

# EARNINGS RELEASE

## 3Q22



### **RESULTS WEBINAR**

November 10, 2022

11a.m. (Brasília) / 9 a.m. (New York)

Videoconference in Portuguese  
with simultaneous translation into English

[Click here](#)

### **INVESTOR RELATIONS**

Thiago Borges - CFO AND IRO

José Luís Rizzardo - IR

Thaís Lima - IR

Laura Puttinato - IR

contact: [ri@smartfit.com.br](mailto:ri@smartfit.com.br)

## 3Q22 EARNINGS RELEASE

São Paulo, November 9, 2022 – Smart Fit (SMFT3), the leader in the fitness sector across Latin America in memberships<sup>1</sup>, announces its results for 3Q22. To facilitate analysis, the results are shown without the effect of IFRS 16/CPC 06 (R2). The effects of IFRS 16/CPC 06 (R02) on the result are detailed from page 16 onwards.

### HIGHLIGHTS OF THE PERIOD

- Member base reached 90% of March 2020 levels at Smart Fit clubs existing before the pandemic**

*Member base in 3Q22 registered the biggest quarterly recovery in the last 12 months, growing 6 p.p. in relation to 2Q22. Member base grew in the three regions of operation, notably Brazil and Other Latin America, which grew 6.7 p.p. and 7.3 p.p. respectively, in the period.*
- Net revenue totaled R\$766 million, +11% vs. 2Q22, with Smart Fit clubs opened until 2019 surpassing historical revenue levels**

*In 3Q22, net revenue from Smart Fit clubs opened until 2019 reached 103% of pre-pandemic levels, with growth in the three regions of operation.*
- Cash cost of clubs opened until 2019<sup>2</sup> significantly below inflation in the period**

*Thanks to the sharp focus on cost management in the last 2.5 years, cash cost in 3Q22 of clubs opened until 2019 was only 8% higher than in January and February 2020.*
- Cash gross margin was 42.8%, +3.2p.p. vs. 2Q22, increasing in all regions, notably Other Latin America**

*At the Smart Fit clubs opened until 2019, gross margin came to 46% in 3Q22, with growth in the three regions of operation, especially in the Other Latin America region, with gross margin in line with historical levels.*
- Fifth straight quarter of increase in profitability and operating cash flow**

*Continuous recovery of revenue combined with strict cost management helped operating leverage, with EBITDA margin reaching 22.7%, up 5.1p.p. from 2Q22, EBITDA of R\$173.8 million (+43% vs. 2Q22) and operating cash flow of R\$169 million in the quarter.*
- Net income of R\$30 million, R\$70 million higher than in 2Q22**

*Gradual and continuous increase in profitability resulted in the first quarter of net income after the COVID-19 outbreak.*

3Q22 Highlights	3Q22	3Q21	3Q22 vs. 3Q21	2Q22	3Q22 vs. 2Q22	9M22	9M21	9M22 vs. 9M21
Clubs	1,157	1,009	15%	1,121	3%	1,157	1,009	15%
Total Members (000) <sup>a</sup>	3,728	2,763	35%	3,438	8%	3,728	2,763	35%
Net Revenue (R\$ million)	766	445	72%	689	11%	2,077	1,160	79%
EBITDA <sup>b</sup> (R\$ million)	173.8	3.7	4620%	121.4	43%	361.6	11.3	3107%
EBITDA Margin	22.7%	0.8%	21.9 p.p.	17.6%	5.1 p.p.	17.4%	1.0%	16.4 p.p.
Operating Cash Flow <sup>c</sup> (R\$ million)	168.9	13.6	1146%	196.7	(14%)	440.6	63.1	598%

(a) Includes members of clubs, studios and digital channel; (b) Excludes the effects of IFRS 16/CPC06 (R2). See section “EBITDA Breakdown”. (c) See section “Operating cash flow”.

(1) According to the International Health, Racquet & Sportsclub Association data, disclosed in 2020, with base date 2019 (“IHRSA”). (2) For a better analysis of our operational performance, we have shown “Cash Cost of Services Provided”, which excludes the effects of IFRS-16, depreciation and amortization. To enable comparison of the costs in 3Q22 with pre-pandemic costs (January and February 2020), we compared the evolution of “Cost Cash” of the units opened until 2019 in the respective periods.

## OPERATING PERFORMANCE

### CLUB NETWORK

In the third quarter of 2022, 36 clubs were added to our network, which ended the period with 1,157 units, increasing 15% from 3Q21, mainly due to the opening of own clubs, and 3% from 2Q22. Twenty-nine own clubs were added, equivalent to 81% of the additions in the quarter. At the end of the period, the club network consisted of 908 own units (78% of total) and 249 franchises.

Of the 36 additions under the Smart Fit brand, 15 are in Mexico, 15 in Other Latin America and 6 in Brazil. Additions of new units in Brazil were affected by 6 closures, one of which was closed as it was located in a supermarket that will remain closed for a few quarters for renovation and 2 units that were relocated to better commercial points.

### Evolution of Club Network

Clubs	End of Period					Growth 3Q22 vs.		Variation 3Q22 vs.	
	3Q21	4Q21	1Q22	2Q22	3Q22	2Q22	3Q21	2Q22	3Q21
<b>Total</b>	<b>1,020</b>	<b>1,077</b>	<b>1,102</b>	<b>1,134</b>	<b>1,169</b>	<b>35</b>	<b>149</b>	<b>3%</b>	<b>15%</b>
<b>Clubs</b>	<b>1,009</b>	<b>1,065</b>	<b>1,090</b>	<b>1,121</b>	<b>1,157</b>	<b>36</b>	<b>148</b>	<b>3%</b>	<b>15%</b>
<b>By Type</b>									
Owned	781	834	857	879	908	29	127	3%	16%
Franchised	228	231	233	242	249	7	21	3%	9%
<b>By Brand</b>									
Smart Fit	978	1,033	1,059	1,093	1,129	36	151	3%	15%
Owned	755	807	831	856	885	29	130	3%	17%
Brazil	394	408	415	416	419	3	25	1%	6%
Mexico	173	192	199	209	223	14	50	7%	29%
Other Latin America <sup>a</sup>	188	207	217	231	243	12	55	5%	29%
Franchised	223	226	228	237	244	7	21	3%	9%
Brazil	162	165	169	172	175	3	13	2%	8%
Mexico	10	9	6	8	9	1	(1)	13%	(10%)
Other Latin America <sup>a</sup>	51	52	53	57	60	3	9	5%	18%
Bio Ritmo and O2	31	32	31	28	28	0	(3)	0%	(10%)
Owned	26	27	26	23	23	0	(3)	0%	(12%)
Franchised	5	5	5	5	5	0	0	0%	0%
<b>By Region</b>									
Brazil	584	602	614	615	621	6	37	1%	6%
Mexico	183	201	205	217	232	15	49	7%	27%
Other Latin America <sup>a</sup>	242	262	271	289	304	15	62	5%	26%
<b>Studio<sup>b</sup></b>	<b>11</b>	<b>12</b>	<b>12</b>	<b>13</b>	<b>12</b>	<b>(1)</b>	<b>1</b>	<b>(8%)</b>	<b>9%</b>

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

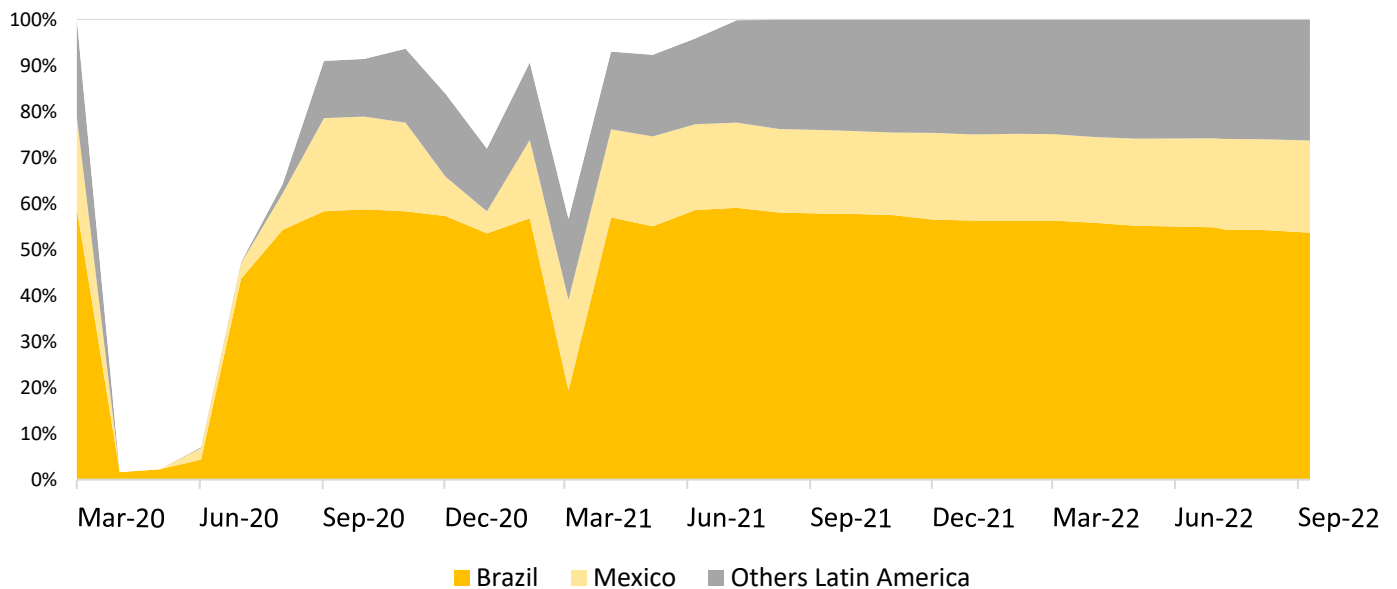
### IMPACT OF COVID-19

The high percentage of population vaccinated, the measures taken by the Company since the outbreak of the pandemic to keep the clubs clean and the gradual reduction in the negative impacts of COVID-19 enabled the clubs to remain open throughout all 3Q22.

