



**QUARTERLY
INFORMATION**

06/30/202

smart fit

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GLOSSARY

TERMS	GLOSSARY
EGM	Extraordinary General Meeting
AEGM	Annual and Extraordinary General Meeting
AGM	Annual General Meeting
B3	B3 S.A. – Brasil, Bolsa, Balcão
CADE	Administrative Council for Economic Defense
CDB	Bank Deposit Certificate
CDI	Interbank Deposit Certificate
CLP	Chilean pesos – Official currency in Chile
COFINS	Contribution for Social Security Financing
Company or Smartfit	Smartfit Escola de Ginástica e Dança S.A.
Covenants	Contractual Commitment Clauses
COP	Colombian pesos – Official currency in Colombia
CPC	Brazilian Accounting Pronouncements Committee
CRI	Certificates of Real Estate Receivables
CSLL	Social Contribution on Net Income
CVM	Securities and Exchange Commission of Brazil
Dec/22 or 12/31/2022	Financial Information as of and for the Year Ended December 31, 2022
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization
Group	Smartfit and its subsidiaries
HVLP	High Value / Low Price
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IBR	Banking Reference Indicator
IFRS	International Financial Reporting Standards
IGV	General Sales Tax
INSS	Contributions to the National Institute of Social Security
IPCA	Amplified Consumer Price Index
IPO	Initial Public Offering
IRPJ	Corporate Income Tax
IRRF	Withholding Income Tax
IRPJ	Corporate Income Tax
ITR	Quarterly Information
JCP	Interest on Capital
Joint Venture	A joint arrangement whereby the parties have joint control of the arrangement
Jun/23 or 06/30/2023	Financial Information as of and for the six-month period ended June 30, 2023
LALUR	Taxable Income Control Register
LF	Financial Bills
LFT	Financial Treasury Bills
MXN	Mexican pesos – Official currency in Mexico
MOU	Memorandum of Understanding
Note	Note to the Interim Financial Information
PEN	Peruvian Nuevo Sol – Official currency in Peru
PIS	Social Integration Program
R\$/BRL	Reais – Official currency in Brazil
SBLC	Stand-By Letter of Credit
SPE	Special Purpose Company
STF	Federal Supreme Court
TIIE	“Tasa de Interés Interbancaria de Equilibrio” in Mexico
CGU	Cash-generating Unit

CONDENSED BALANCE SHEET

At June 30, 2023

(In thousands of Brazilian reais - R\$)

	Notes	Parent		Consolidated	
		06/30/2023	12/31/2022	06/30/2023	12/31/2022
ASSETS					
Current assets					
Cash and cash equivalents	6	127,941	234,037	1,204,593	1,251,418
Investments in financial assets	7	2,009,469	2,232,715	1,472,847	1,671,417
Trade receivables	9	129,364	117,245	310,236	271,728
Derivative financial instruments	8	2,240	-	8,930	8,132
Other receivables	10	231,050	209,512	350,008	313,464
Total current assets		2,500,064	2,793,509	3,346,614	3,516,159
Noncurrent assets					
Investments in financial assets	7	4,419	5,796	65,866	43,464
Derivative financial instruments	8	-	35	1,629	3,748
Other receivables	10	134,880	118,497	238,550	221,777
Deferred tax assets	18	-	-	225,029	204,562
Investments in subsidiaries and joint ventures	11	3,265,302	2,818,730	41,445	447,994
Right-of-use assets	14	1,088,586	1,029,761	3,397,551	3,067,369
Property and equipment	12	1,028,607	1,036,087	3,504,473	3,132,019
Intangible assets	13	136,132	133,482	1,835,489	1,412,458
Total noncurrent assets		5,657,926	5,142,388	9,310,032	8,533,391
TOTAL ASSETS		8,157,990	7,935,897	12,656,646	12,049,550
LIABILITIES AND EQUITY					
Current liabilities					
Trade payables		100,690	87,589	324,940	241,227
Other liabilities	15	345,255	277,081	368,684	304,859
Borrowings	16	164,877	96,531	635,966	488,226
Lease liabilities	14	180,631	178,315	547,609	449,662
Deferred revenue	20	46,039	63,544	229,022	228,425
Derivative financial instruments	8	689	-	689	-
Current taxes payable		1,681	-	58,744	36,486
Total current liabilities		839,862	703,060	2,165,654	1,748,885
Noncurrent liabilities					
Other liabilities	15	7,400	189,120	19,858	199,208
Borrowings	16	1,737,105	1,903,499	2,638,142	2,931,668
Lease liabilities	14	968,429	911,555	3,154,328	2,879,785
Deferred revenue	20	295	662	295	662
Deferred tax liabilities	18	-	-	28,141	19,349
Derivative financial instruments	8	27,508	36,990	27,508	36,990
Provisions	17	9,774	4,625	31,090	24,888
Total noncurrent liabilities		2,750,511	3,046,451	5,899,362	6,092,550
TOTAL LIABILITIES AND EQUITY		3,590,373	3,749,511	8,065,016	7,841,435
EQUITY					
	19				
Share capital		2,970,443	2,970,443	2,970,443	2,970,443
Capital reserves		2,302,546	2,297,612	2,302,546	2,297,612
Accumulated losses		(1,032,977)	(1,375,832)	(1,032,977)	(1,375,832)
Other comprehensive income		327,605	294,163	327,605	294,163
Equity attributable to the owners of the Company		4,567,617	4,186,386	4,567,617	4,186,386
Noncontrolling interests		-	-	24,013	21,729
TOTAL EQUITY		4,567,617	4,186,386	4,591,630	4,208,115
TOTAL LIABILITIES AND EQUITY		8,157,990	7,935,897	12,656,646	12,049,550

The accompanying notes are an integral part of this condensed interim financial information.

CONDENSED STATEMENTS OF PROFIT AND LOSS AND COMPREHENSIVE INCOME

Period ended June 30, 2023

(In thousands of Brazilian reais - R\$)

	Notes	Parent				Consolidated			
		Six-month period ended		Three-month period ended		Six-month period ended		Three-month period ended	
		06/30/2023	06/30/2022	06/30/2023	06/30/2022	06/30/2023	06/30/2022	06/30/2023	06/30/2022
PROFIT (LOSS)									
Operating revenue	20	691,086	482,979	356,273	255,383	2,024,378	1,311,085	1,042,435	689,097
Costs	21	(451,969)	(420,100)	(230,047)	(217,024)	(1,205,446)	(949,026)	(625,717)	(491,761)
Gross profit (loss)		239,117	62,879	126,226	38,359	818,932	362,059	416,718	197,336
Selling expenses	21	(69,948)	(81,196)	(32,263)	(37,157)	(160,279)	(152,190)	(79,110)	(75,504)
General and administrative expenses	21	(103,771)	(90,178)	(55,898)	(40,429)	(207,070)	(172,307)	(108,306)	(84,250)
Other operating income (expenses), net	21	133,775	(86)	141,183	4,603	158,234	(8,292)	173,878	2,882
Share of profit (loss) of investees	11	188,302	7,189	103,223	16,045	3,172	3,117	1,378	2,471
Operating profit (loss) before finance income (costs)		387,475	(101,392)	282,471	(18,579)	612,989	32,387	404,558	42,935
Finance income	22	181,400	174,855	89,507	87,635	231,587	216,015	116,071	113,251
Finance costs	22	(215,554)	(220,050)	(109,860)	(124,744)	(444,777)	(392,469)	(225,872)	(212,458)
Finance income (costs), net	22	(34,154)	(45,195)	(20,353)	(37,109)	(213,190)	(176,454)	(109,801)	(99,207)
Profit (loss) before income tax and social contribution		353,321	(146,587)	262,118	(55,688)	399,799	(144,067)	294,757	(56,272)
Income tax and social contribution	18	(10,466)	-	(1,947)	-	(53,796)	(2,371)	(32,697)	352
PROFIT (LOSS) FOR THE PERIOD		342,855	(146,587)	260,171	(55,688)	346,003	(146,438)	262,060	(55,920)
Profit (loss) for the period attributable to:									
Owners of the Company						342,855	(146,587)	260,171	(55,688)
Noncontrolling interests						3,148	149	1,889	(232)
Earnings (loss) per share attributable to owners of the Company:									
Basic	23	0.5848	(0.2500)	0.4438	(0.0950)	0.5848	(0.2500)	0.4438	(0.0900)
Diluted	23	0.5642	(0.2500)	0.4281	(0.0950)	0.5642	(0.2500)	0.4281	(0.0900)
OTHER COMPREHENSIVE INCOME									
Items that may be subsequently reclassified to profit or loss									
Gains and losses arising from the translation of financial statements of foreign operations	11	26,714	(115,651)	(41,916)	90,093	26,490	(115,677)	(42,032)	91,333
Financial assets measured at fair value		9,794	(7,397)	4,771	(3,239)	9,794	(7,397)	4,771	(3,239)
Deferred income tax and social contribution		(3,066)	-	(1,424)	-	(3,066)	-	(1,424)	-
TOTAL OTHER COMPREHENSIVE INCOME FOR THE PERIOD		33,442	(123,048)	(38,569)	86,854	33,218	(123,074)	(38,685)	88,094
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		376,297	(269,635)	221,602	31,166	379,221	(269,512)	223,375	32,174
Comprehensive income for the period attributable to:									
Owners of the Company						376,297	(269,635)	221,602	31,166
Noncontrolling interests						2,924	123	1,773	1,008

The accompanying notes are an integral part of this condensed interim financial information.

CONDENSED STATEMENTS OF CHANGES IN EQUITY

Six-month period ended June 30, 2023

(In thousands of Brazilian reais - R\$)

	Six-month period ended June 30, 2023								
	Share capital	Capital reserves			Accumulated losses	Other comprehensive income	Equity attributable to		Total equity
		Capital reserve	Equity instruments	Transactions with shareholders			Owners of the Company	Noncontrolling interests	
CHANGES IN EQUITY									
At December 31, 2022	2,970,443	2,237,621	99,841	(39,850)	(1,375,832)	294,163	4,186,386	21,729	4,208,115
Profit for the period	-	-	-	-	342,855	-	342,855	3,148	346,003
Other comprehensive income	-	-	-	-	-	33,442	33,442	(224)	33,218
Total comprehensive income for the period	-	-	-	-	342,855	33,442	376,297	2,924	379,221
Share-based payments ⁽¹⁾	-	4,934	-	-	-	-	4,934	-	4,934
Dividends paid to subsidiaries	-	-	-	-	-	-	-	(640)	(640)
Transactions with shareholders recognized directly in equity	-	4,934	-	-	-	-	4,934	(640)	4,294
At June 30, 2023	2,970,443	2,242,555	99,841	(39,850)	(1,032,977)	327,605	4,567,617	24,013	4,591,630

	Six-month period ended June 30, 2022								
	Share capital	Capital reserves			Accumulated losses	Other comprehensive income	Equity attributable to		Total equity
		Capital reserve	Equity instruments	Transactions with shareholders			Owners of the Company	Noncontrolling interests	
CHANGES IN EQUITY									
At December 31, 2021	2,970,443	2,221,696	99,841	(35,847)	(1,286,401)	426,773	4,396,505	32,787	4,429,292
Profit (loss) for the period	-	-	-	-	(146,587)	-	(146,587)	149	(146,438)
Other comprehensive income	-	-	-	-	-	(123,048)	(123,048)	(26)	(123,074)
Total comprehensive income for the period	-	-	-	-	(146,587)	(123,048)	(269,635)	123	(269,512)
Share-based payment	-	7,960	-	-	-	-	7,960	4	7,964
Capital increase in subsidiaries	-	-	-	-	-	-	-	8,400	8,400
Capital decrease in subsidiaries	-	-	-	(3,188)	-	-	(3,188)	(16,489)	(19,677)
Dividends paid to subsidiaries	-	-	-	-	-	-	-	(7,119)	(7,119)
Transactions with shareholders recognized directly in equity	-	7,960	-	(3,188)	-	-	4,772	(15,204)	(10,432)
At June 30, 2022	2,970,443	2,229,656	99,841	(39,035)	(1,432,988)	303,725	4,131,642	17,706	4,149,348

(1) See note 26.

The accompanying notes are an integral part of this condensed interim financial information.

