

GRUPO SBF

EARNINGS  
RELEASE

2Q21



# EARNINGS RELEASE

2021

## São Paulo, August 12, 2021

Grupo SBF S.A. (B3: SBFG3) announces its results for the 2nd Quarter of 2021 (2Q21). Quarterly financial information of Centauro and Fisia for the quarter ended June 30, 2021 and 2020 include the parent company Grupo SBF S.A. and its subsidiaries. It is worth highlighting that the consolidated financial statements were prepared according to accounting practices adopted in Brazil and International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB), while the parent company's individual financial statements were prepared according to accounting practices adopted in Brazil (BR GAAP).



## Conference Call



**August 13, 2021**

10:00 a.m. (Brasília Time zone)  
09:00 a.m. (NY Time zone)



**Portuguese Webcast**



**English Webcast**



**SBFG**

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## GRUPO SBF HIGHLIGHTS



Grupo's EBITDA reached R\$ 149.8 million in 2Q21, an increase of 51% vs 2Q19



Centauro's Gross Revenue grew 13% vs 2Q19. Considering only May and June revenue, after the reopening of stores, growth reached 21.8% when compared to the same period in 2019.



Centauro's Gross Margin reached 50.5% in 2Q21, returning to the same levels recorded in 2Q19



Grupo SBF's total net revenue in 1H21 reached R\$ 1.9 billion, accounting for a growth of 159.8% vs 1H20 and 80.4% vs 1H19



Fisia's Gross Margin reached 36.1% in 2Q21, in line with the margin of 36.7% in 1Q21



Digital platform sales reached 28% of Grupo SBF's sales



Fisia's Gross Revenue reached R\$ 728 million in 2Q21, an increase of 48% compared to 1Q21



4 openings and 8 renovations of Centauro stores to the G5 model, totaling 43.7% of G5 area

# MESSAGE FROM THE MANAGEMENT

Since the beginning of the pandemic more than a year ago, we have suffered the effects of restrictive policies in Brazilian physical retail. Although we have offset part of said negative effect with the growth of our digital platform and the acquisitions of Fisia and NWB, the impacts on our revenues and margins hindered the result throughout this period.

With the ease on restrictions as of April, we recorded consistent results in this second quarter, leaving us even more confident in our strategies and in the results that we can deliver in the future.

In May, the first month with all stores reopened, we saw a quick recovery in Centauro's figures. After a long period where the whole market suffered excessive mark-downs, our gross margins are currently in line with those recorded in the pre-pandemic years. Historically, said margins have little standard deviation and we hope that this will become our reality again. This May, despite the still reduced opening hours of the shopping malls, we recorded Same Store Sales growth compared to sales in the pre-pandemic period.

These results corroborate our store expansion strategy and are reflected in the acceleration of our investments. This quarter, we completed 8 renovations for the G5 format, 4 new G5 store openings and another 6 new G5 stores were opened in July.

The quarterly result also makes us increasingly confident in the assumptions that led us to conclude the acquisition of Nike do Brasil (Fisia), which grew 48% compared to the previous quarter. We have already managed to capture several synergies between the two business units, improving outlet operations, negotiating contracts together, mainly in logistics, and taking Fisia's e-commerce operations to the city of Extrema, in the State of Minas Gerais. The direct to consumer sales (DTC) growth through the digital platform is another essential point of our strategy and has been responding very well to our initiatives to explore this channel through more targeted marketing, a marketplace-out strategy and the expansion of the portfolio offered.

Although physical retail continues to move towards normalization, our digital platforms have been standing out. Due to our investments in technology and people, Fisia's and Centauro's online channels already account for 28% of our total revenue, compared to 18% in 2019. The internalization of marketing investments also represented an important evolution this quarter, which allowed us to be much more assertive in managing our channels and strategies. As a result, despite a general increase in marketing costs within the market, we managed to reduce the cost of acquiring clients to our platform.

## MESSAGE FROM THE MANAGEMENT

We still have a long way to go, the expansion of Centauro's stores with refurbishments to the G5 model offers high potential, Centauro's digital channel continues to grow year after year, the growth history of Fisia's DTC is just beginning, and we continue to look for opportunities to develop the ecosystem. In this second quarter, presenting a more normalized scenario compared to the previous quarters, but still affected by the pandemic, we are able to have a glimpse of the new level of Grupo SBF, a company with R\$ 1.4 billion in sales, more than doubling the amount recorded in the same period of 2019, gross margin above 45% and EBITDA of R\$150 million, 50% higher than 2Q19. We hope to improve these indicators in the short term, as the effects of the pandemic recede, and build the company's future on this foundation.

We would like to thank the entire Grupo SBF team that, since the beginning of the pandemic, has spared no effort to overcome all the challenges of the last 12 months, as well as our investors, who supported us during this long crisis. We continue striving for a healthy, accelerated and sustainable long-term growth that consolidates Grupo SBF as a benchmark among the audiences in the sports universe.

## THE MANAGEMENT

Grupo SBF

# GROSS REVENUE AND OPERATING INDICATORS



For the second quarter of 2020, Grupo SBF Results include ONLY Centauro.

