FINANCIAL STATEMENTS

12/31/2024

smart fit

Contents

TERMS	GLOSSARY
EGM	Extraordinary General Meeting
AGM	Annual General Meeting
AEGM	Annual and Extraordinary General Meeting
B3	B3 S.A. – Brasil, Bolsa, Balcão
CADE	Administrative Council for Economic Defense
CDB	Bank Deposit Certificate
CDI	Interbank Deposit Certificate
CLP	Chilean pesos – Official currency in Chile
COFINS	Contribution for Social Security Financing
Company or Smartfit	Smartfit Escola de Ginástica e Dança S.A.
Covenants	Contractual Commitment Clauses
COP	Colombian pesos – Official currency in Colombia
CPC	Brazilian Accounting Pronouncements Committee
CRI	Certificates of Real Estate Receivables
CSLL	Social Contribution on Net Income
CVM	Securities and Exchange Commission of Brazil
Dec/23 or 12/31/2023	Financial Information as of and for the year ended December 31, 2023
Dec/24 or 12/31/2024	Financial Information as of and for the year ended December 31, 2024
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
IBR	Banking Reference Indicator
IFRS	International Financial Reporting Standards
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
IRRF	Withholding Income Tax
ITR	Quarterly Information
JCP	Interest on Capital
Joint Venture	A joint arrangement whereby the parties have joint control of the arrangement
LALUR	Taxable Income Control Register
LF	Financial Bills
LFT	Financial Treasury Bills
MXN	Mexican pesos – Official currency in Mexico
MOU	Memorandum of Understanding
Note	Note to the Financial Statements
OECD	Organization for Economic Cooperation and Development
PEN	Peruvian Nueveo Sol – Official currency in Peru
PIS	Social Integration Program
R$/BRL	Reais – Official currency in Brazil
SPE	Special Purpose Company
STF	Federal Supreme Court
TIIE	*“Tasa de Interés Interbancaria de Equilibrio” in Mexico*
CGU	Cash-generating Unit
VP	Vice President

BALANCE SHEETS

As at December 31, 2024

(In thousands of Brazilian reais - R$, unless otherwise stated)

		Parent		Consolidated	
	Notes	12/31/2024	12/31/2023	12/31/2024	12/31/2023
ASSETS					
Current assets					
Cash and cash equivalents	4	93,571	46,505	1,490,624	1,103,433
Investments in financial assets	5	2,273,649	2,052,180	1,456,751	1,509,880
Trade receivables	6	197,364	148,818	554,053	349,007
Related parties	7	105,335	85,123	45,625	32,962
Taxes recoverable	8	136,575	75,187	338,554	228,284
Derivative financial instruments	9	7,000	8,460	7,203	12,939
Other receivables	10	50,061	19,740	219,485	109,629
Total current assets		**2,863,555**	**2,436,013**	**4,112,295**	**3,346,134**
Noncurrent assets					
Investments in financial assets	5	5,502	4,234	128,608	69,212
Related parties	7	125,069	14,335	22,467	-
Taxes recoverable	8	-	-	6,076	33,289
Derivative financial instruments	9	12,075	14,784	12,075	14,997
Other receivables	10	128,584	121,264	233,190	214,790
Deferred income tax and social contribution	19	517,656	430,115	913,498	798,258
Investments in subsidiaries and joint ventures	11	4,206,174	3,659,845	55,411	40,940
Right-of-use assets	14	1,476,956	1,193,246	4,934,160	3,755,019
Property and equipment	12	1,484,325	1,163,244	5,537,449	4,044,554
Intangible assets	13	152,367	152,209	2,395,072	1,912,984
Total noncurrent assets		**8,108,708**	**6,753,276**	**14,238,006**	**10,884,043**
TOTAL ASSETS		**10,972,263**	**9,189,289**	**18,350,301**	**14,230,177**
LIABILITIES AND EQUITY					
Current liabilities					
Trade payables	15	167,992	167,449	441,914	399,172
Related parties	7	54,926	42,332	333	2,603
Taxes and contributions payable		72,853	84,397	289,611	216,171
Other liabilities	16	317,774	235,299	405,341	283,619
Borrowings	17	92,798	32,482	759,724	594,402
Lease liabilities	14	215,732	186,655	649,765	542,182
Deferred revenue	21	23,641	27,596	216,295	206,083
Derivative financial instruments	9	28,670	-	28,670	-
Total current liabilities		**974,386**	**776,210**	**2,791,653**	**2,244,232**
Noncurrent liabilities					
Trade payables	15	4,575	-	4,575	-
Related parties	7	291	291	-	-
Other liabilities	16	12,964	11,924	94,183	24,330
Borrowings	17	3,184,246	2,216,422	5,154,890	3,225,497
Lease liabilities	14	1,321,001	1,070,148	4,750,847	3,565,232
Deferred revenue	21	4,345	132	4,345	132
Deferred income tax and social contribution	19	-	-	37,023	7,719
Derivative financial instruments	9	4,293	36,198	4,293	36,198
Provisions for judicial liabilities	18	10,266	9,702	36,714	31,203
Total noncurrent liabilities		**4,541,981**	**3,344,817**	**10,086,870**	**6,890,311**
TOTAL LIABILITIES		**5,516,367**	**4,121,027**	**12,878,523**	**9,134,543**
EQUITY	20				
Share capital		2,970,443	2,970,443	2,970,443	2,970,443
Capital reserves		847,550	953,421	847,550	953,421
Legal reserve		73,650	51,828	73,650	51,828
Earnings reserve		824,844	718,726	824,844	718,726
Other comprehensive income		739,409	373,844	739,409	373,844
Equity attributable to the owners of the Company		**5,455,896**	**5,068,262**	**5,455,896**	**5,068,262**
Noncontrolling interests		-	-	15,882	27,372
TOTAL EQUITY		**5,455,896**	**5,068,262**	**5,471,778**	**5,095,634**
TOTAL LIABILITIES AND EQUITY		**10,972,263**	**9,189,289**	**18,350,301**	**14,230,177**

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

STATEMENTS OF PROFIT AND LOSS AND COMPREHENSIVE INCOME

Year ended December 31, 2024

(In thousands of Brazilian reais - R$, unless otherwise stated)

		Parent		Consolidated	
	Notes	12/31/2024	12/31/2023	12/31/2024	12/31/2023
PROFIT (LOSS)					
Operating revenue	21	1,854,031	1,427,939	5,580,304	4,244,743
Costs	22	(1,102,617)	(934,001)	(3,267,414)	(2,533,854)
Gross profit		**751,414**	**493,938**	**2,312,890**	**1,710,889**
Selling expenses	22	(179,967)	(153,605)	(450,965)	(344,782)
General and administrative expenses	22	(276,242)	(243,604)	(575,312)	(468,361)
Other operating income (expenses), net	22	(23,041)	117,776	(23,852)	148,217
Share of profit (loss) of investees	11	361,339	493,380	846	(1,089)
Operating profit before finance income (costs)		**633,503**	**707,885**	**1,263,607**	**1,044,874**
Finance income	23	234,339	359,797	332,168	460,541
Finance costs	23	(516,045)	(448,919)	(1,099,441)	(933,829)
Finance income (costs), net	23	(281,706)	(89,122)	(767,273)	(473,288)
Profit before income tax and social contribution		**351,797**	**618,763**	**496,334**	**571,586**
Current		(2,898)	(12,324)	(165,009)	(127,831)
Deferred		87,541	430,115	109,251	600,421
Income tax and social contribution	**19**	**84,643**	**417,791**	**(55,758)**	**472,590**
PROFIT FOR THE YEAR		**436,440**	**1,036,554**	**440,576**	**1,044,176**
Attributable to:					
Owners of the Company				436,440	1,036,554
Noncontrolling interests				4,136	7,622
Earnings per share:					
Basic	24	0.7445	1.7681	0.7445	1.7681
Diluted	24	0.7195	1.7013	0.7195	1.7013
OTHER COMPREHENSIVE INCOME					
Items that may be subsequently reclassified to profit or loss					
Foreign exchange effect on translation of financial statements of foreign subsidiaries	11	347,348	72,955	347,738	72,671
Other comprehensive income not reclassified to profit or loss in subsequent years					
Effect of investments on equity instruments measured at fair value through other comprehensive income		25,937	9,840	25,937	9,840
Deferred income tax and social contribution on effect of investments on equity instruments measured at fair value	19	(7,720)	(3,114)	(7,720)	(3,114)
TOTAL OTHER COMPREHENSIVE INCOME		**365,565**	**79,681**	**365,955**	**79,397**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**802,005**	**1,116,235**	**806,531**	**1,123,573**
Attributable to:					
Owners of the Company				802,005	1,116,235
Noncontrolling interests				4,526	7,338

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

STATEMENTS OF CHANGES IN EQUITY

Year ended December 31, 2024

(In thousands of Brazilian reais - R$, unless otherwise stated)

	At December 31, 2023									
		Capital reserves						Equity attributable to		
CHANGES IN EQUITY	Share capital	Capital reserve	Equity instruments	Transactions with shareholders	Legal reserve	Earnings reserve	Other comprehensive income	Owners of the Company	Noncontrolling interests	Total equity
At December 31, 2022	**2,970,443**	**2,237,621**	**99,841**	**(39,850)**	**-**	**(1,375,832)**	**294,163**	**4,186,386**	**21,729**	**4,208,115**
Profit for the year	-	-	-	-	-	1,036,554	-	1,036,554	7,622	1,044,176
Other comprehensive income	-	-	-	-	-	-	79,681	79,681	(284)	79,397
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**1,036,554**	**79,681**	**1,116,235**	**7,338**	**1,123,573**
Share-based payments(1)	-	31,641	-	-	-	-	-	31,641	-	31,641
Absorption of losses	-	(1,375,832)	-	-	-	1,375,832	-	-	-	-
Legal reserve	-	-	-	-	51,828	(51,828)	-	-	-	-
Dividends paid to subsidiaries	-	-	-	-	-	(266,000)	-	(266,000)	(1,695)	(267,695)
Transactions with shareholders recognized directly in equity	**-**	**(1,344,191)**	**-**	**-**	**51,828**	**1,058,004**	**-**	**(234,359)**	**(1,695)**	**(236,054)**
At December 31, 2023	**2,970,443**	**893,430**	**99,841**	**(39,850)**	**51,828**	**718,726**	**373,844**	**5,068,262**	**27,372**	**5,095,634**

	At December 31, 2024									
		Capital reserves						Equity attributable to		
	Share capital	Capital reserve	Equity instruments	Transactions with shareholders	Legal reserve	Earnings reserve	Other comprehensive income	Owners of the Company	Noncontrolling interests	Total equity
At December 31, 2023	**2,970,443**	**893,430**	**99,841**	**(39,850)**	**51,828**	**718,726**	**373,844**	**5,068,262**	**27,372**	**5,095,634**
Profit for the year	-	-	-	-	-	436,440	-	436,440	4,136	440,576
Other comprehensive income	-	-	-	-	-	-	365,565	365,565	390	365,955
Total comprehensive income for the year	**-**	**-**	**-**	**-**		**436,440**	**365,565**	**802,005**	**4,526**	**806,531**
Share-based payments(1)	-	20,811	-	-	-	-	-	20,811	-	20,811
Increase in equity interests in subsidiaries	-	-	-	(126,682)	-	-	-	(126,682)	(12,801)	(139,483)
Legal reserve	-	-	-	-	21,822	(21,822)	-	-	-	-
Dividends paid to subsidiaries(2)	-	-	-	-	-	(308,500)	-	(308,500)	(3,215)	(311,715)
Transactions with shareholders recognized directly in equity	**-**	**20,811**	**-**	**(126,682)**	**21,822**	**(330,322)**	**-**	**(414,371)**	**(16,016)**	**(430,387)**
At December 31, 2024	**2,970,443**	**914,241**	**99,841**	**(166,532)**	**73,650**	**824,844**	**739,409**	**5,455,896**	**15,882**	**5,471,778**

(1) See note 27.
(2) See note 20.

