

Smart Fit

1Q23 Earnings Presentation

May 12, 2023



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HIGHLIGHTS OF THE PERIOD



RECORD ADDITION OF 399 THOUSAND MEMBERS IN THE QUARTER, BEING JAN/2023 THE BEST MONTH EVER

At Smart Fit clubs existing before the pandemic, member base reached 96% of the baseline, expansion of 7p.p. in the quarter



REVENUE OF R\$982 MILLION, +15% VS. 4Q22, WITH GROWTH IN ALL REGIONS OF OPERATION

In 1Q23, net revenue at Smart Fit clubs inaugurated until 2019 reached 117% of pre-pandemic levels, growing 7 p.p. vs. 4Q22



CASH COST OF CLUBS OPENED UNTIL 2019 SIGNIFICANTLY BELOW INFLATION IN THE PERIOD

At clubs opened until 2019, cash cost is only 11% above of the baseline in Jan/Feb-20 and 1 p.p. above the previous quarter



CASH GROSS MARGIN OF 52% IN CLUBS OPENED UNTIL 2019, SURPASSING HISTORICAL LEVELS

Gross margin expanded 5.1 p.p. vs. 4Q22 to 50.3%, with increase in all regions



EBITDA MARGIN OF 31%, THE SECOND HIGHEST HISTORICAL LEVEL OF MARGIN

EBITDA of R\$ 304 million (+32% vs. 4Q22), margin growth of 4.0 p.p. vs. the previous quarter and cash flow of R\$368 million



NET INCOME OF R\$105 MILLION IN THE QUARTER, UP 41% FROM 4Q22

Continuous improvement in profitability contributed for the third straight quarter registering net income, with net margin of 10.7%

CONTINUOUS RECOVERY OF MEMBER BASE

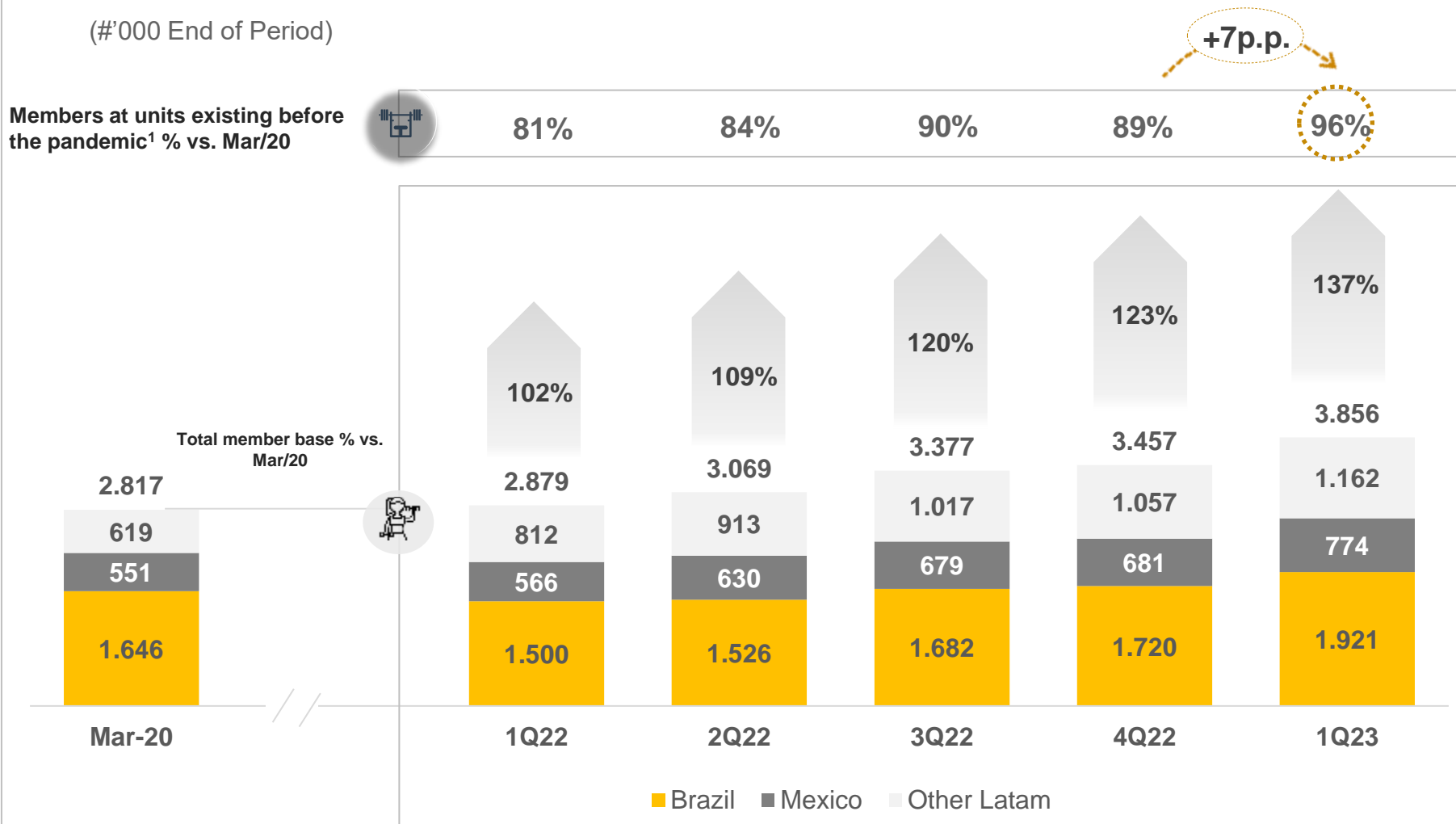


In 1Q23, member base reached 96% of March/20 level, with expansion in all regions

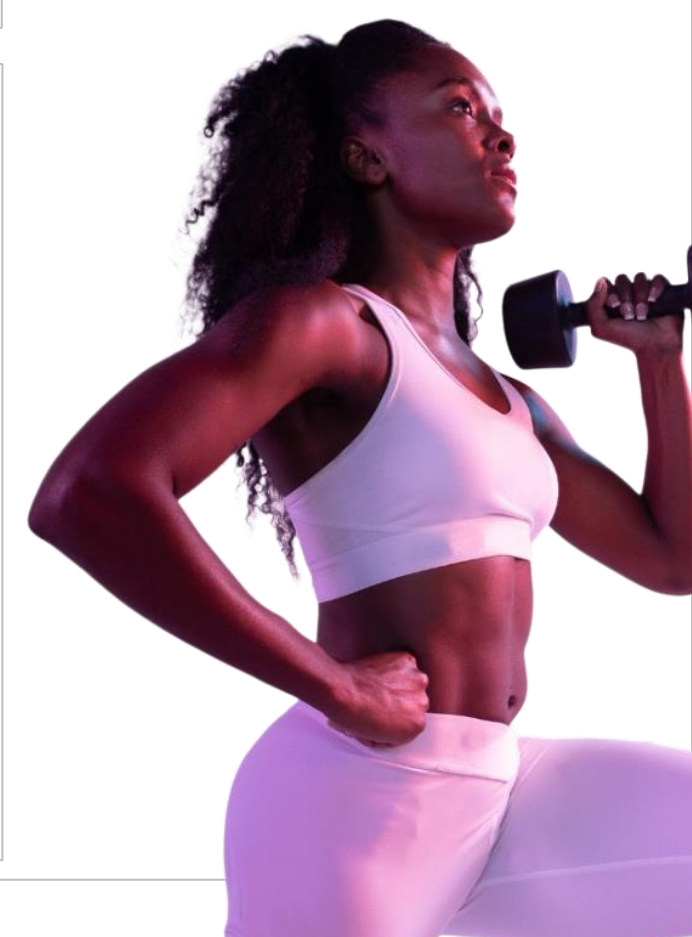
MEMBER BASE OF CLUBS

(#'000 End of Period)

