

smart

fit

QUARTERLY  
INFORMATION

03/31/2023

smart fit

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## GLOSSARY

TERMS	GLOSSARY
AEGM	Annual and Extraordinary General Meeting
AGM	Annual General Meeting
B3	B3 S.A. – Brasil, Bolsa, Balcão (“B3”)
CADE	Administrative Council for Economic Defense
CDB	Bank Deposit Certificate
CDI	Interbank Deposit Certificate
CGU	Cash Generating Unit
COFINS	Contribution for Social Security Financing
Company or Smartfit	Smartfit Escola de Ginástica e Dança S.A.
Covenants	Contractual Commitment Clauses
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
EGM	Extraordinary General Meeting
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
ITR	Quarterly Information
JCP	Interest on Capital
Joint Venture	A joint arrangement whereby the parties have joint control of the arrangement
March/23 or 03/31/2023	Financial Information as of and for the three-month period ended March 31, 2023
LALUR	Taxable Income Control Register
LF	Financial bills
LFT	Financial Treasury Bills
Mex\$	Mexican pesos – Official currency in Mexico
MOU	Memorandum of Understanding
Note	Note to the Financial Statements
PIS	Social Integration Program
R\$	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

**CONDENSED BALANCE SHEET**

At March 31, 2023

(In thousands of Brazilian reais - R\$)

	Notes	Parent		Consolidated	
		03/31/2023	12/31/2022	03/31/2023	12/31/2022
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents	6	129,141	234,037	1,337,076	1,251,418
Investments in financial assets	7	2,110,921	2,232,715	1,434,517	1,671,417
Trade receivables	9	127,350	117,245	301,497	271,728
Derivative financial instruments	8	801	-	8,881	8,132
Other receivables	10	216,119	209,512	348,116	313,464
<b>Total current assets</b>		<b>2,584,332</b>	<b>2,793,509</b>	<b>3,430,087</b>	<b>3,516,159</b>
<b>Noncurrent assets</b>					
Investments in financial assets	7	4,659	5,796	63,109	43,464
Derivative financial instruments	8	-	35	2,892	3,748
Other receivables	10	121,117	118,497	231,825	221,777
Deferred tax assets	18	-	-	233,837	204,562
Investments in subsidiaries and joint ventures	11	3,046,587	2,818,730	42,894	447,994
Right-of-use assets	14	1,038,671	1,029,761	3,292,888	3,067,369
Property and equipment	12	1,031,541	1,036,087	3,446,703	3,132,019
Intangible assets	13	133,507	133,482	1,694,066	1,412,458
<b>Total noncurrent assets</b>		<b>5,376,082</b>	<b>5,142,388</b>	<b>9,008,214</b>	<b>8,533,391</b>
<b>TOTAL ASSETS</b>		<b>7,960,414</b>	<b>7,935,897</b>	<b>12,438,301</b>	<b>12,049,550</b>
<b>LIABILITIES AND EQUITY</b>					
<b>Current liabilities</b>					
Trade payables		102,288	87,589	290,472	241,227
Other liabilities	15	350,973	277,081	386,571	304,859
Borrowings	16	187,626	96,531	624,286	488,226
Lease liabilities	14	180,043	178,315	481,937	449,662
Deferred revenue	20	52,623	63,544	234,906	228,425
Derivative financial instruments	8	348	-	348	-
Current taxes payable		8,519	-	72,979	36,486
<b>Total current liabilities</b>		<b>882,420</b>	<b>703,060</b>	<b>2,091,499</b>	<b>1,748,885</b>
<b>Noncurrent liabilities</b>					
Other liabilities	15	7,540	189,120	20,481	199,208
Borrowings	16	1,773,555	1,903,499	2,780,738	2,931,668
Lease liabilities	14	916,090	911,555	3,102,430	2,879,785
Deferred revenue	20	458	662	458	662
Deferred tax liabilities	18	-	-	19,326	19,349
Derivative financial instruments	8	32,027	36,990	32,027	36,990
Provisions	17	4,776	4,625	24,914	24,888
<b>Total noncurrent liabilities</b>		<b>2,734,446</b>	<b>3,046,451</b>	<b>5,980,374</b>	<b>6,092,550</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>3,616,866</b>	<b>3,749,511</b>	<b>8,071,873</b>	<b>7,841,435</b>
<b>EQUITY</b>					
Share capital	19	2,970,443	2,970,443	2,970,443	2,970,443
Capital reserves		2,300,079	2,297,612	2,300,079	2,297,612
Accumulated losses		(1,293,148)	(1,375,832)	(1,293,148)	(1,375,832)
Other comprehensive income		366,174	294,163	366,174	294,163
<b>Equity attributable to the owners of the Company</b>		<b>4,343,548</b>	<b>4,186,386</b>	<b>4,343,548</b>	<b>4,186,386</b>
Noncontrolling interests		-	-	22,880	21,729
<b>TOTAL EQUITY</b>		<b>4,343,548</b>	<b>4,186,386</b>	<b>4,366,428</b>	<b>4,208,115</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>7,960,414</b>	<b>7,935,897</b>	<b>12,438,301</b>	<b>12,049,550</b>

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

**CONDENSED STATEMENTS OF PROFIT AND LOSS AND COMPREHENSIVE INCOME**

Period ended March 31, 2023

(In thousands of Brazilian reais - R\$)

	Notes	Parent		Consolidated	
		03/31/2023	03/31/2022	03/31/2023	03/31/2022
<b>PROFIT (LOSS)</b>					
Operating revenue	20	334,813	227,596	981,943	621,988
Costs	21	(221,922)	(203,076)	(579,729)	(457,265)
<b>Gross profit</b>		<b>112,891</b>	<b>24,520</b>	<b>402,214</b>	<b>164,723</b>
Selling expenses	21	(37,685)	(44,039)	(81,169)	(76,686)
General and administrative expenses	21	(47,873)	(49,749)	(98,764)	(88,057)
Other operating income (expenses), net	21	(7,408)	(4,689)	(15,644)	(11,174)
Share of profit (loss) of investees	11	85,079	(8,856)	1,794	646
<b>Operating profit (loss) before finance income (costs)</b>		<b>105,004</b>	<b>(82,813)</b>	<b>208,431</b>	<b>(10,548)</b>
Finance income	22	91,893	87,220	115,516	102,764
Finance costs	22	(105,694)	(95,306)	(218,905)	(180,011)
Finance income (costs), net	22	(13,801)	(8,086)	(103,389)	(77,247)
<b>Profit (loss) before income tax and social contribution</b>		<b>91,203</b>	<b>(90,899)</b>	<b>105,042</b>	<b>(87,795)</b>
Income tax and social contribution	18	(8,519)	-	(21,099)	(2,723)
<b>PROFIT (LOSS) FOR THE PERIOD</b>		<b>82,684</b>	<b>(90,899)</b>	<b>83,943</b>	<b>(90,518)</b>
<b>Profit (loss) for the period attributable to:</b>					
Owners of the Company				82,684	(90,899)
Noncontrolling interests				1,259	381
<b>Earnings (loss) per share attributable to owners of the Company:</b>					
Basic	23	0,1410	(0,1551)	0,1410	(0,1551)
Diluted	23	0,1361	(0,1551)	0,1361	(0,1551)
<b>OTHER COMPREHENSIVE INCOME</b>					
<b>Items that may be subsequently reclassified to profit or loss</b>					
Gains and losses arising from the translation of financial statements of foreign operations	11	68,630	(205,744)	68,522	(207,010)
Financial assets measured at fair value		5,023	(4,158)	5,023	(4,158)
Deferred income tax and social contribution		(1,642)	-	(1,642)	-
<b>TOTAL OTHER COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>72,011</b>	<b>(209,902)</b>	<b>71,903</b>	<b>(211,168)</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>154,695</b>	<b>(300,801)</b>	<b>155,846</b>	<b>(301,686)</b>
<b>Comprehensive income for the period attributable to:</b>					
Owners of the Company				154,695	(300,801)
Noncontrolling interests				1,151	(885)

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

**CONDENSED STATEMENTS OF CHANGES IN EQUITY**

Three-month period ended March 31, 2023

(In thousands of Brazilian reais - R\$)

	Three-month period ended March 31, 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	
<b>CHANGES IN EQUITY</b>									
<b>At December 31, 2022</b>	<b>2,970,443</b>	<b>2,237,621</b>	<b>99,841</b>	<b>(39,850)</b>	<b>(1,375,832)</b>	<b>294,163</b>	<b>4,186,386</b>	<b>21,729</b>	<b>4,208,115</b>
Profit for the period	-	-	-	-	82,684	-	82,684	1,259	83,943
Other comprehensive income	-	-	-	-	-	72,011	72,011	(108)	71,903
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>82,684</b>	<b>72,011</b>	<b>154,695</b>	<b>1,151</b>	<b>155,846</b>
Share-based payments <sup>(1)</sup>	-	2,467	-	-	-	-	2,467	-	2,467
<b>Transactions with shareholders recognized directly in equity</b>	<b>-</b>	<b>2,467</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,467</b>	<b>-</b>	<b>2,467</b>
<b>At March 31, 2023</b>	<b>2,970,443</b>	<b>2,240,088</b>	<b>99,841</b>	<b>(39,850)</b>	<b>(1,293,148)</b>	<b>366,174</b>	<b>4,343,548</b>	<b>22,880</b>	<b>4,366,428</b>

	Three-month period ended March 31, 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	
<b>CHANGES IN EQUITY</b>									
<b>At December 31, 2021</b>	<b>2,970,443</b>	<b>2,221,696</b>	<b>99,841</b>	<b>(35,847)</b>	<b>(1,286,401)</b>	<b>426,773</b>	<b>4,396,505</b>	<b>32,787</b>	<b>4,429,292</b>
Profit (loss) for the period	-	-	-	-	(90,899)	-	(90,899)	381	(90,518)
Other comprehensive income	-	-	-	-	-	(209,902)	(209,902)	(1,266)	(211,168)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(90,899)</b>	<b>(209,902)</b>	<b>(300,801)</b>	<b>(885)</b>	<b>(301,686)</b>
Capital increase	-	-	-	-	-	-	-	4,960	4,960
Share-based payment	-	3,826	-	-	-	-	3,826	1	3,827
Distribution of dividends	-	-	-	-	-	-	-	(2,370)	(2,370)
<b>Transactions with shareholders recognized directly in equity</b>	<b>-</b>	<b>3,826</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,826</b>	<b>2,591</b>	<b>6,417</b>
<b>At March 31, 2022</b>	<b>2,970,443</b>	<b>2,225,522</b>	<b>99,841</b>	<b>(35,847)</b>	<b>(1,377,300)</b>	<b>216,871</b>	<b>4,099,530</b>	<b>34,493</b>	<b>4,134,023</b>

(1) See note 26.

