

EARNINGS RELEASE

4Q23 & 2023



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São Paulo, March 18, 2024

Grupo SBF S.A. (B3: SBFG3) announces its results for the fourth quarter of 2023. The financial information for the periods ended December 31, 2023, and 2022 includes the parent company Grupo SBF S.A. and its subsidiaries.

SBFG
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CONFERENCE CALL

March 19, 2024

09 a.m. (New York)

10 a.m. (Brasil)

01 p.m. (London)

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HIGHLIGHTS

- LEVERAGE OF **1.35X** IN DECEMBER 2023, VS 1.76X IN DECEMBER 2022 AND 3.35X IN JUNE 2023.
- SG&A TO NET REVENUE RATIO: REDUCTION OF **3.5 PP** OVER 4Q22, ENDING THE QUARTER AT 36.0%.
- ADJUSTED NET PROFIT (EX-IFRS) OF **R\$ 141.3 MILLION** IN 4Q23, GROWTH OF 100.5% COMPARED TO 4Q22.
- NET REVENUE OF **R\$ 2.1 BILLION** IN 4Q23, GROWTH OF 7.4% IN THE QUARTER.
- ADJUSTED EBITDA (EX-IFRS) OF **R\$ 211.4 MILLION**, GROWTH OF 31.7% VS 4Q22.
- ADJUSTED NET MARGIN (EX-IFRS) OF **6.6%**, GROWTH OF 3.0 PP OVER 4Q22.
- OPERATING CASH GENERATION OF **R\$ 950 MILLION** IN 4Q23, GROWTH OF 130.1% VS 4Q22.
- ADJUSTED EBITDA MARGIN (EX-IFRS) OF **9.9%** IN 4Q23, GROWTH OF 1.8 PP VS 4Q22.
- OPENING OF 14 NEW STORES IN 2023, TOTALING 269 STORES IN BRAZIL (225 CENTAURO AND 44 NIKE)

MESSAGE FROM THE MANAGEMENT

We successfully executed our strategic planning, ending the year with a net debt/EBITDA ratio of 1.35x. This result represents a significant improvement compared to the 3.35x indicator recorded in June 2023, mainly driven by more efficient working capital management, especially in reducing inventories. Regarding days of inventory, we achieved a reduction of 11.9% compared to December 2022 and 25.2% compared to June 2023. Operating cash generation reached R\$ 950 million in the fourth quarter of 2023, the highest level ever recorded in a single quarter.

Our gross revenue reached R\$ 8.8 billion, accounting for an increase of R\$ 928.9 million compared to 2022 (+11.8%). Throughout the year, we emphasized increasing operational efficiency by diluting expenses. The SG&A to net revenue ratio reached 36.4% in the second semester of the year, accounting for a decrease of 3.8 percentage points compared to the same period in 2022. Therefore, adjusted EBITDA (ex-IFRS) reached R\$ 606.9 million in the year, an expansion of 29.4%, with a margin of 8.7%, even in a more promotional scenario due to inventory adjustments.

Adjusted net profit (ex-IFRS) reached R\$ 227.8 million in the year, accounting for a growth of 10.3% and a margin of 3.3%. In the quarter, expansion was 100.5%, reaching a margin of 6.6%.

In 2023, Centauro prioritized increasing its profitability, adjusting revenue expectations, and effectively reducing costs. Furthermore, we reviewed the store portfolio, closing nonprofit operations and increasing the channel's profitability.

Centauro's net revenue totaled R\$ 3.5 billion in the year, accounting for a decrease of 1.2% compared to 2022, given the review of the digital channel profitability. Disregarding the positive impact of the World Cup on brick-and-mortar store sales in 2022, the channel's net revenue would have increased 9.3% in the year. The gross margin reached 49.2% in 2023, accounting for an expansion of 1.3 percentage points compared to 2022. The margin expansion reflects the strategy of maximizing the profitability of the digital channel by improving the Return on Investment (ROI) through the readjustment of markdown policies, the incentive of more profitable sales modalities, such as click and collect, as well as more assertive performance marketing strategies. Thus, the percentage of customers who buy on the digital channel and pick up products in one of our brick-and-mortar stores increased 11.8 percentage points throughout the year.

In Fisia's operation, we achieved net revenue of R\$ 4.0 billion, accounting for a growth of 26.1% compared to 2022. The inventory reduction strategy was successful, ending the year with 181 days, a decrease of 28.9% compared to the end of 2022, which was 234 days. Even with more aggressive markdown policies, Fisia ended the year with a gross margin of 41.6%, accounting for an increase of 1.0 percentage points compared to 2022.

MESSAGE FROM THE MANAGEMENT

We continued investing with a focus on DTC (direct-to-consumer) channels and opened 23 Nike stores, of which 8 NDIS and 15 NVS, in the last 18 months. Consequently, DTC sales (considering only 1P in digital) increased from 42.7% in 2022 to 50.9% in 2023 (+8.2 p.p.), strengthening the brand within the country and providing a better experience for consumers. This progress consolidates the investment phase in the expansion of DTC channels, thus allowing Fisia's growth to be re-established in a balanced way across all channels, including wholesale partners.

As a digital highlight, Fisia launched Nike's app at the beginning of December, which, in just one month of operation, accounted for 50% of sales in the 1P category. Moreover, we completed the migration of our logistics operation to our own distribution center located in the city of Extrema, state of Minas Gerais. In addition to the reduction in expenses, the positive effects of such migration have already been noticed through record NPS indicators on Black Friday and Christmas.

In 2023, Nike won two categories of Top of Mind, a Folha de S. Paulo newspaper survey that lists Brazil's strongest brands. In the Top of the Top category, Nike advanced eight percentage points, achieving its best performance in the survey to date. In the Brands Representing Brazil category, Nike gained more than three percentage points compared to 2022, reaching the leadership in this category for the first time.

In 2024, Grupo SBF's strategic priorities are directed towards safe and responsible growth, with the purpose of increasing profitability through the recovery of gross margin and the optimization of working capital, resulting in a structural reduction in leverage.

At Centauro, we will focus our efforts on expanding gross profit per square meter by improving the operational efficiency of stores and adopting more assertive product pricing. In the digital channel, we expect growth resumption through an assortment increasingly aligned with our consumer needs, complemented by a curation of items from 3P sellers, thus enabling Centauro to have a complete offer in all sports. Furthermore, we will continue investing in an increasingly streamlined omnichannel experience for our customers through our network of 225 Centauro stores.