Members at units existing before the pandemic¹ % vs. Mar/20



In Mar-23, member base reached 96%, +7 p.p. vs. Dec-22., above historical seasonality in the period and second-best recovery quarter

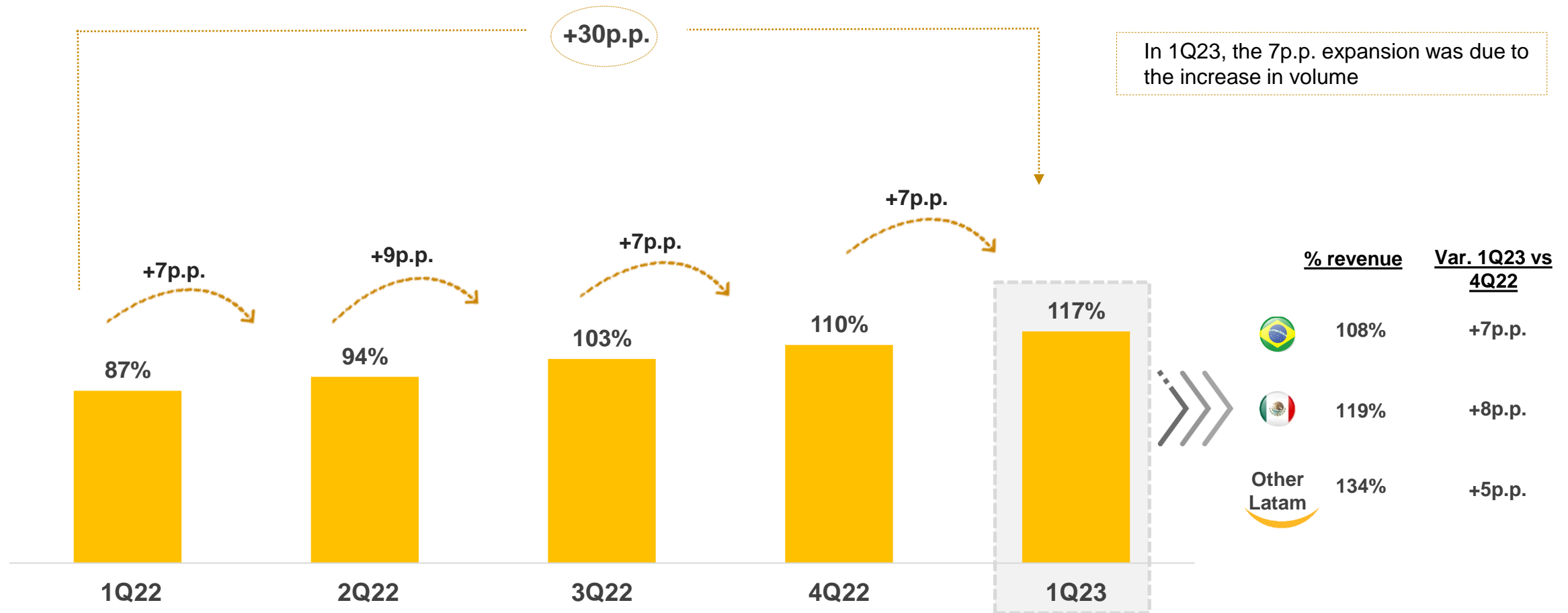


(1) Considering Smart Fit clubs opened until 2019

REVENUE IN CONTINUOUS PACE OF EXPANSION

In 1Q23, revenue at Smart Fit units opened until 2019 reached 117% of the baseline in Jan-Feb/20, +7 p.p. vs. 4Q22, with expansion in the 3 regions

Evolution of revenue at Smart Fit clubs opened until 2019¹



(1) Revenue at Smart Fit units opened until 2019, comparing each of the periods vs. January/February 2020 baseline

SHARP FOCUS ON COST MANAGEMENT

In 1Q23, the cash cost of clubs opened until 2019 is 11p.p. of the baseline in Jan/Feb-20 and only 1p.p. above the previous quarter