This quarter, clubs continued to relax the restrictions on their normal functioning in different regions. For example, Belo Horizonte in Minas Gerais state, which had resumed the mandatory use of masks in closed spaces, suspended the measure in August. Moreover, in important markets outside Brazil, such as Mexico City, wearing masks in closed places ceased to be mandatory only in October. In Peru, wearing masks in closed places ceased to be mandatory since early October, now being mandatory only in public transportation and hospitals.

Although the measures that hamper the normal functioning of clubs have been withdrawn gradually, there are still some restrictions in place, such as the mandatory use of mask in some cities.

**% Smart Fit Clubs in Operation**



## MEMBER BASE

The member base continued growing in 3Q22 to reach 3.7 million, up 8% from 2Q22 and 35% from the same period last year. The combination of the gradual loosening of restrictions on the functioning of clubs, the successful efforts to attract members and the organic expansion with maturation of new units have contributed to the growth of the member base. Member base grew across all regions in 3Q22, with 1.5 million members added to clubs since May 2021, when the member base reached its lowest level since the outbreak of the pandemic. Additionally, in October, 59 thousand members were added, up 1% in the month, maintaining the consecutive monthly growth trend in all regions.

Member base of clubs grew 309 thousand in 3Q22 to 3.4 million, 20% bigger than the pre-pandemic base (1Q20) and 10% higher than in 2Q22. Average membership per club expanded 5% in 3Q22 in relation to 2Q22, with own clubs and franchises registering growth of 5%.

Considering only the Smart Fit clubs existing before the pandemic, member base in 3Q22 reached 90% of March 2020 levels, growing 6 p.p. in the quarter to reach the highest level since the start of reopening in 3Q21, with recovery registered in all regions, notably Brazil, which registered 6.7 p.p. growth and reached 81% of the pre-pandemic base, and Other Latin America, which grew 7.3 p.p. In October, due to higher sales volume, member base at Smart Fit clubs existing before the pandemic expanded 1 p.p. and reached 91% of March 2020 levels.

### Evolution of Member Base

Clients ('000)	End of Period					Growth 2Q22 vs.		Variation 3Q22 vs.	
	3Q21	4Q21	1Q22	2Q22	3Q22	2Q22	3Q21	2Q22	3Q21
<b>Total</b>	<b>2.763</b>	<b>3.007</b>	<b>3.279</b>	<b>3.438</b>	<b>3.728</b>	<b>291</b>	<b>965</b>	<b>8%</b>	<b>35%</b>
<b>Clubs</b>	<b>2.332</b>	<b>2.573</b>	<b>2.879</b>	<b>3.069</b>	<b>3.377</b>	<b>309</b>	<b>1.045</b>	<b>10%</b>	<b>45%</b>
<b>By Type</b>									
Owned	1.785	1.989	2.258	2.404	2.642	238	857	10%	48%
Franchise	547	584	621	664	735	71	188	11%	34%
<b>By Brand</b>									
Smart Fit	<b>2.291</b>	<b>2.529</b>	<b>2.834</b>	<b>3.024</b>	<b>3.329</b>	<b>305</b>	<b>1.038</b>	<b>10%</b>	<b>45%</b>
Owned	1.750	1.951	2.220	2.367	2.601	234	851	10%	49%
Brazil	864	956	1.025	1.039	1.140	101	277	10%	32%
Mexico	374	422	548	606	652	47	278	8%	74%
Other Latin America <sup>a</sup>	512	572	647	722	809	87	296	12%	58%
Franchise	541	578	614	657	728	70	187	11%	35%
Bio Ritmo and O2	<b>41</b>	<b>44</b>	<b>45</b>	<b>44</b>	<b>48</b>	<b>4</b>	<b>7</b>	<b>9%</b>	<b>17%</b>
<b>By Region</b>									
Brazil	1.285	1.407	1.500	1.526	1.682	156	397	10%	31%
Mexico	404	449	566	630	679	49	275	8%	68%
Other Latin America <sup>a</sup>	644	717	812	913	1.017	104	373	11%	58%
<b>Studio</b>	<b>3</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>(8%)</b>	<b>3%</b>
Digital <sup>b</sup>	<b>428</b>	<b>430</b>	<b>397</b>	<b>365</b>	<b>348</b>	<b>(18)</b>	<b>(80)</b>	<b>(5%)</b>	<b>(19%)</b>

(a) The "Other Latin America" region includes own clubs in Argentina, Chile, Colombia, Costa Rica, Paraguay, Peru and Panama, and the franchises in El Salvador, Ecuador, Guatemala, Dominican Republic and Honduras; (b) Due to the acquisition of the digital platform Queima Diária, the number of members in the digital channel began to be reported in 3Q20. To avoid double counting, members of our clubs who are also subscribers to our Smart Fit and Smart Nutri digital plans are considered only as members of clubs or Studios.

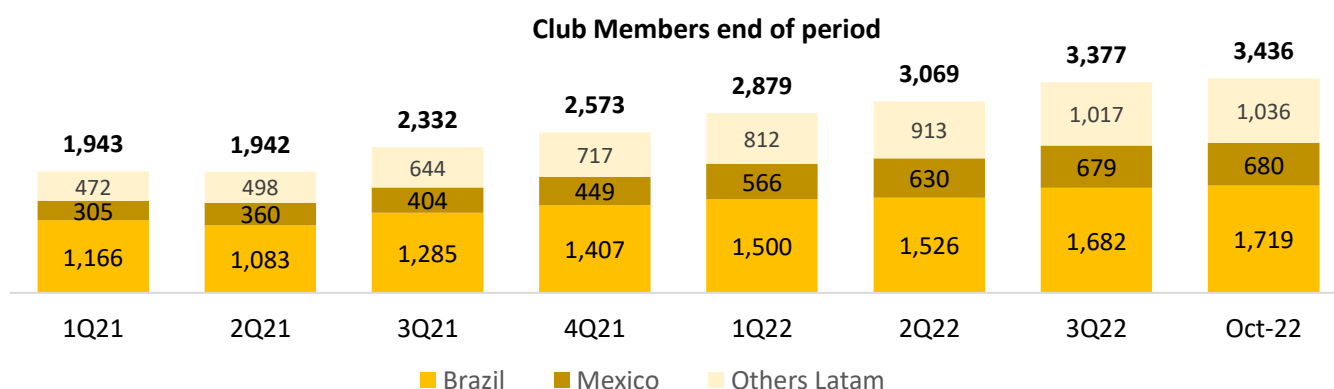
In 3Q22, member base in Brazil totaled 1.7 million, with 156 thousand members added in the quarter, 10% more than in 2Q22 and 2% above the member base in March 2020. This expansion led to an increase of 5% in average membership per club in 3Q22 in relation to 2Q22. Considering only Smart Fit clubs inaugurated before the pandemic, in September 2022 the country reached 81% of its member base in March 2020, growing 6.7 p.p. versus 2Q22, in a quarter when, historically, units operating for more than 12 months register

a 2.2 p.p. increase in their member base. In October, member base in Brazil continued to grow, and the units inaugurated before the pandemic reached 83% of the member base in March 2020.

Member base in Mexico totaled 679 thousand in 3Q22, with 49 thousand members added in the quarter, 8% more than in 2Q22 and 23% above the member base in March 2020. This expansion in member base led to a 3% increase in average membership per club. Considering only Smart Fit clubs inaugurated before the pandemic, in 3Q22 the country reached 91% of its member base in March 2020, growing 1 p.p. from 2Q22, in line with the seasonal effect in the quarter for the region.

In the Other Latin America region, member base reached 1.0 million in 3Q22, up 11% from 2Q22, with the addition of 104 thousand club members in the quarter. This expansion led to the 6% increase in average membership per club in 3Q22 in relation to 2Q22. Considering only Smart Fit clubs inaugurated before the pandemic, in 3Q22 the region reached 110% of its member base in March 2020, recovering 7.3 p.p. from 2Q22. The recovery was registered in all the countries of the region with own operations, notably in Colombia and Chile, the most important markets in the region.

The full recovery across Other Latin America is due to the lower impact on the operations by the 2<sup>nd</sup> wave of COVID-19 (e.g.: clubs in Colombia have remained open since September 2020), fewer restrictions on clubs in that region and less concerns about COVID in the main country in the region, compared to Brazil and Mexico.



