QUARTERLY INFORMATION

09/30/202

smart fit

CONTENTS

TERMS	GLOSSARY
EGM	Extraordinary General Meeting
B3	B3 S.A. – Brasil, Bolsa, Balcão
CADE	Administrative Council for Economic Defense
CDB	Bank Deposit Certificate
CDI	Interbank Deposit Certificate
COFINS	Contribution for Social Security Financing
Company or Smartfit	Smartfit Escola de Ginástica e Dança S.A.
Covenants	Contractual Commitment Clauses
CPC	Accounting Pronouncements Committee
CSLL	Social Contribution on Net Income
CVM	Securities and Exchange Commission of Brazil
Dec/20 or 12/31/2020	Financial Information as of and for the Year Ended December 31, 2020
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization
Group	Smartfit and its subsidiaries
HVLP	High Value / Low Price
IAS	International Accounting Standards
IASB	International Accounting Standards Board
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
ITR	Interim Financial Statements
IFRS	International Financial Reporting Standards
IRRF	Withholding Income Tax
IRPJ	Corporate Income Tax
JCP	Interest on Capital
Joint venture	A joint arrangement whereby the parties have joint control of the arrangement
Sep/21 or 09/30/2021	Financial Information as of and for the Period Ended September 30, 2021
LALUR	Taxable Income Control Register
LF	Financial bills
LFT	Financial Treasury Bills
MOU	Memorandum of Understanding
NE	Note to the Financial Statements
PIS	Social Integration Program
R$	Reais – Official currency in Brazil
TIIE	“Tasa de Interés Interbancaria de Equilibrio” in Mexico
CGU	Cash Generating Unit

BALANCE SHEETS
As at September 30, 2021
(In thousands of Brazilian reais - R$)

		Parent		Consolidated	
	Notes	09/30/2021	12/31/2020	09/30/2021	12/31/2020
ASSETS					
Current assets					
Cash and cash equivalents	6	580,289	621,099	1,760,194	1,019,611
Investments in financial assets	7	2,270,388	-	1,563,708	-
Trade receivables	9	119,043	78,382	204,498	154,220
Other receivables	10	118,038	45,262	259,306	137,218
Total current assets		**3,087,758**	**744,743**	**3,787,706**	**1,311,049**
Noncurrent assets					
Investments in financial assets	7	75,140	47,604	75,140	60,037
Derivative financial instruments	8	184	2,098	184	2,098
Other receivables	10	95,011	151,868	152,534	185,568
Deferred tax assets	18	-	-	132,481	117,127
Investments in subsidiaries and joint ventures	11	2,181,072	2,204,249	125,292	125,211
Right-of-use assets	14	956,999	923,843	2,658,793	2,726,888
Property and equipment	12	989,084	886,714	2,462,149	2,425,132
Intangible assets	13	119,590	106,697	1,500,299	1,540,880
Total noncurrent assets		**4,417,080**	**4,323,073**	**7,106,872**	**7,182,941**
TOTAL ASSETS		**7,504,838**	**5,067,816**	**10,894,578**	**8,493,990**
LIABILITIES AND EQUITY					
Current liabilities					
Trade payables		86,927	70,429	198,911	169,840
Other liabilities	15	105,160	133,239	134,320	163,144
Borrowings	16	125,356	83,916	539,675	277,652
Lease liabilities	14	149,018	135,824	361,743	339,403
Deferred revenue	20	81,366	53,295	160,432	132,511
Current taxes payable		-	-	17,091	2,042
Total current liabilities		**547,827**	**476,703**	**1,412,172**	**1,084,592**
Noncurrent liabilities					
Other liabilities	15	14,149	36,995	22,943	29,755
Borrowings	16	1,527,076	1,236,176	2,375,336	2,338,421
Lease liabilities	14	858,793	847,338	2,476,015	2,534,381
Deferred revenue	20	1,750	2,293	1,833	2,293
Deferred tax liabilities	18	2,673	3,473	9,731	15,800
Derivative financial instruments	8	23,274	14,178	23,274	14,178
Provisions	17	5,184	4,524	17,698	5,769
Total noncurrent liabilities		**2,432,899**	**2,144,977**	**4,926,830**	**4,940,597**
TOTAL LIABILITIES AND EQUITY		**2,980,726**	**2,621,680**	**6,339,002**	**6,025,189**
EQUITY	19				
Share capital		2,970,443	325,443	2,970,443	325,443
Capital reserves		2,281,912	2,312,027	2,281,912	2,312,027
Accumulated losses		(1,149,042)	(651,820)	(1,149,042)	(651,820)
Other comprehensive income		420,799	460,486	420,799	460,486
Equity attributable to the owners of the Company		**4,524,112**	**2,446,136**	**4,524,112**	**2,446,136**
Noncontrolling interests		-	-	31,464	22,665
TOTAL EQUITY		**4,524,112**	**2,446,136**	**4,555,576**	**2,468,801**
TOTAL LIABILITIES AND EQUITY		**7,504,838**	**5,067,816**	**10,894,578**	**8,493,990**

The accompanying notes are an integral part of these interim financial statements.

STATEMENTS OF PROFIT AND LOSS AND COMPREHENSIVE INCOME

Period ended September 30, 2021

(In thousands of Brazilian reais - R$)

		Parent				Consolidated			
		Nine-month period ended		Three-month period ended		Nine-month period ended		Three-month period ended	
	Note	09/30/2021	09/30/2020	09/30/2021	09/30/2020	09/30/2021	09/30/2020	09/30/2021	09/30/2020
PROFIT (LOSS)									
Operating revenue	20	452,144	384,642	166,446	105,764	1,160,408	870,398	445,429	200,333
Costs	21	(489,391)	(418,241)	(179,603)	(130,908)	(1,132,301)	(898,205)	(411,154)	(280,145)
Gross profit (loss)		**(37,247)**	**(33,599)**	**(13,157)**	**(25,144)**	**28,107**	**(27,807)**	**34,275**	**(79,812)**
Selling expenses	21	(58,188)	(51,223)	(20,562)	(9,606)	(124,118)	(92,399)	(46,160)	(22,262)
General and administrative expenses	21	(101,174)	(88,073)	(43,771)	(25,563)	(187,351)	(161,817)	(77,665)	(47,027)
Other operating income (expenses), net	21	8,080	5,413	4,678	1,415	2,807	(1,947)	2,422	(1,063)
Share of profit (loss) of investees	11	(248,090)	(215,868)	(71,563)	(117,654)	(13,717)	(7,059)	(774)	(3,042)
Operating loss before finance income (costs)		**(436,619)**	**(383,350)**	**(144,375)**	**(176,552)**	**(294,272)**	**(291,029)**	**(87,902)**	**(153,206)**
Finance income	22	80,245	73,709	43,942	24,609	151,969	168,836	61,404	64,441
Finance costs	22	(141,648)	(155,899)	(56,394)	(46,612)	(366,821)	(351,874)	(131,740)	(113,643)
Finance income (costs), net	22	(61,403)	(82,190)	(12,452)	(22,003)	(214,852)	(183,038)	(70,336)	(49,202)
Loss before income tax and social contribution		**(498,022)**	**(465,540)**	**(156,827)**	**(198,555)**	**(509,124)**	**(474,067)**	**(158,238)**	**(202,408)**
Income tax and social contribution	18	800	(3,473)	-	3,839	10,408	(437)	1,036	6,070
LOSS FOR THE PERIOD		**(497,222)**	**(469,013)**	**(156,827)**	**(194,716)**	**(498,716)**	**(474,504)**	**(157,202)**	**(196,338)**
OTHER COMPREHENSIVE INCOME									
Items that may be subsequently reclassified to profit or loss									
Gains and losses arising from the translation of financial statements of foreign operations	11	(39,687)	357,615	74,988	65,021	(36,183)	360,422	78,354	65,506
Other comprehensive income		-	(476)	-	288	-	(476)	-	288
TOTAL OTHER COMPREHENSIVE INCOME		**(39,687)**	**357,139**	**74,988**	**65,309**	**(36,183)**	**359,946**	**78,354**	**65,794**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**(536,909)**	**(111,874)**	**(81,839)**	**(129,407)**	**(534,899)**	**(114,558)**	**(78,848)**	**(130,544)**
Loss for the period attributable to:									
Owners of the Company						(497,222)	(469,013)	(156,827)	(194,716)
Noncontrolling interests						(1,494)	(5,491)	(375)	(1,622)
Comprehensive income for the period attributable to:									
Owners of the Company						(536,909)	(111,874)	(81,839)	(129,407)
Noncontrolling interests						2,010	(2,684)	2,991	(1,137)
Loss per share:									
Basic and diluted	23	(0.99)	(1.06)	(0.28)	(0.44)				

The accompanying notes are an integral part of these interim financial statements.

STATEMENTS OF CHANGES IN EQUITY

Period ended September 30, 2021

(In thousands of Brazilian reais - R$)

	Nine-month period ended September 30, 2021								
		Capital reserves					Equity attributable to		
CHANGES IN EQUITY	Share capital	Capital reserve	Equity instruments	Transactions with shareholders	Accumulated losses	Other comprehensive income	Owners of the Company	Noncontrolling interests	Total equity
Balances at December 31, 2020	**325,443**	**2,237,382**	**99,841**	**(25,196)**	**(651,820)**	**460,486**	**2,446,136**	**22,665**	**2,468,801**
Loss for the period	-	-	-	-	(497,222)	-	(497,222)	(1,494)	(498,716)
Other comprehensive income	-	-	-	-	-	(39,687)	(39,687)	3,504	(36,183)
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**(497,222)**	**(39,687)**	**(536,909)**	**2,010**	**(534,899)**
Capital increase(1)	2,645,000	64,343	-	-	-	-	2,709,343	-	2,709,343
Share issuance transaction costs(1)	-	(112,613)	-	-	-	-	(112,613)	-	(112,613)
Reversal of stock option	-	(228)	-	-	-	-	(228)	-	(228)
Share-based payments(2)	-	18,383	-	-	-	-	18,383	-	18,383
Price complement on acquisition price of subsidiary(3)	-	-	-	-	-	-	-	6,789	6,789
Transactions with shareholders recognized directly in equity	**2,645,000**	**(30,115)**	**-**	**-**	**-**	**-**	**2,614,885**	**6,789**	**2,621,674**
At September 30, 2021	**2,970,443**	**2,207,267**	**99,841**	**(25,196)**	**(1,149,042)**	**420,799**	**4,524,112**	**31,464**	**4,555,576**

	Nine-month period ended September 30, 2020								
		Capital reserves					Equity attributable to		
CHANGES IN EQUITY	Share capital	Capital reserve	Equity instruments	Transactions with shareholders	Accumulated losses	Other comprehensive income	Owners of the Company	Noncontrolling interests	Total equity
Balance at December 31, 2019	**378,569**	**1,779,069**	**103,982**	**(25,619)**	**(53,236)**	**57,687**	**2,240,452**	**26,999**	**2,267,451**
Loss for the period	-	-	-	-	(469,013)	-	(469,013)	(5,491)	(474,504)
Other comprehensive income	-	-	-	-	-	357,139	357,139	2,807	359,946
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**(469,013)**	**357,139**	**(111,874)**	**(2,684)**	**(114,558)**
Capital increase	110	-	-	-	-	-	110	-	110
Capital reduction	(53,236)	53,236	-	-	-	-	-	-	-
Exercise of stock options	-	(30,580)	-	-	-	-	(30,580)	-	(30,580)
Minimum contractual payment arising from subsidiary's stock option	-	-	(35,000)	-	-	-	(35,000)	-	(35,000)
Transactions with shareholders recognized directly in equity	**(53,126)**	**22,656**	**(35,000)**	**-**	**-**	**-**	**(65,470)**	**-**	**(65,470)**
Balance at September 30, 2020	**325,443**	**1,801,725**	**68,982**	**(25,619)**	**(522,249)**	**414,826**	**2,063,108**	**24,315**	**2,087,423**

(1) See note 19.
(2) See note 26.
(3) See note 3.

The accompanying notes are an integral part of these interim financial statements.

STATEMENTS OF CASH FLOWS

Period ended September 30, 2021

(In thousands of Brazilian reais - R$)

		Parent		Consolidated	
	Notes	09/30/2021	09/30/2020	09/30/2021	09/30/2020
CASH FLOW FROM OPERATING ACTIVITIES					
Loss for the period		(497,222)	(469,013)	(498,716)	(474,504)
Adjustments to reconcile loss for the period to net cash used in operating activities:					
Income tax and social contribution	18	(800)	3,473	(10,408)	437
Depreciation and amortization	12,13,14	218,320	218,229	571,186	506,168
Allowance for expected credit losses	9	291	1,767	1,561	4,231
Share of profit (loss) of investees	11	248,090	215,868	13,717	7,059
Write-off of intangible assets, property and equipment, and leases		1,816	7,869	7,960	44,964
Interest on borrowings	22	68,020	61,202	144,988	144,773
Interest on leases	22	55,079	57,715	184,268	156,726
Discounts obtained on leases	22	(28,284)	(53,040)	(93,117)	(125,596)
Income from financial investments	22	(38,755)	(16,869)	(42,572)	(32,867)
Gain (loss) on derivative financial instruments	22	3,766	-	3,766	-
Foreign exchange gains (losses) and other finance income (costs)	22	1,630	17,369	13,518	33,361
Share-based payment plan		17375	-	18,155	-
Provisions	17	660	(128)	1,029	76
Deferred revenue		24,617	3,214	24,156	36,179
Changes in operating assets and liabilities:					
Trade receivables		(36,218)	15,567	(45,066)	(20,879)
Other receivables		(20,132)	(23,255)	(69,316)	(37,718)
Trade payables		6,383	(19,519)	11,444	(49,031)
Other liabilities		(15,261)	(50,526)	13,979	(63,795)
Cash generated by (used in) operating activities		**9,375**	**(30,077)**	**250,532**	**129,584**
Interest paid on borrowings	16	(34,545)	(86,947)	(90,646)	(173,415)
Interest paid on leases	14	(45,340)	(4,675)	(145,218)	(31,130)
Income tax and social contribution paid		-	-	(1,647)	(31,766)
Net cash generated by (used in) operating activities		**(70,510)**	**(121,699)**	**13,021**	**(106,727)**
CASH FLOW FROM INVESTING ACTIVITIES					
Additions to property and equipment	12	(67,822)	(160,794)	(180,979)	(413,048)
Additions to intangible assets	13	(1,047)	(1,412)	(3,900)	(108,586)
Addition of cash due to mergers		-	1,502	-	-
Loans to third parties		(3,897)	-	(7,517)	-
Financial investments		(2,259,169)	(32,560)	(1,536,239)	(36,767)
Acquisition of group of assets	3	(232,327)	-	(232,327)	-
Acquisition of subsidiaries, net of cash received		(15,000)	(55,000)	(15,000)	(55,000)
Acquisition of joint venture		(39,542)	(21,098)	(39,542)	(21,098)
Capital increase in subsidiaries and joint venture	11	(250,912)	(34,130)	(11,687)	(17,146)
Related parties		22,735	(34,826)	11,247	(4,877)
Net cash used in investing activities		**(2,846,981)**	**(338,318)**	**(2,015,944)**	**(656,522)**
CASH FLOW FROM FINANCING ACTIVITIES					
Capital increase, net of transaction costs	19	2,596,730	110	2,596,730	110
Proceeds from borrowings	16	474,502	922	555,703	434,226
Repayments of borrowings	16	(175,637)	(171,974)	(277,072)	(199,336)
Payment of lease	14	(86,330)	(34,723)	(201,064)	(85,021)
Payables to shareholders		-	(7)	-	614
Share buyback, net of receipts for stock option exercised		-	(30,580)	-	(30,580)
Dividends paid		-	(489)	-	(489)
Net cash generated by (used in) financing activities		**2,809,265**	**(236,741)**	**2,674,297**	**119,524**
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**(108,226)**	**(696,758)**	**671,374**	**(643,725)**
CHANGES IN CASH AND CASH EQUIVALENTS					
Opening balance		621,099	1,087,872	1,019,611	1,351,381
Cash and cash equivalents acquired from acquisition of group of assets	3	67,416	-	67,416	-
Cash and cash equivalents acquired from business combination	3	-	-	3,666	-
Exchange differences on cash and cash equivalents		-	-	(1,873)	90,449
Closing balance		580,289	391,114	1,760,194	798,105
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**(108,226)**	**(696,758)**	**671,374**	**(643,725)**
NON-CASH TRANSACTIONS					
Additions of right-of-use assets	14	61,543	96,014	137,284	204,610
Acquisition of subsidiaries and joint ventures	3	8,115	112,823	8,115	112,823
Transfers between property and equipment, intangible assets, and right-of-use assets		15,769	-	21,946	-
Mergers		-	4,427	-	-
Purchase of property and equipment		-	410	-	12,433
Minimum contractual payment from interest purchase option		-	35,000	-	35,000

The accompanying notes are an integral part of these interim financial statements.