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

**CONDENSED STATEMENTS OF CASH FLOWS**

Three-month period ended March 31, 2023

(In thousands of Brazilian reais - R\$)

Notes	Parent		Consolidated	
	03/31/2023	03/31/2022	03/31/2023	03/31/2022
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
Profit (loss) for the period	82,684	(90,899)	83,943	(90,518)
Adjustments to reconcile profit (loss) for the period to net cash used in operating activities:				
Income tax and social contribution	18	8,519	-	21,099
Depreciation and amortization	12,13,14	96,814	91,057	268,844
Allowance for expected credit losses	9	-	-	958
Share of profit (loss) of investees	11	(85,079)	8,856	(1,794)
Write-off of intangible assets, property and equipment, and leases		11,322	14,996	16,969
Interest on borrowings	22	74,150	67,807	119,467
Interest on leases	22	21,951	21,208	79,900
Discounts obtained on leases	22	(629)	(468)	(2,141)
Income from financial investments	22	(69,956)	(69,800)	(82,416)
Gain (loss) on derivative financial instruments	22	(5,381)	2,387	(3,825)
Foreign exchange gains (losses) and other finance income (costs)		(6,764)	(15,463)	(6,961)
Share-based payment plan	26	2,110	3,434	2,467
Provisions	17	151	182	26
Deferred revenue		(11,125)	589	6,277
Changes in operating assets and liabilities:				
Trade receivables		(10,105)	(6,691)	(30,438)
Other receivables		(7,851)	(41,706)	(24,330)
Trade payables		14,649	(28,875)	27,807
Other liabilities		35,395	18,830	48,128
<b>Cash generated by (used in) operating activities</b>		<b>150,855</b>	<b>(24,556)</b>	<b>523,980</b>
Interest paid on borrowings	16	(13,354)	(9,276)	(54,641)
Interest paid on leases	14	(21,753)	(21,046)	(79,043)
Income tax and social contribution paid		-	-	(2,743)
<b>Net cash generated by (used in) operating activities</b>		<b>115,748</b>	<b>(54,878)</b>	<b>387,553</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
Additions to property and equipment	12	(53,066)	(45,214)	(224,851)
Additions to intangible assets	13	(2,386)	(2,922)	(3,459)
Direct initial costs of right-of-use assets	14	(8,156)	(7,500)	(8,156)
Loans from third parties		-	(2,474)	(1,361)
Financial investments		192,887	263,801	299,671
Acquisition of subsidiaries, net of cash received		(129,273)	-	(85,911)
Capital increase in subsidiaries and joint venture	11	(72,847)	(94,222)	-
Related parties		-	(3)	(925)
Payment of contingent consideration		(521)	-	(521)
<b>Net cash generated by (used in) investing activities</b>		<b>(73,362)</b>	<b>111,466</b>	<b>(25,513)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Capital increase in subsidiaries		-	-	-
Proceeds from borrowings	16	-	-	36,385
Repayments of borrowings	16	(100,010)	(31,935)	(194,382)
Payment of lease	14	(47,272)	(39,623)	(118,482)
Acquisition of noncontrolling interests		-	(6,613)	-
Other amounts paid to noncontrolling interests		-	-	(4,919)
<b>Net cash used in financing activities</b>		<b>(147,282)</b>	<b>(78,171)</b>	<b>(281,398)</b>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>(104,896)</b>	<b>(21,583)</b>	<b>80,642</b>
<b>CHANGES IN CASH AND CASH EQUIVALENTS</b>				
Opening balance		234,037	340,929	1,251,418
Exchange differences on cash and cash equivalents		-	-	5,016
Closing balance		129,141	319,346	1,337,076
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>(104,896)</b>	<b>(21,583)</b>	<b>80,642</b>
<b>NON-CASH TRANSACTIONS</b>				
Additions and remeasurements of right-of-use assets	14	55,246	33,217	197,049
Transfers between property and equipment, intangible assets, and right-of-use assets		-	4	2,519
Dividends receivable from subsidiaries		-	5,530	-
Dividends payable to noncontrolling interests		-	-	-
Offsetting of investments and other receivables		-	-	(219)

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

**CONDENSED STATEMENTS OF VALUE ADDED**

Three-month period ended March 31, 2023

(In thousands of Brazilian reais - R\$)

	Notes	Parent		Consolidated	
		03/31/2023	03/31/2022	03/31/2023	03/31/2022
<b>WEALTH CREATED</b>					
<b>REVENUES</b>					
Service revenue	20	384,828	261,215	1,050,791	669,490
Allowance for expected credit losses, net of reversals	9	-	-	(958)	(378)
Other operating income (expenses), net		(7,408)	(4,689)	(15,644)	(11,174)
<b>INPUTS PURCHASED FROM THIRD PARTIES</b>					
Cost of sales and services		(73,565)	(67,240)	(176,434)	(144,621)
Materials, electric power, outside services and others		(20,694)	(16,551)	(36,850)	(28,303)
Advertising materials, marketing, promotion funds and others related to sales		(36,975)	(44,040)	(72,882)	(69,779)
<b>GROSS VALUE ADDED</b>		<b>246,186</b>	<b>128,695</b>	<b>748,023</b>	<b>415,235</b>
<b>RETENTIONS</b>					
Depreciation and amortization	12,13,14	(96,814)	(91,057)	(268,844)	(210,134)
<b>WEALTH CREATED BY THE COMPANY</b>		<b>149,372</b>	<b>37,638</b>	<b>479,179</b>	<b>205,101</b>
<b>WEALTH RECEIVED IN TRANSFER</b>					
Share of profit (loss) of investees	11	85,079	(8,856)	1,794	646
Finance income	22	91,893	87,220	115,516	102,764
<b>TOTAL WEALTH FOR DISTRIBUTION</b>		<b>326,344</b>	<b>116,002</b>	<b>596,489</b>	<b>308,511</b>
<b>WEALTH DISTRIBUTED</b>					
<b>PERSONNEL</b>					
Salaries and wages		51,957	52,773	135,259	111,158
Benefits		7,863	4,742	15,690	9,395
Social security costs		3,928	3,589	5,409	5,769
<b>TAXES, FEES AND CONTRIBUTIONS:</b>					
Federal		41,437	20,231	77,044	40,489
State		7	3	583	234
Municipal		14,256	9,671	19,511	13,072
<b>LENDERS AND LESSORS:</b>					
Interest	22	105,694	95,306	218,905	180,011
Leases		18,518	20,586	40,145	38,901
<b>SHAREHOLDERS:</b>					
Owners' share of profits (losses)		82,684	(90,899)	82,684	(90,899)
Noncontrolling interests' share of profits (losses)		-	-	1,259	381
<b>WEALTH DISTRIBUTED</b>		<b>326,344</b>	<b>116,002</b>	<b>596,489</b>	<b>308,511</b>

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

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

At March 31, 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 HVLTP segment with the brand "Smart Fit", 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 to follow its expansion plans, advancing in the construction of new clubs and maintaining its clubs in operation. As at March 31, 2023, the Group had a total of 1,231 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 three-month period ended March 31, 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 three-month period ended March 31, 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 May 10, 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 and joint ventures 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
<b>Consideration</b>	
First installment (paid on January 20, 2023) – US\$ 25.0 million <sup>(2)</sup>	131,068
Second installment (payable on January 3, 2024) – US\$ 34.3 million - preliminary	180,017
<b>Total – US\$ 59.3 million</b>	<b>311,085</b> <sup>(2)</sup>

(1) Corresponds to the preliminary value in reais determined on the Put exercise date.

(2) 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 (provisional amounts)
<b>Business combination</b>	
<b>Financial assets at amortized cost:</b>	
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
Intangible assets	123
<b>Liabilities</b>	
Trade payables	(22,189)
Other liabilities	(1,715)
Borrowings	(42,196)
Lease liabilities	(109,498)
Current taxes payable	(5,430)
<b>Total identifiable assets acquired and liabilities assumed at fair value</b>	<b>163,592</b>
Write-off of investment in the joint venture	(94,083)
Remeasurement of previously held interest - preliminary	-
Goodwill arising on transaction - preliminary	241,576
<b>Total consideration, net</b>	<b>311,085</b>

Goodwill is attributable to the future profitability of the acquired business.

At the time this condensed interim financial information was concluded and authorized for issue, the Company had not yet completed the accounting for the acquisition of Sporty Panama. More specifically, the fair values of the assets and liabilities disclosed above were only determined on a provisional basis, as the independent valuation had not been completed. Also, it is not yet possible to provide detailed information on any potential goodwill, surplus value, contingent liabilities of the acquired entity or result from the remeasurement of the previously held equity interest.

For the three-month period ended March 31, 2023, the acquired business contributed to the Group's results with net revenue of R\$34,758 and profit of R\$4,893.

#### 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 Mex\$51.92 million (approximately R\$14,636). The subscription is part of the Company's strategy to expand its presence in Mexico. As at March 31, 2023, the Group's interest is 13.14%, representing 29,207,866 shares.

