------------------|--|
| ■ Gympass allowance | ■ Meal ticket | ■ Transportation ticket |
| ■ Base salary | ■ Discounts to shop online | ■ Employee credit card |
| ■ Profit-sharing program | ■ Healthcare and dental care | ■ Maternity leave, and paternity leave |



EMPLOYEES' DEVELOPMENT

Our main objective in human resources is to stimulate and facilitate our employees' development. In 2020, all training sessions migrated to the online format, with technology as our great ally.

Main training sessions included concepts such as operational processes, multichannel strategies, services, visual merchandising, management, recruitment, selection, and engagement focusing on diversity. Our priority for 2021 is to discuss subjects such as diversity and inclusion, marketing, and digital media while maintaining training in procedural, behavior and products areas.

Our priority for 2021 is to discuss subjects such as diversity and inclusion, marketing, and digital media.



18-month

development program



77 young

people have been included
(since 2015)



30,000

Trainee Program
enrollments

Trainee Program

We rely on a Trainee Program that aims at capturing, developing, and stimulating high-potential youth initiating their professional career. They are selected aiming at preparing them to assume strategic roles in the future.

Since 2015, 77 young people have been included in this 18-month development program. During such a period, participants receive a strategic project and participate in a development program of soft and hard skills, with workshops supporting the execution of the project, the development of competencies and preparing the trainee to assume the next step of his/her career. In addition, monthly meetings are held with senior leadership to discuss careers and business subjects.

In 2020, we initiated the selection of candidates for the 2021 Trainee Program, and to conduct a more inclusive process and have a more diverse group, we reviewed all requirements of the Program.

A more democratic and representative process, in line with Grupo SBF commitment with diversity and inclusion.

For this reason, we excluded the usual requirements of the market concerning the educational background (universities of origin), languages and age. The result was a more democratic and representative process, in line with Grupo SBF commitment with diversity and inclusion, raising substantially the quantity of the potential candidates who identified themselves with the Program and received nearly 30,000 enrollments.

Scholarship program

Partnerships between Centauro and educational institutions throughout the country are another initiative created to promote our team's development, in which we offer a 40% discount in undergraduate studies for any Centauro's employee, irrespective of job position or area. Henceforth, we contribute to our team's qualification, promoting a sense of justice and opportunity, and accordingly, supplying our succession plan. Since this program's inception, in 2019, 55 employees have initiated their undergraduate studies.

To prepare our store managers for their next steps of career, in which they will undertake new challenges, such as larger stores, and feed the in-house succession plan, besides the partnership with universities, we pay 20% of undergraduate courses. To participate in this program, the manager has to be in office for, at least, three months, and enroll in a post-secondary education course that is both aligned to the business and approved by MEC (Ministry of Education).



40%

discount in undergraduate studies for any Centauro's employee



55 employees

have initiated their undergraduate studies



20%

Besides the partnership with universities, we pay 20% of undergraduate courses to store managers

Ativa

We rely on Ativa Grupo SBF, a cooperative financial institution that works as a club of advantages and makes available educational partnerships to associate members, with discounts from 10% to 50% in educational institutions (undergraduate and graduate courses) and language schools.

Our associate employees can participate in free courses through the National Service of Cooperative Learning of the State of São Paulo. Several courses are available, such as Excel, agile methodologies, innovation, time management, projects, accounting, among others. Yearly, Ativa Grupo SBF assists associate members with up to R\$350.00 to cover

educational expenses, besides a school pack of supplies for employees' children, aged between 5 and 18 years old.

Concerning employees, the most important stakeholder for Grupo SBF, we emphasize the encouragement we give to any sports practice and we provided vaccines against the influenza virus. In 2020, other actions through Ativa included special lines of credit and donations to employees affected by the loss of income, extended maturity of loan installments during the period of government provisional measure that reduced salaries, as well as financial guidance for employees to organize their household budget.



Yearly, Ativa Grupo SBF assists associate members to cover educational expenses, besides a school pack of supplies for employees' children, aged between 5 and 18 years old.



More than keeping the team always trained and updated, this format ensures lateral learning and engagement of store teams.



“Trilha Centauro”

We have “Trilha Centauro”, an online training platform, designed to train new employees in their position with videos based on key operational and behavior procedures on our stores, indicating step by step on how to execute each task.

Each employee is called “Trilheiro”, and during his/her period in the Company, he/she can learn about his/her responsibilities, tasks, and behavior during daily activities, and accumulate points to exchange with rewards and gifts. All videos are short, 5-minute tops, and recorded by employees themselves - they are challenged to record a new training session when there is a training session that needs to be modified.

We have the figure of the Navigator, who is an employee elected by the store, except for those holding any leadership position, to become the training ambassador. This person is liable for engaging and fomenting training and development of each “Trilheiro” towards 100% adhesion. Thus, the ambassador is supported by reports with a performance panel per class, job position, employee, and store’s total.

Employees recording the most viewed videos in the year receive a recognition. More than keeping the team always trained and updated, this format ensures lateral learning and engagement of store teams, thus, ensuring the alignment among employees and facilitating the dissemination of processes and guidelines.

Training sessions at G5 stores

At G5 stores (see in Omnichannel Strategy), we conduct specific training sessions for employees, in which we reiterate our commitment to the customer, which consists of assisting the customer to find, try and choose the right product. With a six-day duration, employees go through a detailed immersion, as follows:



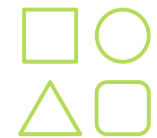
Behavioral

This is the moment when employees can actually experience how to provide customer service, reflecting on the best way to serve the customer and assist him in his sporting goods journey.



Technology and processes

We align with the team the step-by-step of all processes of the stores, including our technology experiences for our customers.



Products

Aiming at improving our employees' technical skills to solve any doubts of customers, we have sessions of instructions with some brands that sell in the store, so that they could introduce technical details about the use of their products to our team. For instance, different footwear technologies are presented, cardiac monitors, supplements, etc.

Total hours of employee training*

	2019	2020
By gender		
Female	11,687	5,006
Male	10,493	4,326
Total	22,180	9,332
By employee category		
Manager	1,605	980
Supervisor	3,595	2,015
Operational	11,610	4,414
Salesperson	5,370	1,923

*Data referring to stores.