STATEMENTS OF VALUE ADDED

Period ended September 30, 2021

(In thousands of Brazilian reais - R$)

		Parent		Consolidated	
	Notes	09/30/2021	09/30/2020	09/30/2021	09/30/2020
WEALTH CREATED					
REVENUES					
Service revenue	20	517,228	442,208	1,255,026	946,375
Allowance for expected credit losses, net of reversals	9	(291)	204	(1,561)	437
Other operating income		8,080	662	2,807	864
INPUTS PURCHASED FROM THIRD PARTIES					
Cost of sales and services		(143,095)	(81,411)	(283,041)	(143,591)
Materials, electric power, outside services and others		(56,177)	(83,418)	(85,667)	(157,936)
Advertising materials, marketing, promotion funds and others related to sales		(57,897)	(51,666)	(122,512)	(93,087)
GROSS VALUE ADDED		**267,848**	**226,579**	**765,052**	**553,062**
RETENTIONS					
Depreciation and amortization	12,13,14	(218,320)	(216,585)	(571,186)	(503,098)
WEALTH CREATED BY THE COMPANY		**49,528**	**9,994**	**193,866**	**49,964**
WEALTH RECEIVED IN TRANSFER					
Share of profit (loss) of investees	11	(248,090)	(215,868)	(13,717)	(7,059)
Finance income	22	80,245	73,709	151,969	168,836
TOTAL WEALTH FOR DISTRIBUTION		**(118,317)**	**(132,165)**	**332,118**	**211,741**
WEALTH DISTRIBUTED					
PERSONNEL					
Salaries and wages		92,930	86,276	222,424	176,511
Benefits		12,796	12,775	23,454	24,978
Social security costs		7,819	6,740	15,578	11,623
TAXES, FEES AND CONTRIBUTIONS:					
Federal		40,966	36,930	63,083	51,634
State		3	106	790	2,344
Municipal		18,716	16,197	26,224	21,849
LENDERS AND LESSORS:					
Interest	22	141,648	156,286	366,821	352,595
Leases		64,027	21,538	112,460	44,711
SHAREHOLDERS:					
Owners' share of losses		(497,222)	(469,013)	(497,222)	(469,013)
Noncontrolling interests' share of losses		-	-	(1,494)	(5,491)
WEALTH DISTRIBUTED		**(118,317)**	**(132,165)**	**332,118**	**211,741**

The accompanying notes are an integral part of these interim financial statements.

1. GENERAL INFORMATION

Smartfit ("Company") is a company incorporated and based in Brazil, with its registered office at Avenida Paulista 1.294, 2° 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" (see note 19). 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 HVLP segment with the brand "Smart Fit", in the Premium segment with the brands "Bio Ritmo" and "O2", among others, 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.

COVID-19 AND GOING CONCERN

Since March 2020 up to June 2021, period of greatest impact of the COVID-19 pandemic, in which part of the units were closed, the Company's management has taken actions to obtain additional liquidity sources, together with measures to contain non-essential operating expenses and cash outflows. These actions aim to guarantee the continuity of its operations, the expansion of its businesses and meeting the needs of customers, and have shown to be efficient to withstand the economic slowdown caused by the COVID-19 pandemic:

- Preservation of the workforce during the year 2020 and workload reduction or employment contract suspension for the Company's employees during the periods in which the units were closed.
- Renegotiation of payment terms and discounts with suppliers.
- Freezing of plans, with the interruption of monthly fees from members, since the date of closure of the gyms, charges are being resumed as units are being reopened.
- Renegotiation with property owners, with a focus on obtaining discounts on monthly rents of units (see note 14).
- Reduction of expenditures with utilities, cleaning and marketing.
- Review of the investment plan, suspending the beginning of construction of new gyms and postponement of the maintenance of gyms in operation, resuming activities during the third quarter of 2021.
- Fundraising and capital contributions for strengthening of the Company's cash, and the main decisions that bring financial impacts to the business are:
    - Renegotiation of debts (see note 16).
    - Capital contribution of R$500 million from its shareholders, of which R$436 million paid up in December 2020 and R$64 million in January 2021 (see note 19).
    - Issuance of simple debentures, nonconvertible into shares, in the total amount of R$250 million (see note 16).

In addition, on July 14, 2021, the Company carried out its initial public offering for the amount of R$2.645 billion, as mentioned in note 19. and on September 15, 2021, promissory notes in the amount of R$240 million were issued (see note 16).

At September 30, 2021, with the relaxation of the main restrictions against the pandemic, the Group closed the period with 100% of the units open, totaling 1,009 (764 at December 31, 2020), with a solid cash position.

On January 29, 2021, the CVM issued the circular letter CVM-SNC/SEP 01/2021, advising publicly-held companies to carefully assess the COVID-19 impacts on their business and disclose in the financial statements the main risks and uncertainties arising from this analysis, considering the relevant accounting standards and circular letter CVM-SNC/SEP No.02/2020, published on March 10, 2020. In this sense, the Company reassessed the accounting estimates in which it uses as an assumption the operation's performance projections and assessed the accounting impacts, and also updated the analyses of the Company's going concern, whose actions are described above. The main analyses and conclusions of the Company are listed below and described in the related notes to the financial statements:

- Impairment of assets (notes 12 and 13).
- Revenue recognition (note 20).
- Lease agreements (note 14).
- Allowance for expected credit losses on trade receivables (note 9).

2. BASIS OF PREPARATION AND PRESENTATION OF THE INTERIM FINANCIAL STATEMENTS

BASIS OF PREPARATION

The interim financial statements for the nine-month period ended September 30, 2021 are being presented in accordance with IAS 34 "Interim Financial Reporting" issued by IASB and with technical pronouncement CPC 21 (R1) "Interim Financial Reporting". Therefore, these interim financial statements should be read in conjunction with the annual financial statements for December 31, 2020, prepared in accordance with the IFRS issued by IASB and the set of standards issued by CPC. They are also presented consistently with the standards issued by CVM applicable to the preparation of interim financial statements and with the provisions of the Brazilian Corporate Law.

These interim financial statements were not audited. All significant information in the interim financial statements, 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 these interim financial statements include 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 nine-month period ended September 30, 2021 do not necessarily reflect the proportion of the Group's results for the entire year.

The interim financial statements for the nine-month period ended September 30, 2021 were concluded and authorized for issue by the Company's Board of Directors on November 10, 2021.

BASIS OF MEASUREMENT

The interim financial statements have been prepared based on the historical cost, except for certain financial instruments measured at fair value, as described in the accounting policies below.

BASIS OF CONSOLIDATION

The consolidated interim financial statements incorporates the interim financial statements of the Company and its direct and indirect subsidiaries. Control is achieved when the Company has the power to govern the financial and operating policies of an entity to benefit from its activities.

In the individual interim financial statements of the Company, the financial information on subsidiaries and joint ventures is accounted for under the equity method, adjusted to conform its accounting practices to those established by the Company. Subsidiaries and joint ventures are disclosed in note 11.

GENERAL ACCOUNTING POLICIES

The significant accounting policies adopted in preparing these interim financial statements are presented and summarized in the respective notes and were consistently applied in the years/period.

FUNCTIONAL AND PRESENTATION CURRENCY

The interim financial statements are being presented in thousands of Brazilian reais (R$), which is the Company's functional currency. 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; Panama (referring to Sporty Panama SA) and United States of America (FitMaster LLC) in US dollars.

For purposes of presenting these interim financial statements, 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 AND FUNCTIONAL CURRENCY

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.

STATEMENT OF VALUE ADDED

The Company prepared the individual and consolidated statements of value added in conformity with technical pronouncement CPC 09 - Statement of Value Added, which are presented as required by the Brazilian corporate law, as part of its individual and consolidated interim financial statements since it is not a statement provided for or required under the IAS 34. Such statement has been prepared based on information obtained from the accounting records used as a basis for the preparation of the interim financial statements, supplementary records and in accordance with the provisions of technical pronouncement CPC 09.

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements requires that Management uses estimates and exercises judgment in the process of applying the Company'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.

The areas that require greater use of critical accounting estimates and judgments in preparing these financial statements are the following:

Critical accounting estimates and judgments	NE
Impairment testing of intangible assets with finite and indefinite useful lives	13
Impairment testing of property and equipment	12
Provisions	17
Measurement of deferred taxes	18
Measurement of fair value of derivative financial instruments	8
Measurement of fair value of stock options	26

NEW AND REVISED STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFETIVE

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

Standard	Description	Effective for annual periods beginning on or after
IFRS 10 - Consolidated Financial Statements and IAS 28 (amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	No definition
Amendments to IAS 1	Classification of Liabilities as Current or Noncurrent	01/01/2023
Amendments to IAS 16	Property, Plant and Equipment – Proceeds Before Intended Use	01/01/2022
Amendments to IFRS 3	References to the Conceptual Framework	01/01/2022
Amendments to IAS 37	Onerous Contracts - Cost of Fulfilling a Contract	01/01/2022
Annual Improvements to IFRS Standards 2018-2020	Amendments to IFRS 1 – First Time Adoption of International Financial Reporting Standards, IFRS 9 – Financial Instruments, IFRS 16 – Leases, and IAS 41 - Agriculture	01/01/2022

Management is assessing potential impacts and, at this time, the adoption of the aforementioned standards are not expected to have a significant impact on the Group's financial statements in future periods.

3. ACQUISITIONS AND SALES

Business combination and goodwill

At the acquisition date, the acquisition cost is considered by the purchase price, which includes the fair value of the assets and liabilities assumed or incurred and any cost related to contingent or deferred additional payment. Transaction costs are recognized in profit or loss, when incurred. The acquisition cost is allocated to the assets acquired, liabilities and contingent liabilities assumed based on their fair values, including assets and liabilities that were not previously recognized in the balance sheet of the acquired entity, for example, intangible assets such as trademarks and bargain purchase agreements.

Goodwill is generated when the acquisition cost is higher than the value of the identifiable net assets measured at fair value. On the other hand, the goodwill is the difference between the fair value of the identifiable net assets and their respective carrying amounts. The final amounts of the business combination are measured within one year from the acquisition date.

The Company recognizes the fair value of certain assets acquired supported by reports prepared by independent appraisers. Management, based on its experience in acquisition transactions, assesses the appropriateness of the determined amounts. However, these assessments take into consideration a certain level of judgment.

When the consideration transferred by the Company in a business combination includes assets or liabilities resulting from a contingent consideration agreement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill.

When a business combination is achieved in stages, the Company's previously held equity interest in the acquiree is remeasured to its acquisition-date fair value (i.e., the date when the Company obtains control) and the resulting gain or loss, if any, is recognized in profit or loss.

ACQUISITION OF JUST FIT PARTICIPAÇÕES EM EMPREENDIMENTOS S.A. ("JUST FIT")

On March 5, 2021, the Company entered into a Share Purchase and Sale Agreement and Other Covenants ("Contract") for the acquisition of shares representing 100% of the total and voting capital of Just Fit, a company that operates 27 gyms in the state of São Paulo, Brazil. After the compliance with the conditions precedent (among them the approval of the operation by CADE), on June 16, 2021, Smartfit acquired the control of Just Fit. The acquisition price will be determined only after 12 months of the quarter in which Smart Fit's IPO occurred (see note 19), of these units.

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

	Just Fit
Business combination	
Assets	
Cash and cash equivalents	3,666
Trade receivables	2,039
Other receivables	2,464
Deferred tax assets	281
Right-of-use assets	39,586
Property and equipment	34,773
Intangible assets	1,020
Liabilities	
Trade payables	(1,827)
Other liabilities	(4,137)
Borrowings	(14,028)
Lease liabilities	(44,428)
Deferred revenue	(394)
Provisions	(182)
Contingent liabilities recognized in the business combination	(10,718)
Total identifiable assets acquired and liabilities assumed at fair value	**8,115**

At September 30, 2021, the consideration to be paid to the sellers was assessed as null by the Company. The appraisal report for the acquisition of Just Fit is being prepared and the Company provisionally recorded the amount of R$8,115 under “Other liabilities” at September 30, 2021.

Since the acquisition date, Just Fit’s operating revenue and loss for the period amount to R$5,232 and R$8,883, respectively. Had the business combination taken place at the beginning of the period, operating revenue and loss for the period would have been R$13,086 and R$24,454, respectively.

NONBINDING MOU FOR BUSINESS ACQUISITION

On April 12, 2021, the Company entered into a nonbinding MOU with Grupo Sports World, SAB de CV (“Sports World”), a company engaged in gym operations in Mexico, aiming at a possible business combination between Sports World and Latamgym SAPI de CV, which is a wholly-owned subsidiary of Smart in Mexico. The potential business combination is subject to the signing of a binding agreement between the parties, as well as other usual conditions and authorizations, both corporate and government-related. See note 28.

ACQUISITION OF MB NEGÓCIOS DIGITAIS S.A.

On July 14, 2020, the Company’s management signed a share purchase and sale agreement for the acquisition of a 70% interest in MB Negócios Digitais S.A. (“MB”).

MB offers physical and nutritional exercise programs, both online and offline, through its digital platform called “Queima Diária”. The acquisition is in line with the Company's strategic goal of expanding digital fitness.

The total price for the acquisition of 70% of MB was R$77,000, of which R$67,000 for the acquisition of shares and R$10,000 in contributions to be paid in up to 12 months, in local currency, as payment for the Subscription of New Shares until July 14, 2021, according to the EGM of July 14, 2020, where Smartfit subscribed and received such shares. In 2020 and 2021, payments were made regarding the acquisition of MB.

In addition, the share purchase and sale agreement establishes a call option for the Company and a put option for the former shareholder, containing the following considerations:

- Call Option

  The Company may exercise the call option at any time until July 14, 2025 (5-year term) from the Shareholders' Agreement signing date. Based on studies prepared by independent experts, the expected present value of the call option was determined at R$2,482 at the acquisition date and recorded as a right under the line item “derivative financial instruments” in noncurrent assets, against intangible assets (goodwill). As at December 31, 2020 and September 30, 2021, the determined amounts were updated and estimated at R$2,098 and R$184, respectively.

- Put Option

  Under a suspensive condition regarding the vesting period, the noncontrolling interest may exercise a Put Option, at its sole discretion, for a 24-month period from the end of the vesting period, and together with the call option exercise period. The vesting period will correspond to a six-month period from (i) the date of removal, resignation or vacancy, for any reason, of the position of Chief Executive Officer by the noncontrolling interest, if the noncontrolling interest remains in the position of Company’s Chief Executive Officer for a minimum period of three years, counted from the date of the Shareholders’ Agreement, or (ii) the date of the 3rd anniversary of the Shareholders’ Agreement, if the noncontrolling interest is removed from the position of Company’s Chief Executive Officer before such date. The exercise price of the put option is a multiple of EBITDA less the Net Debt multiplied by the percentage of interest at the date on which the put option is exercised.

At the acquisition date, the expected present value of the put option was determined at R$4,141, based on studies prepared by independent experts, recording an obligation under the line item "derivative financial instruments" in noncurrent liabilities, against equity in the line item "Equity instruments", since the effects of the potential acquisition may occur in a situation where the Company already holds the control of the investee. As at December 31, 2020 and September 30, 2021, the reviewed amounts were updated and estimated at R$8,422 and R$23,274, respectively.

As at June 30, 2021, the Company concluded the analysis of the acquisition of MB Negócios Digitais S.A., complementing the price to be paid by R$15,136 and adjusted the goodwill recognized in the business combination carried out in 2020 by R$706, with no material effects.

ACQUISITION OF PRO FORMA ACADEMIA DE GINÁSTICA LTDA.

On April 4, 2020, the Company acquired all shares of Pro Forma Academia de Ginástica Ltda ("Pro Forma") for R$7,000, with the purpose of expanding its network in the city of Rio de Janeiro, state of Rio de Janeiro In 2020, payments were made regarding the acquisition of Pro Forma.

The process of recognizing and measuring this purchase was carried out in accordance with CPC 15 (R1) / IFRS 3 and the assets acquired and liabilities assumed had no material fair value adjustments, according to a report prepared by an independent expert. This transaction generated goodwill based on future profitability of R$7,873, which was initially accounted for as an investment and reclassified to intangible assets through the merger of Pro Forma.

ACQUISITION OF SPORTY PANAMA S.A.

On January 21, 2020, the Company entered into an agreement for the acquisition of equity interest in Sporty Panama S.A. ("Sporty"), which was its franchisor, located in the Republic of Panama. The shareholders' agreement took place through its intervening and authorized party Sporty Holding B.V. ("Holding") located in Amsterdam, Netherlands.

Sporty is a closely-held company that operates in the fitness segment in the Republic of Panama and in Costa Rica.

In connection with the Company's strategic objective of expanding its activities to Latin America, the agreement provides that the parties will now hold a 50% interest in Sporty. The Company evaluated and concluded that Sporty is a joint venture to the extent that decisions on relevant activities require the unanimous consent of the Company and of the other shareholder that holds the 50% interest.

The process of recognizing and measuring this purchase was carried out in accordance with CPC 15 (R1) / IFRS 3 and the assets acquired and liabilities assumed had no material fair value adjustments, according to a report prepared by an independent expert.

ACQUISITION OF SMARTEXP ESCOLA DE GINÁSTICA E DANÇA S.A.

On December 15, 2020, the Company entered into a shareholders' agreement with SF NewGym Fundo de Investimento em Multiestratégia (FIP) in order to establish the rights and obligations of the joint venture SmartEXP. The agreement establishes business management commitments to be taken by the Board of Directors' members, who are appointed by the shareholders and must jointly resolve on the main matters that govern SmartEXP's operating and financial conditions.

The agreement also establishes a Lock-Up Period (grace period for redemption of shares) in which the FIP and the Company will not be able to transfer, in any capacity, in whole or in part, any shares or rights conferred on shares or securities convertible into shares, until the end of the seven-year period counted from the Date of the First Subscription, and in this period the Company has a call option for the entire equity interest of FIP in SmartEXP, which may be exercised after 12 months from the Date of the First Subscription. The call option may be exercised by the Company upon written notification to be sent to FIP, at least 60 days in advance of the date scheduled for the consummation of the call option. The total amount of the call option will be measured according to the exercise date of the call option: (a) if the exercise occurs from the date of the first subscription until the third anniversary, the total amount will be represented by the updated amount of the payments up to the third year less the updated amount of the dividends up to the third year; or (b) if the exercise occurs from the third anniversary after the date of the first subscription, exclusive, until the seventh anniversary after the date of the first subscription, the total amount will be at least the updated amount of the payments by the FIP, less the amounts declared and / or paid to shareholders as dividends, interest on capital and other earnings.