CENTAURO R\$ thousand	2Q21	2Q20	Δ(%)	1H21	1H20	Δ(%)
<b>Gross Revenue<sup>1</sup></b>	<b>773,256</b>	<b>312,859</b>	<b>147.2%</b>	<b>1,378,135</b>	<b>952,255</b>	<b>44.7%</b>
B&M Stores	547,919	66,717	721.3%	971,565	578,646	67.9%
Digital Platform	225,337	246,142	-8.5%	406,570	373,609	8.8%
<b>Omnichannel Sales</b>	<b>118,569</b>	<b>78,332</b>	<b>51.4%</b>	<b>216,467</b>	<b>162,672</b>	<b>33.1%</b>
Omnichannel – as % of 1P Sales	15.9%	25.7%	-9.8 p.p.	16.3%	17.5%	-1.2 p.p.
<b>Total Number of Stores – Centauro</b>	<b>214</b>	<b>211</b>	<b>1.4%</b>	<b>214</b>	<b>211</b>	<b>1.4%</b>
Number of G5 Stores	75	50	50.0%	75	50	50.0%
Number of Traditional Stores	139	161	-13.7%	139	161	-13.7%
<b>Sales Area - Centauro (m<sup>2</sup>)</b>	<b>218,611</b>	<b>211,549</b>	<b>3.3%</b>	<b>218,611</b>	<b>211,549</b>	<b>3.3%</b>
G5 Total Area (m <sup>2</sup> )	95,561	61,483	55.4%	95,561	61,483	55.4%
FISIA R\$ thousand	2Q21			1H21		
<b>Gross Revenue<sup>1</sup></b>	<b>728,432</b>			<b>1,221,264</b>		
Wholesale	445,685			722,426		
Digital Platform	153,879			279,571		
Outlet	128,868			219,267		
GRUPO SBF R\$ thousand	2Q21	2Q20	Δ(%)	1H21	1H20	Δ(%)
<b>Total Gross Revenue<sup>1</sup></b>	<b>1,385,702</b>	<b>312,860</b>	<b>342.9%</b>	<b>2,412,172</b>	<b>952,255</b>	<b>153.3%</b>
Centauro Gross Revenue <sup>1</sup>	773,256	312,859	147.2%	1,378,135	952,255	44.7%
Fisia Gross Revenue <sup>1</sup>	728,432			1,221,264		
(+) Intercompany elimination	-115,986			-187,227		

## SSS | 21x20 e 21x19

CENTAURO R\$ thousand	2Q21	2Q20	Δ(%)	1H21	1H20	Δ(%)
<b>SSS (stores + digital)<sup>2</sup></b>	<b>117.2%</b>	<b>-46.5%</b>	<b>+163.7 p.p.</b>	<b>36.1%</b>	<b>-24.6%</b>	<b>+60.7 p.p.</b>
SSS B&M Stores	711.3%	-89.0%	+800.4 p.p.	57.6%	-47.0%	+104.6 p.p.
GMV Digital (1P + 3P) <sup>3</sup>	-11.6%	105.0%	-116.6 p.p.	7.3%	62.3%	-54.9 p.p.
GMV as % of Total Sales	31.1%	81.2%	-50.1 p.p.	31.7%	42.0%	-10.3 p.p.
CENTAURO R\$ thousand	2Q21	2Q19	Δ(%)	1H21	1H19	Δ(%)
<b>SSS (stores + digital)<sup>2</sup></b>	<b>8.1%</b>	<b>2.9%</b>	<b>+5.2 p.p.</b>	<b>-0.8%</b>	<b>6.9%</b>	<b>-7.7 p.p.</b>
SSS B&M Stores	-10.6%	-0.3%	-10.3 p.p.	-19.5%	2.7%	-22.2 p.p.
GMV Digital (1P + 3P) <sup>3</sup>	81.2%	17.1%	+64.1 p.p.	76.4%	27.2%	+49.2 p.p.
GMV as % of Total Sales	31.1%	19.7%	+11.4 p.p.	31.7%	18.9%	+12.8 p.p.



1. Gross revenue, excluding return of goods
2. 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 stores closed due to the pandemic from the base.**
3. GMV or Gross Merchandise Value: revenue from the sale of goods from the digital channel, including the marketplace



# MAIN FINANCIAL INDICATORS



For the second quarter of 2020, Grupo SBF Results include ONLY Centauro. 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.

