

# Smart Fit

## 2Q23 Earnings Presentation

August 10, 2023



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# HIGHLIGHTS OF THE PERIOD



## **MEMBER BASE IN CONSTANT EXPANSION, REACHES 4.3 MILLION, UP 24% FROM 2Q22**

Addition of 97,000 club members in the quarter, thanks to successful efforts in attracting and retaining clients and expanding club base



## **NET REVENUE SURPASSES R\$1 BILLION MARK TO REACH R\$1,042 MILLION, UP 6% FROM 1Q23**

Revenue growth across all operating regions fueled by 6% growth in average membership per own Smart Fit unit



## **CASH GROSS MARGIN OF 52% AT MATURE<sup>1</sup> CLUBS AND GROWTH IN MARGINS OF 2021/2022 VINTAGE UNITS**

Gross margin of 50.2%, chiefly driven by the performance of units inaugurated in 2022, with margin of 49%



## **EBITDA MARGIN OF 33%, SECOND HIGHEST MARGIN EVER**

EBITDA of R\$339 M (+12% vs. 1Q22), 1.6p.p. growth in margin over the previous quarter and cash flow of R\$380 M in the quarter



## **NET INCOME<sup>2</sup> OF R\$121 MILLION IN THE QUARTER, 14% HIGHER THAN IN 1Q23**

Continuous improvement in profitability contributed for the fourth straight quarter registering net income, with net margin<sup>2</sup> of 11.6%

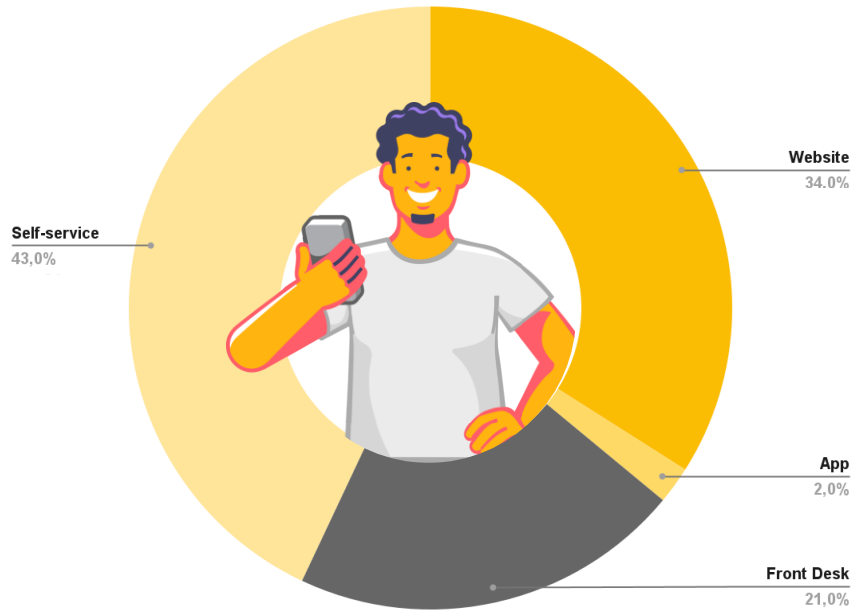
(1) A unit is considered mature when it has been operating for at least 24 months at the start of the calendar year

(2) Excludes the positive effect of R\$163 M in net income due to the revaluation of Panama

# 79% OF SALES THROUGH DIGITAL CHANNELS

## Channel Mix Brazil

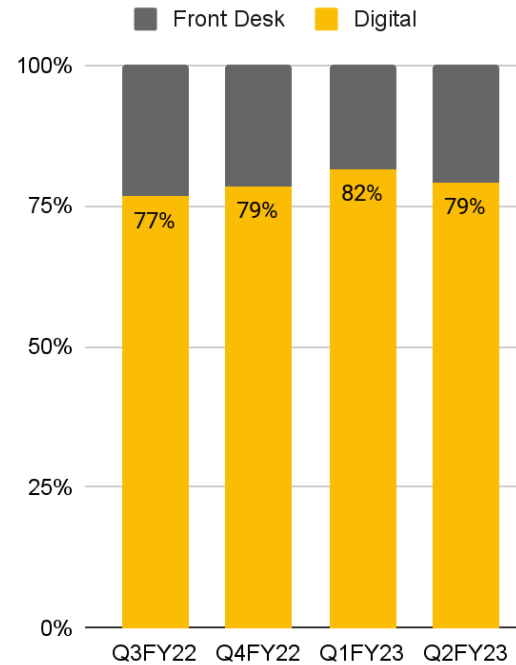
% of sales per channel in 2Q23



**88% of web sales were made through mobile devices**

## Digital Channel Penetration Brazil

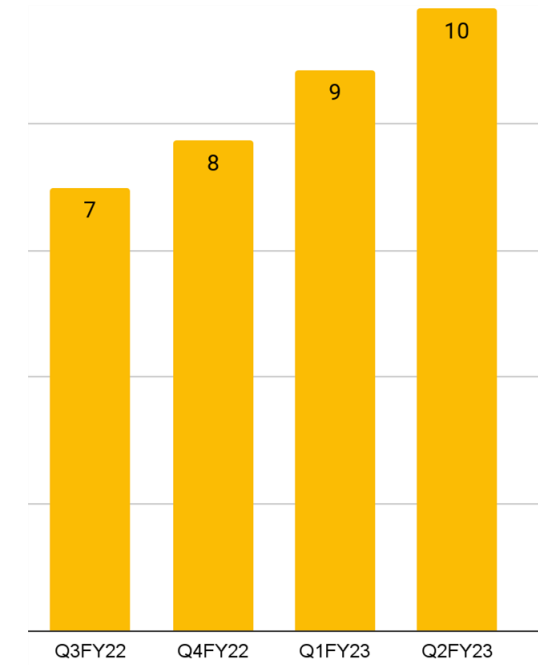
% of digital vs physical sales



**79% of sales were made through digital channels**

## Accumulated App Downloads<sup>1</sup>

Cumulative total downloads - Android & iOS (millions)



**+1mn new downloads per quarter**

(1) Considers all regions

# HIGH MEMBER SATISFACTION WITH AI WORKOUTS



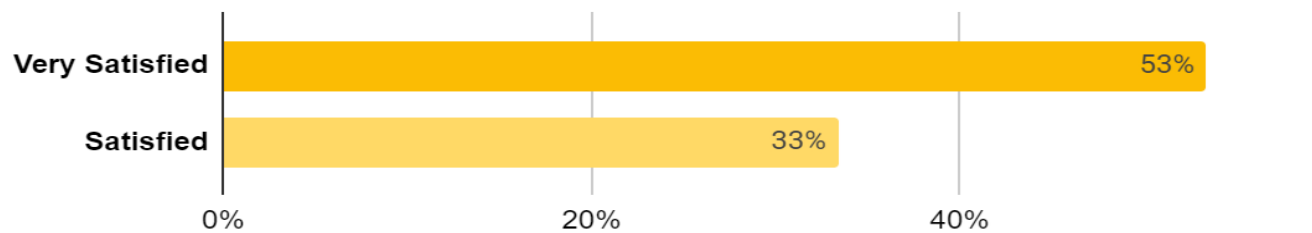
Intelligence in workouts is here to stay:

**61%** of new members are:  
**Exercising with Artificial Intelligence**

When answering the anamnesis, members receive training tailored to their current needs, automatically

