

EARNINGS RELEASE

1Q23



GRUPO SBF

EARNINGS
RELEASE

1Q23



São Paulo, May 08, 2023

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



Conference Call



May 09, 2023

11:00 a.m. (NY time zone)

12:00 p.m. (Brasília time zone)

04:00 p.m. (London time zone)



Portuguese Webcast



English Web



SBFG

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HIGHLIGHTS



Gross Revenue of R\$ 1.85 billion in the quarter, growth of +13.3% over 1Q22



Growth of 14.1% in Gross Revenue of Centauro brick-and-mortar stores, reaching R\$ 701.8 million



Fisia's Net Revenue reached R\$ 855.9 million, and increased +3.7 p.p. in gross margin, reaching 43.6%, the highest level since the acquisition by the Group



Grupo SBF's Gross Margin reached 50.0% in 1Q23, the highest margin as a Group since the acquisition of Fisia



Centauro's Gross Margin reached 51.5% in 1Q23, the highest quarterly margin since 2017, accounting for a growth of +2.9 p.p. over 1Q22



Growth of +9.5 p.p. in Fisia's DTC channels sales share, reaching 56.9%



Grupo SBF's adjusted EBITDA margin (ex-IFRS) in 1Q23 reached 9.1%, growth of 1.0 p.p. over 4Q22



51% of Centauro stores are G5 stores, corresponding to 61% of the total sales area



Nike store expansion: 6 Nike Value Store openings in 1Q23



MESSAGE FROM THE MANAGEMENT

We started the year 2023 focused on increasing the profitability of our operations and keeping our company adaptable to changes in the scenario. During the first quarter of the year, with the growth of DTC channels in Fisia, greater profitability in Centauro's sales and rationalization of expenses for the whole group, our gross revenue grew 13.3%, reaching R\$ 1.85 billion, an increase of 4 pp in gross margin (over 1Q22) and our adjusted EBITDA (ex-IFRS) grew 11.0%, totaling R\$ 133.7 million.

We have made important adjustments at Centauro to increase the gross margin, which reached 51.5%, with the optimization of channels and sales methods, as well as the adjustment of the pricing policy to the needs of the business, the consumer and the market. The margin increase impacts the digital channel's revenue in the short term, but such adjustments prepare us to resume a sustainable growth.

Brick-and-mortar stores continue to be one of Centauro's competitive advantages, since besides providing a superior consumer experience, they also strengthen the online and omnichannel operation. We currently have 223 stores in 26 states, which account for approximately 80% of our revenue in Centauro. We reviewed our portfolio of Centauro stores this quarter - a common adjustment in the retail business. Even with such adjustment, revenue from brick-and-mortar stores in the period increased 14% (over 1Q22, with R\$ 702 million) and we reached Same Store Sales of 16.7%. Furthermore, we continue encouraging the integration of online and offline buyer's journey. This quarter we have focused mainly on the in-store pickup method, which has the highest levels of consumer satisfaction and greater profitability, generating a 10% increase in this method.

We are also continuing the expansion of Fisia's DTC operation. We opened 6 new NVS stores in the first quarter of the year, which, together with the other 17 new stores opened in the last 12 months, account for a 73% increase in our portfolio. Fisia's digital platform also continues to grow with the evolution of the migration of online wholesale sales to 3P, in addition to increasing sales at nike.com.br. These actions brought not only a growth of 20.8% in revenue, but also an increase of 3.7 pp in Fisia's gross margin, reaching 43.6% in the quarter.

The main business indicators evolved positively. This scenario was not fully reflected in net profit due to the impact of the increase in financial expenses, which were up due to the increase in the interest rate (CDI) and the investments made in working capital and Capex in recent years. The reduction of financial expenses throughout the year, through a more expressive cash generation, is one of our priorities for the coming quarters.



MESSAGE FROM THE MANAGEMENT

The business results allow us to keep exploring the potential of our long-term vision for Grupo SBF. Advancing is our sport, so we connect with the journey of sportspersons and sports enthusiasts and work to offer products, services and experiences to boost their engagement with sports. The "Centauro Arena", which we have just opened at Ibirapuera Park in São Paulo, is yet another sign of this movement by the company. Centauro Arena is a true "house of sports" offering free experiences and services to society. We also continue to explore the potential of our ventures, in continuous exercises to use the audience to generate sales and increase the recurrence of our business.

We reinforce that our focus for the year for our operations is cash generation with profitability, thus increasing our efficiency. We know that 2023 is a year that will require us to manage macroeconomic challenges. We trust in our team's ability to deliver results with advances in both Centauro and Fisia. We have over 40 years of history and have already faced several complex scenarios. We are prepared to achieve our goals and to adjust to market movements.