Consolidated R\$ thousand	2Q21	2Q20	Δ(%)	1H21	1H20	Δ(%)
Gross Revenue	1,385,702	312,860	342.9%	2,412,172	952,255	153.3%
<b>Net revenue</b>	<b>1,122,846</b>	<b>239,372</b>	<b>369.1%</b>	<b>1,935,682</b>	<b>744,987</b>	<b>159.8%</b>
<b>Gross Profit</b>	<b>522,999</b>	<b>83,511</b>	<b>n.a</b>	<b>871,705</b>	<b>329,894</b>	<b>164.2%</b>
Gross Margin (%)	46.6%	34.9%	11.7 p.p	45.0%	44.3%	0.8 p.p
<b>EBITDA</b>	<b>169,394</b>	<b>-46,759</b>	<b>n.a</b>	<b>202,545</b>	<b>-894</b>	<b>n.a</b>
EBITDA Margin (%)	15.1%	-19.5%	34.6 p.p	10.5%	-0.1%	10.6 p.p
<b>Net Profit</b>	<b>24,078</b>	<b>-102,287</b>	<b>123.5%</b>	<b>-12,086</b>	<b>-94,147</b>	<b>-87.2%</b>
NET Margin (%)	2.1%	-42.7%	44.9 p.p	-0.6%	-12.6%	12 p.p
<b>Adjusted Net revenue</b>	<b>1,114,820</b>	<b>239,372</b>	<b>365.7%</b>	<b>1,927,656</b>	<b>744,987</b>	<b>158.8%</b>
<b>Adjusted Gross Profit</b>	<b>515,726</b>	<b>83,511</b>	<b>n.a</b>	<b>869,140</b>	<b>329,894</b>	<b>163.5%</b>
Adjusted Gross Margin (%)	46.3%	34.9%	11.4 p.p	45.1%	44.3%	0.8 p.p
<b>Adjusted EBITDA</b>	<b>149,809</b>	<b>-37,544</b>	<b>n.a</b>	<b>186,839</b>	<b>5,970</b>	<b>n.a</b>
Adjusted EBITDA Margin (%)	13.4%	-15.7%	29.1 p.p	9.7%	0.8%	8.9 p.p
<b>Adjusted Net Profit</b>	<b>41,504</b>	<b>-87,435</b>	<b>147.5%</b>	<b>13,445</b>	<b>-94,921</b>	<b>114.2%</b>
Adjusted Net Profit Margin (%)	3.7%	-36.5%	40.2 p.p	0.7%	-12.7%	13.4 p.p
<b>Adjusted EBITDA (ex-IFRS)</b>	<b>93,169</b>	<b>-84,858</b>	<b>209.8%</b>	<b>80,125</b>	<b>-79,716</b>	<b>200.5%</b>
Adjusted EBITDA Margin (%) (ex-IFRS)	8.4%	-35.5%	43.8 p.p	4.2%	-10.7%	14.9 p.p
Business Unit R\$ thousand	2Q21	2Q20	Δ(%)	1H21	1H20	Δ(%)
<b>CENTAURO</b> Gross Revenue	773,256	312,860	147.2%	1,378,135	952,255	44.7%
<b>CENTAURO</b> Adjusted Net revenue	<b>628,761</b>	<b>239,372</b>	<b>162.7%</b>	<b>1,106,004</b>	<b>744,987</b>	<b>48.5%</b>
<b>CENTAURO</b> Adjusted Gross Profit	<b>317,490</b>	<b>83,511</b>	<b>280.2%</b>	<b>531,700</b>	<b>329,894</b>	<b>61.2%</b>
<b>CENTAURO</b> Gross Margin (%)	50.5%	34.9%	15.6 p.p	48.1%	44.3%	3.8 p.p
<b>FISIA</b> Gross Revenue	728,432			1,221,264		
<b>FISIA</b> Net revenue	<b>574,801</b>			<b>965,579</b>		
<b>FISIA</b> Gross Profit	<b>207,333</b>			<b>354,231</b>		
<b>FISIA</b> Gross Margin (%)	36.1%			36.7%		



# 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.

<b>GRUPO SBF</b> <b>R\$ thousand</b>	<b>2Q21</b>	<b>1H21</b>
<b>EBITDA</b>	<b>169,394</b>	<b>202,545</b>
Extemporaneous tax debits (impact on deductions)	-8,026	-8,026
Extemporaneous tax credits and debits	-11,335	-11,139
Stock Option Plan / Non-cash	4,679	10,778
Accounting effects of acquisition - Cost of Sales	753	5,461
Accounting effects of acquisition - Expenses	-5,656	-9,994
Inventory adjustment - Previous periods	0	-2,786
<b>Impact of non-recurring effects on EBITDA</b>	<b>-19,585</b>	<b>-15,706</b>
<b>Adjusted EBITDA</b>	<b>149,809</b>	<b>186,839</b>
<b>Net Profit</b>	<b>24,078</b>	<b>-12,086</b>
Income Tax and Social Contribution	3,323	3,389
Interest on extemporaneous tax credits and debts	28,506	28,506
Accounting effects of acquisition - Depreciation and Amortization	5,183	9,343
<b>Impact of non-recurring effects on Net Profit</b>	<b>17,426</b>	<b>25,531</b>
<b>Adjusted Net Profit</b>	<b>41,504</b>	<b>13,445</b>

# FINANCIAL AND OPERATING PERFORMANCE



## STORE MODELS

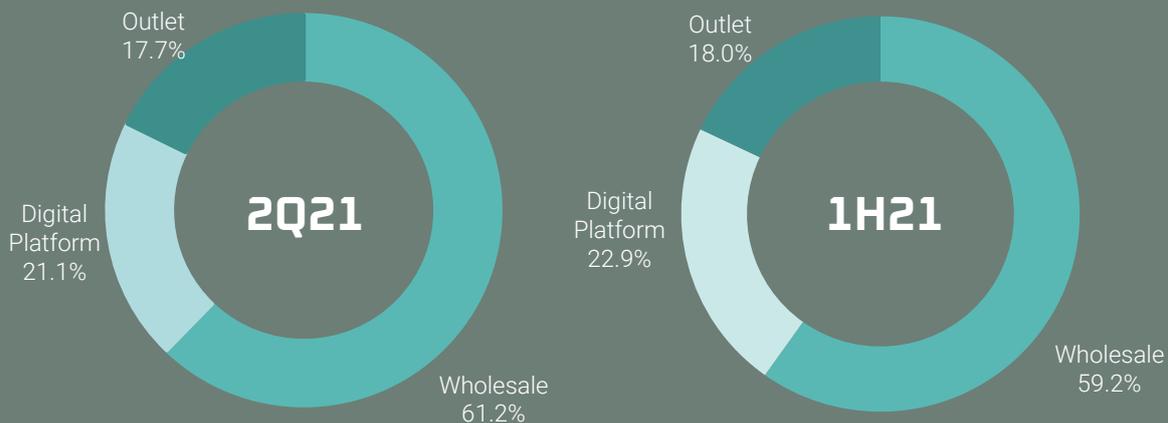


## CENTAURO DIGITAL GMV SALES

(as % of Centauro's total sales)