If the call option is not exercised by the end of the Lock-Up Period, the FIP will have the obligation to sell to Smartfit, which will have the obligation to purchase all (and not less than all) the Shares issued by SmartEXP that are owned by FIP at the date of the end of the Lock-Up Period, subject to the terms and conditions established between the parties.

As at December 31, 2020, the fair value of the obligation at the end of the Lock-Up Period (Obligation to purchase and sell - SmartEXP, see note 8) calculated by independent experts and measured based on the Monte Carlo method was estimated at R$5,756 and recorded as cost of the investment in SmartEXP.

The agreement binds all common shares and preferred shares of SmartEXP, and at the date of the first subscription the share capital is represented by 400,000 common shares (with voting rights) and 201,890 preferred shares (without voting rights), of which Smartfit holds 200,000 common shares. As at December 31, 2020, the contribution to SmartEXP's capital by the Company is R$2 in common shares, with the remainder of the contributions made by FIP and other shareholders in the amount of R$201,892 (common and preferred shares), of which R$22,990, equivalent 22,900 preferred shares, subscribed by Company executives.

The preferred shares issued in this way were subscribed exclusively by FIP and by Company's executives, so that the Company waived its preemptive right to subscribe to preferred shares issued by SmartEXP. The common shares issued by SmartEXP were subscribed exclusively by the Company and FIP, in the proportion of 50% equity interest for each. As a result of the shareholders' agreement, only preferred shares confer rights to results and dividends and, therefore, there is no attribution of results of this joint venture for purposes of equity accounting.

On August 4, 2021, after the liquidity event (IPO) held on July 14, 2021, see note 19), the Company entered into a Share Purchase and Sale Agreement and Other Covenants (“Contract”) for the acquisition of shares representing 50% of the total and voting capital of SmartEXP, and then acquired control, with the proceeds from the IPO. This company operated 29 gyms in the state of Sao Paulo, Brazil, as provided for in the Shareholders’ Agreement of December 15, 2020.

In total, 401,890 shares issued by SmarEXP and held by other shareholders were acquired, corresponding to 66.8% of its share capital. Of these shares, 22,990 are held by the Company's executives and, of the 378,900 shares that were acquired from SF NewGym Fundo de Investimento em Participações Multiestratégia, 55% are held by the Company’s noncontrolling interests. In addition, 6 shareholders of SmartEXP are also shareholders of the Company: 4 are noncontrolling interests and 2 are controlling shareholders of the Corona family.

The price paid per share was calculated based on the criteria set out in the Shareholders’ Agreements of SmartEXP, calculated according to the timing of realization of the liquidity event date. In August 2021, R$232,327 were paid for the acquisition of control.

The following table shows SmartEXP's assets, liabilities and equity at the acquisition date:

	SmartEXP
Acquisition of assets	
Financial assets at amortized cost:	
Cash and cash equivalents	67,416
Property and equipment	134,043
Right-of-use assets	101,697
Other assets	8,394
Liabilities	
Lease liabilities	(108,654)
Other liabilities	(26,339)
Equity	**(176,557)**

The Company conducted the optional concentration test defined in CPC 15 (R1) / IFRS 3 to determine whether the acquisition of SmartEXP is a business or group of assets. The concentration test is met if, substantially, all of the fair value of the gross

assets acquired is concentrated in a single identifiable asset or group of similar

assets. To perform the concentration test, the Company:

(a) excluded the cash and cash equivalents balance of gross assets acquired (no deferred tax assets and goodwill arising from the effects of deferred tax liabilities);

(b) in order to determine the fair value of the gross assets acquired, it included the consideration transferred (there is no noncontrolling interest) in excess of the fair value of the net identifiable assets acquired. The fair value of the gross assets acquired was determined as the total obtained by the sum of the fair value of the consideration transferred and the fair value of liabilities assumed (there are no deferred tax liabilities), excluding the items identified in (a).

It was identified that substantially all the fair value of the gross assets acquired is concentrated in a group of similar assets. The concentration of assets represents more than 90% of total assets (excluding cash and cash equivalents), thus it was concluded that the acquisition of SmartEXP is not considered a business. Therefore, the provisions in CPC 15 (R1) / IFRS 3 are not applicable, and therefore the excess value identified between the transaction cost and the value of the assets acquired and liabilities assumed was allocated based on the relative fair value at the purchase date, as follows: R$31,711 to property and equipment and R$24,059 to right-of-use assets.

4. FINANCIAL RISK MANAGEMENT

The Groups' activities expose it to a variety of financial risks:

- Market risk (including foreign exchange risk and interest rate risk)
- Credit risk
- Liquidity risk
- Capital risk

Within the Group, risk management activities are performed in relation to financial risks arising from financial instruments to which the Group is exposed during a specific period or at a specific date. This management is carried out by the Company's Management in accordance with the policies approved by the Board of Executive Officers. The Company's Treasury department identifies, measures and hedges it against possible financial risks in cooperation with the Company's operating units.

The main 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 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

The Company and its Brazilian subsidiaries are exposed to foreign exchange risks because they carry out transactions in currencies other than the Brazilian real. 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

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. The Group's main borrowings are described in note 16.

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

	Impact on profit or loss	
	10% increase	10% decrease
Interest rate sensitivity		
Variable interest	4,543	(4,543)

As part of its portfolio of assets (disclosed in note 7), the exclusive investment funds hold an LF security contracted at IPCA in the amount of R$44,741 at September 30, 2021 for which the fund allocated a derivative financial instrument to hedge this exposure, which resulted in the indexation to CDI. The mark-to-market is recognized in finance income (costs), and the Company has not applied hedge accounting for this instrument.

LIQUIDITY RISK MANAGEMENT

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 Company and its subsidiaries maintain 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			
	Between 0 and 1 year	Between 1 and 2 years	Over 2 years	Total
CONSOLIDATED				
At September 30, 2021				
Trade payables	198,911	-	-	**198,911**
Other liabilities	134,320	22,943	-	**157,263**
Borrowings(1)	1,008,520	1,374,818	2,888,988	**5,272,326**
Lease liabilities(1)	676,125	703,381	3,131,927	**4,511,433**
Derivative financial instruments	-	23,274	-	**23,274**
Total	**2,017,876**	**2,124,416**	**6,020,915**	**10,163,207**

(1) Includes interest to be accrued.

As at September 30, 2021, there are guarantees granted by the Company and its subsidiaries 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$67,984 (R$59,739 at December 31, 2020).

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

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 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, 9 and 10, represent the Group's maximum credit exposure.

For the balances of cash and cash equivalents and financial investments, to minimize the credit risk, the Company adopts policies that restrict the bank relationship in financial institutions validated and approved by the Board of Directors. This policy also establishes monetary limits and risk concentration, which are regularly updated. The Company's exclusive investment funds contain a portfolio based mainly on federal government securities or assets with low market credit risk.

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 Company'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 Company 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	
	09/30/2021	12/31/2020	09/30/2021	12/31/2020
Customer list by late payment range				
Current	117,814	77,835	202,380	152,290
Past due:				
Up to 30 days	136	90	368	277
From 31 to 60 days	159	105	447	336
From 61 to 90 days	165	109	409	308
From 91 to 180 days	687	454	1,870	1,407
From 181 to 360 days	790	522	1,855	1,396
More than 361 days	930	614	2,119	1,595
Total	**120,681**	**79,729**	**209,448**	**157,609**

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 Company 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 Company'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.

Management does not use derivative instruments to hedge against this risk.

5. FINANCIAL INSTRUMENTS BY CATEGORY

Financial assets and financial liabilities are recognized in the balance sheet when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets

All financial assets recognized by the Company are subsequently measured in their entirety at either amortized cost or fair value, depending on the classification of the financial assets:

- <u>Amortized cost</u>

  The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

- <u>Fair value through profit or loss</u>

  Financial assets that do not meet the abovementioned measurement criteria are measured at fair value through profit or loss. These financial assets are measured at fair value at the end of each reporting period and gains or losses arising from changes in the fair value are recorded on the accrual basis in the statement of profit and loss under "Finance income" and "Finance costs", respectively.

Financial liabilities

Financial liabilities are classified as follows:

- <u>Amortized cost</u>

  These comprise liabilities measured using the effective interest method, including borrowings, with the allocation of the effective interest incurred over the respective agreement term. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

- <u>Fair value through profit or loss</u>

  These comprise liabilities held for trading measured at fair value, with the resulting gains or losses recognized directly in profit or loss.

The Company derecognizes financial liabilities when, and only when, its obligations are discharged, cancelled or they expire. The difference between the carrying amount of the derecognized financial liability and the consideration paid and payable is recognized in profit or loss.

CATEGORIES OF FINANCIAL INSTRUMENTS

The tables below present financial assets and liabilities by category of financial instruments and a reconciliation with the line disclosed in the balance sheet, as applicable. As line items "Other receivables" and "Other liabilities" include both financial instruments and non-financial assets or liabilities (such as tax assets and tax liabilities, among others), the reconciliation is presented in the columns "Non-financial assets" and "Non-financial liabilities".

	Financial assets at fair value through profit or loss	Financial assets measured at amortized cost	Subtotal financial assets	Nonfinancial assets	Total
PARENT					
At September 30, 2021					
Cash and cash equivalents	-	580,289	580,289	-	580,289
Investments in financial assets	2,274,199	71,329	2,345,528	-	2,345,528
Trade receivables[1]	-	120,681	120,681	-	120,681
Other receivables[2]	13,834	78,427	92,261	120,788	213,049
Derivative financial instruments	184	-	184	-	184
Total	**2,288,217**	**850,726**	**3,138,943**	**120,788**	**3,259,731**
At December 31, 2020					
Cash and cash equivalents	-	621,099	621,099	-	621,099
Investments in financial assets	12,355	35,249	47,604	-	47,604
Trade receivables[1]	-	79,729	79,729	-	79,729
Other receivables[2]	10,000	89,938	99,938	97,192	197,130
Derivative financial instruments	2,098	-	2,098	-	2,098
Total	**24,453**	**826,015**	**850,468**	**97,192**	**947,660**
CONSOLIDATED					
At September 30, 2021					
Cash and cash equivalents	730,027	1,030,167	1,760,194	-	1,760,194
Investments in financial assets	1,544,428	94,420	1,638,848	-	1,638,848
Trade receivables[1]	-	209,448	209,448	-	209,448
Other receivables[2]	13,834	41,103	54,937	356,903	411,840
Derivative financial instruments	184	-	184	-	184
Total	**2,288,473**	**1,375,138**	**3,663,611**	**356,903**	**4,020,514**
At December 31, 2020					
Cash and cash equivalents	-	1,019,611	1,019,611	-	1,019,611
Investments in financial assets	12,355	47,682	60,037	-	60,037
Trade receivables[1]	-	157,609	157,609	-	157,609
Other receivables[2]	10,000	35,667	45,667	277,119	322,786
Derivative financial instruments	2,098	-	2,098	-	2,098
Total	**24,453**	**1,260,569**	**1,285,022**	**277,119**	**1,562,141**

(1) Does not include the allowance for expected credit losses.
(2) Includes security deposits, taxes recoverable, escrow deposits, prepaid expenses, advances to suppliers, and others.

	Financial liabilities at fair value through profit or loss	Financial liabilities at amortized cost	Subtotal financial liabilities	Non-financial liabilities	Total
PARENT					
At September 30, 2021					
Trade payables	-	86,927	86,927	-	86,927
Other liabilities[1]	-	46,813	46,813	72,496	119,309
Borrowings	-	1,652,432	1,652,432	-	1,652,432
Lease liabilities	-	1,007,811	1,007,811	-	1,007,811
Derivative financial instruments	23,274	-	23,274	-	23,274
Total	**23,274**	**2,793,983**	**2,817,257**	**72,496**	**2,889,753**
At December 31, 2020					
Trade payables	-	70,429	70,429	-	70,429
Other liabilities[1]	-	98,924	98,924	71,310	170,234
Borrowings	-	1,320,092	1,320,092	-	1,320,092
Lease liabilities	-	983,162	983,162	-	983,162
Derivative financial instruments	14,178	-	14,178	-	14,178
Total	**14,178**	**2,472,607**	**2,486,785**	**71,310**	**2,558,095**
CONSOLIDATED					
At September 30, 2021					
Trade payables	-	198,911	198,911	-	198,911
Other liabilities[1]	-	10,055	10,055	147,208	157,263
Borrowings	-	2,915,011	2,915,011	-	2,915,011
Lease liabilities	-	2,837,758	2,837,758	-	2,837,758
Derivative financial instruments	23,274	-	23,274	-	23,274
Total	**23,274**	**5,961,735**	**5,985,009**	**147,208**	**6,132,217**
At December 31, 2020					
Trade payables	-	169,840	169,840	-	169,840
Other liabilities[1]	-	63,233	63,233	129,666	192,899
Borrowings	-	2,616,073	2,616,073	-	2,616,073
Lease liabilities	-	2,873,784	2,873,784	-	2,873,784
Derivative financial instruments	14,178	-	14,178	-	14,178
Total	**14,178**	**5,722,930**	**5,737,108**	**129,666**	**5,866,774**

(1) Includes taxes and contributions payable, salaries, accruals and social contributions, indemnity for cancellation of stock option plan, investments in subsidiaries and joint ventures with negative equity, provisional balance of business combination, and others.

Gains and losses on financial instruments and non-financial instruments are allocated to the following categories:

	Nine-month period ended					
	09/30/2021			09/30/2020		
	Financial and non-financial assets / liabilities measured at fair value	Financial and non-financial assets / liabilities measured at amortized cost	Total	Financial and non-financial assets / liabilities measured at fair value	Financial and non-financial assets / liabilities measured at amortized cost	Total
PARENT						
Interest income	-	7,832	7,832	-	3,800	3,800
Foreign exchange losses, net	-	(1,630)	(1,630)	-	(30,851)	(30,851)
Income from financial investments	24,158	14,597	38,755	-	16,869	16,869
Gain (loss) on derivative financial instruments	(3,766)	-	(3,766)	-	-	-
Discounts obtained on leases	-	28,284	28,284	-	53,040	53,040
Interest on borrowings	-	(68,020)	(68,020)	-	(61,202)	(61,202)
Interest on leases	-	(55,079)	(55,079)	-	(57,715)	(57,715)
Other finance income (costs), net	-	(7,779)	(7,779)	-	(6,131)	(6,131)
Total	**20,392**	**(81,795)**	**(61,403)**	**-**	**(82,190)**	**(82,190)**
CONSOLIDATED						
Interest income	-	9,140	9,140	-	4,902	4,902
Foreign exchange losses, net	-	(13,518)	(13,518)	-	(40,298)	(40,298)
Income from financial investments	24,158	18,414	42,572	-	32,867	32,867
Gain (loss) on derivative financial instruments	(3,766)	-	(3,766)	-	-	-
Discounts obtained on leases	-	93,117	93,117	-	125,596	125,596
Interest on borrowings	-	(144,988)	(144,988)	-	(144,773)	(144,773)
Interest on leases	-	(184,268)	(184,268)	-	(156,726)	(156,726)
Other finance income (costs), net	-	(13,141)	(13,141)	-	(4,606)	(4,606)
Total	**20,392**	**(235,244)**	**(214,852)**	**-**	**(183,038)**	**(183,038)**

FAIR VALUE HIERARCHY OF THE FINANCIAL INSTRUMENTS

When the fair value of financial assets and liabilities stated in the balance sheet cannot be obtained from active markets, it is determined by using valuation techniques, including the discounted cash flow method. Data for these methods are based on market data, when possible; however, when this is not feasible, a certain level of judgment is required to establish the fair value. Judgment includes considerations on the data used, such as liquidity risk, credit risk and volatility. Changes in assumptions on these factors could affect the reported fair value of the financial instruments. The Company adopts the following methodology to determine and disclose the fair value of financial instruments by valuation technique:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 which are directly (such as prices) or indirectly (price derived) observable for assets or liabilities.
- Level 3: inputs for the asset or liability that are not based on observable market inputs (unobservable inputs).

The tables below present the Group's financial assets measured at fair value at September 30, 2021 and their allocation to the fair value hierarchy:

	Level 1	Level 2	Level 3	Total
PARENT				
Assets				
Investments in financial assets				
Exclusive investment funds and other financial investments	-	2,274,199	-	2,274,199
Other receivables				
N2B loan	-	-	13,834	13,834
Derivative financial instruments				
Smartfit call option - MB Negócios Digitais	-	-	184	184
Total	**-**	**2,274,199**	**14,018**	**2,288,217**
Liabilities				
Other liabilities				
Contingent consideration – Just Fit(1)	-	-	-	-
Derivative financial instruments				
Sale obligation of noncontrolling interest – MB Negócios Digitais	-	-	(23,274)	(23,274)
Total	**-**	**-**	**(23,274)**	**(23,274)**
CONSOLIDATED				
Assets				
Cash and cash equivalents				
Repurchase agreements	-	730,027	-	730,027
Investments in financial assets				
Exclusive investment funds and other financial investments	-	1,544,428	-	1,544,428
Other receivables				
N2B loan	-	-	13,834	13,834
Derivative financial instruments				
Smartfit call option - MB Negócios Digitais	-	-	184	184
Total	**-**	**2,274,455**	**14,018**	**2,288,473**
Liabilities				
Other liabilities				
Contingent consideration – Just Fit(1)	-	-	-	-
Derivative financial instruments				
Sale obligation of noncontrolling interest – MB Negócios Digitais	-	-	(23,274)	(23,274)
Total	**-**	**-**	**(23,274)**	**(23,274)**

(1) The consideration payable to the sellers was estimated as null by the Company (see note 3).

