



GRUPO SBF

QUARTERLY INFORMATION
GRUPO SBF S.A.

*INDIVIDUAL AND CONSOLIDATED
AS AT 30 JUNE 2023 AND 2022*



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EARNINGS RELEASE

2Q23



GRUPO SBF

EARNINGS
RELEASE

2Q23 & 1H23



São Paulo, August 07, 2023

Grupo SBF S.A. (B3: SBFG3) announces its second quarter of 2023 results. The financial information for the periods ended June 30, 2023 and 2022 includes the parent company Grupo SBF S.A. and its subsidiaries.



Conference Call



August 08, 2023

09:00 a.m. (NY time zone)

10:00 p.m. (Brasília time zone)

02:00 p.m. (London time zone)



Portuguese Webcast



English Web



SBFG

B3 LISTED NM

HIGHLIGHTS



R\$ 1.6 billion in Net Revenue of Grupo SBF in the quarter, an increase of +8.9% over 2Q22



Centauro's adjusted gross margin reached 51.2% in 2Q23, a growth of +0.8 pp over 2Q22



Growth of +15.5 pp in the sales share in Fisia's direct-to-consumer channels, reaching 65.3% in the quarter.



Grupo SBF's Adjusted Gross Margin reached 47.3% in the quarter, an increase of 1.5 pp compared to 2Q22



2 openings and 2 renovations of Centauro G5 stores in 2Q23, totaling 118 G5 stores out of a total of 225 Centauro's stores



Same Store Sales (SSS) of NVS reached 22.7% in the quarter



Issuance of nearly R\$ 470 million in new debts in 2Q23 and 3Q23, maturing between 3 and 5 years, completing the company's financing needs for the year.



Gross Revenue at Fisia reached R\$ 1.1 billion in the quarter, with a gross margin of 41.3%, accounting for an increase of +4.9 pp over 2Q22



Nike Store Expansion: opening of 2 Nike Direct InLine stores and 2 Nike Value stores in 2Q23



MESSAGE FROM THE MANAGEMENT

We have defined 2023 as a year to focus on the company's profitability and on initiatives to improve our operational efficiency. Following this guidance, the results achieved in this quarter and throughout the first half of the year give us confidence that we are on the right path to generate more sustainable results.

In the second quarter, we reached gross revenue of R\$ 1.93 billion, an increase of 5.3% in relation to the previous year and an increase of 8.2% in relation to the first quarter. We've started working with a mark-down strategy to accelerate inventory turnover. Even with such strategy, the adjusted gross margin grew 1.5 pp over 2Q22, closing the quarter at 47.3%. We also continue to work diligently to control expenses, although the gains from this initiative have not yet been fully reflected in the company's results for the quarter. Considering this scenario, our adjusted EBITDA (ex-IFRS) totaled R\$ 92.3 million in 2Q23. In the first six months of the year, we reached an EBITDA (ex-IFRS) of R\$ 226 million, an increase of 7.1% in the annual comparison.

At Centauro, we continue investing to improve our business indicators. With greater expense rationalization and margin adjustments, we've achieved more efficiency in store operations and increased profitability in the digital channel, thus ensuring a gross margin of 51.2% in the quarter and expansion of 1.5 pp in the contribution margin of Centauro over 2Q22. We've opened two new stores and renovated two more, besides continuing to work on improving the service model. The goal is to increase the profitability of our stores, without sacrificing the offer of a better shopping experience.

One of Centauro's differentiating strengths is its ability to create exclusive collections and products. Sales of Oxer private label products and Asics licensed products grew more than 80% year-on-year. We believe that winning over consumer preference involves offering products connected to their needs and that value sports stories. An example of this is the launch of the Go Equal collection in July, before the 2023 Women's World Cup. In collaboration with Brazilian soccer player Marta, we transformed the Go Equal movement, started in 2019 by the soccer player, into a brand and launched a collection of exclusive items that promotes gender equity and freedom to play, inspiring women to play sports.

At Fisia, total gross revenue growth reached 14.8%, driven by sales in direct-to-consumer (DTC) channels. We've opened four new Nike stores (two NVS and two NDIS) in the quarter, totaling 10 openings in the first semester of 2023. Gross revenue at NVS stores increased 79.4% year-on-year, while Nike.com.br rose 35.5%, due to the organic growth of the channel and the consolidation of the strategy to migrate digital customers from wholesale to 3P. The growth in DTC sales offset the lower demand from wholesale customers for the period, Fisia's lowest margin channel.



MESSAGE FROM THE MANAGEMENT

We consider that circumstantial issues impacted the result for the quarter. As we usually emphasize, the central point of our thesis in Fisia is that the migration to DTC channels is positive for the company's profitability, since the gross margin generated in direct-to-consumer channels more than offset the increase in expenses of such channels. However, during the quarter, due to the still high inventory levels at Fisia, we carried out a stronger mark-down strategy and the gross margin gain, normally observed with the increase in DTC share, was absorbed by these temporary discounts. On the other hand, the increase in SG&A resulting from such migration continued to be observed. Furthermore, higher inventories also generated negative impacts on royalties, logistics and financial expenses.

Despite these impacts, when we exclude the expense increase driven by the migration of Fisia channels, inventory and royalty increases, our expense control initiatives brought an estimated reduction of 3 pp in our SG&A for the quarter in relation to the previous year. Our cash generation initiatives are also starting to present results. Despite a still negative cash flow for the year, we've observed a positive operating cash generation in 2Q23, unlike the cash consumption in the same period in recent years. With the gradual improvement of the inventory position in the coming quarters, we expect to see more clearly the effects of the actions to recover profitability and cash generation that have been and are being implemented.

We remain focused on delivering results in the short term, but still working to capture synergies in the long term. We made progress in the internalization of logistics in Fisia's digital channel in the quarter, an important initiative to continue reducing the level of expenses and to ensure greater control over the delivery process for our customers.

We are facing a challenging scenario and that is why we remain focused on controlling expenses and improving our margins to improve our results. Moreover, our inventory reduction plan over the coming quarters will be important for the company's cash generation. We believe in the power of sports as the backbone of our growth now and in years to come, with more people involved, more brands empowered and more products and services sold.

The Management
Grupo SBF



GROSS REVENUE AND OPERATING INDICATORS

CENTAURO R\$ thousand	2Q23	2Q22	Δ(%)	1H23	1H22	Δ(%)
Gross Revenue^{1 2}	1,000,994	969,313	3.3%	1,880,687	1,821,945	3.2%
B&M Stores	768,731	705,694	8.9%	1,470,465	1,320,678	11.3%
Digital Platform	232,263	263,619	-11.9%	410,222	501,267	-18.2%
Omnichannel Sales (GMV)³	59,695	156,138	-61.8%	144,982	289,299	-49.9%
Total Number of Stores – Centauro	6.2%	16.7%	-10.4 p.p.	8.1%	16.5%	-8.4 p.p.
Number of G5 Stores	225	231	-2.6%	225	231	-2.6%
Sales Area - Centauro (m²)	118	106	11.3%	118	106	11.3%
G5 Total Area (m²)	232,691	236,605	-1.7%	232,691	236,605	-1.7%
FISIA R\$ thousand	2Q23	2Q22	Δ(%)	1H23	1H22	Δ(%)
Gross Revenue¹	1,151,331	1,003,139	14.8%	2,232,863	1,898,200	17.6%
Wholesale	399,003	503,406	-20.7%	864,612	973,905	-11.2%
Digital Platform	445,842	328,919	35.5%	839,859	605,837	38.6%
Nike Value Store	306,484	170,814	79.4%	528,390	318,458	65.9%
Share of DTC sales	65.3%	49.8%	+15.5 p.p.	61.3%	48.7%	+12.6 p.p.
Total Number of Stores – Nike Value	35	22	59.1%	35	22	59.1%
Sales Area – Nike Value (m²)	39,614	23,020	72.1%	39,614	23,020	72.1%
Total Number of Stores – Nike Store	7	0	n.a	7	0	n.a
Sales Area – Nike Store (m²)	4,671	0	n.a	4,671	0	n.a
GRUPO SBF R\$ thousand	2Q23	2Q22	Δ(%)	1H23	1H22	Δ(%)
Total Gross Revenue¹	1,939,963	1,842,607	5.3%	3,790,086	3,475,715	9.0%
Centauro Gross Revenue ¹	1,000,994	969,313	3.3%	1,880,687	1,821,945	3.2%
Fisia Gross Revenue ¹	1,151,331	1,003,139	14.8%	2,232,863	1,898,200	17.6%
(+) Intercompany elimination ²	-212,362	-129,845		-323,464	-244,430	
Share of digital sales	35.0%	32.2%	+2.8 p.p.	33.0%	31.9%	+1.1 p.p.

SAME STORE SALES (SSS)



2023 x 2022	2Q23	2Q22	1H23	1H22
SSS (B&M stores + digital)⁴	8.4%	23.6%	8.7%	29.8%
SSS B&M stores ³	7.2%	22.0%	11.8%	29.1%
GMV Digital (1P + 3P) ⁵	-5.0%	26.7%	-6.3%	31.2%
GMV as % of total sales	27.9%	30.4%	27.3%	30.7%



2023 x 2022	2Q23	1H23
SSS (B&M stores + digital)⁴	31.3%	30.9%
SSS B&M stores	22.7%	15.7%
GMV Digital	35.5%	38.6%



(1) Gross revenue, excluding return of goods;

(2) Centauro's digital platform gross revenue adjusted by R\$... in 2Q22 referring to part of the revenue from services. The adjustment of the same amount was made in the intercompany elimination of the gross revenue;

(3) Includes goods sold in the 3P modality in the extended inventory of brick-and-mortar stores.

(4) SSS or Same Store Sales means the change in our revenue disregarding the revenue of stores that were closed for renovation or had not been opened in the equivalent months of the two periods analyzed. **Our methodology does not exclude from the base stores closed due to the pandemic;**

(5) GMV or Gross Merchandise Value revenue from the sale of goods from the digital channel, including the marketplace.

MAIN FINANCIAL INDICATORS



The **adjusted** results presented in this report disregard the non recurring effects, and when marked with (ex-IFRS) they also disregard the impacts of IFRS-16, aiming to better represent the economic reality of the business and enable comparison with the Company's historical result.

Consolidated R\$ thousand	2Q23	2Q22	Δ(%)	1H23	1H22	Δ(%)
Gross Revenue	1,939,963	1,842,607	5.3%	3,790,086	3,475,715	9.0%
Net revenue	1,593,145	1,463,007	8.9%	3,065,267	2,807,634	9.2%
Gross Profit	757,601	670,417	13.0%	1,494,338	1,292,139	15.6%
Gross Margin	47.6%	45.8%	1.7 p.p	48.8%	46.0%	2.7 p.p
EBITDA	149,002	153,564	-3.0%	353,926	333,420	6.2%
EBITDA Margin	9.4%	10.5%	-1.1 p.p	11.5%	11.9%	-0.3 p.p
Net Profit	-32,581	31,673	-202.9%	-31,069	48,951	-163.5%
Net Margin	-2.0%	2.2%	-4.2 p.p	-1.0%	1.7%	-2.8 p.p
Adjusted Gross Profit	754,128	670,417	12.5%	1,490,865	1,290,000	15.6%
Adjusted Gross Margin	47.3%	45.8%	1.5 p.p	48.6%	45.9%	2.7 p.p
Adjusted EBITDA	159,936	154,764	3.3%	365,863	340,154	7.6%
Adjusted EBITDA Margin	10.0%	10.6%	-0.5 p.p	11.9%	12.1%	-0.2 p.p
Adjusted Net Profit	-15,093	36,356	-141.5%	-7,960	66,453	-112.0%
Adjusted Net Profit Margin	-0.9%	2.5%	-3.4 p.p	-0.3%	2.4%	-2.6 p.p
Adjusted EBITDA (ex-IFRS)	92,362	90,631	1.9%	226,080	211,106	7.1%
Adjusted EBITDA Margin (ex-IFRS)	5.8%	6.2%	-0.4 p.p	7.4%	7.5%	-0.1 p.p
Adjusted Net Profit (ex-IFRS)	-912	51,444	-101.8%	15,951	89,780	-82.2%
Adjusted Net Profit Margin (ex-IFRS)	-0.1%	3.5%	-3.6 p.p	0.5%	3.2%	-2.7 p.p

By Business Unit R\$ Thousand	2Q23	2Q22	Δ(%)	1H23	1H22	Δ(%)
CENTAURO Gross Revenue	1,000,994	969,313	3.3%	1,880,687	1,821,945	3.2%
Net Revenue	802,914	788,963	1.8%	1,507,507	1,487,540	1.3%
Gross Profit	410,948	397,812	3.3%	773,659	736,934	5.0%
Gross Margin	51.2%	50.4%	0.8 p.p	51.3%	49.5%	1.8 p.p
FISIA Gross Revenue	1,151,331	1,003,139	14.8%	2,232,863	1,898,200	17.6%
Net Revenue	905,980	783,552	15.6%	1,761,896	1,518,049	16.1%
Adjusted Gross Profit	374,283	285,153	31.3%	747,133	577,658	29.3%
Adjusted Gross Margin	41.3%	36.4%	4.9 p.p	42.4%	38.1%	4.4 p.p



(1) Centauro's digital platform gross revenue adjusted by R\$ in 2022 referring to part of the revenue from services. The adjustment of the same amount was made in the intercompany elimination of the gross revenue.



NON-RECURRING ADJUSTMENTS



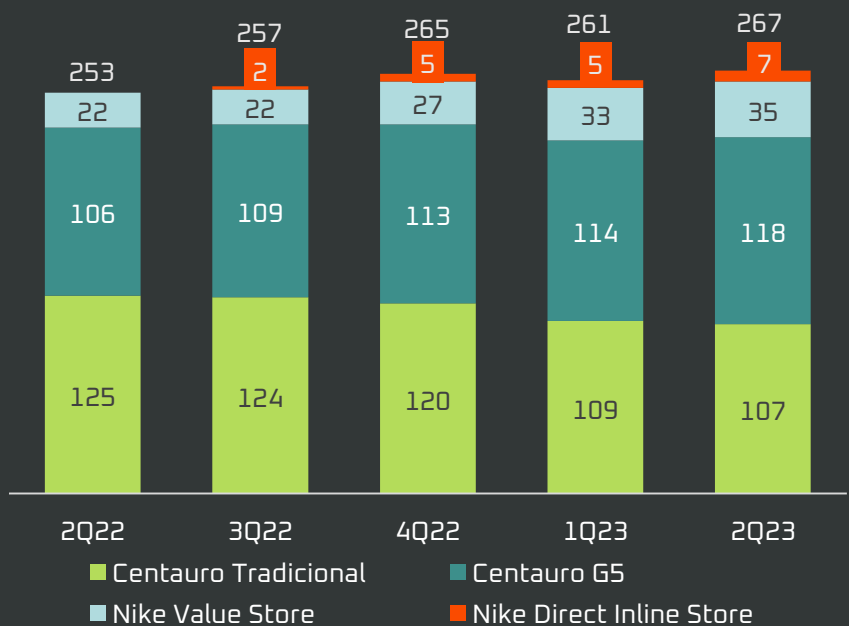
The **adjusted** results presented in this report disregard the non recurring effects, aiming to better represent the economic reality of the business and enable comparison with the Company's historical result.

GRUPO SBF R\$ Thousand	2Q23	1H23
Extemporaneous credits - Cost of Sales	-3,473	-3,473
Stock Option Plan / Non-cash	4,736	5,539
Accounting effects of acquisition – Expenses	-3,935	-7,870
Cost of stores closures	0	2,269
Layoffs costs	4,512	6,377
Tax credits, debits and provision – expenses	9,094	9,094
Impact of non-recurring effects on EBITDA	10,934	11,937
EBITDA	149,002	353,926
Adjusted EBITDA	159,936	365,863
Adjusted EBITDA Margin	10.0%	11.9%
EBITDA (ex-IFRS)	81,427	214,142
Adjusted EBITDA (ex-IFRS)	92,362	226,080
Adjusted EBITDA margin (ex-IFRS)	5.8%	7.4%
Accounting effects of acquisition - Depreciation and Amortization	4,618	9,237
Financial Result on Tax Credits, Debts and Provisions	963	963
Income Tax and Social Contribution	972	972
Impact of non-recurring effects on Net Profit	17,488	23,109
Net Profit	-32,581	-31,069
Adjusted Net Profit	-15,093	-7,960
Adjusted Net Margin	-0.9%	-0.3%
Net Profit (ex-IFRS)	-18,400	-7,158
Adjusted Net Profit (ex-IFRS)	-912	15,951
Adjusted Net Margin (ex-IFRS)	-0.1%	0.5%

FINANCIAL AND OPERATING PERFORMANCE

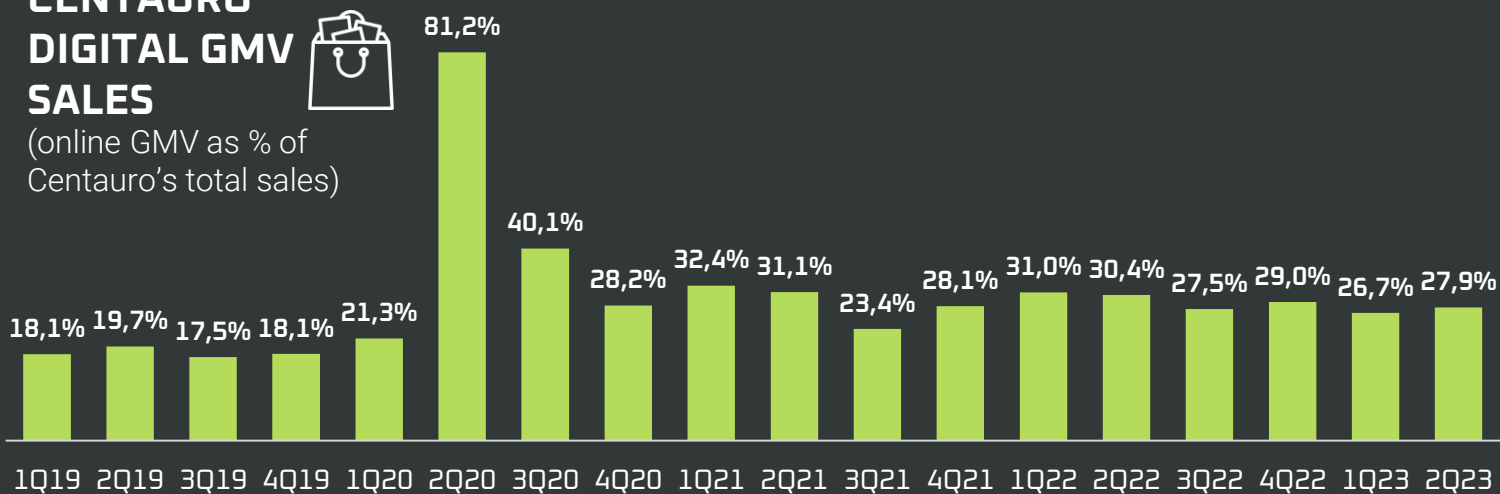


OUR STORES

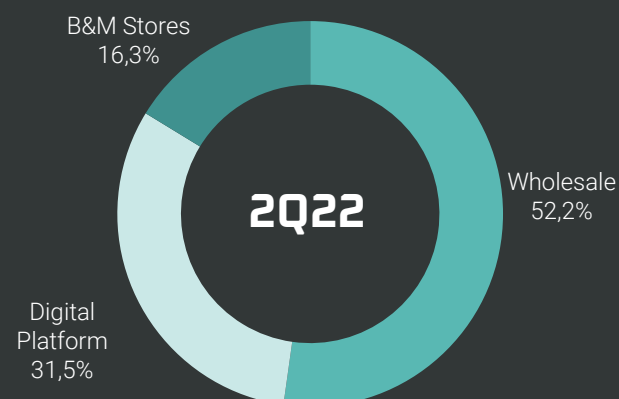
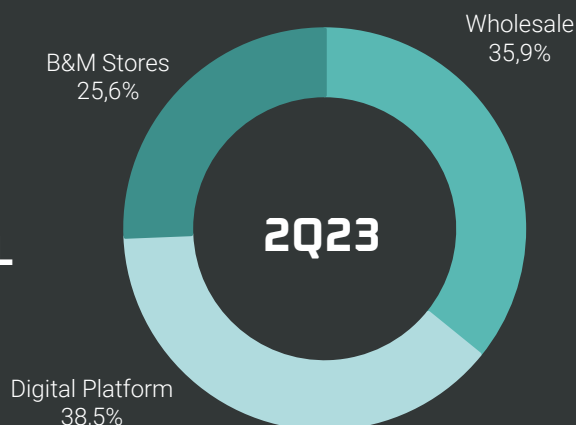


CENTAURO DIGITAL GMV SALES

(online GMV as % of Centauro's total sales)



FISIA NET REVENUE BY CHANNEL





FINANCIAL PERFORMANCE

- > As indicated throughout this report, the results will be explained **disregarding the impact of IFRS 16** on Operating Expenses, EBITDA, Financial Result and Net Profit, both for the period of 2023 and 2022. With this adjustment, it is possible to analyze the Company considering the Rental Expense as an Operating Expense.
- > The **adjusted** results presented in this report disregard the non-recurring effects listed on **page 07**. For the first quarter of 2022, the effects are presented in our 2Q22 earnings release.
- > The tables for Net Revenue and Gross Profit are presented by business unit. The other tables are presented in the consolidated view of Grupo SBF.