CONDENSED STATEMENTS OF CASH FLOWS

Six-month period ended June 30, 2023

(In thousands of Brazilian reais - R\$)

Notes	Parent		Consolidated	
	06/30/2023	06/30/2022	06/30/2023	06/30/2022
CASH FLOW FROM OPERATING ACTIVITIES				
Profit (loss) for the period	342,855	(146,587)	346,003	(146,438)
Adjustments to reconcile profit (loss) for the period to net cash used in operating activities:				
Income tax and social contribution	18	10,466	53,796	2,371
Depreciation and amortization	12,13,14	194,573	181,567	422,155
Allowance for expected credit losses	9	(1,475)	(31)	386
Share of profit (loss) of investees	11	(188,302)	(7,189)	(3,117)
Income from remeasurement of previously held interest	3	(176,599)	-	(176,599)
Write-off of intangible assets, property and equipment, and leases		20,755	28,079	25,956
Interest on borrowings	22	149,265	153,357	238,486
Interest on leases	22	43,633	42,432	162,155
Discounts obtained on leases	22	(1,424)	(1,185)	(4,304)
Income from financial investments	22	(137,556)	(135,611)	(162,999)
Gain (loss) on derivative financial instruments	22	(10,998)	14,240	(6,828)
Foreign exchange gains (losses) and other finance income (costs)		(16,515)	(24,942)	(16,631)
Share-based payment plan	26	4,215	6,779	4,934
Provisions	17	5,149	(636)	6,202
Deferred revenue		(17,872)	(3,727)	230
Changes in operating assets and liabilities:				
Trade receivables		(10,644)	9,481	(38,188)
Other receivables		(53,377)	(60,779)	(67,674)
Trade payables		13,001	(31,130)	62,579
Other liabilities		58,405	37,501	66,927
Cash generated by operating activities	227,555	61,650	1,046,967	519,450
Interest paid on borrowings	16	(135,591)	(126,628)	(219,537)
Interest paid on leases	14	(43,186)	(42,025)	(160,440)
Income tax and social contribution paid		-	-	(17,461)
Net cash generated by (used in) operating activities	48,778	(107,003)	649,529	194,659
CASH FLOW FROM INVESTING ACTIVITIES				
Additions to property and equipment	12	(111,020)	(113,718)	(465,056)
Additions to intangible assets	13	(2,557)	(3,730)	(5,538)
Direct initial costs of right-of-use assets	14	(11,807)	(6,634)	(15,664)
Proceeds from sale of property and equipment		-	-	19,701
Dividends received from subsidiaries		32,570	19,729	-
Loans from third parties		-	(2,524)	(1,361)
Financial investments		362,179	859,043	339,167
Acquisition of subsidiary, net of cash acquired		(129,273)	-	(85,911)
Capital increase in subsidiaries and joint venture	11	(93,429)	(122,051)	-
Related parties		5,660	(551)	(3,243)
Payment of contingent consideration		(521)	-	(521)
Net cash generated by (used in) investing activities	51,802	629,564	(218,426)	(246,691)
CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from borrowings	16	-	-	74,176
Repayments of borrowings	16	(112,176)	(542,429)	(306,535)
Payment of lease	14	(94,500)	(80,390)	(242,129)
Acquisition of noncontrolling interests		-	(6,613)	-
Capital increase in subsidiaries		-	-	8,400
Dividends paid to noncontrolling interests		-	-	(1,867)
Other amounts paid to noncontrolling interests		-	-	(9,838)
Net cash used in financing activities	(206,676)	(629,432)	(486,193)	(701,057)
DECREASE IN CASH AND CASH EQUIVALENTS	(106,096)	(106,871)	(55,090)	(753,089)
CHANGES IN CASH AND CASH EQUIVALENTS				
Opening balance		234,037	340,929	1,251,418
Exchange differences on cash and cash equivalents		-	-	8,265
Closing balance		127,941	234,058	1,204,593
DECREASE IN CASH AND CASH EQUIVALENTS	(106,096)	(106,871)	(55,090)	(753,089)
NON-CASH TRANSACTIONS				
Additions and remeasurements of right-of-use assets	14	154,181	99,929	500,142
Transfers between property and equipment, intangible assets, and right-of-use assets		4,746	7,972	8,841
Dividends payable to noncontrolling interests		-	-	-
Amount payable to noncontrolling interests		-	-	19,677
Capital increase in subsidiary		-	15,800	-
Offsetting of investments and other receivables		-	-	1,682

The accompanying notes are an integral part of this condensed interim financial information.

CONDENSED STATEMENTS OF VALUE ADDED

Six-month period ended June 30, 2023

(In thousands of Brazilian reais - R\$)

	Notes	Parent		Consolidated	
		06/30/2023	06/30/2022	06/30/2023	06/30/2022
WEALTH CREATED					
REVENUES					
Service revenue	20	793,556	554,315	2,164,812	1,411,066
Allowance for expected credit losses, net of reversals	9	1,475	-	31	(386)
Other operating income (expenses), net		133,775	(86)	158,234	(8,292)
INPUTS PURCHASED FROM THIRD PARTIES					
Cost of sales and services		(146,869)	(142,083)	(365,178)	(308,165)
Materials, electric power, outside services and others		(40,650)	(33,896)	(72,856)	(59,415)
Advertising materials, marketing, promotion funds and others related to sales		(70,294)	(81,196)	(146,588)	(138,010)
GROSS VALUE ADDED		670,993	297,054	1,738,455	896,798
RETENTIONS					
Depreciation and amortization	12,13,14	(194,573)	(181,567)	(556,125)	(422,155)
WEALTH CREATED BY THE COMPANY		476,420	115,487	1,182,330	474,643
WEALTH RECEIVED IN TRANSFER					
Share of profit (loss) of investees	11	188,302	7,189	3,172	3,117
Finance income	22	181,400	174,855	231,587	216,015
TOTAL WEALTH FOR DISTRIBUTION		846,122	297,531	1,417,089	693,775
WEALTH DISTRIBUTED					
PERSONNEL					
Salaries and wages		114,551	98,527	284,646	221,152
Benefits		17,845	9,586	34,080	19,252
Social security costs		8,323	7,290	12,535	12,858
TAXES, FEES AND CONTRIBUTIONS:					
Federal		79,353	44,597	170,155	82,346
State		27	5	1,275	737
Municipal		29,116	20,707	39,710	27,780
LENDERS AND LESSORS:					
Interest	22	215,554	220,050	444,777	392,469
Leases		38,498	43,356	83,908	83,619
SHAREHOLDERS:					
Owners' share of profits (losses)		342,855	(146,587)	342,855	(146,587)
Noncontrolling interests' share of profits (losses)		-	-	3,148	149
WEALTH DISTRIBUTED		846,122	297,531	1,417,089	693,775

The accompanying notes are an integral part of this condensed interim financial information.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

At June 30, 2023

(Amounts in thousands of Brazilian reais - R\$, unless otherwise stated)

1. GENERAL INFORMATION

Smartfit is a company incorporated and based in Brazil, with its registered office at Avenida Paulista 1.294, 2º andar, Bela Vista, São Paulo/SP. The Company is registered with the Securities and Exchange Commission of Brazil (CVM) and its shares were listed for trading on B3 on July 14, 2021 under ticker symbol "SMFT3". The Company is controlled by members of the Corona family, Pátria Private Equity Co-Investment Smartfit FIP and Pátria Private Equity Co-Investment Smartfit Partners Fund – FIP, both companies controlled by investment funds managed by Pátria Investimentos Ltda. ("Pátria").

The Company is the leader in the gym market in Latin America, with the mission of democratizing the access to high quality fitness, quality of life and well-being. Through company-owned operations and franchised units, the Company is present in fourteen countries, namely Brazil, Mexico, Colombia, Chile, Peru, Argentina, Paraguay, Panama, Costa Rica, Dominican Republic, Ecuador, Guatemala, El Salvador and Honduras, operating in the HVLV segment with the brand "Smartfit", in the Premium segment with the brand "Bio Ritmo", and in the digital fitness segment with the brand "Queima Diária" and other digital services. The business segments are defined in note 24 and the main subsidiaries and joint ventures are disclosed in note 11.

The Group continues the expansion plan, with the opening of new clubs and maintenance of the clubs in operation. As at June 30, 2023, the Group had a total of 1,259 units in operation (1,223 at December 31, 2022), with a solid cash position.

2. BASIS OF PREPARATION AND PRESENTATION OF THE CONDENSED FINANCIAL INFORMATION**BASIS OF PREPARATION**

The condensed interim financial information for the six-month period ended June 30, 2023 ("condensed interim financial information") is being presented in accordance with IAS 34 "Interim Financial Reporting" issued by IASB and with technical pronouncement CPC 21 "Interim Financial Reporting", and does not include all information required for annual financial statements. Therefore, this interim financial information should be read in conjunction with the annual financial statements for December 31, 2022 ("annual financial statements"), prepared in accordance with the IFRS issued by IASB and the set of standards issued by CPC. Furthermore, it is also presented consistently with the standards issued by CVM applicable to the preparation of Quarterly Information ("ITR") and with the provisions of the Brazilian Corporate Law.

This condensed interim financial information was not audited. All significant information in the condensed interim financial information, and only this information, is being disclosed and corresponds to the information used in managing the Company's activities. The Company's management estimates that this interim financial information includes all adjustments required to present fairly the results of each period in a manner consistent with the results of the audited annual financial statements. The results for the six-month period ended June 30, 2023 do not necessarily reflect the proportion of the Group's results for the entire year.

The condensed interim financial information was concluded and authorized for issue by the Company's Board of Directors on August 8, 2023.

GENERAL ACCOUNTING POLICIES

The significant accounting policies adopted in preparing this condensed interim financial information are presented and summarized in the respective notes to the annual financial statements and were consistently applied.

There have been no changes in the accounting practices adopted in preparing this condensed interim financial information in relation to those presented in the annual financial statements.

FUNCTIONAL AND PRESENTATION CURRENCY

The condensed interim financial information is being presented in thousands of Brazilian reais (R\$). The Company's functional currency is the Brazilian Real. The functional currency of foreign subsidiaries is the local currency of each jurisdiction in which they operate, the currency in Mexico is the Mexican pesos; in Colombia the Colombian pesos; in Peru the Peruvian sol; in Chile the Chilean pesos; in Argentina the Argentine pesos; in Paraguay the Guarani; and Panama the US dollars.

For purposes of presenting this condensed interim financial information, the assets and liabilities of the Group's foreign operations are translated using the exchange rates prevailing at the end of the period. The results are translated at the monthly average exchange rates for the period, unless the rates fluctuate significantly during the period, in which case the exchange rates at the date of the transaction will be used. The exchange variations arising from these transactions are recognized in other comprehensive income and accumulated in a separate component in equity.

FOREIGN CURRENCY-DENOMINATED TRANSACTIONS AND BALANCES

Foreign currency transactions are translated into the functional currency of the Company and each of its subsidiaries and joint ventures using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currency are translated into reais using the exchange rates prevailing at the end of the reporting period. Foreign exchange gains and losses resulting from the settlement of these transactions and the translation of monetary assets and liabilities denominated in foreign currency are recognized in profit or loss, as finance income or costs.

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial information requires that Management uses estimates and exercises judgment in the process of applying the Group's accounting policies. These estimates are based on Management's experience and knowledge, information available at the reporting date and other factors, including expectations of future events that are considered to be reasonable under normal circumstances. Changes in the facts and circumstances may cause these estimates to be reviewed. Actual future results may differ from these estimates.

NEW AND REVISED STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following standards, which became effective on January 1, 2023, had no significant impact to the Group:

Standard	Description
Amendments to IAS 1	Classification of Liabilities as Current or Noncurrent
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
IFRS 17	Insurance Contracts

The Group has not early adopted the following revised IFRS, already issued but not yet effective:

Standard	Description	Effective for annual periods beginning on or after
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	No definition
Amendments to IAS 8	Definition of Accounting Estimates	01/01/2024

Management does not expect the adoption of the standards listed above to have a material impact on the Group's financial information in future periods.

SEASONAL INTERIM OPERATIONS

According to its business model, the Company has no seasonal operations.

3. ACQUISITIONS AND SALES

ACQUISITION OF SPORTY PANAMA S.A. ("SPORTY PANAMA")

On January 1, 2023, the Company took over the control of Sporty Panama and now holds 100% interest in this company. At that date, Sporty Holding resigned the 2 positions it holds on the board of directors and the Group now holds full control.

The consideration amount is summarized as follows:

	Sporty Panama
Consideration	
First installment (paid on January 20, 2023) – US\$ 25.0 million ⁽¹⁾	130,443
Second installment (payable on January 3, 2024) – US\$ 33.8 million	176,475
Total – US\$ 58.8 million	306,918
Adjustment to present value	(10,880)
Net consideration	296,038

(1) On the payment date, after recognition of the exchange variation, the amount was R\$ 129,273.

The following table summarizes the provisional fair value of the assets acquired and liabilities assumed at the acquisition date:

	Sporty Panama
Business combination	
Assets	
Cash and cash equivalents	43,362
Trade receivables	289
Other receivables	16,812
Deferred tax assets	8,861
Right-of-use assets	95,900
Property and equipment	179,273
Property and equipment - surplus value	11,809
Intangible assets	123
Intangible assets - customer list	30,582
Intangible assets - non-compete agreements	12,809
Liabilities	
Trade payables	(22,189)
Other liabilities	(1,716)
Borrowings	(42,196)
Lease liabilities	(109,498)
Current taxes payable	(5,430)
Deferred tax liabilities on surplus value	(18,768)
Total identifiable assets acquired and liabilities assumed at fair value	200,023
Consideration	296,038
Remeasurement of previously held interest	272,165
Goodwill arising on transaction	368,180

Goodwill arising on the transaction is attributable to the future profitability of the acquired business. The Company recognized income of R\$176,599 corresponding to the remeasurement of the interest previously held.

The appraisal report is preliminary and its measurement ends when the Company obtains the complete information on facts and circumstances existing on the acquisition date. However, the measurement period will not exceed one year from the acquisition date.

For the six-month period ended June 30, 2023, the acquired business contributed to the Group's results with net revenue of R\$70,564 and profit of R\$10,251.

ACQUISITION OF SHARES OF SPORTS WORLD, SAB DE CV ("SPORTS WORLD")

In March 2023, the Group conducted a private subscription of 17,307,866 shares issued by Sports World by Latamgym Mexico, for MXN 51.92 million (approximately R\$14,636). The subscription is part of the Company's strategy to expand its presence in Mexico. As at June 30, 2023, the Group's interest is 13.14%, representing 29,207,866 shares.