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

STATEMENTS OF CASH FLOWS

Year ended December 31, 2024

(In thousands of Brazilian reais - R$, unless otherwise stated)

		Parent		Consolidated	
	Notes	12/31/2024	12/31/2023	12/31/2024	12/31/2023
CASH FLOW FROM OPERATING ACTIVITIES					
Profit for the year		436,440	1,036,554	440,576	1,044,176
Adjustments to reconcile profit for the year to net cash from operating activities:					
Current and deferred income tax and social contribution	19	(84,643)	(417,791)	55,758	(472,590)
Depreciation and amortization	12,13,14	446,736	397,616	1,412,269	1,157,395
Allowance for expected credit losses	6	(2)	(1,525)	2,902	(1,844)
Share of profit (loss) of investees	11	(361,339)	(493,380)	(846)	1,089
Remeasurement of interest previously held in subsidiary	3	-	(176,599)	-	(176,599)
Write-off of intangible assets, property and equipment, and leases		37,274	25,152	43,990	35,417
Interest on borrowings	23	367,075	296,827	599,911	481,158
Interest on leases	23	119,522	92,462	428,133	342,611
Discounts obtained on leases	23	(2,033)	(3,073)	(6,727)	(9,033)
Income from financial investments	23	(202,148)	(271,347)	(262,420)	(326,247)
Gain (loss) on derivative financial instruments	23	2,574	(22,230)	1,933	(14,329)
Share-based payment plan	27	21,880	35,557	22,373	37,019
Provisions for judicial liabilities	18	564	5,077	5,450	6,315
Deferred revenue		258	(36,478)	14,425	(22,872)
Others		(14,765)	(6,246)	(11,655)	(1,891)
Changes in operating assets and liabilities:					
Trade receivables		(48,544)	(29,879)	(203,135)	(74,209)
Related parties		(44,230)	3,178	(23,875)	(14,068)
Taxes recoverable		(59,629)	8,692	(112,533)	(11,484)
Other receivables		(21,866)	(30,275)	(101,522)	(82,224)
Trade payables		4,991	79,687	43,516	135,834
Taxes and contributions payable		(2,628)	61,041	44,904	87,628
Other liabilities		13,090	22,887	28,988	29,512
Cash generated by operating activities		**608,577**	**575,907**	**2,422,415**	**2,150,764**
Interest paid on borrowings	17	(280,705)	(278,356)	(517,247)	(452,962)
Interest paid on leases	14	(118,761)	(91,452)	(425,358)	(338,918)
Income tax and social contribution paid		(463)	-	(104,268)	(48,601)
Net cash generated by operating activities		**208,648**	**206,099**	**1,375,542**	**1,310,283**
Cash flow from investing activities					
Additions to property and equipment	12	(562,366)	(365,458)	(1,819,168)	(1,321,553)
Additions to intangible assets	13	(9,495)	(3,943)	(60,916)	(15,237)
Direct initial costs of right-of-use assets	14	(57,191)	(20,103)	(65,125)	(24,853)
Proceeds from sale of property and equipment		-	-	-	19,701
Dividends received from subsidiaries		155,515	50,979	-	-
Loans granted		(384)	7,194	(24,540)	(3,729)
Financial investments		(19,353)	453,444	283,326	462,036
Acquisition of group of assets, net of cash received		-	(7,130)	-	(7,130)
Acquisition of subsidiaries, net of cash received		(198,259)	(143,018)	(368,151)	(98,367)
Capital increase in subsidiaries and joint venture	11	(159,094)	(140,300)	(453)	-
Related parties		-	-	-	(3,733)
Payment of contingent consideration		-	(521)	-	(521)
Net cash used in investing activities		**(850,627)**	**(168,856)**	**(2,055,027)**	**(993,386)**
CASH FLOW FROM FINANCING ACTIVITIES					
Proceeds from borrowings	17	2,185,556	597,500	3,803,545	1,099,507
Repayments of borrowings	17	(1,248,897)	(369,544)	(2,070,899)	(802,587)
Payment of lease	14	(198,519)	(186,731)	(605,873)	(490,169)
Interest on capital paid to investors	20	(47,455)	(266,000)	(47,455)	(266,000)
Acquisition of non-controlling interests		-	-	(73,170)	-
Dividends paid to noncontrolling interests		-	-	(3,407)	(2,730)
Payment (receipt) of transactions with financial derivatives		(1,640)	-	3,645	-
Others		-	-	-	(9,838)
Net cash generated by (used in) financing activities		**689,045**	**(224,775)**	**1,006,386**	**(471,817)**
DECREASE (INCREASE) IN CASH AND CASH EQUIVALENTS		**47,066**	**(187,532)**	**326,901**	**(154,920)**
CHANGES IN CASH AND CASH EQUIVALENTS					
Opening balance		46,505	234,037	1,103,433	1,251,418
Exchange differences on cash and cash equivalents		-	-	60,290	6,935
Closing balance		93,571	46,505	1,490,624	1,103,433
DECREASE (INCREASE) IN CASH AND CASH EQUIVALENTS		**47,066**	**(187,532)**	**326,901**	**(154,920)**

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

STATEMENTS OF VALUE ADDED

Year ended December 31, 2024

(In thousands of Brazilian reais - R$, unless otherwise stated)

	Notes	Parent 12/31/2024	Parent 12/31/2023	Consolidated 12/31/2024	Consolidated 12/31/2023
WEALTH CREATED					
REVENUES					
Service revenue	21	2,112,035	1,640,687	5,946,138	4,539,322
Allowance for expected credit losses, net of reversals	6	2	1,525	(2,902)	1,844
Remeasurement of previously held interest		-	176,599	-	176,599
Other operating income		(23,041)	(58,823)	(23,852)	(28,382)
INPUTS PURCHASED FROM THIRD PARTIES					
Cost of sales and services		(379,152)	(303,480)	(1,048,713)	(778,488)
Materials, electric power, outside services and others		(110,254)	(112,854)	(199,442)	(185,654)
Advertising materials, marketing, promotion funds and others related to sales		(174,862)	(152,871)	(419,875)	(314,587)
GROSS VALUE ADDED		**1,424,728**	**1,190,783**	**4,251,354**	**3,410,654**
RETENTIONS					
Depreciation and amortization	12,13,14	(446,736)	(397,616)	(1,412,269)	(1,157,395)
WEALTH CREATED BY THE COMPANY		**977,992**	**793,167**	**2,839,085**	**2,253,259**
WEALTH RECEIVED IN TRANSFER					
Share of profit (loss) of investees	11	361,339	493,380	846	(1,089)
Finance income	23	234,339	359,797	332,168	460,541
TOTAL WEALTH FOR DISTRIBUTION		**1,573,670**	**1,646,344**	**3,172,099**	**2,712,711**
WEALTH DISTRIBUTED					
PERSONNEL					
Salaries and wages		302,515	242,316	799,733	604,320
Benefits		41,937	35,803	89,495	68,279
Social security costs		20,722	17,376	34,874	28,311
TAXES, FEES AND CONTRIBUTIONS					
Federal		90,529	(273,768)	367,034	(226,847)
State		341	196	6,703	4,186
Municipal		75,378	60,782	107,648	84,074
LENDERS AND LESSORS					
Interest	23	516,045	448,919	1,099,441	933,829
Leases		89,763	78,166	226,595	172,383
SHAREHOLDERS:					
Owners' share of profits		436,440	1,036,554	436,440	1,036,554
Noncontrolling interests' share of profit		-	-	4,136	7,622
WEALTH DISTRIBUTED		**1,573,670**	**1,646,344**	**3,172,099**	**2,712,711**

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

1. GENERAL INFORMATION

Smartfit 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”. 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 Group is the leader in the gym market in Latin America, with the mission of democratizing the access to high quality fitness. Through company owned operations and franchised units, the Company is present in fifteen countries, namely Brazil, Mexico, Colombia, Chile, Peru, Argentina, Paraguay, Uruguay, 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 brand “Bio Ritmo”, and in the digital fitness segment with the brand “Queima Diária” and other digital services. The business segments are defined in note 25 and the main subsidiaries and joint ventures are disclosed in note 11.

The Group continues the expansion plan, with the opening of new clubs and maintenance of the clubs in operation. At December 31, 2024, the Group has a total of 1,743 units in operation (1,438 at December 31, 2023), with a solid cash position.

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS

STATEMENT OF COMPLIANCE

The financial statements for the year ended December 31, 2024 are being presented in accordance with the International Financial Reporting Standards (“IFRS”), issued by the International Accounting Standards Board (“IASB”), and the accounting practices adopted in Brazil.

The accounting practices adopted in Brazil comprise those prescribed by the Brazilian corporate law and the technical pronouncements, guidance and interpretations issued by the Accounting Pronouncements Committee (CPC) and approved by the Securities and Exchange Commission of Brazil (CVM). All significant information in the financial statements, and only this information, is being disclosed and corresponds to the information used in managing the Group’s activities.

The financial statements for the year ended December 31, 2024 were concluded and authorized for issue by the Company’s Board of Directors on March 12, 2025.

BASIS OF MEASUREMENT

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

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial information 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 Company’s financial statements, 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 Group. Subsidiaries and joint ventures are disclosed in note 11.

In addition, the Company consolidates the exclusive investment funds as mentioned in note 5.

GENERAL ACCOUNTING POLICIES

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

FUNCTIONAL AND PRESENTATION CURRENCY

The financial statements are presented in thousands of Brazilian reais (R$), which is the Company’s functional and presentation currency. The functional currency of foreign subsidiaries is the local currency of each jurisdiction in which they operate, the currency in Mexico is the Mexican pesos (MXN); in Colombia the Colombian pesos (COP); in Peru the Peruvian sol (PEN); in Chile the Chilean pesos (CLP); in Argentina the Argentine pesos (ARS); in Paraguay the Guarani (PYG); in Uruguay the Uruguayan peso (UYU); in Panama the Balboa (PAB), in Costa Rica the Costa Rican Colon (CRC); in the United States of America (for FitMaster LLC) the US Dollar, in Spain the Euro (EUR), and in Morocco the Dirham (MAD).

For purposes of presenting these financial statements, the assets and liabilities of the Group’s foreign operations are translated using the exchange rates prevailing at the end of the year. 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

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 Group’s statement of profit and loss.

(In thousands of Brazilian reais - R$, unless otherwise stated)

HYPERINFLATIONARY ECONOMY

In accordance with CPC 42 / IAS 29 – Financial Reporting in Hyperinflationary Economies, non-monetary assets and liabilities, equity and the statement of profit and loss of subsidiaries operating in hyperinflationary economies are adjusted for the change in the general purchasing power of the currency, applying a general price index.

The financial statements of an entity whose functional currency is the currency of a hyperinflationary economy must be expressed in terms of the current unit of measurement at the balance sheet date and translated to reais at the closing exchange rate for the year.

The Group used the accounting of hyperinflationary economies for its subsidiary Smartfit SAS, in Argentina, applying the rules set out in CPC 42/IAS 29. The effects arising from the translation of the functional currency (Argentine pesos) into the presentation currency (Brazilian real) are recorded in the statement of comprehensive income and only impact the profit or loss for the year upon disposal or dissolution of the company.

STATEMENT OF VALUE ADDED

The Group prepared the 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 financial statements, since it is not a statement provided for or required under the IAS 1. Such statement has been prepared based on information obtained from the accounting records used as a basis for the preparation of the financial statements, supplementary records and in accordance with the provisions of technical pronouncement CPC 09.

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial information requires that Management uses estimates and exercises judgment in the process of applying the Group’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	Note
Impairment testing of intangible assets with finite and indefinite useful lives	13
Impairment testing of property and equipment and right-of-use assets	12 and 14
Provisions for judicial liabilities	18
Measurement of deferred taxes	19
Measurement of fair value of derivative financial instruments	9
Determination of deferred revenue	21
Measurement of fair value of stock options	27

NEW AND REVISED STANDARDS AND INTERPRETATIONS ISSUED AND EFFECTIVE

The following standards, which became effective on January 1, 2024, had no significant impact to the Group:

Standard	Description
Amendments to IAS 1	Classification of Liabilities as Current or Noncurrent and Presentation of Financial Statements – Non-Current Liability with Covenants
Amendments to IAS 7	Supplier Finance Arrangements
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback

NEW AND REVISED STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

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

Standard	Description	Effective for annual periods beginning on or after
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	No definition
Amendments to CPC 02 (R2)	The Effects of Changes in Foreign Exchange Rates and Translation of Financial Statements	01/01/2025
Amendments to CPC 18 (R3)	Investments in Associates, Subsidiaries and Joint Ventures	01/01/2025
Amendments to ICPC 09 (R3)	Individual, Separate and Consolidated Financial Statements and Application of the Equity Method	01/01/2025
Amendments to IFRS 7 and IFRS 9	Classification and Measurement of Financial Instruments	01/01/2026
Amendments to IFRS 18	Presentation and Disclosure in Financial Statements	01/01/2027
Amendments to IFRS 19	Subsidiaries without Public Accountability	01/01/2027

Management does not expect the adoption of the standards listed above to have a material impact on the Group's financial information in future periods.

(In thousands of Brazilian reais - R$, unless otherwise stated)

3. SIGNIFICANT TRANSACTIONS IN THE YEAR

PAYMENT OF THE REMAINING INSTALLMENT FOR THE ACQUISITION OF SPORTY PANAMÁ

On January 3, 2024, the Group paid the 2nd installment related to the remaining amount for the acquisition of Sporty Panama, of USD 33,822, equivalent to R$ 165,810.

INCREASE IN EQUITY INTEREST IN SPORTS WORLD

On February 12, 2024, the Group carried out a private subscription of 17,946,256 shares in Sports World by Latamgym Mexico, for MXN 89.73 million (approximately R$26,084), and now holds a 19.46% interest in the company, which represents 47,154,122 shares.

According to the analysis performed pursuant to IAS 28, the Group has no significant influence over Sports World. Thus, the investment in this company was considered a financial asset measured at fair value through other comprehensive income, in accordance with CPC 48 / IFRS 9.