## FISIA GROSS REVENUE BY CHANNEL



# FINANCIAL PERFORMANCE



- The **adjusted** results presented in this report disregard the non-recurring effects listed on page 7. For the year 2020, the effects are presented in our 2Q20 earnings release.
- The results for 2020 consider only the amounts already released for Centauro.
- The tables for Net Revenue and Gross Income are presented by business unit.
- The tables for Operating Expenses, EBITDA, Financial Result, Net Profit, Working Capital, Cash Flow, Indebtedness Level and Investments (CAPEX) are presented in the consolidated view of Grupo SBF.

## NET REVENUE

R\$ thousand	2Q21 adjusted	2Q20 adjusted	Δ(%)	1H21 adjusted	1H20 adjusted	Δ(%)
<b>CENTAURO</b>	<b>628,761</b>	<b>239,372</b>	<b>162.7%</b>	<b>1,106,004</b>	<b>744,987</b>	<b>48.5%</b>
B&M Stores	441,549	47,503	829.5%	778,599	452,577	72.0%
Digital Platform	187,212	191,869	-2.4%	327,404	292,410	12.0%
<b>FISIA</b>	<b>574,801</b>			<b>965,579</b>		
Wholesale	368,011			596,747		
Digital Platform	110,776			204,527		
Outlet	96,014			164,305		
<b>(+) Intercompany elimination</b>	<b>(88,742)</b>			<b>(143,927)</b>		
<b>GRUPO SBF</b>	<b>1,114,820</b>	<b>239,372</b>	<b>365.7%</b>	<b>1,927,656</b>	<b>744,987</b>	<b>158.8%</b>

### CENTAURO

#### BRICK-AND-MORTAR

Centauro's stores recorded net revenues of R\$ 441.5 million in 2Q21, accounting for an increase of 829.5% compared to 2Q20 and in line with 2Q19 revenue. After a month of April still heavily affected by restrictions, the opening of stores as of May was followed by a recovery in sales in our brick-and-mortar stores. In May, even with a 20% reduction in opening hours when compared to 2019, our stores recorded SSS of 4.8%. It is worth highlighting the Megastore, our omnichannel extended inventory, which grew 211% when compared to 2Q19 and already accounts for 7.2% of sales.

#### FISIA

Fisia's revenue reached R\$ 574.8 million this quarter, an increase of 47.1% when compared to 1Q21 and accounting for a share of 43.6% of Grupo SBF'S total Net Revenue. Initiatives already adopted to accelerate the digital platform, such as increasing the portfolio, optimizing marketing investments and sales in the marketplace out, contributed to sales growth. Furthermore, wholesale and outlet sales grew compared to 1Q21 when brick-and-mortar retail was more impacted by operating restrictions due to the pandemic..

#### DIGITAL PLATFORM

In 2Q20, the pandemic peak, with all stores closed, we had to adopt a high level of mark-downs on the digital platform to foster cash generation, which was beneficial for sales. In 2Q21, even with this high comparison base and margins practically normalized, we kept revenue in line with 2Q20. Compared to 2Q19, the Digital Platform grew 81.0% as a result of investments in technology and marketing that were and continue to be made in our platform. The resumption of activities in brick-and-mortar stores favors online sales in the omnichannel mode, which grew 28.7% in 2Q21 compared to 2Q19. Our marketplace has also been showing good results and this quarter represented 12.6% of GMV, accounting for a growth of 283.7% vs 2Q19.



# GROSS INCOME

R\$ thousand	2Q21 adjusted	2Q20 adjusted	Δ(%)	1H21 adjusted	1H20 adjusted	Δ(%)
<b>CENTAURO</b>						
Gross Profit	317,490	83,511	280.2%	531,700	329,894	61.2%
Gross Margin (%)	50.5%	34.9%	15.6 p.p	48.1%	44.3%	3.8 p.p
<b>FISIA</b>						
Gross Profit	207,333			354,231		
Gross Margin (%)	36.1%			36.7%		
<b>(+) Intercompany elimination</b>	<b>(9,096)</b>			<b>(16,791)</b>		
<b>GRUPO SBF</b>						
<b>Gross Profit</b>	<b>515,726</b>	<b>83,511</b>	<b>517.6%</b>	<b>869,140</b>	<b>329,894</b>	<b>163.5%</b>
Gross Margin (%)	46.3%	34.9%	11.4 p.p	45.1%	44.3%	0.8 p.p

## CENTAURO

Centauro's gross margin reached 50.5% this quarter, accounting for a recovery of 15.6 percentage points when compared to the same period in 2020.

With the brick-and-mortar channel recovering share among the channels and the reduction in the level of markdowns observed since the beginning of the pandemic, the gross margin returned to the normalized margin level in 2Q21, in line with the margin recorded in 2Q19.