## Satisfaction Rate

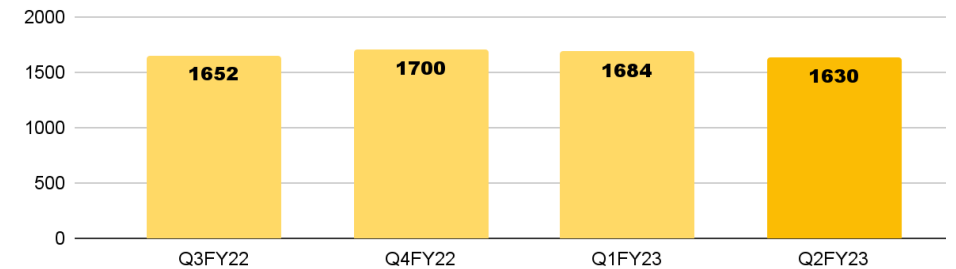
% of members evaluation of workouts in 2Q23



**86% of members are satisfied or very satisfied with their prescribed workouts**

## App Users

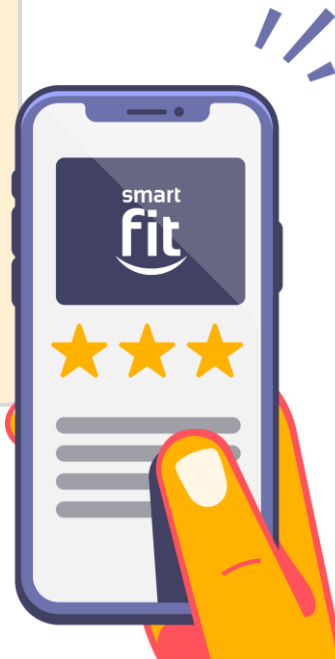
Active App Users - Brazil (x1000)



# 1.6 mn

Active Monthly Users  
on the Smart Fit app

(500k LatAm)



**App Expansion in Latin America:  
+20% user growth in the quarter**

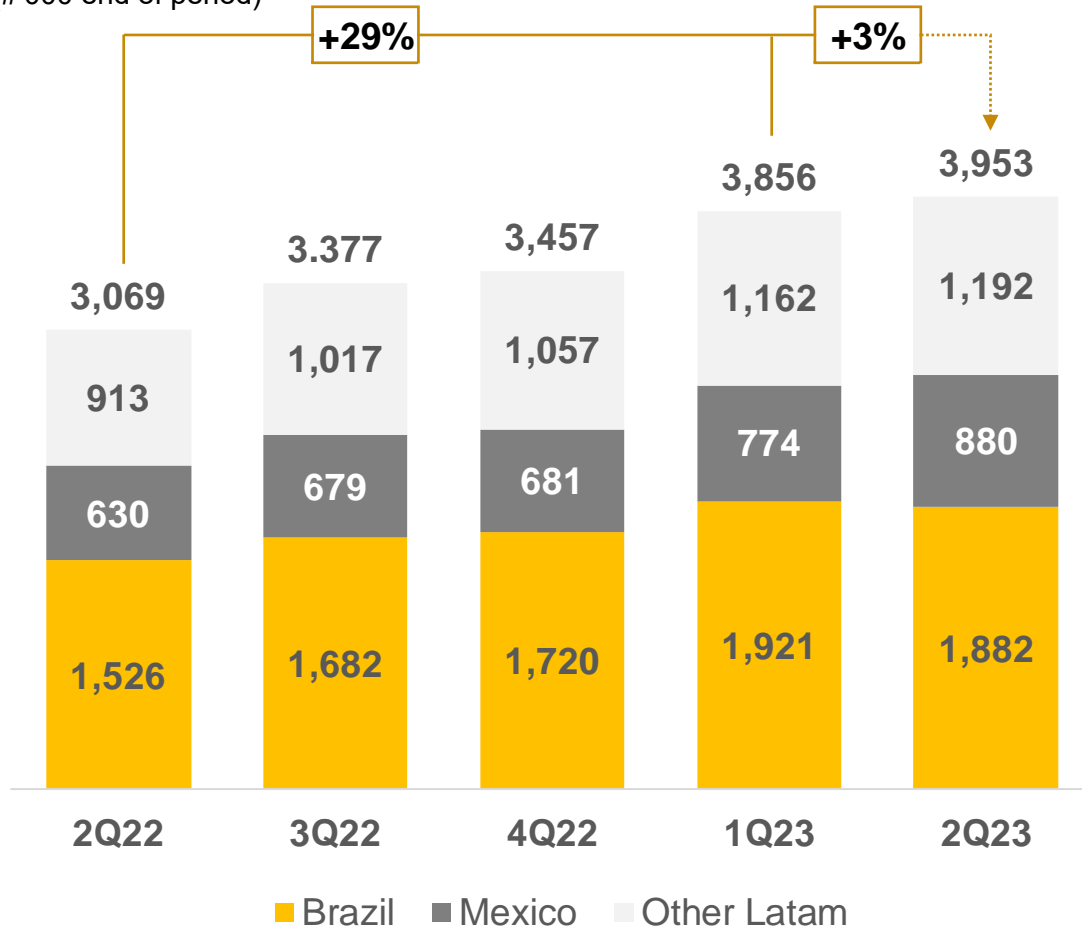
# CONTINUOUS MEMBER BASE AND REVENUE GROWTH



In 2Q23, the club member base reached 4.0 million (+29% vs. 2Q22), adding 97k club members and increasing revenue per club in all regions

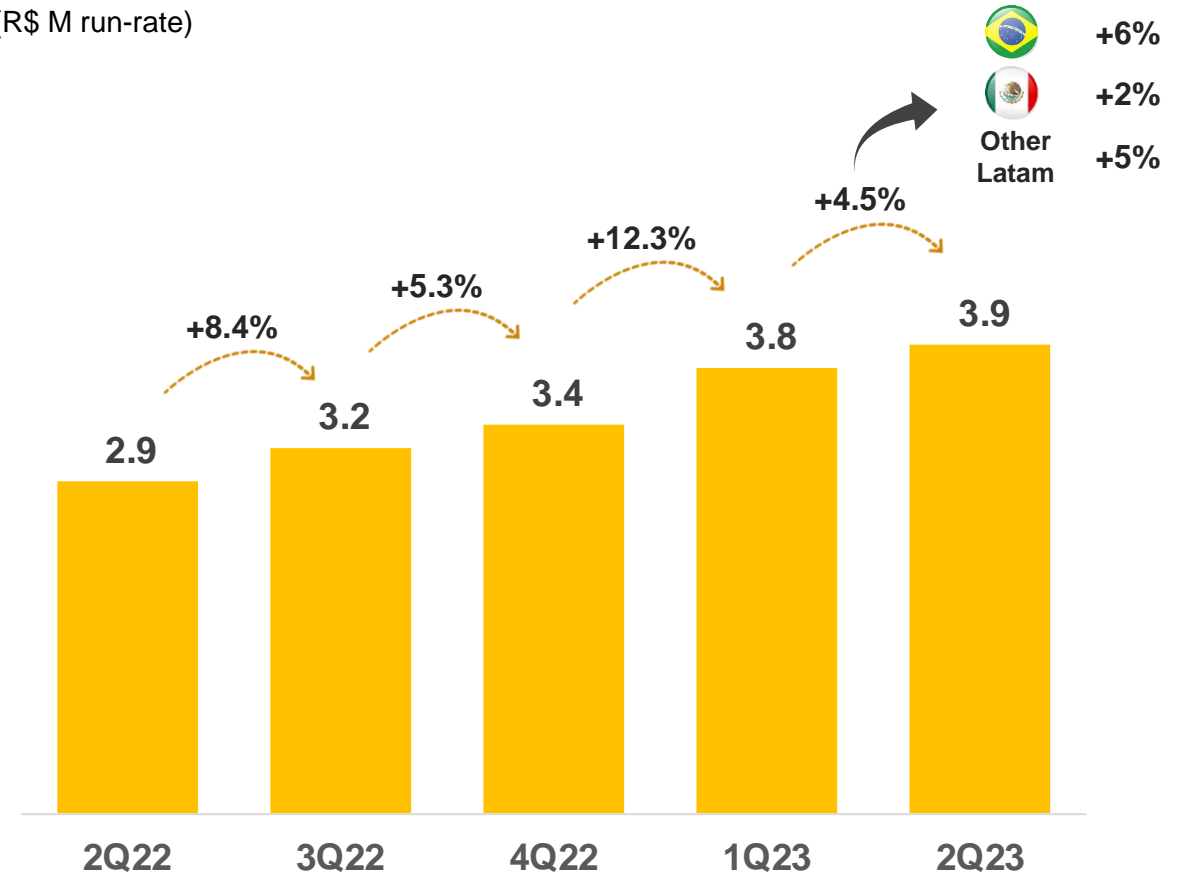
## CLUB MEMBER BASE

(#'000 end of period)