The Management
Grupo SBF



GROSS REVENUE AND OPERATING INDICATORS

| CENTAURO R\$ thousand | 1Q23 | 1Q22 | Δ(%) |
|--|------------------|------------------|------------------|
| Gross Revenue^{1 2} | 879,694 | 844,451 | 4.2% |
| B&M Stores | 701,734 | 614,984 | 14.1% |
| Digital Platform | 177,959 | 229,467 | -22.4% |
| Omnichannel Sales (GMV)³ | 103,972 | 133,160 | -21.9% |
| Total Number of Stores – Centauro | 223 | 230 | -3.0% |
| Number of G5 Stores | 114 | 100 | 14.0% |
| Sales Area - Centauro (m²) | 230,580 | 235,452 | -2.1% |
| G5 Total Area (m²) | 141,657 | 123,253 | 14.9% |
| FISIA R\$ thousand | 1Q23 | 1Q22 | Δ(%) |
| Gross Revenue¹ | 1,081,532 | 895,061 | 20.8% |
| Wholesale | 465,609 | 470,499 | -1.0% |
| Digital Platform | 394,017 | 276,918 | 42.3% |
| Nike Value Store | 221,906 | 147,644 | 50.3% |
| Share of DTC sales | 56.9% | 47.4% | +9.5 p.p. |
| Total Number of Stores – Nike Value | 33 | 22 | 50.0% |
| Sales Area – Nike Value (m²) | 37,113 | 23,020 | 61.2% |
| Total Number of Stores – Nike Store | 5 | 0 | n.a |
| Sales Area – Nike Store (m²) | 3,144 | 0 | n.a |
| GRUPO SBF R\$ thousand | 1Q23 | 1Q22 | Δ(%) |
| Total Gross Revenue¹ | 1,850,123 | 1,633,108 | 13.3% |
| Centauro Gross Revenue ¹ | 879,694 | 844,451 | 4.2% |
| Fisia Gross Revenue ¹ | 1,081,532 | 895,061 | 20.8% |
| (+) Intercompany elimination ² | -111,102 | -106,404 | |
| Share of digital sales | 30.9% | 31.0% | -0.1 p.p. |

SAME STORE SALES (SSS)



| 2023 x 2022 | 1Q23 | 1Q22 |
|---|-------------|--------------|
| SSS (B&M stores + digital)⁴ | 9.1% | 37.5% |
| SSS B&M stores ³ | 16.7% | 37.9% |
| GMV Digital (1P + 3P) ⁵ | -7.8% | 36.7% |
| GMV as % of total sales | 26.7% | 31.0% |



| 2023 x 2022 | 1Q23 | 1Q22 |
|---|--------------|--------------|
| SSS (B&M stores + digital)⁴ | 30.4% | 92.9% |
| SSS B&M stores | 8.0% | 54.8% |
| GMV Digital | 42.3% | 120.3% |



(1) Gross revenue, excluding return of goods;

(2) Centauro's digital platform gross revenue adjusted by R\$8.2 million in 1Q22 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 | 1Q23 | 1Q22 | Δ(%) |
|--------------------------------------|------------------|------------------|---------------|
| Gross Revenue | 1,850,123 | 1,633,108 | 13.3% |
| Net revenue | 1,472,122 | 1,344,627 | 9.5% |
| Gross Profit | 736,737 | 621,722 | 18.5% |
| Gross Margin | 50.0% | 46.2% | 3.8 p.p |
| EBITDA | 204,924 | 179,856 | 13.9% |
| EBITDA Margin | 13.9% | 13.4% | 0.5 p.p |
| Net Profit | 1,512 | 17,278 | -91.2% |
| Net Margin | 0.1% | 1.3% | -1.2 p.p |
| | | | |
| Adjusted Gross Profit | 736,737 | 619,582 | 18.9% |
| Adjusted Gross Margin | 50.0% | 46.1% | 4 p.p |
| Adjusted EBITDA | 205,927 | 185,390 | 11.1% |
| Adjusted EBITDA Margin | 14.0% | 13.8% | 0.2 p.p |
| Adjusted Net Profit | 7,133 | 30,097 | -76.3% |
| Adjusted Net Profit Margin | 0.5% | 2.2% | -1.8 p.p |
| Adjusted EBITDA (ex-IFRS) | 133,718 | 120,475 | 11.0% |
| Adjusted EBITDA Margin (ex-IFRS) | 9.1% | 9.0% | 0.1 p.p |
| Adjusted Net Profit (ex-IFRS) | 16,863 | 38,336 | -56.0% |
| Adjusted Net Profit Margin (ex-IFRS) | 1.1% | 2.9% | -1.7 p.p |

| By Business Unit | | 1Q23 | 1Q22 | Δ(%) |
|--|-----------------------|-----------|---------|---------|
| R\$ Thousand | | | | |
|  CENTAURO | Gross Revenue | 879,694 | 844,451 | 4.2% |
| | Net Revenue | 704,594 | 698,577 | 0.9% |
| | Gross Profit | 362,712 | 339,122 | 7.0% |
| | Gross Margin | 51.5% | 48.5% | 2.9 p.p |
|  FISIA | Gross Revenue | 1,081,532 | 895,061 | 20.8% |
| | Net Revenue | 855,916 | 734,497 | 16.5% |
| | Adjusted Gross Profit | 372,850 | 292,506 | 27.5% |
| | Adjusted Gross Margin | 43.6% | 39.8% | 3.7 p.p |



(1) Centauro's digital platform gross revenue adjusted by R\$8.2 million in 1Q22 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