NET REVENUE

R\$ thousand	2Q23 adjusted	2Q22 adjusted	Δ(%)	1H23 adjusted	1H22 adjusted	Δ(%)
CENTAURO	802,914	788,963	1.8%	1,507,507	1,487,540	1.3%
B&M Stores	619,642	583,819	6.1%	1,186,140	1,086,273	9.2%
Digital Platform	183,271	205,144	-10.7%	321,367	401,267	-19.9%
FISIA	905,980	783,552	15.6%	1,761,896	1,518,049	16.1%
Wholesale	324,812	409,170	-20.6%	696,715	791,756	-12.0%
Digital Platform	348,914	246,947	41.3%	667,076	487,306	36.9%
B&M Stores	232,252	127,434	82.3%	398,104	238,986	66.6%
(+) Intercompany elimination	-115,748	-109,508		-204,136	-197,955	
GRUPO SBF	1,593,145	1,463,007	8.9%	3,065,267	2,807,634	9.2%

CENTAURO

Centauro's net revenue in the second quarter totaled R\$ 802.9 million, an increase of 1.8% compared to 2Q22. Revenue grew 1.3% YTD, totaling R\$ 1.5 billion, as a result of the year's plan focused on profitability.

Brick-and-mortar stores reached R\$ 619.6 million in 2Q23 with SSS of 7.2% and, despite the optimization of the store portfolio that resulted in the closure of 10 stores in 1Q23, the channel grew 6.1%. Besides the addition of 4 new stores and 8 renovations in the last 12 months, the channel's performance benefitted from the performance of stores in the South and Southeast regions and stores located in high end shopping malls. The incorporation of products from the marketplace into extended inventory continues contributing to the increase in sales in the channel (7.9% of store sales occurred in the extended inventory and 27% of these sales were marketplace products).

The decrease recorded in the Digital Platform of -10.7% in net revenue is due to the channel's profitability strategy, with initiatives such as the review of sales rules via ship from store and the reduction in mark-down levels, which despite impacting revenue, are positive for profitability. With the profitability improvement observed in the channel, we managed to gradually activate some growth levers and thus reached a growth of 32.7% in the quarter compared to 1Q23. The digital platform's GMV was -5%, accounting for a smaller reduction than net revenue, as there was a 32.8% growth in marketplace sales



NET REVENUE

FISIA

Fisia's net revenue totaled R\$ 906.0 million in 2Q23, an increase of 15.6% when compared to 2Q22, and R\$ 1.7 billion in the year-to-date, growing 16.1% compared to the same period of the previous year. The result had a positive impact from the growth of the DTC channels (NVS and Digital) and was hindered by the drop in wholesale sales.

The growth in the brick-and-mortar channel of 82.3% in 2Q23 and 66.6% in 1H23 can be explained mainly by the opening of 17 Nike stores in the last 12 months. Sales at NVS stores in the quarter also benefited from an assortment more focused on rebuys and the discount policy adopted for the quarter. Thus, the channel's Same Store Sales reached 22.7% in 2Q23.

The digital channel grew 41.3% in 2Q23 and 36.9% in 1H23. In addition to the migration of sales of Nike products from the market's digital platforms to the 3P sales modality, which continues benefitting the channel's growth, 1P sales continue to grow organically and were also favored by the more aggressive pricing strategy this quarter.

The 20.6% drop in the wholesale channel for the quarter reflects the migration of sales from the market's digital platforms to the 3P sales modality and the fact that the market as a whole is well supplied with products.



GROSS PROFIT

R\$ thousand	2Q23 adjusted	2Q22 adjusted	Δ(%)	1H23 adjusted	1H22 adjusted	Δ(%)
CENTAURO						
Gross Profit	410,948	397,812	3.3%	773,659	736,934	5.0%
<i>Gross Margin</i>	<i>51.2%</i>	<i>50.4%</i>	<i>0.8 p.p</i>	<i>51.3%</i>	<i>49.5%</i>	<i>1.8 p.p</i>
FISIA						
Gross Profit	374,283	285,153	31.3%	747,133	577,658	29.3%
<i>Gross Margin</i>	<i>41.3%</i>	<i>36.4%</i>	<i>4.9 p.p</i>	<i>42.4%</i>	<i>38.1%</i>	<i>4.4 p.p</i>
(+) Intercompany elimination	-31,102	-12,547		-29,927	-24,593	
GRUPO SBF						
Gross Profit	754,128	670,417	12.5%	1,490,865	1,290,000	15.6%
<i>Gross Margin</i>	<i>47.3%</i>	<i>45.8%</i>	<i>1.5 p.p</i>	<i>48.6%</i>	<i>45.9%</i>	<i>2.7 p.p</i>

CENTAURO

In this 2Q23, Centauro's gross margin reached one of the highest margin levels in a quarter, totaling 51.2%, an increase of 0.8 percentage points. In 1H23, Centauro's gross margin reached 51.3%, an increase of 1.8 percentage points. The margin continues to be positively impacted by:

- (i) lower mark down level, mainly in the digital channel, following Centauro's profitability strategy;
- (ii) increased share of marketplace sales in the GMV of the digital channel.

FISIA

Fisia's gross margin reached 41.3% in the quarter, increasing 4.9 percentage points compared to 2Q22. The margin reached 48.6% in the YTD, a growth of 2.7 percentage points. We estimate the negative impact caused by the higher mark down level to accelerate inventory turnover at 4.6 pp, a figure similar to the positive impact caused by the increased share of DTC channels, which have higher margins. As the two effects practically offset each other, the margin growth recorded in relation to 2Q22 is mainly due to the pricing strategy adopted from 2H22 onwards.

OPERATING EXPENSES



R\$ thousand	2Q23 adjusted	2Q22 adjusted	Δ(%)	1H23 adjusted	1H22 adjusted	Δ(%)
Operating Expenses	-594,192	-515,654	15.2%	-1,125,002	-949,845	18.4%
% of Net Revenue	37.3%	35.2%	2.1 p.p	36.7%	33.8%	2.9 p.p
(+) IFRS16 Impact on Expenses	-67,376	-64,132	5.1%	-139,584	-129,049	8.2%
Operating Expenses (ex-IFRS)	-661,568	-579,786	14.1%	-1,264,586	-1,078,894	17.2%
% of Net Revenue	41.5%	39.6%	1.9 p.p	41.3%	38.4%	2.8 p.p
Selling Expenses (ex-IFRS)	-593,324	-479,771	23.7%	-1,083,078	-886,001	22.2%
% of Net Revenue	37.2%	32.8%	4.5 p.p	35.3%	31.6%	3.8 p.p
General and Administrative Expenses (ex-IFRS)	-80,602	-102,522	-21.4%	-196,192	-197,026	-0.4%
% of Net Revenue	5.1%	7.0%	-1.9 p.p	6.4%	7.0%	-0.6 p.p
Other net operating income/expenses (ex-IFRS)	12,358	2,507	392.9%	14,684	4,133	255.3%



*Operating expenses are presented net of Depreciation and Amortization Expenses.

Grupo SBF recorded -R\$ 661.6 million in Operating Expenses (ex-IFRS) in 2Q23, an increase of 14.1% over 2Q22. The increase was 18.4% year-to-date, totaling -R\$ 1,125.0 billion.

In the quarter, operating expenses (ex-IFRS) as a % of net revenue reached 41.5%, an increase of 1.9 percentage points, mainly explained by royalties and marketing fees paid to Nike Inc, which resulted in an increase of 2.4 percentage points.

There were three factors that impacted this expense:

- (i) growth in Fisia's sales;
- (ii) higher fees paid for each good purchased, as provided for in the initial contract with Nike and;
- (iii) increased inventory in recent months, as fees are paid for purchased goods;

Another relevant effect is the mix of Fisia channels. DTC channels, despite contributing positively to the final profitability due to higher gross margin, have higher expenses than the wholesale channel. Specifically in this quarter, owing to the higher mark down levels for inventory turnover, the impact on the gross margin could not be perceived. Thus, the effect on the result was negative on expenses, accounting for 1.5 pp.

Moreover, the quarter was also impacted by 0.9 percentage points in logistics expenses, caused by:

- (i) storage costs due to the circumstantial inventory increase;
- (ii) new import route of Fisia;
- (iii) temporary duplication of operations between the new Fisia e-commerce distribution center and the current supplier.

If we exclude the logistics, royalty and channel migration effects from Fisia, we observe a reduction of around 3 pp in the company's other expenses, as a result of the profitability initiatives implemented since the beginning of the year.



EBITDA

R\$ thousand	2Q23 adjusted	2Q22 adjusted	Δ(%)	1H23 adjusted	1H22 adjusted	Δ(%)
Net Income	-15,093	36,356	-141.5%	-7,960	66,453	-112.0%
(+) Income tax and social contribution	2,616	14,511	-82.0%	-14,381	-13,453	6.9%
(+) Net financial result	-82,232	-53,340	54.2%	-170,655	-99,392	71.7%
(+) Depreciation and amortization	-95,413	-79,578	19.9%	-188,786	-160,856	17.4%
EBITDA	159,936	154,764	3.3%	365,863	340,154	7.6%
EBITDA Margin	10.0%	10.6%	-0.5 p.p	11.9%	12.1%	-0.2 p.p
(+) IFRS16 Impact on Expenses	-67,376	-64,132	5.1%	-139,584	-129,049	8.2%
EBITDA (ex-IFRS)	92,362	90,631	1.9%	226,080	211,106	7.1%
EBITDA Margin (ex-IFRS)	5.8%	6.2%	-0.4 p.p	7.4%	7.5%	-0.1 p.p

Grupo SBF's EBITDA (ex-IFRS) reached R\$ 92.4 million in 2Q23, with an EBITDA margin of 5.8%, a reduction of 0.4 percentage points compared to the margin presented in 2Q22. In the six-month period, EBITDA grew 7.1%, totaling R\$ 226.1 million, and the margin remained in line with the same period of the previous year, totaling 7.4%.

EBITDA margin was positively impacted by the mark down reduction at Centauro, Fisia's new pricing policy and expense reduction initiatives, but was negatively affected by Fisia's mark downs, which generated an estimated impact of 4.6 pp on Fisia's gross margin and impacts on expenses caused by the increase in royalties and marketing fees, logistics impacts and the impact of Fisia's channel mix. In the first six months of the year, besides the impacts mentioned above, the lower dilution of expenses in 2023 also reflects the end of the effects of DIFAL (Rate Differential) in the dilution of expenses that benefited the result in 2022.

FINANCIAL INCOME (LOSS)

R\$ thousand	2Q23 adjusted	2Q22 adjusted	Δ(%)	1H23 adjusted	1H22 adjusted	Δ(%)
Net Financial Income/Expenses	-82,232	-53,340	54.2%	-170,655	-99,392	71.7%
(+) Financial Expenses – Right of Use (IFRS)	32,542	30,560	6.5%	67,217	60,362	11.4%
Net Financial Income/Expenses (ex-IFRS)	-49,690	-22,780	118.1%	-103,439	-39,030	165.0%

The Company presented a Financial Result (ex-IFRS) of -R\$ 49.7 million in the quarter compared to -R\$ 22.8 million in the 2Q22. Year-to-date, the financial result was -R\$ 103.4 million, a change of 165.0% when compared to the first semester of 2022.

The increase in net financial expenses mainly reflects the growth in the Company's indebtedness and in interest rates for the period.

NET PROFIT



R\$ thousand	2Q23 adjusted	2Q22 adjusted	Δ(%)	1H23 adjusted	1H22 adjusted	Δ(%)
Net Profit (Loss)	-15,093	36,356	-141.5%	-7,960	66,453	-112.0%
Net Margin	-0.9%	2.5%	-3.4 p.p	-0.3%	2.4%	-2.6 p.p
(+) IFRS16 Impact on Expenses	-67,376	-64,132	5.1%	-139,584	-129,049	8.2%
(+) Depreciation and amortization - Right of Use (IFRS16)	51,498	44,651	15.3%	99,178	92,013	7.8%
(+) Financial Expenses – Right of Use (IFRS16)	32,542	30,560	6.5%	67,217	60,362	11.4%
(+) Income tax (IFRS16)	-2,285	4,009	-157.0%	-2,701	0	n.a
Net Profit (ex-IFRS)	-912	51,444	-101.8%	15,951	89,780	-82.2%
Net Profit Margin (ex-IFRS)	-0.1%	3.5%	-3.6 p.p	0.5%	3.2%	-2.7 p.p

In 2Q23, Grupo SBF recorded a Net Loss (ex-IFRS) of R\$ 0.9 million. Year-to-date, we recorded Net Income (ex-IFRS) of R\$ 15.9 million, accounting for a decrease of 82.2% compared to 1H22. The drop in income is mainly explained by the increase in operating expenses and financial expenses.

NET WORKING CAPITAL



R\$ thousand	30/06/2023 adjusted	30/06/2022 adjusted	Δ(%)
Accounts receivable	1,564,235	1,288,808	21.4%
Taxes and income tax to be offset	445,657	485,672	-8.2%
Inventories	2,080,859	1,388,619	49.9%
Other accounts receivable	120,335	72,617	65.7%
	4,211,086	3,235,716	30.1%
Other accounts payable	271,401	160,915	68.7%
Resale suppliers	1,104,435	1,011,981	9.1%
Tax liabilities	219,112	98,637	122.1%
Lease payable	198,396	188,342	5.3%
Labor liabilities	156,742	155,934	0.5%
Other liabilities	96,926	25,033	287.2%
	2,047,012	1,640,842	24.8%
Net Working Capital	2,164,074	1,594,874	35.7%

The Net Working Capital concept adopted is based on calculating the difference between Current Liabilities and Current Assets, excluding Cash, Debt and Installment Payment of Taxes and including Factoring of Receivables.

Grupo SBF increased its Net Working Capital by 35.7% compared to 2Q22, totaling R\$ 2.2 billion. This change can be explained mainly by the increase of R\$ 692 million in inventory, mainly driven by:

- (i) Change in the company's strategy to a greater focus on profitability: the slowdown in purchases to fit that strategy is observed later due to the 9-12 month supply chain lead time in our market;
- (ii) Global supply chain normalization: this chain came from 2 years of many delays and cancellations due to the pandemic and the normalization led to an inventory overshoot in the global market;
- (iii) Worse performance in wholesale sales.

During 1H23, the Company continued to act on several initiatives to adjust inventory levels. However, considering the supply chain lead time, the effect of these initiatives will start to be felt as of 2H23.


The increase in tax obligations is explained by provision for the payment of DIFAL (Tax Rate Differential), while we wait for the decision of the Federal Supreme Court (STF) on the matter. The offset to this provision is recorded in judicial deposits, under non-current assets.





MANAGEMENT CASH FLOW

R\$ thousand	2Q23	2Q22	Δ(%)	1H23	1H22	Δ(%)
EBITDA	149,002	153,564	-3.0%	353,926	333,420	6.2%
Depreciation and Interest Rates IFRS 16	-84,040	-75,211	11.7%	-166,395	-152,375	9.2%
Working Capital Variation ¹	-105,915	-117,625	-10.0%	-646,202	-390,923	65.3%
Other	56,771	-30,654	285.2%	-78,851	26,745	-394.8%
Operating Cash Flow	15,818	-69,926	122.6%	-537,522	-183,133	193.5%
M&A	0	-19,635	n.a	0	-31,677	n.a
Other	-93,884	-74,275	26.4%	-149,616	-125,106	19.6%
Cash Flow from Investing Activities	-93,884	-93,910	0.0%	-149,616	-156,783	-4.6%
Debt ²	-172,803	244,779	-170.6%	139,959	242,521	-42.3%
Factoring of Receivables	84,392	0	n.a	308,007	0	n.a
Tax Installment Payment	771	-13,211	105.8%	-5,906	-23,062	-74.4%
Dividends	0	-28,637	n.a	0	-28,637	n.a
Capital	0	6,914	n.a	0	6,914	n.a
Cash Flow from Financing	-87,640	209,845	-141.8%	442,060	197,736	123.6%
Total Cash Variation	-165,706	46,008	n.a	-245,078	-142,180	72.4%

- 
 (1) Factoring of receivables and installment payment of taxes are classified as cash flow from financing;
 (2) Includes net amount between payment and new debt funding.

Operating Cash Flow was positive by R\$ 15.8 million in 2Q23, negatively impacted by the inventory increase and positively impacted by tax credits consumption..

Cash Flow from Investments is mainly explained by investments in openings and renovations of Grupo SBF stores (Centauro G5, Nike Value and Nike Direct InLine), besides investments in structuring technology and logistics projects (Fisia new distribution center).

In the quarter, we've issued new debts in the amount of R\$ 171 million and maturing in 3 years, enough to cover half of the interest and principal maturities for 2Q23. Due to the temporary demand for cash caused by the inventory size, we opted to advance around R\$ 84 million in receivables. Therefore, the change recorded in Cash Flow from Financing was -R\$ 88 million.

At the beginning of 3Q23, we issued new debt in the approximate amount of R\$ 300 million, maturing between 3 and 5 years, completing the company's financing needs.