At Fisia, the priority is to resume profitability by reducing markdowns. Moreover, through our expertise in retail, we also focus our efforts on structurally reducing the operation's working capital needs. Thus, through better inventory management, we will have more assertive prices that will contribute to the health of the market in general.


We are confident in improving profitability and reducing leverage based on the efficiency work conducted in 2023 and the safe and responsible planning structured for 2024 and 2025. Our plan is to follow a path that not only strengthens our financial health, but also respects and exceeds our stakeholder expectations, ensuring a solid foundation for the sustainable and prosperous growth of our company in the long term.

The Management
GRUPO SBF

GROSS REVENUE AND OPERATING INDICATORS

CENTAURO R\$ Thousand	4Q23	4Q22	Δ(%)	2023	2022	Δ(%)
Gross Revenue¹	1,336,089	1,433,064	-6.8%	4,322,980	4,344,047	-0.5%
B&M Stores	1,076,211	1,047,939	2.7%	3,430,113	3,195,245	7.4%
Digital Platform	259,878	385,125	-32.5%	892,867	1,148,802	-22.3%
Number of Stores – Centauro	225	233	-3.4%	225	233	-3.4%
Number of G5 Stores	119	113	5.3%	119	113	5.3%
Sales Area – Centauro (square meter)	233,012	239,300	-2.6%	233,012	239,300	-2.6%
G5 Total Area (square meter)	147,563	140,636	4.9%	147,563	140,636	4.9%
FISIA R\$ Thousand	4Q23	4Q22	Δ(%)	2023	2022	Δ(%)
Gross Revenue¹	1,544,332	1,261,103	22.5%	5,101,804	4,088,657	24.8%
Wholesale	461,272	544,943	-15.4%	1,788,159	1,937,897	-7.7%
Digital Platform	623,132	429,681	45.0%	1,973,912	1,358,276	45.3%
Nike Value Store	459,928	286,479	60.5%	1,339,733	792,485	69.1%
Share of DTC sales²	54.8%	46.4%	+8.4 p.p.	50.9%	42.7%	+8.2 p.p.
Total Number of Stores – Nike Value	36	27	33.3%	36	27	33.3%
Sales Area – Nike Value (m ²)	40,618	30,556	32.9%	40,618	30,556	32.9%
Total Number of Stores – Nike Store	8	5	60.0%	8	5	60.0%
Sales Area – Nike Store (m ²)	4,969	3,144	58.0%	4,969	3,144	58.0%
GRUPO SBF R\$ Thousand	4Q23	4Q22	Δ(%)	2023	2022	Δ(%)
Total Gross Revenue¹	2,676,586	2,509,680	6.7%	8,784,749	7,855,839	11.8%
Centauro Gross Revenue ¹	1,336,089	1,433,064	-6.8%	4,322,980	4,344,047	-0.5%
Fisia Gross Revenue ¹	1,544,332	1,261,103	22.5%	5,101,804	4,088,657	24.8%
(+) Intercompany elimination	-203,835	-184,487		-640,035	-576,866	
Share of digital sales	33.0%	32.5%	+0.5 p.p.	32.6%	31.9%	+0.7 p.p.

SAME STORE SALES (SSS)

 CENTAURO	4Q23	4Q22	2023	2022	FISIA	4Q23	4Q22	2023	2022
SSS (store + digital)³	-5.6%	7.4%	2.7%	17.4%	SSS (NVS + digital)³	38.1%	37.6%	36.4%	52.4%
SSS B&M stores	1.1%	4.6%	6.9%	13.5%	SSS Nike Value Store	24.3%	-2.8%	19.8%	12.0%
GMV Digital (1P + 3P) ⁴	-18.7%	14.4%	-10.0%	26.6%	GMV Digital	45.0%	76.7%	45.3%	87.7%
GMV – as % of total sales	23.7%	29.0%	25.6%	29.3%					



(1) Gross revenue excluding merchandise returns;

(2) DTC considers revenue from brick-and-mortar stores and the 1P modality of the digital platform;

(3) SSS (Same Store Sales) means the variation in our revenue excluding revenue from stores closed for refurbishment or which had not been opened in the equivalent months of the two periods analyzed.

(4) GMV or Gross Merchandise Value: revenue from the sale of merchandise, including marketplace.

MAIN FINANCIAL INDICATORS



The **adjusted** results presented in this report disregard the nonrecurring effects. The numbers marked with (ex-IFRS) 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 results.

CONSOLIDATED R\$ Thousand	4Q23	4Q22	Δ(%)	2023	2022	Δ(%)
Gross Revenue	2,676,586	2,509,680	6.7%	8,784,749	7,855,839	11.8%
Net revenue	2,130,141	1,983,093	7.4%	6,988,671	6,260,707	11.6%
Gross Profit	984,775	944,126	4.3%	3,314,671	2,940,932	12.7%
Gross Margin	46.2%	47.6%	-1.4 p.p	47.4%	47.0%	0.5 p.p
EBITDA	290,673	272,851	6.5%	916,232	749,534	22.2%
EBITDA Margin	13.6%	13.8%	-0.1 p.p	13.1%	12.0%	1.1 p.p
Net Profit	127,181	140,666	-9.6%	168,812	204,602	-17.5%
Net Margin	6.0%	7.1%	-1.1 p.p	2.4%	3.3%	-0.9 p.p
Gross Profit (adjusted)	979,241	944,126	3.7%	3,301,706	2,938,792	12.3%
Gross Margin (adjusted)	46.0%	47.6%	-1.6 p.p	47.2%	46.9%	0.3 p.p
EBITDA (adjusted)	291,931	226,606	28.8%	897,593	727,804	23.3%
EBITDA Margin (adjusted)	13.7%	11.4%	2.3 p.p	12.8%	11.6%	1.2 p.p
Net Profit (adjusted)	136,086	56,670	140.1%	183,474	157,420	16.6%
Net Profit Margin (adjusted)	6.4%	2.9%	3.5 p.p	2.6%	2.5%	0.1 p.p
EBITDA (ex-IFRS / adjusted)	211,428	160,580	31.7%	606,944	468,936	29.4%
EBITDA Margin (ex-IFRS / adjusted)	9.9%	8.1%	1.8 p.p	8.7%	7.5%	1.2 p.p
Net Profit (ex-IFRS / adjusted)	141,303	70,478	100.5%	227,770	206,493	10.3%
Net Profit Margin (ex-IFRS / adjusted)	6.6%	3.6%	3.1 p.p	3.3%	3.3%	0 p.p
BY BUSINESS UNIT R\$ Thousand	4Q23	4Q22	Δ(%)	2023	2022	Δ(%)
CENTAURO Gross Revenue ¹	1,336,089	1,433,064	-6.8%	4,322,980	4,344,047	-0.5%
CENTAURO Net Revenue	1,071,156	1,148,216	-6.7%	3,461,396	3,504,480	-1.2%
CENTAURO Gross Profit	512,346	534,716	-4.2%	1,701,739	1,678,448	1.4%
CENTAURO Gross Margin	47.8%	46.6%	1.3 p.p	49.2%	47.9%	1.3 p.p
FISIA Gross Revenue	1,544,332	1,261,103	22.5%	5,101,804	4,088,657	24.8%
FISIA Net Revenue	1,224,538	968,839	26.4%	4,044,090	3,206,132	26.1%
FISIA Adjusted Gross Profit	491,996	412,982	19.1%	1,680,979	1,300,778	29.2%
FISIA Adjusted Gross Margin	40.2%	42.6%	-2.4 p.p	41.6%	40.6%	1.0 p.p