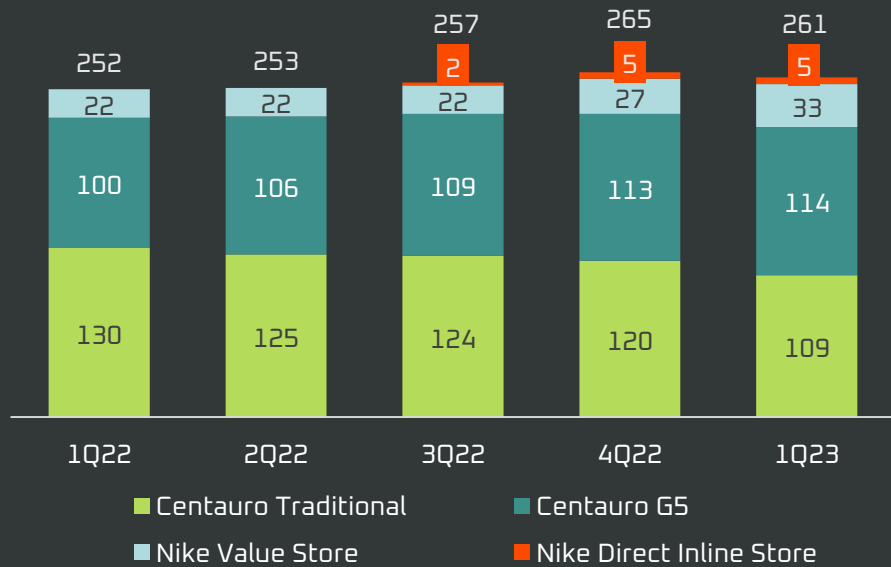
The **adjusted** results presented in this report disregard the non recurring effects, aiming to better represent the economic reality of the business and enable comparison with the Company's historical result.

| GRUPO SBF R\$ thousand | 1Q23 |
|---|----------------|
| Stock Option Plan / Non-cash | 803 |
| Accounting effects of acquisition - Expenses | -3,935 |
| Cost of stores closures | 2,269 |
| Dismissals costs | 1,865 |
| Impact of non-recurring effects on EBITDA | 1,003 |
| EBITDA | 204,924 |
| Adjusted EBITDA | 205,927 |
| Adjusted EBITDA Margin | 14.0% |
| EBITDA (ex-IFRS) | 132,715 |
| Adjusted EBITDA (ex-IFRS) | 133,718 |
| Adjusted EBITDA margin (ex-IFRS) | 9.1% |
| Accounting effects of acquisition - Depreciation and Amortization | 4,618 |
| Impact of non-recurring effects on Net Profit | 5,621 |
| Net Profit | 1,512 |
| Adjusted Net Profit | 7,133 |
| Adjusted Net Margin | 0.5% |
| Net Profit (ex-IFRS) | 11,242 |
| Adjusted Net Profit (ex-IFRS) | 16,863 |
| Adjusted Net Margin (ex-IFRS) | 1.1% |