According to the analysis performed pursuant to IAS 28, the Group has no significant influence over Sports World. Thus, the investment in this company was considered a financial asset measured at fair value through other comprehensive income, in accordance with CPC 48 / IFRS 9.

4. FINANCIAL RISK MANAGEMENT

The main financial risks that could have a significant adverse impact on the Group's strategy, performance, results of operations and financial situation are described below. The risks listed below are not presented in a particular order of relative importance or probability of occurrence.

The sensitivity analyses to market risk below are based on variations in one of the factors while all of the others remain constant. In practice, this is unlikely to occur and changes in several factors may be correlated; for example, changes in interest rates and foreign exchange rates.

The sensitivity analysis provides only a limited overview, at a given point in time. The actual impact on the Group's financial instruments may vary significantly in relation to the impact presented in the sensitivity analysis.

MARKET RISK MANAGEMENT

The market risk to which the Group is exposed consists of the possibility of fluctuations in foreign exchange and interest rates impacting the valuation of financial assets or liabilities, as well as of certain expected cash flows being negatively impacted by changes in interest rates, foreign exchange rates or other price variables.

We present below a description of the risks mentioned above, as well as a breakdown of the extent to which the Group is exposed and an analysis of the sensitivity to changes in each of the relevant market variables.

FOREIGN EXCHANGE RISK MANAGEMENT

Foreign exchange risk is the risk that the fair value of future cash flows of a financial instrument will vary as a result of changes in exchange rates. The Group's exposure to foreign exchange risk mainly arises from its operating activities (when revenues or expenses are denominated in a currency other than the Group's functional currency) and the Group's net investments in foreign subsidiaries.

The Company and its Brazilian subsidiaries are not exposed to significant foreign exchange risks for transactions carried out in currencies other than the Brazilian real, as the amounts of transactions in other currencies are not material.

The Company is exposed to foreign exchange risk on its investments in foreign subsidiaries and joint ventures, mainly in its operations in Mexico, Colombia, Chile, Peru, Panama, Costa Rica, Argentina and Paraguay due to the transactions carried out in currencies other than the local currency of these countries. Management believes that these are long-term investments and monitors the operational return on these investments and any short-term foreign currency fluctuations will not have immediate financial impacts for the Company. In addition, Management believes that the interest rate risk is limited, since all revenues (and nearly all expenses) are incurred in the local currency in the country in which the Group operates. Therefore, there is no significant exposure to fluctuations in foreign currency.

INTEREST RATE RISK MANAGEMENT

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate as a result of changes in the market interest rates. The Group's exposure to interest rate risk mainly arises from its long-term obligations subject to variable interest rates.

The Company raises borrowings in local currency with the financial institutions, at fixed and variable interest rates, among which there is the CDI, to cover the cash requirements for financial investments and customer financing. Concurrently, the Company makes financial investments linked to CDI, aiming at partially offsetting the impacts on profit or loss. Additionally, foreign subsidiaries also have borrowings in their local currencies, mainly at variable rates for Mexico and Colombia and fixed rates for Chile and Peru. The Group's main borrowings are described in note 16.

The sensitivity analyses below have been established based on interest rate exposures at June 30, 2023. A 10% increase or decrease represents management's assessment of a reasonably possible change in interest rates. A positive number below would indicate an increase in results (finance income) and a negative number would indicate a decrease in results (finance costs). If interest rates were 10% higher/lower, with no changes in other variables, the effects would be as follows:

	Impact on profit or loss	
	10% increase	10% decrease
PARENT		
Interest rate sensitivity		
Variable interest	2,869	(2,869)
CONSOLIDATED		
Interest rate sensitivity		
Variable interest	(1,734)	1,734

In Mexico, the Group contracted an interest rate swap with a bank to hedge the total exposure of a borrowing, swapping the variable interest rate (TIIE) for a fixed rate. The instruments have terms similar to those of the hedged item. The mark-to-market, in the amount of R\$ 4,170, is recognized as costs in finance income (costs), and the Group has not applied hedge accounting for this instrument.

In Brazil, the Group contracted an interest rate swap to hedge the total exposure of the 2nd series of the 7th issue of debentures, swapping the IPCA index for the CDI. The instrument has a structure similar to that of the hedged item. The mark-to-market, in the amount of R\$ 2,240, is recognized as income in finance income (costs), and the Group has not applied hedge accounting for this instrument.

PRICE RISK MANAGEMENT

Investments in shares of listed companies are subject to market price risk arising from uncertainties regarding the future values of such equity investments. The Group manages the share price risk through monitoring of the changes in prices in order to identify significant movements.

The Group holds investments in shares of Sports World, a company listed on the Mexican Stock Exchange. The table below details the effect that a 10% variation in the prices of this company's shares would have on the Group's other comprehensive income:

	Impact on profit or loss	
	10% increase	10% decrease
CONSOLIDATED		
Price sensitivity		
Shares of listed company	3,448	(3,448)

LIQUIDITY RISK MANAGEMENT

Liquidity risk refers to the inability to have the necessary resources to meet obligations in the short, medium and long term.

The Group manages the liquidity risk by continuously monitoring budgeted and actual cash flows, combining the maturity profiles of financial and operating assets and liabilities, and maintaining adequate cash reserves. Because of the dynamics of its business, the Group maintains borrowing flexibility by maintaining bank credit facilities with some financial institutions.

The table below shows the maturity of the financial liabilities contracted by the Group:

	Maturity			Total
	Between 0 and 1 year	Between 1 and 2 years	Over 2 years	
PARENT				
At June 30, 2023				
Trade payables	100,690	-	-	100,690
Other liabilities	345,255	7,400	-	352,655
Borrowings ⁽¹⁾	439,871	509,752	2,064,732	3,014,355
Lease liabilities ⁽¹⁾	271,362	226,167	1,048,639	1,546,168
Derivative financial instruments	689	780	26,728	28,197
Total	1,157,867	744,099	3,140,099	5,042,065
CONSOLIDATED				
At June 30, 2023				
Trade payables	324,940	-	-	324,940
Other liabilities	368,684	19,858	-	388,542
Borrowings ⁽¹⁾	1,050,329	985,371	2,630,685	4,666,385
Lease liabilities ⁽¹⁾	756,016	692,432	3,809,667	5,258,115
Derivative financial instruments	689	780	26,728	28,197
Total	2,500,658	1,698,441	6,467,080	10,666,179

(1) Includes interest to be accrued.

As at June 30, 2023, there are guarantees granted by the Group by means of letters of guarantee from independent financial institutions related to the payment of lease agreements and several accounts payable in the amount of R\$68,382 (R\$67,289 at December 31, 2022). Additionally, in the parent, there are guarantees granted by the Company through SBLC for borrowing agreements of certain subsidiaries, in the amount of R\$321,695 (R\$455,717 at December 31, 2022).

Fund raising may contain operational and financial covenants. Generally, financial covenants are related to the liquidity level in respect of the ratio of cash and cash equivalents and short-term debt, and to the gearing ratio in respect of the ratio of net debt and EBITDA accumulated for the last 12 months (see note 16).

CREDIT RISK MANAGEMENT

Credit risk is the risk that the counterparty to a business transaction will fail to fulfill an obligation under a financial instrument or customer contract, which would lead to the recognition of losses. The operations of the Group comprise the provision of services related to physical fitness activities. Services are legally supported by agreements and other legal instruments that may be necessary. The Group is exposed to credit risk for cash and cash equivalents, financial investments and derivative financial instruments held with financial institutions and for the position of receivables generated in trading transactions. The carrying amounts of these financial instruments, as disclosed in notes 6, 7, 8, 9 and 10, represent the Group's maximum credit exposure.

For the balances of cash and cash equivalents, financial investments and derivative financial Instruments, in order to minimize the credit risk, the Group presents investment strategies in meetings of the Board of Directors, which are restricted to banking relationships in validated financial institutions. In these meetings, monetary limits and risk concentration are also established, which are regularly updated. The Group's exclusive investment funds contain a portfolio based mainly on federal government securities, financial bills and repurchase agreements.

For the balances of trade receivables, the credit risk is mitigated by the fact that a large part of the sales are made using as means of payment the credit card, and are substantially securitized with the credit card companies. The Group assesses the concentration of risk related to trade receivables as low, since its customers are located in several jurisdictions/countries.

On the other hand, the Group's business model with recurring collection reduces the risk of losses and, in case of non-payment by the members, the access to the units is blocked, and is reinstated only in the settlement of the amounts pending payment. With this operating model, the Group does not record trade receivables (and its revenue) for the members while they do not regularize the plan and return to use the gym. For this reason, the amounts provisioned for expected credit losses are not material.

We present below trade receivables arising from contracts with customers, by maturity:

	Parent		Consolidated	
	06/30/2023	12/31/2022	06/30/2023	12/31/2022
Customer list by late payment range				
Current	126,488	116,097	304,455	267,277
Past due:				
Up to 30 days	147	135	554	486
From 31 to 60 days	171	157	672	590
From 61 to 90 days	178	163	615	540
From 91 to 180 days	738	677	2,814	2,470
From 181 to 360 days	849	779	2,792	2,451
More than 361 days	995	914	3,188	2,799
Total	129,566	118,922	315,090	276,613

Other receivables do not contain impaired assets and are not past due. Based on the credit history of these other classes, the Group expects these amounts to be received on maturity.

The Group has no guarantee for trade receivables and other receivables.

CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to shareholders and to maintain an adequate capital structure to reduce the cost of capital.

The Group's capital structure consists of cash and cash equivalents (note 6), investments in financial assets (note 7), trade receivables (note 9), other receivables (note 10), trade payables, other liabilities (note 15), borrowings (note 16) and equity (note 19).

Management reviews the Company's capital structure and its ability to settle liabilities on a periodic basis and timely monitors the average term of receivables and payables, taking the necessary actions to maintain them at levels considered adequate for financial management purposes.

5. FINANCIAL INSTRUMENTS BY CATEGORY

FAIR VALUE HIERARCHY OF THE FINANCIAL INSTRUMENTS

The determination of fair value is disclosed in note 5 to the annual financial statements.

The tables below present the Group's financial assets measured at fair value at June 30, 2023 and their allocation to the fair value hierarchy:

	Level 1	Level 2	Level 3	Total
PARENT				
Assets				
Investments in financial assets				
Exclusive investment funds and other financial investments	-	2,013,888 ⁽¹⁾	-	2,013,888
Other receivables				
N2B loan	-	-	22,243	22,243
Derivative financial instruments				
Interest rate swap – 7 th issue of debentures	-	2,240	-	2,240
Total	-	2,016,128	22,243	2,038,371
Liabilities				
Derivative financial instruments				
Put option of the noncontrolling shareholder – MB Negócios Digitais	-	-	(26,728)	(26,728)
Put option of the noncontrolling shareholder – ASN Smart	-	-	(780)	(780)
Put option of the noncontrolling shareholder – Smartfit Peru SAC	-	-	(689)	(689)
Total	-	-	(28,197)	(28,197)
CONSOLIDATED				
Assets				
Cash and cash equivalents				
Repurchase agreements	-	368,466	-	368,466
Investments in financial assets				
Exclusive investment funds and other financial investments	-	1,477,266	-	1,477,266
Interests in publicly-held company	34,483	-	-	34,483
Other receivables				
N2B loan	-	-	22,243	22,243
Derivative financial instruments				
Interest rate swap – Smartfit Mexico	-	8,319	-	8,319
Interest rate swap – 7 th issue of debentures	-	2,240	-	2,240
Total	34,483	1,856,291	22,243	1,913,017
Liabilities				
Derivative financial instruments				
Put option of the noncontrolling shareholder – MB Negócios Digitais	-	-	(26,728)	(26,728)
Put option of the noncontrolling shareholder – ASN Smart	-	-	(780)	(780)
Put option of the noncontrolling shareholder – Smartfit Peru SAC	-	-	(689)	(689)
Total	-	-	(28,197)	(28,197)

(1) Includes CDB in the amount of R\$ 168,156.

CHANGES IN LEVEL 3 ASSETS AND LIABILITIES

	Parent		Consolidated	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities
Financial instruments - Level 3				
At December 31, 2021	20,900	(54,003)	20,900	(54,003)
Purchases	5,000	-	5,000	-
Gains and losses recognized in profit or loss	(4,326)	14,246	(4,326)	14,246
Reclassification	-	2,767	-	2,767
At December 31, 2022	21,574	(36,990)	21,574	(36,990)
Gains and losses recognized in profit or loss	669	8,793	669	8,793
At June 30, 2023	22,243	(28,197)	22,243	(28,197)

In the six-month period ended June 30, 2023, there were no transfers between the different hierarchies used to determine the fair value of the Group's financial instruments.