## AVERAGE REVENUE PER OWN SMART FIT CLUB

(R\$ M run-rate)

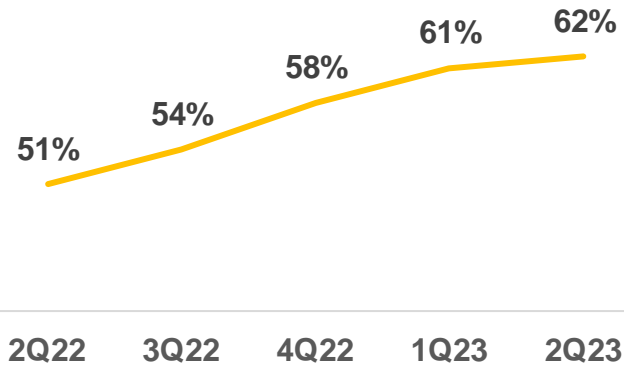


# FOCUS ON EFFICIENCY AND CLIENT EXPERIENCE

Continuous efforts aimed at increasing profitability, maximizing revenue and operational efficiency, always guaranteeing the best client experience

## Revenue Optimization

(% black plan membership<sup>1</sup>)



Higher black plan member penetration drives average tickets, increases profitability and value proposition to clients

## Cost Discipline



Vintage 2021 and 2022 with **rents below** mature clubs



**Digitalization** of operational processes and routines



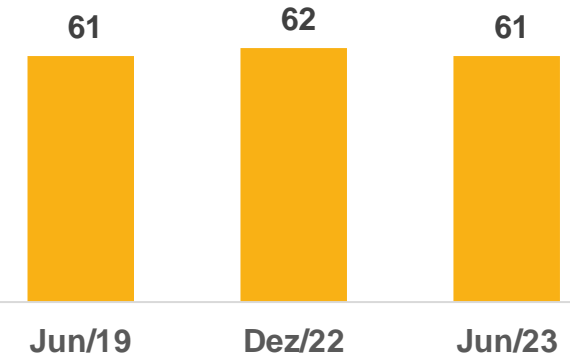
**Revision of contracts** with suppliers



**Power efficiency** projects (automation of clubs' air conditioning, distributed generation, etc.)

## Client Satisfaction

(NPS – Net Promoter Score)



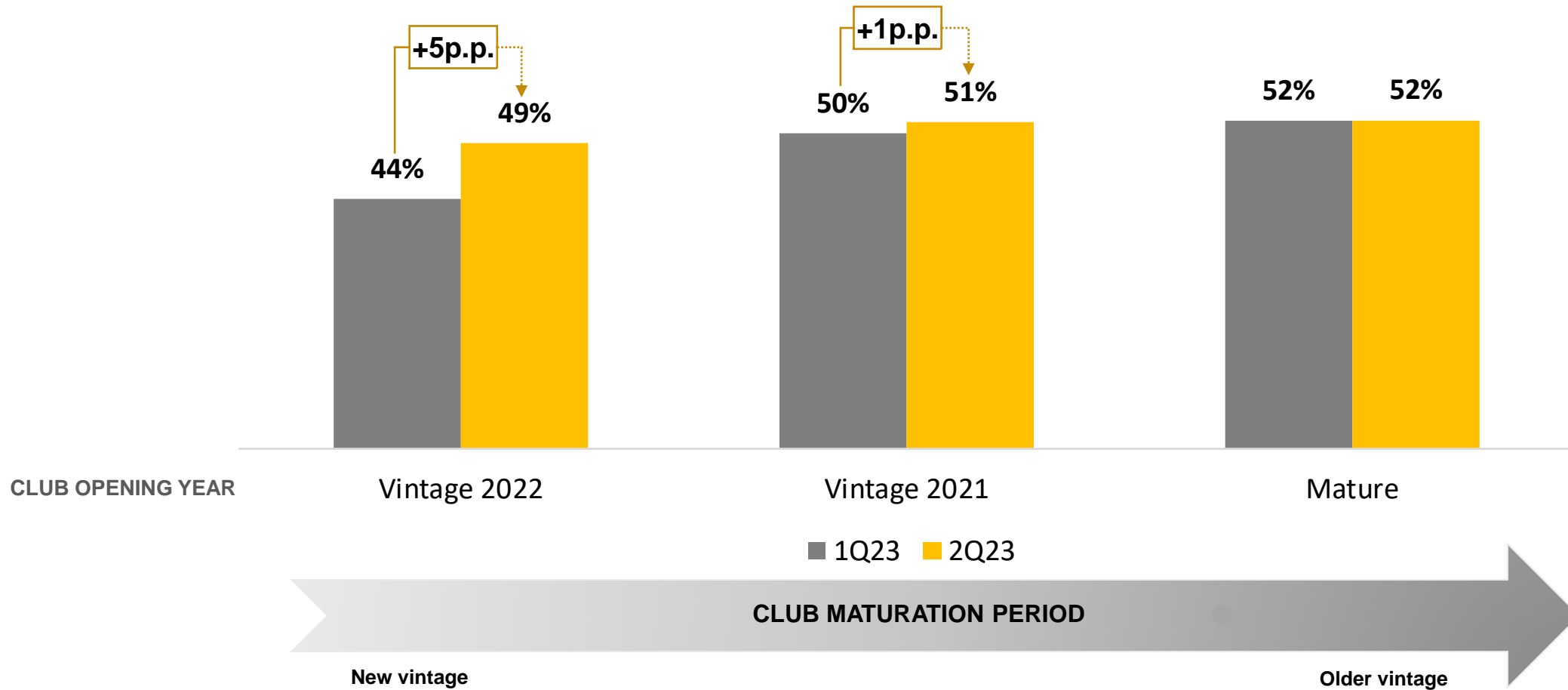
NPS in line with historical levels and client satisfaction as the main KPI

(1) Includes only Smart Fit own clubs

# GROSS MARGIN PER VINTAGE

Gross margin at mature units of 52% and strong margin growth at units inaugurated since 2021

Gross Margin per vintage<sup>1,2</sup>



(1) Includes only Smart Fit own clubs

(2) A unit is considered mature when it has been operating for at least 24 months at the start of the calendar year

