EARNINGS RELEASE 2Q23

RESULTS WEBINAR
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11a.m. (Brasília) / 10 a.m. (New York)

Videoconference in Portuguese
with simultaneous translation into English
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2Q23 EARNINGS RELEASE

São Paulo, August 9, 2023 – Smart Fit (SMFT3), the leader in the fitness sector across Latin America in membership[1], announces its results for the second quarter of 2023 (2Q23). To facilitate analysis, the results are shown without the effect of IFRS 16/CPC 06 (R2). The effects of IFRS 16/CPC 06 (R02) on the result are detailed from page 19 onwards.

HIGHLIGHTS OF THE PERIOD

- ***Member base in constant expansion, reaching 4.3 million, up 24% from 2Q22***

  Successful member attraction and retention efforts and organic expansion have driven member base growth, adding 97,000 club members in the quarter.

- ***Net revenue surpasses the mark of R$1 billion to reach R$1,042 million, up 51% vs. 2Q22 and 6% vs. 1Q23***

  Revenue growth across all operating regions fueled by 6% growth in average of members per own unit.

- ***Cash gross margin at mature units[2] of 52% and margin expansion at units inaugurated since 2021***

  Cash gross margin of 50.2%, notably with margin of 52% at mature units and solid performance by newly opened units in 2022, which registered gross margin of 49%, up 5 p.p. vs. 1Q23.

- ***Second highest EBITDA margin ever, reaching 33%, up 1.6 p.p. vs. 1Q23, and operating cash flow of R$380 million in the period***

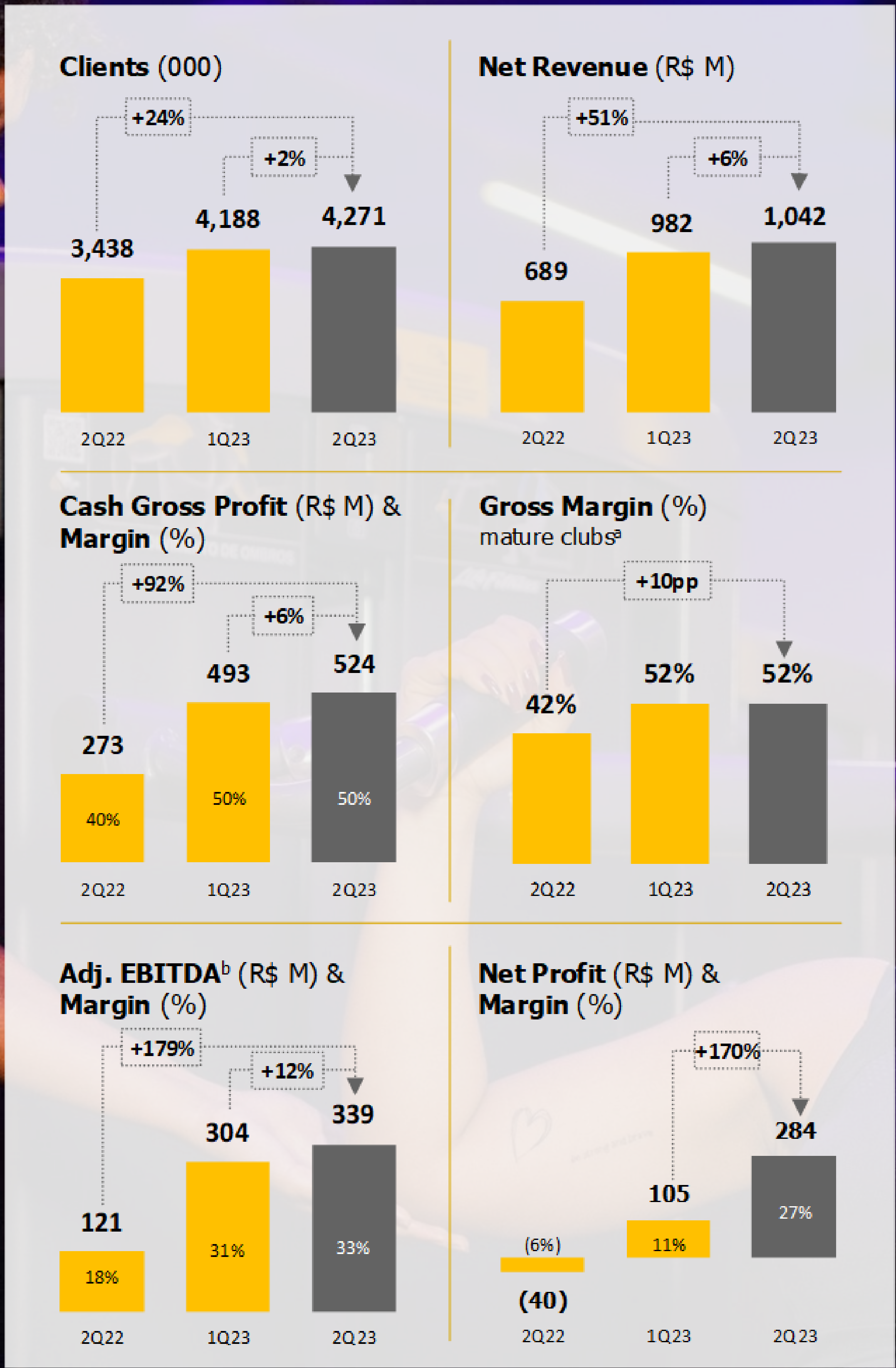
  EBITDA of R$339 million, with the second highest margin ever, up 12% vs. 1Q23, especially due to the increase in Brazil and Other Latin America.

- ***Record recurring net income[3] of R$121 million, up 14% vs. 1Q23***

  Continuous improvement in profitability consolidates the trend of net income growth, marked by four straight quarters of positive results, with recurring net margin of 11.6% in 2Q23.

2Q23 Highlights[a]	2Q23	2Q22	2Q23 vs. 2Q22	1Q23	2Q23 vs. 1Q23	6M23	6M22	6M23 vs. 6M22
Clubs	1,259	1,121	12%	1,231	2%	1,259	1,121	12%
Total Members (000)[b]	4,271	3,438	24%	4,188	2%	4,271	3,438	24%
Net Revenue (R$ million)	1,042	689	51%	982	6%	2,024	1,311	54%
Adjusted EBITDA[c] (R$ million)	339	121	179%	304	12%	643	188	242%
Adjusted EBITDA Margin	32.6%	17.6%	14.9 p.p.	30.9%	1.6 p.p.	31.8%	14.3%	17.4 p.p.
Net Income (R$ million)	284	(40)	–	105	170%	389	(115)	–
Operating Cash Flow[d] (R$ million)	380	197	93%	368	3%	748	272	175%

(1) According to the International Health, Racquet & Sportsclub Association data, disclosed in 2020, with base date 2019 ("IHRSA"); (2) Unit is considered mature when it has been operating for at least 24 months at the start of the calendar year; (3) Excludes the positive effect of R$163 million in net income from the revaluation of Panama (a) In 1Q23, the company acquired 100% of the Panama and Costa Rica operations and hence its results are consolidated in the company's financial statements starting from 2023; (b) Includes members of clubs, studios and digital channel; (c) Excludes the effects of IFRS 16/CPC06 (R2) and the gain from revaluation of investment in Panama. See the "EBITDA Breakdown" section; (d) See "Operating Cash Flow" section.



(a) Unit is considered mature when it has been operating for at least 24 months at the start of the calendar year; (b) "Adjusted EBITDA" excludes the gain of R$176.6 million obtained from the revaluation of the existing 50% interest in Panama.

OPERATING PERFORMANCE

CLUB NETWORK

The company ended 2Q23 with 1,259 units, an increase of 12% from 2Q22, due to the opening of own clubs and franchises under the Smart Fit brand, which increased 13% and 10%, respectively, from the same period last year. In the quarter, 20 own clubs and 8 franchises were added. Of the 27 additions under the Smart Fit brand in the quarter, 16 are in Mexico, 7 in Other Latin America and 4 in Brazil. Moreover, in the second quarter, a Bio Ritmo unit was inaugurated in Brazil.

By the start of August 2023, 54 units were added in the year, 63 units are under construction and 75 agreements had been signed for clubs whose construction will start soon.

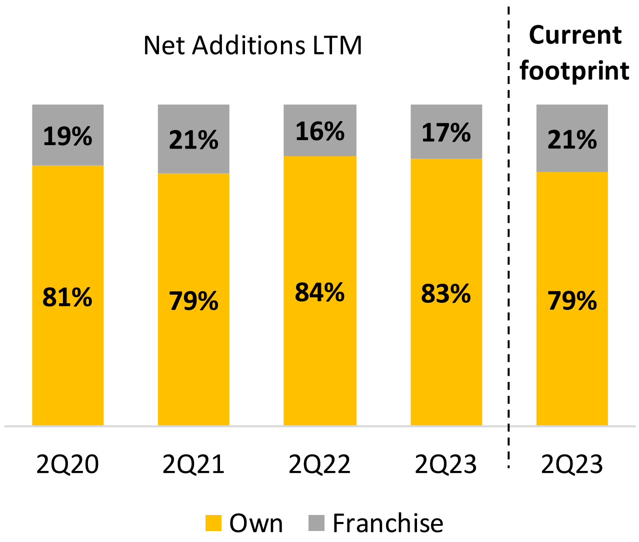
Evolution of Club Network

Clubs	End of Period					Growth 2Q23 vs.		Variation 2Q23 vs.	
	2Q22	3Q22	4Q22	1Q23	2Q23	1Q23	2Q22	1Q23	2Q22
Total	**1,134**	**1,169**	**1,236**	**1,244**	**1,274**	**30**	**140**	**2%**	**12%**
Clubs	**1,121**	**1,157**	**1,223**	**1,231**	**1,259**	**28**	**138**	**2%**	**12%**
By Type									
Owned	879	908	967	974	994	20	115	2%	13%
Franchised	242	249	256	257	265	8	23	3%	10%
By Brand	0	0	0	0	0	0	0	–	
Smart Fit	1,093	1,129	1,196	1,204	1,231	27	138	2%	13%
Owned	856	885	945	952	971	19	115	2%	13%
Brazil	416	419	429	431	431	0	15	–	4%
Mexico	209	223	245	250	264	14	55	6%	26%
Other Latin America[a]	231	243	271	271	276	5	45	2%	19%
Franchised	237	244	251	252	260	8	23	3%	10%
Brazil	172	175	179	177	181	4	9	2%	5%
Mexico	8	9	9	10	12	2	4	20%	50%
Other Latin America[a]	57	60	63	65	67	2	10	3%	18%
Bio Ritmo and O2	28	28	27	27	28	1	0	4%	–
Owned	23	23	22	22	23	1	0	5%	–
Franchised	5	5	5	5	5	0	0	–	–
By Region	0	0	0	0	0	0	0	–	
Brazil	615	621	634	634	639	5	24	1%	4%
Mexico	217	232	254	260	276	16	59	6%	27%
Other Latin America[a]	289	304	335	337	344	7	55	2%	19%
Studio[b]	**13**	**12**	**13**	**13**	**15**	**2**	**2**	**15%**	**15%**

