

Smart Fit

2Q22 Earnings Presentation

August 11, 2022



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HIGHLIGHTS OF THE PERIOD



13TH CONSECUTIVE MONTH OF MEMBER BASE GROWTH AT CLUBS

Addition of 1.2 million club members, reaching 3.1 million in June



MEMBER BASE IN 2Q22 REACHED 84% OF MARCH 2020 LEVEL, WITH GROWTH ACROSS ALL REGIONS

Member base growth at clubs opened before the pandemic was 3.0p.p. vs. 1Q22. In July, member base reached 86% of Mar/20 level



REVENUE CLOSE TO HISTORICAL LEVELS AT UNITS OPENED UNTIL 2019

In June, revenue per club at units existing before the pandemic reached 98% of Jan/Feb-20 baseline



CASH COST OF CLUBS OPENED UNTIL 2019¹ SIGNIFICANTLY BELOW INFLATION DURING THE PERIOD

Focus on cost management allowed a level of cash cost per club, open until 2019, only 6.6% higher vs. Jan/Feb-20



2ND BIGGEST REGION WITH MARGINS AT HISTORICAL LEVELS

In 2Q22, Other LatAm registered cash gross margin of 51.4% and EBITDA margin of 45.5%



SIGNIFICANT AND CONTINUOUS IMPROVEMENT IN PROFITABILITY

EBITDA of R\$121 million (+83% vs. 1Q22), with gain 6.9p.p. in margin and cash generation of R\$197 million in 2Q22

(1) To enable comparison of the costs in 2Q22 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.

DIGITAL EXPERIENCE REINFORCES ENGAGEMENT



DIGITAL PRODUCTS: *Evidencing clients' results, facilitating their experience and making them feel that they are a part of it*

8.4

Sessions per user in the App
(2Q22)

54%

of Smart Fit members
registered in app¹

4.8 **4.8**

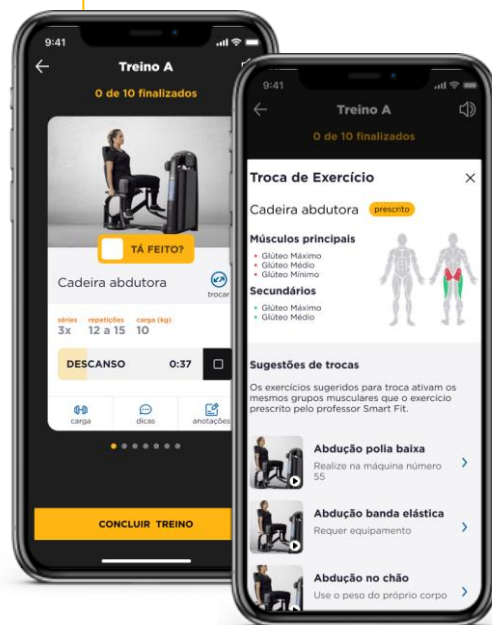
EVALUATION AT STORE



33%

of the app users used the functionality that enables them to exchange one exercise for another of the same muscle group.

06/13/2022 to 07/30/2022



■ It's convenient. Besides marking an exercise and how to perform it, you can change it if the equipment is not available. ■

Araceli
App user.



Switch to the Black Plan

Those with a black plan have access to all the network's gyms in Brazil and Latin America, can relax in the massage chair and can even take a friend to train 5 times a month

Switch to the Black Plan

42%

Plan upgrades

Made through Digital Channel
(Member Area and Totem)

18.8% of the increase in % of members who upgraded to the Black plan after improvements