INDEBTEDNESS

R\$ thousand	30/06/2023 adjusted	30/06/2022 adjusted	Δ(%)
(+) Loans and financing	1,377,653	1,135,017	21.4%
(-) Cash and cash equivalents	173,233	407,167	-57.5%
(=) Net Debt	1,204,420	727,850	65.5%
(+) Factoring of Receivables	308,007	0	n.a
(+) Tax Installment Payment	106,483	128,684	-17.3%
(=) Adjusted Net Debt	1,618,910	856,534	89.0%
Adj. Net Debt /Adj. EBITDA (LTM)	2.15x	0.99x	1.16x
Adj. Net Debt /Adj. EBITDA (ex-IFRS) (LTM)	3.35x	1.4x	1.95x

The increase in the balance of loans and financing in the 2Q23 in relation to the same period in 2022 reflects the new debt raised to finance Company's growth. Factoring of receivables were necessary to support the short-term financing of operations and reinforce cash until actions to improve profitability and adjust the inventory position start to showing results.

INVESTMENTS - CAPEX

R\$ thousand	2Q23	2Q22	Δ(%)	1H23	1H22	Δ(%)
New Stores	19,962	14,693	35.9%	32,254	31,049	3.9%
Stores Refurbishment	4,535	17,226	-73.7%	6,866	19,707	-65.2%
Technology	36,947	30,318	21.9%	66,056	55,551	18.9%
Logistics	25,484	5,153	394.5%	33,310	6,037	n.a
Others	6,956	6,885	1.0%	11,130	12,762	-12.8%
Total Investments	93,884	74,275	26.4%	149,616	125,106	19.6%

CAPEX in 2Q23 increased 26.4% compared to 2Q22 and 19.6% in 1H23. This acceleration is mainly explained by investments in structuring technology and logistics projects (Fisia new distribution center). Furthermore, the concentration of store openings in 1H23 also explains the growth. In the quarter, 4 Nike stores were opened (2 NDIS and 2 NVS), 2 Centauro G5 stores and another 2 traditional stores were renovated for the G5 model.





CONSOLIDATED BALANCE SHEET

R\$ thousand	30/06/2023	31/12/2022
Assets	8,124,505	8,470,247
Current	4,076,312	4,526,488
Cash and cash equivalents	173,233	418,311
Accounts receivable	1,256,228	1,711,003
Derivative financial instruments	0	4,169
Recoverable taxes	403,466	525,351
Income tax and social contribution to be offset	42,191	49,055
Inventories	2,080,859	1,737,002
Other accounts receivable	120,335	81,597
Non-current	4,048,193	3,943,759
Taxes to be offset	262,920	146,880
Income tax and social contribution to be offset	89,251	93,055
Loans receivable	10,061	10,036
Deferred tax assets	741,382	841,811
Judicial deposits	343,565	291,673
Other amounts receivable	59,034	67,727
Investments	6,258	5,001
Property and equipment	602,429	571,951
Intangible assets	506,792	487,453
Right of use	1,426,501	1,428,172
Liabilities	8,124,505	8,470,247
Current	2,657,264	2,948,338
Suppliers	1,104,435	1,561,547
Loans and financing	84,592	86,082
Debentures	451,401	191,836
Derivative financial instruments	108,866	39,612
Tax liabilities	213,719	192,684
Income tax and social contribution payable	5,393	32,944
Tax installment payment	41,174	47,030
Labor and social security liabilities	156,742	191,851
Dividends payable	33,085	33,085
Lease payable	198,396	278,072
Other accounts payable	162,535	140,744
Other obligations	96,926	152,851
Non-current	3,164,409	3,112,055
Loans and financing	2,230	81,997
Debentures	839,430	773,647
Tax installment payment	65,309	65,359
Provisions for contingencies	574,689	559,713
Deferred income tax and social contribution	10,393	9,724
Lease payable	1,447,747	1,358,170
Other obligations	99,747	123,874
Other accounts payable	124,864	139,571
Shareholders' equity	2,302,832	2,409,854
Capital stock	1,830,524	1,830,524
Capital reserves	267,068	261,528
Incentive reserves	331,702	331,702
Equity valuation adjustments	-96,350	-15,157
Accumulated losses	-30,112	1,257

CASH FLOW



Em R\$ mil	30/06/2023	30/06/2022
Net profit (loss) of the period	-15,715	48,951
Adjusted by:		
Depreciation and amortization	212,182	152,370
Interest rates	178,827	131,303
Impairment losses on accounts receivables	196	-82
Equity Income	-1,257	249
Share-based payment	5,540	19,777
Residual cost in the write-off of property & equipment and intangible assets	1,897	0
Income (loss) from write-off of property, plant and equipment and intangible assets	0	23,599
Write-off of residual leases	-7,438	-1
Provision for inventory obsolescence	38,430	9,883
Net recording of provision for contingencies	25,985	13,652
Current income tax and social contribution	0	84,690
Deferred income and social contribution taxes	0	-69,478
Lease discounts	-272	-6,036
	438,375	408,877
(Increase) decrease in Assets		
Accounts receivable	454,579	12,363
Inventory	-382,287	-355,869
Derivative financial instruments	4,169	3,745
Deferred taxes, income tax and social contribution to be offset	107,418	47,709
Judicial deposits	-51,892	-19,299
Other accounts receivable	-30,045	10,435
Increase (decrease) in liabilities		
Suppliers	-456,338	95,281
Tax liabilities	20,749	-14,034
Tax installment payment	-10,821	-23,206
Derivative financial instruments	-11,939	61,961
Contingencies paid	-11,009	-7,260
Labor and social security liabilities	-35,109	-1,761
Other accounts payable	7,084	-202,425
Other obligations	-80,052	-2,909
Chg. in assets and liabilities:	-475,493	-395,269
Interest rate paid on financing	-14,677	-21,187
Interest rate paid on debentures	-74,961	-35,220
Income tax and social contribution paid	-33,012	-81,866
Net cash (used in) generated by operating activities	-159,768	-185,929
Cash flow from investing activities		
Additions to property and equipment	-85,072	-72,313
Additions to intangible assets	-68,402	-58,296
Acquisition of subsidiary net of cash received - FitDance	0	-9,635
Participation in affiliate - X3M	0	-4,792
Net cash (used in) investing activities	-153,474	-145,036
Cash flow from financing activities		
Loans and financing raised	0	2,536
Loans and financing paid	-258,358	-201,131
Issue of debentures	487,955	497,523
Lease Paid	-161,433	-78,420
Advance for future capital increase	0	6,914
Loans receivable	0	-10,000
Dividends paid	0	-28,637
Net cash (used in) financing activities	68,164	188,785
Decrease of cash and cash equivalents	-245,078	-142,180
Cash and cash equivalents at the beginning of the year	418,311	549,347
Cash and cash equivalents at the end of the year	173,233	407,167



INCOME STATEMENT

IFRS

R\$ thousand	2Q23	2Q22	Δ(%)			
Net revenue	1,593,145	1,463,007	8.9%	3,065,267	2,807,634	9.2%
Cost of sales	-835,544	-792,590	5.4%	-1,570,929	-1,515,495	3.7%
Gross Profit	757,601	670,417	13.0%	1,494,338	1,292,139	15.6%
Operating expenses	-608,599	-516,853	17.8%	-1,140,412	-958,719	19.0%
Selling expenses	-529,752	-419,741	26.2%	-970,653	-764,334	27.0%
Administrative and general expenses	-87,200	-94,484	-7.7%	-185,589	-178,245	4.1%
Other net operating income/expenses	8,353	-2,628	n.a	15,830	-16,140	198.1%
Depreciation and amortization expenses	-100,031	-83,061	20.4%	-198,023	-169,865	16.6%
Operating Income (Loss)	48,971	70,503	-30.5%	155,903	163,555	-4.7%
Financial income	82,308	87,027	-5.4%	129,957	158,780	-18.2%
Financial expenses	-165,503	-140,368	17.9%	-301,575	-258,172	16.8%
Net financial income (expenses)	-83,195	-53,340	56.0%	-171,618	-99,392	72.7%
Profit before taxes	-34,224	17,162	-299.4%	-15,715	64,163	-124.5%
Income tax and social contribution	1,644	14,511	-88.7%	-15,353	-15,212	0.9%
Net income for the period	-32,581	31,673	-202.9%	-31,069	48,951	-163.5%

IFRS adjusted by non-recurring effects

R\$ thousand	2Q23 adjusted	2Q22 adjusted	Δ(%)			
Net revenue	1,593,145	1,463,007	8.9%	3,065,267	2,807,634	9.2%
Cost of sales	-839,017	-792,590	5.9%	-1,574,402	-1,517,635	3.7%
Gross Profit	754,128	670,417	12.5%	1,490,865	1,290,000	15.6%
Operating expenses	-594,192	-515,654	15.2%	-1,125,002	-949,845	18.4%
Selling expenses	-532,270	-423,676	25.6%	-973,724	-773,391	25.9%
Administrative and general expenses	-75,011	-94,484	-20.6%	-173,400	-180,090	-3.7%
Other net operating income/expenses	13,089	2,507	n.a	22,122	3,636	n.a
Depreciation and amortization expenses	-95,413	-79,578	19.9%	-188,786	-160,856	17.4%
Operating Income (Loss)	64,524	75,186	-14.2%	177,077	179,298	-1.2%
Financial income	82,308	87,027	-5.4%	129,957	158,780	-18.2%
Financial expenses	-164,540	-140,368	17.2%	-300,612	-258,172	16.4%
Net financial income (expenses)	-82,232	-53,340	54.2%	-170,655	-99,392	71.7%
Profit before taxes	-17,709	21,845	-181.1%	6,422	79,906	-92.0%
Income tax and social contribution	2,616	14,511	-82.0%	-14,381	-13,453	6.9%
Net income for the period	-15,093	36,356	-141.5%	-7,960	66,453	-112.0%



ABOUT GRUPO SBF

Grupo SBF is a sports company founded in 1981 and until 2020 operated in the Brazilian market through Centauro, the largest sporting goods retailer in Brazil and Latin America and the first omnichannel retailer in Brazil, with e-commerce and brick-and-mortar operations fully integrated since 2018. In December 2020, a new business unit joined Grupo SBF: FISIA, the exclusive representative of Nike in Brazil (products distribution, Nike stores and e-commerce operations). In February 2021, a new acquisition was made: NWB, the largest digital producer of sports content in Brazil. Also in 2021, we started SBF Ventures to speed up our ecosystem consolidation. In 2022, we invested in Onefan, our “super-app” for soccer team club fans, which allows the clubs to offer exclusive services and experiences. We also acquired X3M, specialized in organizing races and sporting events, and FitDance, the largest dance platform in Brazil. At Grupo SBF, we believe that sport transforms lives, and we wake up every day to boost sports in Brazil.

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👤 José Salazar

👤 Daniel Regensteiner

👤 Luna Romeu

👤 Joao Marques

Disclaimer

The assumptions contained in this report relating to the business outlook, projections and results and the growth potential of the Company constitute mere forecasts and were based on management's expectations in relation to the future of the Company. These expectations are highly dependent on changes in the market and in the overall economic performance of the country, the industry and the international market; therefore, they are subject to changes.





GRUPO SBF

SMLLB3 | ICONB3 | IGC B3 | IGC-NMB3 | IGCTB3 | ITAG B3 | IBRA B3 | IGPTWB3



Report on review of quarterly information

To the Board of Directors and Stockholders
Grupo SBF S.A.

Introduction

We have reviewed the accompanying parent company and consolidated interim accounting information of Grupo SBF S.A. ("Company"), included in the Quarterly Information Form (ITR) for the quarter ended 30 June 2023, comprising the statement of financial position at that date and the statements of income and comprehensive income for the quarter and six-month period then ended, and the statements of changes in shareholders' equity and cash flows for the six-month period then ended, and explanatory notes.

Management is responsible for the preparation of the parent company and consolidated interim accounting information in accordance with the accounting standard CPC 21, Interim Financial Reporting, of the Brazilian Accounting Pronouncements Committee (CPC) and International Accounting Standard (IAS) 34, Interim Financial Reporting issued by the International Accounting Standards Board (IASB) as well as the presentation of this information in accordance with the standards issued by the Brazilian Securities Commission (CVM), applicable to the preparation of the Quarterly Information (ITR). Our responsibility is to express a conclusion on this interim accounting information based on our review.

Scope of review

We conducted our review in accordance with Brazilian and International Standards on Reviews of Interim Financial Information (NBC TR 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Brazilian and International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion on the interim information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying parent company and consolidated interim accounting information included in the quarterly information referred to above has not been prepared, in all material respects, in accordance with CPC 21 and IAS 34 applicable to the preparation of the Quarterly Information, and presented in accordance with the standards issued by the CVM.



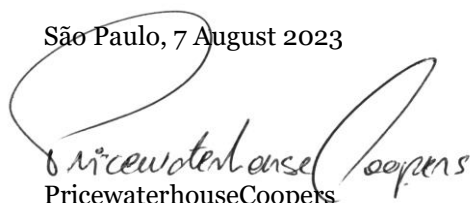
Grupo SBF S.A.

Other matters

Statements of value added

The quarterly information referred to above includes the parent company and consolidated statements of value added for the six-month period ended 30 June 2023. These statements are the responsibility of the Company's management and are presented as supplementary information under IAS 34. These statements have been subjected to review procedures performed together with the review of the quarterly information for the purpose of concluding whether they are reconciled with the interim accounting information and accounting records, as applicable, and if their form and content are in accordance with the criteria defined in the accounting standard CPC 09 - "Statement of Value Added". Based on our review, nothing has come to our attention that causes us to believe that these statements of value added have not been properly prepared, in all material respects, in accordance with the criteria established in this accounting standard, and consistent with the parent company and consolidated interim accounting information taken as a whole.

São Paulo, 7 August 2023



PricewaterhouseCoopers
Auditores Independentes Ltda.
CRC 2SP000160/O-5

Leandro Mauro Ardito
Contador CRC 1SP188307/O-0

Grupo SBF S.A.
Statement of financial position at 30 June 2023 and 31 December 2022
(In thousands of Brazilian reais - R\$)



Assets	Note	Parent company		Consolidated	
		06/30/2023	12/31/2022	06/30/2023	12/31/2022
Current assets					
Cash and cash equivalents	4	34,520	34,515	173,233	418,311
Accounts receivable	5	14,885	30,485	1,256,228	1,711,003
Inventory	6	-	-	2,080,859	1,737,002
Derivative financial instruments	7	-	-	-	4,169
Recoverable taxes	8	605	220	403,466	525,351
Recoverable income tax and social contribution	9	-	-	42,191	49,055
Dividends receivable		207,232	235,756	-	-
Other assets		936	248	120,335	81,597
Total current assets		258,178	301,224	4,076,312	4,526,488
Non-current assets					
Recoverable taxes	8	-	-	262,920	146,880
Recoverable income tax and social contribution	9	-	-	89,251	93,055
Loan receivables		10,061	10,036	10,061	10,036
Deferred income tax and social contribution	10	-	-	741,382	841,811
Judicial deposits	11	116	114	343,565	291,673
Other assets		51,936	49,819	59,034	67,727
Total non-current assets		62,113	59,969	1,506,213	1,451,182
Investments	12	2,186,531	2,298,244	6,258	5,001
Property, plant and equipment	13	448	483	602,429	571,951
Intangible assets	14	1,999	2,284	506,792	487,453
Right-of-use	15	-	-	1,426,501	1,428,172
Total non-current assets		2,251,091	2,360,980	4,048,193	3,943,759
Total assets		2,509,269	2,662,204	8,124,505	8,470,247

Liabilities	Note	Parent company		Consolidated	
		06/30/2023	12/31/2022	06/30/2023	12/31/2022
Current liabilities					
Accounts payable	16	1,428	1,321	1,047,661	1,423,376
Accounts payable - reverse factoring operation	16	-	-	56,774	138,171
Loans and financing	17	-	-	84,592	86,082
Debentures	17	-	-	451,401	191,836
Derivative financial instruments	7	-	-	108,866	39,612
Lease payables	15	-	-	198,396	278,072
Taxes payable	18	182	152	213,719	192,684
Income tax and social contribution payable		-	-	5,393	32,944
Taxes in installments	19	-	-	41,174	47,030
Labor and social security obligations	20	1,806	430	156,742	191,851
Dividends payable		33,085	33,085	33,085	33,085
Negative investments in subsidiaries	12	10,053	24,213	-	-
Related parties - other accounts payable	21	225	153	-	-
Other accounts payable	22	446	4,077	162,535	140,744
Other liabilities		36,107	34,351	96,926	152,851
Total current liabilities		83,332	97,782	2,657,264	2,948,338
Non-current liabilities					
Loans and financing	17	-	-	2,230	81,997
Debentures	17	-	-	839,430	773,647
Lease payables	15	-	-	1,447,747	1,358,170
Taxes in installments	19	-	-	65,309	65,359
Deferred income tax and social contribution	10	3	3	10,393	9,724
Provision for administrative and judicial risks	11	-	-	574,689	559,713
Other accounts payable	22	124,864	155,822	124,864	139,571
Other liabilities		-	-	99,747	123,874
Total non-current liabilities		124,867	155,825	3,164,409	3,112,055
Shareholders' equity	23				
Capital stock		1,830,524	1,830,524	1,830,524	1,830,524
Capital reserves		267,068	261,528	267,068	261,528
Legal profit reserve		331,702	331,702	331,702	331,702
Accumulated losses		(31,874)	-	(31,874)	-
Equity valuation adjustment		(96,350)	(15,157)	(96,350)	(15,157)
		2,301,070	2,408,597	2,301,070	2,408,597
Shareholders' equity attributable to controlling shareholders					
Non-controlling interest in shareholders' equity of subsidiaries		-	-	1,762	1,257
Total shareholders' equity		2,301,070	2,408,597	2,302,832	2,409,854
Total liabilities and shareholders' equity		2,509,269	2,662,204	8,124,505	8,470,247

The accompanying notes are an integral part of the Interim Accounting Information.

Grupo SBF S.A.
Statements of income
Periods ended 30 June 2023 and 2022
(In thousands of Brazilian reais - R\$)



	Note	Parent company				Consolidated			
		04/01/2023– 06/30/2023	01/01/2023– 06/30/2023	04/01/2022– 06/30/2022	01/01/2022– 06/30/2022	04/01/2023– 06/30/2023	01/01/2023– 06/30/2023	04/01/2022– 06/30/2022	01/01/2022– 06/30/2022
Net revenues	25	-	-	-	-	1,593,145	3,065,267	1,463,007	2,807,634
Cost of sales and services rendered	26	-	-	-	-	(835,544)	(1,570,929)	(792,590)	(1,515,495)
Gross profit		-	-	-	-	757,601	1,494,338	670,417	1,292,139
Operating (expenses) income									
Sales expenses	27	-	-	-	-	(599,211)	(1,105,524)	(476,571)	(885,226)
(Reversal) of impairment losses on accounts receivable		-	-	-	-	(2,202)	(3,413)	(1,179)	82
General and administrative expenses	27	(3,832)	(8,276)	(4,865)	(12,544)	(116,980)	(245,328)	(119,536)	(227,300)
Other operating expenses, net		(4,736)	(6,536)	(4,472)	(19,776)	9,025	14,573	(2,605)	(15,891)
Equity in the income of subsidiaries and associated companies		(25,599)	(18,860)	41,729	82,393	738	1,257	(23)	(249)
Operating (loss) income		(34,167)	(33,672)	32,392	50,073	48,971	155,903	70,503	163,555
Financial income	28	679	2,140	(115)	348	82,308	129,957	87,027	158,780
Financial expenses	28	(187)	(342)	(181)	(687)	(165,503)	(301,575)	(140,368)	(258,172)
Net financial (loss) income		492	1,798	(296)	(339)	(83,195)	(171,618)	(53,341)	(99,392)
(Loss) profit before income tax and social contribution		(33,675)	(31,874)	32,096	49,734	(34,224)	(15,715)	17,162	64,163
Income tax and social contribution - current		-	-	-	-	88,425	85,745	(35,941)	(84,690)
Income tax and social contribution - Deferred	10	-	-	-	(2)	(86,782)	(101,099)	50,452	69,478
Net (loss) income for the period		(33,675)	(31,874)	32,096	49,732	(32,581)	(31,069)	31,673	48,951
The Company's shareholders		(33,675)	(31,874)	32,096	49,732	(33,675)	(31,874)	32,096	49,732
Non-controlling shareholders		-	-	-	-	1,094	805	(423)	(781)
		(33,675)	(31,874)	32,096	49,732	(32,581)	(31,069)	31,673	48,951
Net earnings per share attributable to the Group's shareholders									
Basic earnings per share (weighted average)	23					0.14	(0.13)	0.13	0.20
Diluted earnings per share (weighted average)	23					0.14	(0.13)	0.13	0.20

The accompanying notes are an integral part of the Interim Accounting Information.