ACQUISITIONS OF OTHER CLUBS

The Group entered into Purchase and Sale Agreements for the acquisition of 100% of the shares of Academia de Ginástica Tietê Plaza Ltda. ("Tietê Plaza") on February 22, 2024 and ACL Academia de Ginástica Ltda ("ACL") on March 14, 2024, for the total amount of R$21,946, of which R$20,561 was paid up to December 31, 2024 and the remaining balance will be paid in five equal annual installments. These companies are franchised units of the Group that operated in accordance with the terms and conditions of the Franchise Agreement.

On March 13, 2024, the Group acquired 100% of the shares of MG-PT Microginásio Portugal Unipessoal Lda ("MG-PT"), for €1.00, this company is a franchised unit of the Group that operated in accordance with the terms and conditions of the Franchise Agreement.

The balance sheet of the acquired companies at the date of acquisition does not show any balances that cannot be reliably estimated and the trial balance of Tietê Plaza as at January 31, 2024 and the trial balance of ACL and MG-PT as at February 29, 2024 are represented by the following group of assets or liabilities:

Business combination	Tietê Plaza	ACL	MG-PT	Total
Assets				
Cash and cash equivalents	239	408	9	656
Trade receivables	-	19	7	26
Other receivables	4	6	107	117
Right-of-use assets	751	1,407	-	2,158
Property and equipment	952	1,216	1,754	3,922
Property and equipment - surplus value	662	992	-	1,654
Intangible assets	-	-	2	2
Intangible asset – customer list	2,649	811	35	3,495
Intangible assets - surplus value	-	-	382	382
Liabilities				
Trade payables	(10)	(127)	(92)	(229)
Other liabilities	(94)	(125)	(305)	(524)
Lease liabilities	(882)	(1,688)	-	(2,570)
Other liabilities	(32)	(317)	(2,644)	(2,993)
Current taxes payable	-	(15)	-	(15)
Deferred tax liabilities on surplus value	(1,126)	(613)	-	(1,739)
Total identifiable assets acquired and liabilities assumed at fair value	**3,113**	**1,974**	**(745)**	**4,342**
Consideration	14,825	7,121	-	21,946
Goodwill arising on transaction	**11,712**	**5,147**	**-**	**16,859**
Uncovered liability on transaction	**-**	**-**	**745**	**745**

Goodwill arising on the transaction is attributable to the future profitability of the acquired business.

For the year ended December 31, 2024, the acquired businesses contributed to the Group's results with net revenue of R$10,766 and profit of R$3,158. Had the business combination taken place at the beginning of the year, operating revenue and profit for the year would have been R$12,366 and R$2,232, respectively.

(In thousands of Brazilian reais - R$, unless otherwise stated)

ACQUISITION OF NONCONTROLLING INTERESTS IN PERU (LATAM GYM S.A.)

On May 2, 2024, the subsidiary Sporty Panamá SA ("Sporty Panamá") entered into a Purchase and Sale Agreement for the acquisition of 100% of the shares of Latam Gym S.A. Company. ("Latam Gym"), headquartered in Peru, which holds 10% of the share capital of Smartfit Peru SAC ("Smartfit Peru"), a subsidiary of the Company headquartered in Peru.

The total amount of the transaction was PEN 88 million, equivalent to approximately R$120,843, of which R$70,473 was paid up to December 31, 2024 and the remaining balance will be paid in 18 monthly installments starting in May 2025.

Since the start of Smartfit Peru's operations, the Company held a direct 90% interest in the subsidiary's share capital and, consequently, already consolidated the results and balance sheet in its financial statements, and as a result of the Transaction it now directly and indirectly holds all the shares in its share capital.

The balance sheet of the acquired company on the acquisition date does not present balances that cannot be measured reliably, and Latam Gym's balance sheet referring to April 30, 2024 is represented by the following group of assets or liabilities:

	Latam Gym
Acquisition of noncontrolling interests	
Cash and cash equivalents	40
Other receivables	23
Investments in subsidiaries and joint ventures	7,710
Borrowings	(15,902)
Total identifiable assets acquired and liabilities assumed at fair value	**(8,129)**
Consideration	120,843

This operation is not considered a business combination, but rather a purchase of noncontrolling interest, involving a change in the percentage of interest in a subsidiary without loss of control. In accordance with applicable accounting standards, these transactions are treated as capital transactions, not affecting goodwill or the result for the year, and any difference between the amount paid or received and the carrying amount of the noncontrolling interest adjusts the parent's equity. This transaction resulted in a record in Sporty Panamá's equity in the amount of R$129,048, calculated using the exchange rate on the transaction date. With this operation, the noncontrolling interest that represented R$7,738 was eliminated from the balance sheet, as the Company now fully controls Latam Gym, which held this interest.

ACQUISITION BIENSTAR S.A.

On May 27, 2024, the subsidiary Smartfit Uruguay SA entered into a Purchase and Sale Agreement for the acquisition of 100% of the shares of Bienstar S.A. ("Bienstar"), company headquartered in Uruguay. The total amount of the transaction was US$2 million, equivalent to approximately R$10,715, of which R$9,315 was paid up to December 31, 2024 and the remaining balance will be paid within 120 days from the transaction date.

The balance sheet of the acquired company on the acquisition date does not present balances that cannot be measured reliably, and Bienstar S.A.'s balance sheet referring to May 31, 2024 is represented by the following group of assets or liabilities:

	Bienstar
Business combination	
Assets	
Cash and cash equivalents	332
Trade receivables	291
Other receivables	773
Property and equipment	28
Intangible assets - Non compete agreement	344
Liabilities	
Trade payables	(1,282)
Other liabilities	(1,573)
Total identifiable assets acquired and liabilities assumed at fair value	**(1,087)**
Consideration	10,715
Goodwill arising on transaction	**11,802**

Goodwill arising on the transaction is attributable to the future profitability of the acquired business.

For the year ended December 31, 2024, the acquired business contributed to the Group's results with net revenue of R$2,325 and loss of R$4,258. Had the business combination taken place at the beginning of the year, operating revenue and loss for the year would have been R$5,546 and R$6,045, respectively.

(In thousands of Brazilian reais - R$, unless otherwise stated)

ACQUISITIONS OF OTHER CLUBS 2023

In December 2023, the Company acquired three subsidiaries (Holandeses, Cohama and Lake) and made the preliminary recording of the PPA. During 2024, the Company finalized the PPA and made some reallocations, adjusting goodwill for the surplus value of customer list, fixed assets and deferred tax. In addition, there were changes to the initial balance sheets of the companies acquired due to initial adjustments to the balance sheets and price adjustments.

On March 15, 2024, based on the purchase and sale agreement, a price adjustment of R$231 was made in favor of the Group, related to the acquisition of Lake.

During the year ended December 31, 2024, the Group paid R$3,381 for the acquisition of Holandeses, R$4,198 for the acquisition of Lake and R$4,309 for the acquisition of Cohama.

OTHER ACQUISITION OF NONCONTROLLING INTERESTS

On March 19, 2024, the noncontrolling shareholders of the subsidiary Centrale assigned 100% of their quotas to the Company, the noncontrolling shareholders held 33.08% of the quotas.

On June 24, 2024, the subsidiary Escola de Natação e Ginástica Bioswim Ltda (“Bioswim”) acquired a noncontrolling interest in subsidiary Bio Plaza which held 15.58% of the quotas. The Company paid R$547 to acquire this interest.

On June 25, 2024, the subsidiary Escola de Natação e Ginástica Bioswim Ltda (“Bioswim”) acquired a noncontrolling interest in subsidiary BioSanta, which held 24.8% of the quotas. The Company paid R$2,150 to acquire this interest.

BODYTECH PERU OPERATION

On July 25, 2024, Smartfit Peru S.A.C. (“Smartfit Peru”) entered into a commercial agreement with Inverdesa Peru S.A.C. (“Bodytech”) whereby Bodytech undertook to discontinue its operations in Peru and not to compete directly or indirectly for three years, granting Smartfit Peru the possibility of entering into new lease agreements with the lessors of the commercial properties previously occupied by Bodytech. The total amount of the transaction was USD 5,232, approximately R$29,510 for the purchase of equipment, customer list and non-compete agreement. The transaction was accounted for in property and equipment and intangible assets, in accordance with IAS16/CPC27 and IAS38/CPC04.

ACQUISITION OF VELOCITY GROUP

On November 1, 2024, Smartfit's wholly-owned operating subsidiaries, Racebootcamp Academia de Ginástica Ltda (“Race”) and Escola de Natação e Ginástica Bioswim Ltda (“Bioswim”), completed the acquisition of 100% of the shares of Velocity Academia de Ginástica Ltda (“Velocity Academia”) and Velocity Franqueadora Ltda (“Velocity Franqueadora”).

The total value of the transaction was R$183,000, of which R$163,682 were paid until December 31, 2024 and the remaining balance will be paid from the 3rd anniversary of the Closing Date until the 6th anniversary. Additionally, there is a retained portion of R$10,000, the payment of which is subject to compliance with certain conditions and goals established in the Contract, and this amount will not be paid before 12 months from the Closing Date.

The balance sheet of the acquired companies at the date of acquisition does not show any balances that cannot be reliably measured and the trial balances of Velocity Academia and Velocity Franqueadora as at October 31, 2024 are represented by the following group of assets or liabilities:

Business combination	Velocity Franqueadora	Velocity Academia	Total
Assets			
Cash and cash equivalents	144	1,899	**2,043**
Trade receivables	2,935	1,561	**4,496**
Other receivables	3,098	755	**3,853**
Property and equipment	65	4,621	**4,686**
Property and equipment - surplus value	-	1,858	**1,858**
Intangible assets	20	289	**309**
Intangible asset – customer list	66,551	1,036	**67,587**
Intangible asset - trademarks and patent	31,066	10,169	**41,235**
Other receivables	39	393	**432**
Liabilities			
Trade payables	(206)	(2,125)	**(2,331)**
Other liabilities	(4,119)	(3,141)	**(7,260)**
Current taxes payable	(612)	(538)	**(1,150)**
Deferred tax liability on surplus value	(33,180)	-	**(33,180)**
Other liabilities - noncurrent	-	(11)	**(11)**
Total identifiable assets acquired and liabilities assumed at fair value	**65,801**	**16,766**	**82,567**
Consideration	114,686	65,941	180,627
Goodwill arising on transaction	**48,885**	**49,175**	**98,060**

Goodwill arising on the transaction is attributable to the future profitability of the acquired business.

For the year ended December 31, 2024, the acquired business contributed to the Group’s results with net revenue of R$6,888 and profit of R$2,983. Had the business combination taken place at the beginning of the year, operating revenue and profit for the year would have been R$18,007 and R$1,850, respectively.

(In thousands of Brazilian reais - R$, unless otherwise stated)

SHARE BUYBACK PROGRAM

At a meeting of the Board of Directors held on November 19, 2024, the Company's share buyback program was approved. The Share Buyback Program came into effect on November 19, 2024 and will last up to 18 months, that is, until May 19, 2026.

The maximum number of shares to be acquired by the Company will be up to 16,130,245 shares, representing 5.0% of the 322,604,918 shares outstanding on that date, as defined in article 9 of CVM Resolution 77.

DIVIDENDS AND INTEREST ON CAPITAL

In 2024, at extraordinary meetings of the Board of Directors the following distributions of interest on capital were approved:

On June 17, 2024, a payment of interest on capital in the total gross amount of R$50,000, corresponding to R$ 0.0852889683 per share, was approved. The base date for the right to receive interest on capital was June 21, 2024, and from June 24, 2024 the Company's shares were traded "ex-interest on capital" on B3; the payment was made in a single installment on July 31, 2024 in the net amount of R$47,455.

On December 10, 2024, a payment of interest on capital in the total gross amount of R$258,500, corresponding to R$ 0.44094396609 per share, was approved. The base date for the right to receive interest on capital was December 13, 2024, and from December 16, 2024 the Company's shares were traded "ex-interest on capital" on B3; the payment will be made on February 12, 2025, without inflation adjustment, in the net amount of R$244,761.

The interest on capital declared will be imputed to the minimum mandatory dividends for 2024.

4. CASH AND CASH EQUIVALENTS

BREAKDOWN OF BALANCES

	Parent		Consolidated	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Cash and cash equivalents				
Cash and banks	2,811	1,864	303,276	169,636
CDB[(1)(4)]	78,111	39,557	503,130	458,461
Non-exclusive investment funds[(2)]	11,746	5,084	98,096	84,351
Repurchase agreements[(3)]	903	-	586,122	390,985
Total	**93,571**	**46,505**	**1,490,624**	**1,103,433**

(1) They are remunerated at a weighted average rate of 102.02% of the CDI (101.50% in Dec/23) and managed by independent financial institutions. The maturities are variable; however, they are highly liquid, with no loss of remuneration upon redemption.
(2) These are mainly distributed into subsidiaries Latamgym Mexico with an average annual rate of 9.39% (10.85% in Dec/23) and Latamfit Chile with an average annual rate of 6.94% (10.03% in Dec/23).
(3) These refer to transactions involving the purchase of securities with repurchase commitment by issuers of the securities, which are mainly remunerated at 100.00% of the CDI (100.00% in Dec/23).
(4) This includes the balance of the CDBs that compose the portfolio of the Santo Amaro exclusive investment fund remunerated at a weighted average rate of 102.69% of the CDI (102.63% in Dec/23). The maturities are variable; however, they are highly liquid, with no loss of remuneration upon redemption.