CHANGES IN LEVEL 3 ASSETS AND LIABILITIES

	Parent		Consolidated	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities
Financial instruments - Level 3				
At December 31, 2019	**-**	**-**	**-**	**-**
Purchases	12,481	(9,896)	12,481	(9,896)
Gains and losses recognized in profit or loss	(383)	(4,282)	(383)	(4,282)
At December 31, 2020	**12,098**	**(14,178)**	**12,098**	**(14,178)**
Purchases	3,732	-	3,732	-
Complement to acquisition price of subsidiary - MB Negócios Digitais	-	(13,000)	-	(13,000)
Write-off of fair value of purchase and sale obligation - SmartEXP	-	5,756	-	5,756
Gains and losses recognized in profit or loss	(1,812)	(1,852)	(1,812)	(1,852)
At September 30, 2021	**14,018**	**(23,274)**	**14,018**	**(23,274)**

The Group's policy is to recognize transfers between the different categories of the fair value hierarchy when they occur or when there are changes in circumstances causing the transfer. In the nine-month period ended September 30, 2021, 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	Acquisition value of Smartfit interest, projection of MB and market indicators: EBITDA, share value, volatility of EBITDA and share value, correlation between EBITDA and share value, interest rate and CDI.	Level 3
Sale obligation of noncontrolling interest – MB Negócios Digitais	Option pricing model	Acquisition value of Smartfit interest, projection of MB and market indicators: EBITDA, 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
Contingent consideration – Just Fit	Discounted cash flow	Projected result of the acquired units for the next 5 years, discounted with a specific WACC for Just Fit.	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), contractual rates (note 16) and variable interest according to market conditions and, therefore, the fair value is R$1,686,708 in Parent and R$2,957,389 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

These comprise cash on hand and in banks and financial investments readily convertible into a known amount of cash and subject to an insignificant risk of change in value. Financial investments are carried at cost plus yield accrued through the end of each reporting period, which does not exceed their market or realizable value.

BREAKDOWN OF BALANCES

	Parent		Consolidated	
	09/30/2021	12/31/2020	09/30/2021	12/31/2020
Cash and cash equivalents				
Cash and banks	10,216	11,922	169,288	211,234
CDB(1)	549,580	589,115	684,008	689,951
Non-exclusive investment funds(2)	20,493	20,062	20,493	20,062
Repurchase agreements(3)	-	-	730,027	-
Other financial investments(4)	-	-	156,378	98,364
Total	**580,289**	**621,099**	**1,760,194**	**1,019,611**

(1) They are remunerated at a weighted average rate of 101.10% of the CDI (99.39% in Dec/20) and managed by independent financial institutions. The maturities are variable, however, they are highly liquid, with no loss of remuneration upon redemption.

(2) Refers to the non-exclusive fixed income investment fund Turquesa Corporativo. At September 30, 2021, the portfolio was distributed mainly into LFT, with weighted average rate of 92.80% of CDI (93.08% in Dec/20).

(3) Repurchase agreements are part of the portfolio of the exclusive investment funds mentioned in note 7, they 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 at a rate of 100.00% of the CDI.

(4) Are distributed into subsidiaries Latamgym México with an average annual rate of 3.04% (3.88% in Dec/2020), Sporty City Colombia with an average annual rate of 2.26% (7.00% in Dec/20), and Latamfit Chile with an average annual rate of 0.63% (0.86% in Dec/20).

7. INVESTMENTS IN FINANCIAL ASSETS

Financial investments are (i) stated at cost plus accrued yields, or (ii) measured at fair value through profit or loss at the end of each period. Gains or losses arising from changes in fair value are recognized in the statement of profit and loss on an accrual basis, in line items “Finance income” or “Finance costs”, respectively.

BREAKDOWN OF BALANCES

	Parent		Consolidated	
	09/30/2021	12/31/2020	09/30/2021	12/31/2020
Investments in financial assets				
CDB[1]	71,329	35,249	170,617	36,957
Non-exclusive investment funds[2]	28,832	8,951	29,088	8,951
Exclusive investment funds[3]	2,241,556	-	-	-
Government securities[4]	-	-	1,200,197	-
Financial bills[5]	-	-	212,044	-
Other financial investments	3,811	3,404	26,902	14,129
Total	**2,345,528**	**47,604**	**1,638,848**	**60,037**
Current	**2,270,388**	**-**	**1,563,708**	**-**
Noncurrent	**75,140**	**47,604**	**75,140**	**60,037**

(1) Includes R$71,329 of guarantees related to debentures, as established in the contract (see note 16). They are remunerated at a rate of 99.50% to 108.00% of the CDI (99.00% in Dec/20) and managed by independent financial institutions.
(2) Includes R$28,832 of guarantees related to debentures, as established in the contract (see note 16). Refers to the non-exclusive fixed income investment fund Soberano. At September 30, 2021, the portfolio was distributed mainly into government securities (LFT), CDB and repurchase agreements, with weighted average rate of 95.45% of CDI (116.80% in Dec/20).
(3) Refer to the private credit exclusive fixed income investment funds Átila RF CP FI (remunerated at a weighted average rate of 107.54% of CDI) and Santo Amaro RF CP (remunerated at a weighted average rate of 105.36% of CDI). 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 these Financial Statements, in accordance with CVM Instruction 408/04, and their balances were presented by each financial component.
(4) Represented by government securities (LFT) contracted at SELIC + rate between 0.09% and 0.26%.
(5) Refer to private securities by private credit issuers remunerated at a rate of 101.1% to 105.60% of CDI and IPCA + 5.6%.

8. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments are initially recognized at fair value at the date the derivative contract is entered into and are subsequently remeasured at fair values. These are recognized as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. All changes related to these financial instruments are recognized in profit or loss.

BREAKDOWN OF BALANCES

	Parent		Consolidated	
	09/30/2021	12/31/2020	09/30/2021	12/31/2020
Derivative financial investments				
Assets				
Smartfit call option - MB Negócios Digitais	184	2,098	184	2,098
Total	**184**	**2,098**	**184**	**2,098**
Liabilities				
Purchase and sale obligation - SmartEXP[1]	-	5,756	-	5,756
Sale obligation of noncontrolling interest – MB Negócios Digitais[2]	23,274	8,422	23,274	8,422
Total	**23,274**	**14,178**	**23,274**	**14,178**

(1) On August 4, 2021, SmartEXP was acquired. See note 3.
(2) See note 3.

9. TRADE RECEIVABLES

Trade receivables are initially recognized at fair value and subsequently measured at amortized cost by applying the effective interest method, less an allowance for expected credit losses recognized based on the general model of CPC 48 / IFRS 9 methodology.

BREAKDOWN OF BALANCES

	Parent		Consolidated	
	09/30/2021	12/31/2020	09/30/2021	12/31/2020
Trade receivables				
Trade receivables arising from contracts with customers[(1)]	120,681	79,729	209,448	157,609
Allowance for expected credit losses	(1,638)	(1,347)	(4,950)	(3,389)
Total	**119,043**	**78,382**	**204,498**	**154,220**

(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 Smartfit's Smart and Black plans. The annual fees are generally charged in the third month after the enrollment of new members.

IMPACTS OF THE COVID-19 PANDEMIC

The estimated default rates are very close to the rates of actually incurred losses manly because the Company makes the collections on a recurring basis through credit cards. Given this scenario, the risk of an increase in default maintains the same perspective as the pre-pandemic scenario.

10. OTHER RECEIVABLES

Other receivables are carried in the balance sheet at the known or estimated amounts, adjusted through the end of each reporting period, when applicable.

BREAKDOWN OF BALANCES

	Parent		Consolidated	
	09/30/2021	12/31/2020	09/30/2021	12/31/2020
Other receivables				
Related parties[(1)]	75,683	87,257	21,739	32,986
Security deposits[(2)]	148	-	30,722	26,466
Loans with third parties[(3)]	16,578	12,681	33,198	12,681
Taxes recoverable[(4)]	33,709	25,215	179,219	137,125
Escrow deposits[(5)]	50,539	50,104	58,577	53,544
Prepaid expenses	9,158	5,333	23,241	10,661
Advances to suppliers	8,486	3,271	31,882	13,539
Others	18,748	13,269	33,262	35,784
Total	**213,049**	**197,130**	**411,840**	**322,786**
Current	**118,038**	**45,262**	**259,306**	**137,218**
Noncurrent	**95,011**	**151,868**	**152,534**	**185,568**

(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$13,834, 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. Refers to the proposal for investment in N2B in order to support the provision of complementary fitness services for the expansion, development and provision of licenses to access the Smartnutri platform. This platform offers a package of features, such as a daily meal registration schedule, scanner that recognizes processed foods, chat with nutritionists, monitoring of body composition, personalized meal suggestions and food recognition by photo, among others.
(4) In Consolidated, includes mainly PIS/COFINS of R$10,709 (R$5,547 in Dec/20), IRPJ/CSLL of R$42,566 (R$20,916 in Dec/20) and IGV of R$92,218 (R$92,224 in Dec/20).
(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

Subsidiaries

A subsidiary is a company over which the Company holds the rights that assure it, on an ongoing basis, the majority vote in corporate resolutions and the power to elect most of the managers. The investment in subsidiary is accounted for under the equity method of accounting.

For changes in equity interest that result in loss of control, the remaining interest in the former subsidiary is recognized at its fair value on the date in which the control was lost and, subsequently, this investment and any amounts payable to or receivable from the former subsidiary are recognized in accordance with the relevant technical pronouncements and guidance and interpretations of the CPC and the applicable IFRS, and a gain or loss associated to the loss of control attributable to the former parent is recognized.

Joint ventures

A joint venture is a joint arrangement whereby the Company and other parties undertake an economic activity that is subject to joint control (i.e. when the strategic financial and operating policy decisions relating to the activities of the joint venture require the unanimous consent of the parties sharing control).

The Company recognized its interest in the joint ventures using the equity method.

Gains and losses on translation of financial statements of foreign operations are classified in line item "Other comprehensive income", directly in equity.

MAIN SUBSIDIARIES

	Country of incorporation	Equity interest held by the Group		Equity interest held by noncontrolling interests	
		09/30/2021	12/31/2020	09/30/2021	12/31/2020
Subsidiaries					
Latamgym SAPI de CV	Mexico	100.00%	100.00%	-	-
Sporty City SAS	Colombia	100.00%	100.00%	-	-
Latamfit Chile SPA	Chile	100.00%	100.00%	-	-
SmartEXP Escola de Ginástica e Dança SA(1)	Brazil	100.00%	50.00%	-	-
Smartfit Peru SAC	Peru	90.00%	90.00%	10.00%	10.00%
MB Negócios Digitais S.A.	Brazil	70.00%	70.00%	30.00%	30.00%
ADV Esporte e Saúde Ltda.	Brazil	73.12%	73.12%	26.88%	26.88%

(1) See note 3.

The Group does not have investments in subsidiaries with significant noncontrolling interests.

JOINT VENTURES

	Country of incorporation	Equity interest held by the Group	
		09/30/2021	12/31/2020
Joint ventures			
FitMaster LLC	United States	55.00%	55.00%
Sporty Panamá AS	Panama	50.00%	50.00%
Total Pass SA de CV(1)	Mexico	33.33%	50.00%

(1) Indirect joint venture through subsidiary Latamgym SAPI de CV.

CHANGES FOR THE PERIOD

Investments in subsidiaries and joint ventures	Parent	Consolidated
At December 31, 2019	**1,799,848**	**5,292**
Capital increases	96,998	22,746
Acquisition of subsidiaries and joint ventures	164,863	83,345
Consideration – SmartEXP	5,756	5,756
Mergers(1)	(4,428)	-
Share of profit (loss) of investees	(251,266)	(15,786)
Amortization of surplus value	(13,834)	-
Exchange effect	402,799	22,346
Transfers and reclassifications(3)	(7,873)	-
Others	(49)	17
At December 31, 2020	**2,192,814**	**123,716**
Capital increase(2)	250,912	11,687
Acquisition of subsidiary – Just Fit(3)	8,115	-
Write-off of purchase and sale obligation - SmartEXP(4)	(5,756)	(5,756)
Complement to acquisition price of subsidiary - MB Negócios Digitais(3)	15,136	-
Monetary adjustment of capital contribution – MB Negócios Digitais	68	-
Share-based payments in subsidiaries	780	-
Share of profit (loss) of investees	(239,960)	(13,717)
Amortization of surplus value	(8,130)	-
Exchange effect	(39,687)	3,669
Others	94	62
At September 30, 2021	**2,174,386**	**119,661**

(1) Refer to the merger, on January 31, 2020, of the net assets of the subsidiaries Arnaut & Arnaut Ginástica e Condicionamento Físico Ltda. ("Arnaut"), Academia de Ginástica e Dança Biocerro Ltda. ("Biocerro"), Smartvcr Academia de Ginástica Ltda. ("SmartVCR") and SmartCBL Escola de Ginástica e Dança S.A. ("SmartCBL") based on a report prepared by independent appraisers, at book values.
(2) At September 30, 2021, in Parent, this refers to the capital increase in subsidiaries Latamgym México (R$151,897), Smartfit Peru (R$29,869), Latamfit Chile (R$32,398), Smartfit Argentina (R$2,095), Smartfit Paraguay (R$10,366), Just Fit (R$12,350), Microsul (R$250) and in the joint venture FitMaster (R$11,687).
(3) See note 3.
(4) On August 4, 2021, SmartEXP was acquired. See note 3.

BREAKDOWN OF BALANCES

	09/30/2021	Nine-month period ended 09/30/2021		12/31/2020	Nine-month period ended 09/30/2020	
	Investment balance	Share of profit (loss) of investees	Other comprehensive income	Investment balance	Share of profit (loss) of investees	Other comprehensive income
PARENT						
Subsidiaries						
Latamgym SAPI de CV	963,108	(110,455)	12,828	911,388	(73,662)	49,265
Sporty City SAS	471,769	(13,323)	(32,416)	514,195	(118)	(3,063)
Latamfit Chile SPA	234,060	(34,318)	(17,484)	253,465	(14,301)	17,498
Smartfit Peru SAC	4,446	(53,098)	1,114	26,545	(47,814)	13,875
MB Negócios Digitais S.A.	112,480	15,865	-	81,348	(94)	(224)
ADV Esporte e Saúde Ltda.	33,983	(2,042)	-	36,025	(1,055)	(402)
Other subsidiaries	229,244	(41,354)	(7,163)	244,637	(71,756)	251,415
Joint ventures						
FitMaster LLC	37,205	(3,390)	4,549	24,360	(837)	-
SmartEXP Escola de Ginástica e Dança S.A.	-	-	-	5,758	-	-
Sporty Panamá SA	88,091	(5,975)	(1,115)	95,093	(6,231)	22,302
Total	**2,174,386**	**(248,090)**	**(39,687)**	**2,192,814**	**(215,868)**	**350,666**
Included in assets	**2,181,072**			**2,204,249**		
Included in liabilities	**(6,686)**			**(11,435)**		
CONSOLIDATED						
Joint ventures						
FitMaster LLC	37,200	(3,390)	4,549	24,360	(835)	-
SmartEXP Escola de Ginástica e Dança S.A.	-	-	-	5,758	-	-
Sporty Panamá SA	88,091	(5,975)	(1,115)	95,093	(6,224)	22,302
Total Pass SA de CV	(5,630)	(4,352)	235	(1,495)	-	-
Total	**119,661**	**(13,717)**	**3,669**	**123,716**	**(7,059)**	**22,302**
Included in assets	**125,292**			**125,211**		
Included in liabilities	**(5,631)**			**(1,495)**		

SUMMARIZED AGGREGATED FINANCIAL INFORMATION ON JOINT VENTURES

	09/30/2021	12/31/2020
BALANCE SHEETS		
Current assets	21,334	248,967
Noncurrent assets	80,146	189,486
Total assets	**101,480**	**438,453**
Current liabilities	312	22,676
Noncurrent liabilities	9,823	44,479
Total liabilities	**10,135**	**67,155**
Total equity	**91,345**	**371,298**

	Nine-month period ended	
	09/30/2021	09/30/2020
STATEMENT OF PROFIT AND LOSS		
Operating revenue	14,044	18,853
Costs and expenses	(40,092)	(31,719)
Operating profit (loss)	**(26,048)**	**(12,866)**
Finance income (costs)	(4,454)	(2,245)
Income taxes	(11)	(2)
Profit (loss) for the period	**(30,513)**	**(15,113)**

The balance sheet as at September 30, 2021 does not include the balances of SmartEXP. The statement of profit and loss contains the results of SmartEXP until the date of acquisition by Smartfit. See note 3.

12. PROPERTY AND EQUIPMENT

Stated at acquisition, formation or construction cost, less accumulated depreciation and, when applicable, a provision for impairment. Depreciation is calculated on a straight-line basis at rates that consider the economic useful lives of the assets. The facilities and improvements in the Company's and its subsidiaries' leased units are depreciated over the lease term or the economic useful lives of the assets.

When there is indication that property and equipment items might be impaired, based on financial and economic factors taking into consideration the maturity of investments, their carrying amounts are annually reviewed through a detailed study of each Cash Generating Unit ("CGU"), by calculating the discounted future cash flows and using a discount rate to calculate the present value, to ensure the recording of a provision for impairment in the statement of profit and loss for the analyzed year. At the end of each reporting period, the Company reviews the carrying amount of its property and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is immediately recognized in profit or loss.