Grupo SBF S.A.
Statements of comprehensive income
Periods ended 30 June 2023 and 2022
(In thousands of Brazilian reais - R\$)



	Parent company				Consolidated			
	04/01/2023– 06/30/2023	01/01/2023– 06/30/2023	04/01/2022– 06/30/2022	01/01/2022– 06/30/2022	04/01/2023– 06/30/2023	01/01/2023– 06/30/2023	04/01/2022– 06/30/2022	01/01/2022– 06/30/2022
Net (loss) income for the period	(33,675)	(31,874)	32,096	49,732	(32,581)	(31,069)	31,673	48,951
Other comprehensive income								
Items that can be reclassified to (loss) income								
Earnings (losses) from cash flow hedge operations	(44,201)	(81,193)	116,088	(25,514)	(44,201)	(81,193)	116,088	(25,514)
Other comprehensive income	(44,201)	(81,193)	116,088	(25,514)	(44,201)	(81,193)	116,088	(25,514)
Deferred income tax and social contribution on cash flow hedge	15,028	27,606	(39,470)	8,675	15,028	27,606	39,470	8,675
Other comprehensive income, net of taxes	(62,848)	(85,461)	108,714	32,893	(61,754)	(84,656)	187,231	32,112
Comprehensive (loss) income for the period	(62,848)	(85,461)	108,714	32,893	(61,754)	(84,656)	187,231	32,112
Comprehensive income attributable to:								
The Company's shareholders	(62,848)	(85,461)	108,714	32,893	(62,848)	(85,461)	108,714	32,893
Non-controlling shareholders	-	-	-	-	1,094	805	(423)	(781)
Total comprehensive income	(62,848)	(85,461)	108,714	32,893	(61,754)	(84,656)	108,291	32,112

The accompanying notes are an integral part of the Interim Accounting Information.

Grupo SBF S.A.
Statements of changes in shareholders' equity
Periods ended 30 June 2023 and 2022
(In thousands of Brazilian reais - R\$)



	Attributable to controlling shareholders											Non-controlling interest	Total shareholders' equity - consolidated
	Capital reserves				Profit reserves					Total			
	Capital stock	Advances for future capital increase	Goodwill in the issue of shares	Share-based payments	Legal reserve	Tax incentive reserve	Statutory reserve	Other comprehensive income	Retained earnings				
Balances at 1 January 2022	1,823,527		154,753	70,214	9,420	64,439	85,911	15,726	-	2,223,990	645	2,224,635	
Adjustment to non-controlling interest	-	-	-	-	-	-	-	-	-	-	(371)	(371)	
Adjustment to financial instruments - Cash flow hedge	-	-	-	-	-	-	-	(25,514)	-	(25,514)	-	(25,514)	
Advance for future capital increase		6,914	-	-	-	-	-	-	-	6,914	-	6,914	
Share-based payments	-	-	-	19,777	-	-	-	-	-	19,777	-	19,777	
Net income for the period	-	-	-	-	-	-	-	-	49,732	49,732	(781)	48,951	
Balances at June 30, 2022	1,823,527	6,914	154,753	89,991	9,420	64,439	85,911	(9,788)	49,732	2,274,899	(507)	2,274,392	
Balances at 1 January 2023	1,830,524	-	154,753	106,775	19,671	126,865	185,166	(15,157)	-	2,408,597	1,257	2,409,854	
Adjustment to non-controlling interest	-	-	-	-	-	-	-	-	-	-	(300)	(300)	
Equity valuation adjustment – Cash flow hedge	-	-	-	-	-	-	-	(81,193)	-	(81,193)	-	(81,193)	
Share-based payments	-	-	-	5,540	-	-	-	-	-	5,540	-	5,540	
Net loss for the period	-	-	-	-	-	-	-	-	(31,874)	(31,874)	805	(31,069)	
Balances at June 30, 2023	1,830,524	-	154,753	112,315	19,671	126,865	185,166	(96,350)	(31,874)	2,301,070	1,762	2,302,832	

The accompanying notes are an integral part of the Interim Accounting Information.



Notes	Parent company		Consolidated	
	01/01/2023- 06/30/2023	01/01/2022- 06/30/2022	01/01/2023- 06/30/2023	01/01/2022- 06/30/2022
Cash flow from operating activities				
Net (loss) Income before taxes	(31,874)	49,734	(15,715)	64,163
Adjusted by:				
Depreciation and amortization of property, plant and equipment and intangible assets	13 14	320	269	98,549
Depreciation of right-of-use	15	-	-	113,633
Interest on loans and financing	17	-	-	15,112
Interest on debentures	17	-	-	89,020
Interest on loan agreements	17	(25)	-	(25)
Interest on tax payments in installments	19	-	-	4,915
Interest on payments in arrears		-	64	2,437
(Reversal) of impairment losses on accounts receivable	5	-	-	3,413
Interest on late payments of taxes		-	-	286
Equity in net income of subsidiaries	12	18,860	(82,392)	(1,257)
Share-based remuneration	24	5,540	19,777	5,540
Income (loss) from write-off of property, plant and equipment and intangible assets	13 14	-	-	1,897
Residual write-off of leases	15	-	-	(7,438)
Provision for inventory obsolescence	6	-	-	38,430
Lease interest		-	-	67,082
Lease discounts	15	-	-	(272)
Net constitution of provision for administrative and judicial risks	11	-	-	25,985
		(7,179)	(12,548)	441,592
Changes in:				
(Increase) decrease in assets				
Accounts receivable	5	15,600	-	451,362
Inventory	6	-	-	(382,287)
Derivative financial instruments	7	-	-	4,169
Taxes to be offset, IRPJ and CSLL to be offset	8	(385)	(87)	107,418
Judicial deposits	11	(2)	(4)	(51,892)
Other assets		(2,805)	(8,859)	(30,045)
(decrease) Increase in liabilities				
Accounts payable	16	107	(1,152)	(374,941)
Accounts payable - reverse factoring operation	16	-	-	(81,397)
Taxes payable	18	30	69	20,749
Scheduling of taxes	19	-	-	(10,821)
Derivative financial instruments	7	-	-	(11,939)
Contingencies paid	11	-	-	(11,009)
Labor and social security obligations	20	1,376	(205)	(35,109)
Other accounts payable	22	(34,589)	(155,971)	7,084
Other liabilities		1,756	-	(80,052)
Changes in assets and liabilities:		(18,912)	(166,209)	(478,710)
				(395,269)
Income tax and social contribution		-	-	57,893
Interest paid on financing	17	-	-	(14,677)
Interest paid on debentures	17	-	-	(74,961)
Cash (used in) generated by operating activities		(26,091)	(178,757)	(159,768)
				(124,665)
Cash flow from investing activities				
Additions to property, plant and equipment	13	-	(362)	(85,072)
Increase in intangible assets	14	-	(464)	(68,402)
Acquisition of subsidiaries net of cash received - FitDance		-	-	-
Acquisition of interest in associated company - X3M		-	-	(9,635)
Dividends received		28,524	158,273	-
Net cash generated by (used in) investment activities		28,524	157,447	(153,474)
				(145,036)
Cash flow from financing activities				
Loans and financing obtained	17	-	-	-
Issue of debentures	17	-	-	487,955
Loans and financing paid	17	-	-	(258,358)
Leases paid	15	-	-	(161,433)
Related parties		72	4	-
Advance for future capital increase		-	6,914	-
Paid-up capital in subsidiaries		(2,500)	(6,200)	-
Loan receivables		-	(10,000)	-
Dividends paid		-	(28,637)	-
Net cash (used in) generated by financing activities		(2,428)	(37,919)	68,164
				127,521
Increase in cash and cash equivalents		5	(59,229)	(245,078)
				(142,180)
Cash and cash equivalents at 1 January	4	34,515	62,088	418,311
Cash and cash equivalents on 30 June	4	34,520	2,859	173,233
				407,167
Transactions not affecting cash				
Addition to property, plant and equipment and intangible assets		-	-	3,211
Derivatives		(81,193)	(25,514)	(81,193)
				1,068
				(25,514)

The accompanying notes are an integral part of the Interim Accounting Information.

Grupo SBF S.A.
Statements of value added
Periods ended 30 June 2023 and 2022
(In thousands of Brazilian reais - R\$)



	Parent company		Consolidated	
	01/01/2023– 06/30/2023	01/01/2022– 06/30/2022	01/01/2023– 06/30/2023	01/01/2022– 06/30/2022
Income	-	-	3,869,125	3,480,091
Sales of goods, products and services	-	-	3,858,457	3,475,606
Provision for doubtful accounts, net of reversals	-	-	(3,413)	82
Other incomes	-	-	14,081	4,403
Inputs acquired from third parties	(3,306)	(3,014)	(2,594,894)	(2,359,914)
Cost of products, goods sold and services rendered	-	-	(1,943,925)	(1,875,414)
Materials, energy, outsourced services and other	(2,309)	(3,014)	(633,447)	(461,234)
Losses on asset values	(997)	-	(17,522)	(23,266)
Gross value added	(3,306)	(3,014)	1,274,231	1,120,177
Depreciation and amortization	(320)	(269)	(213,285)	(178,810)
Net value added generated	(3,626)	(3,283)	1,060,946	941,367
Amount received through transfers	(16,720)	82,741	131,214	158,531
Equity in net income of subsidiaries	(18,860)	82,393	1,257	(249)
Financial revenues	2,140	348	129,957	158,780
Other operating revenues	-	-	-	-
Total value added to distribute	(20,346)	79,458	1,192,160	1,099,898
<u>Distribution of value added</u>				
Payroll and social charges	9,602	27,409	349,956	364,132
Direct remuneration	8,279	22,609	244,271	240,947
Benefits	1,323	4,762	81,108	103,867
Guarantee Fund for Length of Service—FGTS	-	38	24,577	19,318
Taxes, fees and contributions	1,525	1,583	451,137	332,505
Federal	1,285	1,326	201,392	140,190
State	-	-	231,851	177,397
Municipal	240	257	17,894	14,918
Third-party capital remuneration	401	734	422,136	354,310
Financial expenses (interest)	96	66	118,751	103,776
Rentals	-	-	49,602	26,629
Other	305	668	253,783	223,905
Remuneration of own capital	(31,874)	49,732	(31,069)	48,951
(Loss for the period) retained earnings	(31,874)	49,732	(31,874)	49,732
Non-controlling interest	-	-	805	(781)

The accompanying notes are an integral part of the Interim Accounting Information.



NOTES TO THE QUARTERLY FINANCIAL INFORMATION

(In thousands of reais)

1. OPERATIONS

Grupo SBF S.A. ("the Parent company" or "the Group") is a publicly-held company, domiciled in Brazil and headquartered in the city of São Paulo, São Paulo State. The Group has its shares traded on the Novo Mercado (New Market), in the B3 special securities trading segment, subject to B3's Novo Mercado Regulations, under the ticker "SBFG3".

Quarterly information of Grupo SBF for period ended 30 June 2023 include parent company Grupo SBF S.A. and its subsidiaries, collectively referred the "Group" or "Grupo SBF".

Grupo SBF is mainly engaged in trading general sports and leisure products (shoes, clothing, entertainment in general, equipment and accessories), from the domestic and foreign markets, the provision of logistics services, audiovisual production, as well as the production of advertising films.

The issue of quarterly financial information was authorized by the Board of Directors during a meeting held on August 4, 2023.

The list of the Grupo SBF's subsidiaries as at 30 June 2023 and 2022 is presented below:

Subsidiaries	Equity interest				Activity
	DIRECT		INDIRECT		
	2023	2022	2023	2022	
SBF Comércio de Produtos Esportivos S.A. ("SBF Comércio")	100%	99.96%	-	-	Retail business
Fisia Comércio de Produtos Esportivos S.A. ("Fisia")	-	100%	100%	-	Wholesale and retail trade
Lione Comércio de Art. Esportivos Ltda. ("Lione")	-	-	100%	100%	Sports commerce
VBLOG Logística e Transporte Ltda. ("VBLOG")	100%	99.00%	-	-	Logistic services
Pine Adm. de Bens e Participações Ltda.	-	100%	-	-	Joint ventures and interest
Premier Distribuidora de Vestuário, Calçados, Equipos e Acessórios Ltda. ("Premier")	100%	-	-	100%	Sports commerce
Store Engenharia e Instalações Ltda. ("Store")	-	100%	-	-	Engineering services
Network Participações S.A. ("Network")	100%	100%	-	-	Holding company
Neotv Prod e Com. de Cont. Audiovisual e Serv Digitais S.A. ("NeoTV")	-	-	100%	79.97%	Audiovisual production
Fatality Tv Prod e Com Audiovisual e Servicos Digitais S.A. ("Fatality")	-	-	-	100%	Audiovisual production
Acelerados Produtora e Distribuidora Audiovisual S.A. ("Acelerados")	-	-	51%	51%	Audiovisual production
Falcao Prod E Com De Cont S.A. ("Falcão")	-	-	-	51%	Audiovisual production
FitDance Entretenimento Ltda. ("Fitdance")	-	-	100%	100%	Advertising film production

The key information on each of the subsidiaries included in the Group's consolidated financial information is presented in Note 12.

The Group's accounting policies were consistently applied by the consolidated entities.





2. PREPARATION BASIS

2.1 Statement of conformity (in relation to the IFRS standards and CPC standards)

The Group's individual and consolidated interim quarterly information for the three-month period ended 30 June 2023, was prepared in accordance with CPC 21 (R1) – Interim Financial Reporting, equivalent to IAS 34, issued by the International Accounting Standards Board ("IASB") and presented in accordance with the rules approved and issued by the Brazilian Securities and Exchange Commission (Comissão de Valores Mobiliários - "CVM").

Accounting practices and policies (which include the principles of measurement, recognition and disclosure of assets and liabilities), in addition to the main accounting judgments and sources of uncertainty about estimates adopted in the preparation of these quarterly information, are those adopted and disclosed in the audited annual financial statements for the year ended 31 December 2022, published on 2 March 2023. Therefore, this quarterly information should be read together with Grupo SBF's individual and consolidated financial statements for the year ended 31 December 2022 (Note 2.4 Significant accounting policies).

All relevant information in individual and consolidated quarterly information, and only them, are being evidenced and correspond to that used by Management.

2.2 Adoption of new pronouncements, changes and interpretations of pronouncements

In 2023, the Group evaluated the amendments and new interpretations to the CPCs and IFRSs issued by the Accounting Pronouncements Committee (CPC) and IASB, respectively, which are mandatory for accounting periods beginning on or after 1 January 2023. The key changes are:

- Amendments to CPC 23, Accounting Policies, Changes in Accounting Estimates and Errors (IAS 8);
- Amendment to CPC 26 (R1), Presentation of Financial Statements (IAS 1)/
- Amendment to IFRS Practice Statement 2, Making Materiality Judgments, an educational document issued by the IASB and not published by the CPC in Brazil), where the concepts of accounting estimates and the application of materiality judgments to accounting policy disclosures were clarified. It also aimed to aid entities to provide accounting policy disclosures more useful, replacing the requirement for entities to disclose their "significant" accounting policies with a requirement to disclose their "material" accounting policies;
- Amendments to CPC 32 / IAS 12 - Income taxes. Deferred tax related to assets and liabilities from a single transaction.

The adoption of these standards did not result in material impacts on the Grupo SBF's individual and consolidated financial information.





3. FINANCIAL RISK MANAGEMENT

Information regarding general considerations and policies was presented in the Grupo SBF's annual financial statements for the year ended 31 December 2022, in Note 5.1, and remained unchanged for the six-month period ended 30 June 2023.

a) Market risks

To protect the Group's current balance sheet positions from market risks, the following derivative financial instruments are used, comprised of the balances presented below as at 30 June 2023 and 31 December 2022:

	06/30/2023	12/31/2022
Operational derivatives - Notional	(1,297,070)	(1,644,665)

b) Foreign exchange risk

Derives from the possibility of fluctuations in foreign exchange rates of foreign currencies used by the Group mainly to import products from foreign markets. As at 30 June 2023 and 31 December 2022 there was no outstanding loan, financing or debenture in foreign currency for outstanding imports.

The Group has derivative financial instruments that were classified as cash flow hedges and applies hedge accounting, in accordance with CPC 48/IFRS 9 – Financial Instruments. Cash flow hedges provide protection against changes in the cash flow attributable to a particular risk associated with a recognized asset or liability, or with a foreseen transaction that is highly likely and that could affect the result.

The effective portion of the changes in the fair value of derivatives designated and qualified as cash flow hedges is recorded as a component of "other comprehensive income". As at 30 June 2023, the balance was calculated to be recorded in other comprehensive income in the amount of R\$ 81,193. The gain or loss relating to the non-effective portion (when calculated), is immediately recognized in income (loss). Gains from non-effective portion were determined for the period ended 30 June 2023.

Amounts accumulated in "other comprehensive income" are realized in the statement of income in the periods that the hedged item affects the income (loss) (for instance, upon the settlement of hedged item).

Maturities	Hedge instrument		Fair value	Operation	Hedged item	
	Currency	Notional			Estimated maturities	
07/10/2023– 04/26/2024	US\$	(1,297,070)	(108,866)	Application for import of goods	07/10/2023–04/26/2024	
Total consolidated		(1,297,070)	(108,866)			





Fair value

The table below shows a breakdown of the outstanding derivatives held by the Group as at 30 June 2023, all for the purpose of hedging currency risk on purchases of goods.

Derivative	Principal value	Long or short position	Fair value	maximum maturity date	Counterparty
Hedge	(219,803)	Long	(11,914)	04/26/2024	ABC
Hedge	(470,470)	Long	(39,699)	04/26/2024	Bradesco
Hedge	(45,163)	Long	(4,896)	04/26/2024	BTG
Hedge	(165,665)	Long	(9,843)	04/26/2024	HSBC Brasil
Hedge	(162,895)	Long	(12,417)	04/26/2024	Itaú
Hedge	(45,275)	Long	(4,852)	04/26/2024	Saфра
Hedge	(267,974)	Long	(25,434)	04/26/2024	Votorantim
Hedge	47,154	Short	(191)	04/26/2024	ABC
Hedge	10,043	Short	299	04/26/2024	Bradesco
Hedge	16,876	Short	57	04/26/2024	BTG
Hedge	1	Short	-	04/26/2024	HSBC Brasil
Hedge	2,674	Short	2	04/26/2024	Itaú
Hedge	3,427	Short	22	04/26/2024	Saфра
Total	(1,297,070)		(108,866)		

c) Interest rate risk

Relates to the possibility of the Group suffering losses arising from oscillations of interest rates levied on their financial assets and liabilities. The main source of this risk is the Group's loans, financing and debentures, most of which have posted-fixed rates. Financial investments are mainly indexed to the Interbank Deposit Certificate ("CDI"), partially reducing loan risks, financing and debentures.