(1) Centauro's digital platform gross revenue adjusted by R\$8.2 million in 1Q22 referring to a part of the digital platform's service revenue. The same amount was adjusted in the intercompany elimination line of gross revenue

NON-RECURRING ADJUSTMENTS



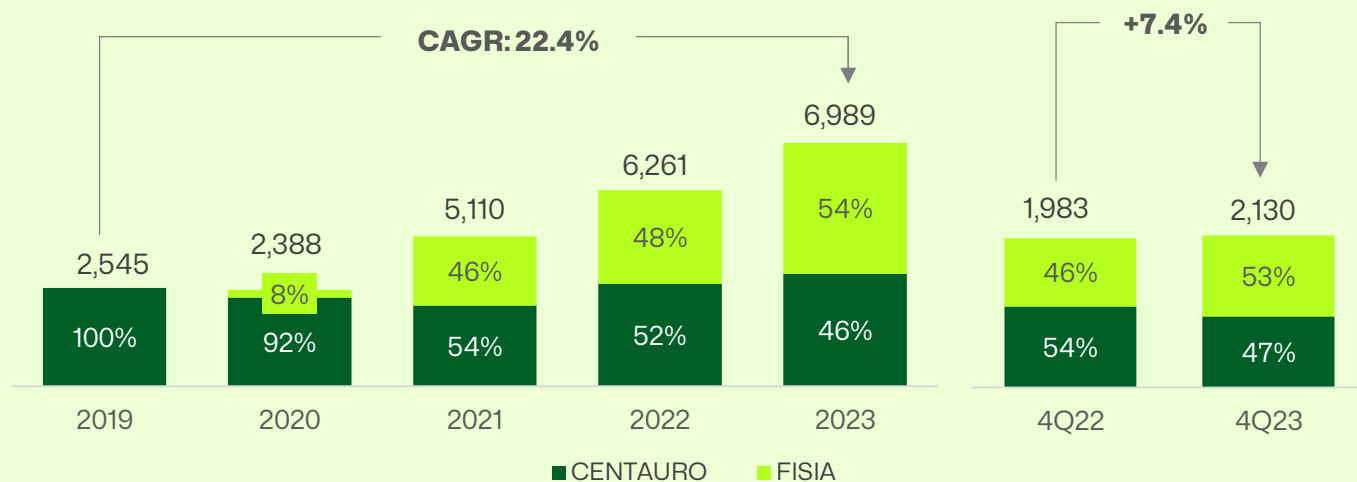
The **adjusted** results presented in this report disregard the nonrecurring effects, aiming to better represent the economic reality of the business and enable comparison with the Company's historical results.

GRUPO SBF R\$ Thousand	4Q23	2023
Tax Credits, Debits and Provisions - Cost of Sales	-5,821	-13,252
Stock Option Plan / Non-cash	-821	9,735
Accounting effects of acquisition - Expenses	-3,935	-15,739
Cost of stores closures	0	2,269
Layoffs costs	1,063	7,440
Tax credits, debits and provision - expenses	-3,513	-23,376
Lease renewals	2,645	2,645
Earn-Out (M&A)	7,000	7,000
DC closing cost	4,640	4,640
Impact of non-recurring effects on EBITDA	1,258	-18,639
EBITDA	290,673	916,232
EBITDA (adjusted)	291,931	897,593
<i>EBITDA Margin (adjusted)</i>	<i>13.7%</i>	<i>12.8%</i>
EBITDA (ex-IFRS)	210,170	625,583
EBITDA (ex-IFRS / adjusted)	211,428	606,944
<i>EBITDA margin (ex-IFRS / adjusted)</i>	<i>9.9%</i>	<i>8.7%</i>
Accounting effects of acquisition - Depreciation and Amortization	4,618	18,474
Financial Result on Tax Credits, Debts and Provisions	3,028	1,980
Income Tax and Social Contribution	0	12,847
Impact of non-recurring effects on Net Profit	8,905	14,662
Net Profit	127,181	168,812
Net Profit (adjusted)	136,086	183,474
<i>Net Margin (adjusted)</i>	<i>6.4%</i>	<i>2.6%</i>
Net Profit (ex-IFRS)	132,398	213,108
Net Profit (ex-IFRS / adjusted)	141,303	227,770
<i>Adjusted Net Margin (ex-IFRS / adjusted)</i>	<i>6.6%</i>	<i>3.3%</i>