When quoted prices are not available in an active market, fair values (especially derivative instruments) are based on recognized valuation methods. The Group uses various valuation models to measure Level 3 instruments, the details of which are presented in the following table:

Description	Price model/method	Assumptions	Fair value hierarchy
Put option of the noncontrolling shareholder – MB Negócios Digitais	Option pricing model with Monte Carlo simulation	EBITDA, share value, average cost of capital, dividend rate, volatility of EBITDA and share value, correlation between EBITDA and share value, interest rate and CDI.	Level 3
N2B loan	Discounted cash flow	Projected future result in the N2B business, discounted with a specific WACC for this transaction.	Level 3
Put option of the noncontrolling shareholder – ASN Smart	Option pricing model with Monte Carlo simulation	EBITDA, share value, average cost of capital, volatility of EBITDA and share value, correlation between EBITDA and share value, and interest rate.	Level 3
Put option of the noncontrolling shareholder – Smartfit Peru SAC	Option pricing model with Monte Carlo simulation	EBITDA, share value, average cost of capital, volatility of EBITDA and share value, correlation between EBITDA and share value, and interest rate.	Level 3

FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES MEASURED AT AMORTIZED COST

The balance of “Borrowings” is monetarily adjusted based on market indexes and contractual rates (note 16) and, due to market conditions, the fair value of borrowings is R\$1,904,208 in Parent and R\$3,279,417 in Consolidated.

The fair value of cash and cash equivalents, trade receivables, other receivables, trade payables, and other liabilities does not differ significantly from their carrying amount.

6. CASH AND CASH EQUIVALENTS

BREAKDOWN OF BALANCES

	Parent		Consolidated	
	06/30/2023	12/31/2022	06/30/2023	12/31/2022
Cash and cash equivalents				
Cash and banks	1,141	1,284	248,730	182,749
CDB ⁽¹⁾⁽⁴⁾	122,586	228,731	554,127	595,675
Non-exclusive investment funds ⁽²⁾	4,214	4,022	33,270	69,517
Repurchase agreements ⁽³⁾	-	-	368,466	403,477
Total	127,941	234,037	1,204,593	1,251,418

- (1) They are remunerated at a weighted average rate of 101.60% of the CDI (101.55% Dec/22) and managed by independent financial institutions. The maturities are variable; however, they are highly liquid, with no loss of remuneration upon redemption.
- (2) These are distributed into subsidiaries Latamgym Mexico with an average annual rate of 9.61% (10.06% in Dec/22), Sporty City Colombia with an average annual rate of 10.31% (12.5% in Dec/22), and Latamfit Chile with an average annual rate of 10.36% (7.57% in Dec/22).
- (3) Includes repurchase agreements that are part of the portfolio of the exclusive investment funds mentioned in note 7. These refer to transactions involving the purchase of securities with repurchase commitment by issuers of the securities, which are classified in the Parent under the line item Investments in financial assets in the line “Exclusive investment funds”, and are remunerated mainly at a rate of 100.00% of the CDI (100.00% in Dec/22).
- (4) In Consolidated, includes the consolidated balance of the CDBs that compose the portfolio of the Santo Amaro exclusive investment fund remunerated at a weighted average rate of 102.64% of the CDI (103.51% in Dec/22). The maturities are variable; however, they are highly liquid, with no loss of remuneration upon redemption.

7. INVESTMENTS IN FINANCIAL ASSETS

BREAKDOWN OF BALANCES

	Parent		Consolidated	
	06/30/2023	12/31/2022	06/30/2023	12/31/2022
Investments in financial assets				
Exclusive investment funds ⁽¹⁾	2,009,469	2,232,715	-	-
Government securities ⁽²⁾	-	-	663,910	921,123
Financial bills ⁽³⁾	-	-	808,937	750,294
Shares in publicly-held company ⁽⁴⁾	-	-	34,483	9,172
Other financial investments	4,419	5,796	31,383	34,292
Total	2,013,888	2,238,511	1,538,713	1,714,881
Current	2,009,469	2,232,715	1,472,847	1,671,417
Noncurrent	4,419	5,796	65,866	43,464

- (1) Refer to the private credit exclusive fixed income investment funds Átila RF CP FI remunerated at a weighted average rate of 101.47% of the CDI (107.40% in Dec/22) and Santo Amaro RF CP remunerated at a weighted average rate of 103.03% of the CDI (103.18% in Dec/22). These funds were established for the sole purpose of the Parent's participation. In the Parent, the amounts of the quotas held by the Company are presented under the line item Investments in financial assets in the line Exclusive investment funds. In Consolidated, the financial investment of the funds was fully consolidated into this condensed interim financial information, in accordance with CVM Instruction 408/04, and their balances were presented by each financial component.
- (2) Represented by government securities (LFT) remunerated at a weighted average rate of 99.95% of the CDI (101.05% of the CDI in Dec/22) for the securities of Santo Amaro and Atila funds remunerated at a weighted average rate of 101.62% of the CDI (100.54% in Dec/22).
- (3) Refer to private credit securities by financial institutions of Atila fund remunerated at a weighted average rate of 109.00% of the CDI (113.03% of the CDI in Dec/22) and Santo Amaro fund remunerated at a weighted average rate of 106.44% of the CDI (111.86% of the CDI in Dec/22).
- (4) Refers to the investment in shares of Sports World.

8. DERIVATIVE FINANCIAL INSTRUMENTS

BREAKDOWN OF BALANCES

	Parent		Consolidated	
	06/30/2023	12/31/2022	06/30/2023	12/31/2022
Derivative financial investments				
Assets				
Smartfit call option - MB Negócios Digitais	-	35	-	35
Interest rate swap – Smartfit Mexico	-	-	8,319	11,845
Interest rate swap – 7 th issue of debentures	2,240	-	2,240	-
Total	2,240	35	10,559	11,880
Current	2,240	-	8,930	8,132
Noncurrent	-	35	1,629	3,748
Liabilities				
Put option of the noncontrolling shareholder – MB Negócios Digitais	26,728	36,990	26,728	36,990
Put option of the noncontrolling shareholder – ASN Smart	780	-	780	-
Put option of the noncontrolling shareholder – Smartfit Peru SAC	689	-	689	-
Total	28,197	36,990	28,197	36,990
Current	689	-	689	-
Noncurrent	27,508	36,990	27,508	36,990

9. TRADE RECEIVABLES

BREAKDOWN OF BALANCES

	Parent		Consolidated	
	06/30/2023	12/31/2022	06/30/2023	12/31/2022
Trade receivables				
Trade receivables arising from contracts with customers ⁽¹⁾	129,566	118,922	315,090	276,613
Allowance for expected credit losses	(202)	(1,677)	(4,854)	(4,885)
Total	129,364	117,245	310,236	271,728

- (1) Trade receivables mainly refer to recurring amounts from gym and corporate customers, promotions and recurring debt, receivables from the sales of gym plans, substantially distributed by the main card operators in Brazil and international card operators, and to the recognition of amounts of the plans.

10. OTHER RECEIVABLES

BREAKDOWN OF BALANCES

	Parent		Consolidated	
	06/30/2023	12/31/2022	06/30/2023	12/31/2022
Other receivables				
Related parties ⁽¹⁾	109,644	124,901	12,093	20,881
Security deposits ⁽²⁾	197	197	35,756	28,944
Loans to third parties ⁽³⁾	25,039	26,800	50,763	50,731
Taxes recoverable ⁽⁴⁾	110,192	93,552	285,269	292,880
Escrow deposits ⁽⁵⁾	74,835	69,647	94,629	79,840
Prepaid expenses	42,889	11,147	79,197	40,972
Others	3,134	1,765	30,851	20,993
Total	365,930	328,009	588,558	535,241
Current	231,050	209,512	350,008	313,464
Noncurrent	134,880	118,497	238,550	221,777

(1) See note 25.

(2) In Consolidated, refers substantially to security deposits for lease contracts in Mexico.

(3) Includes the loan with N2B Nutrição Empresarial Ltda. ("N2B", a startup that operates in the nutrition industry) in the amount of R\$22,243 (R\$21,539 in Dec/22), indexed to the positive IPCA variation, with maturity in February 2025, which will entitle Smartfit to hold a 64.4% interest in N2B in the event of conversion of this loan into common shares.

(4) In Consolidated, includes mainly PIS/COFINS of R\$8,607 (R\$8,451 in Dec/22), IRPJ/CSLL of R\$62,461 (R\$66,084 in Dec/22) IRRF on financial investments of R\$94,132 (R\$70,024 in Dec/22) and IGV of R\$90,797 (R\$111,885 in Dec/22).

(5) These are related to administrative and judicial proceedings, mainly in the tax (IRRF withholdings) and social security areas (INSS contributions).

11. INVESTMENTS IN SUBSIDIARIES AND JOINT VENTURES

BREAKDOWN OF BALANCES

	06/30/2023	Six-month period ended June 30, 2023		12/31/2022	Six-month period ended June 30, 2022	
		Investment balance	Share of profit (loss) of investees		Other comprehensive income	Investment balance
PARENT						
Subsidiaries						
Latamgym SAPI de CV	1,391,038	27,963	71,427	1,206,139	(13,979)	(52,461)
Sporty City SAS	459,676	27,553	30,512	401,400	18,727	(38,558)
Sporty Panama SA ⁽²⁾	526,931	2,656	(45,409)	-	-	-
Latamfit Chile SPA	253,470	27,587	(5,391)	231,274	1,329	(31,901)
Smartfit Peru SAC	47,238	6,957	(1,689)	41,970	(14,521)	(95)
MB Negócios Digitais S.A.	108,792	2,554	(80)	106,318	7,131	(40)
ADV Esporte e Saúde Ltda.	57,872	17,989	-	68,490	(3,603)	-
Other subsidiaries	378,840	72,968	(13,951)	312,708	8,340	(1,245)
Joint ventures						
FitMaster LLC	41,445	2,075	(1,977)	41,346	(276)	-
Sporty Panama SA ⁽²⁾	-	-	-	406,648	4,041	1,252
Total	3,265,302	188,302	33,442	2,816,293	7,189	(123,048)
Included in assets	3,265,302			2,818,730		
Included in liabilities¹	-			(2,437)		
CONSOLIDATED						
Joint ventures						
FitMaster LLC	41,445	2,075	(1,977)	41,346	(276)	-
Sporty Panama AS ⁽²⁾	-	-	-	406,648	4,041	1,252
Total Pass SA de CV ⁽³⁾	-	1,097	(2,778)	-	(648)	144
Total	41,445	3,172	(4,755)	447,994	3,117	1,396

(1) See note 15.

(2) See note 3.

CHANGES FOR THE PERIOD

	Parent	Consolidated
Investments in subsidiaries and joint ventures		
At December 31, 2021	2,308,915	123,848
Capital increases	250,312	5,258
Acquisition of interest - Sporty Panama	311,085	311,085
Capital decrease in subsidiary	(676)	-
Dividends and interest on capital	(29,906)	-
Offset against loan agreement	-	3,862
Share-based payments in subsidiaries	2,347	-
Share of profit (loss) of investees	110,829	6,570
Increase in equity interest in subsidiary due to the withdrawal of noncontrolling shareholders	(4,003)	-
Other comprehensive income in subsidiaries	(4,347)	-
FX effects	(128,263)	(2,629)
At December 31, 2022	2,816,293	447,994
Capital increase ⁽¹⁾	93,429	-
Acquisition of control - Sporty Panama	-	(406,648)
Price adjustment - acquisition of control - Sporty Panama	(2,683)	-
Consideration present value adjustment – Sporty Panama	(10,880)	-
Dividends and interest on capital	(29,919)	-
Offset against loan agreement	-	1,682
Income from remeasurement of previously held interest	176,599	-
Share-based payments in subsidiaries	719	-
Share of profit (loss) of investees	188,302	3,172
Other comprehensive income in subsidiaries	6,728	-
FX effects	26,714	(4,755)
At June 30, 2023	3,265,302	41,445

(1) As at June 30, 2023, in Parent, this refers to the capital increase in subsidiaries Latamgym Mexico (R\$85,000), Plonay Uruguay (R\$5,579), Racebootcamp (R\$800), Biomorum (R\$1,050) and Biopauli (R\$1,000).

SUMMARIZED AGGREGATED FINANCIAL INFORMATION ON JOINT VENTURES

	06/30/2023	12/31/2022
BALANCE SHEETS		
Current assets	34,789	68,233
Noncurrent assets	81,764	384,938
Total assets	116,553	453,171
Current liabilities	50,104	134,043
Noncurrent liabilities	-	89,284
Total liabilities	50,104	223,327
Total equity	66,449	229,844
STATEMENT OF PROFIT AND LOSS		
	Six-month period ended	
	06/30/2023	06/30/2022
Operating revenue	72,975	74,319
Costs and expenses	(64,991)	(72,353)
Operating profit	7,984	1,966
Finance income (costs)	(547)	(1,250)
Profit for the period	7,437	716

The balance sheet and the statement of profit and loss as at June 30, 2023 do not include, respectively, the balances and the results of Sporty Panama. See note 3.