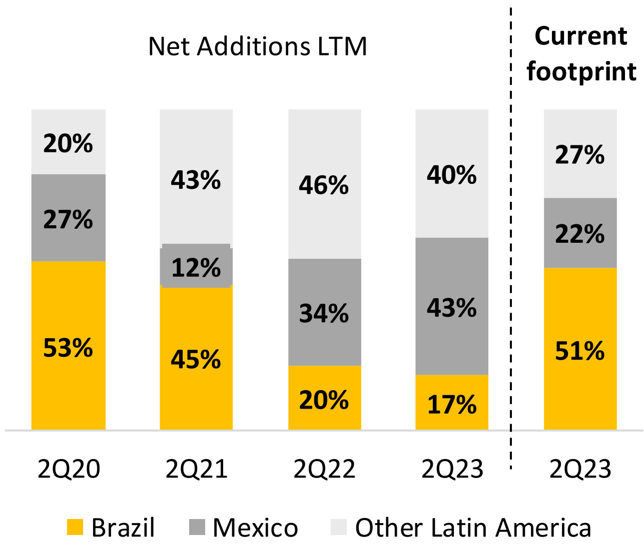
(a) The "Other Latin America" region includes own operations in Argentina, Chile, Colombia, Costa Rica, Paraguay, Peru and Panama and the franchises in El Salvador, Ecuador, Guatemala, Dominican Republic and Honduras; (b) Studios include 8 own clubs and 7 franchises.

At the end of 2Q23, the club network consisted of 994 own units (79% of total) and 265 franchises. In the last 12 months, 83% of the openings were own clubs. Of the additions in the period, 43% were in Mexico, 40% in Other Latin America and 17% in Brazil. Of the total club base, Brazil has 51%, followed by Other Latin America and Mexico with 27% and 22%, respectively.

Clubs distribution[a] by type



Clubs distribution[a] by region



(a) Includes all gyms, but studios.

Note that, of own clubs under the Smart Fit brand, 650 units (67%) were mature at the end of the quarter, considering the definition that a unit is mature when it had been operating for at least 24 months at the start of the year.

MEMBER BASE

The member base continued growing in 2Q23 to reach 4.3 million, up 24% year on year. The combination of successful member attraction and retention efforts and organic expansion, with the maturation of new units have helped member base growth. Historically, the company attracts fewer members at mature clubs in the second quarter than in the first and third quarters, mainly due to the climate and the moment of engagement with people's objectives. One exception to this seasonal effect observed in most countries where Smart Fit operates is Mexico, where the second quarter registers the best performance in member attraction during the entire year due to beginning of the summertime in the Northern Hemisphere.

Club member base grew 97,000 in 2Q23, up 29% year on year and 3% higher from 1Q23. Average membership per club expanded 5% in 2Q23 in relation to 1Q23, with growth in both own clubs and franchises.

Evolution of Member Base

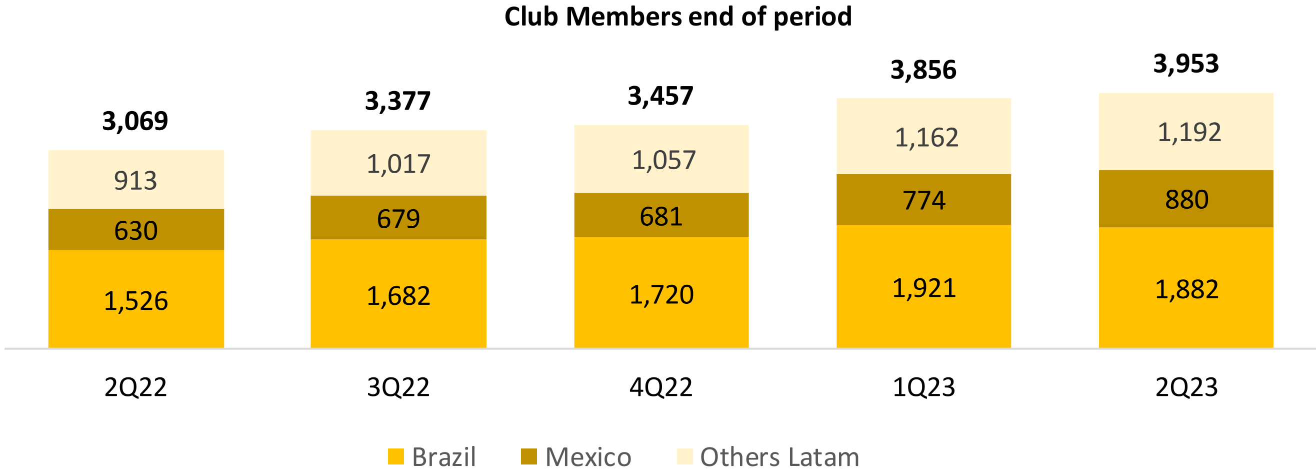
Clients ('000)	End of Period					Growth 2Q23 vs.		Variation 2Q23 vs.	
	2Q22	3Q22	4Q22	1Q23	2Q23	1Q23	2Q22	1Q23	2Q22
Total	**3,438**	**3,728**	**3,801**	**4,188**	**4,271**	**83**	**834**	**2%**	**24%**
Clubs	**3,069**	**3,377**	**3,457**	**3,856**	**3,953**	**97**	**885**	**3%**	**29%**
By Type									
Owned	2,404	2,642	2,705	3,026	3,103	77	698	3%	29%
Franchised	664	735	752	831	851	20	186	2%	28%
By Brand									
Smart Fit	**3,024**	**3,329**	**3,407**	**3,805**	**3,901**	**97**	**877**	**3%**	**29%**
Owned	2,367	2,601	2,663	2,982	3,059	77	692	3%	29%
Brazil	1,039	1,140	1,165	1,307	1,277	(30)	237	(2%)	23%
Mexico	606	652	655	743	837	94	231	13%	38%
Other Latin America[a]	722	809	843	932	945	14	224	1%	31%
Franchised	657	728	744	822	842	20	185	2%	28%
Bio Ritmo and O2	**44**	**48**	**50**	**52**	**52**	**0**	**8**	**0%**	**17%**
By Region									
Brazil	1,526	1,682	1,720	1,921	1,882	(39)	356	(2%)	23%
Mexico	630	679	681	774	880	106	250	14%	40%
Other Latin America[a]	913	1,017	1,057	1,162	1,192	30	279	3%	31%
Studio	**4**	**3**	**4**	**4**	**4**	**1**	**1**	**14%**	**23%**
Digital[b]	**365**	**348**	**340**	**328**	**313**	**(14)**	**(52)**	**(4%)**	**(14%)**

(a) The "Other Latin America" region includes own clubs in Argentina, Chile, Colombia, Costa Rica, Paraguay, Peru and Panama, and the franchises in El Salvador, Ecuador, Guatemala, Dominican Republic and Honduras; (b) Members of clubs who are also subscribers to Smart Nutri and Smart Coach digital plans are considered only as members of clubs or Studios.

The member base in Brazil ended 2Q23 with 1.9 million, up 23% year on year and 2% lower than in 1Q23, due to the quarter's seasonal effects in the region and the least number of openings of units in the last 12 months. During the quarter, average membership per club grew 4% in relation to 1Q23. Note that, in the last 12 months, 356,000 members were added in Brazil, reflecting the recovery of member base at mature Smart Fit units combined with solid maturation curve of units inaugurated in the last 24 months.

Member base in Mexico totaled 880,000 in 2Q23, with 106,000 members added in the quarter, 14% more than in 1Q23 and 40% above the same period last year. The second quarter marks the onset of summer in the Northern Hemisphere, which provides a favorable seasonal effect for member attraction in Mexico. This seasonal effect, combined with strong expansion of clubs across the country in the last 12 months, resulted in the highest ever net addition of members per club, excluding 1Q22 - the period of recovery from the pandemic.

In the Other Latin America region, member base expanded 3% from 1Q23 and 31% from 2Q22, with the addition of 30,000 club members in the quarter, totaling 1.2 million members, driven by solid performance in Colombia and Peru. Addition of members in the quarter was positively impacted by the opening of 55 units in the last 12 months in the region.



The digital services offering has been expanded and improved since 2020. Currently, the company offers on-demand video classes, nutritional follow-up services and online personal trainers. At the end of the second quarter of 2023, exclusively digital members totaled 313,000. The digital products and services are complementary to the training experience at clubs and are designed to expand relations with, and consequently the loyalty of, members.

Queima Diária, Latin America's leader in on-demand fitness, is a digital platform that offers access to over 130 physical exercise programs and other content on nutrition and healthy habits totaling more than 5,000 classes. At the end of 2Q23, the service had 308,000 members, 149% more than in December 2019 (before the pandemic) and 4% lower than in 1Q23.