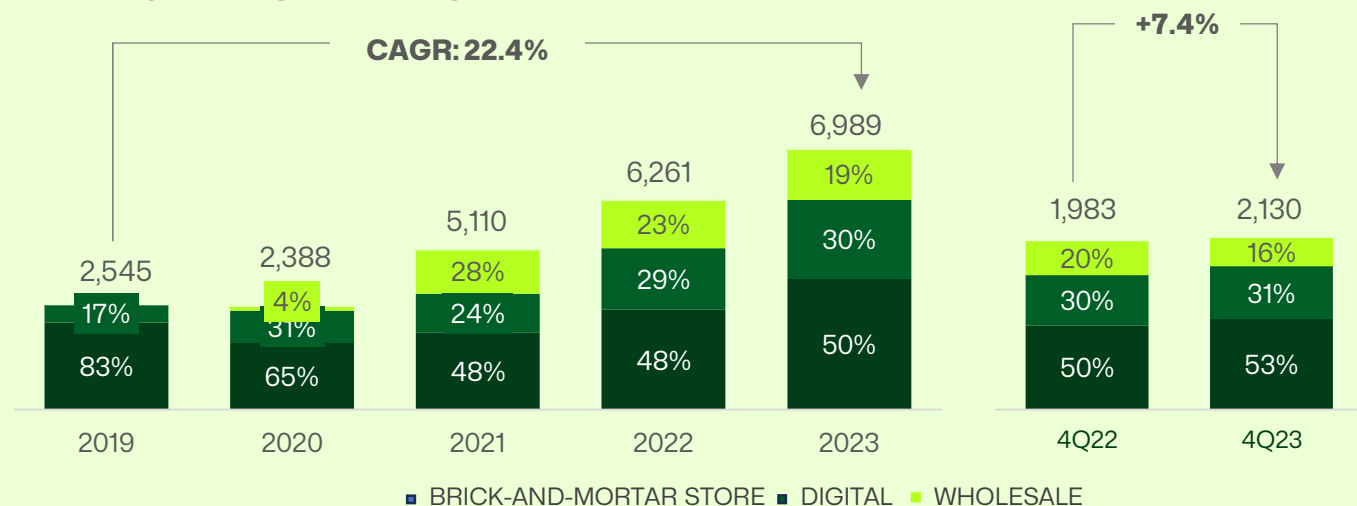
FINANCIAL AND OPERATING PERFORMANCE

R\$ Thousand

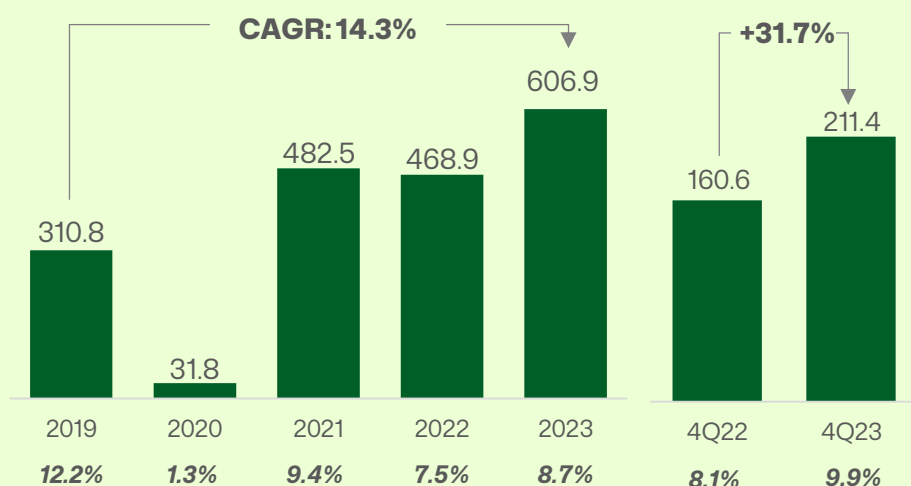
NET REVENUE AND SHARE BY BUSINESS UNIT



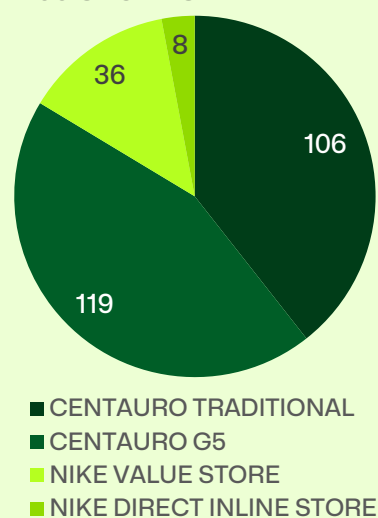
NET REVENUE AND SHARE BY CHANNEL



EBITDA (ADJUSTED / EX-IFRS) AND EBITDA MARGIN



FOOTPRINT 269 STORES IN BRAZIL





FINANCIAL PERFORMANCE

- As indicated throughout this report, the results will be explained, **disregarding the impact of IFRS-16** on operating expenses, EBITDA, financial results, and net income for 2023 and 2022. Through 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 fourth quarter of 2022, the non-recurring effects presented in the 4Q22 release are disregarded.
- The net revenue and gross profit tables are presented by business unit. The other tables are presented in the SBF Group's consolidated view.

NET REVENUE

R\$ Thousand	4Q23 adjusted	4Q22 adjusted	Δ(%)	2023 adjusted	2022 adjusted	Δ(%)
CENTAURO	1,071,156	1,148,216	-6.7%	3,461,396	3,504,480	-1.2%
B&M Stores	866,533	844,969	2.6%	2,756,911	2,596,549	6.2%
Digital Platform	204,623	303,247	-32.5%	704,484	907,932	-22.4%
FISIA	1,224,538	968,839	26.4%	4,044,090	3,206,132	26.1%
Wholesale	377,278	427,911	-11.8%	1,455,033	1,541,403	-5.6%
Digital Platform	503,226	327,806	53.5%	1,581,164	1,067,406	48.1%
B&M Stores	344,034	213,122	61.4%	1,007,892	597,323	68.7%
(+) Intercompany elimination	-165,553	-133,962		-516,815	-449,905	
GRUPO SBF	2,130,141	1,983,093	7.4%	6,988,671	6,260,707	11.6%

CENTAURO

Centauro achieved net revenue of R\$ 1.1 billion in the fourth quarter of 2023, accounting for a decrease of 6.7% compared to 4Q22. Disregarding the positive impact of the World Cup on sales in 2022, Centauro's net revenue would have increased by 2.4% in the quarter. In the full year, Centauro recorded revenue of R\$ 3.5 billion, accounting for a decrease of 1.2% over 2022.

Brick-and-mortar stores recorded R\$ 866.5 million in the quarter, a growth of 2.6% compared to the same period of the previous year. Disregarding the positive impact of the World Cup in 2022, the channel's net revenue would have increased 12.6%. In the quarter, revenue from brick-and-mortar stores was negatively impacted by markdowns in the market, driven by high inventory levels in the industry. Furthermore, the closure of 10 nonprofit stores in 1S23 also impacted revenue for the period.