The digital services offering has been expanded and improved since 2020. Currently, Smart Fit offers on-demand video classes and nutritional follow-up services. At the end of September 2022, exclusively digital members totaled 348 thousand. The digital products and services are complementary to the training experience at clubs and are designed to expand relations with, and consequently the loyalty of, members.

Queima Diária, Latin America’s leader in on-demand fitness, is a digital platform that offers access to a varied assortment of physical exercise programs. At the end of 3Q22, the service had 337 thousand members, 272% above the membership registered in December 2019 but 4% below 2Q22, due to lower sales in the quarter than in 3Q21, which was positively affected by closures and restrictions on circulation on account of COVID-19. The biggest chunk of the member base is located in Brazil, with the platform offering 140 programs, including 16 in Spanish.

Smart Fit Nutri, the app-based service for nutritional follow-up and teleconsultations with nutritionists, reached 77 thousand active subscribers at the end of 3Q22, up 10% from 2Q22, reflecting the changes in the billing strategy, which resulted in a higher ticket. In 3Q22, 115 thousand measurements were made, up 14% from 2Q22, and 16 thousand teleconsultations were made, up 9% from 2Q22. The expansion is due to initiatives taken to provide a better member experience, such as the installation of bioimpedance scales at the clubs. In June, Smart Fit Nutri was rolled out in Ecuador and, consequently, the service is currently available in three countries: Brazil, Mexico and Ecuador.

## FINANCIAL PERFORMANCE

Main financial indicators <sup>a</sup> (R\$ million)	3Q22	3Q21	3Q22 vs. 3Q21	2Q22	3Q22 vs. 2Q22	9M22	9M21	9M22 vs.9M21
Gross Revenue	823.6	478.7	72%	741.6	11%	2,234.7	1,255.0	78%
<b>Net Revenue</b>	<b>766.3</b>	<b>445.4</b>	<b>72%</b>	<b>689.1</b>	<b>11%</b>	<b>2,077.4</b>	<b>1,160.4</b>	<b>79%</b>
Cash costs of services <sup>b</sup>	(437.9)	(321.0)	36%	(416.2)	5%	(1,239.5)	(828.8)	50%
<b>Cash gross profit<sup>b</sup></b>	<b>328.4</b>	<b>124.4</b>	<b>164%</b>	<b>272.9</b>	<b>20%</b>	<b>837.9</b>	<b>331.6</b>	<b>153%</b>
<i>Cash gross margin</i>	<i>42.8%</i>	<i>27.9%</i>	<i>14.9 p.p.</i>	<i>39.6%</i>	<i>3.2 p.p.</i>	<i>40.3%</i>	<i>28.6%</i>	<i>11.8 p.p.</i>
(+) Pre-operating Costs	(7.2)	(3.9)	84%	(7.3)	(1%)	(20.1)	(6.9)	192%
Cash gross profit before pre-operating costs <sup>b</sup>	335.5	128.3	162%	280.2	20%	858.1	338.5	154%
<i>Gross margin before pre-operating costs</i>	<i>43.8%</i>	<i>28.8%</i>	<i>15.0 p.p.</i>	<i>40.7%</i>	<i>3.1 p.p.</i>	<i>41.3%</i>	<i>29.2%</i>	<i>12.1 p.p.</i>
SG&A	(154.4)	(119.9)	29%	(154.0)	0%	(479.3)	(306.6)	56%
<i>% Net Revenue</i>	<i>20.1%</i>	<i>26.9%</i>	<i>(6.8) p.p.</i>	<i>22.3%</i>	<i>(2.2) p.p.</i>	<i>23.1%</i>	<i>26.4%</i>	<i>(3.3) p.p.</i>
Selling expenses <sup>c</sup>	(61.4)	(45.0)	36%	(71.1)	(14%)	(203.7)	(121.3)	68%
<i>% Net Revenue</i>	<i>8.0%</i>	<i>10.1%</i>	<i>(2.1) p.p.</i>	<i>10.3%</i>	<i>(2.3) p.p.</i>	<i>9.8%</i>	<i>10.5%</i>	<i>(0.7) p.p.</i>
General and administrative expenses <sup>d</sup>	(82.9)	(76.2)	9%	(81.3)	2%	(247.3)	(185.3)	33%
<i>% Net Revenue</i>	<i>10.8%</i>	<i>17.1%</i>	<i>(6.3) p.p.</i>	<i>11.8%</i>	<i>(1.0) p.p.</i>	<i>11.9%</i>	<i>16.0%</i>	<i>(4.1) p.p.</i>
Pre-operating expenses	(4.9)	(1.1)	330%	(4.4)	13%	(14.8)	(2.8)	431%
Other (expenses) revenues	(5.2)	2.4	(314%)	2.9	(280%)	(13.5)	2.8	(580%)
Equity Income	(0.2)	(0.8)	(79%)	2.5	(107%)	3.0	(13.7)	(122%)
EBITDA <sup>e</sup>	173.8	3.7	4620%	121.4	43%	361.6	11.3	3107%
<i>EBITDA Margin</i>	<i>22.7%</i>	<i>0.8%</i>	<i>21.9 p.p.</i>	<i>17.6%</i>	<i>5.1 p.p.</i>	<i>17.4%</i>	<i>1.0%</i>	<i>16.4 p.p.</i>
<b>EBITDA before pre-operating expenses<sup>f</sup></b>	<b>185.9</b>	<b>8.7</b>	<b>2027%</b>	<b>133.1</b>	<b>40%</b>	<b>396.5</b>	<b>20.9</b>	<b>1793%</b>
<i>EBITDA Margin before pre-operating costs and expenses</i>	<i>24.3%</i>	<i>2.0%</i>	<i>22.3 p.p.</i>	<i>19.3%</i>	<i>0.3 p.p.</i>	<i>19.1%</i>	<i>1.8%</i>	<i>9.6 p.p.</i>
Depreciation and amortization	(126.2)	(108.6)	16%	(116.9)	8%	(358.5)	(323.6)	11%
<b>Profit (loss) for the period</b>	<b>29.9</b>	<b>(141.5)</b>	<b>(121%)</b>	<b>(40.0)</b>	<b>(175%)</b>	<b>(85.6)</b>	<b>(447.4)</b>	<b>(81%)</b>
<i>% Net Revenue</i>	<i>3.9%</i>	<i>(31.8%)</i>	<i>35.7 p.p.</i>	<i>(5.8%)</i>	<i>9.7 p.p.</i>	<i>(4.1%)</i>	<i>(38.6%)</i>	<i>34.4 p.p.</i>

(a) All indicators exclude the effects of IFRS 16 in relation to the leases of clubs and offices; (b) For a better analysis of our operational performance, we have shown "Cash Cost of Services", which excludes the effects of IFRS 16, depreciation and amortization. "Cash gross profit before pre-operating expenses" excludes depreciation and costs with opening new units. See the "Gross Profit" section for the calculation of these measurements; (c) "Selling expenses" exclude expenses with opening new units; (d) "General and administrative expenses" exclude depreciation; (e) See the "EBITDA Breakdown" section for the calculation of this measurement; (f) "EBITDA before pre-operating costs and expenses" excludes costs and expenses with opening new units. See the "EBITDA Breakdown" section for the calculation of this measurement.

## NET REVENUE

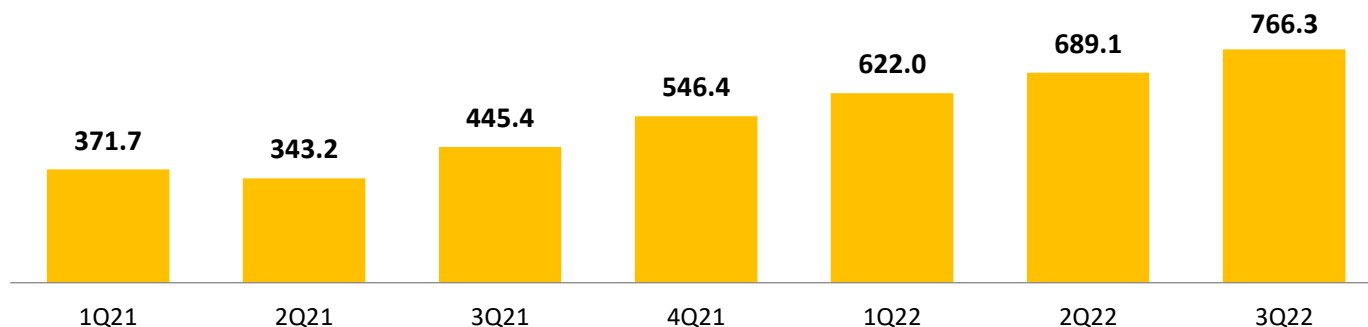
Net revenue in 3Q22 was R\$766.3 million, up 72% from 3Q21, mainly due to the 32% increase in average membership per own unit, the 18% expansion of the own club network and the increase in average ticket per member, explained by the transfer of prices conducted during 2021 in the diverse regions and the normalization of monthly fee collections in Chile with the gradual reopening of clubs in the country during the third quarter of 2021.