## FISIA

Fisia's gross margin mainly benefited from the 20% share of its digital channel, accounting for the highest gross margin among the channels, as a result of the initiatives we have adopted to foster the channel's growth with healthy margins. The update of the price level following the exchange rate devaluation that took place in recent quarters also contributed positively to the margin.

As in 1Q21, Fisia's consolidated gross margin was higher than we expected. It is worth highlighting that the effect observed in 1Q21 and 4Q20 – part of the inventory sold in the quarter was previously acquired as a subsidiary, with prices lower than those being practiced for Fisia as a distributor – continues to impact 2Q21, although in a smaller proportion. Therefore, a reduction in gross margin as inventory is renewed will be observed in the coming quarters.

# OPERATING EXPENSES

R\$ thousand	2Q21 adjusted	2Q20 adjusted	Δ(%)	1H21 adjusted	1H20 adjusted	Δ(%)
<b>GRUPO SBF</b>						
Operating Expenses	-365,917	-121,055	202.3%	-682,302	-323,924	110.6%
SG&A	-373,112	-125,023	198.4%	-688,512	-329,688	108.8%
Other net operating expenses	7,195	3,968	81.3%	6,210	5,764	7.7%
SG&A as % of Net Revenue	-33.5%	-52.2%	18.8 p.p	-35.7%	-44.3%	8.5 p.p
Operating Expenses as % of Net Revenue	-32.8%	-50.6%	17.7 p.p	-35.4%	-43.5%	8.1 p.p



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

Grupo SBF recorded -R\$ 365.9 million of Operating Expenses in 2Q21, an increase of 202.3% compared to 2Q20. In the first six months of the year, it totaled -R\$ 682.3 million, accounting for a 110.6% variation compared to the same period in 2020.

## SG&A EXPENSES

The increase in SG&A expenses is due to the addition of Fisia's operations in the company's Financial Statements. Such expenses did not exist in 2020. Even so, as a % of Net Revenue, we observed an improvement of 18.8 pp, from 52.2% in 2Q20 to 33.5% in 2Q21, due to the operational leverage caused by the recovery of sales, given that 2Q20 was one of the quarters most affected by the pandemic.

When compared to 2Q19, in addition to the merger of Fisia, the inflationary pressure on Centauro expenses also contributed negatively, and, considering the SSS still impacted by the pandemic, resulted in an operational deleveraging in this Business Unit. Even with the mentioned pressure on expenses, Grupo's SG&A expenses as % of Net Revenue are in line with 2Q19 figure, which was 34.1%.

Finally, the investment in new business areas needed to implement our ecosystem vision, such as logistics, CRM, Technology and Strategy, also contributed to the pressure on the line of expenses.



# EBITDA

R\$ thousand	2Q21 adjusted	2Q20 adjusted	Δ(%)	1H21 adjusted	1H20 adjusted	Δ(%)
<b>GRUPO SBF</b>						
<b>Net Income</b>	<b>41,504</b>	<b>-87,435</b>	<b>147.5%</b>	<b>13,445</b>	<b>-94,921</b>	<b>114.2%</b>
(+) Income tax and social contribution	6,560	43,851	-85.0%	45,848	59,387	-22.8%
(+) Net financial result	-44,621	-35,329	26.3%	-80,628	-49,658	62.4%
(+) Depreciation and amortization	-70,244	-58,413	20.3%	-138,613	-110,619	25.3%
<b>(=) EBITDA</b>	<b>149,809</b>	<b>-37,544</b>	<b>n.a</b>	<b>186,839</b>	<b>5,970</b>	<b>n.a</b>
<b>EBITDA Margin</b>	<b>13.4%</b>	<b>-15.7%</b>	<b>29.1 p.p</b>	<b>9.7%</b>	<b>0.8%</b>	<b>8.9 p.p</b>
<b>EBITDA (ex-IFRS)</b>	<b>93,169</b>	<b>-84,858</b>	<b>209.8%</b>	<b>80,125</b>	<b>-79,716</b>	<b>200.5%</b>
EBITDA Margin	8.4%	-35.5%	43.8 p.p	4.2%	-10.7%	14.9 p.p

Grupo's EBITDA reached R\$ 149.8 million in 2Q21 with a margin of 13.4%, reversing the negative result of 2Q20. Compared to 2Q19, the growth reached 51%. The higher-than-expected Fisia's gross margin and the recovery in the gross margin at Centauro contributed to the positive result.

The 2Q21 margin was 4.9 pp lower compared to the EBITDA margin for 2Q19. The main factors for said decrease are the operational deleveraging of Centauro, still resulting from the effects of the pandemic, the investment in new areas and the Fisia's contribution margin, which is smaller than Centauro's.

# FINANCIAL INCOME (LOSS)

R\$ thousand	2Q21 adjusted	2Q20 adjusted	Δ(%)	1H21 adjusted	1H20 adjusted	Δ(%)
Financial Income	51,458	12,541	310.3%	89,336	57,670	54.9%
Financial Expenses	-96,079	-47,870	100.7%	-169,964	-107,328	58.4%
<b>Net financial income (expenses)</b>	<b>-44,621</b>	<b>-35,329</b>	<b>26.3%</b>	<b>-80,628</b>	<b>-49,658</b>	<b>62.4%</b>

The Company recorded a Financial Result of -R\$ 44.6 million in 2Q21 and -R\$ 80.6 million in 1H21. There was an increase in financial expenses in the quarter due to the company's higher indebtedness, justified by the debt raised for the acquisition of Fisia and for the cash reinforcement due to the pandemic.