ACCOUNTING POLICY:

These comprise cash on hand and in banks and financial investments. According to CPC 03 (R2) / IAS 7 – Statement of Cash Flows, in order to be classified as cash equivalent, an asset must have a short term (a maturity of up to three months or less from the acquisition date, be highly liquid, be readily convertible to known amounts of cash, and be subject to insignificant risk of change in value.

(In thousands of Brazilian reais - R$, unless otherwise stated)

5. INVESTMENTS IN FINANCIAL ASSETS

BREAKDOWN OF BALANCES

	Parent		Consolidated	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Investments in financial assets				
Exclusive investment funds[1]	2,273,649	2,052,180	-	-
Government securities[2]	-	-	654,135	570,293
Financial bills[3]	-	-	801,917	939,588
Interests in publicly-held company[4]	-	-	89,832	35,453
Other financial investments	5,502	4,234	39,475	33,758
Total	**2,279,151**	**2,056,414**	**1,585,359**	**1,579,092**
Current	**2,273,649**	**2,052,180**	**1,456,751**	**1,509,880**
Noncurrent	**5,502**	**4,234**	**128,608**	**69,212**

(1) Refer to the private credit exclusive fixed income investment funds Átila RF CP FI remunerated at a weighted average rate of 106.56% of the CDI (105.36% in Dec/23) and Santo Amaro RF CP remunerated at a weighted average rate of 106.80% of the CDI (105.25% in Dec/23). In the Parent, the amounts of share units held by the Company are presented under Investments in financial assets in the line "Exclusive investment funds". In Consolidated, the financial investment of the funds was fully consolidated into this condensed interim financial information, in accordance with CVM Instruction 408/04, and their balances were presented by each financial component.

(2) Represented by government securities (LFT) remunerated at a weighted average rate of 101.75% of the CDI (101.49% of the CDI in Dec/23) for the securities of Santo Amaro and Atila funds remunerated at a weighted average rate of 100.58% of the CDI (101.43% in Dec/23).

(3) Refer to private credit securities by financial institutions of Atila fund remunerated at a weighted average rate of 122.64% of the CDI (109.91% of the CDI in Dec/23) and Santo Amaro fund remunerated at a weighted average rate of 111.81% of the CDI (109.09% of the CDI in Dec/23).

(4) Refers to the investment in shares of Sports World.

ACCOUNTING POLICY:

The Group classifies its investments in financial assets in the following measurement categories:

▪ those to be measured subsequently at fair value (either through OCI or through profit or loss), and

▪ those to be measured at amortized cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets measured at fair value through profit or loss are recognized as finance costs.

6. TRADE RECEIVABLES

BREAKDOWN OF BALANCES

	Parent		Consolidated	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Trade receivables				
Trade receivables arising from contracts with customers[1]	197,514	148,970	559,996	352,048
Allowance for expected credit losses	(150)	(152)	(5,943)	(3,041)
Total	**197,364**	**148,818**	**554,053**	**349,007**

(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 the plans.

At December 31, 2024, the average collection period for trade receivables is approximately 32 days (30 days at December 31, 2023).

Due to the Group's business model, the recorded amounts of allowance for expected credit losses are not significant, considering that in the event of non-payment by members, the access to the units is disabled and is only enabled upon settlement of the pending amounts. Accordingly, the Group does not record trade receivables and revenue until the respective payment is made.

As a large portion of sales is made on credit cards, the Group assesses that the credit risk is low (see note 26).

ACCOUNTING POLICY:

According to CPC 47 / IFRS 15 – Revenue with Contracts with Customers, trade receivables are initially recognized at fair value and subsequently measured at amortized cost by applying the effective interest method, less expected credit losses.

(In thousands of Brazilian reais - R$, unless otherwise stated)

7. RELATED PARTIES

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 Company 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.
- **Dividends receivable.** These refer to minimum mandatory dividends receivable by the Company from its subsidiaries.

OTHER RELATED-PARTY TRANSACTIONS

The Company has (i) a property lease agreement with one of its shareholders signed in 2015, and interest and amortization arising from lease liabilities for the year ended December 2024 are recognized in profit or loss in the amount of R$617 R$611 in December 2023).

In addition, the Group has made financial investments in investment funds where it has exclusive participation (100% of the quotas), which are detailed in note 5.

COMPENSATION OF KEY MANAGEMENT PERSONNEL

On April 25, 2024, at the AEGM, the limit of the annual global compensation of the Group's Officers of R$49,520 for 2024 was approved.

The table below shows the officers' compensation:

Officers' compensation	12/31/2024	12/31/2023
Fees	11,289	6,709
Benefits	3,728	1,818
Bonuses	12,740	2,240
Stock option plan	18,767	30,383
Total compensation	**46,524**	**41,150**

(In thousands of Brazilian reais - R$, unless otherwise stated)

RELATED-PARTY BALANCES

	12/31/2024				12/31/2023			
	Other receivables		Other liabilities		Other receivables		Other liabilities	
	Trading transactions	Loans, interest on capital and dividends	Trading transactions	Loans, interest on capital and dividends	Trading transactions	Loans, interest on capital and dividends	Trading transactions	Loans, interest on capital and dividends
PARENT								
Subsidiaries								
ADV Esportes	3	-	47	28,500	349	-	182	-
Smartfin	8,761	-	134	-	20,708	-	184	-
Smartdom	28	10,807	26	-	-	9,347	-	-
Bio Plaza	477	-	1	-	344	5,005	-	-
Asnsmart	92	-	46	-	-	940	-	-
Bioswim	3,604	114,261	5,753 (1)	-	7,986	-	30,953 (1)	-
Biosanta	38	-	131	-	-	749	6	-
Microsul	-	-	1	-	-	-	-	-
Smartrfe	34	-	16	3,779	-	-	-	-
M2	104	-	307	200	34	245	297	-
SmartMNG	46	-	21	9,039	64	-	-	-
Biomorum	208	-	3,871	-	-	-	5,258	-
Racebootcamp	1,349	-	87	-	7,946	-	-	-
TotalPass	73,188	-	2,977	-	45,265	-	5,522	-
Just Fit	228	-	219	-	28	-	27	-
Bio Pauli	-	-	62	-	-	-	190	-
Bio Franqueadora	12	-	-	-	-	-	4	-
MB Negócios Digitais	-	-	-	-	-	448	-	-
MG-PT	-	4,191	-	-	-	-	-	-
Smartfit Maroc	-	3,115	-	-	-	-	-	-
Smartfit Peru	1,772	-	-	-	-	-	-	-
Latamgym SAPI	6,014	-	-	-	-	-	-	-
Latamfit Chile	2,072	-	-	-	-	-	-	-
Total balances with related parties	**98,030**	**132,374**	**13,699**	**41,518** (2)	**82,724**	**16,734**	**42,623**	**-**
Current	**98,030**	**7,305**	**13,408**	**41,518**	**82,724**	**2,399**	**42,332**	**-**
Noncurrent	**-**	**125,069**	**291**	**-**	**-**	**14,335**	**291**	**-**
CONSOLIDATED								
Joint ventures								
TotalPass Mexico	45,425	22,467	333	-	23,580	9,382	2,411	-
Noncontrolling interests	-	200	-	-	-	-	192	-
Total balances with related parties	**45,425**	**22,667**	**333**	**-**	**23,580**	**9,382**	**2,603**	**-**
Current	**45,425**	**200**	**333**	**-**	**23,580**	**9,382**	**2,603**	**-**
Noncurrent	**-**	**22,467**	**-**	**-**	**-**	**-**	**-**	**-**

(1) The liabilities balance refers to transactions resulting from the apportionment of administrative expenses and transfers of property and equipment.

(2) Prepaid dividends.

(In thousands of Brazilian reais - R$, unless otherwise stated)

RELATED-PARTY TRANSACTIONS

	12/31/2024				12/31/2023			
	Operating revenue	Costs	Expenses	Finance income (costs)	Operating revenue	Costs	Expenses	Finance income (costs)
PARENT								
Subsidiaries								
Smartfin	-	-	(1,688)	-	-	-	(4,057)	-
Smartdom	387	-	-	1,368	408	-	-	1,441
Bio Plaza	345	-	-	380	740	-	-	682
Asnsmart	1,177	-	-	6	1,131	-	-	333
Bioswim	-	(4,423)	-	-	-	(3,703)	-	-
Biosanta	-	-	-	105	-	-	-	225
M2	363	-	-	-	345	-	-	-
Biomorum	-	(24,045)	-	-	-	(19,836)	-	-
Totalpass	-	(12,104)	-	-	-	(7,787)	-	-
Bio Pauli	-	(735)	-	-	-	-	-	-
Smartfit Peru S.A.C	19,850	-	-	-	-	-	-	-
Latamgym SAPI de CV	70,476	-	-	-	-	-	-	-
Latamfit Chile SPA	21,213	-	-	-	-	-	-	-
Total balances with related parties	**113,811**	**(41,307)**	**(1,688)**	**1,859**	**2,624**	**(31,326)**	**(4,057)**	**2,681**
CONSOLIDATED								
Joint ventures								
TotalPass Mexico	52,820	(5,297)	-	-	28,194	(2,889)	-	-
FitMaster	666	(15)	-	-	-	-	-	-
Total balances with related parties	**53,486**	**(5,312)**	**-**	**-**	**28,194**	**(2,889)**	**-**	**-**

(In thousands of Brazilian reais - R$, unless otherwise stated)

8. TAXES RECOVERABLE

	Parent		Consolidated	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Taxes recoverable				
PIS/ COFINS	5,928	2,761	8,827	4,405
IRPJ/ CSLL	50,305	29,242	109,779	79,969
IRRF on financial investments	79,201	42,069	82,694	43,618
IGV/ IVA	-	-	111,153	107,070
Others	1,141	1,115	32,177	26,511
Total	**136,575**	**75,187**	**344,630**	**261,573**
Current	**136,575**	**75,187**	**338,554**	**228,284**
Noncurrent	**-**	**-**	**6,076**	**33,289**

ACCOUNTING POLICY:

Taxes recoverable are recorded when there is a legal right for the Company. Contingent assets with a possible recovery probability, which result from past events, the existence of which will only be confirmed, or not, by the occurrence of uncertain future events, are not recorded.

The balances of taxes recoverable are presented net of estimated losses on tax credits and the recoverability of balances is reviewed annually by the Group. Recoverable taxes represent the rights that will be realized through offset with future obligations arising from the Group's operations. The Company continually reviews the realization capacity of these assets and, when necessary, provisions are recognized to ensure that these assets are accounted for based on their realizable value.

9. DERIVATIVE FINANCIAL INSTRUMENTS

BREAKDOWN OF BALANCES

	Parent		Consolidated	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Derivative financial investments				
Assets				
Smartfit call option - M2	5,947	5,690	5,947	5,690
Smartfit call option - ASN	7	868	7	868
Smartfit call option - End Fit	12,075	13,916	12,075	13,916
Interest rate swap – Smartfit Mexico	-	-	203	4,692
Interest rate swap – 7th issue of debentures	1,046	2,770	1,046	2,770
Total	**19,075**	**23,244**	**19,278**	**27,936**
Current	**7,000**	**8,460**	**7,203**	**12,939**
Noncurrent	**12,075**	**14,784**	**12,075**	**14,997**
Liabilities				
Put option of the noncontrolling shareholder – MB Negócios Digitais	26,274	30,305	26,274	30,305
Put option of the noncontrolling shareholder – ASN Smart	2,368	1,328	2,368	1,328
Put option of the noncontrolling shareholder – M2	24	-	24	-
Put option of the noncontrolling shareholder – End Fit	4,293	3,449	4,293	3,449
Put option of the noncontrolling shareholder – Fit Master	4	1,116	4	1,116
Total	**32,963**	**36,198**	**32,963**	**36,198**
Current	**28,670**	**-**	**28,670**	**-**
Noncurrent	**4,293**	**36,198**	**4,293**	**36,198**

ACCOUNTING POLICY:

These are initially recognized at fair value at the date the derivative contract is entered into and are subsequently remeasured at fair values. Derivatives 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.