PERFORMANCE EVALUATION

Employees undergo a performance evaluation referred to as “Ciclo de Gente” aiming for improvement and business positive results. With this process, it is possible to identify employees’ adhesion to the competencies required, map and recognize talents, by reinforcing meritocracy, ensuring structured and consistent feedback, as well as providing the elaboration and monitoring of an Individual Development Plan (PDI), to eliminate/ reduce performance gaps detected during evaluation.



evaluated employees

Employees working in the company for the last three months participate in this performance evaluation and it takes place annually and results in reallocations, merits, and/or promotions. We evaluate more than 1,000 employees, among administrative employees and leaders, and store leaders. In 2021, in line with Grupo SBF’s transformation, we will bring a new process of performance evaluation, with the construction of the sports ecosystem.

In compliance with our ecosystem structure, one of the People’s main fronts is the implementation of a new culture and leadership. Thus, we will launch a new evaluation in 2021.

In 2021, in line with Grupo SBF’s transformation, we will bring a new process of performance evaluation, with the construction of the sports ecosystem.





Within one month, we have over 30,000 notes, resulting in over 8,000 hours monitoring employees' execution of standard procedures.



Hodós

Through Hodós, a method that manages the execution of processes standards, we measure qualitative and quantitative indicators to identify opportunities and achieve better results. In Hodós, the store supervisor's role is reinforced, as, through a checklist application, he monitors employees executing a standard process. This way, on one hand, we have the employee focused on executing a standard task, and on the other hand, we have the supervisor playing his role of checking and monitoring the employee, ensuring the appropriate task execution.

From this monitoring, referred to as "note", the supervisor can capture performance information to then interfere as to opportunities for improvement. Notes are made daily, and converted into performance indicators, and consolidated online. The objective here is to recognize key outstanding points and/or points of improvement of

each employee and provide more satisfactory weekly individual feedback.

Across all Brazil's stores, each supervisor makes on average five notes/day. Within one month, we have over 30,000 notes, resulting in over 8,000 hours monitoring employees' execution of standard procedures.

Besides the individual evaluation, the supervisor has a cockpit that contains key performance indicators of his sector, which is used in a weekly meeting with the team to understand bottlenecks in execution, and together, improvement actions are proposed.

Therefore, weekly, all Brazil's stores discuss, at least, one problem identified in the execution of standards, ensuring a standard of services and processes, as well as corrections of eventual gaps across all the regions in which we operate.

Engagement

Our employees represent a relevant asset for the Company, and to ensure an engaging journey and excellence to this stakeholder, we annually conduct an engagement survey, known as “Joga Junto”. This survey aims at collecting our employees’ perceptions, and then, defining actions so that we can keep evolving. Each question composes a group referred to as “FATOR” (Factor) (Ex.: Agility and Innovation, Cooperation). The grouping of factors is called DIMENSION which are Engagement or Organizational Support drivers.

When we have high ENGAGEMENT and SUPPORT, accordingly we have better results. From general favorability, we look into which questions are directly impacting the engagement and support pillars, and as a result, employees’ effectiveness. In 2020, engagement results came positive, and we reached 80% of our employees’ favorability, including 90% of respondents. Our store operations were the survey highlights, reaching 83%.

For 2021, this survey should take place in the second half, followed by analysis to understand the drivers the Company should and want to invest in.

This year we relied on mentorship for senior leadership to assist them in a safer decision-making process, and training sessions for all leadership levels, unfolding the engagement survey results in guidelines for managers to support their teams.



“Joga Junto”

Annually engagement survey



80%

of our employees’ favorability



90%

of respondents



HEALTH AND SAFETY

Our employees do not face high risks during their activities at the office and stores. At our distribution centers, we consider a low risk due to the operation of machinery, transportation of materials, and heavy products. However, we provide all personal protective equipment (PPE) necessary and we maintain strict rules of circulation at these locations.

We maintain national protocols and programs that provide the safest labor conditions to our employees, such as simulations, fire brigade and emergency exits training.

Earlier this year the Internal Commission on Accident Prevention (CIPA) trained an in-house safety committee to provide safety, surveillance, information, and qualification to our employees. We rely on the Specialized Services in Occupational Medicine and Safety Engineering (SESMT), a commission liable for ensuring occupational health and safety conditions.

The Environmental Risk Prevention Program (PPRA) makes available a matrix to mitigate risks and avoid occupational accidents. Thanks to in-house safety measures, we did not record occupational accidents with leave, and no casualties over the past years.

We rely on the Occupational Health Medical Control Program (PCMSO), which periodically analyzes medical consultations to evaluate our employees' health and prevent occupational diseases. Lastly, we extended the healthcare plan to 100% of our employees.



Healthcare plan

to 100% of our employees



Free assistance
of a psychologist
during the pandemic



Vaccines
in the workplace
at cost price

During the pandemic, we implemented the Employee Welcoming Program, in which we made available free assistance of a psychologist in case of any health problem. In September, we promoted the suicide prevention awareness campaign about the Yellow September and to ensure immunization of our employees against influenza, we offered vaccines at the workplace at a low price.

In 2020, we provided 776 hours of fire brigade training and 600 employees became aware of health and safety. By 2021, we expect to launch a Health and Safety Policy which will comprise different business units of Grupo SBF, in line with the best practices on the topic. Training sessions shall observe the procedures established so that to abide by legal rules enacted by each state.

DIVERSITY

We believe that the promotion of a diverse and inclusive environment raises new ideas and provides business gains. Therefore, our Code of Ethics sets forth that no distinction of opportunities and employee development shall occur in terms of gender, race, religion, nationality, age, sexual orientation, special needs, marital status, or social conditions.

Our company is composed of 51% of women and 49% of men, with a total of 36% of female leadership and 64% of male leadership. We have 17.65% of women in the Board of Directors and Board of Executive Officers.

We promote awareness campaigns on topics including valuing diversity to foment respect among employees, such as a lecture on prejudice with the LGBTQI+ community, on the International Day of LGBTQI+ Pride.