June vs. July 2022

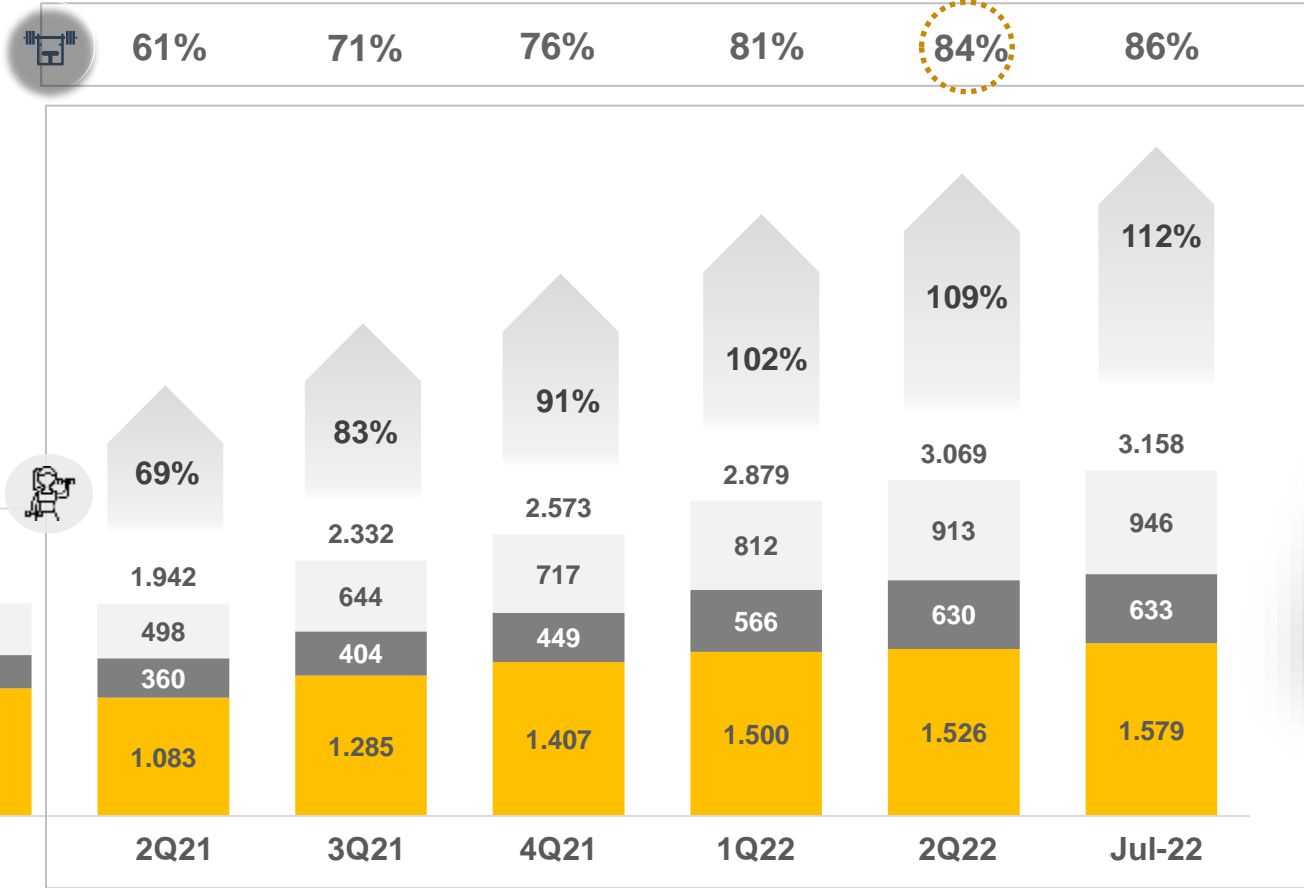
CONTINUOUS RECOVERY OF MEMBER BASE

Member base in 2Q22 reached 84% of the Mar/20 level, with growth across all regions and net revenue from these same units of 94%. In July, the base reached 86% (+2 p.p.)

MEMBER BASE OF CLUBS

(#'000 End of Period)

Members in units existing before the pandemic % vs. Mar/20



Net revenue reached 94% in 2Q22¹ vs. Jan-Feb/20



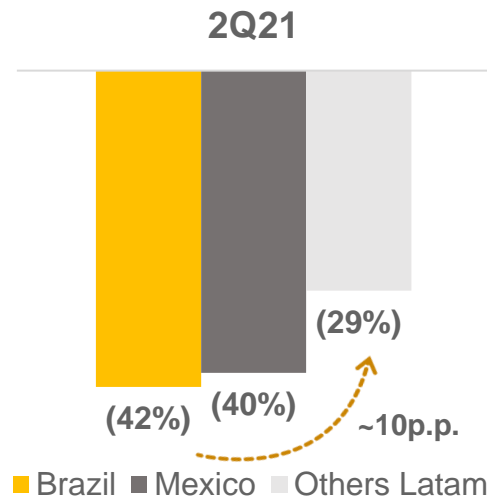
(1) Considering clubs opened until 2019

RECOVERY OF MEMBER BASE IN THE REGIONS




Pandemic and macroeconomic scenarios influence the profile of resumption

MEMBERS IN PRE-PANDEMIC UNITS¹

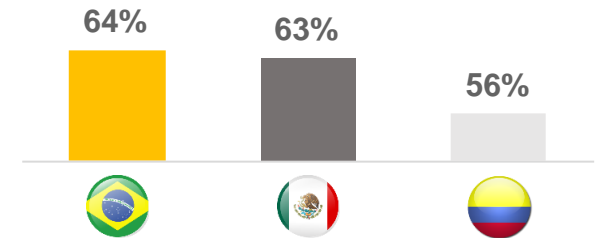
Brazil and Mexico were the worst affected by COVID, losing ~10 p.p. more than Other Latin America



MACROECONOMIC SCENARIO

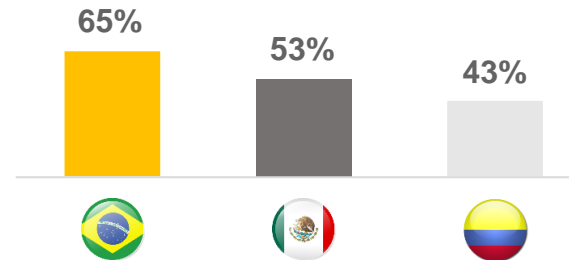
			
Inflation 12 months ²	11,3%	8,5%	7,5%
Interest rate ³	11,8%	5,0%	6,5%
Δ Interest rate in 12 M ⁴	9,0p.p.	3,3p.p.	2,5p.p.

How worried are you about your financial situation?⁵ (% worried)

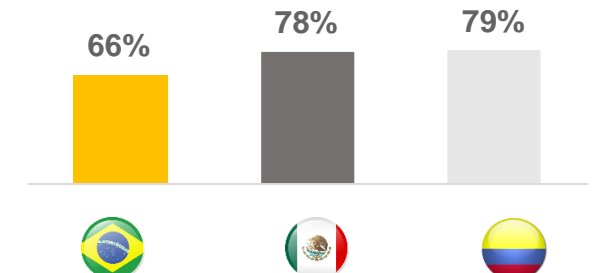


COVID SCENARIO

How worried are you about COVID?⁵ (% of people worried)



Are you sure you won't have severe symptoms or even die if you get COVID?⁵



- Higher inflation in Brazil linked to higher interest rates last year vs. Mexico and Colombia.
- In an external survey contracted by Smart Fit:
 - **Economic situation:** Brazilians and Mexicans are the most concerned about their financial situation.
 - **COVID:** Brazilians are the most worried, with fewer people safe from not having serious complications with Covid.

(1) Number of base members same stores (Mar/20); (2) Inflation accumulated in the last 12 months, with base date Jun/22 – rate considered in Brazil is IPCA; (3) Official interest rate, base date Jun/22; (4) Delta interest rate in the last 12 months (Jun/22 vs. Jun/21); (5) Results based on survey of 2,431 people, conducted by an external firm contracted by the company (1,386 Brazil, 520 Mexico and 525 Colombia)

BRAZIL: RESUMPTION AND STRATEGY

Strategy focused on performance and revenue recovery



Health of Brand

- At **92%**¹, same number pre-pandemic
- Smart Fit won the *Veja* São Paulo magazine award “The most beloved in São Paulo”²



Performance

- **2T22:** Focus on ticket positive
- Campaign strategy focused on expanding audience reach by leveraging the health and strength of the brand (“Be the First Choice”).