### Net Revenue by Brand and Region

Net Revenue (R\$ million)	3Q22	3Q21	3Q22 vs. 3Q21	2Q22	3Q22 vs. 2Q22	9M22	9M21	9M22 vs. 9M21
Smart Fit	694.8	389.9	78%	621.2	12%	1,866.1	1,004.4	86%
Brazil	322.6	190.8	69%	294.4	10%	877.7	515.1	70%
Mexico	167.9	93.9	79%	144.1	16%	437.6	237.7	84%
Other Latin America <sup>a</sup>	204.3	105.2	94%	182.6	12%	550.8	251.6	119%
Bio Ritmo e O2	28.1	16.1	74%	24.7	14%	76.5	39.9	92%
Others <sup>b</sup>	43.4	39.4	10%	43.2	1%	134.8	116.1	16%
<b>Total</b>	<b>766.3</b>	<b>445.4</b>	<b>72%</b>	<b>689.1</b>	<b>11%</b>	<b>2,077.4</b>	<b>1,160.4</b>	<b>79%</b>
International Revenue (% total)	49%	45%	3.6 p.p.	48%	1.1 p.p.	48%	42%	5.4 p.p.

(a) "Other Latin America" considers only own operations controlled in the region (Colombia, Chile, Peru, Argentina and Paraguay); (b) "Other" includes royalties received from franchises in Brazil and abroad, and other brands operated by the Company in Brazil.

### Evolution of Net Revenue (R\$ million)



The growth in average revenue per Smart Fit club in 3Q22, combined with the expansion of own clubs and franchises, drove revenue growth for the fifth consecutive quarter and an increase of 11% (R\$77.2 million) from 2Q22. An important mark this quarter was the recovery of net revenue at Smart Fit clubs inaugurated until 2019, which reached 103% of pre-pandemic levels, noting that net revenue reached 105% in September 2022.

In Brazil, net revenue from Smart Fit clubs totaled R\$322.6 million, increasing 10% from 2Q22, thanks to the 5% growth in average member base per club in the period, the 4% increase in average ticket and the expansion of the own club network. At the Smart Fit clubs opened until 2019, net revenue in 3Q22 reached 95% of the result in January and February 2020 (compared to 87% on average in 2Q22), reaching 97% in September, positively impacted by the increase in average membership per club due to the recovery of the member base at these clubs.

In Mexico, net revenue in 3Q22 was R\$167.9 million, increasing 16% from 2Q22, due to the 3% growth in average member base per club in the period, the expansion of the own club network and the increase in average ticket. Considering only Smart Fit clubs inaugurated until 2019, net revenue in 3Q22 reached 99% of the result in January and February 2020 (versus 89% on average in 2Q22), reaching 100% in September.

Net revenue from Smart Fit clubs in the Other Latin America region totaled R\$204.3 million, up 12% from 2Q22, mainly due to the 6% increase in average member base per club in the period and the increase in the

number of own clubs across the region. Considering Smart Fit clubs inaugurated until 2019 in the region, net revenue in 3Q22 reached 122% of the result in January and February 2020 (versus 113% on average in 2Q22), reaching 127% in September, mainly due to the 7 p.p. expansion of the member base.

## CASH COST OF SERVICES PROVIDED

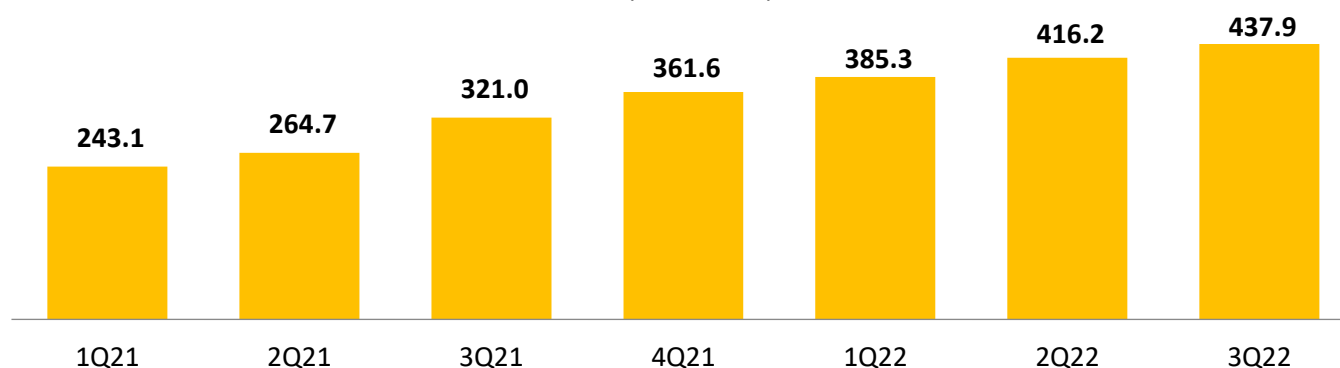
Cash cost of services provided was R\$437.9 million in 3Q22, 36% higher than in the same period the previous year, due to the 17% growth in average membership of own clubs compared to 3Q21 and the functioning of clubs throughout 3Q22, while not all clubs remained open in early 3Q21.

### Cash Cost of Services Provided by Type

Cash Cost of Services Rendered <sup>a</sup> (R\$ million)	3Q22	3Q21	3Q22 vs.3Q21	2Q22	3Q22 vs. 2Q22	9M22	9M21	9M22 vs.9M21
Occupation	173.9	131.8	32%	164.7	6%	499.2	353.5	41%
Personnel	110.5	84.8	30%	101.4	9%	305.7	213.6	43%
Consumption	73.9	51.2	44%	76.1	(3%)	215.3	138.6	55%
Other	79.6	53.2	50%	74.0	8%	219.3	123.1	78%
<b>Cash Cost of Services Rendered</b>	<b>437.9</b>	<b>321.0</b>	<b>36%</b>	<b>416.2</b>	<b>5%</b>	<b>1,239.5</b>	<b>828.8</b>	<b>50%</b>

(a) For a better analysis of our operational performance, we have shown "Cash Cost of Services Provided", which excludes the effects of IFRS-16, depreciation and amortization. The rent of properties is considered in this caption, including discounts obtained during the pandemic.

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



Compared to 2Q22, cash cost in 3Q22 increased R\$21.8 million, up 5%, driven by the 3% increase in the number of own clubs and the growth in the average member base of own clubs. Occupancy costs increased 6% in relation to 2Q22 and other operating costs (personnel, consumption and other expenses) increased 5% in relation to 2Q22. The positive highlight was consumption costs, which decreased 3% versus 2Q22, due the positive impact of the end of the water scarcity tariff flag and the beginning of winter in the country, with lower use of the temperature system in important ar- conditioned.

The Company remains focused on cost management in order to mitigate the impact of the pandemic and the inflationary scenario on its operations, thereby protecting its profitability. Considering only the clubs opened until 2019, the cash cost of services provided in 3Q22 increased 8% (R\$22.7 million) in relation to the baseline in January and February 2020, due to the reduction in personnel costs as a result of changes in the headcount at the units in 2021, and constant negotiations of rents and other agreements with suppliers. In 3Q22, cash cost of clubs added as of 2020 and Queima Diária, acquired in 2020, totaled R\$122.9 million, versus R\$107.4 million in 2Q22.

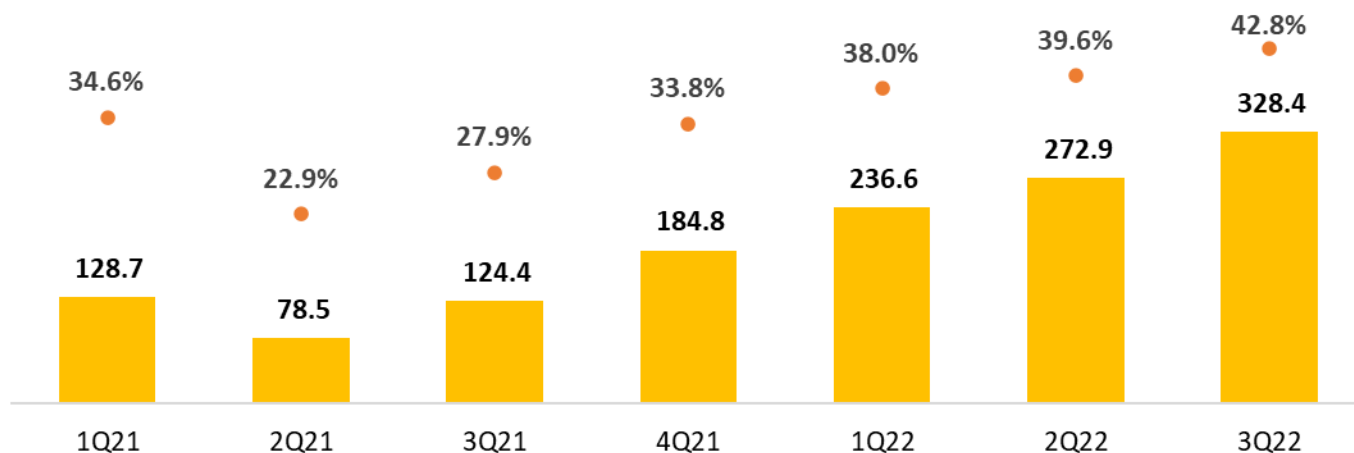
## CASH GROSS PROFIT

Cash gross profit in 3Q22 totaled R\$328.4 million, increasing R\$204.0 million from 3Q21, driven by the strong growth in revenues and the focus on cost management, which helped dilute fixed costs. Cash gross margin rose 14.9 p.p. to 42.8% in 3Q22.