51%

women


49%

men


36%

female leadership


64%

male leadership

Our employees' profile

	2018		2019		2020	
Total employees	8,196		9,193		9,467	
	2019			2020		
Employees by gender	Female	Male	Total	Female	Male	Total
	4,413	4,780	9,193	4,838	4,629	9,467
Employees by region	2019			2020		
South	1,093			1,032		
Southeast	5,595			6,082		
Mid-west	621			653		
Northeast	1,468			1,332		
North	416			368		

In 2020, we set out tracking of actions, such as dynamics of privileges, rounds of talks on women and multi-tasks, lectures on toxic masculinity, paternity, LGBTQI+ panel, Black Awareness, besides training sessions for leaders supported by a specialized advisory firm, among others.

We have an in-house Women's Committee (called "Elas Movem Elas") which promotes activities relating to equal gender to engage employees, such as rounds of talks and texts on the topic, among other actions.

We reassessed the hiring process and we made effective changes to bring diversity to the team. An example is a new store we inaugurated at Avenida Paulista (São Paulo – SP) where 40% of its staff is composed of diverse groups: women, PwD, afro-descendants, brown-skinned, indigenous people, and the LGBTQIA+ community. Through partnerships with institutes, we develop and offer selection training for stores and tech leaderships, with a focus on Diversity and Employer Branding.



Diversity in governance bodies and employees

	2019		2020	
By gender (%)	Women	Men	Women	Men
Vice chief executive officer	16.67%	83.33%	14.29%	85.71%
Officer	22.22%	77.78%	25.00%	75.00%
Executive manager	25.00%	75.00%	28.57%	71.43%
Manager	35.29%	64.71%	38.54%	61.46%
Store manager	41.54%	58.46%	42.79%	57.21%
Coordinator / specialist	41.67%	58.33%	37.61%	62.39%
Others	48.58%	51.42%	51.94%	48.06%
By age group (%)	Women	Men	Women	Men
Under 30 years	49.61%	50.38%	52.93%	47.07%
Between 30 and 50 years	44.48%	55.52%	47.73%	52.27%
Over 50 years	34.67%	65.33%	39.24%	60.76%



We adopt technical, ethical, quality, performance, and cost criteria when hiring suppliers and service providers.

PARTNERSHIPS

We adopt technical, ethical, quality, performance, and cost criteria when hiring suppliers and service providers, ensuring an impartial relationship, not benefiting any of the parties.

At the end of 2020, we recorded a total of 1,273 active suppliers in Centauro's base, and our main supply costs referred to placement (21%), technology (17%), and benefits (15%). After December 1, 2020, we added over 413 indirect suppliers from Fisia's base, totaling 1,686, and 100% of indirect suppliers are considered local, i.e., negotiated in the Brazilian territory.

We recorded a total of 44 active suppliers referring to the resale of private label

and licensed products within the clothing, accessories, footwear, and equipment categories, which accounted for a R\$203 million spend. Out of this total, 25 are Brazilian suppliers and 19 are international suppliers, accounting for 32% of private label and licensed products spend.



1,273

active suppliers in Centauro's base



1,686

indirect suppliers from Fisia's base



32%

of private label and licensed products spend

In 2020, we reduced our supplier base, adopting cost, quality evaluation criteria (products and social responsibility manufacturing certifications), and level of service. It is worth noting that we require the following certifications and information when hiring suppliers:

Brazilian Association of Textile Retail (ABVTEX)

We are a member of ABVTEX, an initiative of fashion retail that consolidates good practices in the supply chain. We require 100% of Brazilian clothing suppliers of our base to have this certification.

RFI (Request for Information)

It consists of the record we use to prospect and analyze new suppliers, with information on plants, production capacity, financial flow, quality certifications and social responsibility, main customers and competitors, and types of technologies.

FAMA, SEDEX, or BSCI

We require these certifications from international suppliers. Sedex, for instance, is one of the social audit procedures most applied in the world, it is internationally recognized for analyzing the activities of a responsible supply chain, including labor rights, health and safety, business environment, and ethics. The BSCI is a Business Social Compliance Initiative fomented by companies committed to improving labor conditions in the global supply chain.



In 2021, we will carry out various measures to identify in advance risks, such as violation of the Code of Ethics and Conduct; risk map including all indirect suppliers; periodic update of high-risk suppliers; inclusion of legal clauses across all documentation, such as the Non-Disclosure Agreement (NDA) and legal contract, registration, and Request for Information (RFI).



Code of Ethics and Conduct



Risk map



Periodic update



Non-Disclosure Agreement (NDA)



Request for Information (RFI)

CREATING VALUE FOR SOCIETY

To create value by fomenting the practice of sports is one of the Company's priorities. Our commitment is to democratize and promote access to sports, whether by means of products with lower prices, such as our Oxe banner or by means of social impact projects, such as "Transforma", which connects and empowers NGOs to foment the sports practice as an instrument of social transformation.

Overall, we supported 15 NGOs in 2020 and we invested R\$450,000 via direct financial support distributed (except for an organization that received support from the Sports Incentive Law of Paraná) among organizations and R\$100,000 in products (nearly 2,210 various sporting goods). For 2021, we should raise to 20 the total of NGOs assisted through direct investment, while still seeking opportunities through Sports Incentive Laws.

Nearly 63.6% of funds were invested in essential items for the practice of physical activities such as sporting goods, court maintenance, teachers, among others. Administrative and institutional expenses that assisted organizations to survive during the pandemics accounted for 12.5% of investments.

Despite the pandemic, we recorded a 33.8% increase in the number of organizations assisted compared to 2019, and over 13,500 hours of physical activities were practiced by those assisted.

33.8%

increase in the number of organizations assisted

13,500+ hours

of physical activities were practiced by those assisted



15

NGOs supported in 2020



R\$450,000

via direct financial support distributed



R\$100,000

in products distributed to NGOs



Results in 2020

"Doe Gols" project: in partnership with SportTV and Play for a Cause, we donated 4,000+ pairs of shoes, 1,689 for six institutions supported by "Transforma".

A partnership between Ribon, a startup that created an app of donations, and the Social Support Center "Cantinho da Esperança" (Nasce), enabled 10,715 different donators to guarantee a sports day for 166 children.

"Adote um Campeão" (Adopt a Champion): at the year-end, we promoted an in-house campaign in which 226 employees adopted 226 letters to donate Christmas gifts to those assisted by Nasce – an organization supported by "Transforma", which works with inclusion of people with disabilities through sports.