The estimated annual depreciation rates by main class of assets are as follows:

- Facilities and leasehold improvements: 10% - 20% - Machinery and equipment. 7% - 12%
- Furniture and fixtures: 7% - 12% - IT equipment: 3% - 25%

BREAKDOWN OF AND VARIATIONS IN THE BALANCES

	Facilities and leasehold improvements	Machinery and equipment	Furniture and fixtures	IT equipment	Property and equipment in progress	Other property and equipment	Total
PARENT							
At December 31, 2019							
Cost	732,968	345,638	73,797	24,111	70,734	61,205	1,308,453
Accumulated depreciation	(322,263)	(88,189)	(24,312)	(8,153)	-	(20,161)	(463,078)
Net value	**410,705**	**257,449**	**49,485**	**15,958**	**70,734**	**41,044**	**845,375**
Additions	40,506	12,849	2,722	5,234	124,501	1,867	187,679
Mergers	3,423	5,432	515	211	131	711	10,423
Write-offs	(1,016)	(10,628)	(83)	(435)	(155)	(203)	(12,520)
Depreciation	(80,086)	(36,724)	(8,358)	(5,114)	-	(13,624)	(143,906)
Transfers and reclassifications	94,175	45,602	10,342	2,288	(162,706)	9,962	(337)
At December 31, 2020							
Cost	867,265	397,156	87,591	31,178	32,505	73,905	1,489,600
Accumulated depreciation	(399,558)	(123,176)	(32,968)	(13,036)	-	(34,148)	(602,886)
Net value	**467,707**	**273,980**	**54,623**	**18,142**	**32,505**	**39,757**	**886,714**
Additions	12,977	5,278	2,080	3,558	42,715	1,214	67,822
Acquisition of assets(4)	63,449	34,739	16,147	2,400	39,030	9,989	165,754
Write-offs	(1,301)	(6,389)	(39)	(28)	(353)	(137)	(8,247)
Depreciation	(54,341)	(30,015)	(6,835)	(4,467)	-	(11,532)	(107,190)
Transfers and reclassifications(1)	36,665	3,530	1,372	353	(59,062)	1,373	(15,769)
At September 30, 2021							
Cost	966,664	430,580	107,382	37,153	54,835	86,411	1,683,025
Accumulated depreciation	(441,508)	(149,457)	(40,034)	(17,195)	-	(45,747)	(693,941)
Net value	**525,156**	**281,123**	**67,348**	**19,958**	**54,835**	**40,664**	**989,084**

CONSOLIDATED	Facilities and leasehold improvements	Machinery and equipment	Furniture and fixtures	IT equipment	Property and equipment in progress	Other property and equipment	Total
At December 31, 2019							
Cost	1,776,728	646,318	182,612	82,809	176,797	79,056	2,944,320
Accumulated depreciation	(567,180)	(160,938)	(62,403)	(32,569)	-	(26,988)	(850,078)
Net value	**1,209,548**	**485,380**	**120,209**	**50,240**	**176,797**	**52,068**	**2,094,242**
Additions	88,211	30,210	4,402	10,887	350,311	5,011	489,032
Write-offs	(2,696)	(17,936)	(1,292)	(787)	(4,030)	(2,360)	(29,101)
Depreciation	(196,249)	(68,891)	(21,952)	(17,307)	-	(16,812)	(321,211)
Exchange effects	163,308	29,205	6,748	5,962	43,090	325	248,638
Transfers and reclassifications	206,446	95,400	7,531	646	(377,910)	11,419	(56,468)
At December 31, 2020							
Cost	2,258,657	803,533	193,216	105,928	188,258	93,147	3,642,739
Accumulated depreciation	(790,089)	(250,165)	(77,570)	(56,287)	-	(43,496)	(1,217,607)
Net value	**1,468,568**	**553,368**	**115,646**	**49,641**	**188,258**	**49,651**	**2,425,132**
Additions	50,826	24,789	4,222	7,649	92,187	1,306	180,979
Acquisition of subsidiary[3]	12,926	19,101	2,384	348	14	-	34,773
Acquisition of assets[4]	63,449	34,739	16,147	2,400	39,030	9,989	165,754
Write-offs	(9,111)	(7,413)	(176)	-	(6,853)	(94)	(23,647)
Depreciation	(149,799)	(65,040)	(17,765)	(14,785)	1,639	(15,518)	(261,268)
FX effects	(25,003)	(10,301)	22	682	(8,785)	(683)	(44,068)
Transfers and reclassifications[2]	132,259	(19,711)	12,599	1,829	(142,639)	157	(15,506)
At September 30, 2021							
Cost	2,472,915	862,694	229,267	117,299	162,851	103,785	3,948,811
Accumulated depreciation	(928,800)	(333,162)	(96,188)	(69,535)	-	(58,977)	(1,486,662)
Net value	**1,544,115**	**529,532**	**133,079**	**47,764**	**162,851**	**44,808**	**2,462,149**

(1) The remaining balance in the Transfers and reclassifications column refers to reclassifications to Intangible assets (see note 13).
(2) The remaining balance in the transfers and reclassifications column refers to Property and equipment reclassified to Intangible assets in the amount of R$21,946 (see note 13) and Right-of-use assets reclassified to Property and equipment in the amount of R$6,440 (see note 14).
(3) Refers to Just Fit acquisition (see note 3).
(4) Refers to the acquisition of property and equipment of SmartEXP (see note 3).

IMPACTS OF THE COVID-19 PANDEMIC

The Company reviewed the assumptions used in the impairment tests for property and equipment and right-of-use assets, in order to capture the expected changes in future cash flow projections due to the COVID-19 pandemic.

Considering the results for the year 2020, a projection was made of the annual cash flow for each CGU, to capture in this analysis the network effect implicit in the Company's business, given that Black plan members can use any unit. The CGU used for this analysis was the grouping of units by the metropolitan regions of the countries where the Company has its own units. The analyses were made by comparing the fair value of the CGU, estimated through EBITDA multiples, compared to the total asset value of the same CGUs.

As a result of the analyses carried out at December 31, 2020 and reassessed at September 30, 2021, we did not identify the need to record a provision for impairment.

ASSETS PLEDGED AS COLLATERAL

As at September 30, 2021, the Company had assets pledged as collateral for finance leases with third parties (equipment formerly stated in property and equipment and included in borrowings, which were reclassified to Right-of-use assets against Lease liabilities), as mentioned in note 14.

13. INTANGIBLE ASSETS

Intangible assets

Stated at cost of acquisition or formation, less accumulated amortization and, where appropriate, a provision for impairment. Amortization is calculated on a straight-line basis at rates that consider the economic useful lives of the assets.

The estimated annual amortization rates by main class of assets are as follows:

- Assignment of right of use: 10% - 11%
- Software. 6% - 28%
- Customer list: 10% - 33%

See note 3 regarding goodwill.

BREAKDOWN OF AND VARIATIONS IN THE BALANCES

	Goodwill[2]	Assignment of right of use	Software	Customer list	Trademarks and patents	Total
PARENT						
At December 31, 2019						
Cost	74,447	46,853	8,630	3,992	8,478	142,400
Accumulated amortization	-	(31,547)	(2,728)	(3,992)	-	(38,267)
Net value	**74,447**	**15,306**	**5,902**	**-**	**8,478**	**104,133**
Additions	-	50	1,981	-	-	2,031
Mergers	-	83	47	-	-	130
Write-offs	-	(1,501)	-	-	-	(1,501)
Amortization	-	(1,752)	(1,704)	-	-	(3,456)
Transfers and reclassifications	7,873	(2,850)	337	-	-	5,360
At December 31, 2020						
Cost	82,320	42,773	11,454	-	8,478	145,025
Accumulated amortization	-	(33,437)	(4,891)	-	-	(38,328)
Net value	**82,320**	**9,336**	**6,563**	**-**	**8,478**	**106,697**
Additions	-	-	1,047	-	-	1,047
Acquisition of assets[5]	-	-	102	-	-	102
Write-offs	-	-	(97)	-	-	(97)
Amortization	-	(1,465)	(2,463)	-	-	(3,928)
Transfers and reclassifications[1]	-	-	15,769	-	-	15,769
At September 30, 2021						
Cost	82,320	42,773	28,273	-	8,478	161,844
Accumulated amortization	-	(34,902)	(7,352)	-	-	(42,254)
Net value	**82,320**	**7,871**	**20,921**	**-**	**8,478**	**119,590**
CONSOLIDATED						
At December 31, 2019						
Cost	1,105,600	69,096	30,986	34,372	13,314	1,253,368
Accumulated amortization	-	(37,384)	(12,214)	(17,910)	-	(67,508)
Net value	**1,105,600**	**31,712**	**18,772**	**16,462**	**13,314**	**1,185,860**
Additions	-	50	8,048	-	-	8,098
Acquisitions of subsidiaries	81,547	-	8,636	4,999	12,591	107,773
Write-offs	-	(1,520)	(24)	-	-	(1,544)
Amortization	-	(4,661)	(7,883)	(8,561)	(1,891)	(22,996)
Exchange effects	255,715	-	-	2,612	-	258,327
Transfers and reclassifications	7,889	(4,735)	(834)	927	2,115	5,362
At December 31, 2020						
Cost	1,450,751	65,032	48,689	38,037	26,919	1,629,428
Accumulated amortization	-	(44,186)	(21,974)	(21,598)	(790)	(88,548)
Net value	**1,450,751**	**20,846**	**26,715**	**16,439**	**26,129**	**1,540,880**
Additions	-	-	2,332	145	1,423	3,900
Acquisitions of subsidiaries[4]	-	457	563	-	-	1,020
Acquisition of assets[5]	-	-	102	-	-	102
Write-offs	(706) [3]	(129)	(471)	-	(404)	(1,710)
Amortization	-	(3,812)	(8,948)	(10,430)	(3,766)	(26,956)
Exchange effects	(38,387)	1,864	(106)	(3,567)	1,313	(38,883)
Transfers and reclassifications[1]	-	5,658	16,288	-	-	21,946
At September 30, 2021						
Cost	1,411,658	68,505	64,485	45,742	29,728	1,620,118
Accumulated amortization	-	(43,621)	(28,010)	(43,155)	(5,033)	(119,819)
Net value	**1,411,658**	**24,884**	**36,475**	**2,587**	**24,695**	**1,500,299**

(1) The remaining balance in the Transfers and reclassifications column refers to reclassifications to Property and equipment (see note 12).
(2) Includes goodwill on the acquisition of Bio Ritmo, Smartfit Peru, Sporty City Colombia, Latamfit Chile, Latamgym México, Pro Forma and MB Negócios Digitais.
(3) See note 3.
(4) Refers to the acquisition of Just Fit(see note 3).
(5) Refers to the acquisition of intangible assets of SmartEXP (see note 3).

IMPAIRMENT TESTING OF GOODWILL

The Company makes an annual assessment of the recoverability of intangible balances with indefinite useful lives at December 31, which are substantially goodwill arising from business combinations. For this purpose, an estimate was made of the value in use of the assets, as required by CPC 01 (R1)/IAS 36, and compared to the carrying amount of the recorded goodwill added to the assets of the acquired companies.

For this assessment, all operations of each of the acquired companies that originated the goodwill were defined as CGU. The recoverable amount of CGUs is determined based on a value in use calculation which uses cash flow projections based on the financial budget approved by Management and an annual discount rate (WACC) of 11.45% for Chile, 11.81% for Mexico and 12.20% for Colombia. For companies in Brazil and Panama, the valuation was carried out based on multiples of EBITDA, according to market information.

Cash flow projections for a five-year period, such as sales growth, costs, expenses, fixed investments and working capital investments, are based on the annual budget approved by Management and made by the CGU, which are the operations of each country.

The key assumptions used in the cash flow projections are as follows:

- Revenues: Net revenue was projected based on the Company's expectation for the recovery of the business and inflation adjustment after the complete normalization of activities.
- Fixed investments: fixed investment projections are intended to recover the depreciation of the operating fixed assets base, and necessary maintenances.
- Working capital investments: projected based on past performance and estimated revenue growth.

Cash flows beyond the five-year period were determined through a perpetuity calculation using the Gordon-Shapiro model considering a constant annual growth of net revenue as of 2030 of 3.5% for Chile, 3.0% for Mexico and 3.8% for Colombia which corresponds to the projected inflation rate in each country.

Based on the analysis performed at December 31, 2020 and reassessed at September 30, 2021, no provision for impairment was accounted for.

IMPAIRMENT TESTING OF INTANGIBLE ASSETS WITH FINITE USEFUL LIVES

Intangible assets with finite useful lives, mainly the "assignment of right of use", were allocated to CGUs, which were submitted to asset impairment testing through the discounted cash flow at December 31, 2020, and no provision for impairment was required. As at September 30, 2021, there were no significant changes in the assumptions used in the prior year and no adjustments to the disclosed amounts were required.

14. LEASES

The Company recognizes right-of-use assets and lease liabilities in the balance sheet, initially measured at the present value of future lease payments, gross of taxes (essentially PIS and COFINS for operations in Brazil). Grace periods (that is, rent-free periods) are recognized as part of the measurement of right-of-use assets and lease liabilities. With the beginning of the use, depreciation is recognized, and in the course of the obligations, the interest accrued is recognized in profit or loss.

For short-term leases (lease term of 12 months or less), leases of low-value assets (such as computers and small items of office furniture) and variable leases, the Company has opted to recognize a lease expense on a straight-line basis as permitted by CPC 06 (R2)/IFRS 16.

The right-of-use assets are tested for impairment in accordance with CPC 01 (R1) / IAS 36 - Impairment of Assets.

IMPACTS OF THE COVID-19 PANDEMIC

As a result of the analysis to assess the recoverability of right-of-use assets, in the year ended December 31, 2020, we did not determine adjustments to reduce the recorded balances. In addition, no evidence of impairment was identified that would require the performance of a new analysis at September 30, 2021.

The Company applied the practical expedient provided for in CPC 06 (R2) / IFRS 16 to all benefits granted in lease agreements as it believes these benefits affect only the payments originally due on or before September 30, 2021, and because there were no significant changes in other terms and conditions of the lease agreement.

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

	Parent			Consolidated		
	Machinery and equipment	Buildings	Total	Machinery and equipment	Buildings	Total
Right-of-use assets						
At December 31, 2019	**19,213**	**880,922**	**900,135**	**190,138**	**2,140,958**	**2,331,096**
Additions, write-offs and remeasurements	-	162,296	162,296	28,842	390,786	419,628
Mergers	654	9,087	9,741	-	-	-
Depreciation	(2,644)	(138,062)	(140,706)	(49,828)	(310,111)	(359,939)
Tax credits on depreciation	-	(10,473)	(10,473)	-	(12,902)	(12,902)
FX effects	-	-	-	78,940	267,215	346,155
Transfers and reclassifications	-	2,850	2,850	-	2,850	2,850
At December 31, 2020	**17,223**	**906,620**	**923,843**	**248,092**	**2,478,796**	**2,726,888**
Additions, write-offs and remeasurements	(50)	66,257	66,207	(82)	151,229	151,147
Acquisition of assets[4]	-	125,756	125,756	-	125,756	125,756
Acquisitions of subsidiaries[3]	-	-	-	2,735	36,851	39,586
Depreciation	(2,097)	(105,105)	(107,202)	(35,389)	(247,573)	(282,962)
Tax credits on depreciation	-	(8,607)	(8,607)	-	(11,492)	(11,492)
Assignment of right of use[1]	-	(42,998)	(42,998)	-	(45,552)	(45,552)
Exchange effects	-	-	-	(3,248)	(34,890)	(38,138)
Transfers and reclassifications[2]	-	-	-	(6,863)	423	(6,440)
At September 30, 2021	**15,076**	**941,923**	**956,999**	**205,245**	**2,453,548**	**2,658,793**

(1) Refer to the assignment of rental contracts related to units transferred from the Company to SmartEXP on January 1, 2021 and which returned on August 4, 2021 with the acquisition (see note 3).
(2) Refer to reclassifications to Property and equipment (see note 12).
(3) Refers to the acquisition of Just Fit (see note 3).
(4) Refers to the acquisition of right-of-use assets of SmartEXP (see note 3).

BREAKDOWN OF AND VARIATIONS IN THE BALANCES OF LEASE LIABILITIES

	Parent			Consolidated		
	Machinery and equipment	Buildings	Total	Machinery and equipment	Buildings	Total
Lease liabilities						
At December 31, 2019	**12,201**	**919,476**	**931,677**	**195,576**	**2,216,834**	**2,412,410**
Additions, write-offs and remeasurements	-	161,696	161,696	28,842	390,186	419,028
Mergers	391	9,455	9,846	-	-	-
Interest incurred	507	80,690	81,197	845	214,983	215,828
Considerations[2]	(9,487)	(194,209)	(203,696)	(51,025)	(466,231)	(517,256)
Tax credits on interest	-	2,442	2,442	-	3,145	3,145
Exchange effects	-	-	-	43,060	297,569	340,629
At December 31, 2020	**3,612**	**979,550**	**983,162**	**217,298**	**2,656,486**	**2,873,784**
Additions, write-offs and remeasurements	-	61,543	61,543	1,512	135,772	137,284
Acquisitions of subsidiaries[3]	-	-	-	1,159	43,269	44,428
Liabilities assumed with the purchase of assets[4]	-	108,654	108,654	-	108,654	108,654
Interest incurred	60	55,019	55,079	16,490	167,778	184,268
Considerations[2]	(3,506)	(156,448)	(159,954)	(63,475)	(375,924)	(439,399)
Tax credits on interest	-	4,189	4,189	-	5,418	5,418
Assignment of right of use[1]	-	(44,862)	(44,862)	-	(47,820)	(47,820)
Exchange effects	-	-	-	(3,197)	(25,662)	(28,859)
At September 30, 2021	**166**	**1,007,645**	**1,007,811**	**169,787**	**2,667,971**	**2,837,758**
Current	**166**	**148,852**	**149,018**	**59,739**	**302,004**	**361,743**
Noncurrent	**-**	**858,793**	**858,793**	**110,048**	**2,365,967**	**2,476,015**

(1) Refer to the assignment of rental contracts related to units transferred from the Company to SmartEXP on January 1, 2021 and which returned on August 4, 2021 with the acquisition (see note 3).
(2) Due to the discounts obtained in renegotiations with property owners, the Company used the practical expedient provided for in CPC 06 (R2) / IFRS 16, recognizing R$28,284 in parent and R$93,117 in consolidated as discounts obtained with leases in the nine-month period ended September 30, 2021 (see note 22), and R$59,943 in parent and R$172,595 in consolidated in the year ended December 31, 2020.
(3) Refers to the acquisition of Just Fit (see note 3).
(4) Refers to the lease liabilities assumed with the purchase of assets of SmartEXP (see note 3).