COST EFFICIENCY INITIATIVES



Negotiations of rents and **strategic relocations**



Operating efficiency with **digitization** of processes

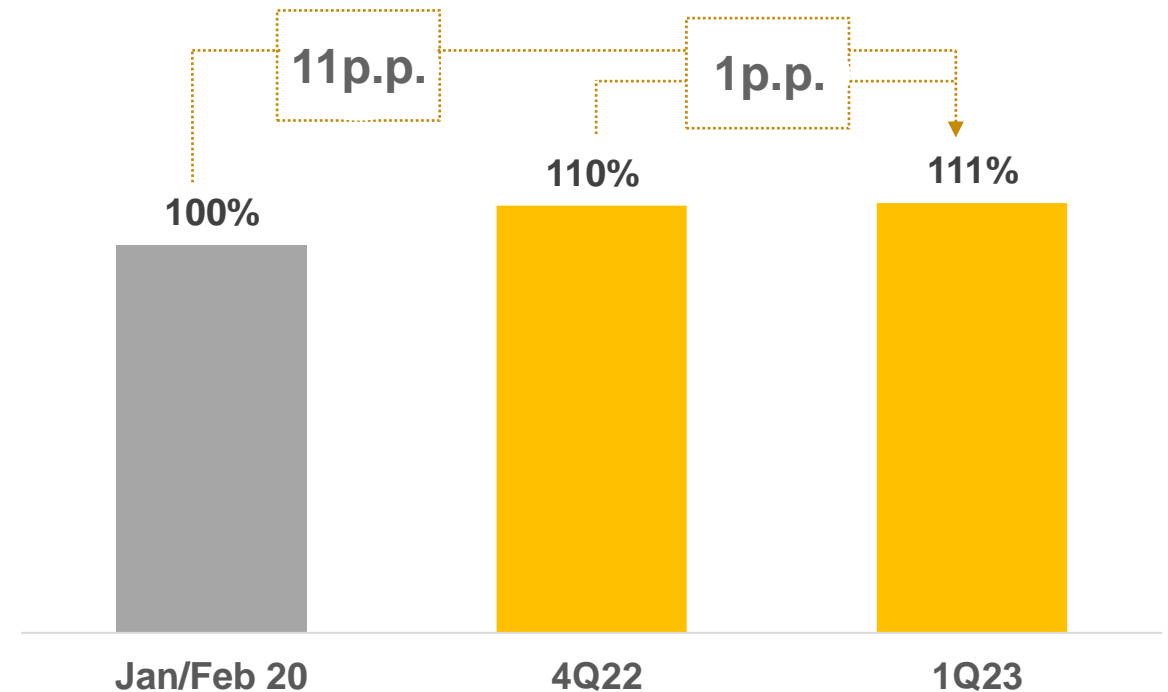


Revision of agreements with suppliers



Energy efficiency projects

INCREASE IN COSTS AT UNITS INAUGURATED UNTIL 2019



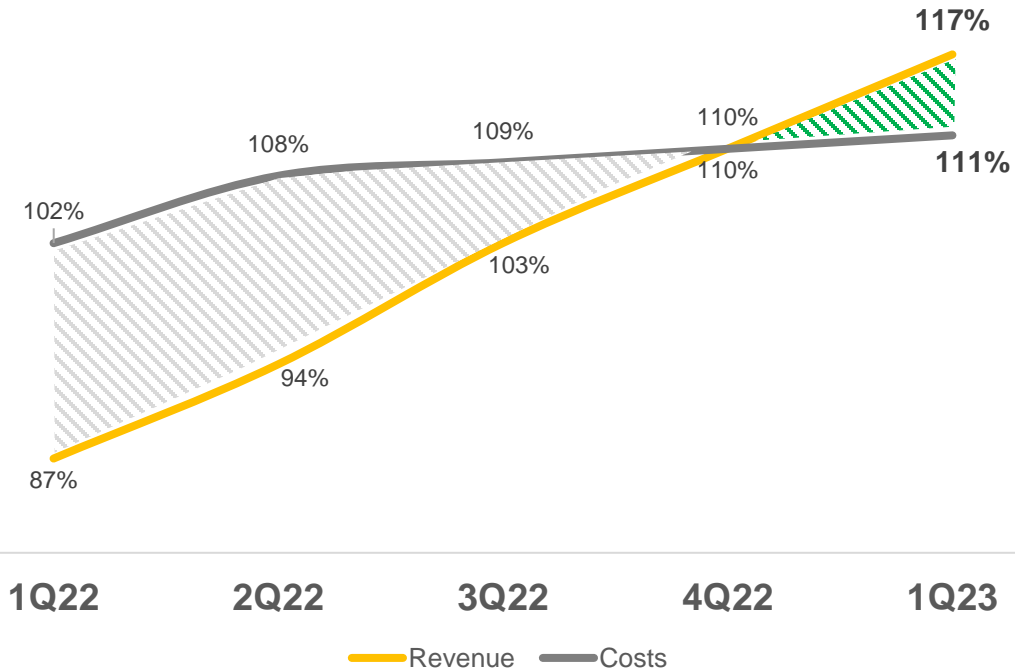
Compared with January and February 2020, the **cost** of the same store was significantly below the inflation of the period² (24.3% for IPCA and 53.3% for IGP-M in Brazil, 21.2% in Mexico and 26.9% in Colombia)

(1) Cash cost at Smart Fit units opened until 2019, comparing each of the periods vs. January/February 2020 baseline (2) Period between January of 2020 and March of 2023

UNITS OPENED UNTIL 2019 SURPASSES HISTORICAL LEVELS OF MATURE UNITS

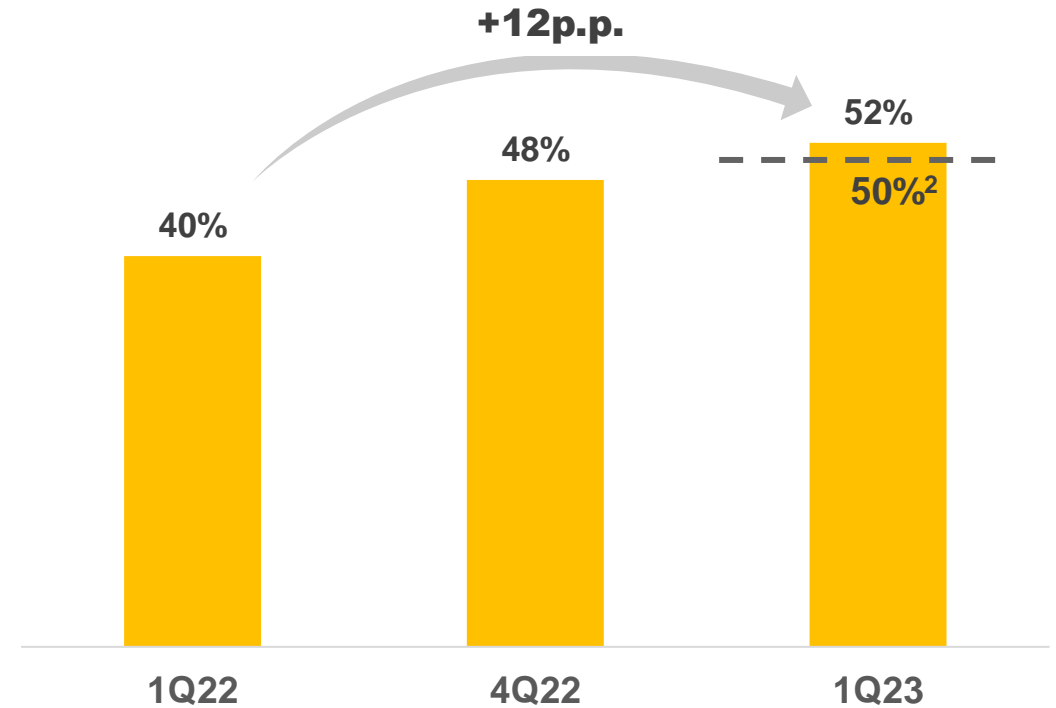
Net revenue recovery combined with strict cost management contribute to the recovery of gross margin at the Smart Fit units inaugurated until 2019

Increase in revenue and costs of units opened until 2019¹



Net revenue reached 117% to the baseline of January/February 2020, surpassing for the first time the cash cost baseline which reached 111%

Gross margin from clubs opened until 2019²



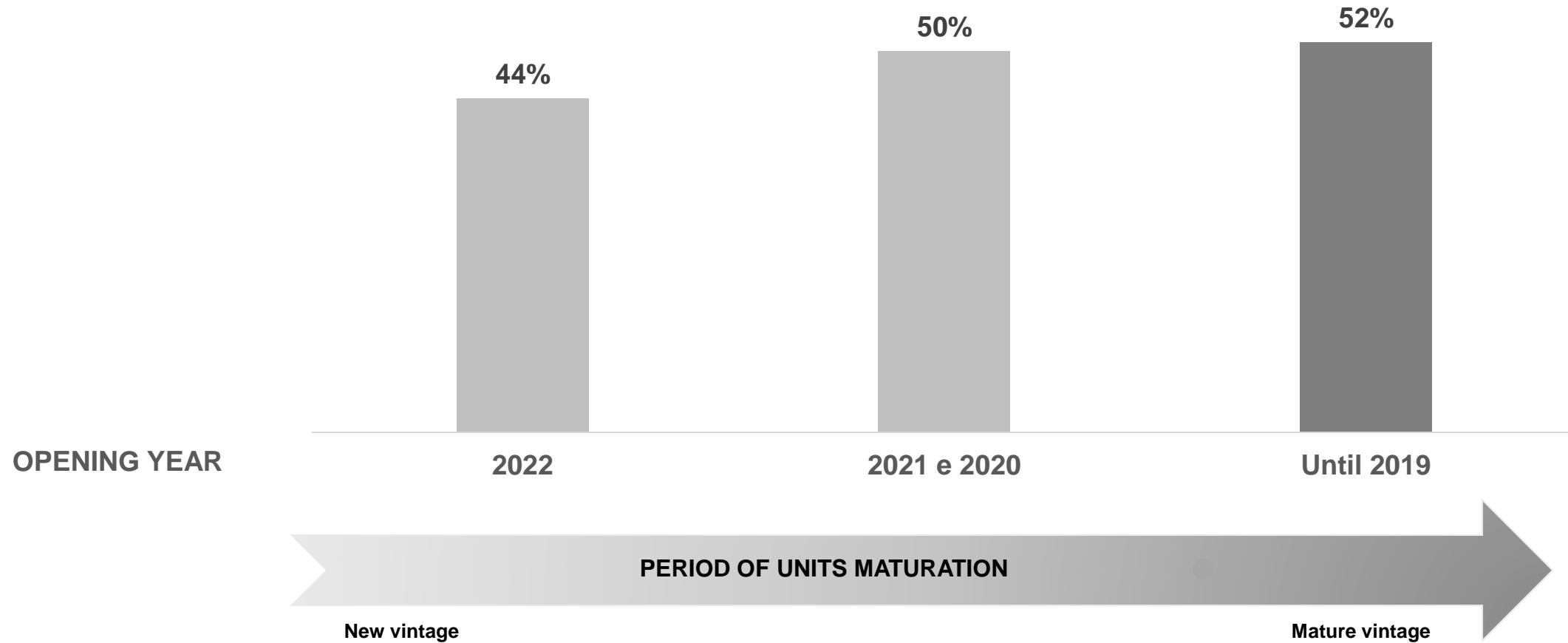
In 1Q23, annualized gross profit of mature units³ came to R\$2.1 million per unit