Seven 'godmother' stores: each NGO has the support of a 'godmother' store, which is liable for relations and identification of opportunities to assist the institution's daily routine. This initiative includes the eventual hiring of those assisted by the NGO to work at stores.

1,417 tax coupons captured by "Nota Fiscal Paulista" (São Paulo Invoice System), collected nearly R\$4,251.00 among six organizations.

R\$300,000 was collected for organizations supported by the Company through live streaming in the inauguration of our shop at Avenida Paulista (São Paulo – SP).

**4,000+**

pairs of shoes donated

**10,715**

different donators to guarantee a sports day for 166 children

**226 letters**

226 employees adopted 226 letters to donate Christmas gifts

**7 'godmother' stores**

each NGO has the support of a 'godmother' store

**R\$4,251**

captured by "Nota Fiscal Paulista"

**R\$300,000**

collected for organizations supported

Volunteer Program

Our Social Responsibility program takes place with the engagement and participation of our employees as volunteers. We have an in-house corporate volunteer policy that governs how employees can contribute to the NGOs of Transforma. All institutions are required to be accountable before the Company, twice a year. We have a team allocated in the ESG area, who is in charge of overseeing the Social Investment Policy, besides managing the Corporate Volunteer Program.

To select the NGOs assisted, we rely on the partnership with the company Prosas which ensures transparency and reliability. This process initiates with our employees' referrals. NGOs located in one of the cities in which Centauro operates are eligible to participate, thus, building a stronger bond with communities in which we operate. The NGOs are all small and community based, which aim at social inclusion and education through sports.

All employees maintaining an employment relationship with Grupo SBF and under a CLT (Brazilian Labor Laws) agreement, working in corporate areas or operations from any business unit, are eligible to participate in the Corporate Volunteer Program, which took place 100% online in 2020. For 2021, we expect that workers as contractors can participate in this program.



100% online

Program which took place 100% online



70+ employees

participated in the Corporate Volunteer Program



490 hours

donated in the program with classes on management to the NGOs.

To select the NGOs assisted, we rely on the partnership with the company Prosas which ensures transparency and reliability.



In 2020, the program recorded 70+ employees from all business areas, who together donated more than 490 hours and dedicated their time to provide management classes to the NGOs. The Company's leaders conducted mentorships and promoted advisory services for the NGOs leaderships.



New store at Avenida Paulista contributes to "Transforma"

In November, Centauro inaugurated its first street shop at Avenida Paulista, in the city of São Paulo. This unit's format provides different experiences, such as bikes and customization workshops to assist cyclists in the region, who can test the bikes at stores and participate in interactive activities.

We promoted live streaming to inaugurate the store, and during the event, part of sales was donated to NGOs of the "Transforma" project. We collected nearly R\$300,000, split into 14 institutions supported. For each Internet shopping, we donated an amount corresponding.



In 2020, along with SporTV and the institution Play for a Cause, we participated in the "Doe Gols" project: for each goal scored in the A-Series Brazil's soccer championship, we donated three pairs of sneakers. More than 4,000 pairs of shoes were donated, corresponding to approximately R\$150,000, of which 2,170 were delivered in 2020 and the remainder was distributed in early 2021.



"Doe Gols"

for each goal scored in the A-Series Brazil's soccer championship, we donated three pairs of sneakers



4,000+

pairs of shoes
donated



SPORTS *ECOSYSTEM*

At Grupo SBF, we believe that sports transform lives and every day we wake up with the goal to boost sports in Brazil. In 2020, this purpose gained strength with our business expansion and the structuring of an ecosystem, which aims at connecting millions of people to products, services, information, content, and experiences, with a passion in common: sports.

This strategy is bolstered by Centauro's 40-year sporting goods retail know-how, and as from year-end, by the conclusion of Nike transaction, now we operate Nike brand in Brazil under the name Fisia, and the signature of NWB acquisition, Brazil's largest sports digital channel network, concluded in February 2021.

With this structure, channels can be used to optimize the potential of capturing customers, lowering acquisition cost; the offer of products and services, as well as the insertion in multiple journeys relating to sports, increasing recurrence and engagement; and the data collection during customer journey as an input to make decisions that maximize lifetime value.

We expanded our business and structured a ecosystem that aims to connect millions of people with a common passion: sports.

| SPORTS *ECOSYSTEM*

Customers are connected during all moments of the journey through fragmented solutions meeting each sports audience.

WHERE?

audience and transactional acquisition

Brick-and-mortar stores • Digital • Social Commerce •
Small retail • B2B • Beta influencers

HOW?

Engagement and intimacy relationship

Events • Subscription • Membership •
Content • Startups • Projects • Innovation

WHAT?

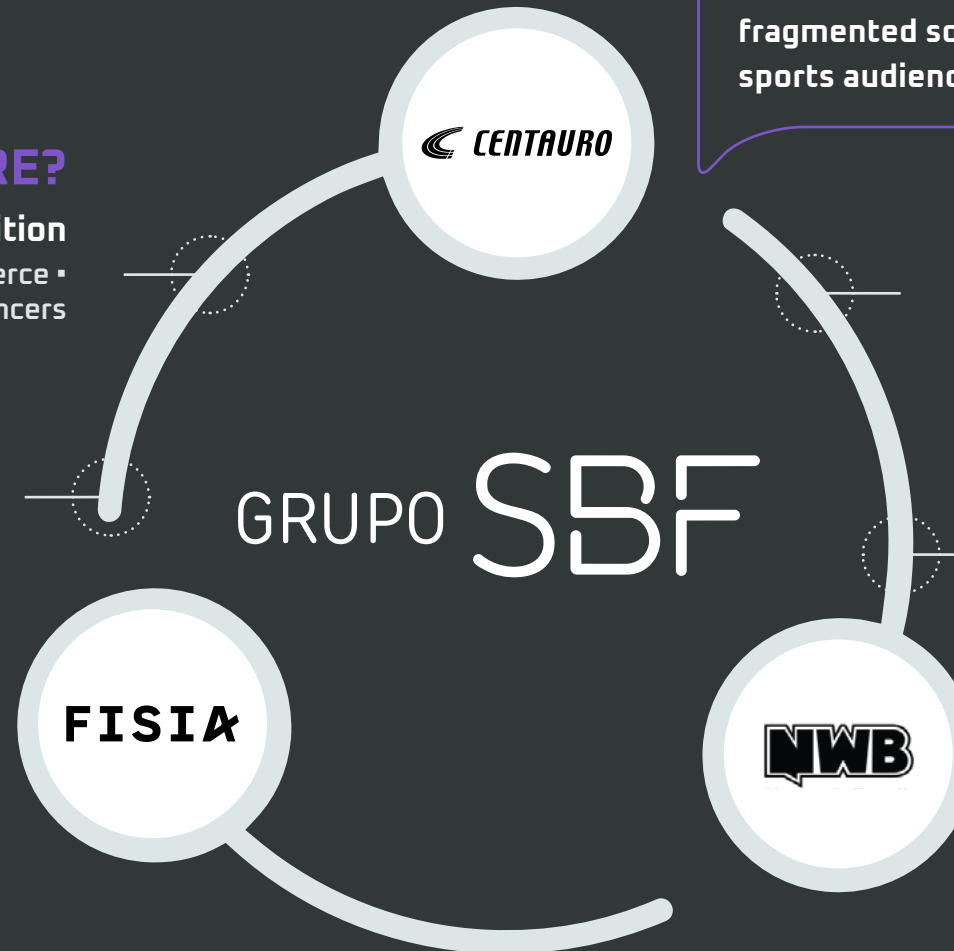
Distinctiveness, convenience, and destination with stickiness