FINANCIAL AND OPERATING PERFORMANCE



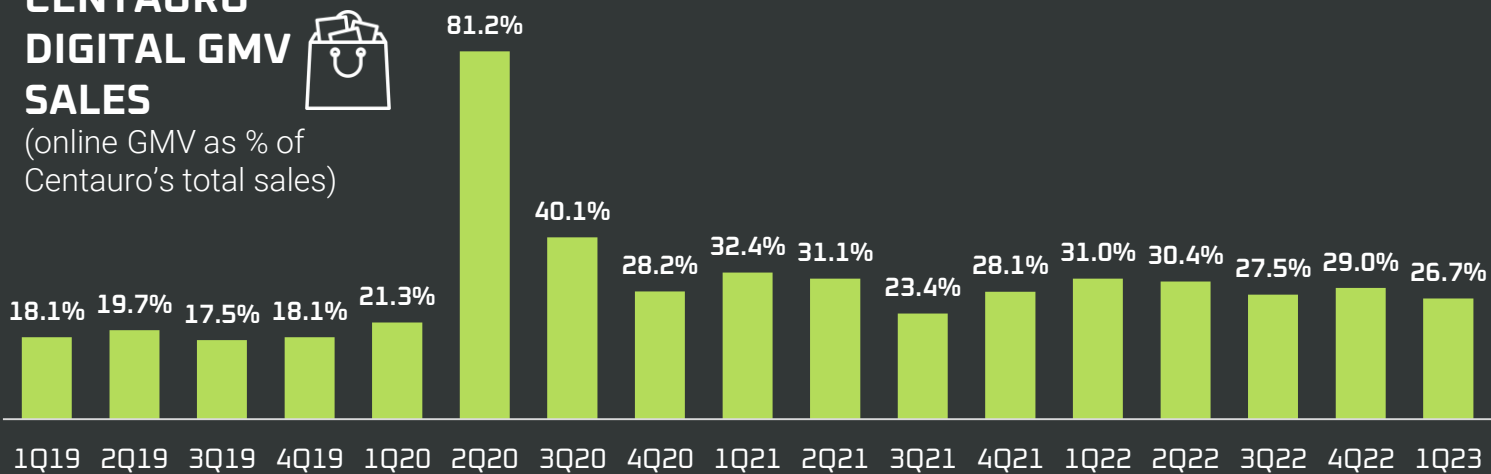
OUR STORES



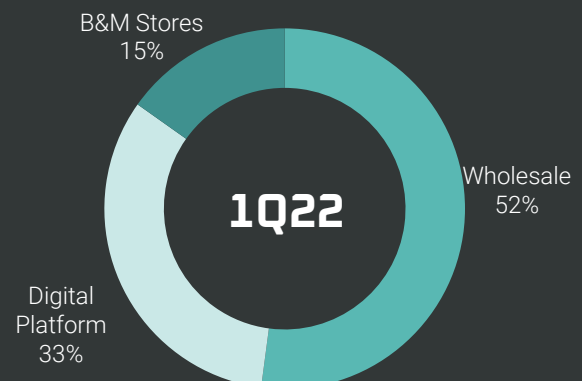
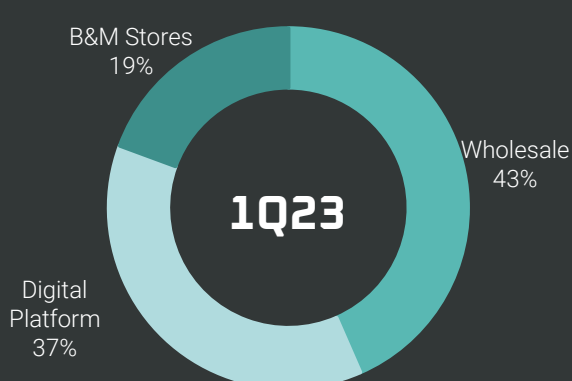
CENTAURO DIGITAL GMV SALES



(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 1Q22 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 | 1Q23 adjusted | 1Q22 adjusted | Δ(%) |
|------------------------------|------------------|------------------|--------------|
| CENTAURO | 704,594 | 698,577 | 0.9% |
| B&M Stores | 566,498 | 502,454 | 12.7% |
| Digital Platform | 138,096 | 196,123 | -29.6% |
| FISIA | 855,916 | 734,497 | 16.5% |
| Wholesale | 371,903 | 382,586 | -2.8% |
| Digital Platform | 318,162 | 240,359 | 32.4% |
| B&M Stores | 165,851 | 111,552 | 48.7% |
| (+) Intercompany elimination | -88,388 | -88,446 | |
| GRUPO SBF | 1,472,122 | 1,344,627 | 9.5% |

CENTAURO

Centauro's net revenue in the first quarter totaled R\$ 704.6 million, an increase of 0.9%, as result of the plan for the year with a focus on increasing profitability. Brick-and-mortar stores reached R\$ 566.5 million in 1Q23 and, despite the optimization of the store portfolio that resulted in the closure of 10 stores in 1Q23, the channel grew 12.7%, mainly explained by the addition of 3 new stores and 11 renovations in the last 12 months, by store operations 100% normalized in 1Q23 over 1Q22 when part of the stores were still operating with restrictions due to the pandemic, and the improvement in the sporting goods global supply chain situation. The availability of marketplace products at the endless aisle continues to contribute to sales growth (7.8% of store sales occurred in endless aisle and 30.8% of these sales were marketplace products).

The decrease recorded in the Digital Platform of -29.6% in net revenue and -7.8% in total online sales (GMV) is due to the channel's profitability strategy, with the implementation of several initiatives that impacted revenue, but were positive for profits, such as the review of ship-from-store rules, reduction in mark-down levels and optimization of performance marketing. In addition to such initiatives, it is worth mentioning that the channel was positively impacted by a higher share of sales in 1Q22, still due to restrictions in brick-and-mortar stores owing to the pandemic, and by the benefit of DIFAL (Tax Rate Difference), which generated a positive impact of R\$ 13.8 million in 1Q22.



NET REVENUE

FISIA

Fisia's net revenue totaled R\$ 855.9 million in 1Q23, an increase of 16.5%. The growth was benefited by the increase in DTC channels, a more assertive pricing strategy that we started in the second half of 2022 and by a better allocation and distribution of products in 2023.

The 48.7% growth in the Brick-and-mortar stores channel benefited from the 6 new NVS stores opened in 1Q23 and the 11 stores opened in 2H22, in addition to Same Store Sales of 8% of the channel.

The digital channel grew 32.4%, mainly impacted by the migration of sales of Nike products from the digital platform of other players to 3P. Furthermore, direct sales on nike.com.br continue to grow, resulting in a sales increase in the quarter that more than offset the positive effect of R\$ 31.7 million from DIFAL (Tax Rate Difference), which benefited the channel's result in 1Q22.

The wholesale channel was also impacted, but negatively, by the 3P strategy, since digital wholesale clients are now being served directly in their marketplaces through our digital channel.