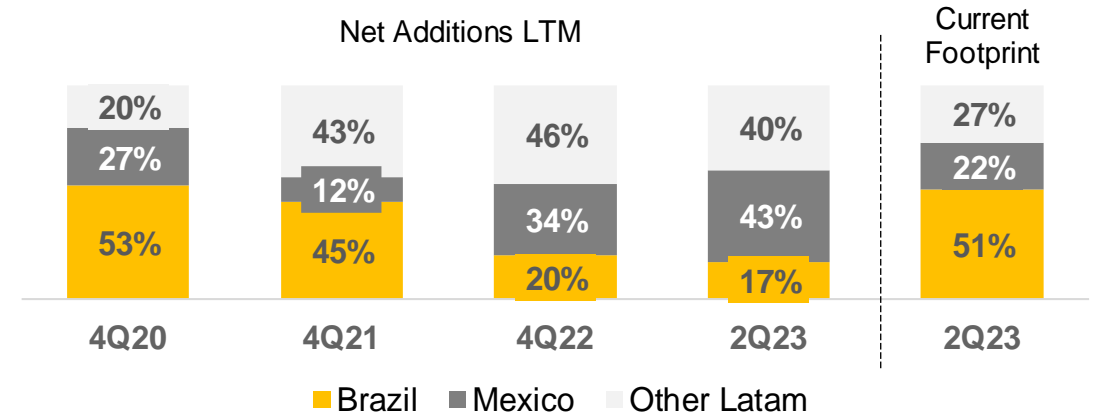
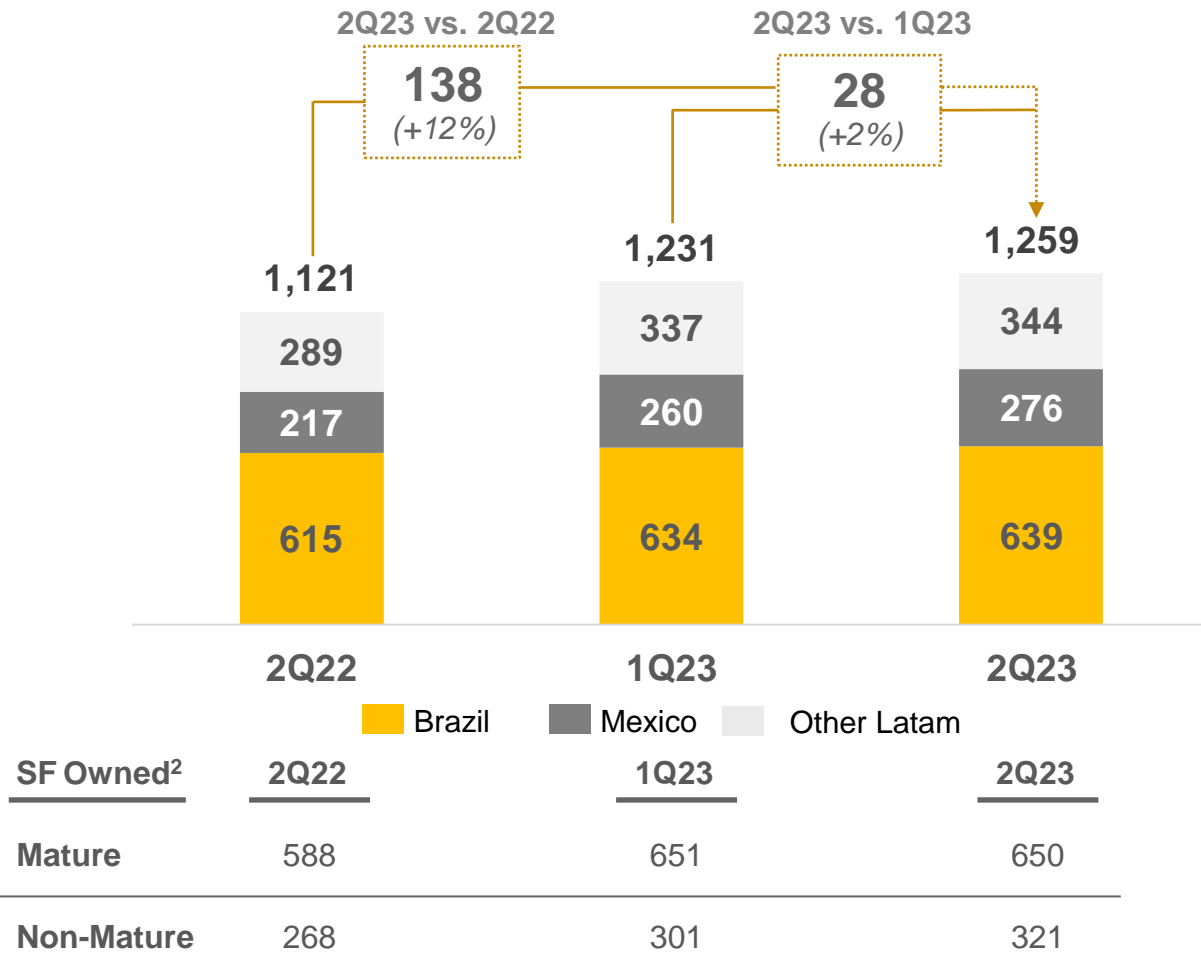


# EXPANSION 2Q23

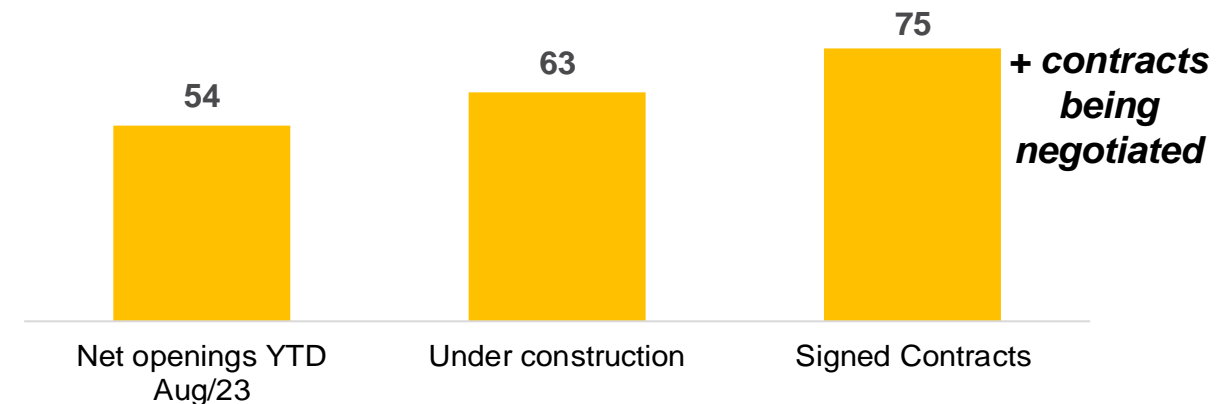
**Addition of 138 clubs in the last 12 months, totaling 1,259 clubs, +12% vs. 2Q22. Solid club openings pipeline and evolution in the geographic distribution favorable to gross margin expansion**