## NET INCOME (LOSS)

R\$ thousand	2Q21 adjusted	2Q20 adjusted	Δ(%)	1H21 adjusted	1H20 adjusted	Δ(%)
<b>Net Income (Loss)</b>	<b>41,504</b>	<b>-87,435</b>	<b>147.5%</b>	<b>13,445</b>	<b>-94,921</b>	<b>114.2%</b>
Net Margin	3.7%	-36.5%	40.2 p.p	0.7%	-12.7%	13.4 p.p

In 2Q21, Grupo SBF recorded a Net Income of R\$ 41.5 million, reversing the Net Loss of -R\$ 87.4 million in 2Q20 and exceeding the result of R\$ 33.8 million in 2Q19 by 22.8%. The 2Q21 result also contributed to a positive result in the 6-month period.

## NET WORKING CAPITAL

R\$ thousand	06/30/2021	06/30/2020	Δ(%)
Accounts receivable	907,821	300,273	202.3%
Taxes and income tax to be offset	697,907	177,552	293.1%
Inventories	1,248,009	348,321	258.3%
Other accounts receivable	70,457	33,656	109.3%
	<b>2,924,194</b>	<b>859,802</b>	<b>240.1%</b>
Other accounts payable	554,140	64,890	n.a
Resale suppliers	745,432	367,394	102.9%
Tax liabilities	112,302	19,059	n.a
Lease payable	177,415	100,677	76.2%
Labor liabilities	122,777	107,939	13.7%
Other liabilities	18,901	0	n.a
	<b>1,730,967</b>	<b>659,959</b>	<b>162.3%</b>
<b>Net Working Capital</b>	<b>1,193,227</b>	<b>199,842</b>	<b>n.a</b>

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 recorded an increase in its Net Working Capital compared to 2Q20, from R\$ 199.8 million to R\$ 1,193.2 million. Said increase is mainly explained by the exceptionally low working capital level invested in 2Q20, due to the moment of depressed revenue from the pandemic; and by the merger of Fisia's balance sheet into Grupo's balance sheet, which mainly impacted Accounts Receivable, Inventory, Recoverable Taxes and reseller Suppliers.

Specifically regarding Fisia's tax credits, although they are presented on Grupo's balance sheet, they are still mostly owned by Nike Global. The increase in Other accounts payable arises from Grupo's obligation to transfer these credits as they are used.

# MANAGEMENT CASH FLOW

R\$ thousand	2Q21	2Q20	Δ (%)	1H21	1H20	Δ(%)
EBITDA	169,394	-46,759	n.a.	202,545	-894	n.a.
Depreciation and Interest Rates IFRS 16	-81,645	-63,496	28.6%	-147,956	-110,084	34.4%
Working Capital Variation <sup>1</sup>	-11,725	141,903	n.a.	-118,470	254,054	n.a.
Other	-300,318	40,070	n.a.	-160,832	-178,242	-9.8%
<b>Operating Cash Flow</b>	<b>-224,294</b>	<b>71,718</b>	<b>n.a.</b>	<b>-224,713</b>	<b>-35,166</b>	<b>n.a.</b>
NWB Acquisition	0			-48,555		
Other	-67,949	-21,049	n.a.	-108,449	-57,003	90.3%
<b>Cash Flow from Investing Activities</b>	<b>-67,949</b>	<b>-21,049</b>	<b>n.a.</b>	<b>-157,004</b>	<b>-57,003</b>	<b>n.a.</b>
Net funding <sup>2</sup>	0	859,977	-100.0%	0	859,977	-100.0%
Bank Loan	241,977	354,077	-31.7%	246,705	335,671	-26.5%
Factoring of Receivables	0	-276,947	-100.0%	-4,241	100,986	n.a.
Tax Installment Payment	28,150	-5,960	n.a.	15,384	-19,830	n.a.
<b>Cash Flow from Financing</b>	<b>270,127</b>	<b>931,147</b>	<b>-71.0%</b>	<b>257,848</b>	<b>1,276,804</b>	<b>-79.8%</b>
<b>Total Cash Variation</b>	<b>-22,116</b>	<b>981,816</b>	<b>n.a.</b>	<b>-123,869</b>	<b>1,184,635</b>	<b>n.a.</b>

-  (1) Advances of receivables and installment payment of taxes are classified as cash flow from financing.  
 (2) Net Funding: amount for the year 2020 referring to the Follow-on.

Operating Cash Flow was negative by R\$ 224.3 million in 2Q21, due to the company's growth compared to a first quarter still heavily impacted by the pandemic. The impact was mainly on inventory and accounts receivable. Long-term assets and liabilities were negatively impacted by tax accruals, but their effect was offset by the use of short-term credits.

Cash Flow from Investments was mainly impacted by the resumption of investments in Centauro's G5 store projects.

The change observed in the Cash Flow from Financing is explained by the issue of a new series of Debentures in the amount of R\$ 300 million.