In the interim financial information, the profile of the Group's interest-bearing financial instruments corresponds to:

	Consolidated	
	06/30/2023	12/31/2022
Financial investments	159,864	375,007
Loans and financing	(86,822)	(168,079)
Debentures	(1,290,831)	(965,483)
Total	(1,217,789)	(758,555)

Sensitivity analysis

The Group's risk arises from operations involving financial investments, loans, financing and debentures pegged to the CDI. As at 30 June 2023, the Group performed sensitivity tests for adverse and favorable interest scenarios (CDI). For the purposes of the sensitivity analysis, the Group used the CDI forecasts in the FOCUS report (13.65% annually), the scenarios consider changes of 25% and 50%, respectively, to the CDI. The likely expenditures over the next 12 months are:

			Increase in interest		Decrease in interest	
			Possible (+)	Remote (+)	Possible (-)	Remote (-)
	2023	Probable	25%	50%	-25%	-50%
Financial investments	159,864	21,821	27,276	32,732	16,366	10,911
Loans and financing	86,822	11,851	14,814	17,777	8,888	5,926
Debentures	1,290,831	176,198	220,248	264,297	132,149	88,099





d) Credit risk

Credit risk represents the possibility of a financial loss of the Group if a client or a counterparty to a financial instrument fails to fulfill its contractual obligations, and arises mainly on retail and wholesale trade accounts receivable, or on financial investments.

The table that provides information regarding the exposure to credit risk and expected credit losses on accounts receivable as at 30 June 2023 and 31 December 2022 is shown in Note 5.

The book values of financial assets represent the maximum credit exposure. The maximum credit risk exposure as of the date of quarterly financial information was as follows:

	Parent company		Consolidated	
	06/30/2023	12/31/2022	06/30/2023	12/31/2022
Cash and banks	19	554	13,157	43,052
Payment methods	-	-	212	252
Financial investments – Current	34,501	33,961	159,864	375,007
Accounts receivable	-	-	1,256,228	1,711,003
Total	34,520	34,515	1,429,461	2,129,314

Due to the nature of its business, the Group does not have differentiated levels of retail accounts receivable credit risk by region or customer profile, since the main concentration of receivables is on credit cards.

e) Liquidity risk

Liquidity risk is the risk of the Group may encounter difficulties performing the obligations associated with its financial liabilities that are settled in cash.

The Group maintains contracts for the factoring of receivables that can be used if necessary. As at 30 June 2023, the Group had prepaid R\$ 308,007 million of its receivables. As at 31 December 2022, the Group did not have a balance related to the factoring of receivables from credit card companies to be amortized.

The Group also monitors expected the level of cash inflows deriving from trade accounts receivable and other receivables, as well as expected cash outflows related to trade accounts payable and other accounts payable. As at 30 June 2023, expected cash flow from trade accounts receivable and other receivables maturing within two months was R\$ 816,973 (R\$ 1,099,029 as at 31 December 2022).

	Consolidated	
	06/30/2023	12/31/2022
Short term liabilities	(2,657,264)	(2,948,338)
Cash and cash equivalents	173,233	418,311
Derivative financial instruments - Assets	-	4,169
Accounts receivable	1,256,228	1,711,003
Total	(1,227,803)	(814,855)
Shareholders' equity	2,302,832	2,409,854
Net indebtedness ratio	53%	34%

Exposure to liquidity risk

We present below the contractual maturities of financial liabilities on the date of financial information. These amounts are gross and without discounts deducted. They include contractual interest payments and exclude the impact of offsetting agreements.

The Group believes that it will have no problem honoring its short-term maturities. Practically all credit card receivables may be anticipated at the time of sale. Thus all sales, even those involving





installment payments, have the potential to be received by means of selling the receivables portfolio.

Most of the loans, financing and debentures are long term, with only 38.91% being settled on a short-term basis, that is, over the next 12 months.

30 June 2023	Book value	Contractual cash flows	≤02 months	02-12 months	01-02 years	02-05 years	>05 years
Non-derivative financial liabilities							
Accounts payable	1,047,661	1,047,661	810,902	236,759	-	-	-
Accounts payable – reverse factoring	56,774	56,774	37,283	19,491	-	-	-
Loans and financing	86,822	98,662	3,196	93,122	2,344	-	-
Debentures	1,290,831	1,627,087	47,675	563,720	528,000	487,692	-
Taxes in installments	106,483	121,960	10,640	39,964	29,911	41,379	66
Lease payables	1,646,143	2,172,589	53,218	271,423	593,817	511,615	742,516
Other accounts payable	287,399	287,399	-	162,535	124,864	-	-
Total	4,522,113	5,412,132	962,914	1,387,014	1,278,936	1,040,686	742,582

31 December 2022	Book value	Contractual cash flows	≤02 months	02-12 months	01-02 years	02-05 years	>05 years
Non-derivative financial liabilities							
Accounts payable	1,423,376	1,423,376	1,207,653	215,723	-	-	-
Accounts payable – reverse factoring	138,171	138,171	119,130	19,041	-	-	-
Loans and financing	168,079	191,291	4,545	99,084	87,103	559	-
Debentures	965,483	1,278,719	28,413	274,656	269,123	528,346	178,181
Taxes in installments	112,389	130,743	11,217	47,771	33,207	37,771	777
Lease payables	1,636,242	2,215,962	53,187	273,997	577,059	498,929	812,790
Other accounts payable	280,315	275,669	275,669	-	-	-	-
Total	4,724,055	5,653,931	1,699,814	930,272	966,492	1,065,605	991,748

The inflows and outflows disclosed in the table above represent undiscounted contract cash flow related to financial liabilities that are normally not closed before contract maturity. This disclosure presents the net cash flow amounts for derivatives that are settled in cash based on their net exposure, and the gross cash inflow and outflow for derivatives with gross simultaneous settlement.

3.1 Capital management

The Group's objectives in managing its capital are to safeguard its business continuity, and its capacity to offer returns to shareholders and benefits to other stakeholders, as well as maintaining an optimal capital structure to reduce this cost.

Similarly to other industry companies, the Group monitors its capital based on the financial leverage index. This ratio is net debt as a percentage of total capital. Net debt, in turn, corresponds to total loans (including short term and long term loans, as shown in the consolidated balance sheet), less cash and cash equivalents. The total capital is calculated as the sum of shareholders' equity, as shown in the consolidated balance sheet, plus net debt.

	Consolidated	
	06/30/2023	12/31/2022
Loans and financing	86,822	168,079
Debentures	1,290,831	965,483
Cash and cash equivalents	(173,233)	(418,311)
Net debt	1,204,420	715,251
Total shareholders' equity	2,302,832	2,409,854
Total capital	3,507,252	3,125,105
Financial leverage index - %	34%	23%





As at 30 June 2023, the Group had consolidated net working capital amounting to R\$ 1,419,048 (R\$ 1,578,150 as at 31 December 2022), that is, a negative change amounting to R\$ 159,102.

As at 30 June 2023, the Group posted profit before tax of R\$ 15,715 (profit of R\$ 64,163 as at 30 June 2022).

3.2 Fair value estimate

Fair value vs. book value - Consolidated

The table below shows a summary of the financial assets and liabilities measured at fair value in the Company's balance sheet, including their level of the fair value hierarchy, between 30 June 2023 and 31 December 2022:

		06/30/2023		
	Fair value hierarchy	Book value	Fair value	Amortized cost
Assets				
Cash and banks (Note 4)	Level 2	13,157	-	13,157
Financial investments (Note 4)	Level 2	159,864	159,864	-
Payment methods (Note 4)	Level 2	212	212	-
Accounts receivable (Note 5)	Level 2	1,256,228	-	1,256,228
Total		1,429,461	160,076	1,268,385
Liabilities				
Loans and financing (Note 17)	Level 2	86,822	-	86,822
Derivative financial instruments (Note 7)	Level 2	108,866	108,866	-
Debentures (Note 17)	Level 2	1,290,831	-	1,290,831
Leases (Note 15)	Level 2	1,646,143	-	1,646,143
Accounts payable (note 16)	Level 2	1,047,661	-	1,047,661
Accounts payable – reverse factoring (Note 18)	Level 2	56,774	-	56,774
Taxes in installments (Note 19)	Level 2	106,483	-	106,483
Total		4,343,580	108,866	4,234,714

		12/31/2022		
		Book value	Fair value	Amortized cost
Assets				
Cash and banks (note 4)	Level 2	43,052	-	43,052
Financial investments (Note 4)	Level 2	375,007	375,007	-
Payment methods (Note 4)	Level 2	252	-	252
Derivative financial instruments (Note 7)	Level 2	4,169	4,169	-
Accounts receivable (Note 5)	Level 2	1,711,003	-	1,711,003
Total		2,133,483	379,176	1,754,307
Liabilities				
Loans and financing (Note 17)	Level 2	168,079	-	168,079
Derivative financial instruments (Note 7)	Level 2	39,612	39,612	-
Debentures (Note 17)	Level 2	965,483	-	965,483
Leases (Note 17)	Level 2	1,636,242	-	1,636,242
Suppliers (Note 18)	Level 2	1,423,376	-	1,423,376
Accounts payable – reverse factoring (Note 18)	Level 2	138,171	-	138,171
Taxes in installments (Note 19)	Level 2	112,389	-	112,389
Total		4,483,352	39,612	4,443,740





4. CASH AND CASH EQUIVALENTS

	Parent company		Consolidated	
	06/30/2023	12/31/2022	06/30/2023	12/31/2022
Cash	-	-	2,365	6,514
Banks	19	554	10,792	36,538
Financial investments	34,501	33,961	159,864	375,007
Payment methods	-	-	212	252
Total	34,520	34,515	173,233	418,311

Short-term financial investments which are subject to an immaterial risk of changes in value are represented by bank deposit certificates ("CDB") remunerated at rates that average 48.26% for daily investments (53.75% for daily investments as at 31 December 2022) of the changes in the CDI.

5. ACCOUNTS RECEIVABLE

	Parent company		Consolidated	
	06/30/2023	12/31/2022	06/30/2023	12/31/2022
Credit card administrators (a)	-	-	1,012,479	1,557,855
Trade notes receivable - wholesale	-	-	246,383	154,583
Accounts receivable – Related parties (Note 21)	14,885	30,485	-	-
Subtotal	14,885	30,485	1,258,862	1,712,438
Provision for expected loss in accounts receivable	-	-	(2,634)	(1,435)
Total	14,885	30,485	1,256,228	1,711,003

(a) Refers to the balance receivable from credit card administrators that are distributed among several credit companies. The Group has sales of receivables transactions from credit card companies with no right of return. Such operations are carried out whenever the Group believes that it needs immediate cash. As at 30 June 2023, the Group advanced R\$ 308,007 million of its receivables, which amount was fully written-off from accounts receivable. (As at 31 December 2022, the Group did not have a balance related to the factoring of receivables from credit card companies to be amortized).

The value of commissions on sales of receivables transactions without right of recourse was recognized in the financial expenses in the statement of income, as shown in Note 28 amounting to R\$ 9,721 as at 30 June 2023.

Changes in the provision for expected losses are recorded based on the expected credit losses on wholesale sales:

	06/30/2023	06/30/2022
Opening balance	(1,435)	(3,138)
Formation	(3,413)	(82)
Write-off	2,214	1,852
Closing balance	(2,634)	(1,368)

As at 30 June 2023, the provision for expected credit losses was as follows:

	Gross book balance 06/30/2023	(%) Average rate of estimated loss	Provision for expected loss	With recovery issues
Specific reserve	1,950	100.00%	(1,950)	Yes
Wholesale receivables	244,433	0.28%	(684)	No
Retail receivables	1,012,479	0.00%	-	No
Total	1,258,862		(2,634)	





As at 30 June 2022, the provision for expected credit losses was as follows:

	Gross book balance 06/30/2022	(%) Average rate of estimated loss	Provision for expected loss	With recovery issues
Specific reserve	825	100.00%	(825)	Yes
Wholesale receivables	191,126	0.28%	(543)	No
Retail receivables	1,098,225	0.00%	-	No
Total	1,290,176		(1,368)	

The consolidated aging list is presented below:

Aging	06/30/2023	12/31/2022
Overdue (days):		
>120	1,950	1,468
>90	-	3,049
≤90	-	820
≤60	-	6,722
≥30	6,205	11,674
Falling due (days):		
up to 30	607,608	758,139
31–60	209,365	340,890
61–90	135,371	198,005
91–120	92,713	119,596
121–180	125,046	153,007
> 365	80,604	119,068
Total	1,258,862	1,712,438

6. INVENTORY – CONSOLIDATED

The balance of inventory net of a provision for losses is presented below:

	06/30/2023	12/31/2022
Goods for resale (stores)	808,521	782,840
Goods for resale (Distribution Centers)	948,736	542,763
Imports in progress	310,294	405,054
Storeroom	13,308	6,345
Total	2,080,859	1,737,002

Changes in provision for losses

	06/30/2023	06/30/2022
Opening balance	(8,613)	(19,924)
Addition	(38,430)	(9,883)
Effective inventory losses	29,761	14,160
Closing balance	(17,282)	(15,647)

The Group recorded a provision for losses on realization of inventory of goods for resale of R\$ 38,430 as at 30 June 2023 (R\$ 9,883 as at 30 June 2022). The provision of R\$ 17,282 (R\$ 15,647 as at 30 June 2022) classified as a reduction in the balance of goods for resale based on the average historical losses. As at 30 June 2023, the balance of effective losses was R\$ 29,761 (R\$ 14,160 as at 30 June 2023).

7. DERIVATIVE FINANCIAL INSTRUMENTS – CONSOLIDATED

	Consolidated	
	06/30/2023	12/31/2022
Exchange contracts used for hedging - Assets	-	4,169
Exchange contracts used for hedging - Liabilities	(108,866)	(39,612)
Total	(108,866)	(35,443)





Derivatives are only used for economic hedging purposes and not as speculative investments.

Tradable derivatives are classified as current assets or liabilities. The total fair value of a hedge derivative is classified as a non-current asset or liability if the remaining time to maturity of the hedged item exceeds 12 months.

8. RECOVERABLE TAXES – CONSOLIDATED

	06/30/2023	12/31/2022
ICMS	440,445	451,422
PIS	33,881	36,150
COFINS	151,459	162,375
IRRF	29,463	11,521
INSS	10,502	10,178
Other	636	585
Total	666,386	672,231
Current	403,466	525,351
Non-current	262,920	146,880

9. RECOVERABLE INCOME TAX AND SOCIAL CONTRIBUTION - CONSOLIDATED

	Consolidated	
	06/30/2023	12/31/2022
IRPJ/CSLL on SELIC (a)	100,561	93,055
IRPJ/CSLL	30,881	49,055
Total	131,442	142,110
Current	42,191	49,055
Non-current	89,251	93,055

- (a) The Group's subsidiaries, SBF Comércio and Fisia filed a lawsuit during the years 2018 and 2019 challenging the constitutionality of the levying of Corporate Income Tax (IRPJ) and Social Contribution on Net Income (CSLL) on amounts related to the SELIC rate received due to undue tax payments.





10. DEFERRED INCOME TAX AND SOCIAL CONTRIBUTION – CONSOLIDATED

The balance of deferred taxes has the following origin:

	Assets		Liabilities		Net	
	2023	2022	2023	2022	2023	2022
Tax loss and negative basis	409,408	407,935	-	-	409,408	407,935
General provision and contingencies	130,708	124,141	(9,076)	(8,231)	121,632	115,910
Provision for inventory	16,047	21,239	-	-	16,047	21,239
Provision for bonuses	16,685	14,593	-	-	16,685	14,593
Depreciation / leases	327,534	314,915	(206,118)	(181,790)	121,416	133,125
Goodwill	71,050	71,050	(61,577)	(61,577)	9,473	9,473
Surplus - FitDance	-	-	(1,317)	(1,493)	(1,317)	(1,493)
Tax credits (exclusion of ICMS from the PIS/COFINS basis) (a)	-	-	(93,660)	-	(93,660)	-
Income from inventory	131,305	131,305	-	-	131,305	131,305
Deferred income tax assets (liabilities)	1,102,737	1,085,178	(371,748)	(253,091)	730,989	832,087
Amount subject to offset	(361,355)	(243,367)	361,355	243,367	-	-
Net tax	741,382	841,811	(10,393)	(9,724)	730,989	832,087

(a) Based on the court decision handed down in the second quarter of 2023 that determined that the moment of levying the IRPJ and CSLL on the tax credit was the judgment of offset request and not the credit registration, the Group recognized a credit of recoverable taxes in the amount of R\$ 90,905 in its financial statements, which were used to offset the IRPJ and CSLL payable on ICMS exclusion tax credits in the PIS and COFINS calculation basis taken in 2019. As a contra entry to the recognized tax credit, the Group recognized a deferred tax liability in the amount of R\$ 93,660 arising from the expected payment of IRPJ and CSLL when the claim for offsetting is judged. The effect on the Group's income (loss) is R\$ 2,755.

The Group prepared a technical study to support the realization of said deferred taxes in the coming years, which is reviewed annually. The main assumptions used in calculating the earnings projection are the projection term, the revenue growth rate and the annual margin gain. In accordance with the accounting policy adopted, the Group recognizes deferred tax assets according to the estimate of future taxable income which is expected to be available in the next nine years.

The estimated realization of deferred tax assets is shown below (consolidated):

Year	SBF Comércio	Fisia	Other companies (*)	06/30/2023
2023	7,305	23,595	3,793	34,693
2024	2,253	38,669	4,103	45,025
2025	12,274	53,194	4,551	70,019
2026	26,136	71,454	5,142	102,732
2027	35,498	83,345	5,596	124,439
2028	49,847	35,407	6,195	91,449
2029	65,270	-	6,839	72,109
2030	64,650	-	2,735	67,385
2031	-	-	133,531	133,531
Total	263,233	305,664	172,485	741,382

(*) Refers mainly to temporary differences in income on inventory linked to the purchase and sale of intercompany goods. Bearing in mind that this temporary difference is permanent, that is, while there are intercompany operations between the companies of the Group, the Group records the realization of these balances at the end of the ninth year.





Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items because it is not probable that future taxable income will be available so that the Group can utilize its benefits:

	2023		2022	
	Amount	Tax effect	Amount	Tax effect
Accumulated tax losses	588,082	199,948	339,015	115,265
Temporary expenses	141,522	48,117	196,923	66,954
Total unrecognized deferred tax assets	729,604	248,065	535,938	182,219

The tax effects of unrecognized tax assets are shown based on their nature below:

Description	Basis not formed	Deferred not formed
Tax loss	588,382	199,948
Depreciation / leases	99,816	33,937
General provision and contingencies	(26,900)	(9,044)
Provision for bonuses	24,788	8,428
Provision for inventory	(11,591)	(3,941)
Income from inventory	55,109	18,737
Deferred not formed	729,604	248,065

Tax loss information at the level of subsidiaries is presented below:

2023	Grupo SBF S.A (Parent company)		SBF Comércio		Other companies(*)		Consolidated	
	Base	Tax effect	Base	Tax effect	Base	Tax effect	Base	Tax effect
Accumulated tax losses	169,187	57,524	254,515	86,535	164,380	55,889	588,082	199,948
Temporary expenses	2,773	943	99,808	33,935	38,941	13,239	141,522	48,117
Total	171,960	58,467	354,323	120,470	203,321	69,128	729,604	248,065

(*) Balance made up of subsidiaries: Network, VBlog and Premier.