According to the analysis performed pursuant to IAS 28, Smartfit 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, 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 in 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 March 31, 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 in profit or loss	
	10% increase	10% decrease
<b>PARENT</b>		
Interest rate sensitivity		
Variable interest	2,954	(2,954)
<b>CONSOLIDATED</b>		
Interest rate sensitivity		
Variable interest	(2,040)	2,040

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\$ 1,556, is recognized 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 2<sup>nd</sup> series of the 7<sup>th</sup> 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\$ 801, is recognized 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 an ongoing 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 income	
	10% increase	10% decrease
<b>CONSOLIDATED</b>		
Price sensitivity		
Shares of listed company	2,981	(2,981)

#### 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 assets and operating 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	
<b>PARENT</b>				
At March 31, 2023				
Trade payables	102,288	-	-	102,288
Other liabilities	350,973	7,540	-	358,513
Borrowings <sup>(1)</sup>	465,180	541,219	2,156,142	3,162,541
Lease liabilities <sup>(1)</sup>	266,524	233,227	973,920	1,473,671
Derivative financial instruments	-	-	32,375	32,375
<b>Total</b>	<b>1,184,965</b>	<b>781,986</b>	<b>3,162,437</b>	<b>5,129,388</b>
<b>CONSOLIDATED</b>				
At March 31, 2023				
Trade payables	290,472	-	-	290,472
Other liabilities	386,571	20,481	-	407,052
Borrowings <sup>(1)</sup>	1,023,293	1,080,970	2,829,825	4,934,088
Lease liabilities <sup>(1)</sup>	717,918	694,883	3,649,417	5,062,218
Derivative financial instruments	-	-	32,375	32,375
<b>Total</b>	<b>2,418,254</b>	<b>1,796,334</b>	<b>6,511,617</b>	<b>10,726,205</b>

(1) Includes interest to be accrued.

As at March 31, 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\$67,095 (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\$376,657 (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 CDBs.

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 write-offs, 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 discharge 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 using 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	
	03/31/2023	12/31/2022	03/31/2023	12/31/2022
<b>Customer list by late payment range</b>				
Current	125,962	116,097	296,967	267,277
Past due:				
Up to 30 days	146	135	540	486
From 31 to 60 days	170	157	656	590
From 61 to 90 days	177	163	600	540
From 91 to 180 days	735	677	2,744	2,470
From 181 to 360 days	845	779	2,723	2,451
More than 361 days	992	914	3,110	2,799
<b>Total</b>	<b>129,027</b>	<b>118,922</b>	<b>307,340</b>	<b>276,613</b>

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 stakeholders 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 March 31, 2023 and their allocation to the fair value hierarchy:

	Level 1	Level 2	Level 3	Total
<b>PARENT</b>				
<b>Assets</b>				
<b>Investments in financial assets</b>				
Exclusive investment funds and other financial investments	-	2,115,580 <sup>(1)</sup>	-	2,115,580
<b>Other receivables</b>				
N2B loan	-	-	22,017	22,017
<b>Derivative financial instruments</b>				
Interest rate swap – 7 <sup>th</sup> issue of debentures	-	801	-	801
<b>Total</b>	-	<b>2,116,381</b>	<b>22,017</b>	<b>2,138,398</b>
<b>Liabilities</b>				
<b>Derivative financial instruments</b>				
Put option of the noncontrolling shareholder – MB Negócios Digitais	-	-	(31,246)	(31,246)
Put option of the noncontrolling shareholder – ASN Smart	-	-	(781)	(781)
Put option of the noncontrolling shareholder – Smartfit Peru SAC	-	-	(348)	(348)
<b>Total</b>	-	-	<b>(32,375)</b>	<b>(32,375)</b>
<b>CONSOLIDATED</b>				
<b>Assets</b>				
<b>Cash and cash equivalents</b>				
Repurchase agreements	-	513,439	-	513,439
<b>Investments in financial assets</b>				
Exclusive investment funds and other financial investments	-	1,439,168	-	1,439,168
Interests in publicly-held company	29,806	-	-	29,806
<b>Other receivables</b>				
N2B loan	-	-	22,017	22,017
<b>Derivative financial instruments</b>				
Interest rate swap – Smartfit Mexico	-	10,972	-	10,972
Interest rate swap – 7 <sup>th</sup> issue of debentures	-	801	-	801
<b>Total</b>	<b>29,806</b>	<b>1,964,380</b>	<b>22,017</b>	<b>2,016,203</b>
<b>Liabilities</b>				
<b>Derivative financial instruments</b>				
Put option of the noncontrolling shareholder – MB Negócios Digitais	-	-	(31,246)	(31,246)
Put option of the noncontrolling shareholder – ASN Smart	-	-	(781)	(781)
Put option of the noncontrolling shareholder – Smartfit Peru SAC	-	-	(348)	(348)
<b>Total</b>	-	-	<b>(32,375)</b>	<b>(32,375)</b>

(1) Includes CDB in the amount of R\$ 162,973.

### CHANGES IN LEVEL 3 ASSETS AND LIABILITIES

	Parent		Consolidated	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities
<b>Financial instruments - Level 3</b>				
<b>At December 31, 2021</b>	<b>20,900</b>	<b>(54,003)</b>	<b>20,900</b>	<b>(54,003)</b>
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
<b>At December 31, 2022</b>	<b>21,574</b>	<b>(36,990)</b>	<b>21,574</b>	<b>(36,990)</b>
Gains and losses recognized in profit or loss	443	4,615	443	4,615
<b>At March 31, 2023</b>	<b>22,017</b>	<b>(32,375)</b>	<b>22,017</b>	<b>(32,375)</b>

In the three-month period ended March 31, 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
Smartfit call option - 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
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, dividend rate, volatility of EBITDA volatility and share value, correlation between EBITDA and share value, 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, dividend rate, volatility of EBITDA and share value, correlation between EBITDA and share value, 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 (CDI) and contractual rates (note 16) and, due to market conditions, the fair value of borrowings is R\$1,986,146 in Parent and R\$3,456,229 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	
	03/31/2023	12/31/2022	03/31/2023	12/31/2022
<b>Cash and cash equivalents</b>				
Cash and banks	1,637	1,284	225,444	182,749
CDB <sup>(1)(4)</sup>	123,398	228,731	519,099	595,675
Non-exclusive investment funds <sup>(2)</sup>	4,106	4,022	79,094	69,517
Repurchase agreements <sup>(3)</sup>	-	-	513,439	403,477
<b>Total</b>	<b>129,141</b>	<b>234,037</b>	<b>1,337,076</b>	<b>1,251,418</b>

- (1) They are remunerated at a weighted average rate of 101.80% 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 10.88% (10.06% in Dec/22), Sporty City Colombia with an average annual rate of 13.62% (12.5% in Dec/22), and Latamfit Chile with an average annual rate of 10.15% (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 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 102.56% 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	
	03/31/2023	12/31/2022	03/31/2023	12/31/2022
<b>Investments in financial assets</b>				
Exclusive investment funds <sup>(1)</sup>	2,110,921	2,232,715	-	-
Government securities <sup>(2)</sup>	-	-	648,427	921,123
Financial bills <sup>(3)</sup>	-	-	786,082	750,294
Shares in publicly-held company <sup>(4)</sup>	-	-	29,806	9,172
Other financial investments	4,659	5,796	33,311	34,292
<b>Total</b>	<b>2,115,580</b>	<b>2,238,511</b>	<b>1,497,626</b>	<b>1,714,881</b>
<b>Current</b>	<b>2,110,921</b>	<b>2,232,715</b>	<b>1,434,517</b>	<b>1,671,417</b>
<b>Noncurrent</b>	<b>4,659</b>	<b>5,796</b>	<b>63,109</b>	<b>43,464</b>

- (1) Refer to the private credit exclusive fixed income investment funds Átila RF CP FI remunerated at a weighted average rate of 98.69% of the CDI (107.40% in Dec/22) and Santo Amaro RF CP remunerated at a weighted average rate of 104.08% of the CDI (99.95% 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 99.90% 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 100.60% 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 101.42% of the CDI (113.03% of the CDI in Dec/22) and Santo Amaro fund remunerated at a weighted average rate of 111,18% 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	
	03/31/2023	12/31/2022	03/31/2023	12/31/2022
<b>Derivative financial investments</b>				
<b>Assets</b>				
Smartfit call option - MB Negócios Digitais	-	35	-	35
Interest rate swap – Smartfit Mexico	-	-	10,972	11,845
Interest rate swap – 7 <sup>th</sup> issue of debentures	801	-	801	-
<b>Total</b>	<b>801</b>	<b>35</b>	<b>11,773</b>	<b>11,880</b>
<b>Current</b>	<b>801</b>	<b>-</b>	<b>8,881</b>	<b>8,132</b>
<b>Noncurrent</b>	<b>-</b>	<b>35</b>	<b>2,892</b>	<b>3,748</b>
<b>Liabilities</b>				
Put option of the noncontrolling shareholder – MB Negócios Digitais	31,246	36,990	31,246	36,990
Put option of the noncontrolling shareholder – ASN Smart	781	-	781	-
Put option of the noncontrolling shareholder – Smartfit Peru SAC	348	-	348	-
<b>Total</b>	<b>32,375</b>	<b>36,990</b>	<b>32,375</b>	<b>36,990</b>
<b>Current</b>	<b>348</b>	<b>-</b>	<b>348</b>	<b>-</b>
<b>Noncurrent</b>	<b>32,027</b>	<b>36,990</b>	<b>32,027</b>	<b>36,990</b>

## 9. TRADE RECEIVABLES

### BREAKDOWN OF BALANCES

	Parent		Consolidated	
	03/31/2023	12/31/2022	03/31/2023	12/31/2022
<b>Trade receivables</b>				
Trade receivables arising from contracts with customers <sup>(1)</sup>	129,027	118,922	307,340	276,613
Allowance for expected credit losses	(1,677)	(1,677)	(5,843)	(4,885)
<b>Total</b>	<b>127,350</b>	<b>117,245</b>	<b>301,497</b>	<b>271,728</b>