<b>Cash Gross Profit<sup>a</sup></b> (R\$ million)	<b>3Q22</b>	<b>3Q21</b>	<b>3Q22 vs.3Q21</b>	<b>2Q22</b>	<b>3Q22 vs. 2Q22</b>	<b>9M22</b>	<b>9M21</b>	<b>9M22 vs.9M21</b>
<b>Net Revenue</b>	<b>766.3</b>	<b>445.4</b>	<b>72%</b>	<b>689.1</b>	<b>11%</b>	<b>2,077.4</b>	<b>1,160.4</b>	<b>79%</b>
(-) Costs of Services Provided	560.4	427.9	31%	529.3	6%	1,584.4	1,149.0	38%
<b>Gross Profit</b>	<b>205.9</b>	<b>17.5</b>	<b>1076%</b>	<b>159.8</b>	<b>29%</b>	<b>493.0</b>	<b>11.4</b>	<b>4234%</b>
(+) Depreciation <sup>b</sup>	122.4	106.9	15%	113.1	8%	344.9	320.2	8%
<b>Cash Gross Profit<sup>c</sup></b>	<b>328.4</b>	<b>124.4</b>	<b>164%</b>	<b>272.9</b>	<b>20%</b>	<b>837.9</b>	<b>331.6</b>	<b>153%</b>
<i>Cash Gross Margin</i>	<i>42.8%</i>	<i>27.9%</i>	<i>14.9 p.p.</i>	<i>39.6%</i>	<i>3.2 p.p.</i>	<i>40.3%</i>	<i>28.6%</i>	<i>11.8 p.p.</i>
(+) Pre-Operating Costs	7.2	3.9	84%	7.3	(1%)	20.1	6.9	192%
<b>Cash Gross Profit before Pre-Operating Costs<sup>d</sup></b>	<b>335.5</b>	<b>128.3</b>	<b>162%</b>	<b>280.2</b>	<b>20%</b>	<b>858.1</b>	<b>338.5</b>	<b>154%</b>
<i>Cash Gross Margin before Pre-Operating Costs</i>	<i>43.8%</i>	<i>28.8%</i>	<i>15.0 p.p.</i>	<i>40.7%</i>	<i>3.1 p.p.</i>	<i>41.3%</i>	<i>29.2%</i>	<i>12.1 p.p.</i>

(a) For a better analysis of the performance of our operations, all indicators exclude the effects of IFRS-16, depreciation and amortization. (b) "Depreciation" relates to other depreciations included in the cost of services other than lease as it was already excluded from the "Cost of Services" calculation; (c) "Cash gross profit" excludes depreciation and amortization; (d) "Cash gross profit before pre-operating costs" excludes depreciation, amortization and the cost of opening new units.

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



Compared to 2Q22, cash gross profit increased 20% (R\$55.4 million) in 3Q22, while cash gross margin expanded 3.2 p.p., growing in all regions and operating segments, mainly driven by Other Latin America, which registered cash gross margin of 53.4% above historical levels. Cash gross margin expanded due to the continuous increase in average revenue per club, fueled by the recovery of the member base and the increase in average ticket, combined with rigorous cost management, all of which have driven operating leverage.

Considering only Smart Fit clubs inaugurated until 2019, net revenue reached 103% of the baseline in January and February 2020, while cash cost totaled 109%. The 6 p.p. difference between net revenue and cash costs of these units reached the lowest level since the reopening, declining in relation to 2Q22, when revenue and cost of units opened until 2019 was 94% and 108%, respectively, of the baseline in January and February 2020. At these units, consolidated gross margin reached 46% in 3Q22.

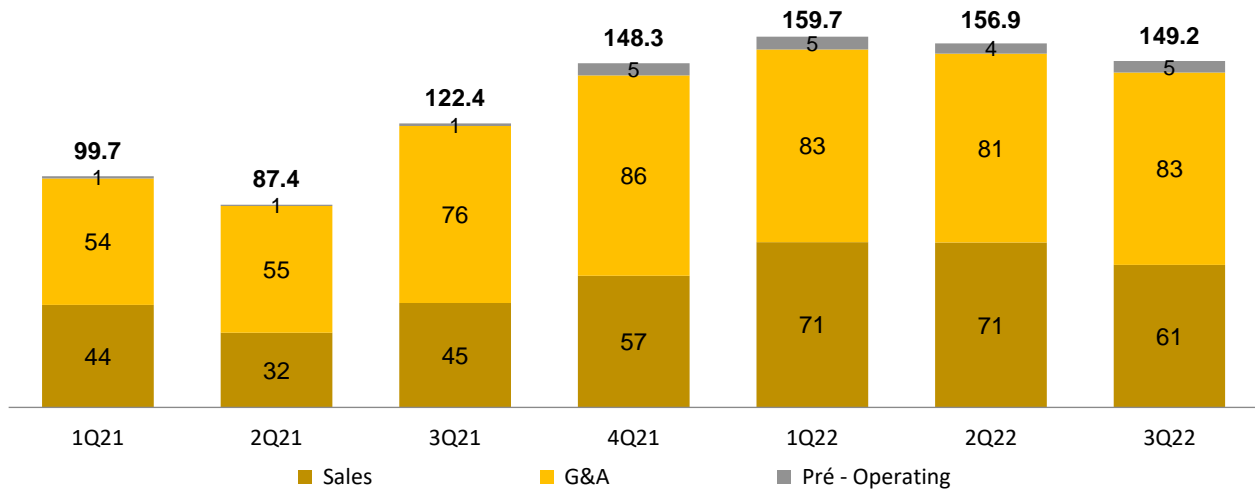
## SELLING AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses <sup>a,b</sup> (R\$ million)	3Q22	3Q21	3Q22 vs. 3Q21	2Q22	3Q22 vs. 2Q22	9M22	9M21	9M22 vs. 9M21
Selling expenses	61.4	45.0	36%	71.1	(14%)	203.7	121.3	68%
General and administrative expenses	82.9	76.2	9%	81.3	2%	247.3	185.3	33%
Pre-operating expenses	4.9	1.1	330%	4.4	13%	14.8	2.8	431%
<b>Total</b>	<b>149.2</b>	<b>122.4</b>	<b>22%</b>	<b>156.9</b>	<b>(5%)</b>	<b>465.8</b>	<b>309.4</b>	<b>51%</b>

(a) For a better analysis of our operational performance, all indicators exclude the effects of IFRS 16 regarding commercial leases related to the rents of clubs and offices; (b) Excludes "Other (expenses) / revenues".

Selling, general and administrative expenses totaled R\$149.2 million in 3Q22, R\$26.9 million more than in 3Q21, due to the increase and normalization of administrative and selling expenses incurred to attract more members. Pre-operating expenses also increased R\$3.8 million due to the faster pace of openings of own units in the quarter compared to the same period last year.

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



Compared to 2Q22, selling and administrative expenses declined 5%, corresponding to 19.5% of net revenue, representing a dilution of 3.3 p.p. in the quarter. Selling expenses decreased 14% in relation to 2Q22, corresponding to 8.0% of net revenue in the quarter, with dilution of 2.3 p.p. versus 2Q22, due to better investments to attract members and the continuous increase in revenue per club. General and administrative expenses increased 2% vs. 2Q22, corresponding to 10.8% of net revenue in the quarter, a dilution of 1 p.p. in relation to the previous quarter.