Changes in temporary differences

The reconciliation of the consolidated income tax and social contribution expenses is as follows:

	Balance at 12/31/2022	Recognized in income (loss)	Goodwill	Balance at 06/30/2023
Tax loss and negative basis	407,935	1,473	-	409,408
General provision and contingencies	115,910	5,722	-	121,632
Provision for inventory	21,239	(5,192)	-	16,047
Provision for bonuses	14,593	2,092	-	16,685
Depreciation / leases	133,125	(11,710)	-	121,416
Goodwill	9,473	-	-	9,473
Surplus - FitDance	(1,493)	-	176	(1,317)
Tax credits (exclusion of ICMS from the PIS/COFINS basis)	-	(93,660)	-	(93,660)
Income from inventory	131,305	-	-	131,305
Tax net assets (liabilities)	832,087	(101,275)	176	730,989





The reconciliation of the income tax and social contribution expenses is as follows:

	Parent company		Consolidated	
	06/30/2023	06/30/2022	06/30/2023	06/30/2022
Income (loss) before taxes	(31,874)	49,734	(15,715)	64,163
Combined tax rate	34%	34%	34%	34%
Income tax and social contribution at the combined rate	10,837	(16,910)	5,343	(21,815)
Permanent additions:				
Non-deductible expenses	-	(4,391)	(7,907)	(10,239)
Permanent exclusions:				
Tax incentive	-	-	44,338	23,581
Non-taxable revenues	2	2,676	9,872	12,673
Other items:				
Effect of equity in net income of subsidiaries	(6,120)	28,174	427	-
Unrecognized deferred taxes on losses and temporary differences	(4,719)	(9,969)	(65,847)	(60,128)
Tax losses and temporary differences from previous years recognized in current year	-	-	(2,375)	70,314
Income tax effect on management bonuses	-	420	353	418
Other	-	(2)	442	408
Income tax and social contribution	-	(2)	(15,354)	15,212
Current	-	-	85,745	(84,690)
Deferred	-	(2)	(101,099)	69,478
Effective rate	0%	0%	98%	24%

11. JUDICIAL DEPOSITS AND PROVISION FOR ADMINISTRATIVE AND LEGAL RISKS – CONSOLIDATED

Judicial deposits

Changes in provision for judicial deposits and court-ordered freezing during the period ended 30 June 2023 are stated in the chart below:

	Balance at 01/01/2023	Additions	Write-offs	Reversals	Balance at 06/30/2023
Judicial deposits (a)	235,859	38,294	-	(1,912)	272,241
Judicial deposits - Yield	52,092	16,063	(92)	(26)	68,037
Court-ordered restrictions - Labor	3,722	12	(347)	(100)	3,287
Total	291,673	54,369	(439)	(2,038)	343,565

- (a) During the fiscal year 2022, lawsuits were filed to discuss the application of the annual precedence of Supplementary Law 190/2022, under Article 150, III, 'b' and 'c' of the Federal Constitution of 1988 (CF/88). Furthermore, under Article 166 of the National Tax Code (CTN), to guarantee lawsuits filed by the taxpayer, the subsidiaries of Grupo SBF made judicial deposits for certain periods and certain states, according to the strategy adopted by the Company.

Changes in provision for judicial deposits during the period ended 30 June 2022 are stated in the chart below:

	Balance at 01/01/2022	Additions	Write-offs	Reversals	Acquisition of FitDance	Balance at 06/30/2022
Judicial deposits	109,980	13,651	-	(461)	3	123,173
Judicial deposits - Yield	34,547	5,661	(41)	(20)	-	40,147
Court-ordered restriction - Labor	3,922	5,559	(856)	(4,194)	-	4,431
Total	148,449	24,871	(897)	(4,675)	3	167,751





Provision for administrative and judicial risks

Changes in balance of provision for administrative and judicial risks for the period ended 30 June 2023 are stated in the chart below:

	Balance at 01/01/2023	Additions	Payments	Reversals	Balance at 06/30/2023
Civil / Consumer (a)	11,715	6,246	(3,276)	(6,278)	8,407
Labor (b)	30,425	4,737	(6,326)	(2,455)	26,381
Tax (c)	517,573	23,824	(1,407)	(89)	539,901
Total	559,713	34,807	(11,009)	(8,822)	574,689

Changes in balances of provision for administrative and judicial risks for the period ended 30 June 2022 are stated in the chart below:

	Balance at 01/01/2022	Additions	Payments	Reversals	Balance at 06/30/2022
Civil / Consumer (a)	7,868	3,196	(3,668)	(2,167)	5,229
Labor (b)	39,487	6,228	(3,592)	(8,342)	33,781
Tax (c)	572,076	16,322	-	(1,585)	586,813
Total	619,431	25,746	(7,260)	(12,094)	625,823

a) Civil/consumer lawsuits

These are lawsuits involving bricks-and-mortar stores and e-commerce consumption transactions, mainly involving product delivery delays or failures, undue charges, and a lack of product inventory, among others. Main situations are product delivery delays or failures, undue charges, and product lacking in inventory, among others.

As at 30 June 2023, the Group has R\$ 8,407 (R\$ 11,715 in December 2022 and R\$ 5,229 in June 2022) out of an amount discussed in its portfolio of consumer lawsuits, and amount for which no provision was recorded refer to lawsuits with possible or possible loss amounting to R\$ 66,270 (R\$ 52,631 in December 2022 and R\$ 44,659 in June 2022), based on previous cases and/or previous court decisions and on the opinion of Group's legal advisors.

b) Labor lawsuits

The main issues being discussed are claims related to working hours, salary equalization, and pain and suffering, among other severance pay matters.

As at 30 June 2023, the Group had R\$ 26,381 (R\$ 30,425 as at 31 December 2022 and R\$ 33,781 in June 2022) out of an amount discussed in its portfolio of labor lawsuits, and amount for which no provision was recorded refers to lawsuits with possible or possible loss amounting to R\$ 77,094 (R\$ 70,703 as at 31 December 2022 and R\$ 76,775 in June 2022), based on previous cases and/or previous court decisions.

c) Tax lawsuits

On 30 June 2023, total tax debits classified as probable losses amounted to R\$ 539,901 (R\$ 517,573 as at 31 December 2022 and R\$ 586,813 as at 30 June 2023).

The most significant proceedings involve ICMS charges because the São Paulo tax authorities did not recognize the transit of some goods, plus increased fines and interest, which are being discussed in the administrative and judicial spheres. There are other discussions involving ICMS Tax replacement and ICMS credits in the state of Bahia, as well as federal punitive fines.





The Group paid the tax assessment notice involving the resale of IPI, amounting to R\$ 28,318, for which a provision was initially made in December 2020, through the use of PIS/COFINS credits.

There was a reversal of one of the ICMS cases discussed in São Paulo, amounting to R\$ 59,043, due to the successful outcome of the lawsuit judged by the STJ regarding the statute of limitations.

Contingent liabilities

Federal

Federal lawsuits in which the Group is a defendant are classified as possible loss amounting to R\$ 546,504 (R\$ 463,973 in December 2022 and R\$ 437,764 in June 2022), according to evaluation of Group's legal advisors, as defense is based on previous court decisions and doctrine.

Tax	06/30/2023	12/31/2022
Guarantee Fund for Length of Service—FGTS (a)	98,526	95,932
PIS/COFINS/IRPJ and CSLL (b)	122,444	95,380
IRPJ and social contribution (c)	124,534	116,741
PIS / COFINS (d)	34,580	32,664
IOF (e)	8,431	8,072
INSS (f)	137,848	95,968
Other (g)	20,141	19,216
Total	546,504	463,973

- (a) **Guarantee Fund for Length of Service—FGTS** - Lawsuit regarding the possible lack of monthly FGTS and rescission fine deposits to employees listed by the Ministry of Labor and Employment for the period from July 2004 to July 2017, amounting R\$ 98,526.
- (b) **Social Integration Program - PIS/Contribution to Social Security Financing - COFINS/Corporate Income Tax - IRPJ and Social Contribution on Net Income - CSLL** - There are lawsuits amounting to R\$ 40,100 (R\$ 38,875 as at 31 December 2022) due to returns rectified and not yet approved by the Brazilian Federal Revenue Service (RFB) and R\$ 23,428 for debits included in the special tax regularization program. There is also a lawsuit amounting to R\$ 57,343 (R\$ 54,966 as at 31 December 2022) arising from the exclusion of amounts in the calendar year of 2014 as tax incentives in the States of Paraíba and Minas Gerais, and the collection of PIS and COFINS credits on inputs considered incorrect by the Federal Revenue Service. The amount R\$ 1,573 (R\$ 1,539 as at 31 December 2022) related to the additional fine is also being challenged.
- (c) **IRPJ and CSLL** - The Group has lawsuits amounting to R\$ 43,692 (R\$ 42,259 as at 31 December 2022), with the most significant amounts being related to the possible non-payment of IRPJ and CSLL resulting from the exclusion of amounts in the calendar years 2009, 2010 and 2011, due to tax incentives and inventory adjustments, which occurred in the periods of 2009 and 2010, in addition to discussions regarding the collection of debts linked to special installment payments, and unapproved offsetting, among other matters. The amount R\$ 77,922 (R\$ 74,482 as at 31 December 2022) is also being discussed due to the possible non-payment of IRPJ and CSLL, due to the exclusion of amounts from the calculation basis in 2015 through tax incentives, in addition to discussions amounting to R\$ 2,920 related to the payment of IRRF, whose offsets were not approved.
- (d) **PIS/COFINS** - The amount R\$ 34,580 (R\$ 32,664 as at 31 December 2022) regarding unapproved offsetting during the periods between 2008, from 2012 to 2017 has been discussed due to alleged differences in the statements.

For Grupo SBF's subsidiaries SBF Comércio and Fisia in view of the sentence rendered by the STJ in Special Appeal Resp 1221170/PR, and supported by the opinion of its external legal advisors,





the Group evaluated these expenses in terms of the concept of relevance and essentiality for the development of its specific economic activity and appropriated noncumulative PIS and COFINS credits related to the main expenses amounting to R\$ 15,746 as at 31 December 2022 (R\$ 33,393 as at 31 December 2022).

- (e) **IOF** - There is a possible non-payment of tax on financial transactions between companies of the same economic group for 2014 and 2015 period amounting to R\$ 8,431 (R\$ 8,072 as at 31 December 2022).
- (f) **INSS** - Discussing the possible non-payment of social security contribution and work disability contribution resulting from environmental occupational risks amounting to R\$ 2,998 (R\$ 2,880 as at 31 December 2022). The amount R\$ 134,850 (R\$ 93,088 as at 31 December 2022) is also challenged, referring to non-approved offsetting and fines, related to credits for social security allowances from 2013 to 2022.
- (g) **Other** - A one-off fine is being challenged due to non-approval of the offsetting request, and a fine related to the IRPJ, CSLL, PIS and II estimates, among other matters, amounting to R\$ 20,141 (R\$ 19,216 as at 31 December 2022).

State lawsuits

The Group is a party to tax lawsuits in the administrative and legal spheres, related to discussions regarding ICMS. Based on the evaluation of external legal counsel, considering the likelihood of success in each lawsuit, the Group's management decided to establish a provision at an amount sufficient to cover possible losses deriving from final decisions on lawsuits. A provision was duly recorded for legal fees.

As at 30 June 2023, in addition to the amounts already provisioned as representing probable losses, the Group has 15.4% (18.3% as at 31 December 2022) of its portfolio of state tax proceedings classified as representing possible losses by its legal counsel. These are lawsuits for the collection of the ICMS (DIFAL) rate differential, debits of which are collateralized by judicial deposits in active proceedings, and ICMS lawsuits resulting from the assessment by the State Treasury Secretaries, with the main ones being the States of São Paulo, Paraíba, Minas Gerais, Rio de Janeiro, Bahia, Ceará, Pernambuco, Amazonas, Maranhão amounting to R\$ 333,616 (R\$ 380,944 as at 31 December 2022) and the defense is based on precedent cases and/or favorable jurisprudence.

The most important administrative and judicial proceedings refer to non-payment, credit appropriation or incorrect use of tax, non-compliance or errors in accessory obligations, and the undue transfer of credit balances in the calculations alleged to have been made by the Group by the state finance departments or the state tax entity.

Municipal lawsuits

The Group also has municipal proceedings which totaled R\$ 5,160 as at 30 June 2023 (R\$ 4,528 as at 31 December 2022), and are classified as representing possible losses by its external legal counsel. The most significant matter concerns the collection of ISS by the Municipality of Extrema – MG for the periods from 2014 to 2016.

Refundable contingencies

In the Acquisition Agreement between the Company and subsidiary Fisia, there are labor, tax and civil contingencies classified as possible loss, according to the analysis of the Group's legal advisors, which may be refundable in the case of cash disbursements for these claims. Therefore, under the terms of CPC 15 – "Business Combinations", these contingencies must be provisioned for





the purposes of price allocation assumed by the Group as a result of the Fisia operation Acquisition Agreement, totaling the original amount, R\$ 33,660, which will be recorded by the subsidiary until the resolution of this matter. These contingencies are subject to a full indemnity on the balance by Nike Inc., and therefore the indemnifying asset is presented under “other amounts receivable” at an equal amount. As at 30 June 2023, the balance of refundable contingencies was R\$ 36,101 (R\$ 33,823 as at 31 December 2022). Such contingencies were measured to represent the higher amount between the amount for which this liability would be recognized, pursuant to Technical Pronouncement CPC 25 – “Provision, contingent liabilities and contingent assets”, and the amount for which the liability was initially recognized.

12. INVESTMENTS AND NEGATIVE INVESTMENTS IN SUBSIDIARIES

	06/30/2023	12/31/2022
SBF Comércio de Produtos Esportivos S.A.	2,107,499	2,205,672
VBLOG Logística e Transportes Ltda.	16,866	28,122
Network Participações S.A.	62,166	64,450
Premier Dist. de Vest., Calç. Equipos e Acess. Ltda.	(10,053)	(24,213)
Total	2,176,478	2,274,031
Breakdown		
Investments	2,186,531	2,298,244
Negative investments in subsidiaries	(10,053)	(24,213)
Total	2,176,478	2,274,031

Subsidiaries	Interest in the shareholders' equity	Goodwill generated on acquisition	Balance at 06/30/2023
SBF Comércio	2,107,499	-	2,107,499
VBLOG Logística	16,866	-	16,866
Premier	(10,053)	-	(10,053)
Network Participações	7,477	54,689	62,166
Total	2,121,789	54,689	2,176,478

The changes in investments in subsidiaries are as follow:





06/30/2023

Subsidiaries	Interest	Assets	Liabilities	Shareholders' equity	Intercompany income	Investment	Income (loss)	Intercompany income	Equity in net income of subsidiaries
SBF Comércio	100%	5,969,253	3,557,576	2,411,677	(304,178)	2,107,499	32,310	(49,290)	(16,980)
VBLOG	100%	79,243	62,116	17,127	(261)	16,866	(5,437)	(5,819)	(11,256)
Premier	100%	337,931	347,984	(10,053)	-	(10,053)	14,160	-	14,160
Network	100%	16,979	9,502	7,477	-	7,477	(3,919)	-	(3,919)
Total		6,403,406	3,977,178	2,426,228	(304,439)	2,121,789	37,114	(55,109)	(17,995)

Changes	Balance at 01/01/2023	Capital increase	Other comprehensive income	PPA amortization	Equity in net income of subsidiaries	Balance at 06/30/2023
SBF Comércio	2,205,672	-	(81,193)	-	(16,980)	2,107,499
VBLOG	28,122	-	-	-	(11,256)	16,866
Premier	(24,213)	-	-	-	14,160	(10,053)
Network	64,450	2,500	-	(865)	(3,919)	62,166
Total	2,274,031	2,500	(81,193)	(865)	(17,995)	2,176,478

06/30/2022

Subsidiaries	Interest	Assets	Liabilities	Shareholders' equity	Intercompany income	Investment	Income (loss)	Intercompany income	Equity in net income of subsidiaries
SBF Comércio	99.96%	5,519,432	4,431,278	1,088,154	(273,859)	813,990	28,349	(114,545)	(86,164)
VBLOG	99.00%	79,387	56,491	22,896	21	22,688	6,561	9,474	15,875
Store Engenharia	100%	66,872	359,164	(292,292)	-	(292,292)	(9,686)	-	(9,686)
Pine Participações	100%	9	55,439	(55,430)	-	(55,430)	17,109	-	17,109
Fisia	100%	2,479,277	678,541	1,800,736	-	1,800,736	155,663	-	155,663
Network	100%	9,591	3,711	5,880	-	5,580	(9,806)	-	(9,806)
Total		8,154,568	5,584,624	2,569,944	(273,838)	2,295,272	188,190	(105,071)	82,991

Changes	Balance at 01/01/2022	AFRC	Other comprehensive income	Distribution of dividends	Amortization of surplus	Equity in net income of subsidiaries	Balance at 06/30/2022
SBF Comércio	900,154	-	-	-	-	(86,164)	813,990
VBLOG	6,813	-	-	-	-	15,875	22,688
Store Engenharia	(282,606)	-	-	-	-	(9,686)	(292,292)
Pine Participações	(72,539)	-	-	-	-	17,109	(55,430)
Fisia	1,854,009	-	(25,641)	(202,924)	(631)	155,663	1,780,476
Network	65,723	6,200	-	-	161	(9,806)	62,278
Total	2,471,554	6,200	(25,641)	(202,924)	(470)	82,991	2,331,710





13. PROPERTY, PLANT AND EQUIPMENT - CONSOLIDATED

	Annual depreciation rate (%)	Cost	Accumulated depreciation	06/30/2023	12/31/2022
Computers and peripherals	20	217,532	(149,127)	68,405	69,437
Machinery, equipment and tools	10	69,703	(45,038)	24,665	22,716
Furniture and fixtures	10	299,107	(137,710)	161,397	142,182
Vehicles	20	2,727	(2,727)	-	-
Leasehold improvements	14	907,117	(570,202)	336,915	319,274
Constructions in progress	(a)	11,047	-	11,047	18,342
Total		1,507,233	(904,804)	602,429	571,951

In the period from 1 January to 30 June 2023, the changes in property, plant and equipment are presented in the chart below:

	Balance at 01/01/2023	Additions	Write-offs	Transfers between accounts	Balance at 06/30/2023
Computers and peripherals	208,628	2,858	(562)	6,608	217,532
Machinery, equipment and tools	68,839	149	(2,585)	3,300	69,703
Furniture and fixtures	272,661	258	(3,713)	29,901	299,107
Vehicles	2,727	-	-	-	2,727
Leasehold improvements	878,704	383	(17,669)	45,699	907,117
Construction in progress (a)	18,342	78,213	-	(85,508)	11,047
Cost of property, plant and equipment	1,449,901	81,861	(24,529)	-	1,507,233
Computers and peripherals	(139,191)	(10,475)	539	-	(149,127)
Machinery, equipment and tools	(46,123)	(1,431)	2,516	-	(45,038)
Furniture and fixtures	(130,479)	(10,676)	3,445	-	(137,710)
Vehicles	(2,727)	-	-	-	(2,727)
Leasehold improvements	(559,430)	(28,051)	17,279	-	(570,202)
Depreciation	(877,950)	(50,633)	23,779	-	(904,804)
Total property, plant and equipment (net)	571,951	31,228	(750)	-	602,429

- (a) The balance of f construction in progress refers to projects for new stores and stores that are being refurbished, in addition to the new Fisia DC located in Extrema, inaugurated in 2023. Balances are transferred to the respective accounts as construction work is completed and the stores open.