Products • Services • Experiences •
Community and environment

TO WHOM?

All sports audience

Wellness • Fashion •
Performance • Fan



ECOSYSTEM PILLARS

Our three business units are represented by three performance pillars: distribution through a multichannel and omnichannel strategy that includes entire logistics infrastructure and Centauro's nationwide footprint; product management, bolstered by Fisia, with Nike operations in Brazil, one of the most desired brands, whether concerned with high performance or lifestyle; and sports audience through NWB, Brazil's largest digital media platform, focused on sports.

Centauro

For 2021, our plan is to move forward with Centauro's growth acceleration, especially the expansion of G5 stores. We have 153 shopping malls mapped to advance our store chain. We can see an opportunity with our 143 stores being converted into the G5 model.

In line with our multichannel and omnichannel strategy, we aim for accelerated growth of the Digital Platform, which was our focus of investments in 2020. Our online sales accounted for 40% of the share of total sales. Concerning omnichannel, we saw a 23% growth, 60% of emails captured at the store, and 5.6% of store sales at the megastore.

143 stores

being converted
into the G5 model

23%

growth in
omnichannel

60%

of emails
captured at
the store

5.6%

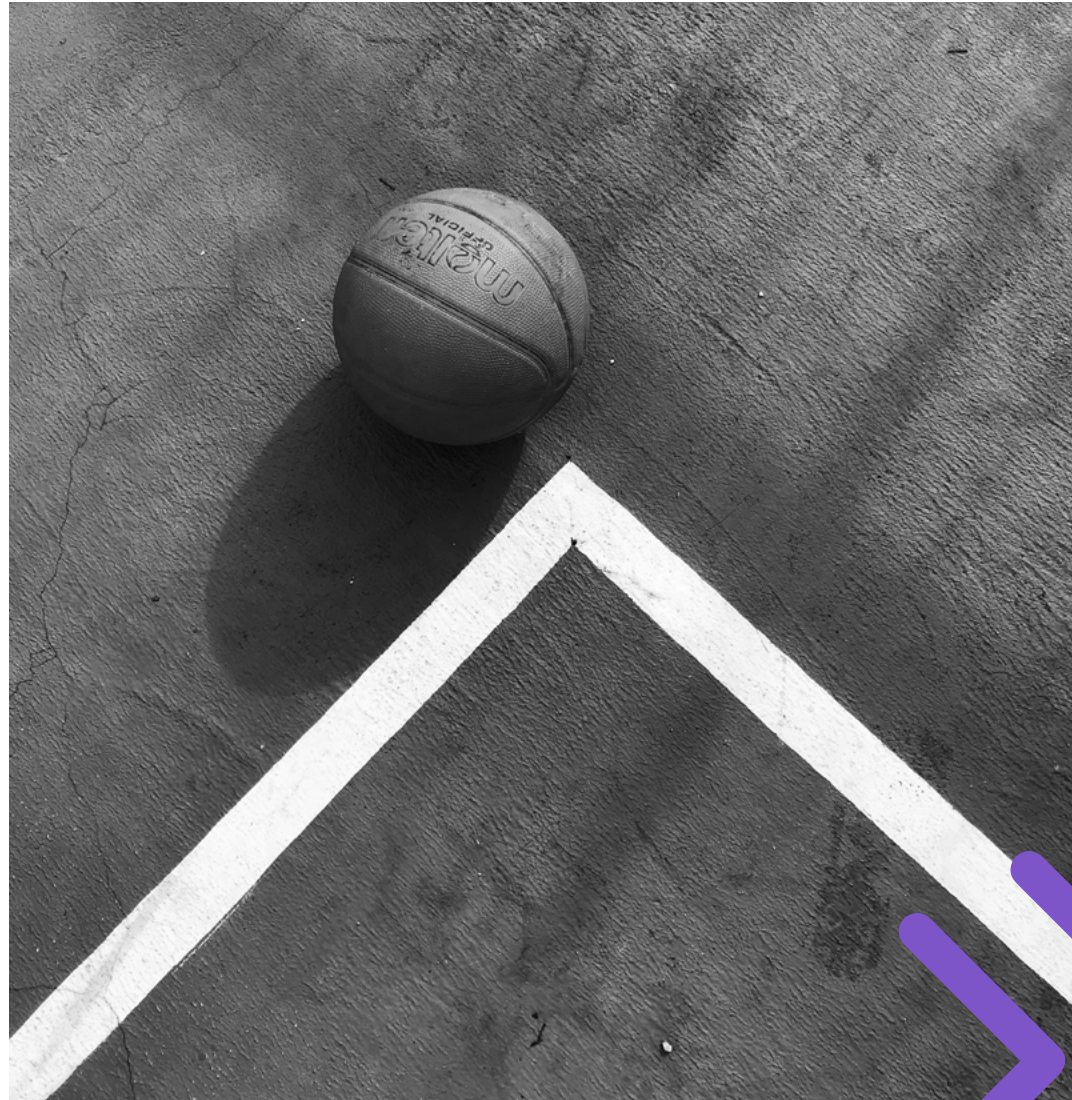
of store sales at
the megastore



Fisia

Besides managing Nike products in Brazil, our objective is to ramp up our online presence and capture synergies with our operations. In this regard, for 2021, we will address initiatives to involve the integration and the capture of synergies between Centauro and Fisica, focused on enhancing the share of the direct-to-consumer channel.