**GROWTH IN NUMBER OF CLUBS<sup>1</sup>**

**NETWORK BREAKDOWN BY REGION (% of clubs<sup>1</sup>)**

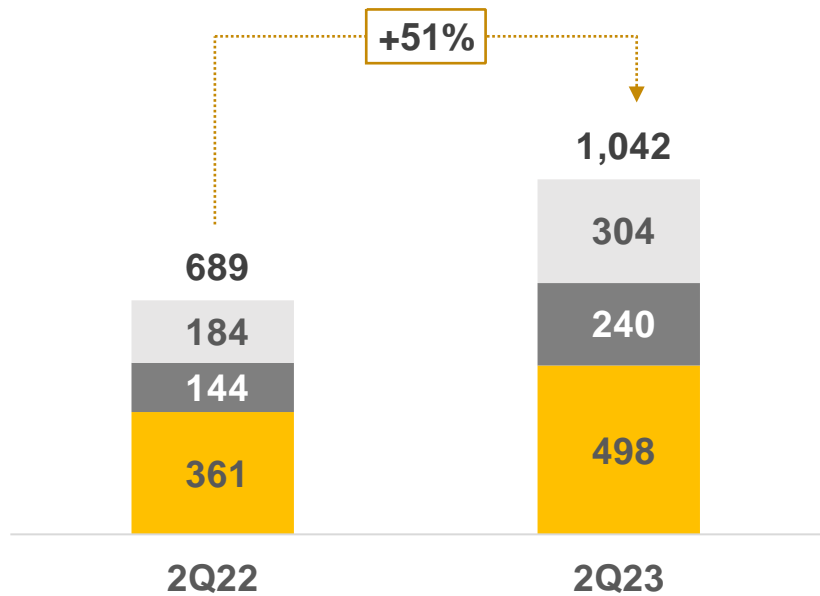


**CLUB OPENINGS PIPELINE**

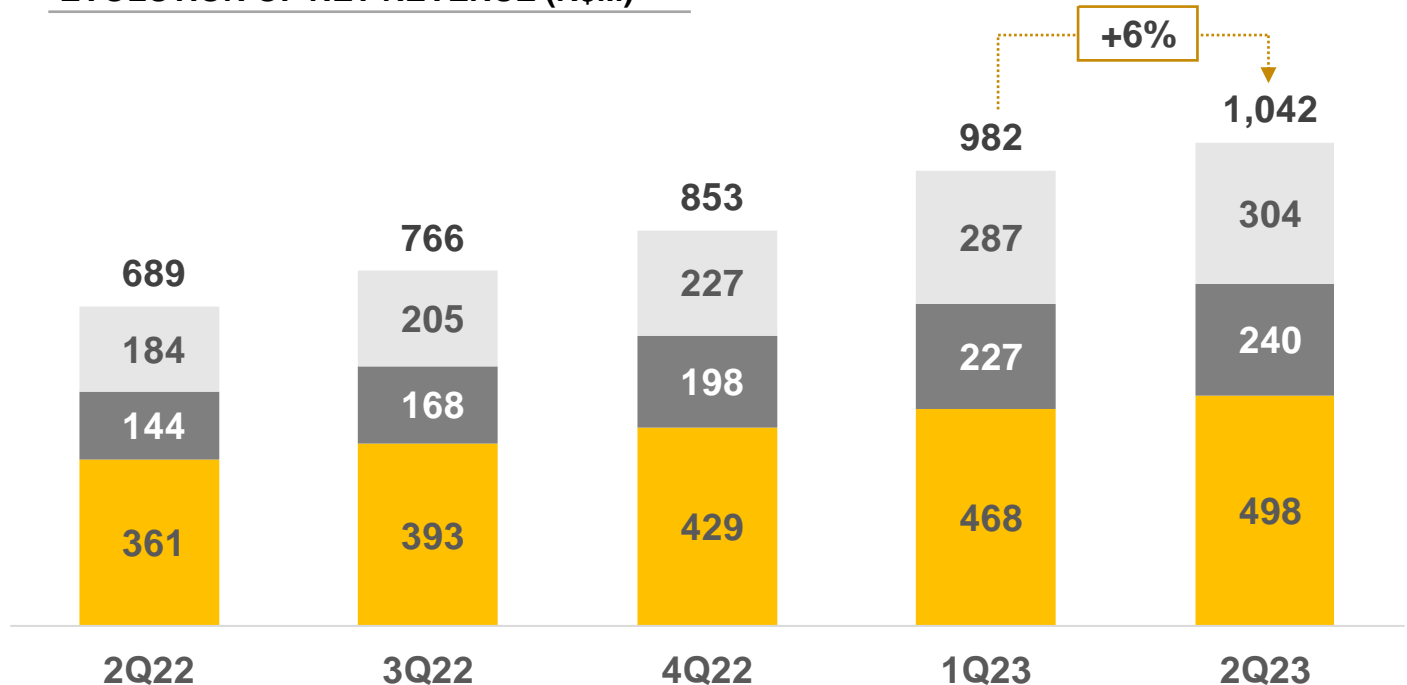


(1) Includes all the group's clubs (excludes studios)  
 (2) Considering only Smart Fit own clubs

VARIATION IN NET REVENUE (R\$M)



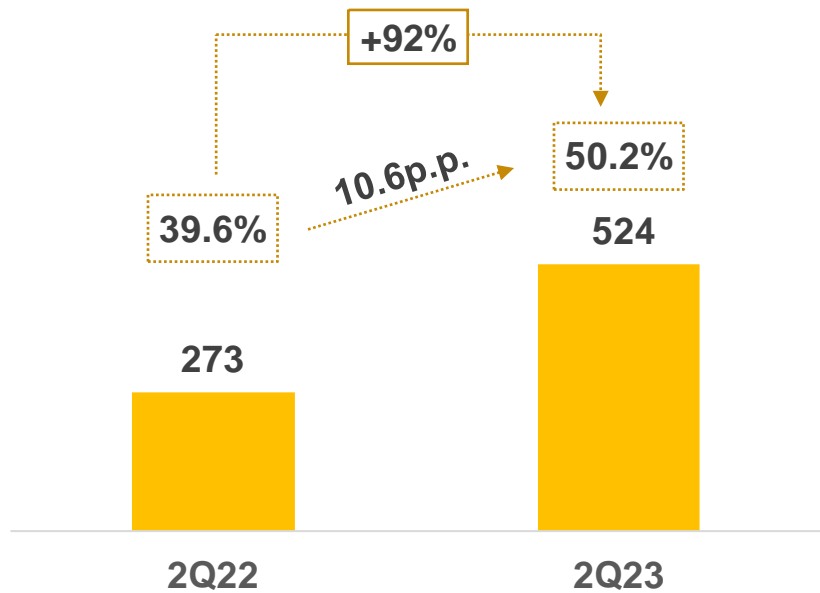
EVOLUTION OF NET REVENUE (R\$M)