For the period from 1 January to 30 June 2022, the changes in property, plant and equipment are presented in the chart below:

	Balance at 01/01/2022	Additions	Write-offs	Transfers between accounts	Acquisition of FitDance	Balance at 06/30/2022
Computers and peripherals	171,522	4,704	(339)	4,360	50	180,297
Machinery, equipment and tools	66,164	937	(645)	27	65	66,548
Furniture and fixtures	230,765	924	(2,458)	9,799	3	239,033
Vehicles	2,727	-	-	-	-	2,727
Leasehold improvements	747,591	1,161	(5,181)	29,696	-	773,267
Construction in progress (a)	13,362	64,587	-	(43,882)	-	34,067
Cost of property, plant and equipment	1,232,131	72,313	(8,623)	-	118	1,295,939
Computers and peripherals	(117,121)	(8,444)	266	-	-	(125,299)
Machinery, equipment and tools	(48,568)	(1,978)	542	-	-	(50,004)
Furniture and fixtures	(115,962)	(9,078)	1,940	-	-	(123,100)
Vehicles	(2,704)	(12)	-	-	-	(2,716)
Leasehold improvements	(517,664)	(19,472)	2,250	-	-	(534,886)
Depreciation	(802,019)	(38,984)	4,998	-	-	(836,005)
Total property, plant and equipment (net)	430,112	33,329	(3,625)	-	118	459,934





14. INTANGIBLE ASSETS – CONSOLIDATED

	Annual rate of amortization (%)	Cost	Accumulated amortization	06/30/2023	12/31/2022
Goodwill	Pursuant to agreement	18,254	(11,810)	6,444	7,301
Software	20	509,670	(268,083)	241,587	274,526
Brands, rights and patents	10	7,277	(43)	7,234	7,382
Software in progress	-	63,903	-	63,903	472
Distribution agreement	10	164,821	(42,579)	122,242	130,483
Client portfolio	10	4,024	(1,090)	2,934	3,262
Technology	10	11,618	(2,711)	8,907	9,488
Goodwill due to expected future profitability		53,541	-	53,541	54,539
Total		833,108	(326,316)	506,792	487,453

Breakdown of goodwill

Goodwill identified in acquisitions is allocated to Cash Generating Units (CGUs); A summary of the allocation of goodwill by CGU level is presented below:

NWB	46,850
FitDance	6,691
Total	53,541

In the period from 1 January to 30 June 2023, the changes in intangible assets are presented in the chart below:

	Balance at 01/01/2023	Additions	Write-offs	Balance at 06/30/2023
Goodwill	18,502	-	(248)	18,254
Software	504,701	4,971	(2)	509,670
Brands, rights and patents	7,425	-	(148)	7,277
Software in progress (a)	472	63,431	-	63,903
Distribution agreement	164,821	-	-	164,821
Client portfolio	4,024	-	-	4,024
Technology	11,618	-	-	11,618
Goodwill due to expected future profitability	54,539	-	(998)	53,541
Cost of intangible assets	766,102	68,402	(1,396)	833,108
Goodwill	(11,201)	(857)	248	(11,810)
Software	(230,175)	(37,909)	1	(268,083)
Brands, rights and patents	(43)	-	-	(43)
Distribution agreement	(34,338)	(8,241)	-	(42,579)
Client portfolio	(762)	(328)	-	(1,090)
Technology	(2,130)	(581)	-	(2,711)
Amortization	(278,649)	(47,916)	249	(326,316)
Total net intangible assets	487,453	20,486	(1,147)	506,792

- (a) The additions refer mainly to the automation developed in the ERP of SBF Comércio and Fisia (migrated in 2022), in addition to the development of the new platform also migrated and to the systems of the new DC of Fisia subsidiary.

In the period from 1 January to 30 June 2022, the changes in intangible assets are presented in the chart below:





	Balance at 01/01/2022	Additions	Write- offs	Transfers	Acquisitio n of FitDance	Balance at 06/30/2022
Goodwill	16,058	-	(1,952)	-	-	14,106
Software	365,098	942	-	1,948	-	367,988
Brands, rights and patents	5,930	-	(355)	-	-	5,575
Software in progress	2,377	57,354	-	(1,948)	-	57,783
Distribution agreement	164,821	-	-	-	-	164,821
Client portfolio	2,008	-	-	-	-	2,008
Technology	11,618	-	-	-	-	11,618
Goodwill due to expected future profitability	40,115	-	-	-	10,098	50,213
Cost of intangible assets	608,025	58,296	(2,307)	-	10,098	674,112
Goodwill	(11,984)	(573)	1,951	-	-	(10,606)
Software	(171,983)	(8,520)	(19,618)	-	-	(200,121)
Brands, rights and patents	(187)	(395)	-	-	-	(582)
Distribution agreement	(17,856)	(8,241)	-	-	-	(26,097)
Client portfolio	(33)	(335)	-	-	-	(368)
Technology	(2,152)	888	-	-	-	(1,264)
Amortization	(204,195)	(17,176)	(17,667)	-	-	(239,038)
Total net intangible assets	403,830	41,120	(19,974)	-	10,098	435,074

Management concluded that it has no evidence that its assets are non-recoverable, given its operating and financial performance, and concluded that, as at 30 June 2023 and 31 December 2022, there were no material indicators of loss on the recovery of its assets.

15. LEASE OPERATIONS - CONSOLIDATED

The Group has lease agreements for its administrative headquarters, distribution centers and stores, with average terms ranging between 5 and 25 years, which may have renewal options.

Number of contracts:

Distribution centers	9
Administrative buildings	4
Vehicles	54
Stores	246
Total	313

The interest rates used to calculate the amounts of the lease assets and liabilities are shown below:

Interval (years)	Monthly rate
01-03	0.61%
03-06	0.67%
06-10	0.74%

a. Right-of-use assets

In the period from 1 January to 30 June 2023, the changes in right-of-use were presented in the chart below:

Assets - Right-of-use	Real estate	Vehicles	Total
Balance at 1 January 2023	1,403,060	25,112	1,428,172
(+) New contracts and remeasurements (a)	170,744	-	170,744
(-) Depreciation	(111,574)	(2,059)	(113,633)
(-) Write-offs of contracts	(58,782)	-	(58,782)
Balance at 30 June 2023	1,403,448	23,053	1,426,501





(a) The additions of new contracts refer mainly to the opening of new Fisia stores and the opening of the new distribution center located in Extrema during the year 2023.

In the period from 1 January to 30 June 2022, the changes in right-of-use asset are presented in the chart below:

Assets - Right-of-use	Real estate	Vehicles	Total
Balance at 1 January 2022	1,298,644	29,198	1,327,842
(+) New contracts and remeasurements	159,179	-	159,179
(-) Depreciation	(94,739)	(1,471)	(96,210)
(-) Write-offs of contracts	-	(862)	(862)
Balance at 30 June 2022	1,363,084	26,865	1,389,949

b. Lease liabilities

In the period from 1 January to 30 June 2023, the changes in lease liabilities are presented in the chart below:

Liabilities - lease payable	Real estate	Vehicles	Total
Balance at 1 January 2023	1,609,490	26,752	1,636,242
(+) New contracts and remeasurements	170,744	-	170,744
Allocation of interest incurred	66,966	116	67,082
(-) Payments of lease liabilities	(158,433)	(3,000)	(161,433)
(-) Discounts obtained	(272)	-	(272)
(-) Write-offs of contracts	(66,220)	-	(66,220)
Balance at 30 June 2023	1,622,275	23,868	1,646,143
Current	191,105	7,291	198,396
Non-current	1,431,170	16,577	1,447,747

In the period from 1 January to 30 June 2022, the changes in lease liabilities are presented in the chart below:

Liabilities - lease payable	Real estate	Vehicles	Total
Balance at 1 January 2022	1,460,222	30,439	1,490,661
(+) New contracts and remeasurements	159,179	-	159,179
(+) Allocation of interest incurred	64,239	1,047	65,286
(-) Payments of lease liabilities	(138,352)	(1,332)	(139,684)
(-) Discounts obtained	(6,036)	-	(6,036)
(-) Write-offs of contracts	-	(863)	(863)
Balance at 30 June 2022	1,539,252	29,291	1,568,543
Current	184,789	3,553	188,342
Non-current	1,354,463	25,738	1,380,201

Maturity schedule of lease liabilities

As at 30 June 2023, the Group had the following minimum payment schedule of non-cancellable operating leases:

Years:	Real estate	Vehicles	Total
Up to 01 year	191,105	7,291	198,396
01-05 years	750,891	16,577	767,468
>05 years	680,279	-	680,279
Total	1,622,275	23,868	1,646,143

As at 31 December 2022, the Group had the following minimum payment schedule for non-cancellable operating leases:



Years:	Real estate	Vehicles	Total
Up to 01 year	273,477	4,595	278,072
01–05 years	863,721	22,157	885,878
>05 years	472,292	-	472,292
Total	1,609,490	26,752	1,636,242

Variable lease payments

In the period ended 30 June 2023, the Group recognized the amount R\$ 59,599 (R\$40,632 as at 30 June 2022) referring to expenses related to the payment of variable rents, according to note 27.

c. Other considerations

In compliance with official letter CVM / SNC / SEP 02/2019, the comparative balances of the lease liabilities, right of use, financial expenses and depreciation expenses for the year ended 30 June 2023 are presented considering the estimated flows of future payments, adjusted for inflation.

	2023	2024	2025	2026	>2026
Accounting - IFRS 16/CPC 02 (r2)	198,396	199,785	192,785	193,872	861,305
Flow with inflation projection	208,217	207,617	199,725	200,658	891,451
Change	4.95%	3.92%	3.60%	3.50%	3.50%
Accounting - IFRS 16/CPC 02 (r2)	1,426,471	1,154,250	1,040,359	767,205	631,600
Flow with inflation projection	1,497,081	1,199,497	1,077,812	794,057	653,706
Change	4.95%	3.92%	3.60%	3.50%	3.50%
Accounting - IFRS 16/CPC 02 (r2)	127,707	110,632	93,735	76,993	203,885
Flow with inflation projection	134,028	114,969	97,109	79,688	211,021
Change	4.95%	3.92%	3.60%	3.50%	3.50%
Accounting - IFRS 16/CPC 02 (r2)	221,195	205,786	186,447	174,534	638,509
Flow with inflation projection	232,144	213,853	193,159	180,643	660,857
Change	4.95%	3.92%	3.60%	3.50%	3.50%

16. ACCOUNTS PAYABLE AND REVERSE FACTORING OPERATIONS - CONSOLIDATED

Refers to suppliers related to resale products, consumption materials and other materials and services.

	06/30/2023	12/31/2022
Accounts payable of goods for resale	938,157	1,186,330
Accounts payable of consumption materials	109,504	237,046
Subtotal	1,047,661	1,423,376
"Reverse factoring" Operations (a)	56,774	138,171
Total	1,104,435	1,561,547

(a) The Group offers its suppliers the option of receipt through a reverse finance operation with a financial institution. For the purpose of facilitating administrative procedures for its suppliers to advance receivables related to routine purchases by Group companies. Under this transaction structure, the financial institution pays suppliers in advance in exchange for a discount and, when contracted between the financial institution



and the supplier (the decision to enter into this transaction rests solely and exclusively with the supplier), the Group pays the financial institution the full nominal value of the originating trade note on the maturity date. Therefore, this operation does not significantly change the amount, nature and timing of the liability (including previously agreed terms, prices and conditions) and the Group is not affected by the financial charges imposed by the financial institution when carrying out a careful analysis of suppliers by category. There are no guarantees provided by the Group.

17. LOANS, FINANCING AND DEBENTURES - CONSOLIDATED

	06/30/2023	12/31/2022
Current liabilities		
Working capital	77,396	77,232
Financing of assets	7,196	8,850
Loans and financing	84,592	86,082
Debentures	451,401	191,836
Non-current liabilities		
Working capital	753	77,809
Financing of assets	1,477	4,188
Loans and financing	2,230	81,997
Debentures	839,430	773,647
Total loans and financing	86,822	168,079
Total debentures	1,290,831	965,483
Total loans, financing and debentures	1,377,653	1,133,562

Equity changes in 2023 financial liabilities are as follows:

	01/01/2023	Additions	Payment of principal	Interest payment	Provision for interest	Amortization of funding cost	06/30/2023
Working capital	155,041	-	(77,324)	(13,323)	13,182	573	78,149
Financing of assets	13,038	-	(4,368)	(1,354)	1,310	47	8,673
Loans and financing	168,079	-	(81,692)	(14,677)	14,492	620	86,822
Debentures	965,483	487,955	(176,666)	(74,961)	86,700	2,320	1,290,831
Total loans and financing and debentures	1,133,562	487,955	(258,358)	(89,638)	101,192	2,940	1,377,653

As at 15 March 2023, in order to strengthen its cash position and finance the growth strategy, the Group, by means of its subsidiary Fisia, contracted with a financial institution for the distribution of the fourth issue of simple, non-convertible, unsecured debentures, with a personal guarantee from the Parent Company, in a single series for public distribution with restricted placement efforts totaling R\$ 320 million. The agreement will start in March 2024.

As at 05 May 2023, with the same purpose and characteristic, the Group, through its subsidiary Fisia, contracted the distribution of the 2nd issue of simple debentures, in the total amount of R\$ 100 million, with a financial institution. The contract will be effective as of May 2026.

As at 25 May 2023, with the same purpose and characteristic, the Group, through its subsidiary Fisia, contracted the distribution of the 3rd issue of simple debentures, in the total amount of R\$ 74 million, with a financial institution. The contract will be effective as of June 2026. The difference of R\$ 6,045 refers to the funding fee.





Equity changes in 2022 financial liabilities are as follows:

	01/01/2022	Additions	Payment of principal	Interest payment	Provision for interest	Amortization of funding cost	Acquisition of FitDance	06/30/2022
Working capital	276,185	-	(121,163)	(20,063)	19,184	1,042	400	155,585
Financing of assets	18,808	2,536	(3,973)	(1,124)	1,118	-	-	17,365
Loans and financing	294,993	2,536	(125,136)	(21,187)	20,302	1,042	400	172,950
Debentures	528,785	496,132	(76,667)	(35,220)	47,646	1,391	-	962,067
Total loans, financing and debentures	823,778	498,668	(201,803)	(56,407)	67,948	2,433	400	1,135,017

The terms and conditions of outstanding loans are as follows:

	Currency	% (weighted average)	2023			2022		
			Original value	Current book value	Book value - non-current	Original value	Current book value	Book value - non-current
Working capital	R\$	100% CDI + 3.8% p.a.	235,119	77,396	753	236,619	77,232	77,809
Financing of assets	R\$	100% CDI + 6.7% p.a.	24,565	7,196	1,477	28,043	8,850	4,188
Loans and financing			259,684	84,592	2,230	264,662	86,082	81,997
Debentures	R\$	100% CDI + 2.1% p.a.	1,350,000	451,401	839,430	1,030,000	191,836	773,647
Total loans and financing and debentures			1,609,684	535,993	841,660	1,294,662	277,918	855,644





As at 30 June 2023, 61.1% of the Group's debt was long term (75.48% as at 31 December 2022). The average annual cost of bank debt was at 15.16% as at 30 June 2023 (14.87% as at 31 December 2022).

Summary of loans, financing and debentures by maturity:

	01 year	02 years	03 years	>03 years	Total
Working capital	77,396	753	-	-	78,149
Financing of assets	7,196	1,477	-	-	8,673
Debentures	451,401	426,239	246,787	166,404	1,290,831
Total loans, financing and debentures	535,993	428,469	246,787	166,404	1,377,653

18. TAX LIABILITIES – CONSOLIDATED

	06/30/2023	12/31/2022
PIS	121	45
COFINS	599	247
ICMS	202,959	175,842
ISS	3,316	2,809
IRRF	6,724	11,485
Other	-	2,256
Total	213,719	192,684

19. TAXES IN INSTALLMENTS - CONSOLIDATED

	06/30/2023	12/31/2022
Scheduling of federal taxes	17,394	16,855
Scheduling of federal taxes	89,089	95,534
Total taxes in installments	106,483	112,389
Current liabilities	41,174	47,030
Non-current liabilities	65,309	65,359

The changes in taxes in installments for the period ended 30 June 2023 and 2022 are shown in the following table:

	2023	2022
Balance on 1 January	112,389	151,746
Adherence to tax installment payment program	6,057	1,128
Interest on payments of taxes in installments	4,915	144
Installments paid	(16,878)	(24,334)
Balance on 30 June	106,483	128,684

Detailed information about these payments in installments is presented below, as well as the maturities of installments classified within non-current liabilities:





State	Current	Non-current	Grand total	2023	2024	2025	2026	>2027
RJ	4,546	3,421	7,967	3,593	1,903	1,860	611	-
MG / SP / Other	3,309	6,119	9,428	1,662	2,875	1,795	1,606	1,490
Total State	7,855	9,540	17,395	5,255	4,778	3,655	2,217	1,490
Ordinary installment payments	600	119	721	588	23	23	23	64
REFIS Law 11941	21,285	54,790	76,074	10,641	21,285	21,285	21,285	1,578
Other	11,434	860	12,293	5,716	6,478	19	19	61
Total Federal	33,319	55,769	89,088	16,945	27,786	21,327	21,327	1,703
Total Installments	41,174	65,309	106,483	22,200	32,564	24,982	23,544	3,193

20. LABOR AND SOCIAL SECURITY OBLIGATIONS – CONSOLIDATED

	06/30/2023	12/31/2022
Provision for vacation and 13 th month's salary	81,995	66,405
Provision for profit sharing	27,577	71,563
Salaries payable	21,171	25,259
Payroll and related charges payable	1,997	1,615
Social security charges	162	348
Labor obligations	132,902	165,190
INSS payable	17,316	18,848
FGTS payable	2,985	5,745
Withholding INSS payable	3,539	2,068
Social security obligations	23,840	26,661
Total labor and social security obligations	156,742	191,851

21. RELATED PARTY TRANSACTIONS

Parent company

Other credits and other accounts payable refer to current account among subsidiaries, without maturity and inflation adjustment, as follows:

The parent company's figures are presented in Note 5, accounts receivable.

Current assets - Other accounts receivable	12/31/2022	Payment	06/30/2023
Fisia	30,485	(15,600)	14,885
Total	30,485	(15,600)	14,885

Purchases and sales of goods and freight - The subsidiaries SBF Comércio, Premier and Fisia enter into purchase and sale operations to optimize the distribution of goods from the distribution center to stores throughout Brazil. The subsidiary VBLOG is responsible for the transportation of these goods, and also carries out commercial transactions related to the provision of freight services between these Group companies. This transaction is supported by an agreement signed between SBF and VBLOG and Fisia and VBLOG, with an indefinite term and based on specific conditions agreed upon between the parties. In addition to the freight operation, there is also the operation to collect and internalize goods in the General Distribution Center of SBF Comercio, and, to create an efficient collaboration, a long-lasting agreement has been established between SBF and Fisia for the continuous provision of these services.