## EBITDA

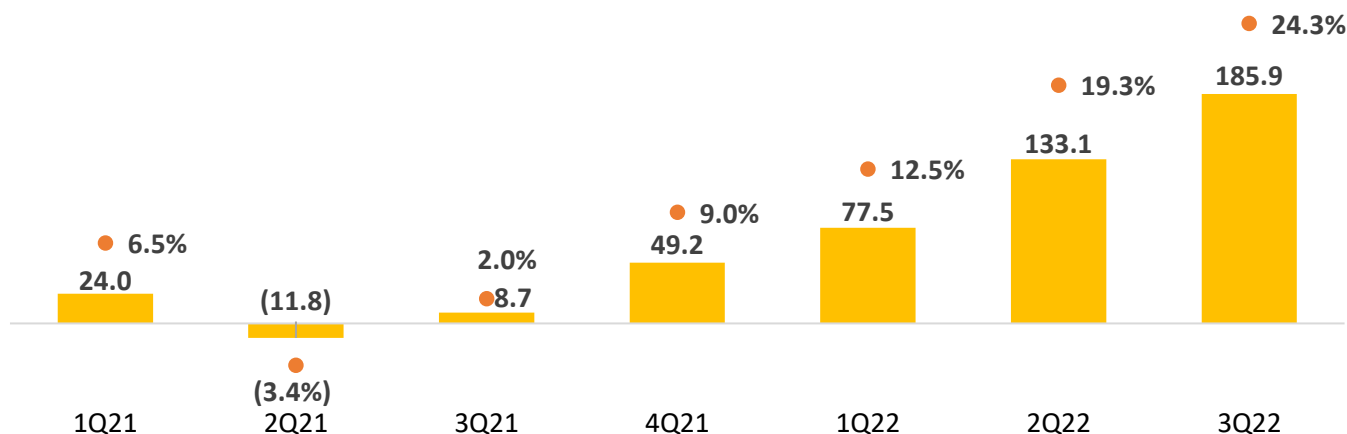
EBITDA Breakdown <sup>a</sup> (R\$ million)	3Q22	3Q21	3Q22 vs.3Q21	2Q22	3Q22 vs. 3Q22	9M22	9M21	9M22 vs.9M21
<b>Net Income</b>	<b>29.9</b>	<b>(141.5)</b>	<b>(121%)</b>	<b>(40.0)</b>	<b>(175%)</b>	<b>(85.6)</b>	<b>(447.4)</b>	<b>(81%)</b>
(+) IR & CSLL	5.7	(1.0)	(653%)	(0.4)	(1728%)	8.1	(10.4)	(178%)
(+) Financial Result	11.9	37.6	(68%)	44.9	(73%)	80.6	145.4	(45%)
(+) Depreciation	126.2	108.6	16%	116.9	8%	358.5	323.6	11%
<b>EBITDA</b>	<b>173.8</b>	<b>3.7</b>	<b>4620%</b>	<b>121.4</b>	<b>43%</b>	<b>361.6</b>	<b>11.3</b>	<b>3107%</b>
EBITDA Margin	22.7%	0.8%	21.9p.p.	17.6%	5.1p.p.	17.4%	1.0%	16.4p.p.
(+) Pre-operating costs and expenses	(12.1)	(5.1)	140%	(11.7)	4%	(35.0)	(9.7)	261%
<b>EBITDA before pre-operating expenses</b>	<b>185.9</b>	<b>8.7</b>	<b>2027%</b>	<b>133.1</b>	<b>40%</b>	<b>396.5</b>	<b>20.9</b>	<b>1793%</b>
<i>EBITDA margin before pre-operating costs and expenses</i>	<i>24.3%</i>	<i>2.0%</i>	<i>22.3p.p.</i>	<i>19.3%</i>	<i>5.0p.p.</i>	<i>19.1%</i>	<i>1.8%</i>	<i>17.3p.p.</i>

(a) For a better analysis of our operational performance, all indicators exclude the effects of IFRS 16 regarding commercial leases related to the rents of clubs and offices.

3Q22 was the fifth straight quarter of EBITDA growth, which attests to the high operating leverage of the business. EBITDA before pre-operating expenses totaled R\$185.9 million, compared to R\$8.7 million in 3Q21, due to the continued expansion of member base in the period after the pandemic and consequent revenue growth and dilution of costs and expenses.

### Evolution of EBITDA and EBITDA Margin before Pre-Operating Expenses

(R\$ million and % of net income)



Compared to 2Q22, EBITDA before pre-operating expenses increased R\$52.9 million in 3Q22, up 40%, positively affected by the 11% revenue growth and consequent dilution of costs and expenses, which led to a sharp increase of 5.0 p.p. in EBITDA margin before pre-operating costs, which ended the quarter at 24.3%.

### EBITDA by Region

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

<b>EBITDA<sup>a</sup></b> (R\$ million)	<b>3Q22</b>	<b>3Q21</b>	<b>3Q22 vs.3Q21</b>	<b>2Q22</b>	<b>3Q22 vs. 3Q22</b>	<b>9M22</b>	<b>9M21</b>	<b>9M22 vs.9M21</b>
Brazil <sup>b</sup>	110.4	22.4	393%	70.5	57%	238.2	87.5	172%
Mexico <sup>b</sup>	53.8	20.5	163%	43.8	23%	130.0	46.9	177%
Other Latin America <sup>b</sup>	97.8	35.3	177%	83.1	18%	251.1	73.1	244%
G&A expenses and other operating expenses	(88.1)	(73.8)	19%	(78.5)	12%	(260.8)	(182.5)	43%
Equity Income	(0.2)	(0.8)	(79%)	2.5	(107%)	3.0	(13.7)	(122%)
<b>EBITDA</b>	<b>173.8</b>	<b>3.7</b>	<b>4620%</b>	<b>121.4</b>	<b>43%</b>	<b>361.6</b>	<b>11.3</b>	<b>n/a</b>

(a) For a better analysis of our operational performance, all indicators exclude the effects of IFRS 16 regarding commercial leases related to the rents of clubs and offices; (b) For EBITDA of Regions, considers cash gross profit less selling expenses. General and administrative expenses (G&A) and other operating expenses will be analyzed on a consolidated basis as they sustain the operations of the entire Company.

In Brazil, EBITDA was R\$110.4 million in 3Q22, compared to R\$22.4 million in 3Q21, up R\$88.0 million due to the higher average revenue per club still negatively affected by COVID-19 in 3Q21. Compared to 2Q22, EBITDA from Brazil increased 57%, due to the 11% growth in revenue from Smart Fit caused by the increase in average membership per club and average ticket, resulting in dilution of costs and a nominal reduction in selling expenses, leading to a dilution of 4 p.p. in selling expenses as a percentage of net revenue in Brazil.

In Mexico, EBITDA grew R\$33.3 million in relation to 3Q21 to reach R\$53.8 million, since the 3Q21 results were significantly affected by the closure of clubs during the pandemic. Compared to 2Q22, EBITDA from Mexico grew 23%, due to the 16% revenue growth combined with the dilution of costs and selling expenses.

The Other Latin America region registered EBITDA of R\$97.8 million in 2Q22, with EBITDA margin of 48% vs. 45% in the previous quarter. This result was positively affected by the reopening of clubs and the full recovery of member base, which significantly increased revenue and diluted costs. Compared to 2Q22, EBITDA from Other Latin America grew 18% due to the continuous recovery of the member base, which increased net revenue by 12%, combined with the dilution of costs and selling expenses.

## NET PROFIT (LOSS) FROM THE PERIOD

In 3Q22 the Company registered net profit for the first time in a quarter since the COVID-19 outbreak, net profit of R\$30 million, reversing the loss of R\$141.5 million in 3Q21, mainly due to EBITDA growth of R\$170.1 million. Compared to 2Q22, the net loss of R\$40.0 million was reversed to net income due to the R\$52.4 million increase in EBITDA and better financial results in the quarter.

## OPERATING CASH FLOW

Operating Cash Flow (R\$ million)	3Q22	3Q21	3Q22 vs.3Q21	2Q22	3Q22 vs. 2Q22	9M22	9M21	9M22 vs.9M21
<b>EBITDA</b>	<b>173.8</b>	<b>3.7</b>	<b>4620%</b>	<b>121.4</b>	<b>43%</b>	<b>361.6</b>	<b>11.3</b>	<b>3107%</b>
Items of result with no impact on cash <sup>a</sup>	(27.9)	20.0	n/a	43.8	n/a	73.8	43.7	69%
IR/CSLL Paid	(6.5)	(0.4)	1530%	(5.0)	29%	(23.2)	(1.6)	1306%
<b>Working capital variation</b>	<b>29.4</b>	<b>(9.7)</b>	<b>n/a</b>	<b>36.5</b>	<b>(19)%</b>	<b>28.4</b>	<b>9.8</b>	<b>190%</b>
Receivables	(23.3)	(31.2)	(25%)	32.3	n/a	(13.0)	(27.3)	(53%)
Suppliers	49.2	27.2	81%	20.6	139%	43.3	29.1	49%
Wages, provisions and social contributions	9.6	8.1	18%	10.4	(8%)	27.6	30.5	(9%)
Taxes <sup>b</sup>	(6.1)	(13.9)	(56%)	(26.7)	(77%)	(29.6)	(22.4)	32%
<b>Operating Cash Flow</b>	<b>168.9</b>	<b>13.5</b>	<b>1149%</b>	<b>196.7</b>	<b>(14)%</b>	<b>440.6</b>	<b>63.1</b>	<b>598%</b>

(a) Includes mainly equity income, asset write-offs, deferred revenue and provisions; (b) Includes taxes on sales and services.

In 3Q22, operating cash flow was R\$168.9 million, better than the performance in 3Q21, thanks to the continuous revenue growth resulting from the recovery of member base and the increase in average ticket. These factors, combined with the Company's cost and expense control measures, enabled EBITDA growth of R\$170.1 million in 3Q22 versus 3Q21, positively impacting operating cash flow. Compared to 2Q22, operating cash flow decreased 14%, mainly due to the lower positive impact of the variation in working capital and the negative effect of non-cash items in profit or loss.