DISCOUNT RATES

Lease liabilities are discounted at average rates between 7.08% and 10.11% in parent company and between 2.90% and 12.09% in consolidated.

FLOW OF LEASE MATURITIES

	Consolidated		
	Machinery and equipment	Buildings	Total
2021	30,179	95,480	125,659
2022	63,546	310,561	374,107
2023	43,185	324,719	367,904
2024 onwards	32,877	1,937,211	1,970,088
Total	**169,787**	**2,667,971**	**2,837,758**

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	3,768,316	2,667,971
PIS/COFINS – 9.25%(1)	117,996	88,385

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

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

In the nine-month period ended September 30, 2021, the Company incurred expenses of R$141 in parent and R$828 in consolidated (R$468 and R$624 in parent and consolidated, respectively, for the nine-month period ended September 30, 2020).

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

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

	Consolidated	
	Actual flow	Flow w/ inflation
Right-of-use assets	2,453,548	3,213,652
Lease liabilities	1,353,103	1,309,112
Finance charges	1,314,868	2,115,535
Total Lease liabilities	2,667,971	3,424,647
Finance costs	1,314,868	2,115,535
Depreciation expense	1,669,558	3,275,042
Total expenses	2,984,426	5,390,577

15. OTHER LIABILITIES

Financial liabilities

Financial liabilities are recognized in the balance sheet when the Company is a party to the contractual provisions, initially measured at fair value and subsequently measured at amortized cost by applying the effective interest method.

The contingent consideration is subsequently measured at fair value, which is reassessed at each reporting period, and any changes in fair value are recognized in the statement of profit and loss.

Non-financial liabilities

Non-financial liabilities are initially measured at fair value and carried in the balance sheet at the known or estimated amounts, adjusted through the end of each reporting period, when applicable.

All obligations are derecognized only when they are discharged, canceled or expired.

BREAKDOWN OF BALANCES

	Parent		Consolidated	
	09/30/2021	12/31/2020	09/30/2021	12/31/2020
Other liabilities				
Related parties[1]	36,758	25,597	-	-
Taxes and contributions payable[2]	8,323	10,890	30,570	29,184
Salaries, accruals and social contributions	40,686	20,954	74,851	44,395
Indemnity for cancellation of stock option plan	-	18,025	-	18,221
Investments in subsidiaries and joint ventures with negative equity[4]	6,686	11,435	5,631	1,495
Acquisition - MB Negócios Digitais S.A.[3]	-	15,000	-	15,000
Capital contributions – Sporty Panamá[3]	-	38,131	-	38,131
Capital contributions – MB Negócios Digitais	-	10,094	-	-
Contingent consideration - MB Negócios Digitais	3,098	3,028	3,098	3,028
Contingent consideration – Latamfit Chile	6,957	7,074	6,957	7,074
Provisional balance of business combination – Just Fit[5]	8,115	-	8,115	-
Others	8,686	10,006	28,041	36,371
Total	**119,309**	**170,234**	**157,263**	**192,899**
Current	**105,160**	**133,239**	**134,320**	**163,144**
Noncurrent	**14,149**	**36,995**	**22,943**	**29,755**

(1) See note 25.
(2) In Consolidated, includes mainly ISS of R$22,582 (R$19,334 in Dec/20).
(3) In the first quarter of 2021, payments of R$15,000 were made related to the acquisition of MB Negócios Digitais, as established in the share purchase and sale agreement and to the settlement of the contributions made in Sporty Panamá in the amount of R$39,542.
(4) See note 11.
(5) See note 3.

16. BORROWINGS

Borrowings are initially recognized at fair value when amounts are received, net of transaction costs, where appropriate, and subsequently measured at amortized cost using the effective interest method, corresponding to cost, plus charges, interest, inflation adjustment and exchange differences contractually established, incurred through the end of each reporting period. Before each period closing, the Company monitors the compliance with covenants in order to assess which actions are necessary to avoid the early maturity of the debt, if necessary.

BREAKDOWN OF BALANCES

	Parent		Consolidated	
	09/30/2021	12/31/2020	09/30/2021	12/31/2020
Borrowings				
Debentures	1,309,257	1,156,511	1,309,257	1,156,511
Promissory notes	237,637	-	237,637	-
Working capital	105,538	163,581	1,368,117	1,459,562
Total	**1,652,432**	**1,320,092**	**2,915,011**	**2,616,073**
Current	**125,356**	**83,916**	**539,675**	**277,652**
Noncurrent	**1,527,076**	**1,236,176**	**2,375,336**	**2,338,421**

CHANGES FOR THE PERIOD

Borrowings	Parent	Consolidated
At December 31, 2019	**1,515,467**	**2,206,650**
Fundraising	13,716	441,909
Accrued interest and cost amortization	74,923	173,444
Principal paid	(181,766)	(210,032)
Interest payment	(102,248)	(199,123)
Exchange differences	-	203,225
At December 31, 2020	**1,320,092**	**2,616,073**
Fundraising	474,502	555,703
Acquisitions of subsidiaries	-	14,028
Accrued interest and cost amortization	68,020	144,988
Principal paid	(175,637)	(277,072)
Interest payment	(34,545)	(90,646)
Exchange differences	-	(48,063)
At September 30, 2021	**1,652,432**	**2,915,011**

FOURTH ISSUE OF DEBENTURES

At the Extraordinary General Meeting (“EGM “) held on May 10, 2019, the 4th issue of simple, non-convertible unsecured debentures in up to four series was approved, pursuant to CVM Instruction 476/09. Under the Restricted Offer, 130,000 debentures were subscribed in four series, comprising 20,123 First Series Debentures, 66,618 Second Series Debentures, 17,840 Third Series Debentures and 25,419 Fourth Series Debentures, with a unit par value of R$1.

The first and third series debentures mature on April 20, 2024, and the second and fourth series debentures mature on April 20, 2026, subject to optional early redemption, early maturity and/or unavailability of the DI Rate, under the terms and conditions provided for.

The compensatory interest on the unit par value (or the unit par value balance, as the case may be) of the Debentures of each series corresponds to: (i) for the first series debentures, CDI + 1.70% p.a.; (ii) for the second and fourth series debentures, CDI + 2.75% p.a.; and (iii) for the third series debentures, CDI + 1.75% p.a., calculated as provided for in the Debentures Indenture. Interest payments are made on a semiannual basis.

There is an early maturity covenant requiring the quarterly assessment of the net debt/EBITDA ratio (“Financial Ratio”), which must be equal to or less than 3.0x.

During the General Meeting of Debenture holders held on June 26, 2020, the following matters related to the 4th issue of the Company’s debentures (“Debentures”) were approved:

- Extraordinary change in the limit of the Financial Ratio, which will not be measured for the 2nd and 3rd quarters of 2020, and for the 4th quarter of 2020 and the 1st quarter of 2021 this ratio shall be equal to or less than 6.75. In addition, for the 2nd, 3rd and 4th quarters of 2020, and 1st quarter of 2021, a second ratio was defined: cash to short-term debt (“Liquidity Ratio”) which shall be equal to or greater than 2.0 for the 2nd quarter of 2020, 1.75 for the 3rd quarter of 2020 and 1.50 for the 4th quarter of 2020 and for the 1st quarter of 2021.
- Guarantees: during this period a deposit will be made in a specific account in the amount of R$35 million, which is equivalent to a six-month period of debt interest, and every month another deposit will be made corresponding to 1/6 of this amount to cover the semi-annual interest that should be paid to debenture holders.
- Payment of a premium (waiver fee) to debenture holders corresponding to 1.18% of the debt, equivalent to R$15.3 million paid on July 8, 2020.
- Commitment of extraordinary amortization of 10% of the balance of Debentures, with nominal amount of R$130 million, plus the respective fee, paid on July 14, 2020, in the total amount of R$145.8 million.

Considering the decision of the debenture holders on June 26, 2020, which approved an extraordinary change in the measurement of the Financial Ratio and considered the Liquidity Ratio measurement, at December 31, 2020, the Company fully complied with early maturity covenants, whether related to certain automatic or nonautomatic default events.

During the General Meeting of Debenture holders held on March 26, 2021, the following matters related to the 4th issue of the Company’s debentures (“Debentures”) were approved:

- The grouping of (i) first and third series debentures into a single series, and (ii) second and fourth series debentures into a single series. Accordingly, the Issue will then comprise first series (formerly first and third series) and second series (formerly second and fourth series) debentures and, therefore, former “third series debentures” and “fourth series debentures” will be referred to as “first series debentures” and “second series debentures”, respectively.

- Nonmeasurement of the Financial Ratio, as established in the Indenture for the fourth issue of debentures, referring to the 1st, 2nd, 3rd and 4th quarters of 2021 and to the 1st quarter of 2022, which did not establish the nonautomatic early maturity hypothesis. This decision is contingent to the following obligations, which are described in the third amendment to the debentures, also dated March 26, 2021:
  - Regarding the change in the debenture remuneration, as follows:
    - Change in the first series debenture remuneration from CDI + 1.70% p.a. to CDI + 2.25% p.a. from April 20, 2021.
    - Change in the second and fourth series debenture remuneration from CDI + 2.75% p.a. to CDI + 3.10% p.a. from April 20, 2021.
    - Change in the third series debenture remuneration from CDI + 1.75% p.a. to CDI + 2.25% p.a. from April 20, 2021.
  - Extension of the current secured fiduciary assignments, which have been temporarily established by the Issuer following a decision in the General Meeting of Debenture holders on June 26, 2020:
    - The amendment concerning the maintenance of the current fiduciary assignment of credit rights from CDB issued by prime financial institutions must include the change in the amount to R$70 million until April 26, 2021.
    - Fiduciary assignments will be valid until the first of (i) the disclosure date of the financial information for the 1st quarter of 2022, if the Issuer succeeds to maintain the Financial Ratio below 3.00x in that quarter; or (ii) the disclosure date of the financial information for the 2nd quarter of 2022, if the Issuer succeeds to maintain the Financial Ratio below 3.00x in that quarter; or (iii) the expected payment date for the remuneration, that is, October 20, 2022. The Restricted Account and the Financial Investment balances will be considered as cash and financial investments for the purposes of the measurement of the Financial and Liquidity Ratios.
  - The Company's key obligations are as follows:
    - Maintain the Financial Ratio equal to or less than 6.75 in the 4th quarter of 2021 and in the 1st quarter of 2022, and to maintain the Liquidity Ratio equal to or greater than: 1.50 in the 1st quarter of 2021, 2nd quarter of 2021 and 3rd quarter of 2021; 1.75 in the 4th quarter of 2021; 2.00 in the 1st quarter of 2022; and 2.00 in the 2nd quarter of 2022 (applicable only if the Financial Ratio for this period exceeds 3.00).
    - Do not distribute dividends, interest on capital, or any other remuneration to shareholders, even if the Issuer is compliant with all obligations established in the Issue Indenture from the 1st quarter of 2021 until (i) the disclosure date of the financial information for the 1st quarter of 2021, if the Issuer succeeds to maintain the Financial Ratio below 3.00x in that quarter; or (ii) the disclosure date of the financial information for the 2nd quarter of 2022; and
    - Comply with the rating assigned to the Issuer or to the Debentures by the respective Risk Rating Agency, that is, equal to or above "A-(brA-)" or equivalent, until the disclosure date of financial information for the 1st quarter of 2022.
- In addition, the meeting also discussed the exceptional amortization of all Outstanding Debentures, equivalent to 10% of the respective unit par value, plus the respective Remuneration, calculated on a pro rata temporis basis, from the immediately preceding Debenture Remuneration payment date up to such exceptional amortization, which occurred on April 15, 2021.

Considering the decision of the debenture holders on March 26, 2021, which approved an extraordinary change in the Financial Ratio measurement and considered the Liquidity Ratio measurement for the quarter ended March 31, 2021 and the next four quarters. As at September 30, 2021, the Company fully complied with early maturity covenants, whether related to certain automatic or nonautomatic default events, as per the related Indenture.

FIFTH ISSUE OF DEBENTURES

The Board of Director's meeting held on May 7, 2021 approved the issue of 250,000 simple debentures, nonconvertible into shares, with unit par value of R$1, in the total amount of R$250 million. The debentures will have a three-year period as from the issue date (April 30, 2021), thus maturing on April 30, 2024, and will be subject to the terms and conditions established in the Distribution Contract, the proceeds will be used to strengthen the Company's working capital, under the terms provided for.

Considering that a capitalization event occurred on July 14, 2021 (see note 19), the compensatory interest on the unit par value or the unit par value balance of the Debentures corresponds to CDI + 2.25% p.a. up to April 30, 2022 (exclusive); from April 30, 2022 (inclusive) to April 30, 2023 (exclusive), 3.75%; from April 30, 2023 (inclusive) to the maturity date (exclusive) of the Debentures, 4.50%, calculated as provided for in the Debentures Indenture. Interest payments are made on a quarterly basis up to July 30, 2023 and on a monthly basis after that date up to the maturity.

There is an early maturity covenant requiring the annual assessment of the net debt/EBITDA ratio ("Financial Ratio"), which must be equal to or less than 3.00x as from the 4th quarter of 2022.

The Company fully complied with early maturity covenants, whether related to certain automatic or nonautomatic default events, as per the related Indenture.

PROMISSORY NOTES

On September 9, 2021, the Board of Directors approved a fundraising through the third issue for public distribution with restricted efforts of commercial promissory notes, in ten series, in the form of a certificate, in the total amount at the issue date of R$240 million. The promissory notes will have a term between 180 and 1,270 days as from the issue date, according to its series, and will be subject to the terms and conditions established in the certificates, the proceeds will be used to strengthen the Company's working capital.

Regarding the unit par value of the promissory notes, compensatory interest will be applied equivalent to 100% of the accumulated variation of the daily average rates of the CDI + 2.50% p.a., based on 252 working days, calculated exponentially and cumulatively pro rata temporis, for business days elapsed from the issue date to the payment date, the amounts will be calculated according to criteria defined in the "Commercial Note Formulas Book – CETIP21", contained in the certificates.

There is an early maturity covenant requiring the annual assessment of the net debt/EBITDA ratio ("Financial Ratio"), which must be equal to or less than 3.00x as from the 4th quarter of 2022.

The Company fully complied with early maturity covenants, whether related to certain automatic or nonautomatic default events, as per the Certificate.

WORKING CAPITAL

We present below a description of the main working capital financial agreements entered into by the Company and its subsidiaries:

	Currency of the agreement	Par value in the currency of the agreement (in millions)	Charges (p.a.)	Maturity	09/30/2021	12/31/2020
PARENT						
Smartfit Brasil(1)	BRL	100.0	CDI + 3.28%	02/15/2023	44,613	44,490
Smartfit Brasil(2)	BRL	50.4	CDI + 2.90%	10/17/2022	20,884	30,416
SUBSIDIARIES						
Latamgym Mexico(3)	MXN	1,300.0	TIIE + 1.90%	03/16/2023	297,019	294,441
Latamgym Mexico(4)	MXN	356.7	TIIE + 2.80%	01/17/2023	133,634	141,759
Sporty City Colombia	COP	66,281.9	9.60%	08/17/2022	81,072	100,947
Latamfit Chile	CLP	25,218.6	7.22%	10/03/2024	169,645	168,431
Latamfit Chile	CLP	11,091.2	5.67%	12/02/2024	74,610	79,557
Smartfit Peru	USD	13.5	-	-	-	62,571
Smartfit Peru	PEN	54.6	8.00%	10/17/2022	75,458	78,630
Smartfit Peru	PEN	66.0	8.00%	08/09/2024	76,870	94,945
Smartfit Peru	PEN	62.7	4.78%	07/30/2025	82,723	-

(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) This has as guarantee the fiduciary assignment of amounts receivable from credit card bills, and, as temporary guarantee, the fiduciary assignment of deposit/financial investment.

(3) Non-revolving credit agreement due in two installments, with final maturity on or by March 16, 2023, with monthly principal repayments beginning after the 25th month from the disbursement. The bonds are secured by a pledge unrelated to property on a bank account that Latamgym SAPI de CV holds in HSBC and is guaranteed by the Company. This agreement restricts any change of control of either the borrower or the payment of dividends and the distributions from the borrower to its parent company.

(4) Non-revolving credit agreement with monthly capital repayments starting after the 12th month from the disbursement. The borrower is required to pay an upfront fee of 1% of the principal amount. This loan is guaranteed by the Company. 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.

OTHER COVENANTS

The Company has borrowings in the subsidiary located in Mexico with quarterly measurement of certain financial ratios; however, because of the effects of the COVID-19 pandemic, these ratios may not have been complied with at September 30, 2021. However, the financial creditors formally consented to waive the Company from complying with certain contractual obligations related to financial ratios, before the end of the period.

In addition to the financial ratios, complied with according to the waivers negotiated with the financial institutions, the Company made an analysis of the operating guarantees and, at September 30, 2021, it was also compliant with the operating 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

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

The provision for risks is adjusted through the end of each reporting period for the probable loss amount, considering their nature and based on the opinion of the Company and its subsidiaries' legal counsel.