12. PROPERTY AND EQUIPMENT

BREAKDOWN OF AND VARIATIONS IN THE BALANCES⁽⁴⁾

	Facilities and leasehold improvements	Machinery and equipment	Furniture and fixtures	IT equipment	Property and equipment in progress	Other property and equipment	Total
PARENT							
At December 31, 2021							
Cost	1,004,707	476,775	114,011	40,084	70,425	93,694	1,799,696
Accumulated depreciation	(466,404)	(170,513)	(42,760)	(18,890)	-	(49,336)	(747,903)
Net value	538,303	306,262	71,251	21,194	70,425	44,358	1,051,793
Additions ⁽³⁾	46,406	35,876	10,755	4,609	116,094	4,384	218,124
Write-offs	(17,768)	(13,713)	(812)	(72)	(4,665)	-	(37,030)
Depreciation	(99,980)	(49,565)	(12,316)	(7,499)	-	(14,645)	(184,005)
Transfers and reclassifications ⁽²⁾	42,524	23,436	9,427	1,231	(95,887)	6,474	(12,795)
At December 31, 2022							
Cost	1,040,872	516,161	133,309	45,346	85,967	103,917	1,925,572
Accumulated depreciation	(531,387)	(213,865)	(55,004)	(25,883)	-	(63,346)	(889,485)
Net value	509,485	302,296	78,305	19,463	85,967	40,571	1,036,087
Additions ⁽³⁾	25,279	40,489	7,494	2,869	29,511	5,832	111,474
Write-offs	(175)	(19,791)	(308)	(111)	(790)	(256)	(21,431)
Depreciation	(47,674)	(27,020)	(6,745)	(3,879)	-	(7,459)	(92,777)
Transfers and reclassifications ⁽¹⁾	15,373	12,234	3,424	497	(41,589)	5,315	(4,746)
At June 30, 2023							
Cost	1,077,673	543,153	144,822	48,196	73,099	115,121	2,002,064
Accumulated depreciation	(575,385)	(234,945)	(62,652)	(29,357)	-	(71,118)	(973,457)
Net value	502,288	308,208	82,170	18,839	73,099	44,003	1,028,607
CONSOLIDATED							
At December 31, 2021							
Cost	2,597,677	959,878	245,010	122,382	271,365	121,742	4,318,054
Accumulated depreciation	(997,850)	(388,398)	(101,161)	(71,998)	-	(61,635)	(1,621,042)
Net value	1,599,827	571,480	143,849	50,384	271,365	60,107	2,697,012
Additions ⁽³⁾	87,098	59,490	16,025	9,251	803,490	32,207	1,007,561
Write-offs	(27,158)	(38,251)	(1,200)	(499)	(7,640)	(357)	(75,105)
Depreciation	(243,035)	(108,432)	(26,597)	(23,964)	-	(18,778)	(420,806)
FX effects	(39,775)	(7,934)	(1,189)	(1,847)	(18,317)	(7,109)	(76,171)
Transfers and reclassifications ⁽²⁾	419,224	188,452	44,724	28,544	(685,514)	4,098	(472)
At December 31, 2022							
Cost	2,967,947	1,159,258	296,474	156,747	363,384	150,939	5,094,749
Accumulated depreciation	(1,171,766)	(494,453)	(120,862)	(94,878)	-	(80,771)	(1,962,730)
Net value	1,796,181	664,805	175,612	61,869	363,384	70,168	3,132,019
Additions ⁽³⁾	47,755	46,057	12,632	5,698	342,757	10,666	465,565
Write-offs	(8,044)	(35,968)	(538)	(360)	(1,592)	(965)	(47,467)
Acquisition of subsidiaries	117,844	41,177	21,754	2,064	3,292	4,951	191,082
Depreciation	(151,573)	(61,161)	(17,964)	(11,301)	-	(21,049)	(263,048)
FX effects	14,026	(2,107)	1,315	633	13,854	(687)	27,034
Transfers and reclassifications ⁽¹⁾	213,890	19,789	25,034	1,258	(306,206)	45,523	(712)
At June 30, 2023							
Cost	3,365,237	1,193,497	369,914	148,225	415,489	288,490	5,780,852
Accumulated depreciation	(1,335,158)	(520,905)	(152,069)	(88,364)	-	(179,883)	(2,276,379)
Net value	2,030,079	672,592	217,845	59,861	415,489	108,607	3,504,473

(1) In Parent, the remaining balance in the Transfers and reclassifications column refers to reclassifications to Intangible assets (see note 13). In Consolidated, the remaining balance in the Transfers and reclassifications column refers to Property and equipment reclassified to Intangible assets in the amount of R\$8,841 (see note 13) and Right-of-use assets reclassified to Property and equipment in the amount of R\$8,29 (see note 14).

(2) In Parent, the remaining balance in the Transfers and reclassifications column refers to reclassifications to Intangible assets (see note 13). In Consolidated, the remaining balance in the Transfers and reclassifications column refers to Property and equipment reclassified to Intangible assets in the amount of R\$16,090 (see note 13) and Right-of-use assets reclassified to Property and equipment in the amount of R\$15,618 (see note 14).

(3) As at June 30, 2023, this includes finance costs, capitalized at R\$ 454 (R\$ 3,000 in Dec/22) in the Parent and R\$509 (R\$ 3,000 in Dec/22) in the Consolidated.

(4) The estimated annual depreciation rates by main class of assets are as follows: Facilities and leasehold improvements: 10%; Machinery and equipment: 10%; Furniture and fixtures: 10%; IT equipment: 20%.

13. INTANGIBLE ASSETS

BREAKDOWN OF AND VARIATIONS IN THE BALANCES⁽³⁾

	Goodwill ⁽²⁾	Assignment of right of use	Software	Customer list	Trademarks and patents	Other intangible assets	Total
PARENT							
At December 31, 2021							
Cost	82,320	42,773	30,979	-	8,478	-	164,550
Accumulated amortization	-	(35,724)	(8,247)	-	-	-	(43,371)
Net value	82,320	7,649	22,732	-	8,478	-	121,179
Additions	-	-	6,688	-	-	-	6,688
Write-offs	-	-	(44)	-	-	-	(44)
Amortization	-	(1,685)	(5,451)	-	-	-	(7,136)
Transfers and reclassifications ⁽¹⁾	-	-	12,795	-	-	-	12,795
At December 31, 2022							
Cost	82,320	42,773	50,398	-	8,478	-	183,969
Accumulated amortization	-	(36,809)	(13,678)	-	-	-	(50,487)
Net value	82,320	5,964	36,720	-	8,478	-	133,482
Additions	-	-	2,557	-	-	-	2,557
Write-offs	-	-	(5)	-	-	-	(5)
Amortization	-	(843)	(3,805)	-	-	-	(4,648)
Transfers and reclassifications ⁽¹⁾	-	-	4,746	-	-	-	4,746
At June 30, 2023							
Cost	82,320	42,772	57,560	-	8,478	-	191,130
Accumulated amortization	-	(37,651)	(17,347)	-	-	-	(54,998)
Net value	82,320	5,121	40,213	-	8,478	-	136,132
CONSOLIDATED							
At December 31, 2022							
Cost	1,433,185	72,141	70,503	45,908	29,033	-	1,650,770
Accumulated amortization	-	(48,737)	(32,196)	(43,811)	(6,268)	-	(131,012)
Net value	1,433,185	23,404	38,307	2,097	22,765	-	1,519,758
Additions	-	1,314	15,314	-	421	-	17,049
Write-offs	-	-	(115)	-	-	-	(115)
Amortization	-	(4,690)	(12,413)	-	(9,895)	-	(26,998)
FX effects	(109,229)	(2,372)	(266)	(619)	(840)	-	(113,326)
Transfers and reclassifications ⁽¹⁾	-	-	15,934	-	156	-	16,090
At December 31, 2022							
Cost	1,323,956	69,919	100,840	44,790	29,280	-	1,568,785
Accumulated amortization	-	(52,263)	(44,079)	(43,312)	(16,673)	-	(156,327)
Net value	1,323,956	17,656	56,761	1,478	12,607	-	1,412,458
Additions	-	-	5,268	-	270	-	5,538
Acquisitions of subsidiaries	368,180 ⁽⁴⁾	-	123	30,582	-	12,809	411,694
Write-offs	-	(118)	(85)	-	(315)	-	(518)
Amortization	-	(2,217)	(8,501)	(9,225)	(2,645)	(1,168)	(23,756)
FX effects	23,662	534	276	(2,388)	126	(978)	21,232
Transfers and reclassifications ⁽¹⁾	-	-	8,599	-	242	-	8,841
At June 30, 2023							
Cost	1,715,798	70,606	115,004	72,983	29,600	11,831	2,015,822
Accumulated amortization	-	(54,751)	(52,563)	(52,536)	(19,315)	(1,168)	(180,333)
Net value	1,715,798	15,855	62,441	20,447	10,285	10,663	1,835,489

(1) The remaining balance in the Transfers and reclassifications column refers to reclassifications to Property and equipment (see note 12).

(2) Includes goodwill on the acquisition of Bio Ritmo, Smartfit Peru, Sporty City Colombia, Latamfit Chile, Latamgym Mexico, Pro Forma, MB Negócios Digitais, Just Fit and Sporty Panama.

(3) The estimated annual amortization rates by main class of assets are as follows: Assignment of right of use: 10%; Software: 20%; Customer list: 33%.

(4) Refers to the provisional amount of goodwill on the acquisition of Sporty Panama. See note 3.

14. LEASES

BREAKDOWN OF AND VARIATIONS IN THE BALANCES OF RIGHT-OF-USE ASSETS

	Parent			Consolidated		
	Machinery and equipment	Buildings ⁽⁴⁾	Total	Machinery and equipment	Buildings ⁽⁴⁾	Total
Right-of-use assets						
At December 31, 2021	-	1,015,072	1,015,072	170,794	2,639,611	2,810,405
Additions and remeasurements ⁽³⁾	-	257,114	257,114	25,864	860,975	886,839
Write-offs	-	(43,170)	(43,170)	-	(74,491)	(74,491)
Depreciation	-	(178,536)	(178,536)	(38,987)	(415,464)	(454,451)
Tax credits on depreciation	-	(14,655)	(14,655)	-	(17,702)	(17,702)
Assignment of right of use ⁽¹⁾	-	(6,064)	(6,064)	-	-	-
FX effects	-	-	-	(15,930)	(51,683)	(67,613)
Transfers and reclassifications ⁽²⁾	-	-	-	(15,618)	-	(15,618)
At December 31, 2022	-	1,029,761	1,029,761	126,123	2,941,246	3,067,369
Additions and remeasurements ⁽³⁾	-	165,988	165,988	27,838	486,132	513,970
Acquisitions of subsidiaries	-	-	-	-	95,900	95,900
Write-offs	-	(4,716)	(4,716)	-	(35,231)	(35,231)
Depreciation	-	(97,148)	(97,148)	(19,562)	(249,759)	(269,321)
Tax credits on depreciation	-	(8,291)	(8,291)	-	(10,045)	(10,045)
Assignment of right of use ⁽¹⁾	-	2,992	2,992	-	-	-
FX effects	-	-	-	7,272	35,766	43,038
Transfers and reclassifications ⁽²⁾	-	-	-	(8,129)	-	(8,129)
At June 30, 2023	-	1,088,586	1,088,586	133,542	3,264,009	3,397,551

(1) Refer to the assignment of rental contracts related to Company's units transferred to other Group companies in the period ended June 30, 2023.

(2) Refer to reclassifications to Property and equipment (see note 12).

(3) Includes R\$11,807 (R\$14,449 in Dec/22) in the Parent and R\$15,664 (R\$18,223 in Dec/22) in Consolidated for initial direct costs and a deduction of R\$1,836 in Consolidated referring to a leaseback operation.

(4) The main terms of real estate contracts are: Brazil, with an average of 10 years, and Mexico, with an average of 30 years.

BREAKDOWN OF AND VARIATIONS IN THE BALANCES OF LEASE LIABILITIES

	Parent			Consolidated		
	Machinery and equipment	Buildings	Total	Machinery and equipment	Buildings	Total
Lease liabilities						
At December 31, 2021	-	1,067,726	1,067,726	164,772	2,856,287	3,021,059
Additions and remeasurements	-	242,665	242,665	24,682	843,934	868,616
Write-offs	-	(48,131)	(48,131)	-	(80,781)	(80,781)
Interest incurred	-	86,526	86,526	16,207	261,734	277,941
Considerations ⁽¹⁾	-	(258,867)	(258,867)	(70,611)	(604,979)	(675,590)
Tax credits on interest	-	6,170	6,170	-	7,425	7,425
Assignment of right of use ⁽²⁾	-	(6,219)	(6,219)	-	-	-
FX effects	-	-	-	(17,279)	(71,944)	(89,223)
At December 31, 2022	-	1,089,870	1,089,870	117,771	3,211,676	3,329,447
Additions and remeasurements	-	154,181	154,181	29,674	470,468	500,142
Acquisitions of subsidiaries	-	-	-	-	109,498	109,498
Write-offs	-	(5,673)	(5,673)	-	(39,395)	(39,395)
Interest incurred	-	43,633	43,633	8,643	153,512	162,155
Considerations ⁽¹⁾	-	(139,110)	(139,110)	(38,746)	(368,127)	(406,873)
Tax credits on interest	-	2,891	2,891	-	3,513	3,513
Assignment of right of use ⁽²⁾	-	3,268	3,268	-	-	-
FX effects	-	-	-	6,820	36,630	43,450
At June 30, 2023	-	1,149,060	1,149,060	124,162	3,577,775	3,701,937
Current	-	180,631	180,631	54,598	493,011	547,609
Noncurrent	-	968,429	968,429	69,564	3,084,764	3,154,328

(1) Due to the one-off discounts obtained with property owners, the Group recognized R\$1,424 in Parent and R\$4,304 in Consolidated as discounts obtained with leases in the period ended June 30, 2023, and R\$2,458 in Parent and R\$10,611 in Consolidated in the year ended December 31, 2022 (see Note 22), which do not change the contracts' conditions.