- (1) Trade receivables 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	
	03/31/2023	12/31/2022	03/31/2023	12/31/2022
<b>Other receivables</b>				
Related parties <sup>(1)</sup>	117,104	124,901	15,728	20,881
Security deposits <sup>(2)</sup>	197	197	32,577	28,944
Loans to third parties <sup>(3)</sup>	27,296	26,800	53,400	50,731
Taxes recoverable <sup>(4)</sup>	96,286	93,552	308,046	292,880
Escrow deposits <sup>(5)</sup>	71,234	69,647	82,665	79,840
Prepaid expenses	23,133	11,147	56,888	40,972
Others	1,986	1,765	30,637	20,993
<b>Total</b>	<b>337,236</b>	<b>328,009</b>	<b>579,941</b>	<b>535,241</b>
<b>Current</b>	<b>216,119</b>	<b>209,512</b>	<b>348,116</b>	<b>313,464</b>
<b>Noncurrent</b>	<b>121,117</b>	<b>118,497</b>	<b>231,825</b>	<b>221,777</b>

(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\$22,017 (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\$8,596 (R\$8,451 in Dec/22), IRPJ/CSLL of R\$75,038 (R\$66,084 in Dec/22) IRRF on financial investments of R\$74,554 (R\$70,024 in Dec/22) and IGV of R\$108,386 (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

	03/31/2023	Three-month period ended March 31, 2023		12/31/2022	Three-month period ended March 31, 2022	
	Investment balance	Share of profit (loss) of investees	Other comprehensive income	Investment balance	Share of profit (loss) of investees	Other comprehensive income
<b>PARENT</b>						
<b>Subsidiaries</b>						
Latamgym SAPI de CV	1,369,132	21,262	72,008	1,206,139	(12,610)	(142,474)
Sporty City SAS	419,504	10,572	7,428	401,400	5,763	(37,399)
Sporty Panama SA <sup>(2)</sup>	399,295	4,893	(12,247)	-	-	-
Latamfit Chile SPA	257,034	14,924	10,836	231,274	(322)	(18,359)
Smartfit Peru SAC	45,446	4,349	(873)	41,970	(10,530)	(4,217)
MB Negócios Digitais S.A.	107,273	980	(25)	106,318	5,152	(93)
ADV Esporte e Saúde Ltda.	76,790	8,302	-	68,490	(1,899)	-
Other subsidiaries	329,219	18,436	(5,303)	312,708	4,534	(10,264)
<b>Joint ventures</b>						
FitMaster LLC	42,894	1,361	187	41,346	329	-
Sporty Panama SA <sup>(2)</sup>	-	-	-	406,648	727	2,904
<b>Total</b>	<b>3,046,587</b>	<b>85,079</b>	<b>72,011</b>	<b>2,816,293</b>	<b>(8,856)</b>	<b>(209,902)</b>
<b>Included in assets</b>	<b>3,046,587</b>			<b>2,818,730</b>		
<b>Included in liabilities<sup>1</sup></b>	<b>-</b>			<b>(2,437)</b>		
<b>CONSOLIDATED</b>						
<b>Joint ventures</b>						
FitMaster LLC	42,894	1,361	187	41,346	329	-
Sporty Panama AS <sup>(2)</sup>	-	-	-	406,648	727	2,904
Total Pass SA de CV	-	433	(214)	-	(410)	469
<b>Total</b>	<b>42,894</b>	<b>1,794</b>	<b>(27)</b>	<b>447,994</b>	<b>646</b>	<b>3,373</b>

(1) See note 15.

(2) See note 3.

## CHANGES FOR THE PERIOD

	Parent	Consolidated
<b>Investments in subsidiaries and joint ventures</b>		
<b>At December 31, 2021</b>	<b>2,308,915</b>	<b>123,848</b>
Capital increases	250,312	5,258
Acquisition of control - 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)
<b>At December 31, 2022</b>	<b>2,816,293</b>	<b>447,994</b>
Capital increase <sup>(1)</sup>	72,847	-
Acquisition of control - Sporty Panama	-	(406,648)
Offset against loan agreement	-	(219)
Share-based payments in subsidiaries	357	-
Share of profit (loss) of investees	85,079	1,794
Other comprehensive income in subsidiaries	3,381	-
FX effects	68,630	(27)
<b>At March 31, 2023</b>	<b>3,046,587</b>	<b>42,894</b>

(1) As at March 31, 2023, in Parent, this refers to the capital increase in subsidiaries Latamgym Mexico (R\$69,470), Plonay Uruguay (R\$2,577) and Racebootcamp (R\$800).

## SUMMARIZED AGGREGATED FINANCIAL INFORMATION ON JOINT VENTURES

	03/31/2023	12/31/2022
<b>BALANCE SHEETS</b>		
Current assets	27,175	68,233
Noncurrent assets	84,701	384,938
<b>Total assets</b>	<b>111,876</b>	<b>453,171</b>
Current liabilities	44,812	134,043
Noncurrent liabilities	-	89,284
<b>Total liabilities</b>	<b>44,812</b>	<b>223,327</b>
<b>Total equity</b>	<b>67,064</b>	<b>229,844</b>
	<b>Three-month period ended</b>	
	<b>03/31/2023</b>	<b>03/31/2022</b>
<b>STATEMENT OF PROFIT AND LOSS</b>		
Operating revenue	32,749	25,879
Costs and expenses	(28,323)	(21,692)
<b>Operating profit</b>	<b>4,426</b>	<b>4,187</b>
Finance income (costs)	(361)	(1,844)
Income taxes	-	-
<b>Profit for the period</b>	<b>4,065</b>	<b>2,343</b>

The statement of financial position and the statement of profit and loss as at March 31, 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<sup>(4)</sup>

	Facilities and leasehold improvements	Machinery and equipment	Furniture and fixtures	IT equipment	Property and equipment in progress	Other property and equipment	Total
<b>PARENT</b>							
<b>At December 31, 2021</b>							
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)
<b>Net value</b>	<b>538,303</b>	<b>306,262</b>	<b>71,251</b>	<b>21,194</b>	<b>70,425</b>	<b>44,358</b>	<b>1,051,793</b>
Additions <sup>(3)</sup>	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 <sup>(2)</sup>	42,524	23,436	9,427	1,231	(95,887)	6,474	(12,795)
<b>At December 31, 2022</b>							
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)
<b>Net value</b>	<b>509,485</b>	<b>302,296</b>	<b>78,305</b>	<b>19,463</b>	<b>85,967</b>	<b>40,571</b>	<b>1,036,087</b>
Additions <sup>(3)</sup>	15,657	22,675	4,569	874	6,915	2,741	53,431
Write-offs	(452)	(10,948)	(243)	(73)	(15)	-	(11,731)
Depreciation	(23,814)	(13,481)	(3,341)	(1,905)	-	(3,705)	(46,246)
Transfers and reclassifications	13,400	10,505	2,856	433	(32,139)	4,945	-
<b>At March 31, 2023</b>							
Cost	1,069,444	534,737	141,346	46,584	60,728	111,950	1,964,789
Accumulated depreciation	(555,168)	(223,690)	(59,200)	(27,792)	-	(67,398)	(933,248)
<b>Net value</b>	<b>514,276</b>	<b>311,047</b>	<b>82,146</b>	<b>18,792</b>	<b>60,728</b>	<b>44,552</b>	<b>1,031,541</b>
<b>CONSOLIDATED</b>							
<b>At December 31, 2021</b>							
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)
<b>Net value</b>	<b>1,599,827</b>	<b>571,480</b>	<b>143,849</b>	<b>50,384</b>	<b>271,365</b>	<b>60,107</b>	<b>2,697,012</b>
Additions <sup>(3)</sup>	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 <sup>(2)</sup>	419,224	188,452	44,724	28,544	(685,514)	4,098	(472)
<b>At December 31, 2022</b>							
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)
<b>Net value</b>	<b>1,796,181</b>	<b>664,805</b>	<b>175,612</b>	<b>61,869</b>	<b>363,384</b>	<b>70,168</b>	<b>3,132,019</b>
Additions <sup>(3)</sup>	27,601	31,913	5,639	1,623	153,981	4,459	225,216
Write-offs	(5,561)	(10,732)	(224)	(313)	(798)	(51)	(17,679)
Acquisition of subsidiaries	106,035	41,177	21,754	2,064	3,292	4,951	179,273
Depreciation	(74,671)	(33,212)	(8,834)	(6,878)	-	(6,093)	(129,688)
FX effects	34,194	4,451	3,422	1,613	11,234	129	55,043
Transfers and reclassifications <sup>(1)</sup>	157,628	29,024	16,970	(1,439)	(217,788)	18,124	2,519
<b>At March 31, 2023</b>							
Cost	3,319,581	1,218,488	357,438	142,143	313,305	253,160	5,604,115
Accumulated depreciation	(1,278,174)	(491,062)	(143,099)	(83,604)	-	(161,473)	(2,157,412)
<b>Net value</b>	<b>2,041,407</b>	<b>727,426</b>	<b>214,339</b>	<b>58,539</b>	<b>313,305</b>	<b>91,687</b>	<b>3,446,703</b>

(1) 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\$96 (see note 13) and Right-of-use assets reclassified to Property and equipment in the amount of R\$2,423 (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 March 31, 2023, this includes finance costs, capitalized at R\$365 (R\$3,000 in Dec/22).