GROSS PROFIT

| R\$ thousand | 1Q23 adjusted | 1Q22 adjusted | Δ(%) |
|------------------------------|------------------|------------------|--------------|
| CENTAURO | | | |
| Gross Profit | 362,712 | 339,122 | 7.0% |
| <i>Gross Margin</i> | 51.5% | 48.5% | 2,9 p.p |
| FISIA | | | |
| Gross Profit | 372,850 | 292,506 | 27.5% |
| <i>Gross Margin</i> | 43.6% | 39.8% | 3,7 p.p |
| (+) Intercompany elimination | 1,175 | -12,045 | |
| GRUPO SBF | | | |
| Gross Profit | 736,737 | 619,582 | 18.9% |
| <i>Gross Margin</i> | 50.0% | 46.1% | 4 p.p |

CENTAURO

In 1Q23, Centauro's gross margin reached 51.5%, an increase of 2.9 percentage points, positively impacted by:

- (i) reduction of mark-downs, mainly in the digital channel, following Centauro's profitability strategy;
- (ii) channel mix, with a greater share of brick-and-mortar sales, which historically have a higher gross margin than the digital channel and;
- (iii) higher marketplace share in the GMV of the digital channel.

It is also worth highlighting that Centauro's gross margin in 1Q22 was positively impacted by the DIFAL (Tax Rate Difference) benefit.

FISIA

Fisia's gross margin reached 43.6% in the quarter, up 3.7 percentage points, once again benefited from the increasing share of DTC channels in sales, which reached 56.5% of Fisia's net revenue and from the new pricing strategy adopted as of 2H22. It is worth highlighting that, as with net revenue, the effects on gross margin were also sufficient to offset the positive effect of DIFAL (Tax Rate Difference) observed in 1Q22.

OPERATING EXPENSES



| R\$ thousand | 1Q23 adjusted | 1Q22 adjusted | Δ(%) |
|---|------------------|------------------|--------------|
| Operating Expenses | -530,810 | -434,192 | 22.3% |
| <i>% of Net Revenue</i> | 36.1% | 32.3% | 3,8 p.p |
| <i>(+) IFRS16 Impact on Expenses</i> | -72,208 | -64,917 | 11.2% |
| Operating Expenses (ex-IFRS) | -603,018 | -499,109 | 20.8% |
| <i>% of Net Revenue</i> | 41.0% | 37.1% | 3,8 p.p |
| Selling Expenses (ex-IFRS) | -489,754 | -406,229 | 20.6% |
| <i>% of Net Revenue</i> | 33.3% | 30.2% | 3,1 p.p |
| General and Administrative Expenses (ex-IFRS) | -115,590 | -94,505 | 22.3% |
| <i>% of Net Revenue</i> | 7.9% | 7.0% | 0,8 p.p |
| Other net operating income/expenses (ex-IFRS) | 2,326 | 1,626 | 43.1% |



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

Grupo SBF recorded -R\$ 603.0 million in Operating Expenses (ex-IFRS) in 1Q23, an increase of 20.8% over 1Q22.

In the quarter, operating expenses (ex-IFRS) as a % of net revenue reached 41.0%, an increase of 3.8 percentage points, mainly explained by royalties and marketing fees paid to Nike Inc, which resulted in an increase of 1.7 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 agreed for in the initial contract with Nike and;
- (iii) increase in inventory in recent months, since fees are paid for purchased goods.

Moreover, the effect of DIFAL (Tax Rate Difference), tax deductions resulted in less expenses dilutions in relation to net revenues, with an estimated impact of 1.3 percentage points.

Another relevant effect is Fisia's channel mix, as DTC channels, despite contributing positively to final profitability due to higher gross margin, have higher expenses than wholesale. Such effect, already excluding the impacts of royalties, accounted for 0.5 percentage points.



EBITDA

| R\$ thousand | 1Q23 adjusted | 1Q22 adjusted | Δ(%) |
|--|------------------|------------------|---------------|
| Net Income | 7,133 | 30,097 | -76.3% |
| (+) Income tax and social contribution | -16,997 | -27,964 | -39.2% |
| (+) Net financial result | -88,423 | -46,051 | 92.0% |
| (+) Depreciation and amortization | -93,374 | -81,278 | 14.9% |
| EBITDA | 205,927 | 185,390 | 11.1% |
| EBITDA Margin | 14.0% | 13.8% | 0,2 p.p |
| (+) IFRS16 Impact on Expenses | -72,208 | -64,917 | 11.2% |
| EBITDA (ex-IFRS) | 133,718 | 120,475 | 11.0% |
| EBITDA Margin (ex-IFRS) | 9.1% | 9.0% | 0,1 p.p |

Grupo SBF's EBITDA (ex-IFRS) reached R\$ 133.7 million in 1Q23, with an EBITDA margin of 9.1%, in line with the margin recorded in 1Q22.

The EBITDA margin was positively impacted by the improvement in gross margin as a result of the reduction in mark-downs at Centauro and Fisia's migration to DTC, and negatively impacted by the increase in expenses as a percentage of net revenue, which, in turn, was mainly driven by the increase in royalties and marketing fees, as well as by the effects of DIFAL (Tax Rate Difference) in the dilution of expenses in 1Q22.

FINANCIAL INCOME (LOSS)

| R\$ thousand | 1Q23 adjusted | 1Q22 adjusted | Δ(%) |
|--|------------------|------------------|---------------|
| Net Financial Income/Expenses | -88,423 | -46,051 | 92.0% |
| (+) Financial Expenses – Right of Use (IFRS) | 34,674 | 29,802 | 16.4% |
| Net Financial Income/Expenses (ex-IFRS) | -53,749 | -16,249 | 230.8% |

The Company presented a Financial Result (ex-IFRS) of -R\$ 53.7 million in the quarter compared to -R\$ 16.2 million in the 1Q22.