## CAPEX

Capex (R\$ million)	3Q22	3Q21	3Q22 vs.3Q21	2Q22	3Q22 vs. 2Q22	9M22	9M21	9M22 vs.9M21
<b>Capex</b>	<b>220.4</b>	<b>207.3</b>	<b>6%</b>	<b>280.6</b>	<b>(21)%</b>	<b>714.3</b>	<b>315.0</b>	<b>127%</b>
Expansion <sup>a</sup>	179.2	172.1	4%	235.0	(24%)	606.0	246.7	146%
Maintenance	30.3	23.4	29%	32.3	(6%)	79.0	44.3	79%
Corporate and Innovation	11.0	11.8	(7%)	13.3	(17%)	29.3	24.1	22%

(a) Excludes expansion capex of R\$8.1 million advanced in 1Q21 to the units of SmartExp Escola de Ginástica e Dança, which was a subsidiary with shared control with external investors. This subsidiary was merged with the Company in 4Q21.

In 3Q22, capex was R\$220.4 million, 6% higher than in 3Q21, due to higher investments in expansion and maintenance on account of the accelerated pace of openings and higher utilization of clubs. This quarter, expansion capex totaled R\$179.2 million, due to the higher number of clubs under construction that will be inaugurated over the coming quarters and the own units inaugurated this quarter in comparison with 3Q21. Maintenance capex totaled R\$30.3 million, up 29% from 3Q21, due to the higher utilization of clubs. Capex on corporate and innovation projects totaled R\$11.0 million in 3Q22, versus R\$11.8 million in 3Q21, and went mainly to digital platforms and investments related to implementation of the new ERP.

Compared to 2Q22, capex decreased R\$60.2 million (21%), with a reduction in expansion, maintenance and corporate expenditure. Expansion capex decreased 24% and maintenance capex reached R\$30.3 million, 6% below the previous quarter.

**CASH AND DEBT**

<b>Cash and Debt (R\$ million)</b>	<b>3Q22</b>	<b>2Q22</b>	<b>1Q22</b>	<b>4Q21</b>	<b>3Q21</b>
Cash and Cash Equivalents <sup>a</sup>	2.711	2.764	3.461	3.677	3.372
Gross Debt <sup>b</sup>	3.205	3.144	3.639	3.755	3.085
By nature:					
Loans and debentures	3.074	3.018	3.506	3.590	2.915
Lease liability - equipment	131	126	134	165	170
By maturity					
Short-term	514	463	537	552	599
Long-term	2.691	2.681	3.103	3.203	2.485
Net Debt (Net cash) <sup>c</sup>	495	381	178	78	(287)
Net Debt/ EBITDA LTM <sup>d</sup>	0,58x	0,62x	0,33x	0,18x	(0,76)x

(a) "Gross Debt" includes the operational lease liability of equipment; (b) "Net debt" considers short- and long-term loans, financing and operating leases (excluding property leases) with financial institutions, less cash and guarantees; (c) the "Net Debt/EBITDA LTM" indicator uses the definition of net debt and EBITDA of the Company's debentures.

At the end of 3Q22, Smart Fit held a solid cash position of R\$2,711 million and gross debt of R\$3,205 million, 84% of it maturing in the long term. Net debt ended the quarter at R\$495 million, resulting in a net debt/EBITDA LTM ratio of 0.58x, lower than in 2Q22. The Company's financial liquidity position remains solid due to the proceeds of R\$2.6 billion from the primary public offering of shares and from borrowings, whose terms have improved gradually in the last 12 months, which enabled the Company to increase its cash position and lengthen its debt maturities.

The Company seeks to align the maturities of loans and financing to its capacity to generate operating cash flow and access local financing lines in order to drive its organic expansion in the countries where it operates. At the end of 3Q22, the debt maturity schedule was as follows:

<b>Gross Debt Maturities <sup>a</sup></b>	<b>2022<sup>b</sup></b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>Total</b>
% do total	5%	16%	24%	18%	14%	12%	11%	<b>100%</b>
Total	171	509	780	576	438	380	351	<b>3,205</b>
Brazil	76	90	274	174	358	356	351	<b>1,678</b>
Mexico	46	189	164	78	28	14	0	<b>518</b>
Other Latin America <sup>c</sup>	49	230	342	324	53	10	0	<b>1,009</b>

(a) "Gross Debt" is defined as short- and long-term loans, financing and leasing of equipment with financial institutions; (b) Includes maturities in remaining quarters until the end of the year; (c) "Other Latin America" includes financial debt in Chile, Colombia, and Peru.

**Financial numbers shown from this point reflect the adoption of IFRS-16****IMPACT OF THE ADOPTION OF IFRS 16**

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

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



Statement of Profit and Loss (R\$ million)	3Q22 Reported	Impacts of IFRS 16	3T22 excluding IFRS 16	3Q21 Reported	Impacts of IFRS 16	3Q21 excluding IFRS 16	9M22 Reported	Impacts of IFRS 16	9M22 excluding IFRS 16	9M21 Reported	Impacts of IFRS 16	9M21 excluding IFRS 16
Net Revenue	766.3	-	766.3	445.4	-	445.4	2,077.4	-	2,077.4	1,160.4	-	1,160.4
Cost of services	(517.3)	43.1	(560.4)	(411.2)	16.8	(427.9)	(1,466.3)	118.1	(1,584.4)	(1,132.3)	16.7	(1,149.0)
Rents	(28.1)	149.3	(177.3)	(34.0)	100.9	(134.9)	(97.7)	412.3	(510.1)	(96.6)	261.1	(357.7)
Depreciation and amortization (cost)	(228.6)	(106.2)	(122.4)	(191.0)	(84.1)	(106.9)	(639.2)	(294.3)	(344.9)	(564.6)	(244.4)	(320.2)
Gross profit	249.0	43.1	205.9	34.3	16.8	17.5	611.1	118.1	493.0	-	-	-
SG&A	(157.2)	1.0	(158.2)	(121.4)	0.2	(121.6)	(490.0)	2.9	(492.8)	-	-	-
Selling expenses	(61.4)	-	(61.4)	(43.4)	-	(43.4)	(203.7)	-	(203.7)	28.1	16.7	11.4
General and administrative	(80.9)	2.0	(82.9)	(74.8)	1.4	(76.2)	(241.7)	5.6	(247.3)	(308.7)	1.3	(310.0)
Rents	(1.2)	1.9	(3.1)	1.8	1.7	0.1	(2.7)	5.6	(8.3)	(121.3)	-	(121.3)
Depreciation and amortization (costs)	(4.7)	(0.9)	(3.8)	(2.8)	(1.1)	(1.7)	(16.3)	(2.7)	(13.5)	(1.4)	4.5	(5.9)
Outras (despesas) receitas	(5.2)	-	(5.2)	2.4	-	2.4	(13.5)	-	(13.5)	(2.8)	-	(2.8)
Equity accounting	(0.2)	-	(0.2)	(0.8)	-	(0.8)	3.0	-	3.0	(6.6)	(3.2)	(3.4)
Operating profit (loss) before financial result	91.7	44.1	47.5	(87.9)	17.0	(104.9)	124.1	120.9	3.1	2.8	-	2.8
Financial Result	(76.9)	(65.0)	(11.9)	(70.3)	(32.7)	(37.6)	(253.4)	(172.8)	(80.6)	(13.7)	-	(13.7)
Income tax and Social Contribution	(5.7)	-	(5.7)	1.0	-	1.0	(8.1)	-	(8.1)	(294.3)	18.1	(312.3)
Net profit	9.0	(20.9)	29.9	(157.2)	(15.7)	(141.5)	(137.4)	(51.9)	(85.6)	(214.9)	(69.4)	(145.4)

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

Gross profit	249.0	43.1	205.9	34.3	16.8	17.5	611.1	118.1	493.0	28.1	16.7	11.4
Depreciation and amortization (costs)	228.6	106.2	122.4	191.0	84.1	106.9	639.2	294.3	344.9	564.6	244.4	320.2
Gross profit excluding depreciation	477.6	149.3	328.4	225.3	100.9	124.4	1250.3	412.3	837.9	592.7	261.1	331.6
<i>Gross Margin excluding depreciation</i>	62.3%	0.0%	42.8%	50.6%	0.0%	27.9%	60.2%	0.0%	40.3%	51.1%	0.0%	28.6%
	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Net profit	9.0	(20.9)	29.9	(157.2)	(15.7)	(141.5)	(137.4)	(51.9)	(85.6)	(498.7)	(51.4)	(447.4)
(-) IR & CSLL	5.7	-	5.7	(1.0)	-	(1.0)	8.1	-	8.1	(10.4)	-	(10.4)
(-) Financial Result	76.9	65.0	11.9	70.3	32.7	37.6	253.4	172.8	80.6	214.9	69.4	145.4
(-) Depreciation and amortization	233.3	107.1	126.2	193.9	85.3	108.6	655.5	297.0	358.5	571.2	247.6	323.6
EBITDA	325.0	151.2	173.8	106.0	102.3	3.7	779.5	418.0	361.6	276.9	265.6	11.3
<i>EBITDA Margin</i>	42.4%		22.7%	23.8%		0.8%	37.5%	0.0%	17.4%	23.9%		1.0%

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



## PRESENTATION OF RESULTS

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

Operation	Recognition in Income Statement for the period		Recognition in Balance Sheet for the period	
	3Q22	3Q21	3Q22	3Q21
Brazil, Mexico, Colombia, Chile, Peru, Argentina, Paraguay and Queima Diária	Consolidated	Consolidated	Consolidated	Consolidated
Panama and Costa Rica	Equity accounting <sup>a</sup>	Equity accounting <sup>a</sup>	Investment	Investment
Dominican Republic, El Salvador, Ecuador, Guatemala and Honduras	Royalties for use of brand	Royalties for use of brand	N/A	N/A

a) In 1Q20, the Company acquired shared control of the operation in Panama, holding shared control with local partners and its results are now included through equity accounting.