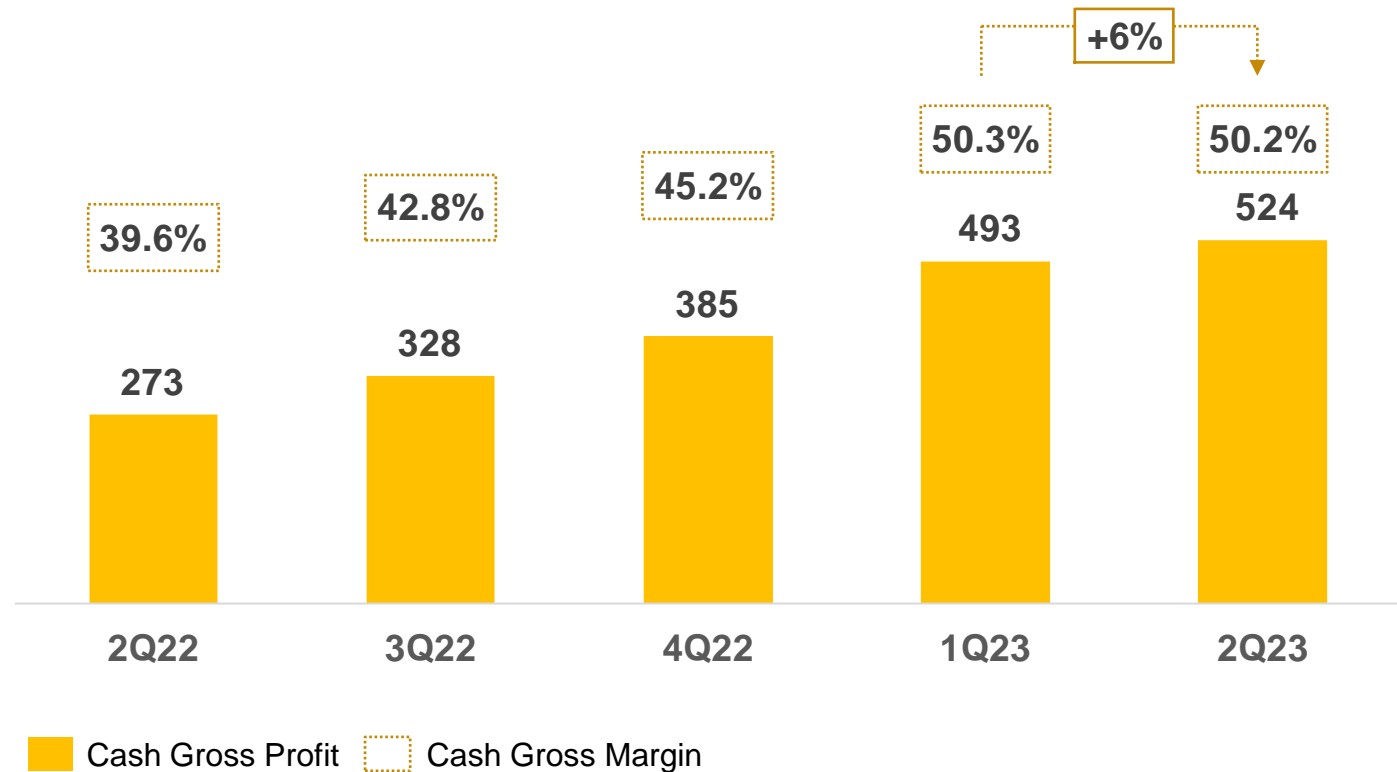
■ Brazil 
 ■ Mexico 
 ■ Other Latam

- Net revenue of R\$1,042 million in 2Q23, +51% vs. 2Q22, due to the 16% increase in average membership of own stores, 16% increase in average ticket of these units and 13% expansion in average of own club network
- Net revenue grew 6% from 1Q23, increasing in all regions, resulting from the 6% growth in average membership of own clubs

VARIATION IN CASH GROSS PROFIT (R\$M)

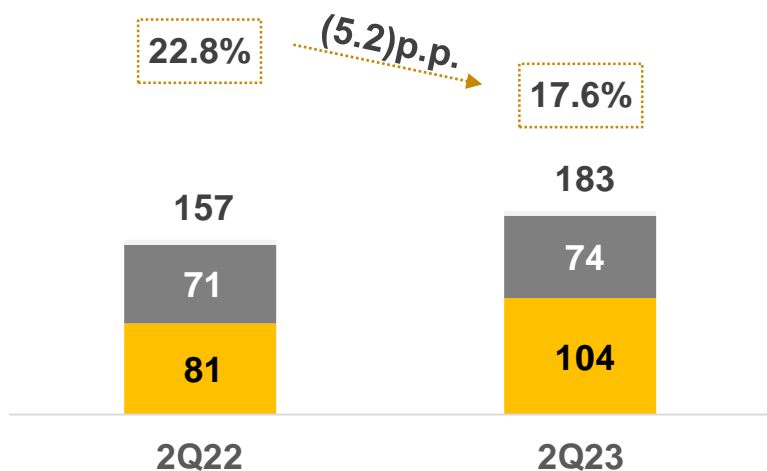


EVOLUTION OF CASH GROSS PROFIT (R\$M)

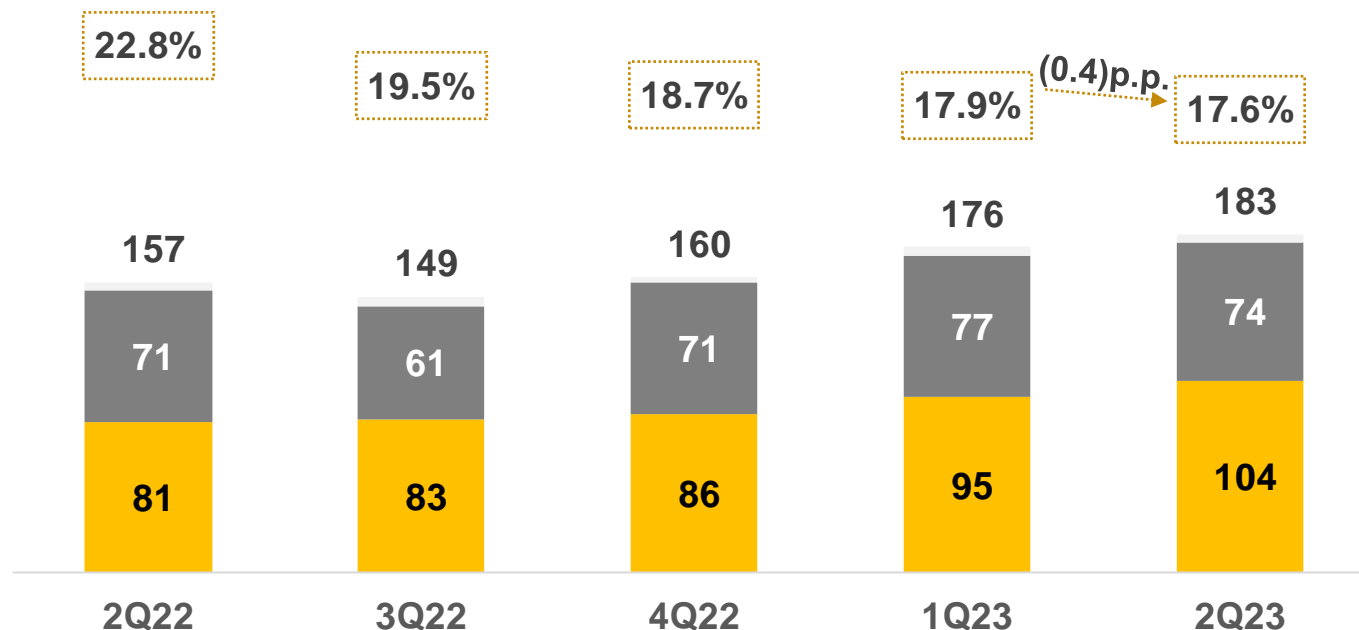


- Cash gross profit came in at R\$524 million in 2Q23, up R\$251 million vs. 2Q22, with cash gross margin of 50.2%, up 10.6p.p. vs. 2Q22
- Compared to 1Q23, cash gross profit grew 6%, with margin remaining virtually stable at 50.2%, with Brazil and Other Latin America registering higher profitability, up 0.9p.p. and 1.0p.p., respectively

VARIATION IN EXPENSES (R\$M)



EVOLUTION OF EXPENSES (R\$M)