(2) Refer to the assignment of rental contracts related to Company's units transferred to other Group companies in the period ended June 30, 2023.

DISCOUNT RATES

Lease liabilities are discounted at average rates between 7.08% and 10.41% in Parent and between 2.90% and 19.41% in Consolidated.

FLOW OF LEASE MATURITIES

	Consolidated		
	Machinery and equipment	Buildings	Total
2023	30,284	257,248	287,532
2024	46,591	449,893	496,484
2025	27,215	452,198	479,413
2026	10,379	455,598	465,977
2027 onwards	9,693	1,962,838	1,972,531
Total	124,162	3,577,775	3,701,937

The following table shows the potential right of PIS and COFINS recoverable embedded in the rental consideration, according to the periods foreseen for payment and show the following nominal balances and adjusted to present value:

	Consolidated	
	Par value (interest-free)	Adjusted to present value
Lease consideration of properties	5,198,316	3,577,775
PIS/COFINS – 9.25% ⁽¹⁾	154,649	115,255

(1) Levied on property lease contracts signed with legal entities, only in Brazil.

SHORT-TERM LEASES, LEASES OF LOW-VALUE ASSETS AND VARIABLE LEASES

As at June 30, 2023, the Company did not incur expenses in Parent and incurred expenses of R\$3,324 in Consolidated (R\$51 and R\$1,334 in Parent and Consolidated, respectively, at June 30, 2022).

The Company, in accordance with CPC 06 (R2)/IFRS 16 - Leases, in measuring and remeasuring its lease liabilities and right-of-use assets, used the discounted cash flow method without considering the future projected inflation in the flows to be discounted (actual flow and nominal discount rate). Although the accounting methodology used by the Company is in line with the rule set out in CPC 06 (R2) / IFRS 16, it generates distortions in the information to be provided, given the current reality of long-term interest rates in the Brazilian economic environment.

Pursuant to Circular Official Letter/CVM/SNC/SEP/No.02/2019, the Company presents below the comparative balances of lease liabilities, right-of-use assets, finance cost, and depreciation expense, taking into account the effect of the future inflation projected for five years based on the Consumer Price Index (IPC) disclosed by central banks of the countries where the Company operates (Brazil, Chile, Colombia, Mexico, Peru, Paraguay and Argentina), and discounted at the applicable average rates:

	Consolidated	
	Actual flow	Flow w/ inflation
Right-of-use assets	3,264,009	3,884,937
Lease liabilities	1,936,774	1,921,637
Finance charges	1,641,001	2,614,351
Total lease liabilities	3,577,775	4,535,988
Finance costs	1,641,001	2,614,351
Depreciation expense	2,066,263	4,245,780
Total expenses⁽¹⁾	3,707,264	6,860,131

(1) Total expense accrued since the beginning of CPC 06 / IFRS 16.

15. OTHER LIABILITIES

BREAKDOWN OF BALANCES

	Parent		Consolidated	
	06/30/2023	12/31/2022	06/30/2023	12/31/2022
Other liabilities				
Related parties ⁽¹⁾	58,720	53,956	1,146	2,473
Taxes and contributions payable ⁽²⁾	68,667	45,870	98,287	75,794
Salaries, accruals and social contributions	51,982	38,308	99,804	72,393
Investments in subsidiaries and joint ventures with negative equity ⁽³⁾	-	2,437	-	-
Acquisition of control - Sporty Panama	157,564	309,601	157,564	309,601
Contingent consideration - MB Negócios Digitais	3,776	3,547	3,776	3,547
Contingent consideration – Latamfit Chile	4,986	5,461	4,986	5,461
Contingent consideration – Just Fit ⁽⁴⁾	2,767	2,767	2,767	2,767
Increase in equity interest – ADV	-	-	-	9,838
Others	4,193	4,254	20,212	22,193
Total	352,655	466,201	388,542	504,067
Current	345,255	277,081	368,684	304,859
Noncurrent	7,400	189,120	19,858	199,208

(1) See note 25.

(2) In Consolidated, this includes mainly ISS of R\$6,564 (R\$8,723 in Dec/22) and PIS/COFINS of R\$67,863 (R\$40,200 in Dec/22).

(3) See note 11.

(4) Final acquisition price estimated based on the purchase and sale agreement (see note 3 to the annual financial statements).

16. BORROWINGS

BREAKDOWN OF BALANCES

	Parent		Consolidated	
	06/30/2023	12/31/2022	06/30/2023	12/31/2022
Borrowings				
Debentures	1,601,564	1,696,072	1,601,564	1,696,072
Commercial notes (formerly promissory notes)	253,965	257,361	253,965	257,361
Working capital	46,453	46,597	1,418,579	1,466,461
Total	1,901,982	2,000,030	3,274,108	3,419,894
Current	164,877	96,531	635,966	488,226
Noncurrent	1,737,105	1,903,499	2,638,142	2,931,668

CHANGES FOR THE PERIOD

	Parent	Consolidated
Borrowings		
At December 31, 2021	2,102,990	3,590,495
Fundraising	416,164	819,387
Accrued interest and cost amortization	292,031	422,840
Principal paid	(577,683)	(942,467)
Interest payment	(233,472)	(361,808)
Exchange differences	-	(108,553)
At December 31, 2022	2,000,030	3,419,894
Fundraising	-	74,176
Acquisitions of subsidiaries	-	42,196
Accrued interest and cost amortization	149,719	238,995
Principal paid	(112,176)	(306,535)
Interest payment	(135,591)	(219,537)
Exchange differences	-	24,919
At June 30, 2023	1,901,982	3,274,108

DESCRIPTION OF THE MAIN FINANCIAL AGREEMENTS

	Currency of the agreement	Par value in the currency of the agreement (in millions)	Charges (p.a.)	Maturity	06/30/2023	12/31/2022
PARENT						
DEBENTURES						
Fifth issue	BRL	250.0	CDI + 2.15%	04/30/2025	149,319	252,133
Sixth issue	BRL	1,060.0	CDI + 2.40%	12/20/2028	1,039,571	1,048,633
Seventh issue - 1 st series	BRL	362.3	CDI + 1.50%	10/10/2029	372,926	358,052
Seventh issue - 2 nd series	BRL	37.3	IPCA+7.37%	10/10/2029	39,748	37,254
COMMERCIAL NOTES (FORMERLY PROMISSORY NOTES)						
Single series	BRL	267.0	CDI + 2.15%	03/08/2025	253,965	257,361
WORKING CAPITAL						
Smartfit Brasil	BRL	100.0	CDI + 2.49%	08/15/2027	11,206	11,342
SUBSIDIARIES						
WORKING CAPITAL						
Latamgym Mexico ⁽¹⁾	MXN	1,300.0	TIIE + 1.90%	03/17/2025	184,356	224,819
Latamgym Mexico ⁽²⁾	MXN	356.7	TIIE + 2.80%	2023-2024	23,485	37,620
Latamgym Mexico	MXN	290.0	TIIE + 2.00%	05/31/2027	79,182	77,343
Latamgym Mexico	MXN	100.0	TIIE + 2.00%	09/30/2027	27,871	26,670
Latamgym Mexico	MXN	150.0	TIIE + 2.00%	12/31/2027	41,444	40,005
Latamgym Mexico	MXN	100.0	TIIE + 2.00%	10/30/2027	27,871	26,172
Sporty City Colombia	COP	40,000.0	IBR + 5.93%	02/09/2027	42,460	43,120
Sporty City Colombia	COP	36,000.0	IBR + 5.75%	04/01/2027	40,104	38,808
Latamfit Chile	CLP	25,218.6	7.22%	07/05/2024	54,247	77,476
Latamfit Chile	CLP	23,000.0	9.48%	12/29/2025	115,299	140,783
Latamfit Chile	CLP	11,091.2	5.67%	12/02/2024	28,681	39,397
Smartfit Peru	PEN	66.0	8.00%	08/09/2024	27,925	40,775
Smartfit Peru	PEN	62.7	4.78%	07/15/2025	82,621	86,414
Smartfit Peru	PEN	119.1	10.65%	11/30/2025	157,214	163,135
Smartfit Peru	PEN	60.0	8.11%	09/30/2024	79,994	82,698

(1) Non-revolving credit agreement due in two installments, with final maturity on March 17, 2025, with monthly principal repayments beginning after the 25th month from the disbursement. The bonds are secured by a pledge unrelated to property on a bank account that Latamgym SAPI de CV holds in HSBC and is guaranteed by the Company. This agreement restricts any change of control of either the borrower or the payment of dividends and the distributions from the borrower to its parent.

(2) Non-revolving credit agreement with monthly capital repayments starting after the 12th month from the disbursement. This agreement restricts any change of control of either the borrower or the guarantor and restricts the payment of dividends and distributions from the borrower to its parent company.

FIFTH ISSUE OF DEBENTURES

On February 6, 2023, a meeting of the Board of Directors approved the execution of the 3rd amendment to change the interest rate, which corresponded to CDI + 2.25% p.a. until April 30, 2023 (exclusive); from April 30, 2023 (inclusive) to April 30, 2024 (exclusive) it will be 3.75%; from April 30, 2024 (inclusive) to the maturity date (exclusive) it will be 4.50%. It was changed to an annual rate of 2.15%.

The Company also received prior authorization to carry out an optional extraordinary amortization in the amount of R\$100 million of the outstanding balance of the debentures, which occurred on February 15, 2023.

According to the analysis made pursuant to IFRS 9, the renegotiation was classified as a debt modification.

COMMERCIAL NOTES

On February 13, 2023, the Board of Directors approved a fundraising through the 1st issue of commercial notes, in a single series, for private distribution, in the total amount of R\$267 million. The commercial notes, which will mature on March 8, 2025, were used to carry out the early redemption of all promissory notes.

The nominal unit value of the commercial notes will be subject to interest equivalent to 100% of the accumulated variation of the daily average interest rates of DI (interbank deposits) of one day, "over extra group", expressed as a percentage p.a., exponentially increased by a spread of 2.15% p.a.

Among the maturity clauses, the total optional early redemption clauses and the optional extraordinary amortization clauses stand out.

According to the analysis made pursuant to IFRS 9, the renegotiation was classified as a debt modification.

COVENANTS

The Company made an analysis of the operating guarantees and as at June 30, 2023 it was also compliant with the operating and financial covenants (covenants with non-financial clauses), the main ones related to compliance with the allocation of funds raised, disclosure of information, as well as any non-compliance with pecuniary obligations of the debts issued, among others.

17. PROVISIONS

BREAKDOWN OF AND VARIATIONS IN THE BALANCES

The Group was party to certain labor, civil and tax lawsuits for which the likelihood of loss was considered probable by its legal counsel and, thus, a provision was recognized as follows:

	Civil	Labor	Tax	Total
PARENT				
At December 31, 2021	2,543	3,214	-	5,757
Additions and increases	565	288	289	1,142
Write-offs and reversals	(1,428)	(846)	-	(2,274)
Transfers and reclassifications	-	(1,223)	1,223	-
At December 31, 2022	1,680	1,433	1,512	4,625
Additions and increases	4,928	406	277	5,611
Write-offs and reversals	(335)	(67)	(60)	(462)
At June 30, 2023	6,273	1,772	1,729	9,774
CONSOLIDATED				
At December 31, 2021	8,867	4,864	12,813	26,544
Additions and increases	2,940	785	2,762	6,487
Write-offs and reversals	(4,389)	(2,818)	(936)	(8,143)
Transfers and reclassifications	-	(1,223)	1,223	-
At December 31, 2022	7,418	1,608	15,862	24,888
Additions and increases	5,322	781	777	6,880
Write-offs and reversals	(477)	(141)	(60)	(678)
At June 30, 2023	12,263	2,248	16,579	31,090

LAWSUITS CLASSIFIED AS POSSIBLE LOSS

The Company's Management did not consider necessary to recognize a provision for losses on ongoing civil, labor and tax lawsuits, since the likelihood of loss is considered possible by its legal counsel, as presented in the following table:

	06/30/2023	12/31/2022
Consolidated		
Civil	8,878	8,485
Labor	2,067	1,865
Tax	8,543	8,681
Total	19,488	19,031

CVM CIRCULAR LETTER REGARDING “RES JUDICATA” DECISION IN TAX MATTERS

The Group does not have final and unappealable court decisions on taxes collected on a continuous basis, which are impacted by the recent decision of the STF (Federal Supreme Court). As a result, it will not be necessary to review the likelihood of loss or the ongoing lawsuits and/or lawsuits already settled, which involve the discussion of taxes collected on a continuous basis.

ARBITRATION ON THE PRICE PAYABLE FOR THE ACQUISITION OF JUST FIT

On February 6, 2023, the Company received a notification regarding the request for initiation of arbitration submitted by the sellers of Just Fit, in relation to the contract entered into in 2021 for the acquisition of this company, under which the acquisition price would be determined and paid only after the occurrence of a liquidity event at Smartfit. Up to the date of publication of this interim financial information, the procedure is in the process of constituting the arbitration court, with the appointment of the co-arbitrators by the parties.