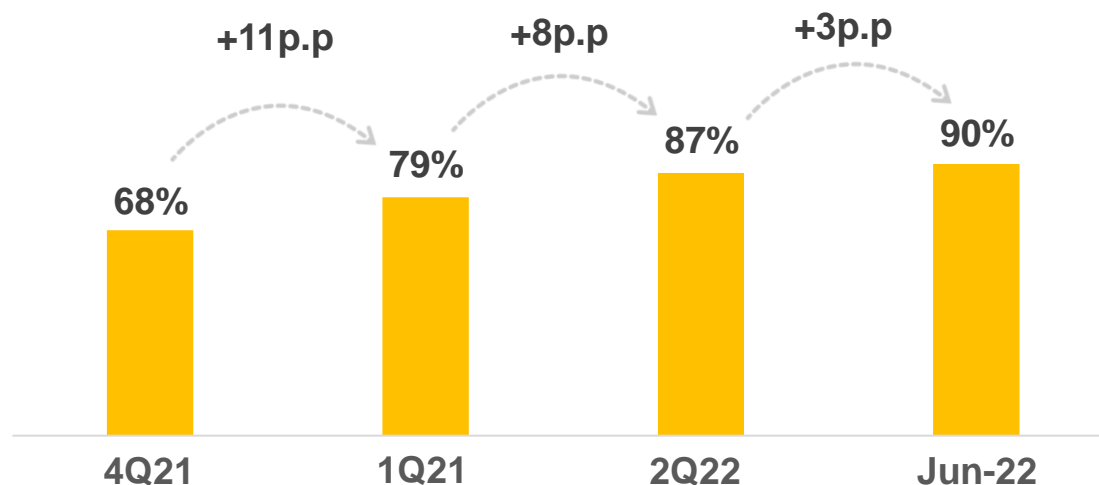


Communication Strategy

- Visibility of the post-pandemic scenario allows the resumption of planned campaigns and actions with greater assertiveness

Revenue clubs opened before 2019 – Brazil³

(% vs. Revenue from the same units in Jan/Feb 2020)



In Jul-22, gain **+2p.p.** of members in customer base of existing pre-pandemic clubs in **Brazil**

REVENUE NEAR HISTORICAL LEVELS

Clubs opened until 2019 with record revenues vs. pre-pandemic (Jan/Feb-20), reaching 98% in Jun-22 vs Jan/Feb-20

Evolution of revenue of clubs opened pre-pandemic¹



Performance in Jun/22 of clubs opened pre-pandemic¹

% Revenue Jun/22	90%	92%	120%
% Members 2Q22	75%	90%	102%
Δ Ticket ²	+15p.p.	+2p.p.	+18p.p.

In Jul-22, gain of **2p.p.** in volume in member base

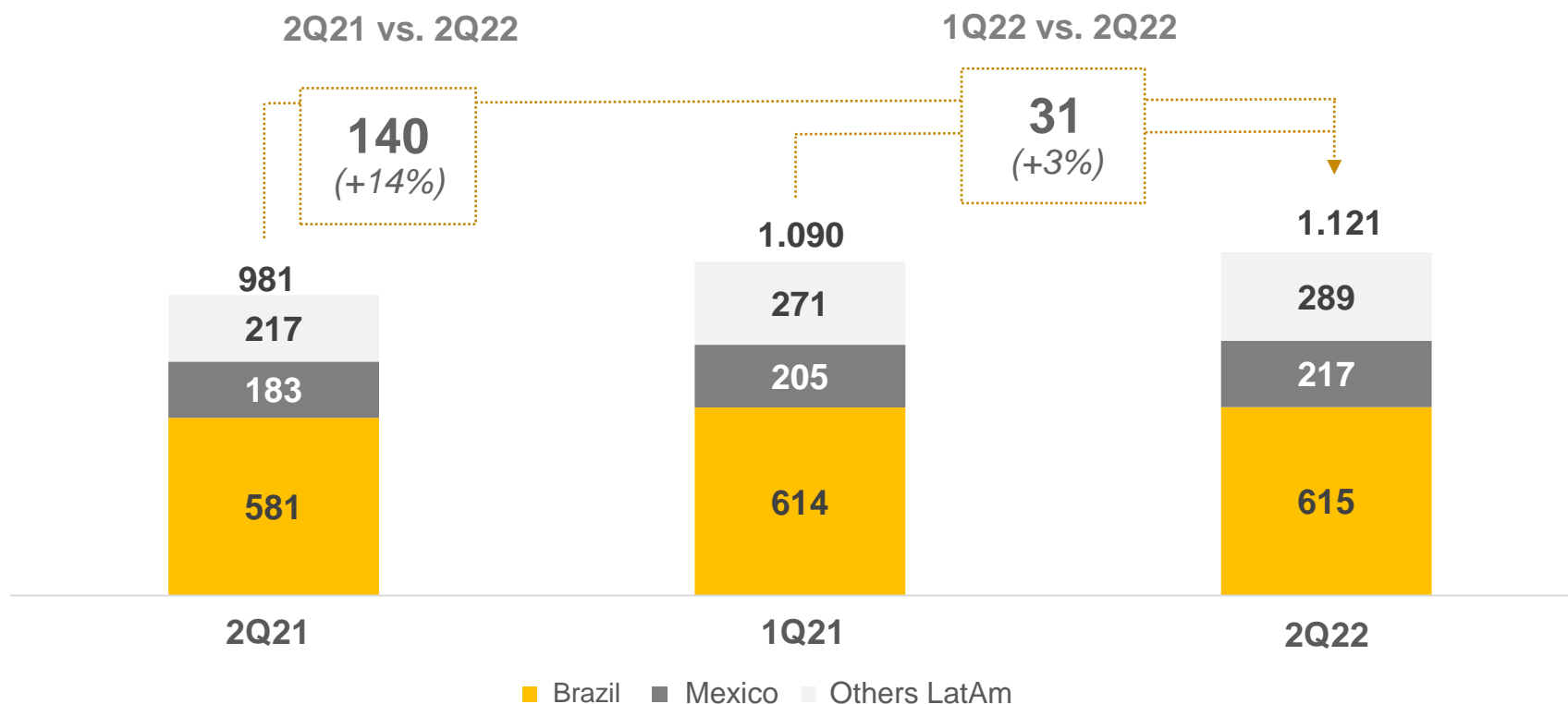
- In clubs inaugurated up to 2019, revenue up 7p.p. vs. 1Q22, reaching 94% of pre-pandemic levels. The expansion occurred in a combination of ticket (+4p.p.) and members (+3p.p.), with Brazil being the main highlight, with an increase of 8p.p. in the quarter.
- In June, this same clubs reached 98% of pre-pandemic levels, with all regions posting above 90%.