(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<sup>(3)</sup>

	Goodwill <sup>(2)</sup>	Assignment of right of use	Software	Customer list	Trademarks and patents	Total
<b>PARENT</b>						
<b>At December 31, 2021</b>						
Cost	82,320	42,773	30,979	-	8,478	164,550
Accumulated amortization	-	(35,124)	(8,247)	-	-	(43,371)
<b>Net value</b>	<b>82,320</b>	<b>7,649</b>	<b>22,732</b>	<b>-</b>	<b>8,478</b>	<b>121,179</b>
Additions	-	-	6,688	-	-	6,688
Write-offs	-	-	(44)	-	-	(44)
Amortization	-	(1,685)	(5,451)	-	-	(7,136)
Transfers and reclassifications <sup>(1)</sup>	-	-	12,795	-	-	12,795
<b>At December 31, 2022</b>						
Cost	82,320	42,773	50,398	-	8,478	183,969
Accumulated amortization	-	(36,809)	(13,678)	-	-	(50,487)
<b>Net value</b>	<b>82,320</b>	<b>5,964</b>	<b>36,720</b>	<b>-</b>	<b>8,478</b>	<b>133,482</b>
Additions	-	-	2,386	-	-	2,386
Write-offs	-	-	(5)	-	-	(5)
Amortization	-	(421)	(1,935)	-	-	(2,356)
Transfers and reclassifications	-	-	-	-	-	-
<b>At March 31, 2023</b>						
Cost	82,320	42,773	52,645	-	8,478	186,216
Accumulated amortization	-	(37,230)	(15,479)	-	-	(52,709)
<b>Net value</b>	<b>82,320</b>	<b>5,543</b>	<b>37,166</b>	<b>-</b>	<b>8,478</b>	<b>133,507</b>
<b>CONSOLIDATED</b>						
<b>At December 31, 2022</b>						
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)
<b>Net value</b>	<b>1,433,185</b>	<b>23,404</b>	<b>38,307</b>	<b>2,097</b>	<b>22,765</b>	<b>1,519,758</b>
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 <sup>(1)</sup>	-	-	15,934	-	156	16,090
<b>At December 31, 2022</b>						
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)
<b>Net value</b>	<b>1,323,956</b>	<b>17,656</b>	<b>56,761</b>	<b>1,478</b>	<b>12,607</b>	<b>1,412,458</b>
Additions	241,576 <sup>(4)</sup>	-	3,189	-	270	245,035
Acquisitions of subsidiaries	-	-	123	-	-	123
Write-offs	-	(121)	(29)	-	-	(150)
Amortization	-	(1,180)	(3,867)	-	(1,493)	(6,540)
FX effects	42,854	136	148	(28)	126	43,236
Transfers and reclassifications <sup>(1)</sup>	-	-	(207)	-	111	(96)
<b>At March 31, 2023</b>						
Cost	1,608,386	69,957	104,276	44,761	29,795	1,857,175
Accumulated amortization	-	(53,466)	(48,158)	(43,311)	(18,174)	(163,109)
<b>Net value</b>	<b>1,608,386</b>	<b>16,491</b>	<b>56,118</b>	<b>1,450</b>	<b>11,621</b>	<b>1,694,066</b>

(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, Sparty City Colombia, Latamfit Chile, Latamgym Mexico, Pro Forma, MB Negócios Digitais, Just Fit and Sparty 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 Sparty Panama. See note 3.

## 14. LEASES

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

	Parent			Consolidated		
	Machinery and equipment	Buildings <sup>(4)</sup>	Total	Machinery and equipment	Buildings <sup>(4)</sup>	Total
<b>Right-of-use assets</b>						
<b>At December 31, 2021</b>	-	<b>1,015,072</b>	<b>1,015,072</b>	<b>170,794</b>	<b>2,639,611</b>	<b>2,810,405</b>
Additions and remeasurements <sup>(3)</sup>	-	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 <sup>(1)</sup>	-	(6,064)	(6,064)	-	-	-
FX effects	-	-	-	(15,930)	(51,683)	(67,613)
Transfers and reclassifications <sup>(2)</sup>	-	-	-	(15,618)	-	(15,618)
<b>At December 31, 2022</b>	-	<b>1,029,761</b>	<b>1,029,761</b>	<b>126,123</b>	<b>2,941,246</b>	<b>3,067,369</b>
Additions and remeasurements <sup>(3)</sup>	-	63,402	63,402	6,495	198,710	205,205
Acquisitions of subsidiaries	-	-	-	-	95,900	95,900
Write-offs	-	(2,357)	(2,357)	-	(6,191)	(6,191)
Depreciation	-	(48,212)	(48,212)	(9,438)	(123,178)	(132,616)
Tax credits on depreciation	-	(3,923)	(3,923)	-	(4,788)	(4,788)
FX effects	-	-	-	5,041	65,391	70,432
Transfers and reclassifications <sup>(2)</sup>	-	-	-	(2,423)	-	(2,423)
<b>At March 31, 2023</b>	-	<b>1,038,671</b>	<b>1,038,671</b>	<b>125,798</b>	<b>3,167,090</b>	<b>3,292,888</b>

(1) Refer to the assignment of rental contracts related to Company's units transferred to other Group companies in the year ended December 31, 2022.

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

(3) Includes R\$ 8,156 in Parent (R\$ 14,449 in Dec/22) and R\$ 8,156 in Consolidated for initial direct costs (R\$ 18,223 in Dec/22).

(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
<b>Lease liabilities</b>						
<b>At December 31, 2021</b>	-	<b>1,067,726</b>	<b>1,067,726</b>	<b>164,772</b>	<b>2,856,287</b>	<b>3,021,059</b>
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 <sup>(1)</sup>	-	(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 <sup>(2)</sup>	-	(6,219)	(6,219)	-	-	-
FX effects	-	-	-	(17,279)	(71,944)	(89,223)
<b>At December 31, 2022</b>	-	<b>1,089,870</b>	<b>1,089,870</b>	<b>117,771</b>	<b>3,211,676</b>	<b>3,329,447</b>
Additions and remeasurements	-	55,246	55,246	6,495	190,554	197,049
Acquisitions of subsidiaries	-	-	-	-	109,498	109,498
Write-offs	-	(2,771)	(2,771)	-	(7,051)	(7,051)
Interest incurred	-	21,951	21,951	4,280	75,620	79,900
Considerations <sup>(1)</sup>	-	(69,654)	(69,654)	(18,340)	(181,326)	(199,666)
Tax credits on interest	-	1,491	1,491	-	1,849	1,849
FX effects	-	-	-	4,561	68,780	73,341
<b>At March 31, 2023</b>	-	<b>1,096,133</b>	<b>1,096,133</b>	<b>114,767</b>	<b>3,469,600</b>	<b>3,584,367</b>
<b>Current</b>	-	<b>180,043</b>	<b>180,043</b>	<b>54,003</b>	<b>427,934</b>	<b>481,937</b>
<b>Noncurrent</b>	-	<b>916,090</b>	<b>916,090</b>	<b>60,764</b>	<b>3,041,666</b>	<b>3,102,430</b>

(1) Due to the one-off discounts obtained with property owners, the Group recognized R\$629 in Parent and R\$2,141 in Consolidated as discounts obtained with leases in the period ended March 31, 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 year ended December 31, 2022.

## 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	43,492	308,647	352,139
2024	41,180	412,527	453,707
2025	21,888	403,467	425,355
2026	4,916	401,091	406,007
2027 onwards	3,291	1,943,868	1,947,159
<b>Total</b>	<b>114,767</b>	<b>3,469,600</b>	<b>3,584,367</b>

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	5,031,208	3,469,600
PIS/COFINS – 9.25% <sup>(1)</sup>	148,112	110,317

(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 March 31, 2023, the Company did not incur expenses in Parent and incurred expenses of R\$1,448 in Consolidated (R\$8 and R\$767 in Parent and Consolidated, respectively, at March 31, 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/ inflator
<b>Right-of-use assets</b>	<b>3,167,090</b>	<b>3,884,937</b>
Lease liabilities	1,892,761	1,859,586
Finance charges	1,576,839	2,537,248
<b>Total Lease liabilities</b>	<b>3,469,600</b>	<b>4,396,834</b>
Finance costs	1,576,839	2,537,248
Depreciation expense	1,908,346	4,114,994
<b>Total expenses<sup>(1)</sup></b>	<b>3,485,185</b>	<b>6,652,242</b>

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

## 15. OTHER LIABILITIES

### BREAKDOWN OF BALANCES

	Parent		Consolidated	
	03/31/2023	12/31/2022	03/31/2023	12/31/2022
<b>Other liabilities</b>				
Related parties <sup>(1)</sup>	57,189	53,956	1,766	2,473
Taxes and contributions payable <sup>(2)</sup>	69,214	45,870	101,682	75,794
Salaries, accruals and social contributions	41,713	38,308	91,885	72,393
Investments in subsidiaries and joint ventures with negative equity <sup>(3)</sup>	-	2,437	-	-
Acquisition of control - Sporty Panama	174,444	309,601	174,444	309,601
Contingent consideration - MB Negócios Digitais	3,661	3,547	3,661	3,547
Contingent consideration – Latamfit Chile	5,315	5,461	5,315	5,461
Contingent consideration – Just Fit <sup>(4)</sup>	2,767	2,767	2,767	2,767
Increase in equity interest – ADV	-	-	4,919	9,838
Others	4,210	4,254	20,613	22,193
<b>Total</b>	<b>358,513</b>	<b>466,201</b>	<b>407,052</b>	<b>504,067</b>
<b>Current</b>	<b>350,973</b>	<b>277,081</b>	<b>386,571</b>	<b>304,859</b>
<b>Noncurrent</b>	<b>7,540</b>	<b>189,120</b>	<b>20,481</b>	<b>199,208</b>

(1) See note 25.