18. CURRENT AND DEFERRED INCOME TAX AND SOCIAL CONTRIBUTION

BREAKDOWN OF PROFIT OR LOSS

	Six-month period ended			
	Parent		Consolidated	
	06/30/2023	06/30/2022	06/30/2023	06/30/2022
Income tax and social contribution				
Current	(10,466)	-	(70,693)	(29,201)
Deferred	-	-	16,897	26,830
Total	(10,466)	-	(53,796)	(2,371)

RECONCILIATION OF EFFECTIVE INCOME TAX AND SOCIAL CONTRIBUTION EXPENSE

	Six-month period ended			
	Parent		Consolidated	
	06/30/2023	06/30/2022	06/30/2023	06/30/2022
Income tax and social contribution				
Profit (loss) before income tax and social contribution	353,321	(146,587)	399,799	(144,067)
Statutory rate in Brazil	34%	34%	34%	34%
Expected tax assets (liabilities)	(120,129)	49,840	(135,932)	48,983
Share of profit (loss) of investees	64,023	2,444	1,078	1,060
Unrecognized deferred tax – temporary differences	(7,078)	(11,701)	(7,473)	(16,641)
Unrecognized deferred tax – tax loss carryforwards	-	(41,328)	(13,108)	(36,582)
Offset of tax loss	4,639	-	8,795	-
Adjustment of companies taxed on the presumed profit	-	-	11,613	3,262
Difference in rates of foreign subsidiaries	-	-	36,044	222
Others	48,079	745	45,187	(2,675)
Total	(10,466)	-	(53,796)	(2,371)

BREAKDOWN OF DEFERRED INCOME TAX AND SOCIAL CONTRIBUTION

	12/31/2021	Income	Other comprehensive income	Exchange differences	12/31/2022
	PARENT				
Deferred assets					
Leases	25,816	1,768	-	-	27,584
Tax losses	263,863	2,207	-	-	266,070
Provisions	36,165	28,603	-	-	64,768
Subtotal	325,844	32,578	-	-	358,422
Unrecognized deferred tax	(325,844)	(32,578)	-	-	(358,422)
Total	-	-	-	-	-
CONSOLIDATED					
Deferred assets					
Property and equipment	41,276	55,507	-	1,139	97,922
Leases	71,571	15,018	-	(1,887)	84,702
Tax losses	432,710	814	-	(14,720)	418,804
Provisions	56,620	28,014	-	(1,367)	83,267
Deferred revenue	4,595	5,228	-	73	9,896
Investments in financial assets	-	-	3,386	-	3,386
Others	3,028	1,704	-	(176)	4,556
Deferred liabilities					
Derivative financial instruments	-	(3,436)	-	(117)	(3,553)
Deferred liabilities generated by business combinations	(7,774)	4,164	-	507	(3,103)
Property and equipment	(18,926)	(1,861)	-	(2,717)	(23,504)
Others	(894)	(3,547)	-	(71)	(4,512)
Subtotal	582,206	101,605	3,386	(19,336)	667,861
Unrecognized deferred tax	(440,400)	(42,248)	-	-	(482,648)
Total	141,806	59,357	3,386	(19,336)	185,213

	12/31/2022	Income	Acquisition of subsidiaries	Reclassifications	Other comprehensive income	Exchange differences	06/30/2023
PARENT							
Deferred assets							
Leases	27,584	4,138	-	-	-	-	31,722
Tax losses	266,070	(4,639)	-	-	-	-	261,431
Provisions	64,768	2,940	-	-	-	-	67,708
Subtotal	358,422	2,439	-	-	-	-	360,861
Unrecognized deferred tax	(358,422)	(2,439)	-	-	-	-	(360,861)
Total	-	-	-	-	-	-	-
CONSOLIDATED							
Deferred assets							
Property and equipment	97,922	9,454	1,929	2,994	-	4,734	117,033
Leases	84,702	23,067	4,141	(755)	-	476	111,631
Tax losses	418,804	(12,248)	2,791	147	-	(1,390)	408,104
Provisions	83,267	14,471	-	-	-	13	97,751
Deferred revenue	9,896	(2,840)	-	-	-	539	7,595
Investments in financial assets	3,386	-	-	-	(3,066)	183	503
Others	4,556	(636)	-	965	-	236	5,121
Deferred liabilities							
Derivative financial instruments	(3,553)	1,252	-	-	-	(194)	(2,495)
Deferred liabilities generated by business combinations	(3,103)	5,281	(18,768)	-	-	1,391	(15,199)
Property and equipment	(23,504)	(9,989)	-	(2,994)	-	(649)	(37,136)
Others	(4,512)	871	-	(357)	-	2,412	(1,586)
Subtotal	667,861	28,683	(9,907)	-	(3,066)	7,751	691,322
Unrecognized deferred tax	(482,648)	(11,786)	-	-	-	-	(494,434)
Total	185,213	16,897	(9,907)	-	(3,066)	7,751	196,888

DEFERRED INCOME TAX AND SOCIAL CONTRIBUTION – NOT RECOGNIZED

The Company is in process of operational expansion, accordingly, no deferred income tax and social contribution was set up as a result of the temporary differences and income tax and social contribution losses of the Company and its subsidiaries in Brazil.

As at June 30, 2023, the balance of income tax and social contribution losses amounted to R\$1,081,847 (R\$1,105,031 in Dec/22), for companies in Brazil. These tax losses can be carried forward indefinitely, limited to 30% of the adjusted annual profit for tax purposes in accordance with prevailing tax legislation and temporary differences, and is being controlled in the LALUR. For foreign entities, deferred taxes on temporary differences and tax losses are accounted for in accordance with legislation and expected local realization.

19. EQUITY

SHARE CAPITAL AND CAPITAL RESERVE

As at June 30, 2023, the share capital totals R\$2,970,443, comprising 586,242,289 common shares, all registered, book-entry and with no par value, held as follows:

	06/30/2023		12/31/2022	
	Common shares	%	Common shares	%
Shareholder				
Corona family	87,015,094	14.84%	87,013,794	14.84%
Pátria ⁽¹⁾	191,821,477	32.72%	240,423,729	41.01%
Shares held by owners of the Company	278,836,571	47.56%	327,437,523	55.85%
Canada Pension Plan Investment Board – CPPIB	70,851,035	12.09%	70,851,035	12.09%
Novastar Investment Pte. Ltd – GIC	52,673,584	8.98%	52,673,584	8.98%
Other shareholders	183,881,099	31.37%	135,280,147	23.08%
Shares publicly traded in the market	307,405,718	52.44%	258,804,766	44.15%
Total	586,242,289	100.00%	586,242,289	100.00%

(1) During 2023, shareholder Pátria sold 48,602,252 of the Company common shares it held and now holds 32.72% of Smartfit's share capital.

20. OPERATING REVENUE AND DEFERRED REVENUE

BREAKDOWN OF OPERATING REVENUE

	Six-month period ended			
	Parent		Consolidated	
	06/30/2023	06/30/2022	06/30/2023	06/30/2022
Operating revenue by type of service				
Gym plans	724,256	492,248	1,897,915	1,248,824
Annual fees	44,311	57,980	152,801	115,844
Membership fees	1,483	288	18,440	11,126
Others	23,506	3,799	95,656	35,272
Gross operating revenue	793,556	554,315	2,164,812	1,411,066
Taxes on revenue	(102,470)	(71,336)	(140,434)	(99,981)
Net operating revenue	691,086	482,979	2,024,378	1,311,085

Operating revenues by geographic region are disclosed in note 24.

BREAKDOWN OF DEFERRED REVENUE

	Six-month period ended			
	Parent		Consolidated	
	06/30/2023	12/31/2022	06/30/2023	12/31/2022
Deferred revenue				
Gym plans	5,371	4,765	26,911	43,072
Annual fees	37,410	56,954	191,551	174,548
Membership fees	2,483	1,009	9,785	9,989
Others	1,070	1,478	1,070	1,478
Total	46,334	64,206	229,317	229,087
Current	46,039	63,544	229,022	228,425
Noncurrent	295	662	295	662

21. COST AND EXPENSES BY NATURE

The Company presented the statement of profit and loss using a classification of expenses based on their function. The information on the nature of these expenses recognized in the statement of profit and loss is as follows:

	Six-month period ended					
	06/30/2023			06/30/2022		
	Costs	Expenses	Total	Costs	Expenses	Total
PARENT						
Personnel and related taxes	107,715	56,122	163,837	86,331	49,322	135,653
Depreciation and amortization, net of PIS and COFINS	180,665	5,938	186,603	166,548	6,024	172,572
Utilities expenses	73,163	3,335	76,498	66,001	2,416	68,417
Operational support services	41,117	28,729	69,846	50,524	19,959	70,483
Opening of new units	2,348	1,089	3,437	5,467	2,914	8,381
Variable lease of real estate, common area maintenance fees and occupancy expenses	24,632	1,054	25,686	29,320	709	30,029
Maintenance	14,572	497	15,069	10,063	-	10,063
Media and commercials	-	61,878	61,878	-	74,777	74,777
Credit card management fee	-	8,457	8,457	-	3,505	3,505
Allocation to stock option plans	-	4,221	4,221	-	6,820	6,820
Income from remeasurement of previously held interest	-	(176,599)	(176,599)	-	-	-
Others	7,757	45,223	52,980	5,846	5,014	10,860
Total	451,969	39,944	491,913	420,100	171,460	591,560
CONSOLIDATED						
Personnel and related taxes	263,812	118,747	382,559	195,200	99,253	294,453
Depreciation and amortization, net of PIS and COFINS	534,156	12,221	546,377	399,798	11,565	411,363
Utilities expenses	178,798	7,161	185,959	141,363	5,969	147,332
Operational support services	86,907	50,189	137,096	90,890	34,854	125,744
Opening of new units	9,416	9,221	18,637	12,953	9,870	22,823
Variable lease of real estate, common area maintenance fees and occupancy expenses	62,023	2,588	64,611	62,195	1,472	63,667
Maintenance	49,371	764	50,135	33,927	-	33,927
Media and commercials	-	117,248	117,248	-	121,579	121,579
Credit card management fee	-	34,846	34,846	-	20,741	20,741
Allocation to stock option plans	-	4,940	4,940	-	8,087	8,087
Income from remeasurement of previously held interest	-	(176,599)	(176,599)	-	-	-
Others	20,963	27,789	48,752	12,700	19,399	32,099
Total	1,205,446	209,115	1,414,561	949,026	332,789	1,281,815

22. FINANCE INCOME (COSTS)

	Six-month period ended			
	Parent		Consolidated	
	06/30/2023	06/30/2022	06/30/2023	06/30/2022
FINANCE INCOME				
Interest income	10,442	9,841	17,779	17,981
Exchange differences	18,667	-	28,732	6,671
Income from financial investments	137,556	135,611	162,999	154,844
Gain (loss) on derivative financial instruments	12,502	-	13,730	-
Discounts obtained on leases	1,424	1,185	4,304	5,951
Other finance income	809	28,218	4,043	30,568
Total finance income	181,400	174,855	231,587	216,015
FINANCE COSTS				
Interest on borrowings	(149,265)	(153,357)	(238,486)	(212,923)
Interest on leases	(43,633)	(42,432)	(162,155)	(128,416)
Exchange differences	(4,340)	(1,528)	(14,311)	(17,001)
Gain (loss) on derivative financial instruments	(1,504)	(14,240)	(6,902)	(14,240)
Other finance costs	(16,812)	(8,493)	(22,923)	(19,889)
Total finance costs	(215,554)	(220,050)	(444,777)	(392,469)
Total finance income (costs), net	(34,154)	(45,195)	(213,190)	(176,454)

23. EARNINGS (LOSS) PER SHARE

CALCULATION OF EARNINGS (LOSS) PER SHARE

The Company calculates earnings (loss) per share by dividing the profit (loss) for the period by the weighted average number of shares outstanding during the period. The equity instruments that will be or can be settled in Company shares are included in the calculation only when their settlement have diluting impact on the earnings (loss) per share.

The table below presents the calculation of profit (loss) for the period available to shareholders and the weighted average number of shares outstanding used to calculate basic and diluted earnings (loss) per share at June 30, 2023: As at June 30, 2022, stock options had no dilutive effect on earnings per share.

	Six-month period ended			
	Basic		Diluted	
	06/30/2023	06/30/2022	06/30/2023	06/30/2022
Earnings (loss) per share				
Earnings (loss) attributable to owners of the Company	342,855	(146,587)	342,855	(146,587)
Weighted average number of shares during the period	586,242,289	586,242,289	607,687,205	586,242,289
Earnings (loss) per share	0.5848	(0.2500)	0.5642	(0.2500)

24. SEGMENT INFORMATION

Management analyzes its operations based on the following business segments:

Operating segments	Description
Smartfit	HVLP services, with a more restricted service offer at a lower cost.
Bio Ritmo	Premium service, which offers a greater variety and a more customized service offer.
Others	Includes other businesses related to fitness services, such as the operations of franchised units and the digital services of Queima Diária, among others.

Management also analyzes its businesses based on a geographic segmentation, considering the following main markets:

Markets	Description
Brazil	Company owned units in Brazil.
Mexico	Company owned units in Mexico.
Other LATAM	Considers company owned units in Peru, Colombia, Chile, Argentina, Paraguay, Panama and Costa Rica.