# INDEBTEDNESS

R\$ thousand	06/30/2021 adjusted	06/30/2020 adjusted	Δ(%)
<b>(+) Loans and financing</b>	864,421	372,230	132.2%
(-) Cash and cash equivalents	390,426	1,289,943	-69.7%
<b>(=) Net Debt</b>	<b>473,995</b>	<b>-917,713</b>	<b>151.6%</b>
(+) Factoring of Receivables	0	111,891	n.a
(+) Tax Installment Payment	171,935	176,361	-2.5%
<b>(=) Adjusted Net Debt</b>	<b>645,930</b>	<b>-629,461</b>	<b>202.6%</b>
Adj. Net Debt /Adj. EBITDA (LTM)	1.59x	-2.19x	3.78x

The increase in the balance of loans and financing in the 2nd quarter of 2021 in relation to the same period in 2020 reflects the new debt raised to reinforce cash during the pandemic and to finance the merger with Fisia.

The decrease in the level of cash and equivalents is due to the acquisition of Fisia, whose disbursement was made in 4Q20.

The decrease in the balance of prepaid receivables is due to the factoring of receivables in March 2020 as part of the cash reinforcement strategy during the first lockdown, owing to the COVID-19 pandemic. Said strategy was not adopted in 2021.

# INVESTMENTS - CAPEX

R\$ thousand	2Q21	2Q20	Δ(%)	1H21	1H20	Δ(%)
New Stores	22,959	2,405	n.a	25,307	6,241	305.5%
Stores Refurbishment	20,038	8,990	122.9%	38,541	22,665	70.0%
Technology	18,625	8,225	126.4%	34,853	23,874	46.0%
Others	6,327	1,429	342.8%	9,748	4,224	130.8%
<b>Total Investments</b>	<b>67,949</b>	<b>21,049</b>	<b>222.8%</b>	<b>108,449</b>	<b>57,004</b>	<b>90.2%</b>

In 2020, we suspended investments to preserve cash in the face of the uncertainties caused by the COVID-19 pandemic. In 2021, with the reduction of risks in the macroeconomic scenario, we resumed our focus on the long term and on our strategic investments. As a result, CAPEX increased 222.8% in 2Q21 compared to 2Q20, mainly reflecting the resumption of investments in Centauro's G5 store projects. We renovated 8 stores this quarter, following the Company's strategy of concentrating renovations in the 1st semester. We opened 4 new stores and we have already started the projects for new stores that will be opened in the 2nd half. Furthermore, the Company continued to invest in structuring projects in logistics, technology and innovation for the evolution of the ecosystem as a whole.

# CONSOLIDATED BALANCE SHEET



R\$ thousand	06/30/2021	12/31/2020
<b>Assets</b>	<b>6,624,795</b>	<b>6,193,860</b>
<b>Current</b>	<b>3,314,620</b>	<b>3,289,039</b>
Cash and cash equivalents	390,426	514,295
Accounts receivable	907,821	984,491
Recoverable taxes	654,895	712,763
Income tax and social contribution to be offset	43,012	40,037
Inventories	1,248,009	890,780
Other accounts receivable	70,457	146,673
<b>Non-current</b>	<b>3,310,175</b>	<b>2,904,821</b>
Accounts receivable	6	0
Financial investments	6,606	324
Taxes to be offset	375,748	347,871
Deferred tax assets	524,067	453,950
Judicial deposits	141,216	125,751
Other amounts receivable	55,346	626
Property and equipment	549,858	516,496
Intangible assets	386,451	305,631
Right of use	1,270,877	1,154,172
<b>Liabilities</b>	<b>6,624,795</b>	<b>6,193,860</b>
<b>Current</b>	<b>2,043,708</b>	<b>1,852,278</b>
Suppliers	745,432	654,813
Debentures	173,794	93,275
Derivatives	75,626	0
Loans and financing	60,369	0
Tax liabilities	112,302	223,770
Tax installment payment	63,321	54,775
Labor and social security liabilities	122,777	93,688
Lease payable	177,415	119,928
Other accounts payable	493,771	594,676
Other liabilities	18,901	17,353
<b>Non-current</b>	<b>2,681,319</b>	<b>2,390,896</b>
Loans and financing	164,951	278,850
Debentures	450,050	226,762
Tax installment payment	108,614	101,776
Provisions for contingencies	542,561	547,135
Lease payable	1,203,738	1,081,641
Other accounts payable	211,405	0
Other obligations	0	154,732
<b>Shareholders' equity</b>	<b>1,899,768</b>	<b>1,950,686</b>
Capital stock	1,822,797	1,815,485
Capital reserves	205,053	194,460
Incentive reserves	15,509	15,509
Accumulated losses	-143,591	-74,768