Smart Fit Nutri, the app-based service for nutritional follow-up, with bioimpedance scales and teleconsultations with nutritionists, reached 135,000 active subscribers at the end of 2Q23, the highest growth ever, up 6% from the previous quarter. Membership expansion is the result of initiatives launched to provide better member experience and drive greater engagement, such as the installation of bioimpedance scales at more clubs in Brazil.

FINANCIAL PERFORMANCE

Main financial indicators[a,b] (R$ million)	2Q23	2Q22	2Q23 vs. 2Q22	1Q23	2Q23 vs. 1Q23
Gross Revenue	1,114.0	741.6	50%	1,050.8	6%
Net Revenue	**1,042.4**	**689.1**	**51%**	**981.9**	**6%**
Cash costs of services[c]	(518.7)	(416.2)	25%	(488.5)	6%
Cash gross profit[c]	**523.8**	**272.9**	**92%**	**493.5**	**6%**
Cash gross margin	*50.2%*	*39.6%*	*10.6 p.p.*	*50.3%*	*(0.0) p.p.*
Pre-operating Costs	(6.8)	(7.3)	(6%)	(2.6)	167%
Cash gross profit before pre-operating costs[c]	530.6	280.2	89%	496.0	7%
Gross margin before pre-operating costs	*50.9%*	*40.7%*	*10.2 p.p.*	*50.5%*	*0.4 p.p.*
SG&A[d]	(185.8)	(154.0)	21%	(191.6)	(3%)
% Net Revenue	*17.8%*	*22.3%*	*(4.5) p.p.*	*19.5%*	*(1.7) p.p.*
Selling expenses	(74.2)	(71.1)	4%	(76.8)	(3%)
% Net Revenue	*7.1%*	*10.3%*	*(3.2) p.p.*	*7.8%*	*(0.7) p.p.*
General and administrative expenses	(104.0)	(81.3)	28%	(94.8)	10%
% Net Revenue	*10.0%*	*11.8%*	*(1.8) p.p.*	*9.7%*	*0.3 p.p.*
Pre-operating expenses	(4.9)	(4.4)	11%	(4.3)	12%
Other (expenses) revenues	(2.7)	2.9	–	(15.6)	(83%)
Panama Revaluation[e]	176.6	–	–	–	–
Equity Income	1.4	2.5	(44%)	1.8	(23%)
EBITDA[f]	**515.9**	**121.4**	**325%**	**303.7**	**70%**
EBITDA Margin	*49.5%*	*17.6%*	*31.9 p.p.*	*30.9%*	*18.6 p.p.*
Adjusted EBITDA[g]	**339.3**	**121.4**	**179%**	**303.7**	**12%**
Adjusted EBITDA Margin	*32.6%*	*17.6%*	*14.9 p.p.*	*30.9%*	*1.6 p.p.*
Adjusted EBITDA before pre-operating expenses[h]	**351.1**	**133.1**	**164%**	**310.6**	**13%**
Adjusted EBITDA Margin before pre-operating expenses	*33.7%*	*19.3%*	*14.4 p.p.*	*31.6%*	*2.0 p.p.*
Depreciation and amortization	(160.7)	(116.9)	38%	(145.7)	10%
Financial Result	(38.6)	(44.9)	(14%)	(31.5)	23%
Income tax and Social Contribution	(32.7)	0.4	–	(21.1)	55%
Profit (loss) for the period	**283.9**	**(40.0)**	**–**	**105.3**	**170%**
Net Margin	*27.2%*	*(5.8%)*	*33.0 p.p.*	*10.7%*	*16.5 p.p.*

(a) All indicators exclude the effects of IFRS 16 in relation to the leases of clubs and offices; (b) In 1Q23, the company acquired 100% of the Panama and Costa Rica operations and, hence, their results are now consolidated in the company's financial statements starting from 2023; (c) For a better analysis of our operational performance, we have shown "Cash Cost of Services", which excludes the effects of IFRS 16, depreciation and amortization. "Cash gross profit before pre-operating expenses" also excludes pre-operating costs with opening of new units. See the "Gross Profit" section for the calculation of these measurements; (e) "Selling expenses" exclude expenses with opening of new units and "General and administrative expenses" excludes depreciation and effects of IFRS 16; (e) Gain of R$176.6 million from the revaluation of existing 50% interest in Panama due to the acquisition of control of this operation, in accordance with accounting standards in effect in the period; (f) See the "EBITDA Breakdown" section for the calculation of this measurement; (g) "Adjusted EBITDA" excludes the gain of R$176.6 million obtained from the revaluation of the existing 50% interest in Panama; (h) "Adjusted EBITDA before pre-operating costs and expenses" excludes costs and expenses with the opening of new units and the gain from the revaluation of existing 50% interest in Panama. See the "EBITDA Breakdown" section for the calculation of this measurement.

NET REVENUE

Net revenue in 2Q23 surpassed the mark of R$1 billion for the first time in a quarter, totaling R$1,042.4 million, up 51% from 2Q22, mainly due to the 16% increase in average membership per Smart Fit unit, the 16% increase in average ticket of these clubs and the 13% expansion of own club network on average.

The increase in average ticket is mainly explained by the transfer of prices during 2021 in different regions and by diverse initiatives rolled out in recent quarters to optimize, in a sustainable manner, revenue per club. Some of the initiatives have contributed to the percentage increase of members enrolled in the Black plan, accounting for 62% of the member base of own clubs at the end of the quarter, 1p.p. higher than in the previous quarter.

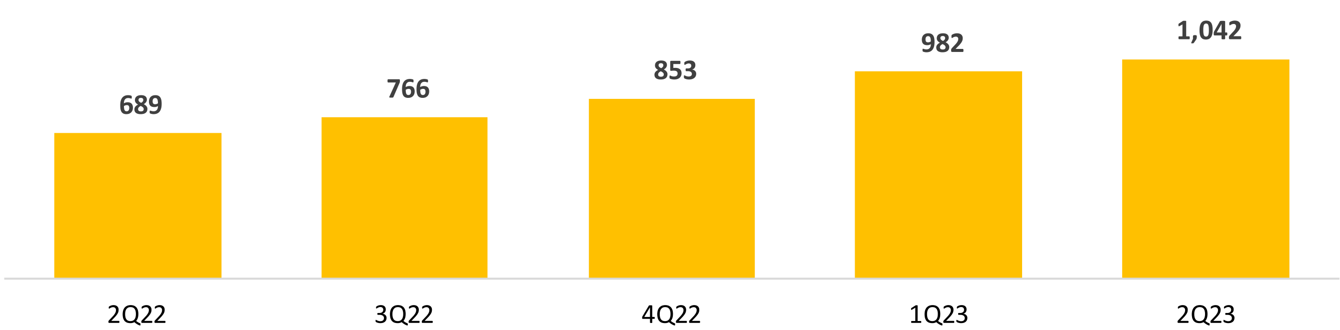
Moreover, with the acquisition of 100% of the operations in Panama and Costa Rica, the company started to consolidate in 1Q23 the results of operations of these two countries under the Other Latin America region, which added R$35 million to revenue in the quarter and increased the significance of international revenues in 2023.

Net Revenue by Brand and Region

Net Revenue (R$ million)	2Q23	2Q22	2Q23 vs. 2Q22	1Q23	2Q23 vs. 1Q23	6M23	6M22	6M23 vs. 6M22
Smart Fit	948.4	621.2	53%	895.5	6%	1,843.9	1,171.3	57%
Brazil	405.7	294.4	38%	383.5	6%	789.2	555.1	42%
Mexico	240.1	144.1	67%	226.9	6%	467.0	269.7	73%
Other Latin America [a]	302.6	182.6	66%	285.1	6%	587.7	346.5	70%
Bio Ritmo e O2	34.1	24.7	38%	32.4	5%	66.5	48.4	37%
Others [b]	59.9	43.2	39%	54.0	11%	113.9	91.3	25%
Total	**1,042.4**	**689.1**	**51%**	**981.9**	**6%**	**2,024.4**	**1,311.1**	**54%**
International Revenue (% total)	52%	48%	*4.6 p.p.*	52%	*(0.1) p.p.*	52%	47%	*5.0 p.p.*

(a) “Other Latin America” considers only own operations controlled in the region (Colombia, Chile, Peru, Argentina and Paraguay) until 4Q22. With the acquisition of 100% of the operation in Panama and Costa Rica in 1Q23, their results are now consolidated in the company’s financial statements starting from 2023; (b) “Other” includes royalties received from franchises in Brazil and abroad, and other brands operated by the company in Brazil.

Evolution of Net Revenue
(R$ million)



The growth in average revenue per Smart Fit club in 2Q23, combined with the expansion of own club and franchise network, drove revenue growth of 6% (R$60.5 million) in relation to 1Q23. The increase in revenue is mainly due to the 6% growth in average of number of members per own unit combined with the expansion of own club network.

In Brazil, net revenue from Smart Fit clubs totaled R$405.7 million, increasing 6% from 1Q23, thanks to the 4% growth in average member base per club, the 1% increase in average ticket and the expansion of the own club network. Compared to the same period last year, revenue increased 38%, mainly driven by the growth in club membership and higher average ticket.

In Mexico, net revenue in the quarter was R$240.1 million, increasing 6% from 1Q23, due to the significant expansion of member base in the period, positively impacting average membership per club by 9%, combined with the 4% growth in average number of clubs. In 2Q23 versus 1Q23, average ticket in the region was negatively affected by strong member base expansion in June, the seasonal effects of promotional activity and the high number of club inaugurations in the quarter. Compared to 2Q22, revenue increased 67%, mainly due to the accelerated expansion in number of clubs across the region and higher average ticket.

Net revenue from Smart Fit clubs in the Other Latin America region totaled R$302.6 million, up 6% from 1Q23, mainly due to the 5% increase in average member base per club and the expansion of member base across the region. Compared to the same period last year and excluding the effect of R$36 million from the consolidation of Panama and Costa Rica results, revenue growth would be 46%, mainly due to the strong increase of 22% in the average number of own clubs in the region, the 12% increase in average membership per club and the increase in average ticket.