(1) Revenue of the same units considering the gyms opened until 2019 / Impact of delta ticket in the net revenues of Jun/22 in the units opened until 2019


2022 EXPANSION


Addition of 140 gyms in the last 12 months reaching 1,121 units, +14% vs. 2Q21

EVOLUTION NUMBER OF GYMS



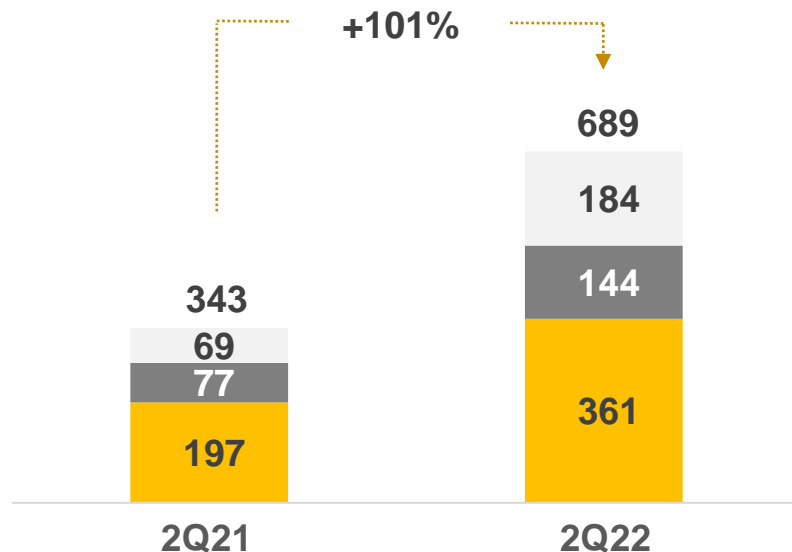
 Addition of 31 clubs to the network, 22 owned (34 openings and 12 closures) and 9 franchises

 Considering the Smart Fit brand, 34 units were added to the network (43 additions and 9 closures), 25 of which are owned and 9 franchises

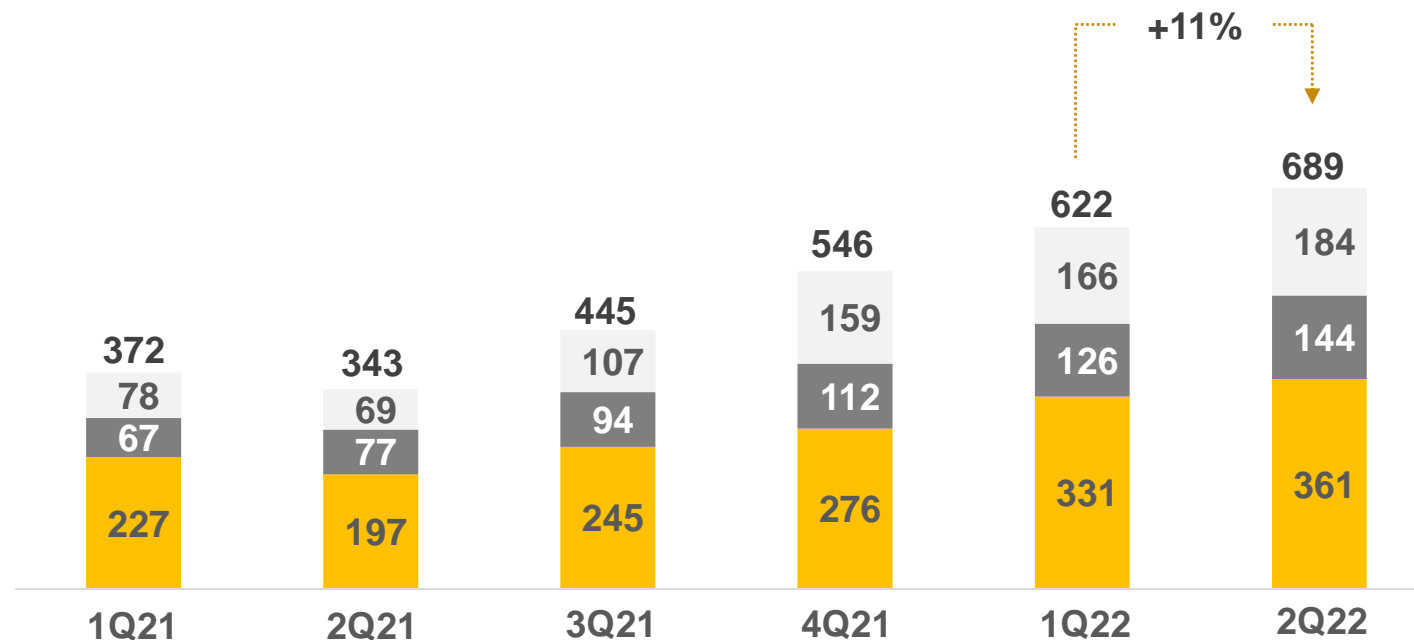
 Of the total number of Smart Fit clubs added, 18 are in the Other Latin America region

	2Q21	1Q22	2Q22
Own	746	857	879
Franchises	235	233	242

VARIATION IN REVENUE (R\$M)



EVOLUTION OF REVENUE (R\$M)