The increase in net financial expenses reflects the increase in the Company's debt, the decrease in the cash position, the increase in interest rates for the period and a lower positive impact of interest on tax credits.



NET PROFIT



| R\$ thousand | 1Q23 adjusted | 1Q22 adjusted | Δ(%) |
|---|------------------|------------------|---------------|
| Net Profit (Loss) | 7,133 | 30,097 | -76.3% |
| Net Margin | 0.5% | 2.2% | -1,8 p.p |
| (+) IFRS16 Impact on Expenses | -72,208 | -64,917 | 11.2% |
| (+) Depreciation and amortization - Right of Use (IFRS16) | 47,680 | 47,362 | 0.7% |
| (+) Financial Expenses – Right of Use (IFRS16) | 34,674 | 29,802 | 16.4% |
| (+) Income tax (IFRS16) | -416 | -4,009 | -89.6% |
| Net Profit (ex-IFRS) | 16,863 | 38,336 | -56.0% |
| Net Profit Margin (ex-IFRS) | 1.1% | 2.9% | -1,7 p.p |

In 1Q23, Grupo SBF recorded Net Profit (ex-IFRS) of R\$ 16.9 million.

The drop in income is mainly explained by the increase in financial expenses.



NET WORKING CAPITAL



| R\$ thousand | 31/03/2023 | 31/03/2022 | Δ(%) |
|-----------------------------------|------------------|------------------|--------------|
| Accounts receivable | 1,544,800 | 1,238,135 | 24.8% |
| Taxes and income tax to be offset | 411,038 | 565,835 | -27.4% |
| Inventories | 2,008,393 | 1,168,956 | 71.8% |
| Other accounts receivable | 120,444 | 75,986 | 58.5% |
| | 4,084,675 | 3,048,912 | 34.0% |
| Other accounts payable | 238,388 | 329,033 | -27.5% |
| Resale suppliers | 1,023,366 | 791,271 | 29.3% |
| Tax liabilities | 204,596 | 64,701 | 216.2% |
| Lease payable | 212,459 | 189,584 | 12.1% |
| Labor liabilities | 192,053 | 170,080 | 12.9% |
| Other liabilities | 155,654 | 26,994 | n.a |
| | 2,026,516 | 1,571,663 | 28.9% |
| Net Working Capital | 2,058,159 | 1,477,249 | 39.3% |

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 1Q22, from R\$ 1,477.2 million to R\$ 2,058.2 million, a growth of 39.3%. In addition to the natural growth due to the 13.3% increase in gross revenue, this increase is explained by:

- (i) The increase in accounts receivable above revenues, mainly explained by the growth of Fisia's direct-to-consumer operation, which has longer payment terms and;
- (ii) The increase in inventory, reflecting the normalization of Fisia's supply chain and also the result of Centauro's change in strategy towards profitability. We are already carrying out actions in both business units to adjust inventory terms. However, as the supply chain in this market has a cycle of 9 to 12 months, we should see the effects of these actions over the quarters.


The increase in Tax Obligations is explained by provisions for the payment of DIFAL (Tax Rate Difference), still pending the decision of Brazilian Federal Supreme Court (STF) on the matter. This provision is recorded against judicial deposits, under non-current assets.





MANAGEMENT CASH FLOW

| R\$ thousand | 1Q23 | 1Q22 | Δ(%) |
|--|-----------------|-----------------|---------------|
| EBITDA | 204,924 | 179,856 | 13.9% |
| Depreciation and Interest Rates IFRS 16 | -82,355 | -77,164 | 6.7% |
| Working Capital Variation ¹ | -540,287 | -273,298 | 97.7% |
| Other | -135,622 | 57,398 | -336.3% |
| Operating Cash Flow | -553,340 | -113,207 | 388.8% |
| M&A | 0 | -12,042 | n.a |
| Other | -55,732 | -50,831 | 9.6% |
| Cash Flow from Investing Activities | -55,732 | -62,873 | -11.4% |
| Debt ² | 312,762 | -2,258 | n.a |
| Factoring of Receivables | 223,615 | 0 | n.a |
| Tax Installment Payment | -6,677 | -9,851 | -32.2% |
| Dividends | 0 | 0 | n.a |
| Capital | 0 | 0 | n.a |
| Cash Flow from Financing | 529,700 | -12,109 | n.a |
| Total Cash Variation | -79,372 | -188,188 | -57.8% |

- 
 (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 negative by –R\$ 553.3 million, explained by (i) the normal seasonality of the Company's cash, since purchases made for the fourth quarter are historically paid in the first quarter; and (ii) the effect of payments resulting from inventory growth.

The consumption of cash recorded in Other is again due to changes in the prospects for the consumption of tax credits, with the change of amounts from short to long term.

Cash Flow from Investments was mainly explained by investments in technology and the opening of Nike Value Stores.

The change observed in the Cash Flow from Financing is explained by the new issue of debentures by the company and the factoring of receivables made in the period.