(1) Revenue and cash cost at Smart Fit units opened until 2019, comparing each of the periods vs. January/February 2020 baseline (in base 100) (2) Margin average of mature clubs in 2019 (3) A unit is considered mature when it is at least 24 months old at the start of the calendar year

GROSS MARGIN IN DIFFERENT VINTAGES IN LIVE WITH HISTORICAL LEVELS

Gross margin of the new vintages in line with historical and converging to the level of mature units

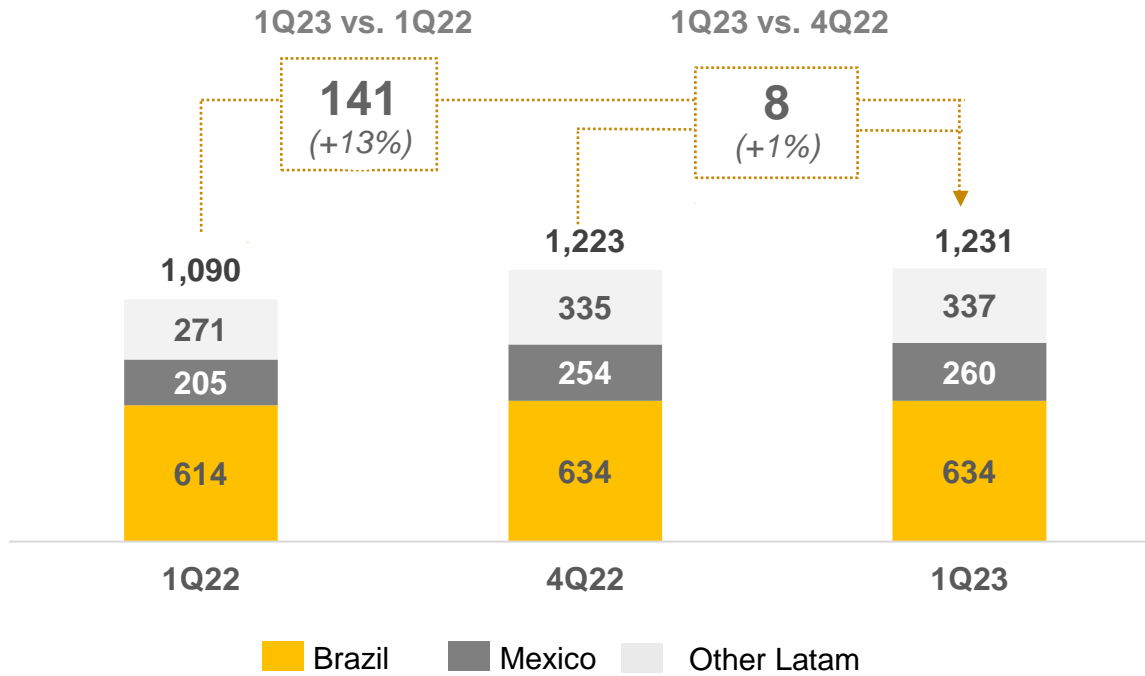
Gross Margin per vintage in 1Q23



EXPANSION 1Q23

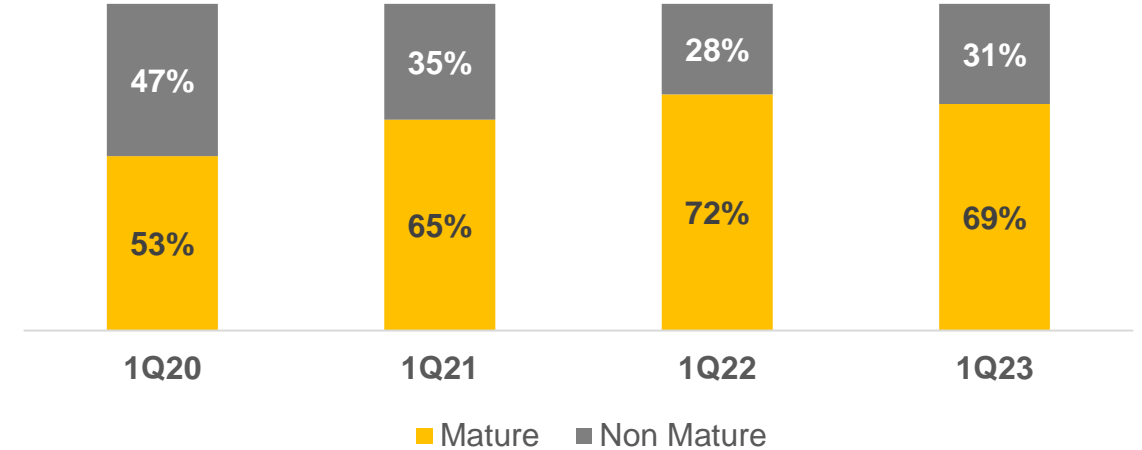
Addition of 141 clubs in the last 12 months, reaching 1,231 clubs, +13% vs. 1Q22. Evolution in age and geographic distribution favorable to gross margin growth

GROWTH IN NUMBER OF CLUBS

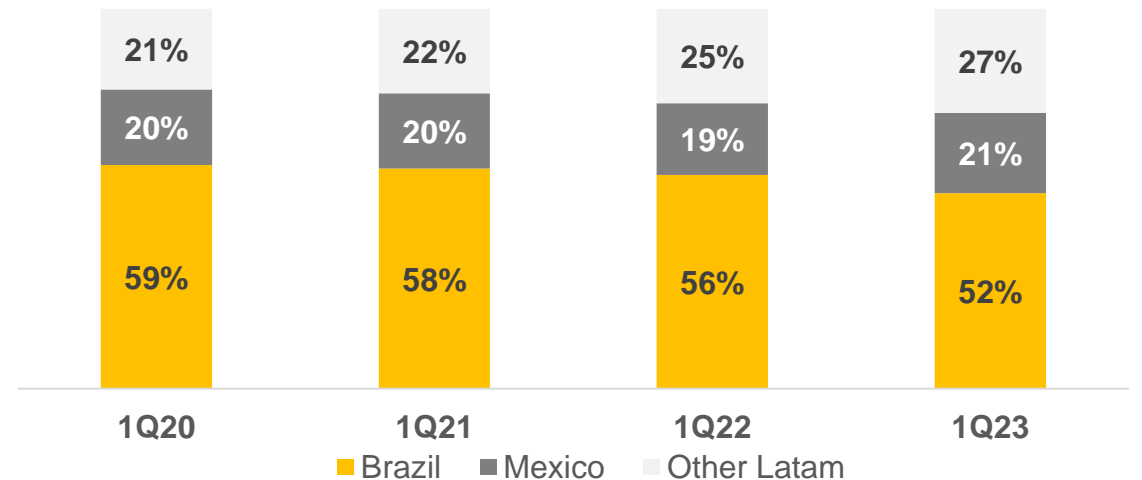


	1Q22	4Q22	1Q23
Own	857	967	974
Franchises	233	256	257

CLUBS BY AGE¹ (% of total Smart Fit clubs)