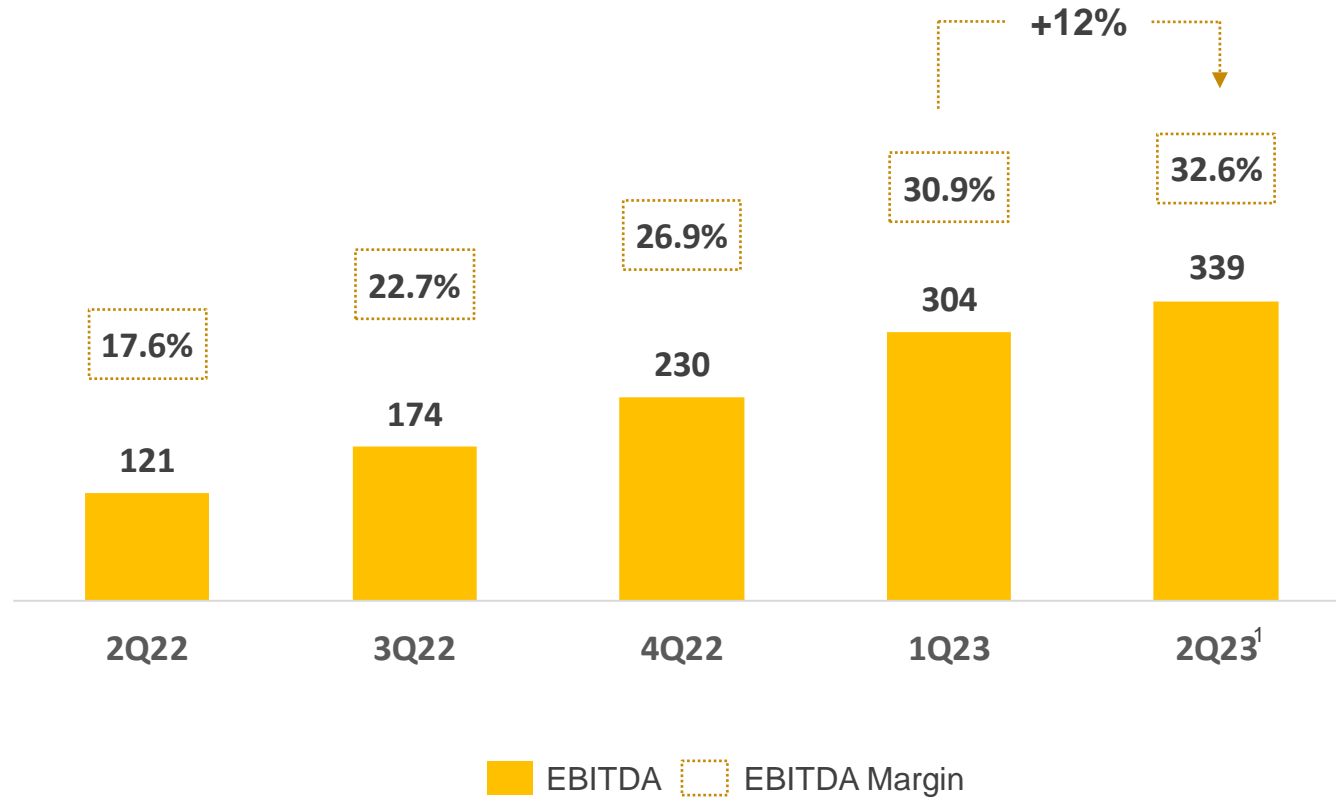


■ G&A   
 ■ Selling   
 ■ Pre-operating   
    % Net Revenue

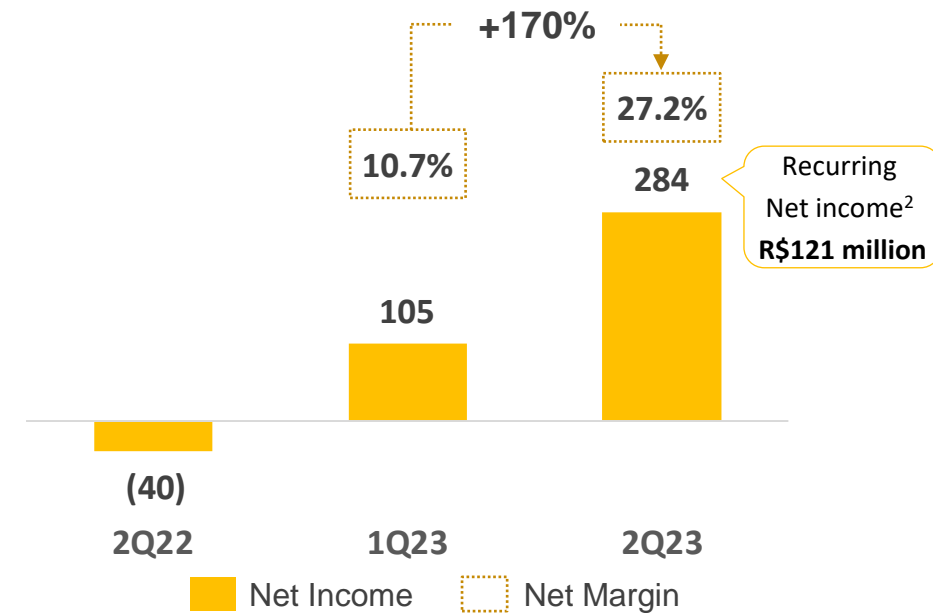
- Selling, general and administrative expenses totaled R\$183 million in 2Q23, 17% more than in 2Q22, due to the increase in general and administrative expenses, pre-operating expenses and selling expenses incurred to attract more members, partially linked to the growing number of clubs and the consolidation of results of the Panama and Costa Rica operations.
- Compared to 1Q23, expenses increased 4% and corresponded to 17.6% of net revenue, representing a dilution of 0.4p.p. due to the dilution of selling expenses

# EBITDA AND NET INCOME

EVOLUTION OF EBITDA (R\$M)



EVOLUTION OF NET INCOME (R\$M)



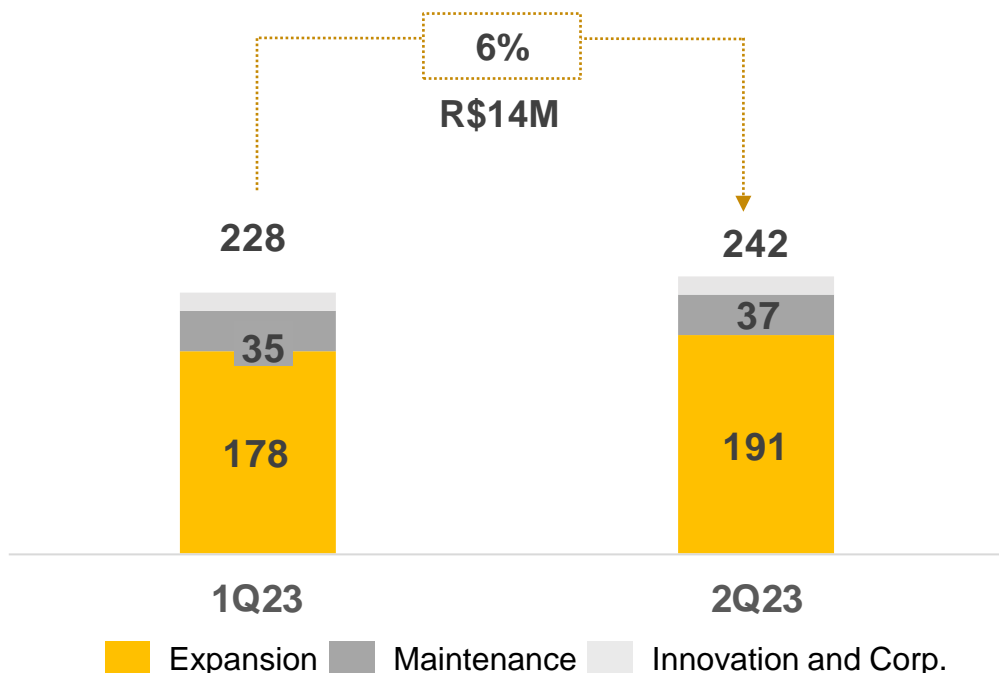
- EBITDA<sup>1</sup> came in at R\$339 million in 2Q23, up R\$218 million from 2Q22. This was the 8<sup>th</sup> consecutive quarter of growth and margin expansion, gaining 14.9p.p. in the last 12 months
- Compared to 1Q23, EBITDA<sup>1</sup> increased R\$36 million (+12%), with margin increasing 1.6p.p.
- Fourth straight quarter of net income, which reached R\$284 million - the highest in the Company's history. Recurring net income<sup>2</sup> came in at R\$121M, up 14% versus 1Q23