Rents - The subsidiary SBF Comércio subleases the warehouse located in Extrema-MG to the subsidiary VBLOG. The lease term is until 2033, and the transaction value is determined at the market value, based on the area used (in square meters).





Administrative expenses allocation - The subsidiary SBF Comércio has an expense sharing agreement between the subsidiaries Premier, VBLOG, Lione, Fisia and Grupo SBF. The contract provisions are reviewed annually. The allocations are based on the expenses actually incurred related to corporate labor, based on criteria which remain consistent over the years.

Audiovisual services - The subsidiaries Network, NeoTV and FitDance have a service agreement with the companies SBF Comércio and Fisia for the development of activities in the area of social communication and the use of digital dance teaching platforms.

The amounts related to the aforementioned transactions are shown in the table below:

Transactions between related parties

	Accounts receivable		Accounts payable	
	06/30/2023	12/31/2022	06/30/2023	12/31/2022
Grupo SBF	14,885	30,485	(330)	(1,351)
SBF Comércio	364,434	1,721,460	(308,672)	(1,799,607)
Premier	173,895	1,548,635	(312,277)	(1,663,394)
Fisia	126,754	219,352	(66,813)	(68,945)
VBLOG	11,079	38,565	(6,494)	(26,065)
Lione	183	-	-	-
NETWORK	1,044	294	-	-
Neotv	2,303	303	-	-
FitDance	9	268	-	-
Total	694,586	3,559,362	(694,586)	(3,559,362)

- (a) The main transactions among related parties refer to purchases and sales between the subsidiaries SBF, Premier and Fisia, aiming to optimize the distribution of goods from the distribution center to stores throughout Brazil.

	Purchasing		Sales	
	06/30/2023	06/30/2022	06/30/2023	06/30/2022
SBF Comércio	(1,263,012)	(1,386,657)	1,093,003	1,200,970
Premier	(1,093,003)	(1,200,970)	1,097,796	1,220,161
Fisia	(12,883)	(15,484)	178,099	181,980
Total	(2,368,898)	(2,603,111)	2,368,898	2,603,111

	Freight and Carriage		Rentals	
	06/30/2023	06/30/2022	06/30/2023	06/30/2022
SBF Comércio	(32,758)	(26,630)	20	59
VBLOG	26,684	32,751	1,575	(47)
Store	-	-	-	(12)
Fisia	6,074	(6,121)	(1,595)	-
Total	-	-	-	-

	Audiovisual services		Administrative expenses allocation	
	06/30/2023	06/30/2022	06/30/2023	06/30/2022
Grupo SBF	-	-	-	(791)
SBF Comércio	(2,308)	(1,889)	88,175	27,303
Premier	-	-	(8,579)	(626)
VBLOG	-	-	(20,244)	(11,361)
Lione	-	-	-	(114)
Pine	-	-	-	(9)
Store	-	-	-	(98)
Fisia	(1,115)	(804)	(59,352)	(14,304)
NETWORK	1,497	1,889	-	-
Neotv	1,115	804	-	-
Accelerated	(4)	-	-	-
FitDance	815	-	-	-
Total	-	-	-	-





Rent - The Company VBF Empreendimentos Ltda. belongs to the shareholder of Companhia Sebastião Vicente Bomfim Filho. Main rented properties are the warehouse used as Distribution Center in Extrema, MG, effective from 17 March 2008 to 16 March 2033, and real estate property located at Rua Hugo D'Antola and used as Administrative Center in São Paulo, SP, effective from 2 June 2005 to 1 June 2025. Both contracts have a clause of automatic renewal for another 20 years. Expenses deriving from rent payments during the period are highlighted below.

These lease transactions have monthly maturity on the fifth business day. Delayed payments are subject to the levying of a fine plus interest of 1% per month and adjusted for inflation based on the IGPM.

Payment of rents during the period	06/30/2023	06/30/2022
VBLOG	20	19
Premier	33	29
SBF Comércio	11,634	11,031
Total	11,687	11,079

Remuneration of key management personnel

Administrators are remunerated with salaries, monthly remuneration, and bonuses which are accounted for in the line item "administrative and general expenses" in the statements of income.

	06/30/2023		06/30/2022	
	Board of Directors	Executive Management	Board of Directors	Executive Management
Salary and Directors' fee	4,898	3,837	4,642	5,138
Profit sharing	-	3,652	-	4,220
Total	4,898	7,489	4,642	9,358

Loan receivable

As at 13 April 2022, the Group entered into the "private instrument of non-convertible loan agreement and other covenants" amounting to R\$ 10 million on behalf of Onefan, whose payment matures after 1 January 2025, and is guaranteed by the fulfillment of the obligations assumed under the agreement. The loan between the companies is remunerated at an annual rate corresponding to 110% of the CDI rate.

22. OTHER ACCOUNTS PAYABLE

	Parent company		Consolidated	
	06/30/2023	12/31/2022	06/30/2023	12/31/2022
Marketing and communications provision	-	-	22.004	32,082
Freight/storage	-	-	75.332	51,492
Provision for employee benefits	-	-	1.559	10,112
General provision	446	39	34.040	29,478
Utilities and services	-	-	20.599	9,030
Obligations with investments (a)	124,864	139,571	124,864	139,571
Other	-	20,289	9.001	8,550
Total	125,310	159,899	287,399	280,315
Current	446	4,077	162,535	140,744
Non-current	124,864	155,822	124,864	139,571





- (a) Obligations related to acquisitions of subsidiaries refer to accounts payable related to the acquisition of the subsidiary Fisia carried out in 2020, amounting to R\$ 124,864 as at 30 June 2023 (R\$ 139,571 as at 31 December 2022) and Grupo NWB amounting to R\$ 16,296 (R\$ 16,128 as at December 31, 2022), which will be settled in accordance with the provision of the purchase agreements signed between the parties, with details as follow:

Fisia acquisition - Contingent consideration

The Group agreed to pay the seller a contingent consideration through the offsetting of taxes already recorded in the accounts by the acquiree before the acquisition, during the exploration period of the distribution agreement. The reduction in the balance refers to payments made to the seller through the offsetting of these taxes.

Acquisition of NWB

Accounts payable related to the deferred debt with NWB that can be paid in cash or shares within five years of the acquisition date. Additionally, there are accounts payable deposited as collateral to ensure the possible indemnity obligations of the sellers.

23. CAPITAL AND RESERVES

a. Capital

The Company's capital as at 30 June 2023 was R\$ 1,830,524, divided into 243,596,138 nominative and common shares with no par value, while as at 31 December 2022 the capital was R\$ 1,830,524 divided into 243,596,138 common shares with no par value.

The Group's shareholding control as at 30 June 2023 was distributed as follows:

Shareholder	2023	
	Quantity	%
Pacipar Participações Ltda.	95,930,259	39.38%
Nefe Investments, LLC	48,456,001	19.89%
GPCP I - Fundo de Inv. Part	1,185,014	0.49%
Other	98,024,864	40.24%
Total	243,596,138	100.00%

b. Earnings per share – Consolidated

The basic and diluted earnings per share for the period ended 30 June 2023 and 2022 are as follows:

Basic/diluted currency – Parent Company	2023	2022
Net income (loss) for the period	(31,874)	49,732
Weighted average number of common shares	243,596	242,998
Earnings per share - Reais	(0.13)	0.20
Net income (loss) for the period	(31,874)	49,732
Weighted average number of common shares	243,596	242,998
Options exercised and not paid	-	408
Increase in the number of common shares as a results of stock option plan	9,094	9,094
Diluted earnings per share - R\$	(0.13)	0.20





c. Legal reserve

The legal reserve is set up annually through the allocation of 5% of net income for the year, and may not exceed 20% of the Company's capital. The purpose of the legal reserve is to guarantee that the capital is paid up, and it may be used solely to offset losses and increase capital.

d. Tax incentive reserve

The Group established distribution centers in the States of Paraíba and Minas Gerais, where it has been granted local tax incentives that reduce the amount of sales taxes, effectively increasing the amount of net revenue recognized.

The incentives also determine that the Company is not allowed to claim credits for taxes paid on purchases of products subsequently sold outside those States, so these amounts become non-recoverable taxes, thus increasing costs of sales. Note 25 to this financial information shows the impact of these incentives on the net revenue.

These incentives have been accounted for in a reduction account in the caption taxes levied on the sale of goods - ICMS and in the period ended 30 June 2023 they amounted to R\$ 130,253 (R\$ 72,284 in the period ended 30 June 2022). State VAT - ICMS non-recoverable taxes, recorded under cost of sales and services rendered, amounted to R\$ 54 in the period ended 30 June 2023 (R\$ 1,194 in the period ended 30 June 2022).

e. Statutory reserve

The statutory reserve is recorded after the formation of the legal reserve and the tax incentive reserve, and after the distribution of the dividends proposed by the Board of Directors. The statutory reserve is intended to reinforce the working capital of the Company and its subsidiaries. As at 30 June 2023, no reserve was recorded (R\$ 99,255 in the year ended 31 December 2022).

24. SHARE-BASED PAYMENT - CONSOLIDATED

Below are the statements of the amounts granted in the Plans, organized per year and updated for the period ended 30 June 2023, as well as a breakdown of the assumptions of each grant made in these plans.

Program	Opening balance at 01/01/2023	Canceled	Closing balance at 06/30/2023
2016 - First program	356,842	-	356,842
2016 - Second program	1,542,684	96,717	1,445,967
2019 - First program	3,655,519	593,282	3,062,237
2019 - First program - Grant in March 2020	42,700	-	42,700
2020 - Second program	330,281	-	330,281
2020 - First program	2,550,000	370,000	2,180,000
2022 - First program	48,000	-	48,000
2022 - Second program - Grant in March 2022	300,000	-	300,000
2022 - Second Program - granted in August 2022	200,000	-	200,000
Total	9,026,026	1,059,999	7,966,027





Basic assumptions of the plan:	2016 1 st program	2016 2 nd program	2019 1 st program	2019 1 st program March 2020	2019 2 nd program	2020 1 st program	2020 2 nd program	2022 1 st program	2022 2 nd program March 2022	2022 2 nd program August 2022
Pricing model	Black and Scholes	Binomial	Binomial	Binomial	Binomial	Binomial	Binomial	Binomial	Binomial	Binomial
Dividend Yield	5.00%	1.31%	1.31%	1.31%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Expected average annual volatility	23.63	34.96	34.96%	67.92%	76.00%	61.72%	47.08%	50.20%	63.72%	60.56%
Risk-free interest rate	11.37	5,96	5.96%	6.25%	6.00%	9.69%	6.00%	12.35%	11.45%	11.37
Strike price	4,00	14.80 restated at IGP-M	14.80 restated at IGP-M	15.44 restated at IGP-M	14.80 restated at IGP-M	25.50 restated at IPCA	26.25	21.39 restated at IPCA	22.28	21.58
Share price not considered	4,81	20.97	20.97	22.35	27.43	29.63	26.36	23.28	21.90	23.27
Expected term for the year	5.17 years	5.33 years	5.48 years	8 years	8 years	4.57 years	5 years	1.5 years	5.08 years	4.62 years
IGP-M	NA	4,00	4,00	3,50	3,70	NA	NA	NA	NA	NA
Option price on grant date per share	2.05	11.33	10.55	14.49	14.18	11.61	11.61	29.2	21.90	21.39





25. NET REVENUES – CONSOLIDATED

	06/30/2023	06/30/2022
Gross operating revenue		
Sale of goods	3,915,238	3,486,280
Provision of services	68,037	55,668
Taxes levied		
Sale of goods	(913,526)	(742,402)
ICMS - Tax incentive (a)	130,253	72,284
Provision of services	(9,577)	(6,574)
Returns		
Sale of goods	(125,158)	(57,486)
Service rebates	-	(136)
Net revenue from sales	3,065,267	2,807,634

(a) See Note 23.d on the Company's tax incentives.

Sales channels

The gross revenue from goods in the retail trade (bricks-and-mortar stores), wholesale (distribution of Nike products) and e-commerce is presented below:

	06/30/2023	06/30/2022
Retail market (bricks-and-mortar stores)	1,885,719	1,519,062
Wholesale	703,772	775,453
E-Commerce	1,325,747	1,191,765
Gross revenue	3,915,238	3,486,280

26. COST OF SALES AND SERVICES RENDERED – CONSOLIDATED

	06/30/2023	06/30/2022
Cost of resale of goods	(1,545,379)	(1,496,307)
Cost of services rendered	(12,386)	(19,188)
Costs of audiovisual production services	(13,164)	-
Total	(1,570,929)	(1,515,495)

27. EXPENSES BY NATURE

	Consolidated	
	06/30/2023	06/30/2022
Sales expenses		
Personnel	(296,281)	(282,925)
Depreciation and amortization	(49,420)	(40,378)
Amortization of right-of-use	(88,864)	(80,432)
Third party services	(183,221)	(125,626)
Publicity and Advertising (a)	(253,746)	(162,553)
Utilities and services	(97,004)	(93,152)
Card commission	(47,787)	(29,840)
Occupation	(56,954)	(34,437)
(-) Lease discounts	272	8,542
Litigation	1,109	3,313
Other expenses	(33,628)	(47,738)
Total selling expenses	(1,105,524)	(885,226)

(a) During the semester, advertising and publicity expenses increased mainly due to royalties and marketing fees paid to Nike Inc.



Administrative expenses	06/30/2023	06/30/2022
Personnel	(98,579)	(107,558)
Depreciation and amortization	(49,653)	(37,049)
Amortization of right-of-use	(10,086)	(12,006)
Third party services	(30,855)	(40,625)
Advertising	(5,243)	(3,644)
Utilities and services	(43,784)	(18,931)
Card commission	-	(243)
Occupation	(2,917)	817
(-) Lease discounts	-	1,657
Litigation	1,490	(418)
Other expenses	(5,701)	(9,300)
Total administrative expenses	(245,328)	(227,300)

28. FINANCIAL INCOME (LOSS) - CONSOLIDATED

Financial revenues	06/30/2023	06/30/2022
Foreign-exchange income	83,548	105,453
Interest and fines received	1,830	689
Inflation adjustment of taxes	21,165	24,551
Revenues from financial investments	7,452	22,531
Inflation adjustment of judicial deposits	15,914	5,541
Discounts obtained	48	15
Total financial revenues	129,957	158,780
Foreign exchange costs	(84,864)	(102,898)
Interest on leases	(67,217)	(61,264)
Interest on tax payments in installments	(4,915)	(144)
Interest on loans, financing	(14,492)	(20,672)
Interest on debentures	(86,665)	(47,646)
Interest on late payments of taxes	(286)	(333)
Bank tariffs and rates	(5,300)	(3,993)
Interest on payments in arrears	(2,437)	(1,244)
Taxes on financial operations	(974)	(832)
Interest on sales of receivables	(9,721)	-
Other financial expenses	(6,602)	(3,049)
Interest on litigation	(18,102)	(16,097)
Total finance costs	(301,575)	(258,172)
Net financial expenses recognized in the income (loss)	(171,618)	(99,392)

29. INSURANCE COVERAGE

Grupo SBF and its subsidiaries have insurance policies contracted with the main insurance companies in the country, established based on expert guidance considering the nature and amount of the risks involved. As at 30 June 2023, the Grupo SBF and its subsidiaries had civil liability and property insurance coverage (basic coverage: fire, lightning, explosions and other coverage of the property insurance policy), as well as for inventory, as shown below:

Type of risk	Object	Amount of coverage
Vehicles	Vehicle Fleet	R\$ 500
Transport	National transportation	R\$ 13,400,000
Transport	International transportation	US\$ 300,000
Civil liability	Commercial establishments and employer's liability	R\$ 50,000
Civil liability	Directors & Officers	R\$ 100,000
Corporate Insurance	Equipment and loss of profits	R\$ 660,000



30. SUBSEQUENT EVENTS

On July 24, 2023, in order to strengthen cash and finance the growth strategy, the Group, through its subsidiary Fisia, contracted with Banco Votorantim S.A. the distribution of the 3rd issue of simple debentures, not convertible into shares, of the unsecured type, with fiduciary guarantee of the Parent Company, in a single series, for public distribution with restricted placement efforts, in the total amount of R\$ 100 million with a maturity date of July 24, 2026.

* * *

Pedro Zemel
CEO

José Luís Salazar
CFO

Patrícia Vieira
CRC 1SP232718/O-2





SUMMARIZED REPORT OF AUDIT COMMITTEE'S ACTIVITIES FOR THE FISCAL PERIOD ENDED JUNE 30, 2023

1. HISTORY AND COMPOSITION

The Audit Committee of Grupo SBF S.A. (the "Company") was created and established at a meeting of the Board of Directors held on 15 February 2019 (the "Committee").

The Committee is governed by its Internal Regulations, approved at a meeting of the Board of Directors held on 15 February 2019, and amended on 3 March 2021, which governs its operations, in accordance with the provision contained in the Company's Bylaws, in the Novo Mercado Regulations of B3 S.A. – Brasil, Bolsa, Balcão (the "Novo Mercado Regulations") and in the legislation in force ("Internal Regulations").

The Committee is an advisory body linked to the Board of Directors, to whom it reports, acting independently from the Executive Board, and which, among its other duties, must evaluate the quarterly information, interim financial statements and financial statements.

The Committee is composed of three members, including at least: (i) one independent board member of the Company, under the terms of the Novo Mercado Regulations; and (ii) one member with recognized experience in corporate accounting matters, under the terms of the regulations in force.

2. COMMITTEE'S ACTIVITIES IN THE PERIOD

Under the terms of Internal Regulations, the Audit Committee will meet whenever necessary and no less than four times a year.

In the period ended 30 June 2023, the Audit Committee held a meeting to approve the quarterly results, which were attended by its members, to monitor the evolution of the business during the fiscal year.

3. AUDIT COMMITTEE OPINION

The Audit Committee, in the period of its duties, recommends the approval by the Board of Directors of quarterly information for the period ended as at 30 June 2023.

São Paulo, 3 August 2023

Members

Luiz Alberto Quinta

Luiz Carlos Nannini

Pedro Wagner Pereira Coelho





STATEMENT OF EXECUTIVE BOARD ON INTERIM QUARTERLY INFORMATION

Chief Executive Officer, Chief Financial Officer and Chief IR Officer

In accordance with item VI of article 25 of CVM Instruction 480, of 7 December 2009 (amended by CVM Instruction 586, dated 8 June 2017) the Executive Board declares that reviewed, discussed and agreed with Group's Quarterly Information for the period ended 30 June 2023 and authorizes the conclusion.

OPINIONS AND STATEMENTS / STATEMENT OF THE EXECUTIVE OFFICERS ON THE INDEPENDENT AUDITOR'S REPORT

In accordance with item VI of article 25 of CVM Instruction 480, of 7 December 2009 (amended by CVM Instruction 586, dated 8 June 2017) the Executive Board declares that reviewed and discussed about the content and opinions expressed in independent auditors' report on Group's Individual and Consolidated Quarterly Information for the period ended 30 June 2023, issued on such date.

STATEMENT OF THE EXECUTIVE BOARD ON THE INDEPENDENT AUDITORS' REPORT

Chief Executive Officer, Chief Financial Officer and Chief IR Officer.

The Executive Board declares that it agrees with the content and opinion expressed in the independent auditor's report on the Group's individual and consolidated financial statements.

São Paulo, 4 August 2023

Pedro de Souza Zemel - Chief Executive Officer

José Luís Magalhães Salazar - Financial Investor Relation Director

Paula Nader – Chief Marketing Officer