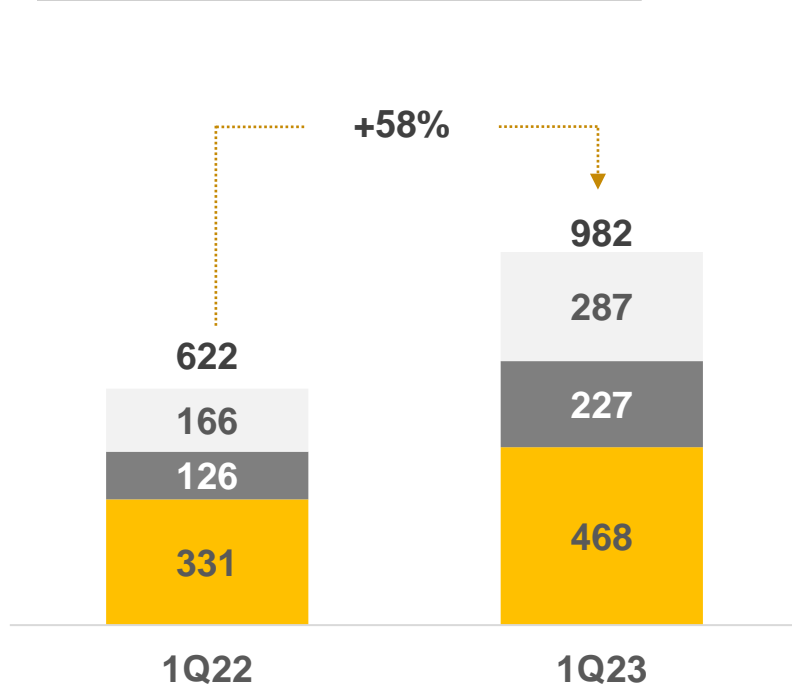


GEOGRAPHICAL DISTRIBUTION

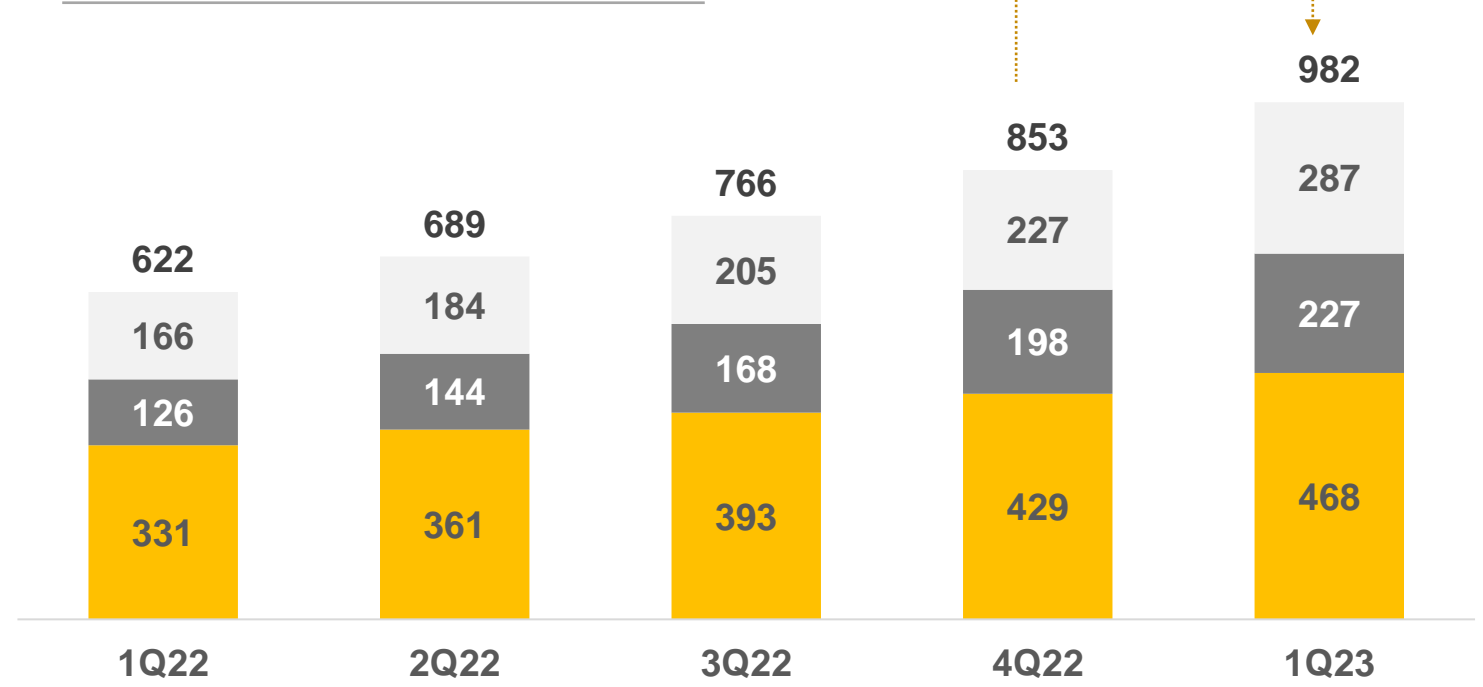


(1) A unit is considered mature when it has at least 24 months of operation at the start of the year; A unit is under maturation when it has between 12 and 24 months of operation; A unit is considered new when it has up to 12 months of operation.

VARIATION IN NET REVENUE (R\$M)



EVOLUTION OF NET REVENUE (R\$M)