CASH COST OF SERVICES PROVIDED

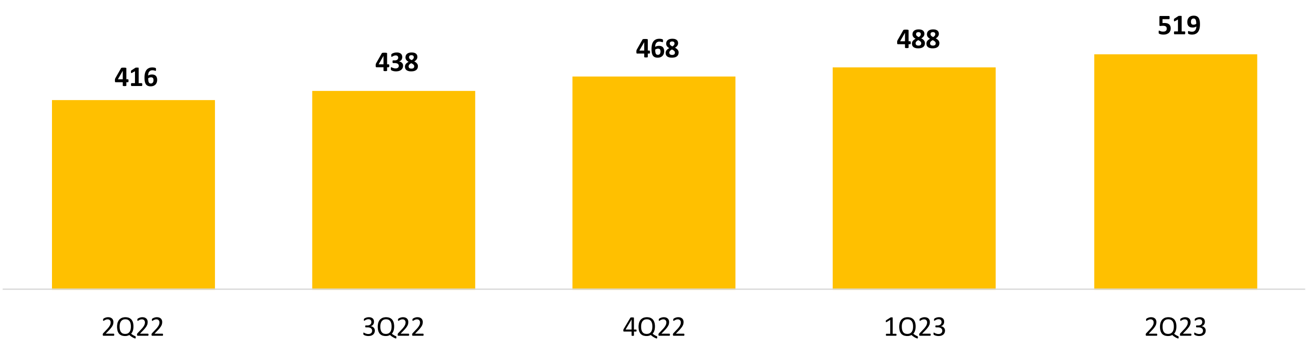
Cash cost of services provided totaled R$518.7 million in 2Q23, 25% higher than in the same period last year, chiefly due to the 14% increase in the average number of own clubs compared to 2Q22, the strong addition of 885,000 club members in the period and the consequent increase in costs at the same units, and the consolidation of the results of the Panama and Costa Rica operations, which accounted for R$15 million of cash cost in the quarter, equivalent to 3% of the cost increase.

Cash Cost of Services Provided by Type

Cash Cost of Services Rendered[a,b] (R$ million)	2Q23	2Q22	2Q23 vs. 2Q22	1Q23	2Q23 vs. 1Q23	6M23	6M22	6M23 vs. 6M22
Occupation	205.3	164.7	25%	202.3	1%	407.6	325.3	25%
Personnel	136.2	101.5	34%	127.6	7%	263.8	195.2	35%
Consumption	93.8	76.1	23%	85.0	10%	178.8	141.4	26%
Other	83.3	74.0	13%	73.6	13%	156.9	139.7	12%
Cash Cost of Services Rendered	**518.7**	**416.2**	**25%**	**488.5**	**6%**	**1,007.1**	**801.5**	**26%**

(a) For a better analysis of our operational performance, we have shown "Cash Cost of Services Provided", which excludes the effects of IFRS-16, depreciation and amortization. The rent of properties is considered in this caption, including discounts obtained during the pandemic; (b) In 1Q23, the Company acquired 100% of the operation in Panamá and Costa Rica and hence, their results are now consolidated in the company's financial statements starting from 2023.

Evolution of Cash Cost of Services Provided
(R$ million)



Compared to 1Q23, cash cost in 2Q23 increased R$30.2 million, up 6%, mainly due to higher consumption costs caused by inflationary pressure on the energy bill, especially in Colombia and Mexico, the latter also affected by high temperatures during summer, adversely affecting energy cost and consumption. Moreover, costs related to the opening of new units increased (+R$4.3 million vs. 1Q23) due to the higher number of own units opened during the period. Personnel expenses increased 7% from the previous quarter due to the collective bargaining agreement in the main regions across Brazil in April. Note that occupancy costs increased by just 1% from the previous quarter, mainly due to lower occupancy costs of clubs inaugurated in the last 24 months and constant efforts to renegotiate rents at mature units.

Considering only mature units, costs increased 3%, in line with respective revenue growth, compared to the previous quarter, due to the impact of collective bargaining agreement in Brazil and the increase in consumption and maintenance costs. Note that the company remains focused on cost management to mitigate the inflationary pressure on its operations. Initiatives to reduce personnel costs, constant renegotiation of rents, projects to improve operational efficiency and energy efficiency, and renegotiation of agreements should continue to improve efficiency, underlining the company’s strict cost management.

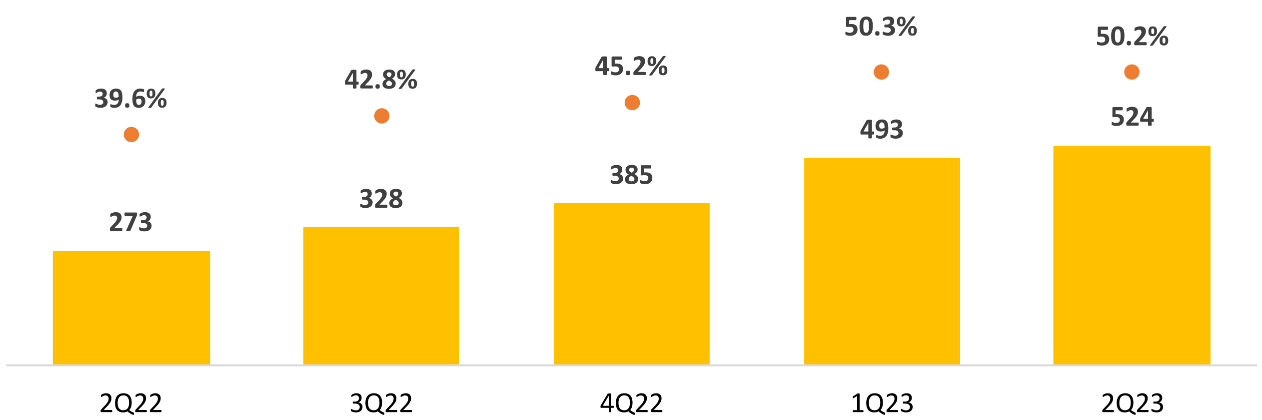
CASH GROSS PROFIT

Cash gross profit in 2Q23 totaled R$523.8 million, increasing R$250.9 million from 2Q22, reflecting the consistent opening of new clubs in recent years and the recovery of margins at mature units. Moreover, the consolidation of the results of Panama and Costa Rica operations accounted for R$20 million of cash gross profit in the period. Cash gross margin in 2Q23 stood at 50.2%, increasing 10.6 p.p. from 2Q22, driven by high revenue growth and a rigorous focus on cost management, which enabled strong dilution of fixed costs.

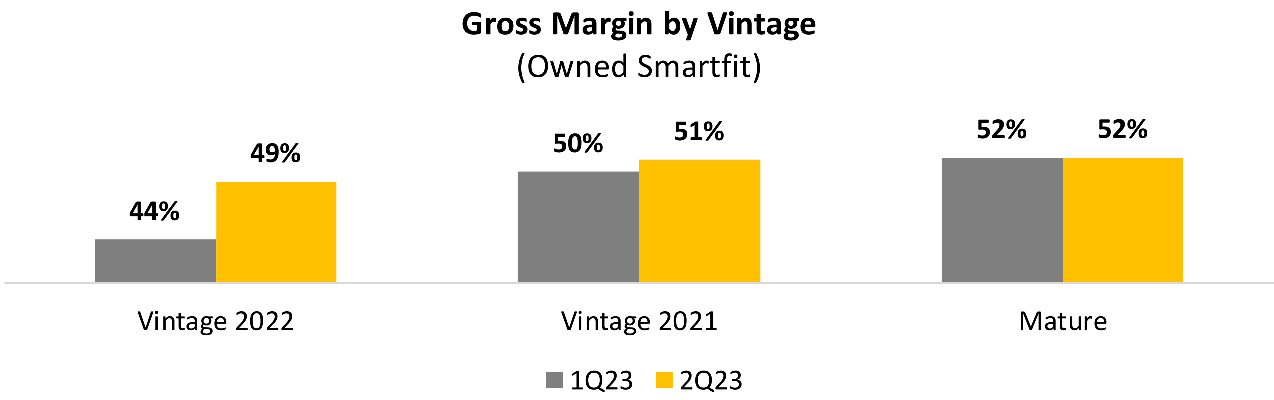
Cash Gross Profit[a,b] (R$ million)	2Q23	2Q22	2Q23 vs. 2Q22	1Q23	2Q23 vs. 1Q23	6M23	6M22
Net Revenue	**1,042.4**	**689.1**	**51%**	**981.9**	**6%**	**2,024.4**	**1,311.1**
(-) Cash Costs of Services Provided	518.7	416.2	25%	488.5	6%	1,007.1	801.5
Cash Gross Profit[d]	**523.8**	**272.9**	**92%**	**493.5**	**6%**	**1,017.3**	**509.6**
Cash Gross Margin	*50.2%*	*39.6%*	*10.6 p.p.*	*50.3%*	*0.0 p.p.*	*50.3%*	*38.9%*
(+) Pre-Operating Costs	6.8	7.3	(6%)	2.6	167%	9.4	13.0
Cash Gross Profit before Pre-Operating Costs[e]	**530.6**	**280.2**	**89%**	**496.0**	**7%**	**1,026.7**	**522.5**
Cash Gross Margin before Pre-Operating Costs	*50.9%*	*40.7%*	10.2 p.p.	*50.5%*	0.4 p.p.	*50.7%*	*39.9%*

(a) For a better analysis of the performance of our operations, all indicators exclude the effects of IFRS-16, depreciation and amortization; (b) In 1Q23, the company acquired 100% of the Panama and Costa Rica operations and, hence, their results are now consolidated in the company's financial statements starting from 2023; (c) "Cash gross profit" excludes depreciation and amortization; (d) "Cash gross profit before pre-operating costs" excludes depreciation, amortization and the cost of opening new units.