We started capturing business synergies, in line with our ecosystem vision. These synergies include from optimization of transportation, store, and operation costs to integration of back-office and systems. In 2020, we implemented a hedge policy, we started consolidating back-office staff and we set up a war room to guarantee a continued experience of Nike customers during integration. We advanced the migration of the franchise model to own stores and the inclusion of nike.com.br in marketplaces.



NWB

NWB was created in 2013, with the channel “Desimpedidos”, currently Brazil’s largest digital sports channel. This front’s differential is the genuine engagement of the public, working with brands and influencers, offering branded content, events, social marketing, and agency.

With a captive and engaged audience, NWB has the potential to be an engagement front and creating demand in our ecosystem and data use, so that we can increasingly understand and meet the expectations of various viewers driven by sports. For 2021, we foresee paths of growth to include new channels and affiliation verticals, social commerce, data collection, a platform for affiliates, and original content creation projects.



233 stores

211 Centauro stores
22 Nike outlets



25

Brazilian states and
the Federal District



50%+

of our sales via
online channels go
through a store



10%

of store sales
benefit from our
online structure



OMNICHANNEL STRATEGY

We believe we can win the game in the online and offline channels, on a complementary basis. We understand these environments cannot be separated. Over 50% of our sales via online channels go through a store, and nearly 10% of store sales benefit from our online structure. Stores besides working as centers of results are hubs of contact with the brand, fulfillment, experiences, and customer acquisition.

In this regard, we have an infrastructure composed of 233 stores (211 Centauro stores and 22 Nike outlets) distributed in 25 Brazilian states and the Federal District. More than points-of-sale, stores work as distribution centers, so that to contribute to operations logistics, shorter freight terms, to reduce GHG emissions, thanks to shorter routes of delivery.

The strategy behind the structure comprises stores as a point of acquisition and customer engagement. This because, whenever we open a store, interaction in the online environment grows in the region, due to the fact that we promote the decentralization of digital media, in which store employees create content for customers and maintain a relationship with them.

Another relevant aspect is the offer of experience and services, whether by selling a product at the store, or via the app of a product not necessarily in inventory.

*We believe we can win the game in both online
and offline channels, on a complementary basis.*



G5 Stores

Our omnichannel strategy is boosted by G5 stores (Generation 5), whose proposal is to become a hub of sports dedicated to initiatives with partner brands and offer the best customer experience through innovation.

G5 stores have smart dressing rooms, items chosen by the customer can be identified in each booth. A screen provides information on products, and customer can request another size; G5 stores offer mobile cashier, skipping lines when paying; click and collect service, which includes the option of shopping in the digital platform and pick-up product at the store; and express order, in which totems with tablets allow the access to various items that can be dispatched to customer's home or collected at the store. These stores include experiences, such as bikes and mats to test sneakers, thus, assisting the consumer in his shopping decision.

**61**stores in the
G5 model**2,000 m²**first street shop inaugurated
at São Paulo (SP)**150+**sites mapped to open
new G5 stores

In 2020, we added 61 stores to this model, highlighting our first 2,000 m² street shop inaugurated at Avenida Paulista, São Paulo (SP), a new site of integration with community and promotion of sports and efficiency gains in delivery terms.

For the upcoming years, our goal is to continue expanding the G5 model. We already have over 150 sites mapped to open new G5 stores, and 150 traditional stores planned to be converted into this new format.

Stores besides working as centers of results are hubs of contact with the brand, fulfillment, experiences, and customer acquisition.

This strategy is ramped up by the entire logistics infrastructure, which includes two distribution centers, three transfer centers, and a fleet taking advantage of integration provided by multichannel. By 2021, with Nike's operation, which serves 4,000 POS and multi-brand retailers, we will increase our distribution capacity.

In 2020, we initiated our omnichannel marketing strategy, partially decentralizing digital marketing supported by store managers to produce original and customized content for each store location.

Greater efficiency and productivity

We manage the flow of orders made by online channels and stores, supported by the SAP management system, which interacts with WMS systems, thus, allowing integrated management of our processes at distribution centers. The inventory management is automated, subsequently delivering the product to the consumer. Product is planned one year in advance, and in the event of volatility, we manage along with the industry.

Concerning efficiency gains, we rely on the 5S project, boosted with several Lean tools, which include a team of continuous improvement, annual revision of each process flow, mapping opportunities for improvements, and waste reduction. This is a live program that allows a continuous advance of projects, whose indicators are monitored and managed by a dedicated team, as well as employees' engagement.

Another outstanding initiative is the full implementation of RFID, which ensures the robustness of our omnichannel strategy. In 2020, through radio frequency identification tags, it was possible to optimize our processes, with the low need of labor, fully count inventory within a short period, fully receive products at the store within five minutes, and locate products with the assistance of an RFID aerial. More than a tool, this means transformational management and operation.

In 2020 it was possible to optimize our processes with RFID technology to perform, with low need of labor, the inventory count in a short time.