The nature of the main lawsuits by category is detailed below:

- Labor lawsuits: Consist basically of claims filed by employees related to amounts not included in the severance calculation and payment.
- Civil lawsuits: These are mainly related to indemnity lawsuits related to pain and suffering and property damage, related to challenges of contractual clauses and commercial conditions in the Company's service agreements. In addition, certain ongoing lawsuits against the Company challenge significant elements of its business model, such as the price structure of its plans and the collection predominantly through electronic means.
- Tax lawsuits: Consist mainly of judicial and administrative proceedings related to taxes, mostly related to the IRPJ and CSLL calculation base.

BREAKDOWN OF AND VARIATIONS IN THE BALANCES

	Civil	Labor	Tax	Total
PARENT				
At December 31, 2019	**1,349**	**2,559**	**267**	**4,175**
Additions and increases	1,815	471	1,087	3,373
Write-offs and reversals	(1,684)	(274)	(1,066)	(3,024)
At December 31, 2020	**1,480**	**2,756**	**288**	**4,524**
Additions and increases	447	538	-	985
Write-offs and reversals	(284)	(41)	-	(325)
At September 30, 2021	**1,643**	**3,253**	**288**	**5,184**
CONSOLIDATED				
At December 31, 2019	**2,317**	**2,967**	**288**	**5,572**
Additions and increases	2,642	713	1,089	4,444
Write-offs and reversals	(2,548)	(657)	(1,042)	(4,247)
At December 31, 2020	**2,411**	**3,023**	**335**	**5,769**
Additions and increases	841	724	-	1,565
Acquisition of subsidiary[1]	5,209	1,467	4,224	10,900
Write-offs and reversals	(324)	(188)	(24)	(536)
At September 30, 2021	**8,137**	**5,026**	**4,535**	**17,698**

(1) See note 3.

LAWSUITS CLASSIFIED AS POSSIBLE LOSS

The Company's management did not consider necessary to recognize a provision for losses on ongoing civil, labor and tax lawsuits in the amount of R$34,707 (R$34,33 in Dec/20) in consolidated, since the likelihood of loss is considered possible by its legal counsel.

ESCROW DEPOSITS

As at September 30, 2021, the Company has escrow deposits of R$50,539 (R$50,104 in Dec/20) in parent and R$58,577 (R$53,544 in Dec/20) in consolidated related to administrative and judicial proceedings, mainly in the tax (IRRF withholdings) and social security (INSS contributions) areas, which are included under "Other receivables".

IMPACTS OF THE COVID-19 PANDEMIC

No additional risks to the Company's business were identified, such as lawsuits with customers, consumer protection agencies or discussions related to annual fees cancellations, which could require an additional provision due to the impacts brought by COVID-19.

18. CURRENT AND DEFERRED INCOME TAX AND SOCIAL CONTRIBUTION

The provisions for IRPJ and CSLL are calculated pursuant to prevailing Brazilian tax legislation based on the accounting profit adjusted by additions of nondeductible expenses and deductions of nontaxable income, and for temporary differences deferred taxes are recognized. Deferred taxes are recognized based on temporary differences or tax losses when there is reasonable certainty that they will be recoverable.

For indirect subsidiaries Biopauli, Smartfin, Bio Ritmo Franqueadora and Centrale, the IRPJ and CSLL tax bases are determined according to criteria established by prevailing tax legislation using the deemed profit regime, for the other subsidiaries the actual profit regime is used.

For foreign subsidiaries, taxes are calculated in accordance with local tax laws and deferred taxes are also accounted for based on temporary differences as provisions and on tax losses for the Companies which as in Brazil have reasonable certainty of their recovery.

BREAKDOWN OF PROFIT OR LOSS

	Parent		Consolidated	
	Nine-month period ended			
	09/30/2021	09/30/2020	09/30/2021	09/30/2020
Income tax and social contribution				
Current	-	-	(16,696)	(9,918)
Deferred	800	(3,473)	27,104	9,481
Total	**800**	**(3,473)**	**10,408**	**(437)**

RECONCILIATION OF EFFECTIVE INCOME TAX AND SOCIAL CONTRIBUTION EXPENSE

	Parent		Consolidated	
	Nine-month period ended			
	09/30/2021	09/30/2020	09/30/2021	09/30/2020
Income tax and social contribution				
Profit (loss) before income tax and social contribution	(498,022)	(465,540)	(509,124)	(474,067)
Statutory rate	34%	34%	34%	34%
Expected tax assets	**169,327**	**158,284**	**173,102**	**161,183**
Share of profit (loss) of investees	(84,351)	(73,395)	(4,664)	(2,400)
Unrecognized deferred tax	(17,294)	(8,181)	(18,020)	(10,889)
Adjustment of companies taxed on the presumed profit	-	-	3,515	456
Difference in rates of foreign subsidiaries	-	-	(80,283)	(66,825)
Reversal of balances of companies with negative tax base (actual profit)	(71,427)	(75,228)	(58,633)	(86,762)
Others	4,545	(4,953)	(4,609)	4,800
Total	**800**	**(3,473)**	**10,408**	**(437)**

BREAKDOWN OF DEFERRED INCOME TAX AND SOCIAL CONTRIBUTION

	Parent		Consolidated	
	09/30/2021	12/31/2020	09/30/2021	12/31/2020
Deferred income tax and social contribution				
Deferred assets				
Temporary differences and tax losses(1)(2)	3,738	-	132,481	114,489
Others	-	-	-	2,638
Total deferred assets	**3,738**	**-**	**132,481**	**117,127**
Deferred liabilities				
Allocation of trademark and customer list	-	-	(18,159)	(12,327)
Promotion deferred revenue and others	(6,411)	(3,473)	8,428	(3,473)
Total deferred liabilities	**(6,411)**	**(3,473)**	**(9,731)**	**(15,800)**
Total deferred taxes, net	**(2,673)**	**(3,473)**	**122,750**	**101,327**

(1) In consolidated, refers to the balance of deferred taxes arising from Chile, Peru, Colombia, and Mexico operations.
(2) Includes R$281 for the acquisition of subsidiary. See note 3.

DEFERRED INCOME TAX AND SOCIAL CONTRIBUTION – NOT RECOGNIZED

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

As at September 30, 2021, the balance of income tax and social contribution losses amounted to R$883,408 (R$617,231 in Dec/20), 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

On December 28, 2020, the Company's shareholders entered into an investment agreement and other covenants in which the issue and subscription of 1,216,546 new class B preferred shares was approved, with a total amount of R$500,000, of which R$435,767 were paid up until December 31, 2020 (of which R$110 as share capital and R$435,657 as capital reserves) and R$64,343 were paid up on January 4, 2021. According to the terms and conditions of the agreement, Class B preferred shares will be redeemable in two situations: (i) at the Company discretion, upon prior approval by the Board of Directors, during the period of 48 months from the subscription date, following the terms and amounts established in the agreement; or (ii) compulsorily, immediately before or on the publication date of the announcement of the beginning of an eventual initial public offering of the Company's shares, following the terms and amounts established in the agreement.

As at December 31, 2020, the Company's fully subscribed capital is R$325,443, divided into common and preferred shares, all registered and with no par value, as follows:

	Number of shares	Equity interest
Share capital		
Common shares	14,601,763	65.53%
Preferred shares:		
Class A	4,961,680	22.27%
Class B	1,216,546	5.46%
Class C	726,026	3.25%
Class F	776,718	3.49%
Total	**22,282,733**	**100.00%**

On May 18, 2021, the EGM approved the voluntary conversion of the 1,216,546 Class B preferred shares into common shares, at a conversion ratio of 1:1.129369 (i.e. each 1 Class B preferred share was converted into 1.129369 common share).

On June 22, 2021, the EGM approved the split of the Company's shares, in the proportion of 1:21, with no change to the Company's share capital, which is now divided into 471,242,289 registered, book-entry common shares with no par value, distributed among the shareholders in the same proportion held by each shareholder before the stock split.

On July 12, 2021, the Board of Directors, in connection with the initial public offering, decided to:

i. approve the price of R$ 23.00 per common share;

ii. declare that the condition of conversion of Class B preferred shares into common shares has been verified, stating that the Company's share capital is now comprised exclusively of common shares.

iii. declare that the condition of stock split of common shares issued by the Company in the proportion of 1:21 has been verified, with no change to the Company's share capital. As a result, the Company's share capital is now comprised of 471,242,289 registered, book-entry common shares with no par value, which were distributed among the shareholders in the same proportion held by each shareholder before the stock split;

iv. approve the increase to the Company's capital, within the limit of its authorized capital, in the amount of R$2,300,000 through issue of 100,000,000 registered, book-entry common shares with no par value, at the price per share, increasing the Company's share capital from R$325,443, fully subscribed and paid-up, divided into 471,242,289 registered, book-entry common shares with no par value, to R$2,625,443, divided into 571,242,289 registered, book-entry common shares with no par value, excluding the preemptive right to subscription of the Company's current shareholders.

On July 14, 2021, the IPO was concluded, and the Company is now listed on B3 under ticker SMFT3. The amount of R$2,300,000 was recognized as capital increase.

Pursuant to article 24 of CVM Instruction 400, on July 28, 2021 the total number of shares initially offered was increased by over-allotment options equivalent to up to 15% of the total shares initially offered, i.e. up to 15,000,000 common shares issued by the Company, which were fully sold by the Company, in the amount of R$345,000, under the same conditions and at the same price as the shares initially offered. On August 2, 2021, the Company announced the closing of the IPO.

Thus, the share capital totals R$2,970,443, comprising 586,242,289 common shares, all registered, book-entry and with no par value.

Expenses incurred with this offer of R$112,613 were classified as a decrease in equity as indicated in CPC 08 (R1) / IAS 39.

The proceeds from the IPO significantly strengthened the Company's cash and will be used in accordance with its business plan for: (i) resumption of the growth plan for Smartfit gyms; (ii) purchase of SmartEXP shares (see note 3); (iii) strategic acquisition opportunities; and (iv) investments in initiatives to develop and strengthen the Company's Fitness Ecosystem. Any remaining proceeds will be used to optimize the capital structure for the regular management of its business.

The following table considers the distribution of shares prior to the Offering and after the Offering, as well as the over-allotment options.

	Prior to the Offering		After the Offering and over-allotment options	
	Common shares	%	Common shares	%
Shareholder				
Corona family	87,013,794	18.46%	87,013,794	14.84%
Pátria	240,423,729	51.02%	240,423,729	41.01%
Shares held by owners of the Company	**327,437,523**	**69.48%**	**327,437,523**	**55.85%**
Canada Pension Plan Investment Board(1) – CPPIB	58,448,061	12.40%	70,851,035	12.09%
Novastar Investment Pte. Ltd(1) – GIC	43,617,063	9.26%	52,673,584	8.98%
Other shareholders(1)	41,739,642	8.86%	135,280,147	23.08%
Shares publicly traded in the market	**-** (1)	**-**	**258,804,766**	**44.15%**
Total	**471,242,289**	**100.00%**	**586,242,289**	**100.00%**

(1) After the Offering, the shareholders' agreements between the owners of the Company and its noncontrolling interests were terminated, and all shares held by all noncontrolling interests are now free float shares.

EARNINGS RESERVE

As at September 30, 2021 and December 31, 2020, the Company did not report profits and dividends were neither recognized nor distributed.

OTHER COMPREHENSIVE INCOME

These are the cumulative translation adjustments of financial statements of foreign operations. The amount represents a cumulative gain of R$420,799 at September 30, 2021 (gain of R$460,486 at December 31, 2020).

20. OPERATING REVENUE AND DEFERRED REVENUE

Revenues from services provided are recognized on an accrual basis in accordance with the fulfillment of the contractual obligations to customers. Revenues from services provided have the following origin:

- The amounts related to fitness activities and digital channels are recognized monthly according to the terms established in the service agreements, including the membership, annual fees, maintenance and monthly fees.
- The amounts related to lease of sports supplies and equipment are billed monthly according to the agreements established between the parties.
- The amounts related to royalties and franchise licensing are billed according to the agreements established between the parties.

The deferred revenue from services provided is calculated based on the members' agreement and recognized in profit or loss at the fair value, by reference to the stage of completion of the service established in the agreement and is fully recognized when the service is completed and/or the obligation to provide the service is extinguished.

The types of services offered are the following:

- Gym plans. Agreements entered into with gym members, under plans contracted directly by the customers.
- Membership fees. Revenues arising from the member entry into the unit.
- Annual fees. Revenues charged from members periodically, which are deferred and recognized in profit or loss for a period of one year as from the entry of the member.
- Others Refer to royalties for the Group's franchises and amounts received for loyalty fines for the Black and Smart plans acquired during the promotion period.

BREAKDOWN OF OPERATING REVENUE

	Nine-month period ended			
	Parent		Consolidated	
	09/30/2021	09/30/2020	09/30/2021	09/30/2020
Operating revenue by type of service				
Gym plans	447,935	371,893	1,041,588	759,896
Annual fees	62,685	65,423	127,843	125,134
Membership fees	210	2,382	29,605	25,377
Others	6,398	2,510	55,990	35,968
Gross operating revenue	**517,228**	**442,208**	**1,255,026**	**946,375**
Taxes on revenue	(65,084)	(57,566)	(94,618)	(75,977)
Net operating revenue	**452,144**	**384,642**	**1,160,408**	**870,398**

Operating revenues by geographic region are disclosed in note 24.

The sales revenue, leveraged by the gym plans, is recognized in this line item as the service is provided, on an accrual basis. Based on the characteristics of the Group's services, operating revenue is mainly transferred over time.

The Company monitors the rate of cancelation of services billed but not provided and concluded that the amount of refund of monthly fees to members is irrelevant, and that annual and membership fees are not required to be refunded to members.

IMPACTS OF THE COVID-19 PANDEMIC

During the first closure of units, from March to July 2020, customer contracts were frozen and monthly fees were not charged, which had a significant impact on the Company's operating revenue. In 2021, the Company continues to work on increasing its base of digital channels. while gradually resuming its operations as COVID-19 restrictions are lifted, which explains the increase in operating revenue.

BREAKDOWN OF DEFERRED REVENUE

	Parent		Consolidated	
	09/30/2021	12/31/2020	09/30/2021	12/31/2020
Deferred revenue				
Gym plans	11,963	27,179	68,844	95,660
Annual fees	68,509	25,256	88,879	35,509
Membership fees	147	45	2,045	527
Others	2,497	3,108	2,497	3,108
Total	**83,116**	**55,588**	**162,265**	**134,804**
Current	**81,366**	**53,295**	**160,432**	**132,511**
Noncurrent	**1,750**	**2,293**	**1,833**	**2,293**

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 or loss is as follows:

	Nine-month period ended					
	09/30/2021			09/30/2020		
	Costs	Expenses	Total	Costs	Expenses	Total
PARENT						
Personnel and related taxes	95,524	42,985	138,509	80,984	42,103	123,087
Depreciation and amortization, net of PIS and COFINS	206,574	1,476	208,050	204,121	2,163	206,284
Utilities expenses	67,532	3,856	71,388	50,879	1,199	52,078
Operational support services	49,471	28,650	78,121	26,679	31,208	57,887
Opening of new units	1,780	1,129	2,909	8,476	2,608	11,084
Variable lease of real estate, common area maintenance fees and occupancy expenses	50,747	307	51,054	26,150	-	26,150
Maintenance	12,570	-	12,570	13,842	-	13,842
Media and commercials	-	52,199	52,199	-	46,382	46,382
Credit card management fee	-	4,940	4,940	-	2,951	2,951
Allocation to stock option plans	-	16,565	16,565	-	-	-
Others	5,193	(825)	4,368	7,110	5,269	12,379
Total	**489,391**	**151,282**	**640,673**	**418,241**	**133,883**	**552,124**
CONSOLIDATED						
Personnel and related taxes	213,583	93,300	306,883	167,292	74,811	242,103
Depreciation and amortization, net of PIS and COFINS	552,119	6,563	558,682	480,188	9,894	490,082
Utilities expenses	138,647	7,743	146,390	93,381	4,751	98,132
Operational support services	85,982	46,199	132,181	45,721	48,552	94,273
Opening of new units	6,889	2,788	9,677	12,393	5,534	17,927
Variable lease of real estate, common area maintenance fees and occupancy expenses	92,362	1,200	93,562	56,582	1,275	57,857
Maintenance	30,222	-	30,222	30,932	-	30,932
Media and commercials	-	105,025	105,025	-	76,622	76,622
Credit card management fee	-	16,194	16,194	-	12,141	12,141
Allocation to stock option plans	-	17,346	17,346	-	1,872	1,872
Others	12,497	12,304	24,801	11,716	20,711	32,427
Total	**1,132,301**	**308,662**	**1,440,963**	**898,205**	**256,163**	**1,154,368**

22. FINANCE INCOME (COSTS)

	Nine-month period ended			
	Parent		Consolidated	
	09/30/2021	09/30/2020	09/30/2021	09/30/2020
FINANCE INCOME				
Interest income	7,832	3,800	9,140	4,902
Exchange differences	908	-	2,067	-
Income from financial investments	38,755	16,869	42,572	32,867
Discounts obtained on leases	28,284	53,040	93,117	125,596
Other finance income	4,466	-	5,073	5,471
Total finance income	**80,245**	**73,709**	**151,969**	**168,836**
FINANCE COSTS				
Interest on borrowings	(68,020)	(61,202)	(144,988)	(144,773)
Interest on leases	(55,079)	(57,715)	(184,268)	(156,726)
Exchange differences	(2,538)	(30,851)	(15,585)	(40,298)
Gain (loss) on derivative financial instruments	(3,766)	-	(3,766)	-
Other finance costs	(12,245)	(6,131)	(18,214)	(10,077)
Total finance costs	**(141,648)**	**(155,899)**	**(366,821)**	**(351,874)**
Total finance income (costs), net	**(61,403)**	**(82,190)**	**(214,852)**	**(183,038)**

23. EARNINGS PER SHARE

The Company presents two methods for calculation of earnings per share: (i) basic; and (ii) diluted. Basic earnings per share are calculated based on the weighted average number of shares outstanding during the period, except shares issued for payment of dividends and treasury shares. Diluted earnings per share take into consideration the weighted average number of shares outstanding during the period and the equity instruments issued by the Company that may possibly dilute the interest of its shareholders in future periods, such as stock options which are included in the calculation when their settlement have a dilutive impact on the earnings per share.