Evolution of Cash Gross Profit and Cash Gross Margin
(R$ million and % of net revenue)



Compared to 1Q23, cash gross profit increased R$30.3 million (6%) in 2Q23, while cash gross margin remained practically stable at 50.2%, increasing in Brazil and Other Latin America, where it increased 0.9 p.p. and 1.0 p.p., respectively, from the previous quarter. Cash gross margin before pre-operating costs, that is, those related to the opening of units, increased 0.4 p.p. from the previous quarter due to operating leverage resulting from the continuous growth in average revenue per club, especially at units in the maturation phase, combined with rigorous cost management.



In 2Q23, mature Smart Fit clubs maintained cash gross margin at 52%, due to intensive and successful efforts to improve operational efficiency and member attraction, combined with initiatives to optimize revenue per club in a sustainable manner. Gross profit per annualized unit in these mature units was R$2.1 million in the quarter. Units inaugurated in 2021, "Vintage 2021," registered quarter-on-quarter growth of 1 p.p. in cash gross margin, which stood at 51% in 2Q23, thanks to the continuous maturation of revenue with the ramp-up of membership and higher average ticket. "Vintage 2022" clubs reported solid growth of 5 p.p. in relation to 1Q23, with gross margin of 49% and average age significantly less than 24 months when, historically, they reach maturity. The high margins of these units at this stage of the maturation curve is a combination of excellent revenue performance and occupancy costs structurally lower than those at mature units.

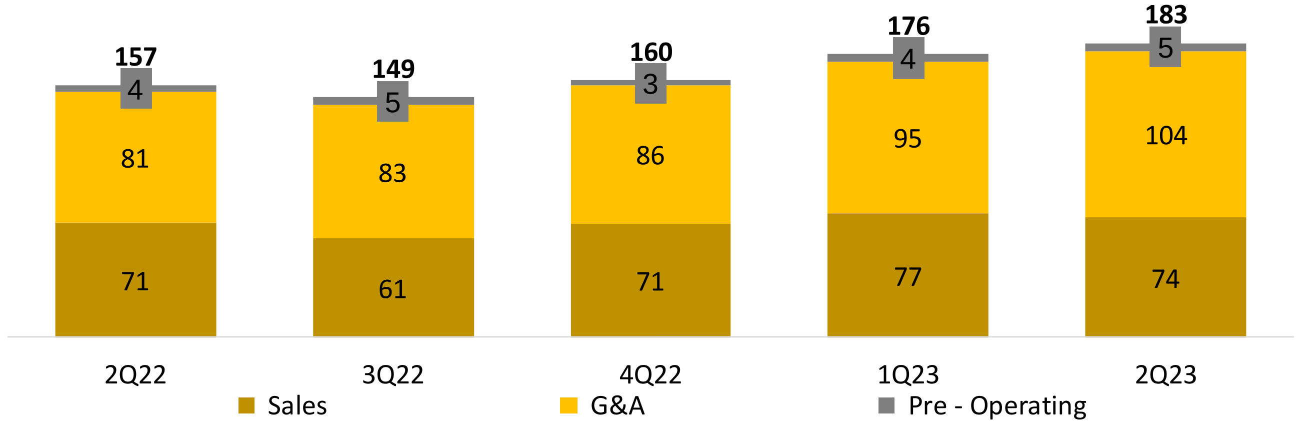
GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses[a,b,c] (R$ million)	**2Q23**	**2Q22**	**2Q23 vs. 2Q22**	**1Q23**	**2Q23 vs. 1Q23**	**6M23**	**6M22**	**6M23 vs. 6M22**
Selling expenses	74.2	71.1	4%	76.8	(3%)	151.1	142.3	6%
General and administrative expenses	104.0	81.3	28%	94.8	10%	198.8	164.4	21%
Pre-operating expenses	4.9	4.4	11%	4.3	12%	9.2	9.9	(7%)
Total	**183.1**	**156.9**	**17%**	**176.0**	**4%**	**359.1**	**316.6**	**13%**

(a) For a better analysis of our operational performance, all indicators exclude the effects of IFRS 16 regarding commercial leases related to the rents of clubs and offices; (b) Excludes "Other (expenses) revenues"; (c) In 1Q23, the company acquired 100% of the Panama and Costa Rica operations and, hence, their results are now consolidated in the company's financial statements starting from 2023.

Selling, general and administrative expenses totaled R$183 million in 2Q23, 17% more than in 2Q22, due to the increase in general and administrative expenses, pre-operating expenses and selling expenses incurred to attract more members, partially linked to the growing number of clubs. Moreover, the consolidation of results of the Panama and Costa Rica operations added R$3.8 million to selling, general and administrative expenses in 2Q23. Excluding Panama and Costa Rica in 2Q23, these expenses would have increased 14% vs. 2Q22.

Evolution of Selling, General and Administrative Expenses and Pre-Operating Expenses
(R$ million)



Compared to 1Q23, selling, general and administrative expenses increased 4%, corresponding to 17.6% of net revenue, representing a dilution of 0.4 p.p. in the quarter. Selling expenses decreased 3% from 1Q23 since, seasonally, higher investments are made in marketing in 1Q23 given its importance for the sector in terms of sales of new plans. In the quarter, selling expenses diluted 0.7 p.p. as a percentage of net revenue compared to 1Q23, corresponded to 7.1% of revenue in 2Q23. General and administrative expenses increased 10% in relation to 1Q23, chiefly due to expenses with new businesses and higher personnel expenses.

EBITDA

EBITDA Breakdown[a,b] (R$ million)	**2Q23**	**2Q22**	**2Q23 vs. 2Q22**	**1Q23**	**2Q23 vs. 1Q23**	**6M23**	**6M22**	**6M23 vs. 6M22**
Net Income	**283.9**	**(40.0)**	**–**	**105.3**	**169%**	**389.2**	**(115.4)**	**–**
(+) Income Taxes (IR & CSLL)	32.7	(0.4)	–	21.1	55%	53.8	2.4	2,169%
(+) Financial Result	38.6	44.9	(14%)	31.5	23%	70.1	68.6	2%
(+) Depreciation	160.7	116.9	38%	145.7	10%	306.5	232.2	32%
EBITDA	**515.9**	**121.4**	**325%**	**303.7**	**70%**	**819.6**	**187.8**	**336%**
Panama Revaluation Impact[c]	(176.6)	–	–	–	–	(176.6)	–	–
Adjusted EBITDA[d]	**339.3**	**121.4**	**179%**	**303.7**	**12%**	**643.0**	**187.8**	**242%**
Adjuste EBITDA Margin	*32.6%*	*17.6%*	*14.9p.p.*	*30.9%*	*1.6p.p.*	*31.8%*	*14.3%*	*17.4p.p.*
(+) Pre-operating costs and expenses	11.7	11.7	1%	6.9	70%	18.6	22.8	(18%)
EBITDA before pre-operating expenses	**351.1**	**133.1**	**164%**	**310.6**	**13%**	**661.6**	**210.6**	**214%**
EBITDA margin before pre-operating expenses	*33.7%*	*19.3%*	*14.4p.p.*	*31.6%*	*2.0p.p.*	*32.7%*	*16.1%*	*16.6p.p.*

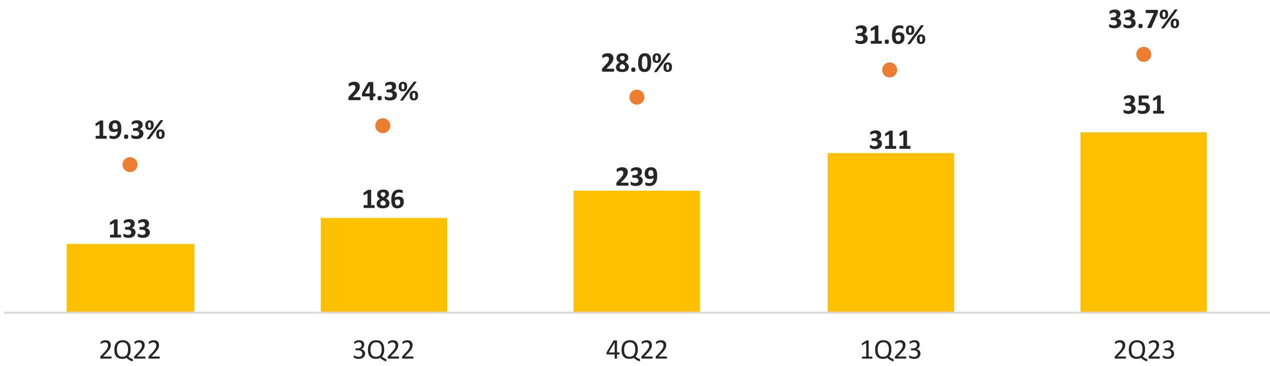
(a) For a better analysis of our operational performance, all indicators exclude the effects of IFRS 16 regarding commercial leases related to the rents of clubs and offices; (b) In 1Q23, the company acquired 100% of the Panama and Costa Rica operations and, hence, their results are now consolidated in the company's financial statements starting from 2023; (c) Gain from the revaluation of existing 50% interest in Panama due to the acquisition of control of this operation, in accordance with accounting standards in effect in the period; (d) "Adjusted EBITDA" excludes the gain of R$176.6 million obtained from the revaluation of the existing 50% interest in Panama.

In 2Q23, EBITDA stood at R$515.9 million, up 325% year on year, with margin of 49.5%. Excluding the positive effect of revaluation of the existing interest in Panama, 2Q23 was the eighth consecutive quarter of EBITDA growth, which attests to the high operating leverage of the business and the positive effect of maturation of new units.

Adjusted EBITDA before pre-operating expenses totaled R$351.1 million, compared to R$133.1 million in 2Q22, up 179%, while EBITDA margin before pre-operating expenses increased 14.4 p.p. in the period, thanks to the continued expansion of member base in the period, as well as the consequent revenue growth and dilution of costs and expenses. The consolidation of the results of Panama and Costa Rica operations accounted for R$17 million of EBITDA in the quarter.