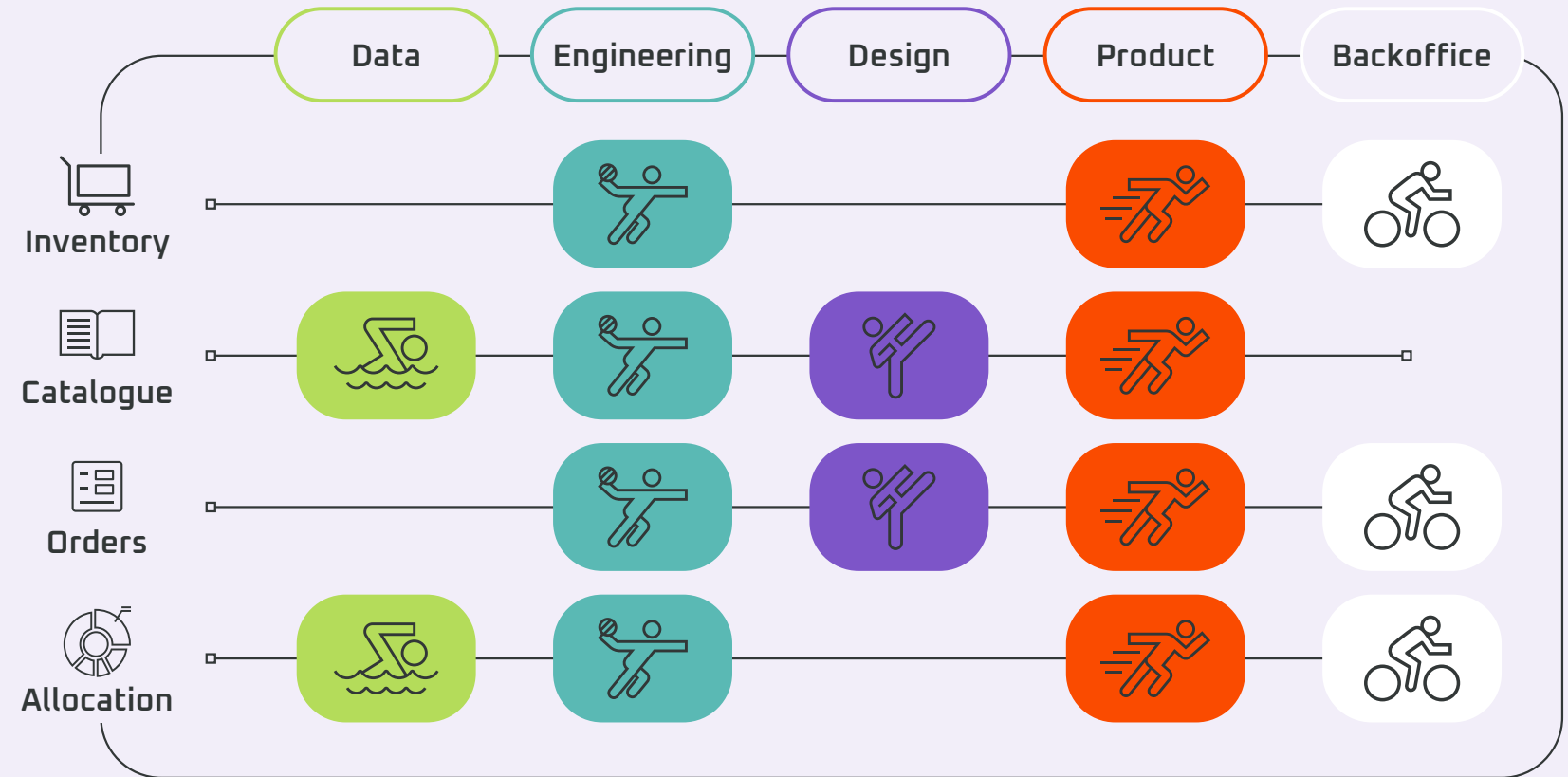


INNOVATION AND TECHNOLOGIES

Innovation is one of the essential pillars to create value in our ecosystem and to fully operate our omnichannel strategy. In 2020, we restructured our governance on this topic, taking advantage of our operations' synergies. We integrated our tech team, who gained a reinforcement of 166 new employees, adding a total of 380 in-house entrepreneurs dedicated to technology, divided into subjects, with a focus on our value chain.

More than a qualified team, we adopt a working method wherein deliveries are means to an end to impact business. Based on this concept, any idea is an assumption until it is tested, therefore, we created a collaborative environment of continued experimentation, and success is measured by metrics, not deliveries.

Structure organized in multidisciplinary teams





2020 Highlights

Among the initiatives in the period, it is worth noting the advances of artificial intelligence to support our omnichannel strategy and our focus on the stabilization of our digital platform. Then, it was possible to obtain a better performance of our digital platform during the Company's largest event with simultaneous shopping, Black Friday, with a volume of orders 74% higher than in 2019 and 23% higher revenue in 2020.

The largest and best Black Friday

With the support of our multidisciplinary team and investments in innovation and technology, we recorded the Company's all-time best Black Friday. We prepared our shipment capacity in logistics and we recorded solid results:



74%
Order volume higher
than in 2019



Fluent
navigation flow, like
any ordinary day



64%
Average orders per minute
higher than in 2019



Response
time of APIs without
variation



Zero downtime
X 5 hours offline
in 2019

Another outstanding front composing our focus to capture value is the social commerce, which consists of a network of online salespersons, composed of influencers as sportswear agents, combining a greater audience, stage to create content and capture customers. In 2020, we mapped 60 influencers to set up stores and shop windows, with links, so that they can sell products of our ecosystem. In 2021, we plan to accelerate this strategy within our ecosystem with a network of influencers and NWB's know-how.

We are developing a membership program to improve engagement and insert a sports audience. More than stimulating transactions, our goal is to promote the practice of sports through an engagement platform with benefits and rewards to connect consumers and various sports players, including non-governmental organizations

More than stimulating transactions, our goal is to promote the practice of sports through an engagement platform with benefits and rewards to connect consumers and various sports players.



and sports clubs, to which members may contribute to promote sports in Brazil.

In 2020, we started building a platform to support our ecosystem, as well as a proprietary search solution, which we are poised to grow. These innovations, added to the migration of a significant amount of platforms to the cloud, should support our strategy for the upcoming years.