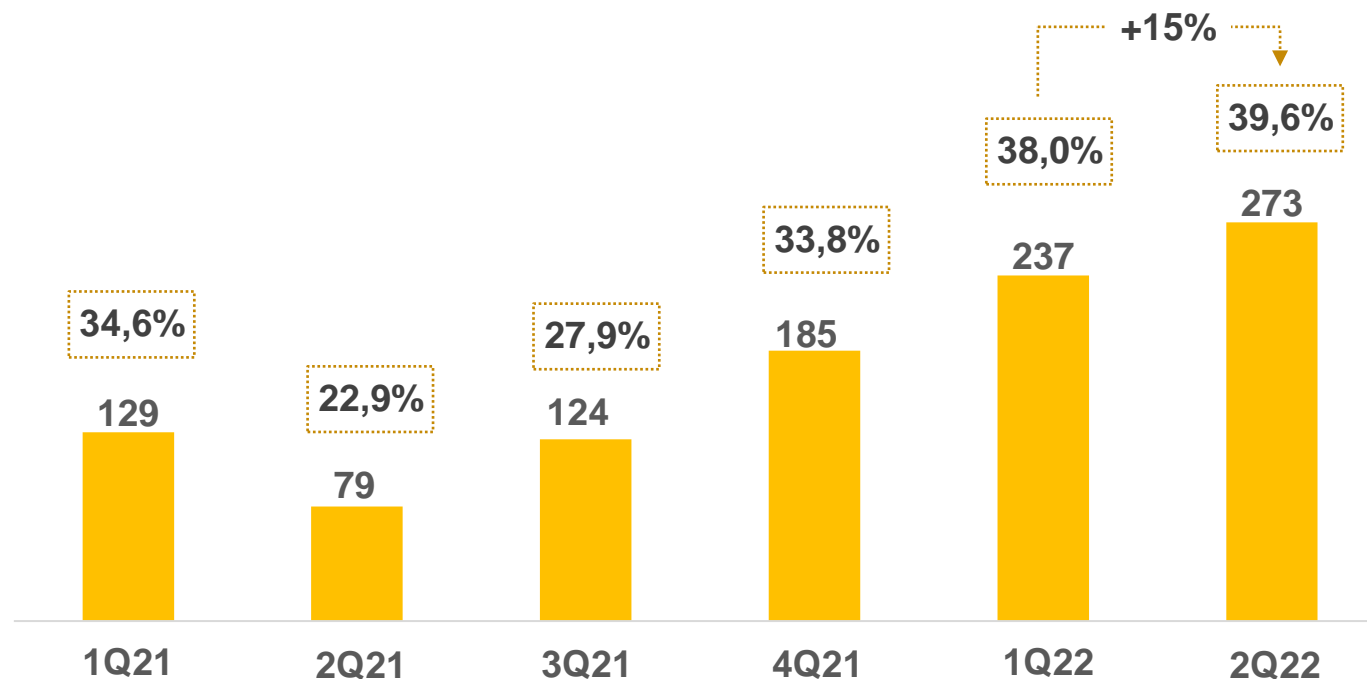
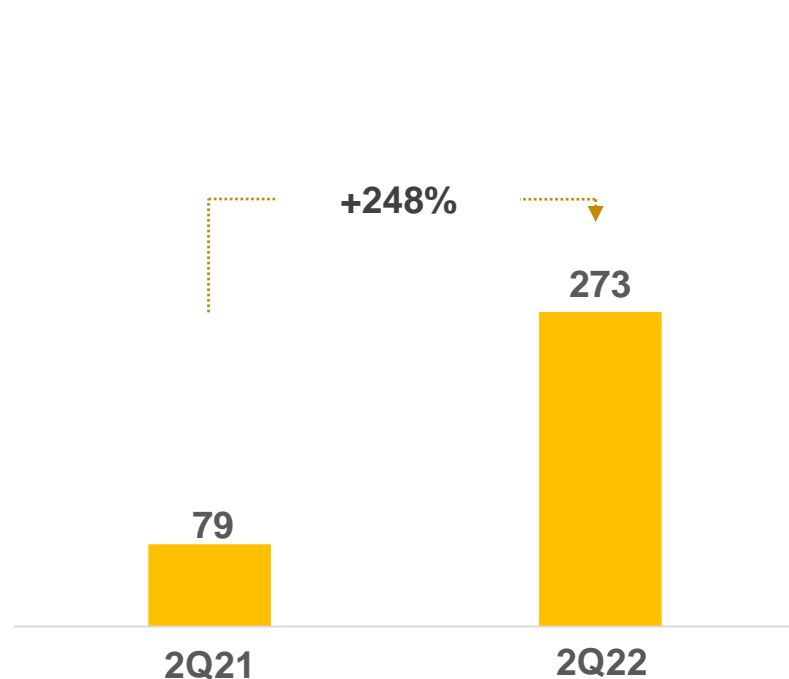
■ Brazil
 ■ Mexico
 ■ Others LatAm

- Net revenue of R\$689 millions in 2Q22, growth of R\$346 millions vs. 2Q21, due to the return of monthly fee collections, a 53% increase in average membership at clubs and the 18% expansion of the company's own network.
- Compared to 1Q22, net revenue increased by 11%, with a highlight to Mexico (+15% vs. 1Q22) due to the 13% increase in the average customer base per gym in the period and the expansion of its own gym network.

CASH GROSS PROFIT

VARIATION IN CASH GROSS PROFIT (R\$M)

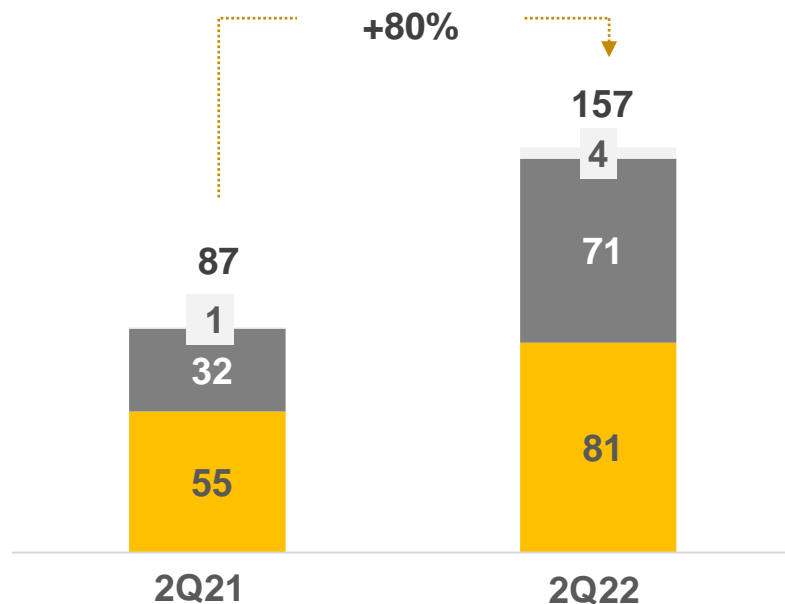
EVOLUTION IN CASH GROSS PROFIT (R\$M)