INDEBTEDNESS

| R\$ thousand | 31/03/2023 adjusted | 31/03/2022 adjusted | Δ(%) |
|---|------------------------|------------------------|---------------|
| (+) Loans and financing | 1,492,282 | 847,673 | 76.0% |
| (-) Cash and cash equivalents | 338,939 | 361,159 | -6.2% |
| (=) Net Debt | 1,153,343 | 486,514 | 137.1% |
| (+) Factoring of Receivables | 223,615 | 0 | n.a |
| (+) Tax Installment Payment | 105,712 | 141,895 | -25.5% |
| (=) Adjusted Net Debt | 1,482,670 | 628,409 | 135.9% |
| Adj. Net Debt /Adj. EBITDA (LTM) | 1.98x | 0,73x | 1.25x |
| Adj. Net Debt /Adj. EBITDA (ex-IFRS) (LTM) | 3.07x | 1,02x | 2.05x |

The increase in the balance of loans and financing in 1Q23 when compared to the same period in 2022 reflects the new debts raised to finance Company's growth and its investment needs. Factoring of receivables were used to reinforce cash during 1Q23, while the new debenture was not issued.

INVESTMENTS - CAPEX

| R\$ thousand | 1Q23 | 1Q22 | Δ(%) |
|--------------------------|---------------|---------------|-------------|
| New Stores | 12,292 | 16,356 | -24.8% |
| Stores Refurbishment | 2,331 | 2,481 | -6.0% |
| Technology | 29,109 | 25,233 | 15.4% |
| Logistics | 7,826 | 884 | n.a |
| Others | 4,174 | 5,877 | -29.0% |
| Total Investments | 55,732 | 50,831 | 9.6% |

CAPEX in 1Q23 increased 9.6% over 1Q22, explained by the opening of 6 new Nike Value Stores and the acceleration of investments in structuring technology and logistics projects, in addition to investments in the Centauro Arena in Ibirapuera Park, in São Paulo.





CONSOLIDATED BALANCE SHEET

| R\$ thousand | 31/03/2023 | 31/12/2022 |
|---|------------------|------------------|
| Assets | 8,244,964 | 8,470,247 |
| Current | 4,199,999 | 4,526,488 |
| Cash and cash equivalents | 338,939 | 418,311 |
| Accounts receivable | 1,321,185 | 1,711,003 |
| Derivative financial instruments | 0 | 4,169 |
| Recoverable taxes | 371,894 | 525,351 |
| Income tax and social contribution to be offset | 39,144 | 49,055 |
| Inventories | 2,008,393 | 1,737,002 |
| Other accounts receivable | 120,444 | 81,597 |
| Non-current | 4,044,965 | 3,943,759 |
| Taxes to be offset | 261,171 | 146,880 |
| Income tax and social contribution to be offset | 95,279 | 93,055 |
| Loans receivable | 10,051 | 10,036 |
| Deferred tax assets | 827,919 | 841,811 |
| Judicial deposits | 318,771 | 291,673 |
| Other amounts receivable | 60,648 | 67,727 |
| Investments | 5,521 | 5,001 |
| Property and equipment | 569,011 | 571,951 |
| Intangible assets | 493,797 | 487,453 |
| Right of use | 1,402,797 | 1,428,172 |
| Liabilities | 8,244,964 | 8,470,247 |
| Current | 2,740,677 | 2,948,338 |
| Suppliers | 1,023,366 | 1,561,547 |
| Loans and financing | 91,701 | 86,082 |
| Debentures | 546,116 | 191,836 |
| Derivative financial instruments | 79,782 | 39,612 |
| Tax liabilities | 201,901 | 192,684 |
| Income tax and social contribution payable | 2,695 | 32,944 |
| Tax installment payment | 43,259 | 47,030 |
| Labor and social security liabilities | 192,053 | 191,851 |
| Dividends payable | 33,085 | 33,085 |
| Lease payable | 212,459 | 278,072 |
| Other accounts payable | 158,606 | 140,744 |
| Other obligations | 155,654 | 152,851 |
| Non-current | 3,129,110 | 3,112,055 |
| Loans and financing | 80,309 | 81,997 |
| Debentures | 774,156 | 773,647 |
| Tax installment payment | 62,453 | 65,359 |
| Provisions for contingencies | 566,962 | 559,713 |
| Deferred income tax and social contribution | 10,065 | 9,724 |
| Lease payable | 1,396,468 | 1,358,170 |
| Other obligations | 103,682 | 123,874 |
| Other accounts payable | 135,015 | 139,571 |
| Shareholders' equity | 2,375,177 | 2,409,854 |
| Capital stock | 1,830,524 | 1,830,524 |
| Capital reserves | 262,331 | 261,528 |
| Incentive reserves | 331,702 | 331,702 |
| Equity valuation adjustments | -52,149 | -15,157 |
| Accumulated losses | 2,769 | 1,257 |