Net revenue from the digital platform decreased by 32.5% in the quarter, reflecting the Company's strategy of enhancing the channel's profitability by improving ROI, prioritizing performance marketing efficiency, and optimizing freight costs (reducing subsidies). Despite this reduction, e-commerce profitability improved compared to the same period of the previous year.

NET REVENUE

FISIA

Fisia recorded net revenue of R\$ 1.2 billion in the fourth quarter of 2023, accounting for a growth of 26.4% compared to 4Q22. In the accumulated year, Fisia recorded R\$ 4.0 billion in revenue, accounting for a growth of 26.1% compared to 2022. DTC (direct-to-consumer) sales increased from 42.7% in 2022 to 50.9% in 2023 (+8.2 pp).

Brick-and-mortar stores reached R\$ 344.0 million in net revenue in 4Q23, accounting for a growth of 61.4% compared to the same period of 2022. In the year, the channel recorded R\$ 1.0 billion, an expansion of 68.7%. The growth of brick-and-mortar stores was positively impacted by the opening of 12 Nike stores in the last 12 months and by sales on Black Friday and Christmas. Nike had the most significant Black Friday in its history, with three stores recording revenues above R\$ 1 million on the day.

It is worth highlighting that the performance of NVS (Nike Value Store) stores benefited from the markdown policy implemented to reduce inventory levels and the evolution of the stores' operational processes.

The digital platform (1P and 3P modalities) recorded R\$ 503.2 million in net revenue for the quarter, accounting for a growth of 53.3%. The channel reached R\$ 1.6 billion in the year, an increase of 48.1%. The performance in the quarter was positively impacted by the Black Friday and Christmas periods and the markdown strategy, as was the case in the brick-and-mortar store channel.

As a digital highlight, Fisia launched Nike's app at the beginning of December, accounting for 50% of 1P sales in just one month.

The wholesale channel recorded net revenue of R\$ 377.3 million in the quarter, accounting for a decrease of 11.8% compared to 4Q22, mainly impacted by a stronger comparison base due to the ERP migration in 2022 and a purchasing dynamic still not normalized. The channel recorded a drop of 5.6% in the year.

GROSS PROFIT

R\$ Thousand	4Q23 adjusted	4Q22 adjusted	Δ(%)	2023 adjusted	2022 adjusted	Δ(%)
CENTAURO						
Gross Profit	512,346	534,716	-4.2%	1,701,739	1,678,448	1.4%
Gross Margin	47.8%	46.6%	1.3 p.p	49.2%	47.9%	1.3 p.p
FISIA						
Gross Profit	491,996	412,982	19.1%	1,680,979	1,300,778	29.2%
Gross Margin	40.2%	42.6%	-2.4 p.p	41.6%	40.6%	1.0 p.p
(+) Intercompany elimination	-25,100	-3,573		-81,012	-40,435	
GRUPO SBF						
Gross Profit	979,241	944,126	3.7%	3,301,706	2,938,792	12.3%
Gross Margin	46.0%	47.6%	-1.6 p.p	47.2%	46.9%	0.3 p.p

CENTAURO

Centauro's gross margin reached 47.8% in the fourth quarter of 2023, accounting for a growth of 1.2 pp compared to the same period in 2022. Year-to-date, the margin was 49.2% (+1.3 pp).

The margin growth reflects Centauro's profitability expansion strategy in the digital channel, which includes reducing markdowns and freight subsidies and increasing the margin of omnichannel modalities.

FISIA

Fisia's gross margin reached 40.2% in the quarter, accounting for a decrease of 2.4 pp compared to the same period in 2022. In the year-to-date, the margin was 41.6%, an expansion of 1.0 pp.

The margin reduction in the quarter is explained by the continued adoption of more aggressive markdown policies aimed at reducing inventory levels in the second semester of the year. This effect was partially offset by the 10 pp increase in the share of DTC channels in revenue.

OPERATING EXPENSES

R\$ Thousand	4Q23 adjusted	4Q22 adjusted	Δ(%)	2023 adjusted	2022 adjusted	Δ(%)
Operating Expenses	-687,310	-717,520	-4.2%	-2,404,113	-2,210,989	8.7%
<i>% of Net Revenue</i>	32.3%	36.2%	-3.9 p.p	34.4%	35.3%	-0.9 p.p
<i>(+) IFRS16 Impact on Expenses</i>	-80,502	-66,026	21.9%	-290,649	-258,867	12.3%
Operating Expenses (ex-IFRS)	-767,812	-783,546	-2.0%	-2,694,762	-2,469,855	9.1%
<i>% of Net Revenue</i>	36.0%	39.5%	-3.5 p.p	38.6%	39.5%	-0.9 p.p
Selling Expenses (ex-IFRS)	-641,097	-645,480	-0.7%	-2,307,239	-2,062,919	11.8%
<i>% of Net Revenue</i>	30.1%	32.5%	-2.5 p.p	33.0%	33.0%	0.0 p.p
General and Administrative Expenses (ex-IFRS)	-112,161	-140,118	-20.0%	-397,706	-419,355	-5.2%
<i>% of Net Revenue</i>	5.3%	7.1%	-1.8 p.p	5.7%	6.7%	-1.0 p.p
Other net operating income/expenses (ex-IFRS)	-14,555	2,052	n.a	10,183	12,419	-18.0%

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

Following the third quarter trend, fourth quarter was marked by the dilution of SG&A to net revenue ratio as a result of structural adjustments implemented throughout the first semester of 2023.

SBF Group recorded R\$ 767.8 million in adjusted operating expenses (ex-IFRS) for the period, accounting for a decrease of 2.0% compared to 4Q22. As a percentage of net revenue, there was a dilution of 3.5 pp compared to 4Q22. In the accumulated year, expenses totaled R\$ 2.7 billion, accounting for an increase of 9.0%, representing a dilution of 0.9 pp compared to 2022.

The adjustments held over the first semester of the year were concentrated on the following fronts: (i) staff reduction in all areas of the Company, (ii) renegotiation of contracts with suppliers, (iii) closure of Centauro's non-profit stores, and (iv) reduction of investments in top-of-funnel marketing.