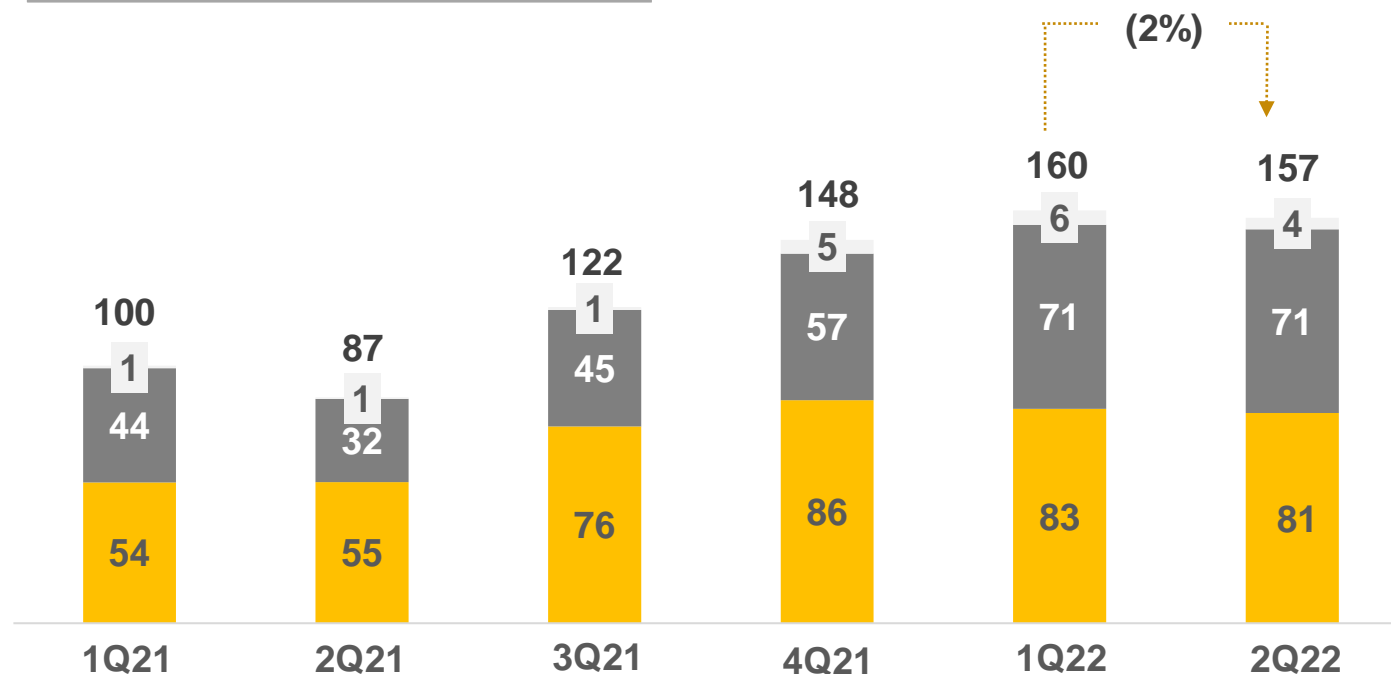
■ Cash Gross Profit □ Cash Gross Margin

- Cash gross profit reached R\$273M in 2Q22, an increase of R\$194M vs. 2Q21, with gross margin of 39.6%, expansion of 16.7p.p. vs. 2Q21, due to the strong increase in revenue and cost management.
- Compared to 1Q22, cash gross profit increased 15%, with an expansion of 1.6p.p. in margin. In the quarter, SmartFit's cash gross margin expanded across all regions vs. 1Q22, due to the continuous increase in average revenue per club combined with strong cost management.
- In the Other Latin America region, the 2nd largest operating region, cash gross margin returned to historic levels, reaching 51.4%.

VARIATION IN EXPENSES (R\$M)



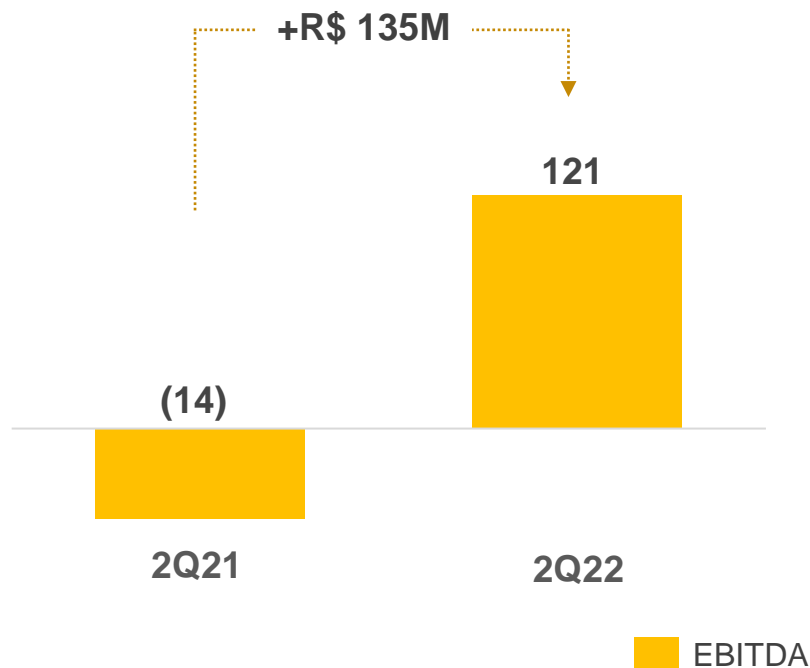
EVOLUTION OF EXPENSES (R\$M)