(2) In Consolidated, this includes mainly ISS of R\$7,290 (R\$8,723 in Dec/22) and PIS/COFINS of R\$67,667 (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	
	03/31/2023	12/31/2022	03/31/2023	12/31/2022
<b>Borrowings</b>				
Debentures	1,647,996	1,696,072	1,647,996	1,696,072
Commercial notes (formerly promissory notes)	266,776	257,361	266,776	257,361
Working capital	46,409	46,597	1,490,252	1,466,461
<b>Total</b>	<b>1,961,181</b>	<b>2,000,030</b>	<b>3,405,024</b>	<b>3,419,894</b>
<b>Current</b>	<b>187,626</b>	<b>96,531</b>	<b>624,286</b>	<b>488,226</b>
<b>Noncurrent</b>	<b>1,773,555</b>	<b>1,903,499</b>	<b>2,780,738</b>	<b>2,931,668</b>

## CHANGES FOR THE PERIOD

	Parent	Consolidated
	<b>Borrowings</b>	
<b>At December 31, 2021</b>	<b>2,102,990</b>	<b>3,590,495</b>
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)
<b>At December 31, 2022</b>	<b>2,000,030</b>	<b>3,419,894</b>
Fundraising	-	36,385
Acquisitions of subsidiaries	-	42,196
Accrued interest and cost amortization	74,515	119,832
Principal paid	(100,010)	(194,382)
Interest payment	(13,354)	(54,641)
Exchange differences	-	35,740
<b>At March 31, 2023</b>	<b>1,961,181</b>	<b>3,405,024</b>

## DESCRIPTION OF THE MAIN FINANCIAL AGREEMENTS

	Currency of the agreement	Par value in the currency of the agreement (in millions)	Charges (p.a.)	Maturity	03/31/2023	12/31/2022
<b>PARENT</b>						
<b>DEBENTURES</b>						
Fifth issue	BRL	250.0	CDI + 2.15%	04/30/2025	146,894	252,133
Sixth issue	BRL	1,060.0	CDI + 2.40%	12/20/2028	1,090,490	1,048,633
Seventh issue - 1 <sup>st</sup> series	BRL	362.0	CDI + 1.50%	10/10/2029	371,813	358,052
Seventh issue - 2 <sup>nd</sup> series	BRL	38.0	IPCA+7.37%	10/10/2029	38,799	37,254
<b>COMMERCIAL NOTES (FORMERLY PROMISSORY NOTES)</b>						
Single series	BRL	267.0	CDI + 2.15%	03/08/2025	266,776	257,361
<b>WORKING CAPITAL</b>						
Smartfit Brasil <sup>(1)</sup>	BRL	100.0	CDI + 2.49%	08/15/2027	11,315	11,342
<b>SUBSIDIARIES</b>						
<b>WORKING CAPITAL</b>						
Latamgym Mexico <sup>(2)</sup>	MXN	1,300.0	TIIE + 1.90%	03/17/2025	210,578	224,819
Latamgym Mexico <sup>(3)</sup>	MXN	356.7	TIIE + 2.80%	2023-2024	31,406	37,620
Latamgym Mexico	MXN	290.0	TIIE + 2.00%	05/31/2027	80,389	77,343
Latamgym Mexico	MXN	100.0	TIIE + 2.00%	09/30/2027	27,682	26,670
Latamgym Mexico	MXN	150.0	TIIE + 2.00%	12/31/2027	40,759	40,005
Latamgym Mexico	MXN	100.0	TIIE + 2.00%	10/30/2027	27,682	26,172
Sporty City Colombia	COP	40,000.0	IBR + 5.93%	02/09/2027	43,005	43,120
Sporty City Colombia	COP	36,000.0	IBR + 5.75%	04/01/2027	39,528	38,808
Latamfit Chile	CLP	25,218.6	7.22%	07/05/2024	81,147	77,476
Latamfit Chile	CLP	23,000.0	9.48%	12/29/2025	147,453	140,783
Latamfit Chile	CLP	11,091.2	5.67%	12/02/2024	41,264	39,397
Smartfit Peru	PEN	66.0	8.00%	08/09/2024	33,271	40,775
Smartfit Peru	PEN	62.7	4.78%	07/15/2025	83,909	86,414
Smartfit Peru	PEN	119.1	10.65%	11/30/2025	159,530	163,135
Smartfit Peru	PEN	60.0	8.11%	09/30/2024	81,387	82,698

- (1) This has as guarantee: (i) fiduciary assignment of credit rights, present and future, arising from sales made through credit cards of the Visa and/or Mastercard brands; (ii) fiduciary assignment of financial investments, represented by fixed income investment fund and/or CDB issued by the creditor; (iii) fiduciary assignment of credit rights arising from the Company's checking account.
- (2) Non-revolving credit agreement due in two installments, with final maturity on March 17, 2025, with monthly principal repayments beginning after the 25<sup>th</sup> 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.
- (3) Non-revolving credit agreement with monthly capital repayments starting after the 12<sup>th</sup> 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 3<sup>rd</sup> 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 according 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 1<sup>st</sup> 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.

Based on the analysis performed according to IFRS 9, the renegotiation was classified as a debt modification.

## COVENANTS

The Company made an analysis of the operating guarantees and as at March 31, 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
<b>PARENT</b>				
<b>At December 31, 2021</b>	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	-
<b>At December 31, 2022</b>	<b>1,680</b>	<b>1,433</b>	<b>1,512</b>	<b>4,625</b>
Additions and increases	127	143	66	336
Write-offs and reversals	(125)	-	(60)	(185)
<b>At March 31, 2023</b>	<b>1,682</b>	<b>1,576</b>	<b>1,518</b>	<b>4,776</b>
<b>CONSOLIDATED</b>				
<b>At December 31, 2021</b>	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	-
<b>At December 31, 2022</b>	<b>7,418</b>	<b>1,608</b>	<b>15,862</b>	<b>24,888</b>
Additions and increases	138	145	108	391
Write-offs and reversals	(267)	(38)	(60)	(365)
<b>At March 31, 2023</b>	<b>7,289</b>	<b>1,715</b>	<b>15,910</b>	<b>24,914</b>

## LAWSUITS CLASSIFIED AS POSSIBLE LOSS

The Company's Management did not consider it 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:

	03/31/2023	12/31/2022
<b>Consolidated</b>		
Civil	9,853	8,485
Labor	2,075	1,865
Tax	9,639	8,681
<b>Total</b>	<b>21,567</b>	<b>19,031</b>

## 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

	Three-month period ended			
	Parent		Consolidated	
	03/31/2023	03/31/2022	03/31/2023	03/31/2022
<b>Income tax and social contribution</b>				
Current	(8,519)	-	(34,411)	(11,927)
Deferred	-	-	13,312	9,204
<b>Total</b>	<b>(8,519)</b>	<b>-</b>	<b>(21,099)</b>	<b>(2,723)</b>

## RECONCILIATION OF EFFECTIVE INCOME TAX AND SOCIAL CONTRIBUTION EXPENSE

	Three-month period ended			
	Parent		Consolidated	
	03/31/2023	03/31/2022	03/31/2023	03/31/2022
<b>Income tax and social contribution</b>				
Profit (loss) before income tax and social contribution	91,203	(90,899)	105,042	(87,795)
Statutory rate in Brazil	34%	34%	34%	34%
<b>Expected tax assets</b>	<b>(31,009)</b>	<b>30,906</b>	<b>(35,714)</b>	<b>29,850</b>
Share of profit (loss) of investees	28,927	(3,011)	610	220
Unrecognized deferred tax – temporary differences	(3,760)	(11,538)	(4,022)	(14,469)
Unrecognized deferred tax – tax loss carryforwards	-	(16,786)	-	(12,877)
Offset of tax loss	3,719	-	5,093	-
Adjustment of companies taxed on the presumed profit	-	-	6,531	1,417
Difference in rates of foreign subsidiaries	-	-	21,398	(4,998)
Others	(6,396)	429	(14,995)	(1,866)
<b>Total</b>	<b>(8,519)</b>	<b>-</b>	<b>(21,099)</b>	<b>(2,723)</b>

## BREAKDOWN OF DEFERRED INCOME TAX AND SOCIAL CONTRIBUTION

	12/31/2021	Income	Other comprehensive income	Exchange differences	12/31/2022
<b>PARENT</b>					
<b>Deferred assets</b>					
Leases	25,816	1,768	-	-	27,584
Tax losses	263,863	2,207	-	-	266,070
Provisions	36,165	28,603	-	-	64,768
<b>Subtotal</b>	<b>325,844</b>	<b>32,578</b>	<b>-</b>	<b>-</b>	<b>358,422</b>
Unrecognized deferred tax	(325,844)	(32,578)	-	-	(358,422)
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CONSOLIDATED</b>					
<b>Deferred assets</b>					
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
<b>Deferred liabilities</b>					
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)
<b>Subtotal</b>	<b>582,206</b>	<b>101,605</b>	<b>3,386</b>	<b>(19,336)</b>	<b>667,861</b>
Unrecognized deferred tax	(440,400)	(42,248)	-	-	(482,648)
<b>Total</b>	<b>141,806</b>	<b>59,357</b>	<b>3,386</b>	<b>(19,336)</b>	<b>185,213</b>

	12/31/2022	Income	Acquisition of subsidiaries	Reclassifications	Other comprehensive income	Exchange differences	03/31/2023
<b>PARENT</b>							
<b>Deferred assets</b>							
Leases	27,584	1,874	-	-	-	-	29,458
Tax losses	266,070	(3,719)	-	-	-	-	262,351
Provisions	64,768	1,886	-	-	-	-	66,654
<b>Subtotal</b>	<b>358,422</b>	<b>41</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>358,463</b>
Unrecognized deferred tax	(358,422)	(41)	-	-	-	-	(358,463)
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CONSOLIDATED</b>							
<b>Deferred assets</b>							
Property and equipment	97,922	12,498	1,929	(3,197)	-	5,188	114,340
Leases	84,702	8,328	4,141	(500)	-	1,740	98,411
Tax losses	418,804	(472)	2,791	115	-	61	421,299
Provisions	83,267	10,126	-	-	-	453	93,846
Deferred revenue	9,896	(2,729)	-	-	-	539	7,706
Investments in financial assets	3,386	-	-	-	(1,642)	193	1,937
Others	4,556	743	-	500	-	218	6,017
<b>Deferred liabilities</b>							
Derivative financial instruments	(3,553)	460	-	-	-	(198)	(3,291)
Deferred liabilities generated by business combinations	(3,103)	737	-	-	-	(43)	(2,409)
Property and equipment	(23,504)	(8,466)	-	3,197	-	(434)	(29,207)
Leases	-	801	-	(7,170)	-	1,162	(5,207)
Others	(4,512)	(9,785)	-	7,055	-	(112)	(7,354)
<b>Subtotal</b>	<b>667,861</b>	<b>12,241</b>	<b>8,861</b>	<b>-</b>	<b>(1,642)</b>	<b>8,767</b>	<b>696,088</b>
Unrecognized deferred tax	(482,648)	1,071	-	-	-	-	(481,577)
<b>Total</b>	<b>185,213</b>	<b>13,312</b>	<b>8,861</b>	<b>-</b>	<b>(1,642)</b>	<b>8,767</b>	<b>214,511</b>