Furthermore, expenses in the fourth quarter also benefited from the conclusion of the migration of Fisia's distribution center to its own operation and the decrease in storage costs due to lower inventory levels in the second semester of 2023.

EBITDA

R\$ Thousand	4Q23 adjusted	4Q22 adjusted	Δ(%)	2023 adjusted	2022 adjusted	Δ(%)
Net Income	136,086	56,670	140.1%	183,474	157,420	16.6%
(+) Income tax and social contribution	1,545	-16,997	109.1%	-8,170	730	n.a
(+) Net financial result	-77,675	-69,635	11.5%	-339,018	-241,732	40.2%
(+) Depreciation and amortization	-79,716	-83,304	-4.3%	-366,931	-329,381	11.4%
EBITDA	291,931	226,606	28.8%	897,593	727,804	23.3%
EBITDA Margin	13.7%	11.4%	2.3 p.p	12.8%	11.6%	1.2 p.p
(+) IFRS16 Impact on Expenses	-80,502	-66,026	21.9%	-290,649	-258,867	12.3%
EBITDA (ex-IFRS)	211,428	160,580	31.7%	606,944	468,936	29.4%
EBITDA Margin (ex-IFRS)	9.9%	8.1%	1.8 p.p	8.7%	7.5%	1.2 p.p

SBF Group's EBITDA (ex-IFRS) totaled R\$ 211.4 million in 4Q23, accounting for a growth of 31.7% compared to 4Q22, an EBITDA margin of 9.9%, and an expansion of 1.8 pp compared to the same period of 2022.

In 2023, the Company recorded EBITDA (ex-IFRS) of R\$ 606.9 million, an increase of 29.4%, with a margin of 8.7%, an expansion of 1.2 pp compared to the previous year.

Following the third quarter trend, the reduction in structural expenses drove the EBITDA expansion, even with a decrease in gross margin due to more aggressive markdown policies. Additionally, Fisia's consistent growth contributed positively to EBITDA for the period.

FINANCIAL INCOME (LOSS)

R\$ Thousand	4Q23 adjusted	4Q22 adjusted	Δ(%)	2023 adjusted	2022 adjusted	Δ(%)
Net Financial Income/Expenses	-77,675	-69,635	11.5%	-339,018	-241,732	40.2%
(+) Financial Expenses – Right of Use (IFRS)	33,283	33,013	0.8%	134,400	125,375	7.2%
Net Financial Income/Expenses (ex-IFRS)	-44,391	-36,623	21.2%	-204,618	-116,357	75.9%

NET PROFIT

R\$ thousand	4Q23 adjusted	4Q22 adjusted	Δ(%)	2023 adjusted	2022 adjusted	Δ(%)
Net Profit (Loss)	136,086	56,670	140.1%	183,474	157,420	16.6%
Net Margin	6.4%	2.9%	3.5 p.p	2.6%	2.5%	0.1 p.p
(+) IFRS16 Impact on Expenses	-80,502	-66,026	21.9%	-290,649	-258,867	12.3%
(+) Depreciation and amortization - Right of Use (IFRS16)	53,157	46,821	13.5%	205,206	182,565	12.4%
(+) Financial Expenses – Right of Use (IFRS16)	33,283	33,013	0.8%	134,400	125,375	7.2%
(+) Income tax (IFRS16)	-721	1	n.a	-4,662	0	n.a
Net Profit (ex-IFRS)	141,303	70,478	100.5%	227,770	206,493	10.3%
Net Profit Margin (ex-IFRS)	6.6%	3.6%	3.1 p.p	3.3%	3.3%	0 p.p

SBF Group's net profit (ex-IFRS) totaled R\$ 141.3 million in the fourth quarter, a growth of 100.5% compared to 4Q22. Net profit reached R\$ 227.8 million in the year, an increase of 10.3% compared to 2022.

Net profit was positively impacted by the dilution of SG&A and negatively affected by the financial result for the period, given the higher average debt in the quarter compared to previous periods.

NET WORKING CAPITAL

R\$ Thousand	31/12/2023	31/12/2022	Δ(%)
Accounts receivable	1,597,414	1,715,172	-6.9%
Taxes and income tax to be offset	429,716	574,406	-25.2%
Inventories	1,699,339	1,737,002	-2.2%
Other accounts receivable	86,341	81,597	5.8%
	3,812,810	4,108,177	-7.2%
Other accounts payable	213,665	180,356	18.5%
Resale suppliers	1,154,277	1,561,547	-26.1%
Tax liabilities	359,469	225,628	59.3%
Lease payable	182,918	278,072	-34.2%
Labor liabilities	174,290	191,851	-9.2%
Other liabilities	66,290	152,851	-56.6%
	2,150,909	2,590,305	-17.0%
Net Working Capital	1,661,901	1,517,872	9.5%

☰ 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.

SBF group's net working capital increased 9.5% compared to 2022, totaling R\$ 1.7 billion. However, as a percentage of gross revenue, net working capital decreased by 0.4 pp, resulting from structural actions throughout 2S23.

After two quarters with high inventory levels, the Company's fourth quarter volumes were in line with 4Q22, resulting from the actions implemented throughout the year. Regarding days in inventory, SBF Group ended 4Q23 with 168 days (-11.9% over 4Q22 and -25.2% over 2Q23). It is worth highlighting that the seasonality of each quarter should be considered for the following quarters.

The nominal increase in working capital was mainly driven by the decrease in the supplier account, resulting from the inventory normalization plan implemented during the year, with the main strategy of reducing the product receipt schedule in 2S23. In supplier days, SBF Group ended the quarter with 115 days, accounting for a decrease of 33.3% compared to 4Q22.

The following factors offset the negative effect observed on the supplier account:

- i. Accounts receivable: improvement resulting from the change in the installment payment policy in stores and e-commerce, including increasing the minimum installment, reducing the number of installments and encouraging the Brazilian Instant Bank Payment system (PIX) payment method. In days of receivables, the Company ended 4Q23 with 66 days, accounting for a decrease of 16.7% compared to the same period in 2022.
- ii. Taxes and income tax to be offset: the reduction in the balance resulted from the implementation of the import corridor at the end of 2022, which allowed the use of the balance of ICMS/SP credits at Fisia and PIS/COFINS credits accumulated from previous periods.
- iii. Tax obligations: the increase is explained by provisions for the payment of DIFAL (Rate Differential). These provisions are contra-entered in judicial deposits (non-current assets). Such accounts must be offset in the following periods.