(In thousands of Brazilian reais - R$, unless otherwise stated)

10. OTHER RECEIVABLES

BREAKDOWN OF BALANCES

	Parent		Consolidated	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Other receivables				
Security deposits[1]	-	197	45,610	40,529
Loans to third parties[2]	30,481	25,368	66,873	55,785
Escrow deposits[3]	59,609	79,949	81,730	100,936
Prepaid expenses	61,576	28,565	120,218	57,253
Advances to suppliers	15,971	3,980	94,668	50,965
Others	11,008	2,945	43,576	18,951
Total	**178,645**	**141,004**	**452,675**	**324,419**
Current	**50,061**	**19,740**	**219,485**	**109,629**
Noncurrent	**128,584**	**121,264**	**233,190**	**214,790**

(1) In Consolidated, refers substantially to security deposits for lease contracts in Mexico.
(2) Includes the loan with N2B Nutrição Empresarial Ltda. ("N2B", a startup that operates in the nutrition industry) in the amount of R$27,261 (R$22,476 in Dec/23), indexed to the positive IPCA variation, with maturity in July 2025, which will entitle Smartfit to hold a 67.27% interest in N2B in the event of conversion of this loan into common shares.
(3) These are related to administrative and judicial proceedings, mainly in the tax (IRRF withholdings) and social security areas (INSS contributions).

ACCOUNTING POLICY:

Financial

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

Non-financial

These are initially measured at fair value and carried in the balance sheet at the known or estimated amounts, adjusted by the end of each reporting period, when applicable.

(In thousands of Brazilian reais - R$, unless otherwise stated)

11. INVESTMENTS IN SUBSIDIARIES AND JOINT VENTURES

DIRECT SUBSIDIARIES

	Country of incorporation	Equity interest held by the Company		Equity interest held by noncontrolling interests	
		12/31/2024	12/31/2023	12/31/2024	12/31/2023
Subsidiaries					
Academia Cohama Ltda[1]	Brazil	100.00%	100.00%	-	-
Academia de Ginástica Tietê Plaza Ltda[1]	Brazil	100.00%	-	-	-
Academia Smart Holandeses Ltda[1]	Brazil	100.00%	100.00%	-	-
ACL Academia de Ginástica Ltda[1]	Brazil	100.00%	-	-	-
ADV Esporte e Saúde Ltda.	Brazil	100.00%	100.00%	-	-
Biopauli Compra, Venda e Administração de Bens Ltda.	Brazil	100.00%	100.00%	-	-
Biosanta Academia Ltda.	Brazil	100.00%	75.20%	-	24.80%
Centrale Compra, Venda e Locação de Imóveis Ltda.	Brazil	100.00%	66.92%	-	33.08%
Corporacion Sport City SA	Mexico	100.00%	100.00%	-	-
Escola de Natação e Ginástica Biomorum Ltda.	Brazil	100.00%	100.00%	-	-
Escola de Natação e Ginástica Bioswim Ltda.	Brazil	100.00%	100.00%	-	-
Just Fit Empreendimentos e Participações SA	Brazil	100.00%	100.00%	-	-
Lake Academia de Ginástica Ltda[1]	Brazil	100.00%	100.00%	-	-
Latamfit, S.L.	Spain	100.00%	-	-	-
Latamfit Chile SPA	Chile	100.00%	100.00%	-	-
Latamgym SAPI de CV	Mexico	100.00%	100.00%	-	-
M2 - Academia de Ginástica Ltda.	Brazil	50.00%	50.00%	50.00%	50.00%
MB Negócios Digitais S.A.	Brazil	70.00%	70.00%	30.00%	30.00%
Nation CT Academia de Musculação S.A.	Brazil	100.00%	100.00%	-	-
Racebootcamp Academia de Ginástica Ltda.	Brazil	100.00%	100.00%	-	-
Servicios Deportivos para Latinoamerica SA	Mexico	100.00%	100.00%	-	-
Smartfin Cobranças Ltda.	Brazil	100.00%	100.00%	-	-
Smartfit Maroc	Morocco	100.00%	-	-	-
Smartfit Paraguay S.A.	Paraguay	100.00%	100.00%	-	-
Smartfit Peru SAC[2]	Peru	100.00%	90.00%	-	10.00%
Smartfit SAS	Argentina	100.00%	100.00%	-	-
Smartfit Uruguay S.A.	Uruguay	100.00%	100.00%	-	-
SmartMNG Academia de Ginástica Ltda.	Brazil	100.00%	100.00%	-	-
SmartRFE Academia de Ginástica Ltda.	Brazil	100.00%	100.00%	-	-
SMTF - Escola de Ginastica e Dança S.A.	Portugal	100.00%	-	-	-
Sporty City SAS	Colombia	100.00%	100.00%	-	-
Sporty Panamá S.A.	Panama	100.00%	100.00%	-	-
Totalpass Participações Ltda.	Brazil	100.00%	100.00%	-	-

(1) See note 3.
(2) The Company holds 90% of Smartfit Peru, while the subsidiary Sporty Panamá indirectly holds the remaining 10%, as stated in Note 3

The Group does not have investments in subsidiaries with non-significant interest.

JOINT VENTURES

	Country of incorporation	Equity interest held by the Group	
		12/31/2024	12/31/2023
Joint ventures			
FitMaster LLC	United States	55.00%	55.00%
Total Pass SA de CV[1]	Mexico	33.33%	33.33%

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

(In thousands of Brazilian reais - R$, unless otherwise stated)

BREAKDOWN OF BALANCES

	12/31/2024	12/31/2024		12/31/2023	12/31/2023	
	Investment balance	Share of profit (loss) of investees	Other comprehensive income	Investment balance	Share of profit (loss) of investees	Other comprehensive income
PARENT						
Subsidiaries						
Academia Cohama Ltda.	11,194	1,451	-	9,743	37	-
Academia de Ginástica Tietê Plaza Ltda.	17,220	2,395	-	-	-	-
Academia Smart Holandeses Ltda.	10,043	1,995	-	8,048	54	-
ACL Academia de Ginástica Ltda.	8,142	1,020	-	-	-	-
ADV Esporte e Saúde Ltda.	38,904	5,500	-	33,804	34,085	-
Biopauli Compra, Venda e Adm. de Bens Ltda	15,176	1,393	-	12,872	1,089	-
Biosanta Academia Ltda.	-	87	-	381	217	-
Centrale Compra, Venda e Loc. de Imo. Ltda	2,092	(12,918)	-	11,102	2,088	-
Escola de Natação e Ginástica Biomorum Ltda.	16,008	1,931	-	14,578	5,000	-
Escola de Natação e Ginástica Bioswim Ltda.	230,987	109,905	-	248,083	123,674	-
Just Fit Empreendimentos e Participações SA	143,836	26,803	-	124,033	73,300	-
Lake Academia de Ginástica Ltda.	11,076	1,398	-	9,909	119	-
M2 - Academia de Ginástica Ltda.	1,885	399	-	1,855	198	-
MB Negócios Digitais S.A.	111,522	5,743	251	110,630	6,278	(80)
Nation CT Academia de Musculação S.A.	25,101	(3,863)	-	4,214	2,122	-
Racebootcamp Academia de Ginástica Ltda.	108,597	(885)	-	19,118	9,527	-
Smartfin Cobranças Ltda.	(2,077)	2,725	-	(4,802)	(2,365)	-
SmartMNG Academia de Ginástica Ltda.	54,327	14,218	-	53,744	17,861	-
SmartRFE Academia de Ginástica Ltda.	34,388	5,310	-	34,877	11,529	-
Totalpass Participações Ltda.	410	(1,879)	-	2,290	(1,295)	-
Corporacion Sport City SA	115,055	6,240	7,119	103,344	21,303	6,583
Latamgym SAPI de CV	1,472,448	36,638	79,040	1,337,920	39,579	86,762
Servicios Deportivos para Latinoamerica SA	2,183	-	89	2,091	4	138
Sporty City SAS	609,857	121,657	74,673	534,340	65,419	68,622
Sporty Panamá S.A.	558,376	22,595	129,456	535,374	8,855	(43,166)
Latamfit Chile SPA	300,158	5,794	36,633	257,731	54,033	(27,577)
Smartfit Peru SAC	80,437	923	17,838	61,676	21,956	(2,123)
Smartfit SAS	22,201	3,043	(2,100)	21,257	(5,138)	(4,075)
Smartfit Paraguay S.A.	52,776	5,078	8,193	39,505	6,276	(2,477)
Smartfit Uruguay S.A.	37,494	(3,620)	4,602	26,386	(3,941)	(1,005)
SMFT - Escola de Ginastica e Dança S.A.	(282)	(1,177)	(73)	-	-	-
Smartfit Maroc	9,735	(1,994)	385	-	-	-
Latamfit, S.L.	49,134	(1,355)	219	-	-	-
Joint ventures						
FitMaster LLC	55,411	4,789	9,240	40,940	1,516	(1,921)
Total	**4,203,814**	**361,339**	**365,565**	**3,655,043**	**493,380**	**79,681**
Included in assets	**4,206,174**			**3,659,845**		
Included in liabilities[1]	**(2,360)**			**(4,802)**		
CONSOLIDATED						
Joint ventures						
FitMaster LLC	55,411	4,789	9,240	40,940	1,516	(1,921)
Total Pass SA de CV	-	(3,943)	(641)	-	(2,605)	(260)
Total	**55,411**	**846**	**8,599**	**40,940**	**(1,089)**	**(2,181)**

See note 16.

(In thousands of Brazilian reais - R$, unless otherwise stated)

CHANGES FOR THE YEAR

Investments in subsidiaries and joint ventures	Parent	Consolidated
At December 31, 2022	**2,816,293**	**447,994**
Capital increases	140,300	-
Acquisition of interest - Sporty Panama	-	(406,648)
Acquisition of subsidiary – Lake	9,790	-
Acquisition of subsidiary – Holandeses	7,994	-
Acquisition of subsidiary – Cohama	9,705	-
Price adjustment - acquisition of control – Sporty Panama	(2,683)	-
Consideration present value adjustment – Sporty Panama	(10,880)	-
Dividends and interest on capital	(46,851)	-
Offset against loan agreement	-	2,864
Gain (loss) on remeasurement of previously held interest	176,599	-
Loss from dilution of equity interest	(14,169)	-
Share-based payments in subsidiaries	(4,206)	-
Share of profit (loss) of investees	493,380	(1,089)
Merger of Field Fit	90	-
Other comprehensive income in subsidiaries	6,726	-
Foreign exchange effects	72,955	(2,181)
At December 31, 2023	**3,655,043**	**40,940**
Capital increase(1)	159,094	453
Acquisition of subsidiary - Tietê Plaza(2)	14,825	-
Acquisition of subsidiary – ACL(2)	7,121	-
Price adjustment	(231)	-
Transfer of noncontrolling interests between Group subsidiaries	(372)	-
Dividends and interest on capital	(231,090)	-
Offset against loan agreement	-	4,573
Transactions with noncontrolling interests	(127,480)	-
Share of profit (loss) of investees	361,339	846
Other comprehensive income in subsidiaries	18,217	-
Foreign exchange effects	347,348	8,599
At December 31, 2024	**4,203,814**	**55,411**

(1) At December 31, 2024, in parent, refers to the capital increase in subsidiaries Latamgym México (R$18,000), Smartfit Uruguay (R$10,126), Racebootcamp (R$90,364), Nation CT (R$24,750), SMTF (R$968), Centrale (R$340), FitMaster LLC (R$453), Smartfit Maroc (R$11,338), Latamfit, S.L.U (R$138), Latamfit, S.L.U (R$755) and Biopauli (R$2,000).
(2) See note 3.
(3) At December 31, 2024, in the parent company, this refers to transactions with non-controlling shareholders, including Latam Gym (R$129,049), Latamgym México (R$797), Bio Plaza (R$991), Biosanta (R$1,544), and Centrale (-R$4,901).

SUMMARIZED AGGREGATED FINANCIAL INFORMATION ON JOINT VENTURES

BALANCE SHEETS	12/31/2024	12/31/2023
Current assets	106,246	45,429
Noncurrent assets	129,748	95,064
Total assets	**235,994**	**140,493**
Current liabilities	169,132	86,235
Total liabilities	**169,132**	**86,235**
Total equity	**66,862**	**54,258**

STATEMENTS OF PROFIT AND LOSS	12/31/2024	12/31/2023
Operating revenue	333,668	173,252
Costs and expenses	(329,328)	(176,212)
Operating profit (loss)	**4,340**	**(2,960)**
Finance income (costs)	(6,241)	(1,443)
Profit (loss) for the year	**(1,901)**	**(4,403)**

ACCOUNTING POLICY:

Investments

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.

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 Group 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.

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. Goodwill on acquisitions is included in Intangible assets (see note 13) and is tested for impairment annually.

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 Group 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 Group 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. However, changes arising from events that take place after the acquisition date, such as meeting profit targets, reaching the specified share price or achieving a certain stage of a research and development project, are not measurement period adjustments. In these cases, changes in fair value should be recognized in profit or loss for the year.

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

Changes in equity interests in subsidiaries that did not result in loss of control are recorded as equity transactions and, consequently, have no impact on goodwill. The difference between the consideration and noncontrolling interests in net assets acquired is recognized in equity.