Evolution of adjusted EBITDA and adjusted EBITDA Margin before pre-operating expenses

(R$ million and % of net revenue)



Compared to 1Q23, adjusted EBITDA before pre-operating expenses increased R$40.5 million in 2Q23, up 13%, positively affected by the 6% revenue growth and consequent dilution of costs and expenses, which once again led to an increase of 2.0 p.p. in EBITDA margin before pre-operating expenses, which ended the quarter at 33.7%, with expansion in all regions, the second highest profitability level in the company's history.

EBITDA by Region

To enable a better analysis of the performance and contribution of each region to the consolidated EBITDA of the company, starting from 3Q21, the company calculates the EBITDA of each region by subtracting the respective selling expenses from cash gross profit. General and administrative expenses (G&A) and other operating expenses are analyzed on a consolidated basis as they sustain the operations of the entire company.

EBITDA[a,b,c] (R$ million)	2Q23	2Q22	2Q23 vs. 2Q22	1Q23	2Q23 vs. 1Q23	6M23	6M22	6M23 vs. 6M22
Brazil	202.3	70.5	187%	177.3	14%	379.6	127.8	197%
Mexico	82.4	43.8	88%	87.4	(6%)	169.8	76.2	123%
Other Latin America	159.9	83.1	93%	147.6	8%	307.6	153.4	101%
G&A expenses and other operating expenses	(106.7)	(78.5)	36%	(110.5)	(3%)	(217.2)	(172.7)	26%
Equity Income	1.4	2.5	(44%)	1.8	(23%)	3.2	3.1	2%
Adjusted EBITDA[d]	**339.3**	**121.4**	**179%**	**303.7**	**12%**	**643.0**	**187.8**	**242%**
Panama Revaluation Impact[e]	176.6	–	–	–	–	176.6	–	–
EBITDA	**515.9**	**121.4**	**325%**	**303.7**	**70%**	**819.6**	**187.8**	**336%**

(a) For a better analysis of our operational performance, all indicators exclude the effects of IFRS 16 regarding commercial leases related to the rents of clubs and offices; (b) In 1Q23, the company acquired 100% of the Panama and Costa Rica operations and, hence, their results are now consolidated in the company's financial statements starting from 2023; (c) EBITDA of Regions considers cash gross profit less selling expenses. General and administrative (G&A) expenses and other operating expenses will be analyzed on a consolidated basis as they sustain the operations of the entire company; (d) "Adjusted EBITDA" excludes the gain from the revaluation of the existing 50% interest in Panama; (e) Gain of R$176.6 million from the revaluation of existing 50% interest in Panama due to the acquisition of control of this operation, in accordance with accounting standards in effect in the period.

In Brazil, EBITDA in 2Q23 was R$202.3 million, compared to R$70.5 million in 2Q22, up R$131.8 million due to strong growth in average revenue per club. Compared to 1Q23, EBITDA from Brazil increased 14%, due to the 6% growth in revenue in the region caused by the increase in average membership per club and average ticket, resulting in strong operating leverage with dilution of costs and selling expenses as a percentage of net revenue. EBITDA margin in the quarter was 40.6%, up 2.8 p.p. from the previous quarter, the second highest margin in the region's history.

In Mexico, EBITDA in 2Q23 was R$82.4 million, up R$38.6 million from 2Q22, due to the strong growth in revenue per club. Compared to 1Q23, EBITDA from Mexico decreased 6%, due to high number of units opened in the region in recent quarters, the seasonal effect of higher energy consumption due to high temperatures, and higher marketing investments in the region, since the second quarter is the most important one for the country in terms of sale of new plans. EBITDA margin in the quarter was 34.3%.

In the Other Latin America region, EBITDA in 2Q23 was R$159.9 million, compared to R$83.1 million in 2Q22, up R$76.9 million, positively impacted by strong growth in average revenue per club, which led to a significant increase in revenue and dilution of costs compared to 2Q22, and by the consolidation of EBITDA from the Panama and Costa Rica operations, which added R$19 million to EBITDA. Compared to 1Q23, EBITDA in the region increased 8% in the quarter, with margin of 52.5% - the second highest level in history - due to the increase in average revenue per club, resulting in operating leverage and dilution of selling expenses.

NET PROFIT FROM THE PERIOD

In 2Q23, the company registered net profit for the fourth straight quarter, posting its highest ever net profit of R$283.9 million, with net margin of 27.2%, reversing the loss in 2Q22, mainly driven by EBITDA growth of R$394.5 million compared to the same period of last year. Compared to 1Q23, net profit in the period increased 170%, mainly due to the R$212.3 million added to EBITDA, partially offset by the increase in taxes (IRPJ and CSLL). Note that excluding the positive effect of the R$163 million gain from revaluation in Panama on profit, recurring net profit came to R$120.5 million, with net margin of 11.6%, up 14% from 1Q23, mainly due to the R$35.7 million added to EBITDA.

OPERATING CASH FLOW

Operating Cash Flow[a] (R$ million)	2Q23	2Q22	2Q23 vs. 2Q22	1Q23	2Q23 vs. 1Q23	6M23	6M22	6M23 vs. 6M22
Adjusted EBITDA[b]	**339.3**	**121.4**	**179%**	**303.7**	**12%**	**643.0**	**187.8**	**242%**
Itens of result with no impact on cash[c]	10.2	43.8	(77%)	23.9	(57%)	34.2	101.6	(66%)
IR/CSLL Paid	(14.7)	(5.0)	193%	(2.7)	437%	(17.5)	(16.7)	5%
Working capital variation	**45.5**	**36.5**	**24%**	**43.1**	**6%**	**88.5**	**(1.1)**	**–**
Receivables	(8.2)	32.3	–	(30.1)	(73%)	(38.2)	10.3	–
Suplliers	34.5	20.6	68%	27.1	27%	61.5	(5.9)	–
Wages, provisions and social contributions	7.9	10.4	(24%)	18.2	(56%)	26.1	18.0	45%
Taxes[d]	11.2	(26.7)	–	27.9	(60%)	39.1	(23.5)	–
Operating Cash Flow	**380.3**	**196.7**	**93%**	**367.9**	**3%**	**748.2**	**271.7**	**175%**

(a) In 1Q23, the company acquired 100% of the Panama and Costa Rica operations and, hence, their results and balance sheet are now consolidated in the company's financial statements starting from 2023 and, for the purposes of cash generation, the balance in the balance sheet accounts of the Panama operation on January 1, 2023 is considered; (b) Adjusted EBITDA excludes the gain from the revaluation of existing 50% interest in Panama due to the acquisition of control of this operation, in accordance with accounting standards in effect in the period; (c) Includes mainly equity income, asset write-offs, deferred revenue and provisions; (d) Includes taxes on sales and services.

In 2Q23, operating cash flow was R$380.3 million, better than the performance in 2Q22, thanks to the continuous revenue growth resulting from the strong expansion of member base and the increase in average ticket. These factors, combined with the company's cost and expense control measures, enabled adjusted EBITDA growth of R$217.9 million in 2Q23 versus 2Q22, positively impacting operating cash flow. Compared to 1Q23, operating cash flow increased R$12.4 million, positively affected mainly by the increase in adjusted EBITDA during the period and partially offset by taxes.

CAPEX

Capex[a] (R$ million)	2Q23	2Q22	2Q23 vs. 2Q22	1Q23	2Q23 vs. 1Q23	6M23	6M22	6M23 vs. 6M22
Capex	**242.4**	**280.6**	**(14%)**	**228.4**	**6%**	**470.8**	**493.9**	**(5%)**
Expansion	190.7	235.0	(19%)	177.6	7%	368.3	426.9	(14%)
Maintenance	36.5	32.3	13%	35.0	4%	71.5	48.8	47%
Corporate and Innovation	15.2	13.3	15%	15.8	(3%)	31.0	18.3	70%

(a) In 1Q23, the company acquired 100% of the Panama and Costa Rica operations and, hence, their results and balance sheet are now consolidated in the company's financial statements starting from 2023;

In 1Q23, capex was R$242.4 million, down R$38.2 million from 2Q22, due to fewer units opened in the period. In the quarter, expansion capex totaled R$190.7 million, due to the construction works at units opened this quarter and the start of heavy investments in the construction of units that will be inaugurated over the upcoming quarters, resulting in the maintenance of average investment per unit in local currency. Maintenance capex totaled R$36.5 million, up R$4.3 million from 2Q22, due to higher utilization of clubs and higher average age of units, representing 5.1% of gross revenue of mature units in the period. Capex on corporate and innovation projects totaled R$15.2 million in 2Q23, versus R$13.3 million in 2Q22.

Compared to 1Q23, capex increased R$14 million, mainly due to higher investments in expansion. Expansion capex increased 7% from 1Q23, due to the higher number of units opened in the period and higher investments at clubs that will be opened over the coming quarters with a higher number of units under construction. Maintenance capex increased 4% (R$1.5 million), due to the acquisition and replacement of equipment at some units. Capex on corporate and innovation projects decreased R$0.5 million from 1Q23, due to the end of investments in the adaptation of the company's corporate offices, which was partially offset by higher investments in technology projects.

CASH AND DEBT

Cash and Debt[a,b] (R$ million)	2Q23	1Q23	4Q22	3Q22	2Q22
Cash and Cash Equivalents	2,677	2,772	2,923	2,711	2,764
Gross Debt	3,398	3,520	3,538	3,205	3,144
By nature:					
Loans and debentures	3,274	3,405	3,420	3,074	3,018
Lease liability - equipment	124	115	118	131	126
By maturity					
Short-term	691	678	542	514	463
Long-term	2,708	2,842	2,995	2,691	2,681
Net Debt (Net Cash)	721	748	615	495	381
Other Liabilities and Assets[c]	187	212	356	48	64
Adjusted Net Debt	908	960	971	543	444
Adjusted Net Debt / EBITDA LTM[d]	0.48x	0.66x	0.83x	0.58x	0.62x

(a) "Gross debt" considers short- and long-term loans, financing and operating leases (excluding property leases) with financial institutions; (b) "Net debt" refers to "Gross debt" less "Cash and guarantees"; (c) "Other Liabilities and Assets" use the definition of the company's debentures related to other items to be considered while calculating net debt, including, but not limited to, contingent considerations and derivative financial instruments, such as installments payable for acquisitions, stock options of non-controlling shareholders and/or interest rate swaps; (d) the indicator "Adjusted Net Debt / EBITDA LTM" is the "Adjusted Net Debt" divided by "EBITDA LTM" using the definition of net debt and EBITDA of the company's debentures. For more information, see contractual deed (Portuguese only).