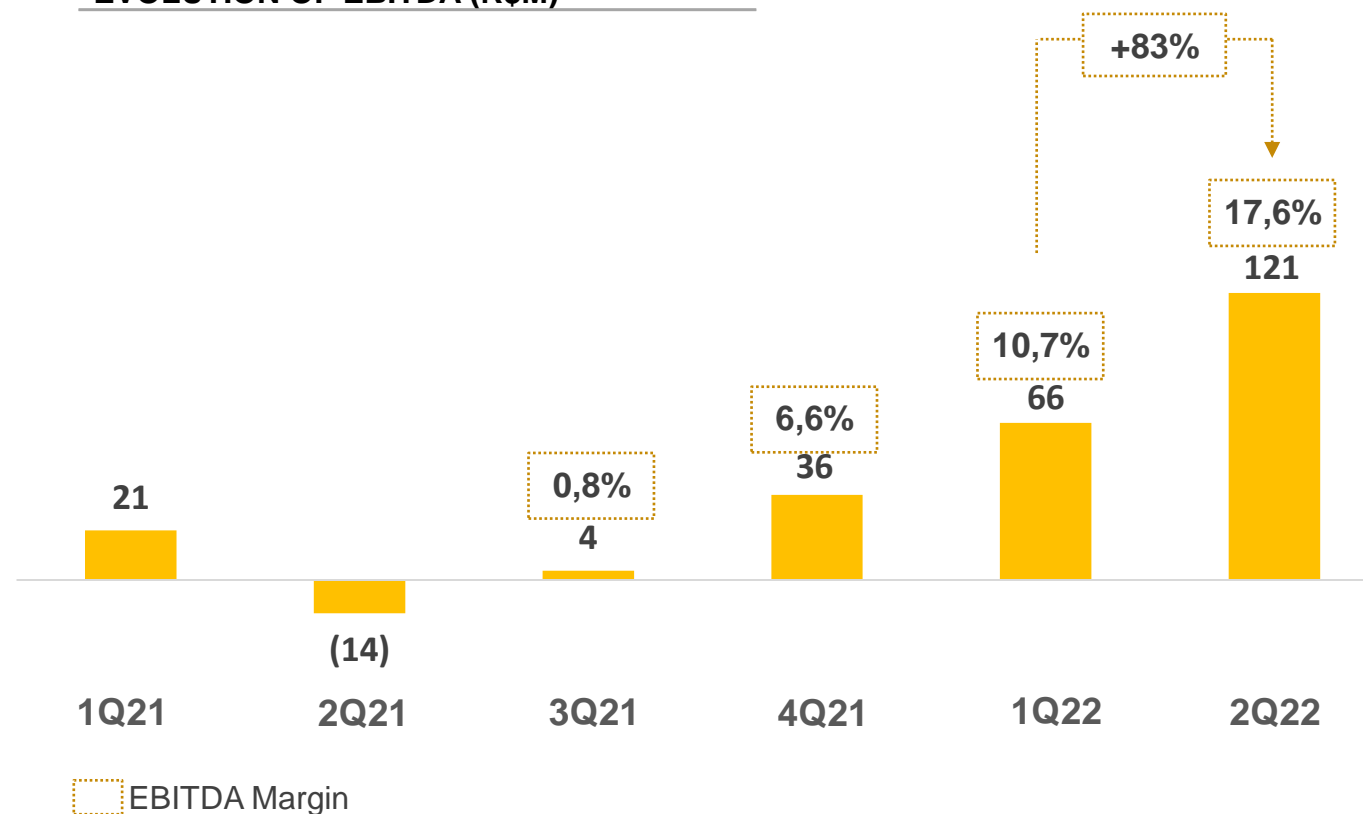
■ G&A
 ■ Sales
 ■ Pre-Operating

- Selling, general and administrative expenses totaled R\$157M in 2Q22, R\$69 million higher than in 2Q21, due to the increase and normalization of administrative and selling expenses incurred to attract more members.
- Compared to 1Q22, expenses represented 22.8% of net revenue, a dilution of 2.9p.p. in the quarter, as a result of the 11% growth in revenue and the 2% reduction in expenses.
- Selling expenses were also diluted as a percentage of net revenue of 1.1p.p. vs. 1Q22, representing 10.3% of net revenue for the quarter, impacted by the continued recovery in revenue per club.

VARIATION IN EBITDA (R\$M)



EVOLUTION OF EBITDA (R\$M)

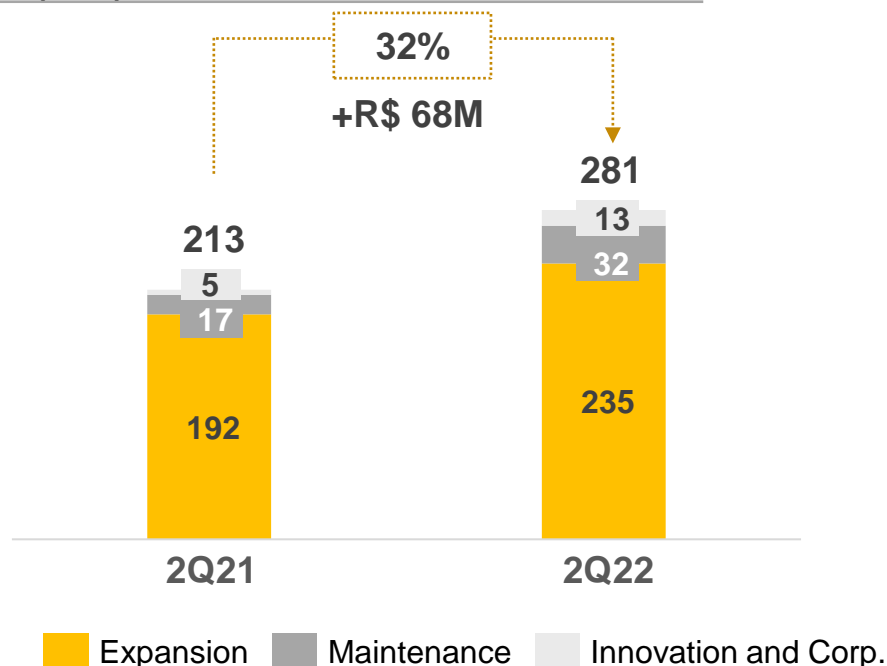


- EBITDA reached R\$121M in 2Q22, an increase of R\$135M vs. 2Q21, the 4th consecutive quarter of EBITDA growth.
- Compared to 1Q22, EBITDA increased 83%, with an expansion of 6.9p.p. at the margin, due to the increase in revenue combined with the dilution of costs and expenses, evidencing the high operating leverage of the business.
- EBITDA in Other Latin America region reached 45.5%, returning to historic levels.