Six-month period ended June 30, 2023

	Six-month period ended June 30, 2023								Share of profit (loss) of investees	Consolidated
	Brazil				Mexico	Other Latin America				
	Smartfit	Bio Ritmo	Others	Total	Smartfit	Smartfit	Others	Total		
SEGMENTS										
Operating revenue	789,247	62,805	113,936	965,988	466,970	587,709	3,711	591,420	-	2,024,378
Costs	(502,684)	(43,767)	(38,733)	(585,184)	(303,926)	(313,760)	(2,576)	(316,336)	-	(1,205,446)
Gross profit (loss)	286,563	19,038	75,203	380,804	163,044	273,949	1,135	275,084	-	818,932
Selling expenses				(91,446)	(42,936)			(25,897)	-	(160,279)
General and administrative expenses				(147,417)	(18,405)			(41,248)	-	(207,070)
Other operating income (expenses), net				162,461	(3,838)			(389)	-	158,234
Share of profit (loss) of investees				-	-			-	3,172	3,172
Operating profit (loss) before finance income (costs)				304,402	97,865			207,550	3,172	612,989
OTHER INFORMATION										
Costs	(211,695)	(14,276)	(19,647)	(245,618)	(156,877)	(140,213)	(1,195)	(141,408)	-	(543,903)
Expenses	(339)	-	(7,942)	(8,281)	(925)	(3,016)	-	(3,016)	-	(12,222)
Depreciation and amortization	(212,034)	(14,276)	(27,589)	(253,899)	(157,802)	(143,229)	(1,195)	(144,424)	-	(556,125)
Costs	(142,572)	(10,495)	(2,339)	(155,406)	(107,160)	(82,032)	(986)	(83,018)	-	(345,584)
Expenses	(402)	-	(1,278)	(1,680)	(1,018)	(1,245)	-	(1,245)	-	(3,943)
Fixed lease	(142,974)	(10,495)	(3,617)	(157,086)	(108,178)	(83,277)	(986)	(84,263)	-	(349,527)
Costs	(2,348)	(822)	(151)	(3,321)	(3,914)	(2,181)	-	(2,181)	-	(9,416)
Expenses	(1,089)	(44)	-	(1,133)	(7,167)	(921)	-	(921)	-	(9,221)
Opening of new units	(3,437)	(866)	(151)	(4,454)	(11,081)	(3,102)	-	(3,102)	-	(18,637)

Six-month period ended June 30, 2022

	Six-month period ended June 30, 2022								Share of profit (loss) of investees	Consolidated
	Brazil				Mexico	Other Latin America				
	Smartfit	Bio Ritmo	Others	Total	Smartfit	Smartfit	Others	Total		
SEGMENTS										
Operating revenue	555,102	44,805	91,349	691,256	269,738	346,494	3,597	350,091	-	1,311,085
Costs	(485,917)	(37,167)	(11,903)	(534,987)	(199,686)	(210,268)	(4,085)	(214,353)	-	(949,026)
Gross profit (loss)	69,185	7,638	79,446	156,269	70,052	136,226	(488)	135,738	-	362,059
Selling expenses				(105,667)	(25,582)			(20,941)	-	(152,190)
General and administrative expenses				(127,941)	(14,141)			(30,225)	-	(172,307)
Other operating income (expenses), net				(6,203)	(1,137)			(952)	-	(8,292)
Share of profit (loss) of investees				-	-			-	3,117	3,117
Operating profit (loss) before finance income (costs)				(83,542)	29,192			83,620	3,117	32,387
OTHER INFORMATION										
Costs	(207,786)	(10,286)	4,273	(213,799)	(101,263)	(93,940)	(1,588)	(95,528)	-	(410,590)
Expenses	(2,307)	2	(6,748)	(9,053)	(1,211)	(1,301)	-	(1,301)	-	(11,565)
Depreciation and amortization	(210,093)	(10,284)	(2,475)	(222,852)	(102,474)	(95,241)	(1,588)	(96,829)	-	(422,155)
Costs	(126,023)	(8,614)	(1,969)	(136,606)	(69,519)	(55,714)	(1,248)	(56,962)	-	(263,087)
Expenses	(370)	-	(1,737)	(2,107)	(810)	(747)	-	(747)	-	(3,664)
Fixed lease	(126,393)	(8,614)	(3,706)	(138,713)	(70,329)	(56,461)	(1,248)	(57,709)	-	(266,751)
Costs	(5,467)	(156)	(523)	(6,146)	(1,612)	(5,195)	-	(5,195)	-	(12,953)
Expenses	(2,914)	(10)	(96)	(3,020)	(5,774)	(1,076)	-	(1,076)	-	(9,870)
Opening of new units	(8,381)	(166)	(619)	(9,166)	(7,386)	(6,271)	-	(6,271)	-	(22,823)

25. RELATED PARTIES

NATURE OF THE RELATED PARTIES

The Company, its subsidiaries and related parties carry out certain transactions among them, related to the Company's financial, commercial and operating aspects. The main transactions are:

- **Trading transactions.** Represented by the amount resulting from an apportionment of administrative expenses centralized in the Company and passed on to the other Group companies, in addition to transactions with joint ventures.
- **Loan agreements.** Remunerated at rates based on the Company's cost of debt at the time of contracting. The contracts have indefinite maturities.
- **Dividends receivable.** These refer to minimum mandatory dividends receivable by the Company from its subsidiaries.

OTHER RELATED-PARTY TRANSACTIONS

The Company has (i) a property lease agreement with one of its shareholders signed in 2015, and interest and amortization arising from lease liabilities for the period ended June 2023 are recognized in profit or loss in the amount of R\$ 305 (R\$ 282 in June 2022).

In addition, the Company has made financial investments in investment funds where it has exclusive participation (100% of the quotas), which are detailed in note 7.

COMPENSATION OF KEY MANAGEMENT PERSONNEL

On April 25, 2023, at the AEGM, the limit of the annual global compensation of the Company's Officers of R\$17,000 for 2023 was approved.

The compensation of the Company's officers, composed of management fees and bonus, recognized in line item "General and administrative expenses" amounted to R\$5,594 in Jun/23 (R\$4,511 in Jun/22). The expense on the stock option plan for Company officers was R\$1,631.

RELATED-PARTY BALANCES

	06/30/2023				12/31/2022			
	Other receivables		Other liabilities		Other receivables		Other liabilities	
	Trading transactions ⁽¹⁾	Loans, interest on capital and dividends ⁽²⁾	Trading transactions ⁽¹⁾	Loans, interest on capital and dividends ⁽²⁾	Trading transactions ⁽¹⁾	Loans, interest on capital and dividends ⁽²⁾	Trading transactions ⁽¹⁾	Loans, interest on capital and dividends ⁽²⁾
PARENT								
Subsidiaries								
ADV Esportes	8,438	2,135	1,121	-	11,937	2,135	458	-
Smartfin	57,226	-	2,489	-	34,867	-	3,708	-
Smartdom	17	9,581	7	-	37	8,791	3	-
Bio Plaza	73	4,319	560	-	109	4,288	595	-
Asnsmart	119	1,182	713	-	92	3,973	543	-
Bioswim	6,703	-	35,108 ⁽³⁾	-	29,050	660	35,858 ⁽³⁾	-
Biosanta	14	1,058	13	-	-	2,696	12	-
Microsul	13	-	1	-	1,162	-	-	-
Smartrfe	186	992	189	-	2,484	992	17	-
Centrale	1,496	-	1,496	-	757	-	1,048	-
M2	-	-	833	-	34	307	666	-
SmartMNG	237	1,481	264	-	785	1,480	10	-
Biomorum	111	-	10,122	-	86	-	8,764	-
Racebootcamp	1,206	-	1,171	-	1,730	-	-	-
TotalPass	12,808	-	4,429	-	13,560	-	1,751	-
Just Fit	249	-	199	-	28	-	-	-
Bio Pauli	-	-	-	-	-	-	-	518
Bio Franqueadora	-	-	5	-	-	-	5	-
MB Negócios Digitais	-	-	-	-	-	2,861	-	-
Total balances with related parties	88,896	20,748	58,720	-	96,718	28,183	53,438	518
CONSOLIDATED								
Joint ventures								
TotalPass Mexico	2,019	10,074	1,146	-	12,368	8,513	1,246	-
Others	-	-	-	-	-	-	-	1,227
Total balances with related parties	2,019	10,074	1,146	-	12,368	8,513	1,246	1,227

(1) Current balances.

(2) Noncurrent balances.

(3) The liabilities balance refers to transactions resulting from the apportionment of administrative expenses and transfers of property and equipment.

RELATED-PARTY TRANSACTIONS

	Six-month period ended							
	06/30/2023				06/30/2022			
	Operating revenue	Costs	Expenses	Finance income (costs)	Operating revenue	Costs	Expenses	Finance income (costs)
PARENT								
Subsidiaries								
ADV Esportes	-	-	-	-	2,599	(4)	-	569
Smartfin	-	-	(1,774)	-	-	-	-	-
Smartdom	190	-	-	734	157	(1)	-	617
Bio Plaza	347	-	-	336	248	(23)	-	249
Asnsmart	548	-	-	229	433	(1)	-	241
Bioswim	-	(1,505)	-	-	-	(1,413)	-	-
Biosanta	-	-	-	85	-	(5)	-	173
Microsul	-	-	-	-	-	-	-	-
Smartfe	-	-	-	-	-	(1)	-	-
M2	174	-	-	-	183	(5)	-	-
SmartMNG	-	-	-	-	-	(5)	-	-
Biomorum	-	(9,203)	-	-	-	(4,689)	-	-
TotalPass	-	(3,181)	-	-	-	(422)	-	-
Total balances with related parties	1,259	(13,889)	(1,774)	1,384	3,620	(6,569)	-	1,849
CONSOLIDATED								
Joint ventures								
TotalPass Mexico	9,183	(965)	-	-	-	-	-	-
Total balances with related parties	9,183	(965)	-	-	-	-	-	-

26. SHARE-BASED PAYMENT

VARIATIONS IN PLANS

Information related to share-based payments was disclosed in note 26 to the annual financial statements.

As at June 30, 2023, the amount recognized in profit or loss was R\$4,221, against a capital reserve. Up to this date, R\$6 has been paid by the Company to beneficiaries for repurchases. Regarding the phantom shares, the amount recognized in profit or loss, against a capital reserve, was R\$719, in accordance with CPC 10 (R1) / IFRS 2, and the expense is recognized individually by plan and number of options linked to each vesting period.

27. ADDITIONAL INFORMATION

INSURANCE

The policy adopted by the Group considers mainly the concentration of risks and their materiality, taking into consideration the nature of their activities and the advice of their insurance brokers. As at June 30, 2023, the basic insurance coverage is R\$8,607,337 and the coverage for loss of profits is R\$18,000.

28. EVENTS AFTER THE REPORTING PERIOD

On July 24, 2023, the Group obtained a syndicated credit facility in Mexico, amounting to MXN 1,750 million, equivalent to approximately R\$500 million. The amounts will be disbursed in up to 18 months starting from the contract signing date for financing of the local expansion, with possibility of partial disbursement, up to the total debt amount. The term for the operation is 60 months, with a grace period of 24 months and variable interest rate of 28 days TIIE + spread of 2.00% per annum. In July, MXN 300 million of the total amount of the facility was disbursed, which is equivalent to approximately R\$85 million.



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A free translation from Portuguese into English of Independent Auditor's Review Report on individual and consolidated interim financial information prepared in Brazilian currency in accordance with accounting practices adopted in Brazil and IAS 34 – Interim Financial Reporting, issued by the International Accounting Standards Board (IASB)

Independent auditor's review report on individual and consolidated interim financial information

To the Shareholders, Board of Directors and Officers
Smartfit Escola de Ginástica e Dança S.A.
São Paulo - SP

Introduction

We have reviewed the accompanying individual and consolidated interim financial information of Smartfit Escola de Ginástica e Dança S.A. ("Company") contained in the Quarterly Information Form (ITR) for the quarter ended on June 30, 2023, which comprises the statement of financial position as at June 30, 2023, and the related statements of profit or loss and of comprehensive income for the three and six-months periods then ended, and of changes in equity and of cash flows for the six-month period then ended, including explanatory notes.

The Management is responsible for preparation of the individual and consolidated interim financial information in accordance with NBC TG 21 and IAS 34 – Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), as well as for the fair presentation of this information in conformity with the rules issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of the Quarterly Information Form (ITR). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

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



Conclusion on the individual and consolidated interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the individual and consolidated interim financial information included in the Quarterly Information referred to above was not prepared, in all material respects, in accordance with NBC TG 21 and IAS 34 applicable to the preparation of Quarterly Information (ITR), and presented consistently with the rules issued by the CVM.

Other matters

Statements of value added

The quarterly information referred to above includes the individual and consolidated statements of value added (SVA) for the six-month period ended on June 30, 2023, prepared under the responsibility of the Company's Management, and presented as supplementary information for IAS 34 purposes. These statements were subject to review procedures conducted jointly with the review of the quarterly information for the purpose of concluding whether they are reconciled with the interim financial information and accounting records, as applicable, and whether their form and content are in accordance with the criteria defined in NBC TG 09 – Statement of Value Added. Based on our review, nothing has come to our attention that causes us to believe that these statements of value added were not prepared, in all material respects, pursuant to such standard and consistently with the individual and consolidated interim financial information taken as a whole.

São Paulo, August 08, 2023.

ERNST & YOUNG
Auditores Independentes S/S Ltda.
CRC-SP034519/O

A handwritten signature in blue ink, appearing to read 'Emerson', is written over a vertical line.

Emerson Pompeu Bassetti
Accountant CRC-SP251558/O