At the end of 2Q23, Smart Fit held a solid cash position of R$2,677 million and gross debt of R$3,398 million, 80% of it maturing in the long term. Adjusted net debt ended the quarter at R$908 million, resulting in adjusted net debt/EBITDA LTM ratio of 0.48x (as defined in the company's debentures), lower than in 1Q23, due to the combination of a reduction in net debt and strong growth in EBITDA in the last twelve months. Note that adjusted net debt/adjusted EBITDA LTM excluding the effects of IFRS-16 at the end of 2Q23 is 0.74x, lower than 1.16x in 1Q23.

The company's financial liquidity position remains solid due to the proceeds of R$2.6 billion from the primary public offering of shares and from borrowings, whose terms have improved gradually in the last 12 months, which enabled the Company to increase its cash position and lengthen its debt maturities. During the quarter, the company's Long-Term National Rating was upgraded from "AA-(bra)" to "AA (bra)," reflecting the continuous improvement in its credit profile as a result of the expansion of its member base, efficient management of costs and expenses, reflected in higher cash flow and profitability.

The company maintains the maturities of loans and financing in alignment with its capacity to generate operating cash flow and accesses local financing lines in order to drive its organic expansion in the countries where it operates. At the end of 2Q23, the gross debt maturity schedule was as follows:

Gross Debt Maturites[a]	2023[b]	2024	2025	2026	2027	2028	2029	Total
% of total	11%	24%	17%	14%	16%	14%	4%	**100%**
Total	389	802	565	477	549	483	132	**3,398**
Brazil	92	249	122	359	490	483	132	**1,926**
Mexico	140	209	123	66	49	0	0	**588**
Other Latin America[c]	157	344	321	53	10	0	0	**884**

(a) "Gross debt" considers short- and long-term loans, financing and operating leases (excluding property leases) with financial institutions, also including operating lease liability of equipment; (b) Includes maturities in remaining quarters until the end of the year; (c) "Other Latin America" includes financial debt in Chile, Colombia, Peru, Panama and Argentina.

EVENTS AFTER THE REPORTING PERIOD

On July 24, 2023, the company obtained a syndicated credit line in Mexico for MXN$1,750 million, approximately equivalent to R$500 million. The funds will be disbursed within 18 months from the contract signing date to finance the local expansion activity, with the possibility of partial disbursement up to the total debt amount. The term of the operation is 60 months, with a grace period of 24 months and a variable interest rate of 28 days TIIE + a spread of 2.00% per year. Also, in July, MXN$300 million from the total credit line amount were disbursed, approximately equivalent to R$85 million.

ESG HIGHLIGHTS OF 1H23

During the first half of the year, the Group prepared a materiality matrix to identify important issues and help guide its diverse sustainability initiatives. Note that in recent years, several initiatives have been launched to promote sustainability in the company's business, and the continuous efforts on ESG themes are not limited to the fitness services provided.

On the environmental front, the company continues to intensify its efforts to increase energy efficiency and the share of renewable energy in its matrix. By the end of the second quarter, 122 units operated with either distributed generation or free market, which is more than double the number of units in the same period last year, in order to reduce environmental impacts and electricity costs.

Notable on the social front is the global initiative in support of the United Nations Children's Fund (UNICEF), by which around 500 units of Smart Fit, Bio Ritmo and Race Bootcamp, Vidya Studio, Tonus Gym and Jab House Studios received UNICEF representatives seeking donations for actions aimed at guaranteeing the right of children and adolescents in Brazil and 11 other countries across Latin America, including Mexico, Colombia, Chile and Peru, where the group's brands operate. The company also provided assistance to victims of heavy rains that lashed the coastal region of São Paulo - Smart Fit units and our administrative office collected over 5,000 items for donation, including potable water, non-perishable food, clothes, blankets and personal hygiene products.

The company advanced on the people management pillar, improving its talent attraction and retention processes, and invested in initiatives to improve personal and professional development, as well as the organizational climate and culture. Corporate education is an important personal and professional development tool, and several initiatives were rolled out for employees, including the 123,000 courses completed in the online learning environment, and the Leader Training Program meetings. Moreover, through the "Steps that Make History" program, more than 2,500 employees were honored in recognition of their lengthy tenure at the company.

In the quarter, the company organized events in June to celebrate World Environment Day, which included the launch of "Por Um Mundo + Sustentável", an initiative featuring live broadcasts about its environmental, social and governance actions, in addition to social and awareness campaigns.

Financial numbers shown from this point reflect the adoption of IFRS-16

IMPACT OF THE ADOPTION OF IFRS 16

On January 1, 2019, the company adopted the IFRS 16/CPC 06 (R2) – Leases standard. The application of the standard substantially affected the booking of lease agreements for spaces where the company's clubs operate. Future commitments from lease agreements are recognized as lease liabilities and the right to use the spaces is recognized as an asset of the same value. For the purpose of effects in the result, the fixed lease payments are replaced by depreciation of the lease right and a financial expense on the lease liability. Variable lease payments continue to be recognized as costs of services provided.

The company chose to adopt IFRS 16/CPC 06(R2) by the modified retrospective method applied only from January 1, 2019. The impacts of IFRS 16/CPC 06(R2) on the company's results are detailed below.

Statement of Profit and Loss (R$ million)	**2Q23 Reported**	**Impacts of IFRS 16**	**2Q23 excluding IFRS 16**	**2Q22 Reported**	**Impacts of IFRS 16**	**2Q22 excluding IFRS 16**	**6M23 Reported**	**Impacts of IFRS 16**	**6M23 excluding IFRS 16**	**6M22 Reportado**	**Impacts of IFRS 16**	**6M22 excluding IFRS 16**
Net Revenue	1,042.4	–	1,042.4	689.1	–	689.1	2,024.4	–	2,024.4	1,311.1	–	1,311.1
Cost of services	(625.7)	48.5	(674.3)	(491.8)	37.5	(529.3)	(1,205.4)	98.3	(1,303.7)	(949.0)	75.0	(1,024.0)
Rents and other occupation costs	(35.7)	173.8	(209.5)	(37.3)	131.7	(168.9)	(67.6)	345.6	(413.2)	(69.7)	263.1	(332.7)
Depreciation and amortization (cost)	(280.9)	(125.3)	(155.6)	(207.2)	(94.1)	(113.1)	(543.9)	(247.3)	(296.6)	(410.6)	(188.1)	(222.5)
Gross profit	416.7	48.5	368.2	197.3	37.5	159.8	818.9	98.3	720.7	362.1	75.0	287.1
SG&A	(190.1)	0.8	(191.0)	(156.9)	0.9	(157.8)	(385.7)	1.6	(387.3)	(332.8)	1.8	(334.6)
Selling expenses	(74.2)	–	(74.2)	(71.1)	–	(71.1)	(151.1)	–	(151.1)	(142.3)	–	(142.3)
General and administrative	(101.9)	2.1	(104.0)	(79.5)	1.9	(81.3)	(194.8)	3.9	(198.8)	(160.7)	3.7	(164.4)
Rents and other occupation costs	(1.2)	2.1	(3.3)	(1.2)	1.9	(3.1)	(2.6)	3.9	(6.5)	(1.9)	3.7	(5.6)
Despesas com abertura de novas unidades	(7.9)	(2.3)	(5.5)	(4.4)	–	(4.4)	(12.2)	(2.3)	(9.9)	(9.9)	3.7	(9.9)
Depreciation and amortization (costs)	(3.4)	1.1	(4.5)	(4.8)	(1.0)	(3.8)	(9.2)	–	(9.2)	(11.6)	(1.8)	(9.7)
Others (expenses) revenue	(179.3)	–	(179.3)	2.9	–	2.9	(195.0)	–	(195.0)	(8.3)	–	(8.3)
Panama Revaluation[a]	176.6	–	176.6	–	–	–	176.6	–	176.6	–	–	–
Equity Income	1.4	–	1.4	2.5	–	2.5	3.2	–	3.2	3.1	–	3.1
Operating profit (loss) before financial result	404.6	49.4	355.2	42.9	38.4	4.5	613.0	99.9	513.1	32.4	76.8	(44.4)
Financial Result	(109.8)	(71.2)	(38.6)	(99.2)	(54.3)	(44.9)	(213.2)	(143.1)	(70.1)	(176.5)	(107.8)	(68.6)
Income tax and Social Contribution	(32.7)	–	(32.7)	0.4	–	0.4	(53.8)	–	(53.8)	(2.4)	–	(2.4)
Net profit	262.1	(21.8)	283.9	(55.9)	(15.9)	(40.0)	346.0	(43.2)	389.2	(146.4)	(31.0)	(115.4)

Impacts of IFRS-16 in the breakdown of Gross Profit excluding depreciation, amortization, and EBITDA