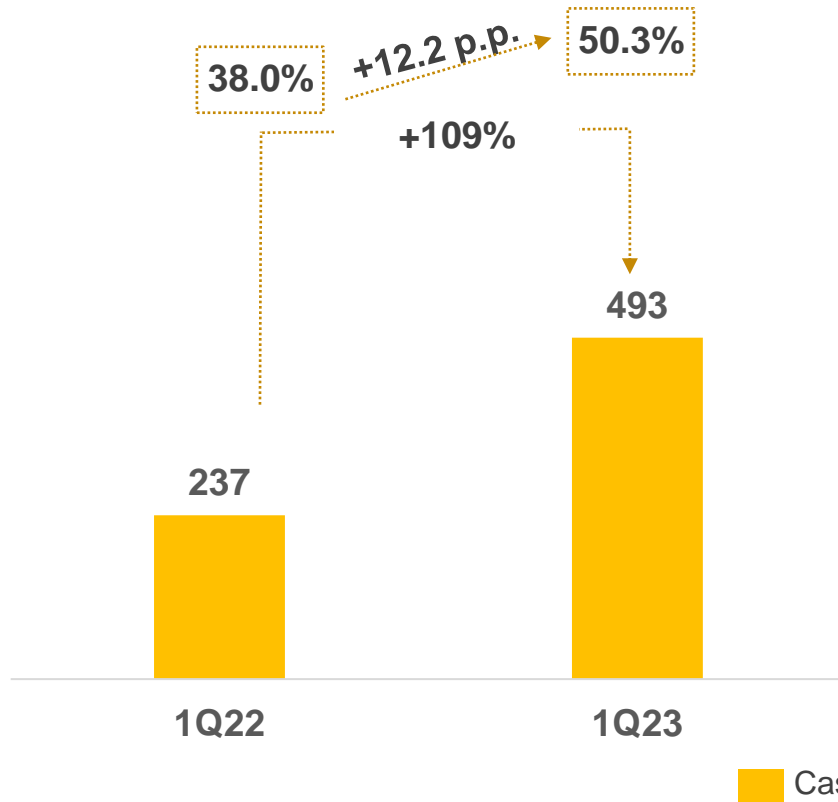


■ Brazil
 ■ Mexico
 ■ Other Latam

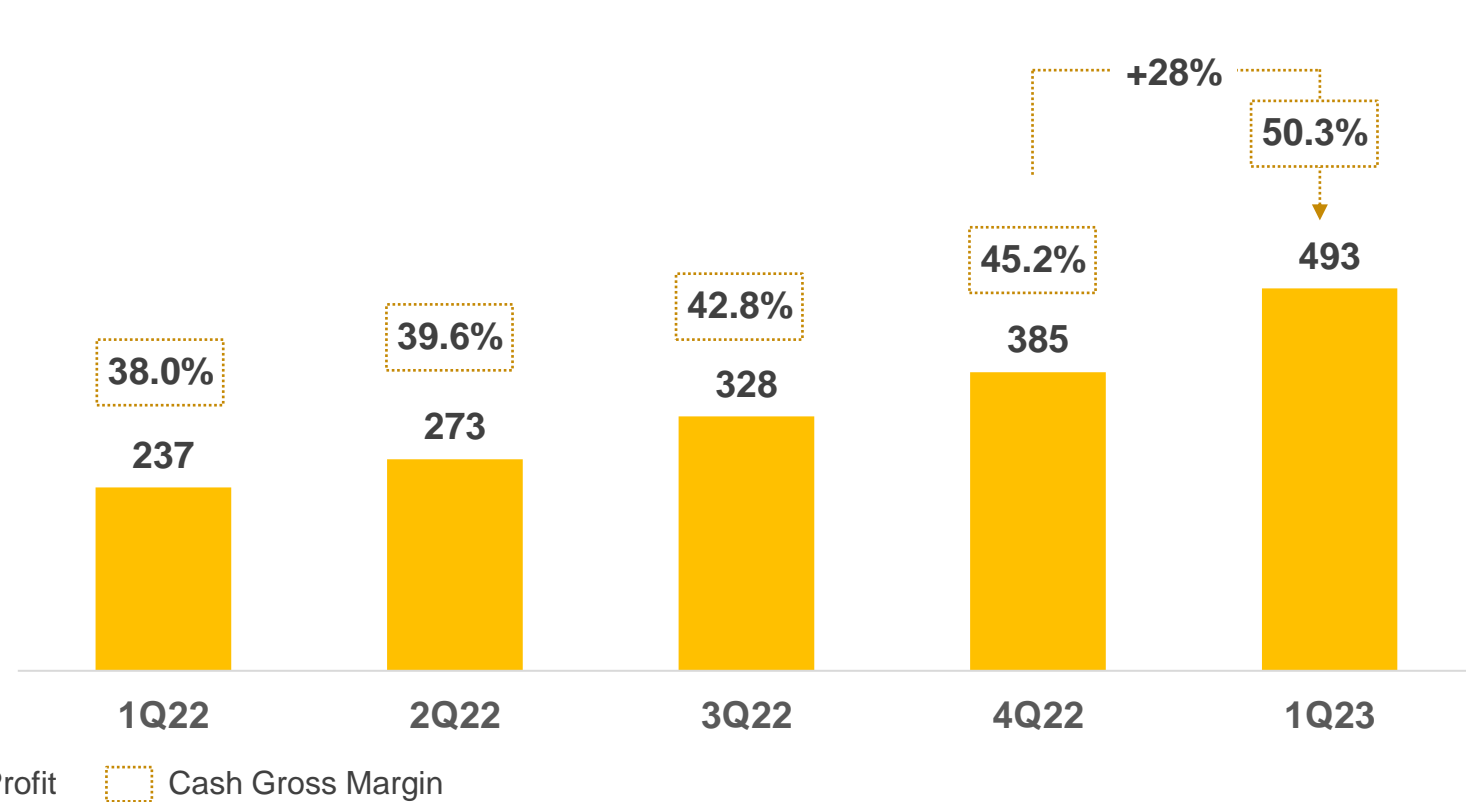
- Net revenue of R\$ 982 million in 1Q23, +58% vs. 1Q22, due to the 18% increase in average membership in own stores, expansion of 16% in average at own club network and the increase in average ticket per member
- Net revenue increased 15% compared to 4Q22, resulting from the higher average revenue per Smart Fit club, combined with the growth in own clubs and franchises

CASH GROSS PROFIT

VARIATION IN CASH GROSS PROFIT (R\$M)

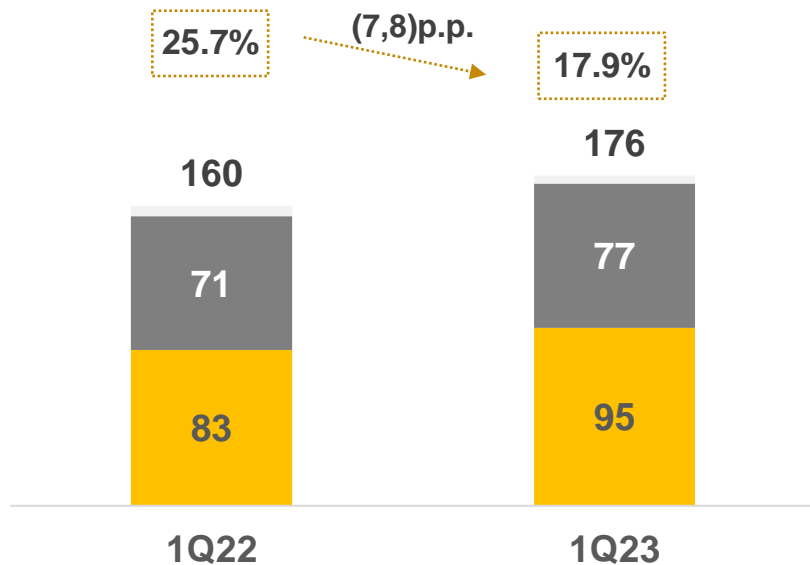


EVOLUTION OF CASH GROSS PROFIT (R\$M)

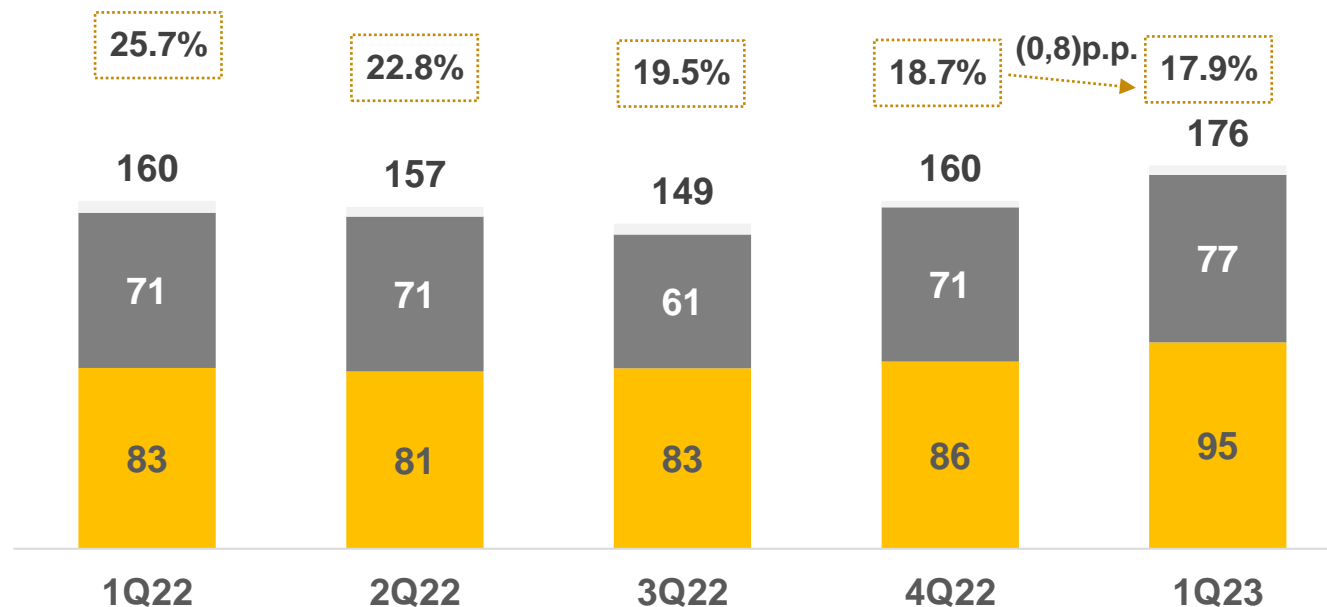


- Gross profit came to R\$493 million in 1Q23, up R\$257 million vs.1Q22, with gross margin of 50.3%, expanding 12.2p.p. vs. 1Q22, and the second-best quarter in the company's history
- Compared to 4Q22, gross profit grew 28%, with margin increasing 5.1p.p., registering expansion in all segments of operation and regions, mainly driven by cash gross margin of Mexico and Brazil, which increased 5.8p.p. and 5.4p.p. respectively