CASH FLOW

R\$ Thousand	4Q23	4Q22	Δ(%)	2023	2022	Δ(%)
EBITDA	290,673	272,851	6.5%	916,232	749,534	22.2%
Depreciation and Interest Rates IFRS 16	-86,440	-79,834	8.3%	-339,607	-307,940	10.3%
Working Capital Variation ¹	693,569	163,897	323.2%	-144,029	-313,921	-54.1%
Other	51,813	55,851	-7.2%	94,446	31,241	202.3%
Operating Cash Flow	949,614	412,765	130.1%	527,042	158,913	231.7%
M&A	0	0	n.a	0	-37,669	n.a
Other	-48,798	-152,734	-68.1%	-257,664	-341,232	-24.5%
Cash Flow from Investing Activities	-48,798	-152,734	-68.1%	-257,664	-378,901	-32.0%
Debt ²	-158,382	-90,370	75.3%	237,278	149,949	58.2%
Factoring of Receivables	-24,840	0	n.a	0	0	n.a
Tax Installment Payment	-4,563	-8,022	-43.1%	-16,316	-39,357	-58.5%
Dividends	0	0	n.a	-33,085	-28,637	15.5%
Capital	0	83	n.a	348	6,997	-95.0%
Cash Flow from Financing	-187,785	-98,309	91.0%	188,225	88,952	111.6%
Cash Flow	713,032	161,722	340.9%	457,603	-131,036	n.a



(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.

The Company recorded an operating cash flow of R\$ 949.6 million in 4Q23, accounting for an increase of R\$ 536.8 million compared to the same period in 2022.

Considering the seasonality of the retail calendar, the fourth quarter is marked by solid cash generation compared to other periods of the year. In 2023, cash generation was boosted by the measures implemented by the Company on the inventory front and the reduction in the average period of receivables from customers, which freed up R\$694 million in working capital.

In line with SBF Group's strategy of reducing financial leverage, cash flow from investments went from R\$152.7 million in 4Q22 to R\$48.8 million in 4Q23.

With a robust cash position, the Company made debt/interest payments without the need to raise new funding or prepay its receivables, resulting in a negative financing cash flow of R\$ 187.8 million.

INDEBTEDNESS

R\$ Thousand	31/12/2023 adjusted	31/12/2022 adjusted	Δ(%)
(+) Loans and financing	1,597,500	1,133,562	40.9%
(-) Cash and cash equivalents	875,914	418,311	109.4%
(=) Net Debt	721,586	715,251	0.9%
(+) Factoring of Receivables	0	0	n.a
(+) Tax Installment Payment	96,073	112,389	-14.5%
(=) Adjusted Net Debt	817,659	827,640	-1.2%
Adj. Net Debt /Adj. EBITDA (LTM)	0.91x	1.14x	-0.23x
Adj. Net Debt /Adj. EBITDA (ex-IFRS) (LTM)	1.35x	1.76x	-0.42x

The Company ended the fourth quarter of 2023 with a balance of loans and financing of R\$ 1.6 billion, an increase of 40.9% compared to 4Q22. This increase reflects the funding carried out throughout the year to sustain growth and fulfill temporary liquidity requirements, driven by the inventory conditions observed until the year's third quarter.

However, through the quarter's cash generation, SBF Group ended the quarter with R\$ 817.7 million in net debt, accounting for a reduction of 1.2% compared to the same period of the previous year.

By reducing net debt and expanding EBITDA, the Company achieved its objective of reducing leverage from 1.76x in December 2022 to 1.35x in December 2023.

INVESTMENTS - CAPEX

R\$ thousand	4Q23	4Q22	Δ(%)	2023	2022	Δ(%)
New Stores	3,970	70,521	-94.4%	44,031	116,156	-62.1%
Stores Refurbishment	910	15,908	-94.3%	10,665	37,820	-71.8%
Technology	26,831	33,705	-20.4%	119,244	116,715	2.2%
Logistics	5,439	20,078	-72.9%	52,607	31,205	68.6%
Others	11,648	12,522	-7.0%	31,117	39,336	-20.9%
Total Investments	48,798	152,734	-68.1%	257,664	341,232	-24.5%

SBF Group recorded CAPEX of R\$ 48.8 million in the quarter, accounting for a decrease of 68.1% compared to the same period of the previous year. This reduction is mainly explained by the concentration of store openings in the first semester of the year, and the completion of Fisid's new distribution center.

CAPEX reached R\$ 260 million in the year, a reduction of 24.5% over 2022, due to the contraction in store openings throughout the year (27 stores opened in 2022 vs 18 stores in 2023).

CONSOLIDATED BALANCE SHEET

R\$ Thousand	31/12/2023	31/12/2022
Assets	8,614,447	8,470,247
Current	4,688,724	4,526,488
Cash and cash equivalents	875,914	418,311
Accounts receivable	1,597,414	1,711,003
Derivative financial instruments	0	4,169
Recoverable taxes	390,649	525,351
Income tax and social contribution to be offset	39,067	49,055
Inventories	1,699,339	1,737,002
Other accounts receivable	86,341	81,597
Non-current	3,925,723	3,943,759
Taxes to be offset	187,811	146,880
Income tax and social contribution to be offset	23,487	93,055
Loans receivable	10,071	10,036
Deferred tax assets	755,531	841,811
Judicial deposits	411,312	291,673
Other amounts receivable	54,757	67,727
Investments	4,080	5,001
Property and equipment	610,429	571,951
Intangible assets	523,591	487,453
Right of use	1,344,654	1,428,172
Liabilities	8,614,447	8,470,247
Current	2,841,671	2,948,338
Suppliers	1,154,277	1,561,547
Loans and financing	28,710	86,082
Debentures	595,294	191,836
Derivative financial instruments	87,804	39,612
Tax liabilities	358,963	192,684
Income tax and social contribution payable	506	32,944
Tax installment payment	31,677	47,030
Labor and social security liabilities	174,290	191,851
Dividends payable	35,081	33,085
Lease payable	182,918	278,072
Other accounts payable	125,875	140,744
Other obligations	66,276	152,851
Non-current	3,231,190	3,112,055
Loans and financing	172,444	81,997
Debentures	801,052	773,647
Tax installment payment	64,396	65,359
Provisions for contingencies	605,207	559,713
Deferred income tax and social contribution	11,019	9,724
Lease payable	1,410,966	1,358,170
Other obligations	91,660	123,874
Other accounts payable	74,446	139,571
Shareholders' equity	2,541,586	2,409,854
Capital stock	1,830,872	1,830,524
Capital reserves	271,263	261,528
Incentive reserves	458,561	331,702
Equity valuation adjustments	-26,958	-15,157
Accumulated losses	643	1,257
Proposed Dividends	7,205	0