(In thousands of Brazilian reais - R$, unless otherwise stated)

12. PROPERTY AND EQUIPMENT

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							
As at December 31, 2022							
Cost	1,040,872	516,161	133,309	45,346	85,967	103,917	1,925,572
Accumulated depreciation	(531,387)	(213,865)	(55,004)	(25,883)	-	(63,346)	(889,485)
Net value	**509,485**	**302,296**	**78,305**	**19,463**	**85,967**	**40,571**	**1,036,087**
Additions(3)	50,791	76,549	14,231	6,642	208,588	11,104	367,905
Write-offs	(4,963)	(14,056)	(1,774)	(310)	(4,414)	(1,288)	(26,805)
Merger/Spin-off	(30)	(322)	(42)	(2)	-	-	(396)
Acquisition of assets	80	880	112	6	-	-	1,078
Depreciation	(96,227)	(56,306)	(13,978)	(7,976)	-	(15,075)	(189,562)
Transfers and reclassifications(2)	70,967	42,306	9,620	2,483	(165,335)	14,896	(25,063)
At December 31, 2023							
Cost	1,149,983	606,202	155,712	53,514	124,806	128,117	2,218,334
Accumulated depreciation	(619,880)	(254,855)	(69,238)	(33,208)	-	(77,909)	(1,055,090)
Net value	**530,103**	**351,347**	**86,474**	**20,306**	**124,806**	**50,208**	**1,163,244**
Additions(3)	91,500	83,084	15,254	10,469	350,399	16,771	567,477
Write-offs	(4,282)	(14,939)	(408)	(105)	(3,708)	(149)	(23,591)
Depreciation	(106,373)	(68,905)	(16,088)	(8,856)	-	(18,061)	(218,283)
Transfers and reclassifications(1)	127,243	101,975	16,675	6,741	(273,142)	15,986	(4,522)
At December 31, 2024							
Cost	1,354,799	743,657	188,325	71,547	198,355	156,072	2,712,755
Accumulated depreciation	(716,608)	(291,095)	(86,418)	(42,992)	-	(91,317)	(1,228,430)
Net value	**638,191**	**452,562**	**101,907**	**28,555**	**198,355**	**64,755**	**1,484,325**
CONSOLIDATED							
At December 31, 2022							
Cost	2,967,947	1,159,258	296,474	156,747	363,384	150,939	5,094,749
Accumulated depreciation	(1,171,766)	(494,453)	(120,862)	(94,878)	-	(80,771)	(1,962,730)
Net value	**1,796,181**	**664,805**	**175,612**	**61,869**	**363,384**	**70,168**	**3,132,019**
Additions(3)	112,908	88,432	22,300	9,675	1,074,677	17,622	1,325,614
Write-offs	(14,958)	(35,408)	(3,194)	(1,214)	(6,609)	(76)	(61,459)
Acquisition of subsidiaries(4)	92,883	44,406	21,915	2,095	3,292	4,951	169,542
Acquisition of assets(4)	80	880	112	6	-	-	1,078
Depreciation	(312,559)	(130,712)	(37,928)	(24,266)	-	(43,943)	(549,408)
FX effects	27,283	(1,667)	2,389	1,008	18,835	(853)	46,995
Transfers and reclassifications(2)	566,907	150,381	71,241	19,593	(906,996)	79,047	(19,827)
At December 31, 2023							
Cost	3,781,399	1,389,082	422,380	173,896	546,583	325,666	6,639,006
Accumulated depreciation	(1,512,674)	(607,965)	(169,933)	(105,130)	-	(198,750)	(2,594,452)
Net value	**2,268,725**	**781,117**	**252,447**	**68,766**	**546,583**	**126,916**	**4,044,554**
Additions(3)	196,725	134,496	40,564	24,477	1,402,798	34,428	1,833,488
Write-offs	(11,955)	(18,398)	(1,877)	(322)	(9,972)	(691)	(43,215)
Acquisition of subsidiaries(4)	6,499	4,653	531	234	55	177	12,149
Depreciation	(393,320)	(173,885)	(50,761)	(31,028)	-	(54,102)	(703,096)
FX effects	208,508	69,909	20,443	4,775	34,832	9,294	347,761
Transfers and reclassifications(1)	800,087	347,532	105,566	25,160	(1,292,691)	60,154	45,808
At December 31, 2024							
Cost	5,052,605	2,047,053	602,018	235,747	681,605	444,147	9,063,175
Accumulated depreciation	(1,977,336)	(901,629)	(235,105)	(143,685)	-	(267,971)	(3,525,726)
Net value	**3,075,269**	**1,145,424**	**366,913**	**92,062**	**681,605**	**176,176**	**5,537,449**

(1) In 2024, the remaining balance in the Transfers and reclassifications line refers to reclassifications to Intangible assets (see note 13). In Consolidated, the remaining balance in the Transfers and reclassifications line refers to Property and equipment reclassified to Intangible assets in the amount of R$9,710 (see note 13) and Right-of-use assets reclassified to Property and equipment in the amount of R$53,525 (see note 14).

(In thousands of Brazilian reais - R$, unless otherwise stated)

(2) In 2024, the remaining balance in the Transfers and reclassifications line refers to reclassifications to Intangible assets (see note 13). In Consolidated, the remaining balance in the Transfers and reclassifications line refers to Property and equipment reclassified to Intangible assets in the amount of R$38,208 (see note 13) and Right-of-use assets reclassified to Property and equipment in the amount of R$18,381 (see note 14).

(3) At December 31, 2024, this includes finance costs, capitalized at R$5,111 (R$2,447 in Dec/23) in parent and R$14,320 (R$4,061 in Dec/23) in consolidated.

(4) See note 3.

ANALYSIS OF IMPAIRMENT INDICATORS

The Group continuously monitors conditions that may indicate any risk of impairment of property and equipment, intangible assets with finite useful lives and right-of-use assets.

In order to identify any risk, the Group followed the procedure described in note 13, and Management monitors operations by country. Accordingly, the specified assets were divided into CGUs for Brazil, Mexico, Colombia, Chile, Peru, Argentina, Paraguay, Uruguay, Panama and Costa Rica. For this purpose, the Group made an estimate of the recoverable amount of each CGU by calculating the value in use, which was determined based on the present value less the future cash flows of each CGU.

Based on the analyses performed at December 31, 2024, there was no indication of impairment of property and equipment, intangible assets with finite useful lives and right-of-use assets.

ACCOUNTING POLICY:

According to CPC 27 / IAS 16 – Property, Plant and Equipment, these are stated at acquisition cost, including borrowing costs eligible for capitalization, less any accumulated depreciation and impairment losses.

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 Group's leased units are depreciated over the lease term or the economic useful lives of the assets. The estimated useful life is reviewed at the end of each reporting period and adjusted as appropriate. The average estimated annual depreciation rates by main class of assets are as follows:

- Facilities and leasehold improvements: 10%
- Furniture and fixtures: 10%
- Machinery and equipment: 10%
- IT equipment: 20%

Property and equipment in progress refers to clubs under construction and is not depreciated until the asset is available for use.

Property and equipment items are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable (see note 13).

13. INTANGIBLE ASSETS

BREAKDOWN OF AND VARIATIONS IN THE BALANCES

	Goodwill	Assignment of right of use	Software	Customer list	Trademarks and patents	Other intangible assets	Total
PARENT							
At December 31, 2022							
Cost	82,320	42,773	50,398	-	8,478	-	183,969
Accumulated amortization	-	(36,809)	(13,678)	-	-	-	(50,487)
Net value	**82,320**	**5,964**	**36,720**	**-**	**8,478**	**-**	**133,482**
Additions	-	-	3,943	-	-	-	3,943
Acquisition of assets	-	16	-	-	-	-	16
Write-offs	-	-	(2)	-	-	-	(2)
Merger/Spin-off	-	(14)	-	-	-	-	(14)
Amortization	-	(1,680)	(8,599)	-	-	-	(10,279)
Transfers and reclassifications[1]	-	-	25,063	-	-	-	25,063
At December 31, 2023							
Cost	82,320	42,422	79,317	-	8,478	-	212,537
Accumulated amortization	-	(38,136)	(22,192)	-	-	-	(60,328)
Net value	**82,320**	**4,286**	**57,125**	**-**	**8,478**	**-**	**152,209**
Additions	-	-	1,313	-	-	8,182	9,495
Write-offs	-	(11)	(7)	-	-	-	(18)
Amortization	-	(1,593)	(12,248)	-	-	-	(13,841)
Transfers and reclassifications[1]	-	-	4,522	-	-	-	4,522
At December 31, 2024							
Cost	82,320	40,339	84,500	-	8,478	8,182	223,819
Accumulated amortization	-	(37,657)	(33,795)	-	-	-	(71,452)
Net value	**82,320**	**2,682**	**50,705**	**-**	**8,478**	**8,182**	**152,367**

(In thousands of Brazilian reais - R$, unless otherwise stated)

	Goodwill	Assignment of right of use	Software	Customer list	Trademarks and patents	Other intangible assets	Total
CONSOLIDATED							
At December 31, 2022							
Cost	1,323,956	69,919	100,840	44,790	29,280	-	1,568,785
Accumulated amortization	-	(52,263)	(44,079)	(43,312)	(16,673)	-	(156,327)
Net value	**1,323,956**	**17,656**	**56,761**	**1,478**	**12,607**	**-**	**1,412,458**
Additions	-	5,040	9,903	-	294	-	15,237
Acquisitions of subsidiaries	398,907	-	123	40,758	-	12,809	452,597
Acquisition of assets	-	16	-	-	-	-	16
Write-offs	-	(133)	(202)	-	(301)	-	(636)
Merger/Spin-off	-	-	-	-	-	-	-
Amortization	-	(4,366)	(16,497)	(21,724)	(3,287)	(2,377)	(48,251)
FX effects	45,017	1,303	432	(2,599)	126	(924)	43,355
Transfers and reclassifications(1)	-	-	37,704	-	504	-	38,208
At December 31, 2023							
Cost	1,767,880	76,916	147,519	82,948	29,869	11,885	2,117,017
Accumulated amortization	-	(57,400)	(59,295)	(65,035)	(19,926)	(2,377)	(204,033)
Net value	**1,767,880**	**19,516**	**88,224**	**17,913**	**9,943**	**9,508**	**1,912,984**
Additions	-	22,132	10,003	8,586	5	20,190	60,916
Acquisitions of subsidiaries(2)	127,900	-	311	71,082	41,234	726	241,253
Write-offs	(231)	(9)	(534)	-	-	(1)	(775)
Amortization	-	(4,979)	(18,882)	(18,930)	(571)	(5,468)	(48,830)
FX effects	203,613	3,443	1,918	6,125	20	4,695	219,814
Transfers and reclassifications(1)	1,769	987	8,912	(2,443)	485	-	9,710
At December 31, 2024							
Cost	2,100,931	101,891	167,773	166,400	70,942	37,641	2,645,578
Accumulated amortization	-	(60,801)	(77,821)	(84,067)	(19,826)	(7,991)	(250,506)
Net value	**2,100,931**	**41,090**	**89,952**	**82,333**	**51,116**	**29,650**	**2,395,072**

(1) In Parent, the remaining balance in the Transfers and reclassifications line refers to reclassifications to Property and equipment (see note 12). In Consolidated, the remaining balance in the Transfers and reclassifications line refers to Property and equipment reclassified to Intangible assets in the amount of R$7,717 (see note 12) and reclassifications to Deferred tax liabilities in the amount of R$1,993.

(2) See note 3.

IMPAIRMENT TESTING – GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES

The Group conducts impairment tests for goodwill and intangible assets with indefinite useful lives on an annual basis, at December 31, or whenever Management identifies conditions that might indicate any impairment risk.

For purposes of impairment testing, goodwill is allocated to the CGUs or groups of CGUs that are expected to benefit from the business combination in which the goodwill arose. This analysis initially considers each club as a CGU. However, given that there has been an increase in the number of members using the Black plan, which grants unlimited access to all of the clubs in the Group's network, the cash inflows from certain clubs are not independent from other clubs in the surrounding geographical area. Additionally, the units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes. Management monitors goodwill generated from each business combination separately, by country. Accordingly, goodwill was allocated and tested in the UGC Brazil, Mexico, Colombia, Chile, Peru, Panama and Uruguay and Queima Diária.

For this purpose, Management prepares an estimate of the recoverable amount of each CGU, as required by CPC 01 / IAS 36. In the event the carrying amount is lower than the recoverable amount, an impairment loss is recognized immediately in profit or loss.

The recoverable amount was established by calculating the value in use, determined based on the present value less any future cash flows of the CGU. Cash flow projections for a five-year period (such as sales growth, costs, expenses, fixed investments and investments in working capital) are based on the annual budget approved by Management and are prepared for each CGU. The main assumptions adopted were:

Assumptions	Description
EBITDA Margin	Projected based on the Group’s expectation for the recovery of the business and inflation adjustment after the complete normalization of activities.
Fixed investments	Projected aiming 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.
Discount rate	Reflects risks specific to the industry and countries in which the Group operates.
Perpetuity	Projected following the Gordon-Shapiro model, based on management’s expectations regarding market developments and on industry expectations.