CALCULATION OF EARNINGS PER SHARE

The Company calculates earnings per share by dividing the profit for the year 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 per share. As at September 30, 2021 and 2020, stock options had no dilutive effect on earnings per share.

The table below presents the calculation of profit available to shareholders and the weighted average number of shares outstanding used to calculate basic and diluted earnings per share for each period, restated considering the stock split at a ratio of 1:21, as mentioned in note 19, in compliance with the provisions in CPC 41:

	Parent			
	Nine-month period ended		Three-month period ended	
	09/30/2021	09/30/2020	09/30/2021	09/30/2020
Loss per share				
Loss attributable to owners of the Company	(497,222)	(469,013)	(156,827)	(194,716)
Weighted average number of shares during the period	504,484,047	442,415,295	569,883,593	442,415,295
Basic and diluted loss per share	**(0.99)**	**(1.06)**	**(0.28)**	**(0.44)**

24. SEGMENT INFORMATION

Segment information is presented consistently with the internal report provided to the chief operating decision-maker. The chief operating decision-maker, responsible for allocating resources and assessing performance of the operating segments, is the Chief Executive Officer, responsible also for making the Company's strategic decisions together with the Board of Directors.

The chief operating decision-maker uses mainly the gross profit to monitor the results and performance of the operating segment, which is calculated in accordance with the accounting practices adopted by the Group.

The assets and liabilities by segment are not being presented, in line with CPC 22/IFRS 8 - Operating segments, since this information is not regularly presented to the chief decision maker.

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 and Paraguay.

	Nine-month period ended September 30, 2021									
	Brazil				Mexico	Other LATAM				
	Smartfit	Bio Ritmo	Others	Total	Smartfit	Smartfit	Others	Total	Share of profit (loss) of investees	Consolidated
SEGMENTS										
Operating revenue	515,140	37,230	116,106	668,476	237,718	251,561	2,653	254,214	-	1,160,408
Costs	(537,121)	(45,198)	(53,592)	(635,911)	(238,304)	(250,050)	(8,036)	(258,086)	-	(1,132,301)
Gross profit (loss)	**(21,981)**	**(7,968)**	**62,514**	**32,565**	**(586)**	**1,511**	**(5,383)**	**(3,872)**	**-**	**28,107**
Selling expenses				(91,188)	(17,175)			(15,755)	-	(124,118)
General and administrative expenses				(136,201)	(19,280)			(31,870)	-	(187,351)
Other operating income (expenses), net				1,526	114			1,167	-	2,807
Share of profit (loss) of investees				-	-			-	(13,717)	(13,717)
Operating profit (loss) before finance income (costs)				**(193,298)**	**(36,927)**			**(50,330)**	**(13,717)**	**(294,272)**
OTHER INFORMATION										
Costs	(218,016)	(15,504)	(49,956)	(283,476)	(144,305)	(133,349)	(3,494)	(136,843)	-	(564,624)
Expenses	(250)	-	(1,666)	(1,916)	(1,690)	(2,956)	-	(2,956)	-	(6,562)
Depreciation and amortization	**(218,266)**	**(15,504)**	**(51,622)**	**(285,392)**	**(145,995)**	**(136,305)**	**(3,494)**	**(139,799)**	**-**	**(571,186)**
Costs	(127,182)	(8,335)	(1,822)	(137,339)	(79,657)	(43,411)	(733)	(44,144)	-	(261,140)
Expenses	(79)	-	(2,148)	(2,227)	(1,093)	(1,174)	-	(1,174)	-	(4,494)
Fixed lease	**(127,261)**	**(8,335)**	**(3,970)**	**(139,566)**	**(80,750)**	**(44,585)**	**(733)**	**(45,318)**	**-**	**(265,634)**
Costs	(1,780)	(427)	-	(2,207)	(1,933)	(2,749)	-	(2,749)	-	(6,889)
Expenses	(1,129)	-	-	(1,129)	(197)	(1,462)	-	(1,462)	-	(2,788)
Opening of new units	**(2,909)**	**(427)**	**-**	**(3,336)**	**(2,130)**	**(4,211)**	**-**	**(4,211)**	**-**	**(9,677)**

	Nine-month period ended September 30, 2020									
	Brazil				Mexico	Other LATAM				
	Smartfit	Bio Ritmo	Others	Total	Smartfit	Smartfit	Others	Total	Share of	Consolidated
SEGMENTS										
Operating revenue	435,869	41,598	48,557	526,024	191,890	139,727	12,757	152,484	-	870,398
Costs	(449,893)	(47,965)	(20,994)	(518,852)	(184,791)	(183,179)	(11,383)	(194,562)	-	(898,205)
Gross profit (loss)	**(14,024)**	**(6,367)**	**27,563**	**7,172**	**7,099**	**(43,452)**	**1,374**	**(42,078)**	**-**	**(27,807)**
Selling expenses				(62,304)	(19,696)			(10,399)	-	(92,399)
General and administrative expenses				(118,681)	(16,896)			(26,240)	-	(161,817)
Other operating income (expenses), net				(1,486)	282			(743)	-	(1,947)
Share of profit (loss) of investees				-	-			-	(7,059)	(7,059)
Operating loss before finance income (costs)				**(175,299)**	**(29,211)**			**(79,460)**	**(7,059)**	**(291,029)**
OTHER INFORMATION										
Costs	(239,441)	(18,324)	(4,637)	(262,402)	(113,379)	(114,628)	(2,792)	(117,420)	-	(493,201)
Expenses	(2,669)	-	(3,066)	(5,735)	(2,342)	(1,819)	-	(1,819)	-	(9,896)
Depreciation and amortization	**(242,110)**	**(18,324)**	**(7,703)**	**(268,137)**	**(115,721)**	**(116,447)**	**(2,792)**	**(119,239)**	**-**	**(503,097)**
Costs	(82,184)	(6,799)	(1,096)	(90,079)	(43,585)	(29,715)	-	(29,715)	-	(163,379)
Expenses	(1,344)	-	(270)	(1,614)	-	(1,008)	-	(1,008)	-	(2,622)
Fixed lease	**(83,528)**	**(6,799)**	**(1,366)**	**(91,693)**	**(43,585)**	**(30,723)**	**-**	**(30,723)**	**-**	**(166,001)**
Costs	(8,476)	(18)	(219)	(8,713)	(2,133)	(1,547)	-	(1,547)	-	(12,393)
Expenses	(2,608)	(15)	(251)	(2,874)	(2,144)	(516)	-	(516)	-	(5,534)
Opening of new units	**(11,084)**	**(33)**	**(470)**	**(11,587)**	**(4,277)**	**(2,063)**	**-**	**(2,063)**	**-**	**(17,927)**

25. RELATED PARTIES

A related party is an individual or entity that is related to the Group. This includes individuals and entities that have control over, or are subject to the influence of, the Group.

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 Parent 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.

The balances related to these operations by nature are as follows:

	Parent		Consolidated	
	09/30/2021	12/31/2020	09/30/2021	12/31/2020
Related-party balances				
Other receivables				
Trading transactions	49,490	60,931	5,149	15,521
Loan agreements	25,533	25,993	16,590	17,465
Interest on capital and dividends	660	333	-	-
Total	**75,683**	**87,257**	**21,739**	**32,986**
Other liabilities				
Trading transactions	36,292	25,597	-	-
Interest on capital and dividends	466	-	-	-
Total	**36,758**	**25,597**	**-**	**-**

OTHER RELATED-PARTY TRANSACTIONS

The Company has (i) a property lease agreement with one of its shareholders signed in 2015, interest and amortization arising from lease liabilities for the nine-month period ended Sep/21 are recognized in profit or loss in the amount of R$321 (R$228 in Sep/20); and (ii) two agreements for property lease by non-controlling interests of a subsidiary, signed in 2009 and 2011, are recognized in profit or loss in the amount of R$1,246 (R$535 in Sep/20).

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 30, 2021, at the Annual and Extraordinary General Meeting, the limit of the annual global compensation of the Company's officers of R$8,890 for 2021 (R$10,220 for 2020) was approved.

The compensation of the Company's officers, composed of management fees, bonuses and other amounts, recognized in line item "General and administrative expenses", amounted to R$6,827 in the nine-month period ended Sep/21 (R$5,510 in Sep/20). The expense on the stock option plan for Company officers was R$4,611. There are no post-employment benefits.

RELATED-PARTY BALANCES

	09/30/2021				12/31/2020			
	Other receivables		Other liabilities		Other receivables		Other liabilities	
	Trading transactions	Loans and interest on capital	Trading transactions	Loans and interest on capital	Trading transactions	Loans and interest on capital	Trading transactions	Loans and interest on capital
PARENT								
Subsidiaries								
ADV Esportes	12,315	7,824	508	-	16,975	7,384	-	-
Smartfin	8,110	-	2,358	-	14,209	-	-	-
Smartdom	630	8,978	30	-	433	8,443	-	-
Bio Plaza	2,251	3,051	43	-	2,021	1,956	-	-
Asnsmart	1,576	2,971	57	-	1,059	2,600	-	-
Bioswim	8,123	660	30,410 [3]	-	2,909	333	25,367 [3]	-
Biosanta	641	2,331	25	-	626	2,197	-	-
Microsul	1,058	378	10	-	1,055	263	-	-
Smartrfe	1,933	-	279	-	945	-	-	-
Centrale	382	-	-	-	382	-	-	-
M2	440	-	199	-	250	-	-	-
SmartMNG	203	-	405	-	155	-	-	-
Biomorum	385	-	2,341	-	84	-	230	-
Racebootcamp	113	-	39	-	4	-	-	-
TotalPass	11,330	-	54	-	4,303	-	-	-
Others	-	-	-	-	-	3,150	-	-
Joint ventures	-							
SmartEXP[1]	-	-	-	-	15,521 [2]	-	-	-
Total balances with related parties	**49,490**	**26,193**	**36,758**	**-**	**60,931**	**26,326**	**25,597**	**-**
CONSOLIDATED								
Joint ventures								
SmartEXP[1]	-	-	-	-	15,521 [2]	-	-	-
TotalPass Mexico	5,149	16,590	-	-	-	17,465	-	-
Total balances with related parties	**5,149**	**16,590**	**-**	**-**	**15,521**	**17,465**	**-**	**-**

(1) Smartfit acquired the assets and assumed the liabilities of SmartEXP. See note 3.
(2) Refers to trading transactions for the acquisition of equipment purchased by Smartfit and Bioswim transferred to SmartEXP, without net gains.
(3) The liabilities balance refer to transactions resulting from the apportionment of administrative expenses and transfers of property and equipment.

RELATED-PARTY TRANSACTIONS

	Nine-month period ended							
	09/30/2021				09/30/2020			
	Operating revenue	Costs	Expenses	Finance income (costs)	Operating revenue	Costs	Expenses	Finance income (costs)
PARENT								
Subsidiaries								
ADV Esportes	4,103	(13)	-	362	3,063	(17)	-	342
Smartfin	22	-	(2,301)	-	-	-	(644)	-
Smartdom	171	(3)	-	455	172	-	-	404
Bio Plaza	208	(18)	-	119	279	(61)	-	64
Asnsmart	460	(1)	-	144	403	(3)	-	124
Bioswim	-	(1,594)	-	-	767	(1,673)	(1,493)	-
Bio Ritmo Franqueadora	-	-	-	-	51	-	-	-
Racebootcamp	-	-	-	-	16	-	-	-
Biosanta	-	(5)	-	113	48	(5)	-	89
Microsul	-	-	-	12	-	-	-	-
Smartrfe	871	(3)	-	-	660	(3)	-	-
Centrale	-	-	-	-	-	(264)	-	-
M2	171	(126)	-	-	189	-	-	-
SmartMNG	-	(5)	-	-	78	(24)	-	-
Biomorum	-	(2,113)	(409)	-	141	(53)	-	-
Joint ventures								
SmartEXP[1]	582	-	-	(2,893)	-	-	-	-
Total balances with related parties	**6,588**	**(3,881)**	**(2,710)**	**(1,688)**	**5,867**	**(2,103)**	**(2,137)**	**1,023**
CONSOLIDATED								
Joint ventures								
SmartEXP[1]	582	-	-	(2,893)	-	-	-	-
Total balances with related parties	**582**	**-**	**-**	**(2,893)**	**-**	**-**	**-**	**-**

(1) Smartfit acquired the assets and assumed the liabilities of SmartEXP. See note 3.

26. SHARE-BASED PAYMENT

VARIATIONS IN PLANS

In the first quarter of 2020, due to the conclusion of the investment agreement by BPE FIT Holding S.A., a company controlled by investment funds managed by Pátria, which occurred on October 17, 2019, there was an event in two liquidity installments, causing the exercise of vested options (110,351 shares) by Plan 1 participants on January 17, 2020, in the amount of R$30,580 (due to the difference between R$46,156 of the repurchase and subsequent cancelation of the shares paid up by the participants and R$15,575 referring to the exercise of vested options), and consequent capital increase in the Company in the amount of R$110. The liability generated by the indemnity for the cancelation of the share-based payment plan was paid (see note 15).

On May 14 and June 17, 2021, the Board of Directors approved the grant of 1,036,528 options under the current Stock Option plan approved at an Extraordinary General Meeting held on October 17, 2019. The options were granted prior to the stock split approved at the Board of Directors' Meeting mentioned in note 19.

Two types of stock option agreements were executed: a regular agreement and a performance agreement. Under both agreements, in order for the exercise to be possible, participants must remain within the Company for the vesting period, and the exercise is also linked to the occurrence of a liquidity event. Under the performance agreement, the achievement of a certain rate of return on the share value is also required.

The fair value of the regular stock options was assessed using the Black & Scholes pricing model, and the fair value of the performance stock options was assessed using the Monte Carlo model, given the need to estimate the probability of achieving the rate of return on the share value. For both grants, the fair value was calculated for each of the vesting tranches and presented by the weighted average. The following table presents the main assumptions used to calculate the fair value of options granted on the grant date:

	Before stock split			**After stock split**		
	Performance Options	**Performance Options**	**Total**	**Performance Options**	**Performance Options**	**Total**
Vesting of the options:						
December 31, 2021	230,494	169,359	399,853	4,840,361	3,556,514	8,396,875
December 31, 2022	125,841	86,384	212,225	2,642,665	1,814,072	4,456,737
December 31, 2023	125,841	86,384	212,225	2,642,665	1,814,072	4,456,737
December 31, 2024	125,841	86,384	212,225	2,642,665	1,814,072	4,456,737
Total	**608,017**	**428,511**	**1,036,528**	**12,768,356**	**8,998,730**	**21,767,086**
Exercise price at the grant date	411.00	411.00	411.00	19.57	19.57	19.57
Risk free interest rate	6.00%	4.00%	5.20%	6.00%	4.00%	5.20%
Volatility of shares in the market	36.22%	42.55%	38.80%	36.22%	42.55%	38.80%
Fair value at the grant date (weighted average)	68.28	35.37	54.67	3.25	1.68	2.60

The expected volatility was calculated based on companies from the same sector with shares traded in the United States and Europe, not taking into account the effects of the pandemic, which significantly impact the market volatility, given that the Company did not trade its shares in the open market at the grant date and given that there are no listed companies from the same sector in Brazil.

As at September 30, 2021, the amount recognized in profit or loss, in accordance with CPC 10 (R1)/ IFRS 2, was R$16,565 against capital reserve, and the expense is recognized on a straight-line basis by plan and number of options linked to each vesting period. Up to this date, R$1,037 have been paid by the beneficiaries to the Company for the right to acquire the options.

In addition, as a way of creating a long-term incentive for certain members of management of the subsidiaries in Mexico, Colombia and Peru, during the third quarter of 2021, 869,400 phantom shares were granted, with an exercise price of R$25.95. The fair value measurement methodology and the assumptions adopted were the same as those previously mentioned. As at September 30, 2021, the amount recognized in profit or loss, in accordance with CPC 10 (R1)/ IFRS 2, was R$781 against capital reserve, and the expense is recognized on a straight-line basis by plan and number of options linked to each vesting period.

Variations in options and phantom shares granted during the nine-month period ended September 30, 2021 are presented below:

	Regular Options	**Performance Options**	**Phantom Shares**	**Total**
At December 31, 2020	**-**	**-**	**-**	**-**
Granted	12,768,356	8,998,730	869,400	22,636,486
Exercised	-	-	-	-
Canceled	(100,800)	-	-	(100,800)
At September 30, 2021	**12,667,556**	**8,998,730**	**869,400**	**22,535,686**

27. ADDITIONAL INFORMATION

INSURANCE

The policy adopted by the Company and its direct and indirect subsidiaries considers mainly the concentration of risks and their materiality, taking into consideration the nature of their activities and the advice of their insurance brokers. The insurance coverage at September 30, 2021 is R$9,292,347.

28. EVENTS AFTER THE REPORTING PERIOD

On October 28, 2021, the Group conducted a private subscription of 11,900,000 shares issued by Sports World via Latamgym Mexico, representing 10.92% of the share capital, for 77,35 million Mexican pesos (approximately R$21,256). The subscription is part of the Company's strategy to expand its presence in Mexico. The nonbinding MOU with Sports World (mentioned in note 3) remains in place, regardless of any other business that may be carried out between the parties.