CASH FLOW

R\$ Thousand	31/12/2023	31/12/2022
Profit before taxes	189,829	218,213
Adjusted by:		
Depreciation and amortization	415,282	353,780
Interest rates	369,129	303,459
Impairment losses on accounts receivables	-380	1,994
Equity Income	922	-210
Share-based payment	9,735	36,561
Income (loss) from write-off of property, plant and equipment and intangible assets	2,155	-1,927
Write-off of residual leases	-7,438	-30
Provision for inventory obsolescence	68,602	46,948
Net recording of provision for contingencies	69,822	-18,161
Lease discounts	-2,259	-10,108
	1,115,399	930,519
(Increase) decrease in Assets		
Accounts receivable	113,969	-411,908
Inventory	-30,939	-741,317
Derivative financial instruments	4,169	-5,793
Deferred taxes, income tax and social contribution to be offset	264,232	190,891
Judicial deposits	-119,639	-143,221
Other accounts receivable	8,226	9,866
Increase (decrease) in liabilities		
Suppliers	-403,489	645,265
Tax liabilities	163,309	99,174
Tax installment payment	-24,421	-44,490
Derivative financial instruments	22,503	34,995
Contingencies paid	-24,328	-41,557
Labor and social security liabilities	-17,561	34,156
Other accounts payable	-80,008	-175,319
Other obligations	-118,775	133,663
Chg. in assets and liabilities:	-242,752	-415,595
Interest rate paid on financing	-34,051	-34,597
Interest rate paid on debentures	-170,014	-106,820
Income tax and social contribution paid	-43,172	-108,002
Net cash (used in) generated by operating activities	625,410	265,505
Cash flow from investing activities		
Additions to property and equipment	-126,465	-230,266
Additions to intangible assets	-133,162	-141,455
Acquisition of subsidiary net of cash received	0	-22,160
Net cash (used in) investing activities	-259,627	-393,881
Cash flow from financing activities		
Loans and financing raised	194,248	2,536
Loans and financing paid	586,848	496,098
Issue of debentures	-339,753	-207,268
Lease Paid	-316,786	-262,386
Capital increase	348	6,997
Loans receivable	0	-10,000
Dividends paid	-33,085	-28,637
Net cash (used in) financing activities	91,820	-2,660
Decrease/Increase of cash and cash equivalents	457,603	-131,036
Cash and cash equivalents at the beginning of the year	418,311	549,347
Cash and cash equivalents at the end of the year	875,914	418,311

INCOME STATEMENT

IFRS

R\$ Thousand	4Q23	4Q22	Δ(%)	2023	2022	Δ(%)
Net revenue	2,130,141	1,983,093	7.4%	6,988,671	6,260,707	11.6%
Cost of sales	-1,145,366	-1,038,967	10.2%	-3,674,000	-3,319,775	10.7%
Gross Profit	984,775	944,126	4.3%	3,314,671	2,940,932	12.7%
Operating expenses	-694,102	-671,275	3.4%	-2,398,439	-2,191,399	9.4%
Selling expenses	-550,750	-551,499	-0.1%	-2,010,719	-1,784,804	12.7%
Administrative and general expenses	-129,673	-138,715	-6.5%	-398,937	-406,410	-1.8%
Other net operating income/expenses	-13,679	18,940	-172.2%	11,217	-184	n.a
Depreciation and amortization expenses	-84,334	-87,922	-4.1%	-385,405	-347,698	10.8%
Operating Income (Loss)	206,339	184,929	11.6%	530,827	401,836	32.1%
Financial income	47,832	51,330	-6.8%	249,367	254,441	-2.0%
Financial expenses	-128,535	-62,856	104.5%	-590,365	-438,064	34.8%
Net financial income (expenses)	-80,703	-11,526	n.a	-340,998	-183,623	85.7%
Profit before taxes	125,636	173,403	-27.5%	189,829	218,213	-13.0%
Income tax and social contribution	1,545	-32,737	104.7%	-21,017	-13,611	54.4%
Net income for the period	127,181	140,666	-9.6%	168,812	204,602	-17.5%

IFRS adjusted by non-recurring effects

R\$ Thousand	4Q23 adjusted	4Q22 adjusted	Δ(%)	2023 adjusted	2022 adjusted	Δ(%)
Net revenue	2,130,141	1,983,093	7.4%	6,988,671	6,260,707	11.6%
Cost of sales	-1,150,900	-1,038,967	10.8%	-3,686,965	-3,321,915	11.0%
Gross Profit	979,241	944,126	3.7%	3,301,706	2,938,792	12.3%
Operating expenses	-687,310	-717,520	-4.2%	-2,404,113	-2,210,989	8.7%
Selling expenses	-568,288	-585,856	-3.0%	-2,060,194	-1,827,287	12.7%
Administrative and general expenses	-104,467	-133,715	-21.9%	-361,542	-395,634	-8.6%
Other net operating income/expenses	-14,554	2,052	n.a	17,622	11,933	47.7%
Depreciation and amortization expenses	-79,716	-83,304	-4.3%	-366,931	-329,381	11.4%
Operating Income (Loss)	212,216	143,302	48.1%	530,662	398,423	33.2%
Financial income	47,832	21,842	119.0%	247,355	224,953	10.0%
Financial expenses	-125,507	-91,478	37.2%	-586,374	-466,686	25.6%
Net financial income (expenses)	-77,675	-69,635	11.5%	-339,018	-241,732	40.2%
Profit before taxes	134,541	73,667	82.6%	191,644	156,691	22.3%
Income tax and social contribution	1,545	-16,997	109.1%	-8,170	730	n.a
Net income for the period	136,086	56,670	140.1%	183,474	157,420	16.6%

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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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

SMLL B3 | ICON B3 | IGC B3 | IGC-NM B3 | IGCT B3 | ITAG B3 | IBRA B3 | IGPTWB3