#### 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 March 31, 2023, the balance of income tax and social contribution losses amounted to R\$1,091,049 (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 March 31, 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:

	12/31/2022		03/31/2023	
	Common shares	%	Common shares	%
<b>Shareholder</b>				
Corona family	87,013,794	14.84%	87,015,094	14.84%
Pátria	240,423,729	41.01%	224,423,729	38.28%
<b>Shares held by owners of the Company</b>	<b>327,437,523</b>	<b>55.85%</b>	<b>311,438,823</b>	<b>53.12%</b>
Canada Pension Plan Investment Board <sup>(1)</sup> – CPPIB	70,851,035	12.09%	70,851,035	12.09%
Novastar Investment Pte. Ltd <sup>(1)</sup> – GIC	52,673,584	8.98%	52,673,584	8.98%
Other shareholders <sup>(1)</sup>	135,280,147	23.08%	151,278,847	25.80%
<b>Shares publicly traded in the market</b>	<b>258,804,766</b>	<b>44.15%</b>	<b>274,803,466</b>	<b>46.88%</b>
<b>Total</b>	<b>586,242,289</b>	<b>100.00%</b>	<b>586,242,289</b>	<b>100.00%</b>

## 20. OPERATING REVENUE AND DEFERRED REVENUE

## BREAKDOWN OF OPERATING REVENUE

	Three-month period ended			
	Parent		Consolidated	
	03/31/2023	03/31/2022	03/31/2023	03/31/2022
<b>Operating revenue by type of service</b>				
Gym plans	346,845	232,647	917,884	592,487
Annual fees	24,497	26,269	77,326	48,607
Membership fees	550	139	9,953	10,229
Others	12,936	2,160	45,628	18,167
<b>Gross operating revenue</b>	<b>384,828</b>	<b>261,215</b>	<b>1,050,791</b>	<b>669,490</b>
Taxes on revenue	(50,015)	(33,619)	(68,848)	(47,502)
<b>Net operating revenue</b>	<b>334,813</b>	<b>227,596</b>	<b>981,943</b>	<b>621,988</b>

Operating revenues by geographic region are disclosed in note 24.

## BREAKDOWN OF DEFERRED REVENUE

	Three-month period ended			
	Parent		Consolidated	
	03/31/2023	12/31/2022	03/31/2023	12/31/2022
<b>Deferred revenue</b>				
Gym plans	4,775	4,765	33,121	43,072
Annual fees	45,279	56,954	189,887	174,548
Membership fees	1,753	1,009	11,082	9,989
Others	1,274	1,478	1,274	1,478
<b>Total</b>	<b>53,081</b>	<b>64,206</b>	<b>235,364</b>	<b>229,087</b>
<b>Current</b>	<b>52,623</b>	<b>63,544</b>	<b>234,906</b>	<b>228,425</b>
<b>Noncurrent</b>	<b>458</b>	<b>662</b>	<b>458</b>	<b>662</b>

## 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:

	Three-month period ended					
	03/31/2023			03/31/2022		
	Costs	Expenses	Total	Costs	Expenses	Total
<b>PARENT</b>						
Personnel and related taxes	51,443	23,630	75,073	41,092	29,403	70,495
Depreciation and amortization, net of PIS and COFINS	89,668	3,074	92,742	82,609	3,482	86,091
Utilities expenses	36,392	1,753	38,145	31,032	1,022	32,054
Operational support services	20,354	13,937	34,291	24,749	9,765	34,514
Opening of new units	884	603	1,487	2,856	1,629	4,485
Variable lease of real estate, common area maintenance fees and occupancy expenses	11,925	474	12,399	13,819	297	14,116
Maintenance	7,060	356	7,416	4,667	-	4,667
Media and commercials	-	32,617	32,617	-	40,889	40,889
Credit card management fee	-	4,466	4,466	-	1,521	1,521
Allocation to stock option plans	-	2,111	2,111	-	3,410	3,410
Others	4,196	9,945	14,141	2,252	7,059	9,311
<b>Total</b>	<b>221,922</b>	<b>92,966</b>	<b>314,888</b>	<b>203,076</b>	<b>98,477</b>	<b>301,553</b>
<b>CONSOLIDATED</b>						
Personnel and related taxes	127,566	54,435	182,001	93,791	52,215	146,006
Depreciation and amortization, net of PIS and COFINS	258,037	5,840	263,877	197,596	6,777	204,373
Utilities expenses	85,012	3,583	88,595	65,267	2,651	67,918
Operational support services	43,065	23,950	67,015	44,438	15,919	60,357
Opening of new units	2,569	4,342	6,911	5,686	5,487	11,173
Variable lease of real estate, common area maintenance fees and occupancy expenses	30,565	1,352	31,917	29,121	625	29,746
Maintenance	22,773	545	23,318	15,481	-	15,481
Media and commercials	-	59,976	59,976	-	61,950	61,950
Credit card management fee	-	16,851	16,851	-	9,433	9,433
Allocation to stock option plans	-	2,467	2,467	-	4,057	4,057
Others	10,142	22,236	32,378	5,885	16,803	22,688
<b>Total</b>	<b>579,729</b>	<b>195,577</b>	<b>775,306</b>	<b>457,265</b>	<b>175,917</b>	<b>633,182</b>

## 22. FINANCE INCOME (COSTS)

	Three-month period ended			
	Parent		Consolidated	
	03/31/2023	03/31/2022	03/31/2023	03/31/2022
<b>FINANCE INCOME</b>				
Interest income	4,767	1,074	8,030	1,712
Exchange differences	9,584	-	14,494	4,009
Income from financial investments	69,956	69,800	82,416	77,915
Gain (loss) on derivative financial instruments	6,545	-	7,772	-
Discounts obtained on leases	629	468	2,141	3,250
Other finance income	412	15,878	663	15,878
<b>Total finance income</b>	<b>91,893</b>	<b>87,220</b>	<b>115,516</b>	<b>102,764</b>
<b>FINANCE COSTS</b>				
Interest on borrowings	(74,150)	(67,807)	(119,467)	(96,197)
Interest on leases	(21,951)	(21,208)	(79,900)	(64,847)
Exchange differences	(4,148)	(492)	(8,751)	(6,513)
Gain (loss) on derivative financial instruments	(1,164)	(2,387)	(3,947)	(2,387)
Other finance costs	(4,281)	(3,412)	(6,840)	(10,067)
<b>Total finance costs</b>	<b>(105,694)</b>	<b>(95,306)</b>	<b>(218,905)</b>	<b>(180,011)</b>
<b>Total finance income (costs), net</b>	<b>(13,801)</b>	<b>(8,086)</b>	<b>(103,389)</b>	<b>(77,247)</b>

## 23. EARNINGS 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 March 31, 2023: As at March 31, 2022, stock options had no dilutive effect on earnings per share.

	Three-month period ended			
	Basic		Diluted	
	03/31/2023	03/31/2022	03/31/2023	03/31/2022
<b>Earnings (loss) per share</b>				
Earnings (loss) attributable to owners of the Company	82,684	(90,899)	82,684	(90,899)
Weighted average number of shares during the period	586,242,289	586,242,289	607,687,205	586,242,289
<b>Earnings (loss) per share</b>	<b>0,1410</b>	<b>(0,1551)</b>	<b>0,1361</b>	<b>(0,1551)</b>

## 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.

Three-month period ended March 31, 2023

	Brazil			Mexico			Other Latin America			Share of profit (loss) of investees	Consolidated
	Smartfit	Bio Ritmo	Others	Total	Smartfit	Smartfit	Others	Total			
	<b>SEGMENTS</b>										
Operating revenue	383,524	30,534	54,031	468,089	226,886	285,120	1,848	286,968	-	981,943	
Costs	(247,639)	(20,741)	(11,831)	(280,211)	(143,594)	(154,570)	(1,354)	(155,924)	-	(579,729)	
<b>Gross profit</b>	<b>135,885</b>	<b>9,793</b>	<b>42,200</b>	<b>187,878</b>	<b>83,292</b>	<b>130,550</b>	<b>494</b>	<b>131,044</b>	-	<b>402,214</b>	
Selling expenses				(48,927)	(19,550)			(12,692)	-	(81,169)	
General and administrative expenses				(70,623)	(8,474)			(19,667)	-	(98,764)	
Other operating income (expenses), net				(10,544)	(4,866)			(234)	-	(15,644)	
Share of profit (loss) of investees				-	-			-	1,794	1,794	
<b>Operating profit before finance income (costs)</b>				<b>57,784</b>	<b>50,402</b>			<b>98,451</b>	<b>1,794</b>	<b>208,431</b>	
<b>OTHER INFORMATION</b>											
Costs	(106,168)	(6,668)	(4,001)	(116,837)	(75,613)	(69,946)	(608)	(70,554)	-	(263,004)	
Expenses	(170)	-	(4,120)	(4,290)	(516)	(1,034)	-	(1,034)	-	(5,840)	
<b>Depreciation and amortization</b>	<b>(106,338)</b>	<b>(6,668)</b>	<b>(8,121)</b>	<b>(121,127)</b>	<b>(76,129)</b>	<b>(70,980)</b>	<b>(608)</b>	<b>(71,588)</b>	-	<b>(268,844)</b>	
Costs	(71,835)	(5,185)	(1,516)	(78,536)	(51,940)	(40,762)	(500)	(41,262)	-	(171,738)	
Expenses	(201)	-	(644)	(845)	(508)	(529)	-	(529)	-	(1,882)	
<b>Fixed lease</b>	<b>(72,036)</b>	<b>(5,185)</b>	<b>(2,160)</b>	<b>(79,381)</b>	<b>(52,448)</b>	<b>(41,291)</b>	<b>(500)</b>	<b>(41,791)</b>	-	<b>(173,620)</b>	
Costs	(884)	(207)	(84)	(1,175)	(888)	(506)	-	(506)	-	(2,569)	
Expenses	(603)	-	-	(603)	(3,073)	(666)	-	(666)	-	(4,342)	
<b>Opening of new units</b>	<b>(1,487)</b>	<b>(207)</b>	<b>(84)</b>	<b>(1,778)</b>	<b>(3,961)</b>	<b>(1,172)</b>	-	<b>(1,172)</b>	-	<b>(6,911)</b>	