**INCOME STATEMENT**

<b>INCOME STATEMENT</b> (R\$ million)	<b>3Q22</b>	<b>3Q21</b>	<b>3Q22 vs.3Q21</b>	<b>2Q22</b>	<b>3Q22 vs. 2Q22</b>	<b>9M22</b>	<b>9M21</b>	<b>9M22 vs.9M21</b>
<b>Net Revenue</b>	<b>766.3</b>	<b>445.4</b>	<b>72%</b>	<b>689.1</b>	<b>11%</b>	<b>2,077.4</b>	<b>1160.4</b>	<b>79%</b>
Costs of Services Rendered	(517.3)	(411.2)	26%	(491.8)	5%	(1,466.3)	(1,132.3)	29%
<b>Gross Profit</b>	<b>249.0</b>	<b>34.3</b>	<b>626%</b>	<b>197.3</b>	<b>26%</b>	<b>611.1</b>	<b>28.1</b>	<b>2074%</b>
Operating revenues (expenses)								
Sales	(66.3)	(46.2)	44%	(75.5)	(12%)	(218.5)	(124.1)	76%
General and administrative	(85.7)	(77.7)	10%	(84.3)	2%	(258.0)	(187.4)	38%
Equity accounting	(0.2)	(0.8)	(79%)	2.5	(107%)	3.0	(13.7)	(122%)
Other (expenses) revenues	(5.2)	2.4	(314%)	2.9	(280%)	(13.5)	2.8	(580%)
Profit before financial result	91.7	(87.9)	(204%)	42.9	114%	124.1	(294.3)	(142%)
Financial result	(76.9)	(70.3)	9%	(99.2)	(22%)	(253.4)	(214.9)	18%
Profit before IR/CS	14.7	(158.2)	(109%)	(56.3)	(126%)	(129.3)	(509.1)	(75%)
Income tax and Social Contribution	(5.7)	1.0	(653%)	0.4	(1728%)	(8.1)	10.4	(178%)
<b>Net profit (loss)</b>	<b>9.0</b>	<b>(157.2)</b>	<b>(106%)</b>	<b>(55.9)</b>	<b>(116%)</b>	<b>(137.4)</b>	<b>(498.7)</b>	<b>(72%)</b>

**BALANCE SHEET**

<b>ASSETS (R\$ million)</b>	<b>3Q22</b>	<b>4Q21</b>
<b>CURRENT</b>	<b>3,263</b>	<b>4,170</b>
Cash and cash equivalents	2,711	3,720
Trade receivables	209	196
Other receivables	344	255
<b>NON-CURRENT</b>	<b>7,842</b>	<b>7,485</b>
Permanent assets	2,959	2,697
Right-of-use assets	2,888	2,810
Intangible assets	1,425	1,520
Investment	138	127
Other assets	433	330
<b>TOTAL ASSETS</b>	<b>11,105</b>	<b>11,654</b>
<b>LIABILITY (R\$ million)</b>	<b>3Q22</b>	<b>4Q21</b>
<b>CURRENT</b>	<b>1,526</b>	<b>1,429</b>
Borrowings	457	489
Lease liabilities	433	390
Suppliers	244	201
Deferred revenue	194	181
Current tax payable	34	7
Other liabilities	164	162
<b>NON-CURRENT</b>	<b>5,410</b>	<b>5,796</b>
Borrowings	2,617	3,102
Lease liabilities	2,707	2,631
Other liabilities	85	63
<b>SHAREHOLDERS' EQUITY</b>	<b>4,170</b>	<b>4,429</b>
Share capital	2,970	2,970
Capital reserves	2,294	2,286
Accumulated losses	(1,425)	(1,286)
Other comprehensive income	309	427
Noncontrolling interest	22	33
<b>TOTAL LIABILITY AND SHAREHOLDERS' EQUITY</b>	<b>11,105</b>	<b>11,654</b>

**CASH FLOW**

Cash Flow Statement (R\$ million)	3Q22	3Q21	3Q22 vs. 3Q21	2Q22	3Q22 vs. 2Q22	9M22	9M21	9M22 vs. 9M21
<b>Cash Flow from Operating Activities</b>								
Result for the Period	9.0	(157.2)	(106%)	(55.9)	(116%)	(137.4)	(498.7)	(72%)
Depreciation and amortization	233.3	193.9	20%	212.0	10%	655.5	571.2	15%
Write-off of intangible assets and fixes assets	15.6	(10.4)	(250%)	17.6	(11%)	51.3	8.0	544%
Accrued interest on debt and exchange variation	98.1	60.4	62%	116.7	(16%)	311.1	145.0	115%
Accrued interest on leases	70.5	61.0	15%	63.6	11%	198.9	184.3	8%
Others	(132.7)	1.8	n/a	(45.5)	191%	(226.6)	(70.2)	223%
Working capital variation	13.1	(52.6)	(125%)	(13.0)	(201%)	(26.2)	(89.0)	(71%)
<b>Cash generated by (used in) operating activities</b>	<b>306.9</b>	<b>96.9</b>	<b>217%</b>	<b>295.5</b>	<b>4%</b>	<b>826.4</b>	<b>250.5</b>	<b>230%</b>
Interest paid on loans and debentures	(46.4)	(30.0)	55%	(154.9)	(70%)	(228.5)	(90.6)	152%
Interest paid on leases	(70.4)	(53.9)	31%	(62.5)	13%	(196.5)	(145.2)	35%
Income tax and social contribution paid	(6.5)	(0.4)	1530%	(5.0)	29%	(23.2)	(1.6)	n/a
<b>Net cash generated by (used in) operating activities</b>	<b>183.6</b>	<b>12.6</b>	<b>1363%</b>	<b>73.1</b>	<b>151%</b>	<b>378.3</b>	<b>13.0</b>	<b>n/a</b>
<b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>								
Additions to fixed asset	(219.6)	(73.4)	199%	(280.2)	(22%)	(711.9)	(181.0)	293%
Additions to intangible assets	3.2	(0.7)	(549%)	(0.7)	(551%)	(11.6)	(3.9)	197%
Initial direct costs of right-of-use assets	(6.6)	0.0	n/a	0.0	n/a	(6.6)	0.0	n/a
Receipt for sale of fixed assets	19.2	0.0	n/a	0.0	n/a	19.2	0.0	n/a
Payments for the acquisition of group of assets, subsidiary and joint venture	0.0	(164.9)	n/a	0.0	n/a	0.0	(215.8)	(100%)
Capital increase in subsidiary and joint venture	0.0	(8.0)	(100%)	(0.8)	(100%)	(5.3)	(11.7)	(55%)
Financial Investments	116.0	(1,486.2)	(108%)	332.3	(65%)	383.9	(1,536.2)	n/a
Related parties and loans with third parties	(4.1)	6.0	n/a	(2.0)	101%	(6.4)	3.7	(273%)
Payment of contingent consideration	(1.3)	0.0	n/a	0.0	n/a	(1.3)	0.0	n/a
<b>Net cash used in investment activities</b>	<b>(93.3)</b>	<b>(1,727.2)</b>	<b>(95%)</b>	<b>48.6</b>	<b>(292%)</b>	<b>(340.0)</b>	<b>(1,944.9)</b>	<b>(83%)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>								
Payment of loans and costs	(123.1)	(103.1)	19%	(616.0)	(80%)	(851.0)	(277.1)	207%
Proceeds from loans	135.2	309.0	(56%)	115.8	17%	358.1	555.7	(36%)
Payment of lease	(96.6)	(87.7)	10%	(92.1)	5%	(287.4)	(201.1)	43%
Capital Increase - controllers	11.8	2,532.4	n/a	(5.0)	(338%)	11.8	2,596.7	(100%)
Others	(14.1)	0.0	n/a	1.3	(1161%)	(19.4)	0.0	n/a
<b>Net cash generated by (used in) financing activities</b>	<b>(86.8)</b>	<b>2,650.6</b>	<b>(103%)</b>	<b>(595.9)</b>	<b>(85%)</b>	<b>(787.9)</b>	<b>2,674.3</b>	<b>n/a</b>
<b>INCREASE (REDUCTION) OF BALANCE OF CASH AND EQUIVALENT</b>								
	<b>3.5</b>	<b>935.9</b>	<b>(100%)</b>	<b>(474.2)</b>	<b>(101%)</b>	<b>(749.6)</b>	<b>742.5</b>	<b>(201%)</b>
Opening balance	1,149.6	792.0	45%	1,611.7	(29%)	1,957.8	1,019.6	92%
Closing balance	1,128.6	1,760.0	(36%)	1,149.6	(2%)	1,128.6	1,760.2	(36%)
Exchange variation on cash and cash equivalents	(24.5)	32.3	(176%)	(12.2)	101%	(79.6)	(1.9)	4150%