(In thousands of Brazilian reais - R$, unless otherwise stated)

The discount rates for each CGU are as follows:

CGU	Discount rate
Brazil	11.15%
Mexico	12.35%
Colombia	11.29%
Chile	9.96%
Argentina	64.86%
Paraguay	11.35%
Peru	9.34%
Panama	9.26%
Uruguay	8.13%

Based on the analysis performed at December 31, 2024, no provision for impairment was accounted for.

ANALYSIS OF IMPAIRMENT INDICATORS FOR INTANGIBLE ASSETS WITH FINITE USEFUL LIVES

The Group continuously monitors conditions that may indicate any risk of impairment of intangible assets with finite useful lives. See note 12.

ACCOUNTING POLICY:

Goodwill

Goodwill is initially recognized based on the accounting policy for business combination (see note 3). Goodwill is subsequently measured at cost less any impairment losses.

Goodwill acquired in a business combination is assessed to determine whether new CGUs are created. If not, it is allocated to each CGU, or groups of CGUs, which are expected to benefit from the synergies arising from the combination. These may be different from the CGUs that include the assets and liabilities of the acquired business. Each CGU or group of CGUs to which goodwill is allocated represents the lowest level within the Group in which goodwill is monitored for internal management purposes, and it is not greater than an operating segment.

Intangible assets

Intangible assets acquired separately are initially measured at cost, and the purchase price is determined on the acquisition date.

In a business combination, the Group recognizes specifically identifiable intangible assets separately from goodwill, which are initially measured at fair value at the acquisition date.

Costs for supporting the development of internally generated intangible assets are recognized in profit or loss as incurred.

Intangible assets with indefinite useful lives comprise mainly trademarks, as there is no predetermined limit to the period over which these are expected to generate cash inflows. Goodwill is not amortized, but it is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired. Any impairment loss is recognized in profit or loss.

Intangible assets with finite useful lives mainly comprise software, licenses and customer lists. These assets are amortized on a straight-line basis over their expected useful lives or over the term of the legal rights, if shorter. The estimated annual amortization rates by main class of assets are as follows:

- Assignment of right of use: 10%
- Software: 20%
- Customer list: 33%

(In thousands of Brazilian reais - R$, unless otherwise stated)

14. LEASES

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

	Parent			Consolidated		
	Machinery and equipment	Buildings[4]	Total	Machinery and equipment	Buildings[4]	Total
Right-of-use assets						
At December 31, 2022	**-**	**1,029,761**	**1,029,761**	**126,123**	**2,941,246**	**3,067,369**
Additions and remeasurements[3]	-	384,047	384,047	28,085	1,155,725	1,183,810
Acquisitions of subsidiaries	-	-	-	-	102,098	102,098
Acquisition of assets	-	10,678	10,678	-	10,678	10,678
Merger/Spin-off	-	(4,114)	(4,114)	-	-	-
Write-offs	-	(11,562)	(11,562)	(3)	(59,093)	(59,096)
Depreciation	-	(197,775)	(197,775)	(38,552)	(521,184)	(559,736)
Tax credits on depreciation	-	(16,770)	(16,770)	-	(20,285)	(20,285)
Assignment of right of use[1]	-	(1,019)	(1,019)	-	-	-
FX effects	-	-	-	12,018	36,544	48,562
Transfers and reclassifications[2]	-	-	-	(18,381)	-	(18,381)
At December 31, 2023	**-**	**1,193,246**	**1,193,246**	**109,290**	**3,645,729**	**3,755,019**
Additions and remeasurements[3]	-	545,092	545,092	-	1,645,218	1,645,218
Acquisitions of subsidiaries[5]	-	-	-	-	2,158	2,158
Write-offs	-	(5,198)	(5,198)	(41)	(18,676)	(18,717)
Depreciation	-	(214,612)	(214,612)	(26,250)	(634,093)	(660,343)
Tax credits on depreciation	-	(18,580)	(18,580)	-	(22,394)	(22,394)
Assignment of right of use[1]	-	(22,992)	(22,992)	-	-	-
FX effects	-	-	-	4,519	282,225	286,744
Transfers and reclassifications[2]	-	-	-	(52,538)	(987)	(53,525)
At December 31, 2024	**-**	**1,476,956**	**1,476,956**	**34,980**	**4,899,180**	**4,934,160**

(1) Refer to the assignment of rental contracts related to Company's units transferred to other Group companies in the year ended December 31, 2024.
(2) Refer to reclassifications to Property and equipment of lease agreements terminated (see note 12).
(3) Includes R$57,191 (R$20,103 in Dec/23) in parent and R$65,125 in consolidated for initial direct costs (R$24,853 and a deduction of R$1,836 referring to a leaseback operation in Dec/23).
(4) The main terms of real estate contracts are: Brazil, with an average of 10 years, and Mexico, with an average of 30 years.
(5) 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, 2022	**-**	**1,089,870**	**1,089,870**	**117,771**	**3,211,676**	**3,329,447**
Additions and remeasurements	-	363,944	363,944	29,921	1,130,872	1,160,793
Acquisitions of subsidiaries	-	-	-	-	116,672	116,672
Acquisition of assets	-	4,712	4,712	-	4,712	4,712
Merger/Spin-off	-	(4,677)	(4,677)	-	-	-
Write-offs	-	(13,101)	(13,101)	-	(67,909)	(67,909)
Interest incurred	-	92,462	92,462	16,185	326,426	342,611
Considerations[1]	-	(281,256)	(281,256)	(77,813)	(760,307)	(838,120)
Tax credits on interest	-	5,984	5,984	-	7,262	7,262
Assignment of right of use[2]	-	(1,135)	(1,135)	-	-	-
FX effects	-	-	-	11,111	40,835	51,946
At December 31, 2023	**-**	**1,256,803**	**1,256,803**	**97,175**	**4,010,239**	**4,107,414**
Additions and remeasurements	-	487,901	487,901	-	1,580,093	1,580,093
Acquisitions of subsidiaries[3]	-	-	-	-	2,570	2,570
Write-offs	-	(6,412)	(6,412)	27	(23,175)	(23,148)
Interest incurred	-	119,522	119,522	9,129	419,004	428,133
Considerations[1]	-	(319,313)	(319,313)	(80,528)	(957,430)	(1,037,958)
Tax credits on interest	-	7,559	7,559	-	8,943	8,943
Assignment of right of use[2]	-	(9,327)	(9,327)	-	-	-
FX effects	-	-	-	4,465	330,100	334,565
At December 31, 2024	**-**	**1,536,733**	**1,536,733**	**30,268**	**5,370,344**	**5,400,612**
Current	**-**	**215,732**	**215,732**	**18,317**	**631,448**	**649,765**
Noncurrent	**-**	**1,321,001**	**1,321,001**	**11,951**	**4,738,896**	**4,750,847**

(1) Due to one-off discounts obtained with property owners, the Group recognized R$2,033 in parent and R$6,727 in consolidated as discounts obtained with leases in the year ended December 31, 2024, and R$3,073 in parent and R$9,033 in consolidated in the year ended December 31, 2023 (see note 23), which do not change the contracts' conditions.
(2) Refer to the assignment of rental contracts related to Company's units transferred to other Group companies in the year ended December 31, 2024.
(3) See note 3.

(In thousands of Brazilian reais - R$, unless otherwise stated)

ANALYSIS OF IMPAIRMENT INDICATORS FOR RIGHT-OF-USE ASSETS

The Group continuously monitors conditions that may indicate any risk of impairment of right-of-use assets. See note 12.

DISCOUNT RATES

Lease liabilities are discounted at average rates between 7.08% and 12.89% in parent and between 2.90% and 19.41% in consolidated.

FLOW OF LEASE MATURITIES

	Consolidated		
	Machinery and equipment	Buildings	Total
2025	18,318	631,447	649,765
2026	5,449	658,310	663,759
2027 onwards	6,501	4,080,587	4,087,088
Total	**30,268**	**5,370,344**	**5,400,612**

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	7,926,795	5,370,344
PIS/COFINS – 9.25%(1)	223,388	156,685

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

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

At December 31, 2024, the Company incurred R$632 variable lease expenses in parent and incurred R$23,651 in consolidated (incurred R$402 variable lease expense in parent and incurred R$7,025 in consolidated at December 31, 2023).

The Group, in accordance with CPC 06 / 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 Group is in line with the rule set out in CPC 06 / 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 Group operates (Brazil, Chile, Colombia, Mexico, Peru, Paraguay, Uruguay, Argentina, Panama and Costa Rica), and discounted at the applicable average rates:

	Consolidated	
	Actual flow	Flow w/ inflation
Right-of-use assets	**4,899,180**	**6,091,375**
Lease liabilities	4,181,130	4,378,114
Finance charges	1,189,214	2,199,239
Total lease liabilities	**5,370,344**	**6,577,353**
Finance costs	1,189,214	2,199,239
Depreciation expense	4,892,686	6,089,324
Total expenses(1)	**6,081,900**	**8,288,563**

(1) Total expense accrued since the beginning of CPC 06 / IFRS 16.

ACCOUNTING POLICY:

According to CPC 06 (R2)/IFRS 16 – Leases, the Group assesses at contract inception whether a contract is, or contains, a lease. The Group recognizes a right-of-use asset and a corresponding lease liability for all lease agreements in which it is the lessee, except for short-term leases (lease term of 12 months or less) or leases of low-value assets (such as computers and small items of office furniture). For these types of leases, the Group recognizes lease payments as operating expenses on a straight-line basis over the lease term, unless other systematic basis is more representative of the pattern of time over which economic benefits from the leased assets are consumed. 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.

(In thousands of Brazilian reais - R$, unless otherwise stated)

Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets refer to leases of real estate and machinery and equipment, and are depreciated on a straight-line basis over the lease term.

Right-of-use assets are tested for impairment. See note 13.

Lease liabilities

The lease liability is initially measured at the present value of future lease payments, less the implicit lease rate. If this rate cannot be promptly determined, the Group uses its incremental borrowing rate.

Lease payments included when measuring lease liabilities comprise:
• Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
• Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date; and
• Payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

Lease liabilities are subsequently measured by increasing the carrying amount to reflect the interest on the lease liability (applying the effective interest rate method) and by reducing the carrying amount to reflect lease payments made.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

• Lease payments change due to changes in an index or rate. In these cases, the lease liability is remeasured by discounting the revised lease payments at an unchanged discount rate (unless the change results from changes to a floating interest rate, in which case a revised discount rate is used).
• A lease agreement is amended and that change is not accounted for as a separate lease. In this case, the lease liability is remeasured based on the term of the amended lease agreement, by discounting the revised lease payments at a revised discount rate on the amendment date.

15. TRADE PAYABLES

	Parent		Consolidated	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Trade payables				
Local currency	172,522	167,280	412,300	365,191
Foreign currency	45	169	34,189	33,981
Total	**172,567**	**167,449**	**446,489**	**399,172**
Current	**167,992**	**167,449**	**441,914**	**399,172**
Noncurrent	**4,575**	**-**	**4,575**	**-**

In general, the Group operates with an average payment term of 26 days (35 days at December 31, 2023) for its operating suppliers. For property and equipment, payments are made following the negotiation made for each operation.

ACCOUNTING POLICY:

Trade payables comprise obligations payable for goods or services acquired in the ordinary course of business, as well as investments made in the Company's projects. The amounts payable are initially recognized at fair value and subsequently measured at amortized cost by applying the effective interest method, if applicable, pursuant to CPC 40 (R1) / IFRS 7 – Financial Instruments - Disclosures).

(In thousands of Brazilian reais - R$, unless otherwise stated)

16. OTHER LIABILITIES

BREAKDOWN OF BALANCES

	Parent		Consolidated	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Other liabilities				
Salaries, accruals and social contributions	63,043	49,581	135,542	96,026
Dividends and/or interest on capital payable	244,761	-	244,761	-
Investments in subsidiaries and joint ventures with negative equity[1]	2,360	4,802	-	-
Acquisition of control - Sporty Panama[2]	-	163,745	-	163,745
Contingent consideration - MB Negócios Digitais	4,444	4,010	4,444	4,010
Contingent consideration – Latamfit Chile	5,173	4,560	5,173	4,560
Contingent consideration – Just Fit	2,767	2,767	2,767	2,767
Consideration for acquisition – Lake	560	4,895	560	4,895
Consideration for acquisition – Holandeses	660	3,997	660	3,997
Consideration for acquisition – Cohama	660	4,853	660	4,853
Consideration for acquisition – ACL[2]	800	-	800	-
Consideration for acquisition – Tietê Plaza[2]	800	-	800	-
Consideration for acquisition – Latam Gym[2]	-	-	58,250	-
Consideration for acquisition – Bienstar[2]	-	-	1,875	-
Consideration for acquisition - Velocity[2]	-	-	16,945	-
Others	4,710	4,013	26,287	23,096
Total	**330,738**	**247,223**	**499,524**	**307,949**
Current	**317,774**	**235,299**	**405,341**	**283,619**
Noncurrent	**12,964**	**11,924**	**94,183**	**24,330**

(1) See note 11.
(2) See note 03.