FINANCIAL LIQUIDITY AND CAPEX

Strong cash position of R\$2.8 billion and staggered debt profile

CAPEX (R\$M)

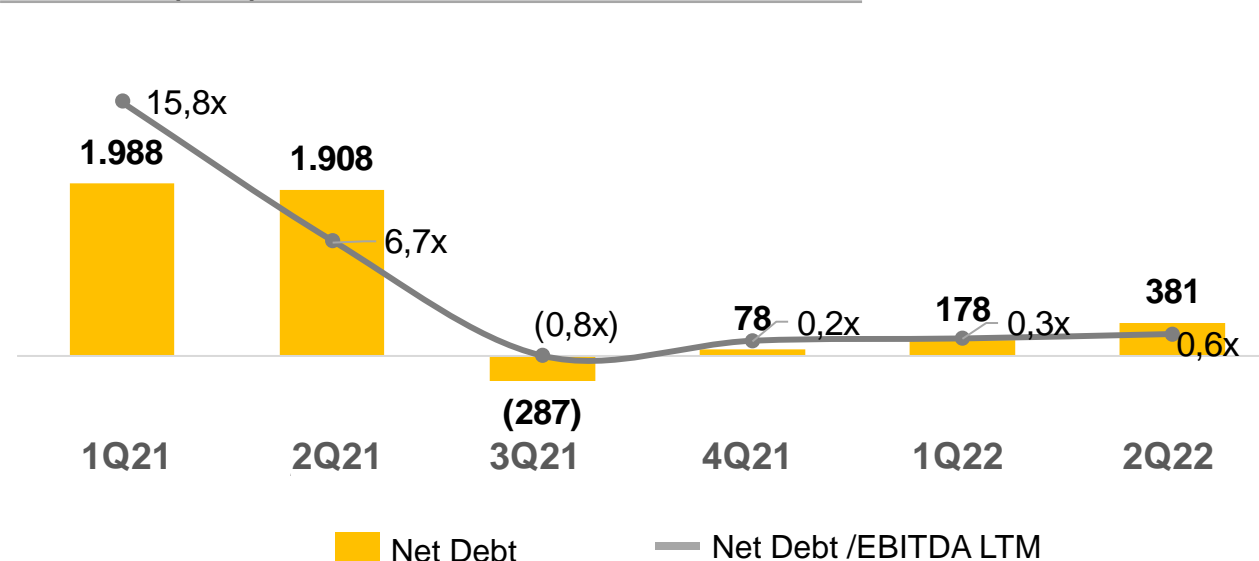


Expansion capex totaled R\$235 million in 2Q22, supporting 34 openings of own clubs and also clubs under construction.

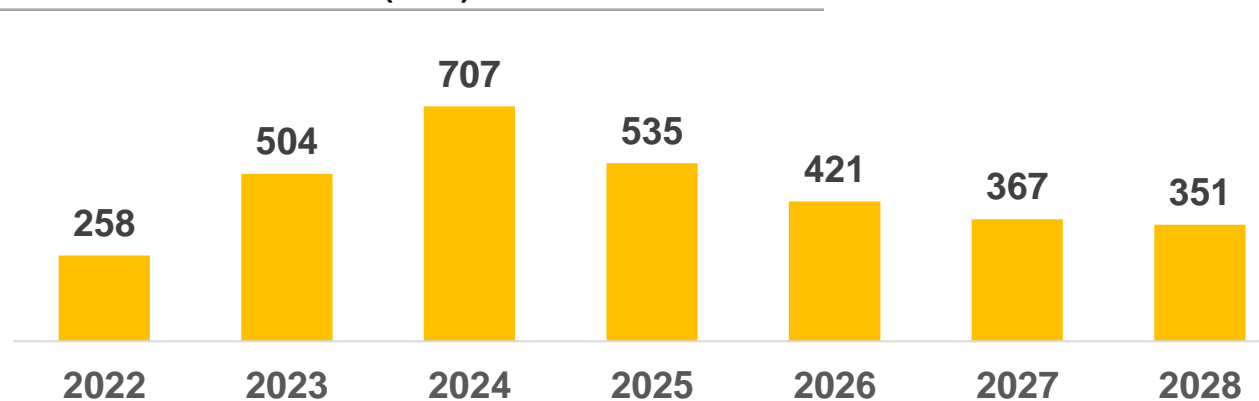
1H22 the maintenance capex was R\$49M, close to its normalized level

Financial leverage ratio at 0.6x due to strong cash position

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




DEBT PAYMENT FLOW ² (R\$M)



(1) The "Net Debt/EBITDA" 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;

GUIDANCE 2022

By the end of 2022, Smart Fit's clubs base will be over 1,225 units, with at least 965 of its own clubs

# Clubs 	Previous Guidance	New Guidance	Delta (#)	Delta (%)
Own Clubs	≥1.010	≥965	(45)	(4,5%)
Franchise Clubs	250	260	10	4,0%
Total	>1.260	>1.225	(35)	(2,8%)

- Due to the growing increase in interest rates in all operating regions and the strong discipline in capital allocation, the construction of some of its own clubs that would be inaugurated in 2022 was postponed.
- Postponement of part of the disbursements preserving the strong cash position.
- Conviction of the continued consolidation of the company's leadership position in the Fitness sector in Latin America, given the solidity and competitiveness of the business model.

Q&A