CASH FLOW

| R\$ thousand | 31/03/2023 | 31/03/2022 |
|--|-----------------|-----------------|
| Net profit (loss) of the period | 18,509 | 47,001 |
| Adjusted by: | | |
| Depreciation and amortization | 103,572 | 91,013 |
| Interest rates | 83,028 | 59,571 |
| Impairment losses on accounts receivables | 1,211 | -1,261 |
| Equity Income | -519 | 226 |
| Share-based payment | 803 | 14,642 |
| Residual cost in the write-off of property & equipment and intangible assets | 2,112 | 520 |
| Write-off of residual leases | -6,707 | 506 |
| Provision for inventory obsolescence | 19,403 | 24,725 |
| Net recording of provision for contingencies | 10,841 | 925 |
| Lease discounts | 0 | -6,111 |
| | 232,253 | 231,757 |
| (Increase) decrease in Assets | | |
| Accounts receivable | 388,607 | 88,331 |
| Inventory | -290,794 | -151,345 |
| Derivative financial instruments | -32,823 | -136,482 |
| Deferred taxes, income tax and social contribution to be offset | 46,853 | 76,114 |
| Judicial deposits | -27,098 | -2,954 |
| Other accounts receivable | -31,768 | 3,290 |
| Increase (decrease) in liabilities | | |
| Suppliers | -536,182 | -123,937 |
| Tax liabilities | 9,132 | -38,352 |
| Tax installment payment | -8,641 | -12,332 |
| Derivative financial instruments | 40,170 | 198,599 |
| Contingencies paid | -3,592 | -4,644 |
| Labor and social security liabilities | 202 | 12,560 |
| Other accounts payable | 13,306 | -131,164 |
| Other obligations | -17,389 | 2,987 |
| Chg. in assets and liabilities: | -450,017 | -219,329 |
| Interest rate paid on financing | -913 | -1,954 |
| Interest paid on leases | -34,674 | -29,802 |
| Income tax and social contribution paid | -33,014 | -65,406 |
| Net cash (used in) generated by operating activities | -286,365 | -84,734 |
| Cash flow from investing activities | | |
| Additions to property and equipment | -24,205 | -26,847 |
| Additions to intangible assets | -31,527 | -27,642 |
| Acquisition of interest in associated company - X3M | 0 | -1,978 |
| Goodwill in the acquisition of interest at X3M | 0 | -2,813 |
| Net cash (used in) investing activities | -55,732 | -59,280 |
| Cash flow from financing activities | | |
| Loans and financing raised | 0 | 1,036 |
| Loans and financing paid | -2,783 | -1,917 |
| Issue of debentures | 316,458 | 577 |
| Lease Paid | -50,950 | -43,870 |
| Net cash (used in) financing activities | 262,725 | -44,174 |
| Decrease/Increase of cash and cash equivalents | -79,372 | -188,188 |
| Cash and cash equivalents at the beginning of the year | 418,311 | 549,347 |
| Cash and cash equivalents at the end of the year | 338,939 | 361,159 |

INCOME STATEMENT



IFRS

| R\$ thousand | 1Q23 | 1Q22 | Δ(%) |
|--|-----------------|-----------------|---------------|
| Net revenue | 1,472,122 | 1,344,627 | 9.5% |
| Cost of sales | -735,385 | -722,905 | 1.7% |
| Gross Profit | 736,737 | 621,722 | 18.5% |
| Operating expenses | -531,813 | -441,866 | 20.4% |
| Selling expenses | -440,901 | -344,593 | 27.9% |
| Administrative and general expenses | -98,389 | -83,761 | 17.5% |
| Other net operating income/expenses | 7,477 | -13,512 | 155.3% |
| Depreciation and amortization expenses | -97,992 | -86,804 | 12.9% |
| Operating Income (Loss) | 106,932 | 93,052 | 14.9% |
| Financial income | 47,649 | 71,753 | -33.6% |
| Financial expenses | -136,072 | -117,804 | 15.5% |
| Net financial income (expenses) | -88,423 | -46,051 | 92.0% |
| Profit before taxes | 18,509 | 47,001 | -60.6% |
| Income tax and social contribution | -16,997 | -29,723 | -42.8% |
| Net income for the period | 1,512 | 17,278 | -91.2% |

IFRS adjusted by non-recurring effects

| R\$ thousand | 1Q23 adjusted | 1Q22 adjusted | Δ(%) |
|--|-----------------|-----------------|---------------|
| Net revenue | 1,472,122 | 1,344,627 | 9.5% |
| Cost of sales | -735,385 | -725,044 | 1.4% |
| Gross Profit | 736,737 | 619,582 | 18.9% |
| Operating expenses | -530,810 | -434,192 | 22.3% |
| Selling expenses | -441,454 | -349,716 | 26.2% |
| Administrative and general expenses | -98,389 | -85,606 | 14.9% |
| Other net operating income/expenses | 9,033 | 1,130 | n.a |
| Depreciation and amortization expenses | -93,374 | -81,278 | 14.9% |
| Operating Income (Loss) | 112,553 | 104,112 | 8.1% |
| Financial income | 47,649 | 71,753 | -33.6% |
| Financial expenses | -136,072 | -117,804 | 15.5% |
| Net financial income (expenses) | -88,423 | -46,051 | 92.0% |
| Profit before taxes | 24,130 | 58,061 | -58.4% |
| Income tax and social contribution | -16,997 | -27,964 | -39.2% |
| Net income for the period | 7,133 | 30,097 | -76.3% |



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