VARIATION IN EXPENSES (R\$M)



EVOLUTION OF EXPENSES (R\$M)

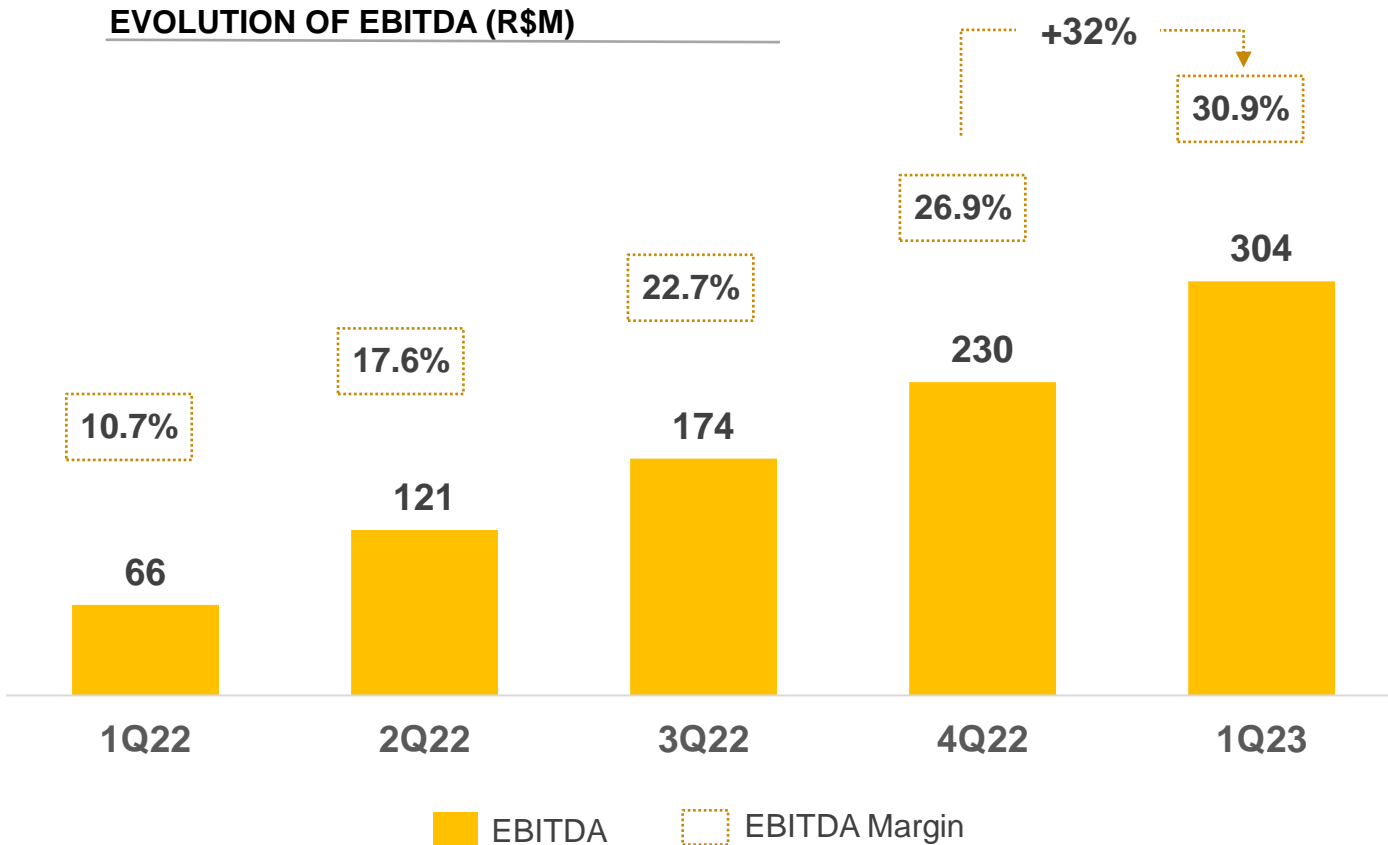


■ G&A
 ■ Selling
 ■ Pre-Operating
 % Net Revenue

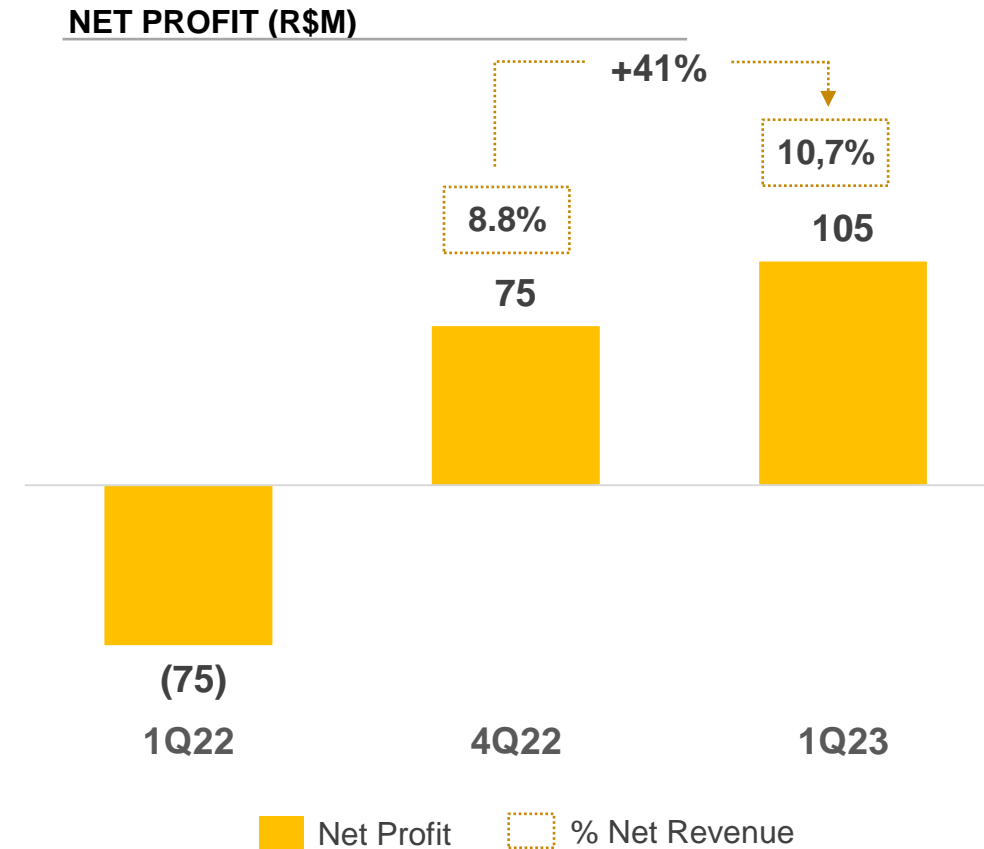
- Selling, general and administrative expenses totaled R\$176.0 million in 1Q23, +10% vs. 1Q22, due to the increase in general and administrative expenses, the increase in selling expenses incurred to attract more members, partially linked to the growing number of units, and the consolidation of results of operation in Panama and Costa Rica
- Compared to 4Q22, expenses accounted for 17.9% of net net revenue, a dilution of 0.8p.p..