(1) Adjusted EBITDA excludes the gain of R\$176.6 million obtained from the revaluation of the existing 50% interest in Panama. (2) Excludes the positive effect of R\$163 million in net income from the revaluation of Panama

# FINANCIAL LIQUIDITY AND CAPEX

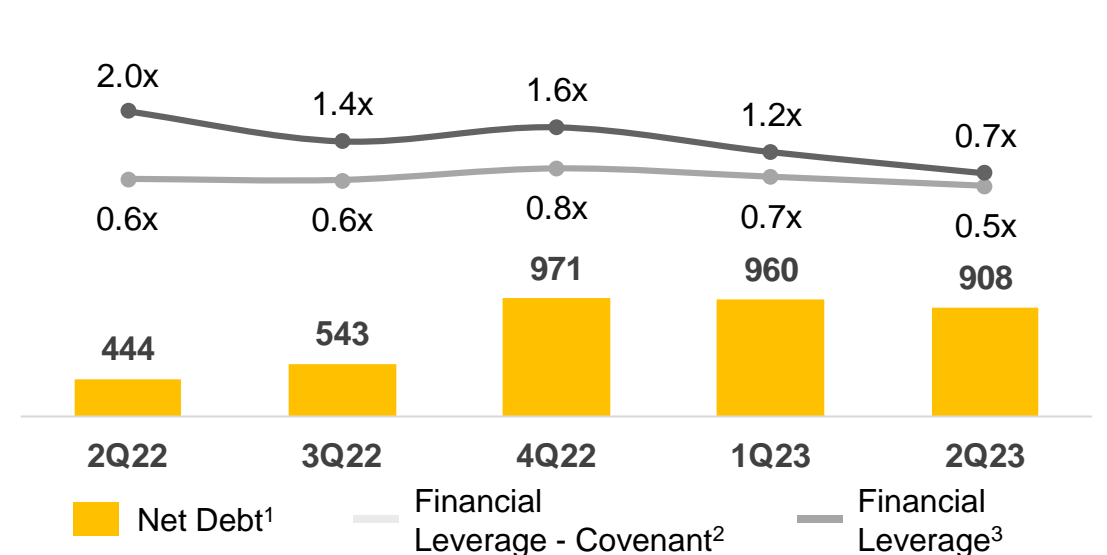
**Strong cash position of R\$2.7 billion and lengthy debt profile**

## CAPEX (R\$M)

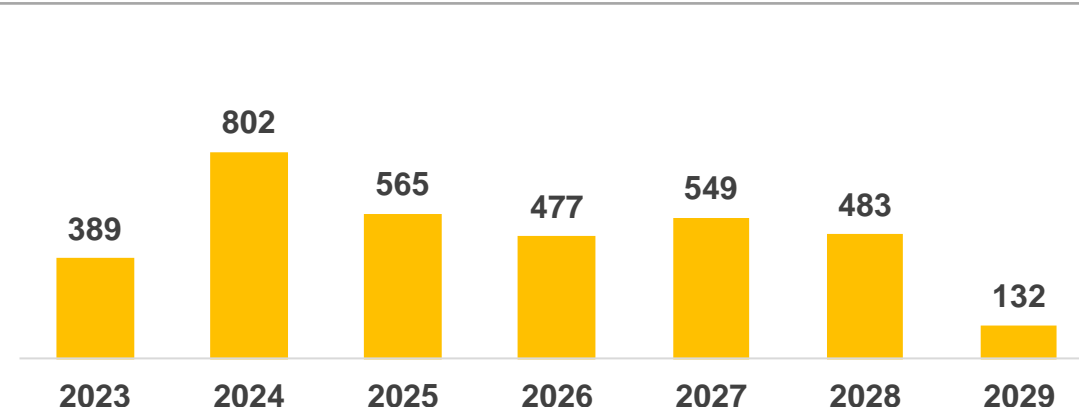


- Capex totaled R\$242 million in 2Q23, up 6% from 1Q23
- In 2Q23, expansion capex was R\$191 million, due to the construction of units inaugurated this quarter and future construction works
- Maintenance capex totaled R\$36.5 million, corresponding to 5.1% of gross revenue from mature units in the period
- Financial leverage stood at 0.5 times (vs. 0.7 times in 1Q23), due to the combination of lower net debt and higher EBITDA LTM

## NET DEBT<sup>1</sup> (R\$M) AND FINANCIAL LEVERAGE<sup>2,3</sup>



## GROSS DEBT<sup>4</sup> AMORTIZATION SCHEDULE (R\$M)



(1) Uses the definition of the company's debentures related to other items to be considered while calculating net debt, including, but not limited to, contingent considerations and derivative financial instruments; (2) The indicator "Financial Leverage - Covenant" uses the definition of net debt and EBITDA of the company's debentures. For more information, [see contractual deed](#) (Portuguese only); (3) "Financial Leverage" excludes all IFRS-16 effects; (4) "Gross debt" considers short- and long-term loans, financing and operating leases (excluding property leases) with financial institutions

# 1H23 ESG HIGHLIGHTS

Initiatives in connection with the democratization of high-quality fitness



 122 clubs in projects of power generation coming from renewable sources

122% vs. 2Q22



Kickstart of social initiatives in favor of  **unicef**

+500 clubs, in 12 countries



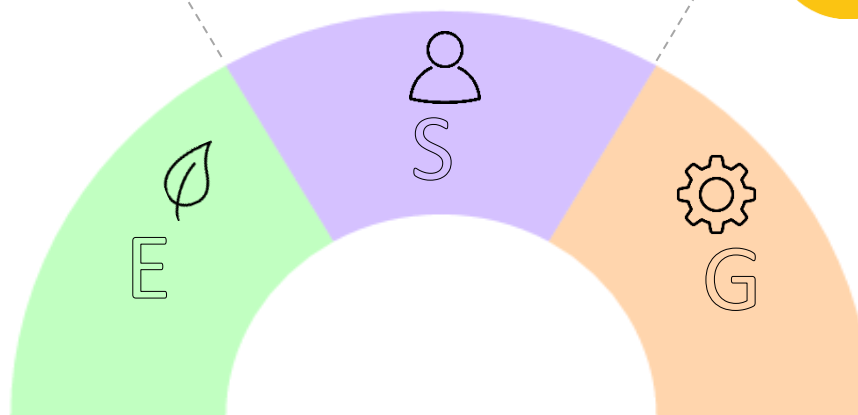
Fundraising campaign to support victims from the floods on the coast of SP

+5k donated items

## Materiality Matrix

Definition of themes that will be prioritized by the Company in its ESG Agenda

## Prioritization of SDG



In the semester, the Company promoted multiple events and awareness campaigns, including the celebration of the World Environment Day, launching "Por Um Mundo + Sustentável" which counted with campaigns covering environmental, social and governance aspects related to the company

# Q&A

## Instructions:

- To ask questions, click on the **Q&A** icon at the bottom of the screen.
- A request will appear on the screen to activate your microphone. Activate your microphone to ask questions.
- Please ask your questions all at once.

