

EARNINGS RELEASE

2Q23



GRUPO SBF

EARNINGS
RELEASE

2Q23 & 1H23



São Paulo, August 07, 2023

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



Conference Call



August 08, 2023

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

10:00 p.m. (Brasília time zone)

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



Portuguese Webcast



English Web



SBFG

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HIGHLIGHTS



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



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



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



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



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



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



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



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



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



MESSAGE FROM THE MANAGEMENT

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

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

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

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

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



MESSAGE FROM THE MANAGEMENT

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

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

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

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

The Management
Grupo SBF



GROSS REVENUE AND OPERATING INDICATORS

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

SAME STORE SALES (SSS)



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



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



(1) Gross revenue, excluding return of goods;

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

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

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

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

MAIN FINANCIAL INDICATORS



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

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

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



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



NON-RECURRING ADJUSTMENTS



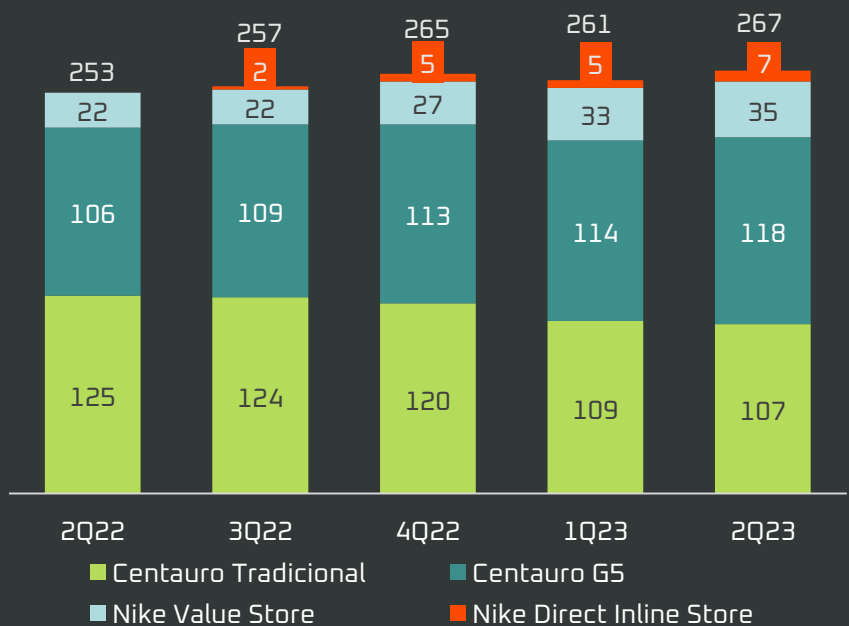
The **adjusted** results presented in this report disregard the non recurring effects, aiming to better represent the economic reality of the business and enable comparison with the Company's historical result.