EBITDA AND NET PROFIT

EVOLUTION OF EBITDA (R\$M)



NET PROFIT (R\$M)

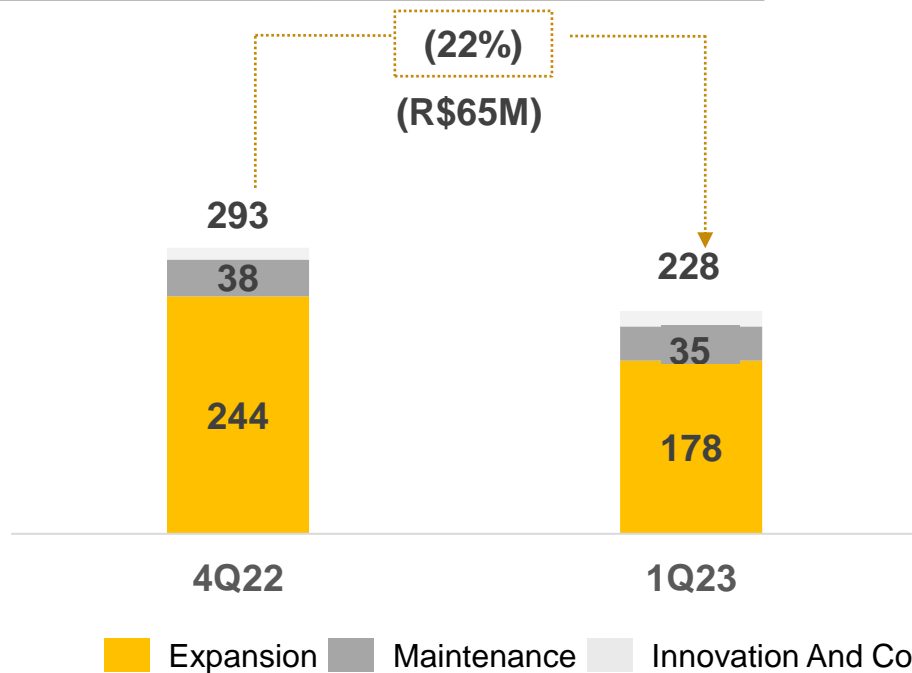


- EBITDA totaled R\$304 million in 1Q23, up R\$237 million versus 1Q22. This was the 7th consecutive quarter of EBITDA growth, with expansion of 20.4p.p. in the last 12 months
- Compared to 4Q22, EBITDA increased R\$74 million, and margin increased 4.0p.p., due to revenue growth combined with the dilution of costs and expenses, which attests to the high operating leverage of the business
- Third straight quarter of net profit, reaching R\$105.3 million, which is the Company's highest net profit ever, and net margin of 10.7%

FINANCIAL LIQUIDITY AND CAPEX

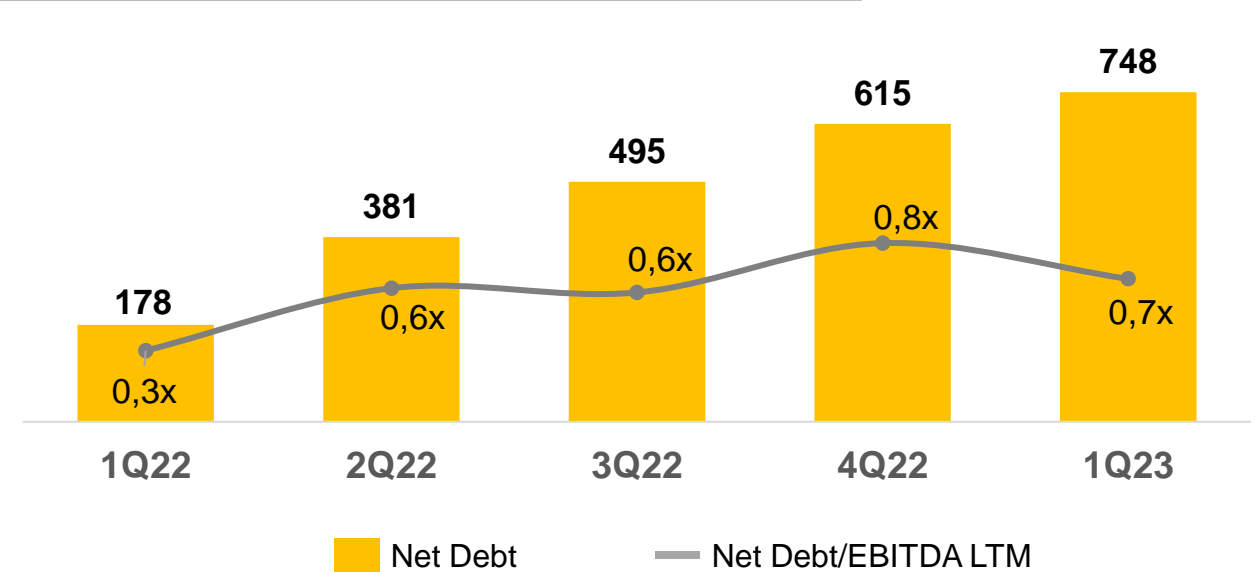
Solid cash position of R\$2.8 billion and lengthy debt profile

CAPEX (R\$M)

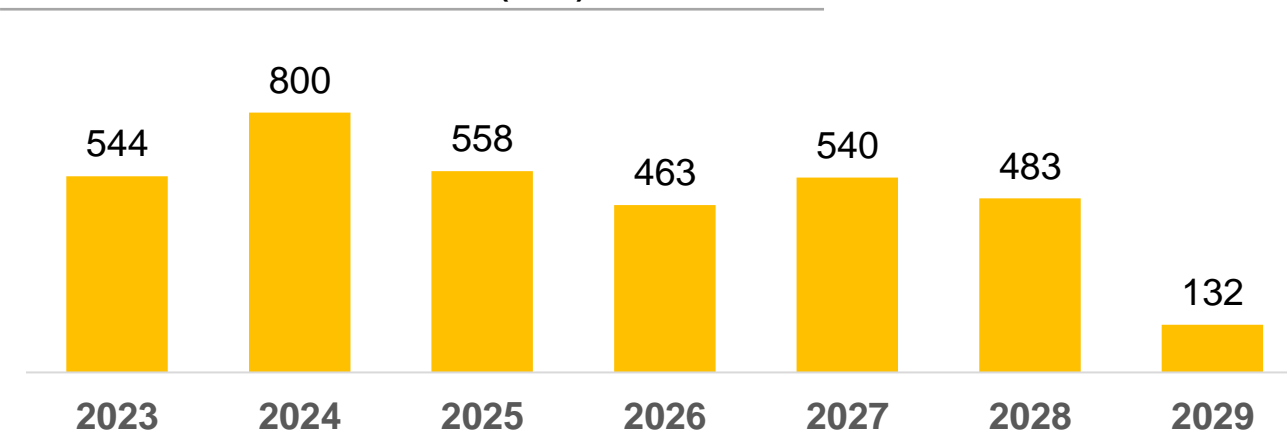


- Capex totaled R\$228 million in 1Q23, 22% below 4Q22
- In 1Q23, expansion capex was R\$178 million, due to the construction of units inaugurated this quarter and future construction works, with the maintenance of average investment per unit in local currency
- Maintenance capex totaled R\$35.0 million, in line with the previous quarter
- Financial leverage stood at 0.7 times, thanks to the strong cash position and gradual EBITDA recovery

NET DEBT (R\$ M) AND NET DEBT / EBITDA LTM ¹



GROSS DEBT PAYMENT FLOW² (R\$M)



(1) The "Net Debt/EBITDA LTM" indicator uses the definition of net debt and EBITDA of the Company's debentures / (2) "Gross Debt" is defined as short- and long-term loans, financing and leasing of equipment with financial institutions

Q&A

Instructions:

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