60 influencers

mapped to set up stores and shop windows



Membership

program to improve engagement



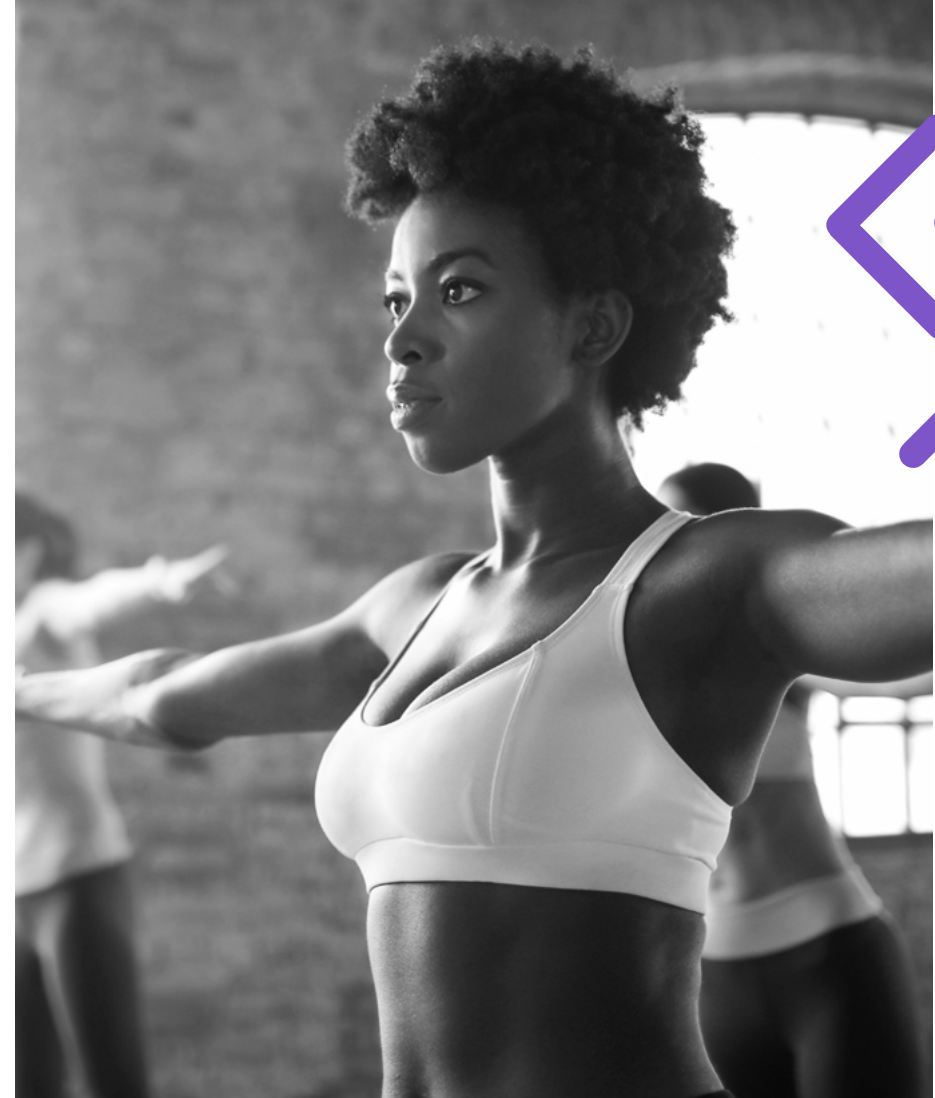
VISION OF THE FUTURE

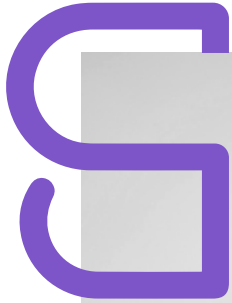
Grupo SBF celebrates 40 years since its foundation, a company driven by innovation and the ambition of building a unique experience in the sports ecosystem. Over the past years, with technology advances and new business ideas, we have set another goal to create a sports ecosystem. This goal will be accomplished by setting up a customer-centric business, not only in terms of services but also in regards to building the business.

We have set another goal to create a sports ecosystem. This goal will be accomplished by setting up a customer-centric business, not only in terms of services but also in regards to building the business.

At the end of 2020, we took relevant steps to achieve this goal with the conclusion of the Nike transaction, now operating Nike brand in Brazil under the name Fisia, and the signature of NWB acquisition concluded in February 2021. Thus, now we rely on three business units to act as pillars for the evolution of our sports ecosystem.

At Centauro, we will continue working to offer the best multi-brand experience in sporting goods retail. Thus, our priority is to increasingly improve customer experience, while increasing our capacity of distribution to reach a higher number of consumers. We already have over 150 sites mapped to open new G5 stores and 150 traditional stores to be converted into this new model, to operate as hubs of contact with the brand, fulfillment, and customer acquisition.





We are committed to waking up every day to build a better future for Brazilian sports and create value for our stakeholders.



For Fisia, priorities are to foment the growth of its online channel and approach the brand with the end customer. We believe that the strength of the Nike brand will provide Fisia with the accelerated growth of its digital platform. Among the initiatives foreseen: to create an omnichannel platform, offer products at the marketplace and other market players, increase the number of SKUs, and invest in performance marketing.

Considering NWB's history of accelerated growth, Brazil's largest digital sports media platform, we intend to move forward through new channels, strategies to increase the number of affiliates, social commerce, and other original content creation projects. With over 70 million subscribers on YouTube and 80 million followers on Instagram, this is a strong content-generating source for a sports audience, with the capacity to organically attract a high demand that has been continuously growing and that can be monetized in different ways.

Within this context, we will continue following the paths of growth and profitability of each Business Unit, focused on generating synergies among them, such as, for instance, a unique technology and logistics platform for Fisia and Centauro, while maintaining their independence under the customer vision. Another opportunity is to employ Fisia's wholesale wide distribution to foment a stronger relationship with POS, whether expanding the offer of products or creating a wide range of services that may integrate partner retailers into our ecosystem.

We set off with billions in revenue and views, dozens of millions of customers registered and visitors on our digital platforms, and we already took our first steps towards our dream, heightened by our new B3 ticker SBFG3. We are aware of our challenges for upcoming years, but we are committed to waking up every day to build a better future for Brazilian sports and create value for our stakeholders.

ACKNOWLEDGMENTS

Grupo SBF

Luna Romeu - Investor Relations Manager
Ana Carolina Bonilha - ESG Coordinator
Nicole Caputo - Investor Relations Analyst
Amanda Schneider - Financial Coordinator

Content, GRI Consulting, Graphic Design and Layout
InspIR Group Brasil

Photos and videos

Grupo SBF collection
Pexels

Doubts and suggestions on report
ri@gruposbf.com.br

Media Relations

Marcela Branco - marcela@giusti.com.br





ri.gruposbf.com.br/en | ri@gruposbf.com.br

SBFG
B3 LISTED NM

SMLL B3 | IBRX100 B3 | ICON B3 | IGC B3 | IGC-NM B3 | IGCT B3 | ITAG B3 | IBRA B3