Gross profit	416.7	48.5	368.2	197.3	37.5	159.8	818.9	98.3	720.7	362.1	75.0	287.1
Depreciation and amortization (costs)	280.9	125.3	155.6	207.2	94.1	113.1	543.9	247.3	296.6	410.6	188.1	222.5
Gross profit excluding depreciation	697.6	173.8	523.8	404.6	131.7	272.9	1,362.8	345.6	1,017.3	772.6	263.1	509.6
Gross Margin excluding depreciation	*66.9%*	*0.0%*	*50.2%*	*58.7%*	*0.0%*	*39.6%*	*67.3%*	*0.0%*	*50.3%*	*58.9%*	*0.0%*	*38.9%*
	0.0%	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*
Net profit	262.1	(21.8)	283.9	(55.9)	(15.9)	(40.0)	346.0	(43.2)	389.2	(146.4)	(31.0)	(115.4)
(-) IR & CSLL	32.7	–	32.7	(0.4)	–	(0.4)	53.8	–	53.8	2.4	–	2.4
(-) Financial Result	109.8	71.2	38.6	99.2	54.3	44.9	213.2	143.1	70.1	176.5	107.8	68.6
(-) Depreciation and amortization	287.3	126.5	160.7	212.0	95.1	116.9	556.1	249.7	306.5	422.2	189.9	232.2
EBITDA	691.8	175.9	515.9	255.0	133.5	121.4	1,169.1	349.5	819.6	454.5	266.8	187.8
EBITDA Margin	*66.4%*	*0.0%*	*49.5%*	*37.0%*	*0.0%*	*17.6%*	*57.8%*	*0.0%*	*40.5%*	*34.7%*	*0.0%*	*14.3%*

(a) Gain of R$176.6 million from the revaluation of existing 50% interest in Panama due to the acquisition of control of this operation, in accordance with accounting standards in effect in the period;

**Costs and Selling, General and Administrative Expenses include pre-operating expenses*

PRESENTATION OF RESULTS

The company has its own operations in Brazil, Mexico, Colombia, Chile, Peru, Panama, Costa Rica, Argentina, and Paraguay and franchised operations in Brazil, Mexico, Colombia, Dominican Republic, El Salvador, Ecuador, Guatemala, and Honduras. The consolidation in the Income Statement for each period is detailed below:

Operation	Recognition in Income Statement for the period		Recognition in Balance sheet for the period	
	1Q23 and 2Q23	1Q22 and 2Q22	1Q23 and 2Q23	1Q22 and 2Q22
Brazil, Mexico, Colombia, Chile, Peru, Argentina, Paraguay and Queima Diária	Consolidated	Consolidated	Consolidated	Consolidated
Panama and Costa Rica	Consolidated	Equity accounting[a]	Consolidated	Investment
Dominican Republic, El Salvador, Ecuador, Guatemala and Honduras	Royalties for use of brand	Royalties for use of brand	n/a	n/a

a) In 1Q20, the company acquired shared control of the in Panama operations, holding shared control with local partners and its results are now included through equity accounting. In 1Q23, the company acquired 100% of the Panama and Costa Rica operations and, hence, their results are now consolidated in the company's financial statements starting from 2023.

INCOME STATEMENT

INCOME STATEMENT (R$ million)	2Q23	2Q22	2Q23 vs. 2Q22	1Q23	2Q23 vs. 1Q23	6M23	6M22	6M23 vs. 6M22
Net Revenue	**1,042.4**	**689.1**	**51%**	**981.9**	**6%**	**2,024.4**	**1,311.1**	**54%**
Costs of Services Rendered	(625.7)	(491.8)	27%	(579.7)	8%	(1,205.4)	(949.0)	27%
Gross Profit	**416.7**	**197.3**	**111%**	**402.2**	**4%**	**818.9**	**362.1**	**126%**
Operating revenues (expenses)	–	–	–	–	–	–	–	–
Sales	(79.1)	(75.5)	5%	(81.2)	(3%)	(160.3)	(152.2)	5%
General and administrative	(108.3)	(84.3)	29%	(98.8)	10%	(207.1)	(172.3)	20%
Equity accounting	1.4	2.5	(44%)	1.8	(23%)	3.2	3.1	2%
Other (expenses) revenues	(2.7)	2.9	–	(15.6)	(83%)	(18.4)	(8.3)	121%
Panama Revaluation[a]	176.6	–	–	–	–	176.6	–	–
Profit before financial result	404.6	42.9	842%	208.4	94%	613.0	32.4	1,793%
Financial result	(109.8)	(99.2)	11%	(103.4)	6%	(213.2)	(176.5)	21%
Profit before IR/CS	294.8	(56.3)	–	105.0	181%	399.8	(144.1)	–
Income tax and Social Contribution	(32.7)	0.4	–	(21.1)	55%	(53.8)	(2.4)	2,169%
Net profit (loss)	**262.1**	**(55.9)**	**–**	**83.9**	**212%**	**346.0**	**(146.4)**	**–**

(a) Gain of R$176.6 million from the revaluation of existing 50% interest in Panama due to the acquisition of control of this operation, in accordance with accounting standards in effect in the period

BALANCE SHEET

ASSETS (R$ million)	2Q23	2Q22
CURRENT	**3,347**	**3,269**
Cash and cash equivalents	2,677	2,764
Customers	310	185
Derivative financial instruments	9	0
Other receivables	350	320
NON-CURRENT	**9,310**	**7,550**
Permanent assets	3,504	2,859
Right-of-use assets	3,398	2,720
Intangible assets	1,835	1,437
Investment	41	138
Other assets	531	397
TOTAL ASSETS	**12,657**	**10,820**

LIABILITY (R$ million)	2Q23	2Q22
CURRENT	**2,166**	**1,442**
Borrowings	636	408
Lease liabilities	548	405
Suppliers	325	195
Deferred revenue	229	241
Accounts Payable	59	0
Other liabilities	369	193
NON-CURRENT	**5,899**	**5,228**
Borrowings	2,638	2,610
Lease liabilities	3,154	2,543
Other liabilities	107	75
SHAREHOLDERS' EQUITY	**4,592**	**4,149**
Share capital	2,970	2,970
Capital reserves	2,303	2,290
Accumulated losses	(1,033)	(1,433)
Other comprehensive income	328	304
Noncontrolling interest	24	18
TOTAL LIABILITY AND SHAREHOLDERS' EQUITY	**12,657**	**10,820**

CASH FLOW

Cash Flow Statement (R$ million)	2Q23	2Q22	2Q23 vs. 2Q22	1Q23	2Q23 vs. 1Q23	6M23	6M22	6M23 vs. 6M22
CASH FLOW FROM OPERATING ACTIVITIES								
Result for the Period	262.1	(55.9)	-	83.9	212%	(86.1)	(633.0)	(86%)
Depreciation and amortization	287.3	212.0	35%	268.8	7%	902.3	791.1	14%
Write-off of intangible assets and fixes assets	9.0	17.6	(49%)	17.0	(47%)	49.8	23.6	111%
Accrued interest on debt and exchange variation	119.0	116.7	2%	119.5	(0%)	419.8	223.5	88%
Accrued interest on leases	82.3	63.6	29%	79.9	3%	277.9	248.7	12%
Others	(239.1)	(45.5)	425%	(66.3)	261%	(298.6)	(115.3)	159%
Working capital variation	2.5	(13.0)	-	21.2	(88%)	(70.5)	(96.0)	(27%)
Cash generated by (used in) operating activities	**523.0**	**295.5**	**77%**	**524.0**	**(0%)**	**1,194.7**	**442.5**	**170%**
Interest paid on loans and debentures	(164.9)	(154.9)	6%	(54.6)	202%	(361.8)	(187.4)	93%
Interest paid on leases	(81.4)	(62.5)	30%	(79.0)	3%	(273.6)	(202.5)	35%
Income tax and social contribution paid	(14.7)	(5.0)	193%	(2.7)	437%	(25.4)	(19.1)	33%
Net cash generated by (used in) operating activities	**262.0**	**73.1**	**258%**	**387.6**	**(32%)**	**533.8**	**33.5**	**n/a**
CASH FLOW FROM INVESTMENT ACTIVITIES								
Additions to fixed asset	(240.2)	(280.2)	(14%)	(224.9)	7%	(1,004.6)	(475.9)	111%
Additions to intangible assets	(2.1)	(0.7)	196%	(3.5)	(40%)	(17.0)	(5.9)	187%
Initial direct costs of right-of-use assets	(7.5)	0.0	-	(8.2)	(8%)	(18.2)	(21.8)	n/a
Payments for the acquisition of group of assets, subsidiary and joint venture	0.0	0.0	-	(85.9)	-	0.0	(215.8)	(100%)
Capital increase in subsidiary and joint venture	0.0	(0.8)	-	0.0	-	(5.3)	(15.9)	(67%)
Financial Investments	39.5	332.3	(88%)	299.7	(87%)	379.0	(1,612.1)	(124%)
Related parties and loans with third parties	(2.3)	(2.0)	14%	(2.3)	1%	1.0	(0.9)	n/a
Payment of contingent consideration	0.0	0.0	-	(0.5)	-	(1.3)	0.0	n/a
Net cash used in investment activities	**(192.9)**	**48.6**	**-**	**(25.5)**	**656%**	**(647.3)**	**(2,348.3)**	**(72%)**
CASH FLOW FROM FINANCING ACTIVITIES								
Payment of loans and costs	(112.2)	(616.0)	(82%)	(194.4)	(42%)	(942.5)	(974.7)	(3%)
Proceeds from loans	37.8	115.8	(67%)	36.4	4%	819.4	1,930.4	(58%)
Payment of lease	(123.6)	(92.1)	34%	(118.5)	4%	(391.4)	(286.3)	37%
Capital Increase - controllers	0.0	(5.0)	-	0.0	-	0.0	2,596.7	n/a
Others	(6.8)	1.3	-	(4.9)	38%	(13.8)	(6.7)	n/a
Net cash generated by (used in) financing activities	**(204.8)**	**(595.9)**	**(66%)**	**(281.4)**	**(27%)**	**(528.2)**	**3,259.3**	**n/a**
INCREASE (REDUCTION) OF BALANCE OF CASH AND EQUIVALENT	**(135.7)**	**(474.2)**	**(71%)**	**80.6**	**-**	**(641.7)**	**944.6**	**n/a**
Opening balance	1,337.1	1,611.7	(17%)	1,251.4	7%	1,957.8	1,019.6	92%
Closing balance	1,204.6	1,149.6	5%	1,337.1	(10%)	1,251.4	1,957.8	(36%)
Exchange variation on cash and cash equivalents	3.3	(12.2)	-	5.0	(35%)	(64.7)	(6.4)	913%