# CASH FLOW

R\$ thousand	06/30/2021	06/30/2020
<b>Net profit (loss) of the period</b>	<b>-12,086</b>	<b>-94,147</b>
Adjusted by:		
Depreciation and amortization	153,076	115,225
Interest rates	104,108	12,967
Share-based payment	10,594	12,305
Residual cost in the write-off of property & equipment and intangible assets	12,410	8
Write-off of residual leases	6,671	-3,782
Provision for inventory obsolescence	11,435	10,686
Present value adjustment, Net	-1,252	4,458
Net recording of provision for contingencies	10,136	9,027
Deferred income and social contribution taxes	-76,544	-236,992
Lease discounts	-17,364	50,209
	201,184	-120,036
<b>(Increase) decrease in Assets</b>		
Accounts receivable	62,018	385,902
Inventory	-368,665	69,537
Derivatives	14,538	0
Deferred taxes, income tax and social contribution to be offset	33,443	201,867
Other accounts receivable	21,496	-10,660
Judicial deposits	-15,465	-574
<b>Increase (decrease) in liabilities</b>		
Suppliers	93,580	-292,319
Tax liabilities	-84,161	129,546
Tax installment payment	-5,193	-24,074
Contingencies paid	-14,710	-4,898
Labor and social security liabilities	29,089	-43,379
Interest rate paid on financing	-9,713	-1,169
Interest paid on Debentures	-6,104	0
Other accounts payable	110,500	31,847
Other obligations	-153,184	0
Income tax and social contribution paid	-34,085	-178,004
<b>Chg. in assets and liabilities:</b>	<b>-326,617</b>	<b>263,622</b>
<b>Net cash (used in) generated by operating activities</b>	<b>-125,433</b>	<b>143,586</b>
<b>Cash flow from investing activities</b>		
Additions to property and equipment	-78,434	-49,634
Additions to intangible assets	-111,726	-18,765
Goodwill on the Acquisition of NETWORK Participações	673	0
Decrease (increase) in financial investments	-6,282	0
<b>Net cash (used in) investing activities</b>	<b>-195,769</b>	<b>-68,399</b>
<b>Cash flow from financing activities</b>		
Loans and financing raised	11,659	358,905
Loans and financing paid	-46,348	-22,065
Issue of debentures	297,211	0
Lease Paid	-72,502	-93,446
Expenses with share issues	0	-40,023
Payment of advances for future capital increase at the parent Company	6,138	-499
Capital increase	1,174	906,576
<b>Net cash (used in) financing activities</b>	<b>197,332</b>	<b>1,109,448</b>
Decrease of cash and cash equivalents	-123,870	1,184,635
Cash and cash equivalents at the beginning of the year	514,295	105,308
Cash and cash equivalents at the end of the year	390,425	1,289,943

# INCOME STATEMENT

R\$ thousand	2Q21	2Q20	Δ (%)	1H21	1H20	Δ(%)
Net revenue	1,122,846	239,372	369.1%	1,935,682	744,987	159.8%
Cost of sales	-599,847	-155,861	284.9%	-1,063,977	-415,093	156.3%
<b>Gross Profit</b>	<b>522,999</b>	<b>83,511</b>	<b>526.3%</b>	<b>871,705</b>	<b>329,894</b>	<b>164.2%</b>
<b>Operating expenses</b>	<b>-353,605</b>	<b>-130,270</b>	<b>171.4%</b>	<b>-669,160</b>	<b>-330,788</b>	<b>102.3%</b>
Selling expenses	-267,354	-107,090	149.7%	-532,038	-275,024	93.5%
Administrative and general expenses	-78,444	-17,933	337.4%	-125,017	-54,664	128.7%
Other operating income (expenses), Net	-7,807	-5,247	48.8%	-12,105	-1,100	n.a
Depreciation and amortization expenses	-75,427	-58,413	29.1%	-147,956	-110,619	33.8%
<b>Operating Income (Loss)</b>	<b>93,967</b>	<b>-105,172</b>	<b>189.3%</b>	<b>54,589</b>	<b>-111,513</b>	<b>149.0%</b>
Financial income	49,282	12,541	293.0%	87,160	57,670	51.1%
Financial expenses	-122,408	-61,158	100.2%	-196,294	-99,292	97.7%
<b>Net financial income (expenses)</b>	<b>-73,127</b>	<b>-48,617</b>	<b>50.4%</b>	<b>-109,134</b>	<b>-41,622</b>	<b>162.2%</b>
<b>Profit before taxes</b>	<b>20,840</b>	<b>-153,789</b>	<b>113.6%</b>	<b>-54,545</b>	<b>-153,135</b>	<b>-64.4%</b>
Income tax and social contribution	3,238	51,502	-93.7%	42,459	58,988	-28.0%
<b>Net profit for the period</b>	<b>24,078</b>	<b>-102,287</b>	<b>123.5%</b>	<b>-12,086</b>	<b>-94,147</b>	<b>-87.2%</b>

 1,2. Amount presented without depreciation. The depreciated amount can be found in our Financial Statements or in our interactive sheet, available on our website.



## ABOUT GRUPO SBF

Grupo SBF is a sports company founded in 1981 and until 2020 operated in the Brazilian market with Centauro, the largest sporting goods retailer in Brazil and Latin America and the first omnichannel retailer in Brazil, with all operations involving the brick-and-mortar stores and the digital platform integrated since 2018. In December 2020, a new business unit started integrating Grupo SBF: FISIA, the sole holder of the rights to distribute Nike products and to operate Nike brick-and-mortar stores and e-commerce in Brazil. In February 2021, another business unit joined Grupo SBF to comprise the sports ecosystem in Brazil: NWB, the largest digital producer of sports content in Brazil. At Grupo SBF, we believe that sport transforms lives, and we wake up every day to boost sports in Brazil.

 [ri.gruposbf.com.br/en](mailto:ri@gruposbf.com.br) | [ri@gruposbf.com.br](mailto:ri@gruposbf.com.br)

 José Salazar

 Daniel Regensteiner

 Luna Romeu

 Nicole Caputo

### 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**