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

FINANCIAL AND OPERATING PERFORMANCE

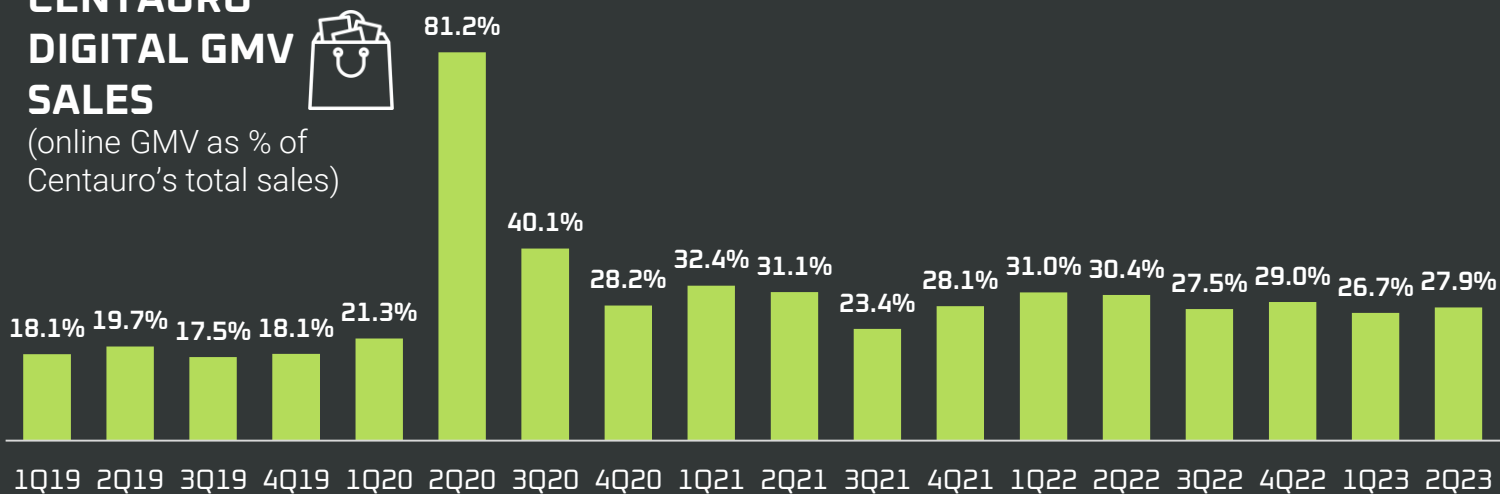


OUR STORES

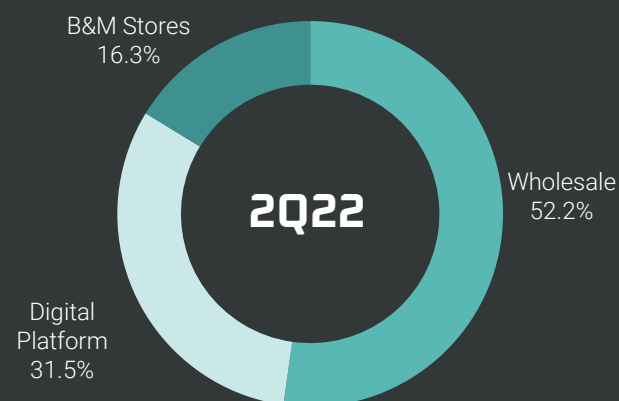
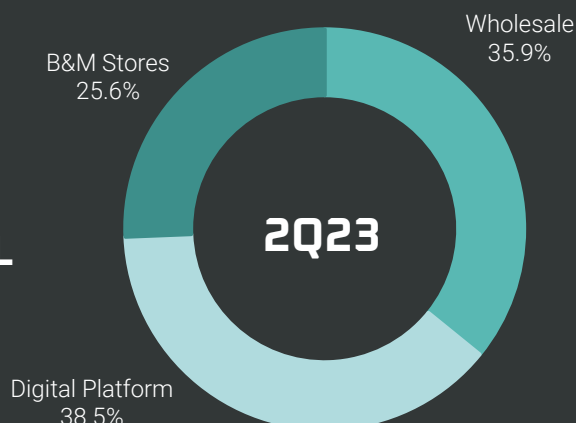


CENTAURO DIGITAL GMV SALES

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



FISIA NET REVENUE BY CHANNEL





FINANCIAL PERFORMANCE

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



NET REVENUE

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

CENTAURO

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

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

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



NET REVENUE

FISIA

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

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

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

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



GROSS PROFIT

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

CENTAURO

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

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

FISIA

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

OPERATING EXPENSES



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



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

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

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

There were three factors that impacted this expense:

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

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

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

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

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



EBITDA

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

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

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

FINANCIAL INCOME (LOSS)

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

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

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

NET PROFIT



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

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



NET WORKING CAPITAL



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

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

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

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

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


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





MANAGEMENT CASH FLOW

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

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

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

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

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

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



INDEBTEDNESS

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

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

INVESTMENTS - CAPEX

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

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



CONSOLIDATED BALANCE SHEET

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

CASH FLOW



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

INCOME STATEMENT



IFRS

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

IFRS adjusted by non-recurring effects

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



ABOUT GRUPO SBF

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

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Disclaimer

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





GRUPO SBF

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