Three-month period ended March 31, 2022

	Brazil			Mexico			Other Latin America			Share of profit (loss) of investees	Consolidated
	Smartfit	Bio Ritmo	Others	Total	Smartfit	Smartfit	Others	Total			
	<b>SEGMENTS</b>										
Operating revenue	260,654	21,699	48,158	330,511	125,652	163,869	1,956	165,825	-	621,988	
Costs	(233,475)	(16,836)	(4,676)	(254,987)	(94,844)	(104,219)	(3,215)	(107,434)	-	(457,265)	
<b>Gross profit (loss)</b>	<b>27,179</b>	<b>4,863</b>	<b>43,482</b>	<b>75,524</b>	<b>30,808</b>	<b>59,650</b>	<b>(1,259)</b>	<b>58,391</b>	-	<b>164,723</b>	
Selling expenses				(54,968)	(12,499)			(9,219)	-	(76,686)	
General and administrative expenses				(69,102)	(6,555)			(12,400)	-	(88,057)	
Other operating income (expenses), net				(10,823)	153			(504)	-	(11,174)	
Share of profit (loss) of investees				-	-			-	646	646	
<b>Operating profit (loss) before finance income (costs)</b>				<b>(59,369)</b>	<b>11,907</b>			<b>36,268</b>	<b>646</b>	<b>(10,548)</b>	
<b>OTHER INFORMATION</b>											
Costs	(104,331)	(4,379)	4,384	(104,326)	(49,343)	(48,688)	(1,000)	(49,688)	-	(203,357)	
Expenses	(2,059)	16	(3,202)	(5,245)	(881)	(651)	-	(651)	-	(6,777)	
<b>Depreciation and amortization</b>	<b>(106,390)</b>	<b>(4,363)</b>	<b>1,182</b>	<b>(109,571)</b>	<b>(50,224)</b>	<b>(49,339)</b>	<b>(1,000)</b>	<b>(50,339)</b>	-	<b>(210,134)</b>	
Costs	(62,319)	(4,462)	(852)	(67,633)	(35,253)	(27,806)	(742)	(28,548)	-	(131,434)	
Expenses	(185)	-	(815)	(1,000)	(402)	(376)	-	(376)	-	(1,778)	
<b>Fixed lease</b>	<b>(62,504)</b>	<b>(4,462)</b>	<b>(1,667)</b>	<b>(68,633)</b>	<b>(35,655)</b>	<b>(28,182)</b>	<b>(742)</b>	<b>(28,924)</b>	-	<b>(133,212)</b>	
Costs	(2,856)	(1)	(280)	(3,137)	(115)	(2,433)	-	(2,433)	-	(5,685)	
Expenses	(1,629)	(5)	(87)	(1,721)	(3,302)	(465)	-	(465)	-	(5,488)	
<b>Opening of new units</b>	<b>(4,485)</b>	<b>(6)</b>	<b>(367)</b>	<b>(4,858)</b>	<b>(3,417)</b>	<b>(2,898)</b>	-	<b>(2,898)</b>	-	<b>(11,173)</b>	

## 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 March 2023 are recognized in profit or loss in the amount of R\$ 153 (R\$ 140 in March 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\$3,010 in March 2023 (R\$2,179 in March 22). The expense on the stock option plan for Company officers was R\$816.

RELATED-PARTY BALANCES

	03/31/2023				12/31/2022			
	Other receivables		Other liabilities		Other receivables		Other liabilities	
	Trading transactions <sup>(1)</sup>	Loans, interest on capital and dividends <sup>(2)</sup>	Trading transactions <sup>(1)</sup>	Loans, interest on capital and dividends <sup>(2)</sup>	Trading transactions <sup>(1)</sup>	Loans, interest on capital and dividends <sup>(2)</sup>	Trading transactions <sup>(1)</sup>	Loans, interest on capital and dividends <sup>(2)</sup>
<b>PARENT</b>								
<b>Subsidiaries</b>								
ADV Esportes	9,777	2,135	1,218	-	11,937	2,135	458	-
Smartfin	26,396	-	2,625	-	34,867	-	3,708	-
Smartdom	15	9,182	7	-	37	8,791	3	-
Bio Plaza	34	4,476	560	-	109	4,288	595	-
Asnsmart	118	4,152	586	-	92	3,973	543	-
Bioswim	25,514	660	34,463 <sup>(3)</sup>	-	29,050	660	35,858 <sup>(3)</sup>	-
Biosanta	15	2,817	8	-	-	2,696	12	-
Microsul	1,053	-	1	-	1,162	-	-	-
Smartrfe	2,442	992	130	-	2,484	992	17	-
Centrale	1,496	-	1,048	-	757	-	1,048	-
M2	1	307	538	-	34	307	666	-
SmartMNG	1,045	1,481	214	-	785	1,480	10	-
Biomorum	108	-	11,197	-	86	-	8,764	-
Racebootcamp	2,675	-	824	-	1,730	-	-	-
TotalPass	17,170	-	3,087	-	13,560	-	1,751	-
Just Fit	182	-	160	-	28	-	-	-
Bio Pauli	-	-	-	518	-	-	-	518
Bio Franqueadora	-	-	5	-	-	-	5	-
MB Negócios Digitais	-	2,861	-	-	-	2,861	-	-
<b>Total balances with related parties</b>	<b>88,041</b>	<b>29,063</b>	<b>56,671</b>	<b>518</b>	<b>96,718</b>	<b>28,183</b>	<b>53,438</b>	<b>518</b>
<b>CONSOLIDATED</b>								
<b>Joint ventures</b>								
TotalPass Mexico	6,290	9,438	539	-	12,368	8,513	1,246	-
Noncontrolling interests	-	-	-	1,227	-	-	-	1,227
<b>Total balances with related parties</b>	<b>6,290</b>	<b>9,438</b>	<b>539</b>	<b>1,227</b>	<b>12,368</b>	<b>8,513</b>	<b>1,246</b>	<b>1,227</b>

(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

	Three-month period ended							
	03/31/2023				03/31/2022			
	Operating revenue	Costs	Expenses	Finance income (costs)	Operating revenue	Costs	Expenses	Finance income (costs)
<b>PARENT</b>								
<b>Subsidiaries</b>								
ADV Esportes	-	-	-	-	1,638	(3)	-	259
Smartfin	-	-	(1,195)	-	-	-	-	-
Smartdom	91	-	-	363	69	-	-	307
Bio Plaza	169	-	-	171	118	(11)	-	109
Asnsmart	264	-	-	165	196	-	-	108
Bioswim	-	(844)	-	-	-	(474)	-	-
Biosanta	-	-	-	112	-	(2)	-	79
Microsul	-	-	-	-	-	-	-	-
Smartrfe	-	-	-	-	-	-	-	-
M2	86	-	-	-	96	(3)	-	-
SmartMNG	-	-	-	-	-	(2)	-	-
Biomorum	-	(4,210)	-	-	-	(2,511)	-	-
TotalPass	-	(1,336)	-	-	-	(422)	-	-
<b>Total balances with related parties</b>	<b>610</b>	<b>(6,390)</b>	<b>(1,195)</b>	<b>811</b>	<b>2,117</b>	<b>(3,428)</b>	<b>-</b>	<b>862</b>
<b>CONSOLIDATED</b>								
<b>Joint ventures</b>								
TotalPass Mexico	3,916	(390)	-	-	1,656	-	-	-
<b>Total balances with related parties</b>	<b>3,916</b>	<b>(390)</b>	<b>-</b>	<b>-</b>	<b>1,656</b>	<b>-</b>	<b>-</b>	<b>-</b>

**26. SHARE-BASED PAYMENT**

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**VARIATIONS IN PLANS**

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

As at March 31, 2023, the amount recognized in profit or loss was R\$2,111, against a capital reserve. Regarding the phantom shares, the amount recognized in profit or loss, against a capital reserve, was R\$356, in accordance with CPC 10 (R1) / IFRS 2, and the expense is recognized on a straight-line basis by plan and number of options linked to each vesting period.

**27. ADDITIONAL INFORMATION**

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**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 March 31, 2023, the basic insurance coverage is R\$8,189,521 and the coverage for loss of profits is R\$18,000.

**28. EVENTS AFTER THE REPORTING PERIOD**

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The Group has not identified significant events up to the date of issue of this condensed financial information.



São Paulo Corporate Towers  
Av. Presidente Juscelino Kubitschek, 1.909  
Vila Nova Conceição  
04543-011 - São Paulo - SP - Brasil  
Tel: +55 11 2573-3000  
ey.com.br

**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)**

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## **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 March 31, 2023, which comprises the statement of financial position as at March 31, 2023, and the related statements of profit or loss and of comprehensive income and of changes in equity and of cash flows for the three 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 three month period ended on March 31, 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, May 10, 2023.

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



Emerson Pompeu Bassetti  
Accountant CRC-SP251558/O