ACCOUNTING POLICY:

Financial liabilities

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

The contingent consideration recognized in a business combination is subsequently measured at fair value through profit or 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.

17. BORROWINGS

BREAKDOWN OF BALANCES

	Parent		Consolidated	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Borrowings				
Debentures	3,144,702	2,205,130	3,144,702	2,205,130
Promissory notes	127,978	-	127,978	-
Working capital	4,364	43,774	2,641,934	1,614,769
Total	**3,277,044**	**2,248,904**	**5,914,614**	**3,819,899**
Current	**92,798**	**32,482**	**759,724**	**594,402**
Non-current	**3,184,246**	**2,216,422**	**5,154,890**	**3,225,497**
Local currency	**3,277,044**	**2,248,904**	**3,292,724**	**2,272,659**
Functional currency countries [1]	**-**	**-**	**2,621,890**	**1,547,240**

(1) Loans disbursed in countries in their respective local currencies.

SUMMARY OF CHANGES IN BORROWINGS

Borrowings	Parent	Consolidated
At December 31, 2022	**2,000,030**	**3,419,894**
Fundraising	597,500	1,099,507
Acquisitions of subsidiaries	-	42,196
Accrued interest and cost amortization	299,274	485,219
Principal paid	(369,544)	(802,587)
Interest payment	(278,356)	(452,962)
Exchange differences	-	28,632
At December 31, 2023	**2,248,904**	**3,819,899**
Fundraising	2,185,556	3,803,545
Acquisitions of subsidiaries	-	15,902
Accrued interest and cost amortization	372,186	614,231
Principal paid	(1,248,897)	(2,070,899)
Interest payment	(280,705)	(517,247)
Exchange differences	-	249,183
At December 31, 2024	**3,277,044**	**5,914,614**

DESCRIPTION OF THE FINANCIAL AGREEMENTS(1)

	Currency of the agreement	Par value in the currency of the agreement (in millions)	Charges (p.a.)	Maturity	12/31/2024	12/31/2023
PARENT						
DEBENTURES						
Fifth issue	BRL	250.0	CDI+1.90%	Apr-25	-	140,323
Sixth issue	BRL	1,060.0	CDI+2.40%	Dec-28	-	1,040,037
Seventh issue - 1st series	BRL	362.3	CDI+1.50%	Oct-29	363,447	371,984
Seventh issue - 2nd series	BRL	37.3	IPCA+7.37%	Oct-29	42,311	40,313
Eight issue	BRL	600.0	CDI+1.95%	Oct-30	612,496	612,473
Ninth issue - 1st series	BRL	720.0	CDI+1.32%	Apr-29	734,787	-
Ninth issue - 2nd series	BRL	600.0	CDI+1.52%	Apr-31	616,723	-
Tenth issue - 1st series	BRL	450.0	CDI+1.10%	Jul-29	470,134	-
Eleventh issue - 1st series	BRL	300.0	CDI+0.89%	Oct-30	304,804	-
COMMERCIAL NOTES						
2nd issue of Commercial notes	BRL	125.0	CDI+1.37%	Apr-29	127,978	-
WORKING CAPITAL						
Smartfit Brasil	BRL	10.0	CDI+2.45%	Oct/25	4,364	6,613
Smartfit Brasil	BRL	128.0	CDI+2.49%	Aug-27	-	37,161
Total parent					**3,277,044**	**2,248,904**

	Currency of the agreement	Par value in the currency of the agreement (in millions)	Charges (p.a.)	Maturity	12/31/2024	12/31/2023
SUBSIDIARIES						
WORKING CAPITAL						
Smartfit Brasil	BRL	10,0	CDI+2,45%	nov-25	3,920	5,942
Smartfit Brasil	BRL	10,0	CDI+2,45%	nov-25	3,920	5,942
Smartfit Brasil	BRL	10,0	CDI+2,45%	nov-25	3,920	5,942
Smartfit Brasil	BRL	10,0	CDI+2,45%	nov-25	3,920	5,942
Latamgym México	MXN	1,750	TIIE+2,00%	jul-28	516,369	264,226
Latamgym México	MXN	700	TIIE+2,00%	set-29	202,290	-
Latamgym México	MXN	300	TIIE+2,00%	set-27	55,590	70,850
Latamgym México	MXN	300	TIIE+2,00%	mai-27	53,643	75,228
Latamgym México	MXN	140	TIIE+2,00%	jun-25	41,804	-
Latamgym México	MXN	150	TIIE+2,00%	dez-27	33,039	42,189
Latamgym México	MXN	131	TIIE+2,00%	jan-28	29,346	37,425
Latamgym México(2)	MXN	1,128	TIIE+1,90%	mar-25	27,754	133,871
Latamgym México	MXN	170	TIIE+1,70%	fev-25	19,972	28,969
Latamgym México	MXN	50	TIIE+2,00%	set-27	14,824	-
Latamgym México	MXN	213	TIIE+2,20% ~ TIIE+2,80%	set-27	-	37,155
Sporty City Colômbia	COP	50,361	IBR+3,00%	set-27	64,646	-
Sporty City Colômbia	COP	42,000	IBR+2,95%	fev-29	58,951	-
Sporty City Colômbia	COP	30,000	IBR+2,00%	dez-26	42,555	-
Sporty City Colômbia	COP	30,000	IBR+2,00%	dez-26	42,356	-
Sporty City Colômbia	COP	27,300	IBR+2,50%	mai-29	38,447	-
Sporty City Colômbia	COP	25,000	IBR+1,50%	dez-25	35,472	-
Sporty City Colômbia	COP	25,000	IBR+1,89%	ago-26	31,387	-
Sporty City Colômbia	COP	23,170	IBR+2,30%	jul-26	25,996	-
Sporty City Colômbia	COP	18,000	IBR+2,95%	jan-29	25,414	-
Sporty City Colômbia	COP	18,000	IBR+1,55%	out-27	25,342	-
Sporty City Colômbia	COP	20,000	IBR+1,40%	jul-27	24,251	-
Sporty City Colômbia	COP	14,600	IBR+2,50%	ago-28	18,397	18,480
Sporty City Colômbia	COP	13,333	IBR+2,90%	abr-27	16,660	-
Sporty City Colômbia	COP	30,000	IBR+2,50%	mar-26	14,902	24,107
Sporty City Colômbia	COP	10,000	IBR+2,95%	abr-29	14,120	-
Sporty City Colômbia	COP	10,000	IBR+2,50%	fev-29	13,983	-
Sporty City Colômbia	COP	15,000	IBR+2,15%	set-26	12,561	17,409
Sporty City Colômbia	COP	10,000	IBR+1,65%	jun-27	11,740	-
Sporty City Colômbia	COP	3,595	IBR+3,00%	set-27	4,642	-
Sporty City Colômbia	COP	10,000	IBR+2,90%	set-25	2,732	5,469
Sporty City Colômbia	COP	196,276	IBR+3,60%~ 5,00%	abr-24 ~ abr-27	-	182,210
Smartfit Peru	PEN	150	8,06%	fev-28	247,480	-
Smartfit Peru	PEN	72	7,30%	set-28	118,781	-
Smartfit Peru	PEN	60	7,55%	ago-28	99,078	-
Smartfit Peru	PEN	63	4,78%	jul-25	31,101	65,624
Smartfit Peru	PEN	18	7,43%	out-29	30,088	-
Smartfit Peru	PEN	34	7,85%	jul-25	16,243	30,294
Smartfit Peru	PEN	245	8,00% ~ 10,65%	ago/24 ~ dez/26	-	252,394
Chile	CLP	20,000	9,55%	ago-28	124,580	109,453
Chile	CLP	12,600	8,78%	abr-29	78,864	-
Chile	CLP	10,000	ICP + 2,90%	jun-29	61,624	-
Chile	CLP	10,000	ICP + 2,90%	jun-29	61,620	-
Chile	CLP	23,000	9,48%	set-25	47,845	84,378
Chile	CLP	37,210	5,67% ~ 7,22%	ago/24 ~ dez/24	-	51,723
Sporty Panama S.A.	PAN	17,0	SOFR3M + 2,25%	mai-27	105,269	-
Sporty Panama S.A.	PAN	3,5	5,85%	jul-25	21,673	-
Sporty Panama S.A.	PAN	3,5	6,00%	set-26	14,465	15,664
Smartfit Paraguay S.A.	PYG	11,738	9,20%	nov-27	9,328	-
Smartfit Paraguay S.A.	PYG	2,300	8,95%	fev-25	305	-
Smartfit Uruguay S.A.	UYU	235	UI + 5,35%	dez-27	34,248	-
Smartfit S.A.S.	ARS	100	53%	jan-25	113	-
Smartfit S.A.S.	ARS	120	158%	mai-24	-	109
Total subsidiaries					**2,637,570**	**1,570,995**
Total					**5,914,614**	**3,819,899**

(1) Borrowings were shown segregated by transaction.
(2) Non-revolving credit agreement due in two installments, with final maturity on March 17, 2025, 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.

SYNDICATED CREDIT FACILITY

On March 28, 2024, the Board of Directors' meeting approved an increase in the credit facility in the amount of MXN 1,000 million, equivalent to approximately R$300,000.

The balance of the credit facility was increased to MXN 1,750, as approved at the Board of Directors' meeting dated September 12, 2024, thus totaling the amount of MXN 3,500 million, equivalent to approximately R$1,060,000, with the same conditions as the main facility, with a total term of the operation of 60 months, with a grace period of 24 months and variable interest rate of TIIE 28 days + spread of 2.00% p.a.

In continuation of the disbursements made under the syndicated credit facility obtained in Mexico, during the year ended December 31, 2024, MXN 800 million, equivalent to approximately R$252,143, was disbursed. Of the total amount of the credit facility, MXN 2,550 million, approximately R$768,521, was disbursed.

BORROWING SMARTFIT PERU SAC

On February 14, 2024, the Group entered into a loan agreement in Peru amounting to PEN150 million, equivalent to approximately R$196 million. The total term for the operation is 48 months, with a fixed annual effective rate of 8.06%.

On September 18, 2024, the Group entered into a loan agreement in Peru amounting to PEN72 million, equivalent to approximately R$ 106 million. The total term for the operation is 48 months, with a fixed annual effective rate of 7.30%.

NINETH ISSUE OF DEBENTURES

On April 5, 2024, the Company issued the 9th Issue of simple Debentures, not convertible into shares, of the unsecured type, in two series, for public distribution, under the automatic registration procedure, aimed at professional investors in the amount of R$1,320,000, of which R$720,000 refers to the First Series Debentures, with CDI rate + 1.32%, lower than the ceiling rate of CDI + 1.37%, and maturing in 5 years (April 2029); and R$600,000 refers to the Second Series Debentures, with a CDI rate +1.52% and maturing in 7 years (April 2031). The funds were paid-up on April 26, 2024.

There was also prior authorization for the Company to pay the total optional early redemption price of the simple debentures, not convertible into shares, in a single series, of the unsecured type of the Company's 6th issue, in the amount of R$1,108,475, occurred on April 29, 2024.

COMMERCIAL NOTES

On May 6, 2024, the Board of Directors' meeting approved the fundraising through the 2nd public issue of commercial notes, in a single series, in the total amount of R$125,000.

The nominal unit value of the commercial notes will be subject to interest corresponding to 100% of the average daily rates of DI – One-day Interbank Deposits, "over extra-group", expressed in percentage for the year, based on 252 business days, increased exponentially by a spread of 1.37% p.a.

Among the maturity clauses, the total optional early redemption clauses and the optional extraordinary amortization clauses stand out.

TENTH ISSUE OF DEBENTURES

On July 18, 2024, the Company carried out the 10th Issue of simple, non-convertible, unsecured debentures, for public distribution, under the automatic registration procedure, in the amount of R$ 450,000, with a CDI rate+1.10% and maturing in 5 years (July 2029). The funds were paid up on August 1, 2024.

There was also prior authorization for the Company to pay the total optional early redemption price of the simple, non-convertible, unsecured debentures, in a single series, of the Company's 5th issue, in the amount of R$151,905, occurred on August 8, 2024. The remaining funds will be used for general corporate purposes and to strengthen working capital.

ELEVENTH ISSUE OF DEBENTURES

On October 21, 2024, the Board of Directors approved the 11th Issue of simple, non-convertible, unsecured debentures, in a single series, in the amount of R$ 300,000, for public distribution with automatic registration, intended for professional investors. The proceeds from this issue will be used for general corporate purposes and to strengthen the working capital.

On October 30, 2024, commercial notes were issued in a single series, with maturity on October 30, 2029. The principal will be repaid in 2 installments, on October 30, 2028 and on the maturity date of the debentures. The interest on the unit par value corresponds to CDI + 0.89%, payable every six months.

BORROWINGS LATAMFIT CHILE SPA

During the year ended December 31, 2024, the Group signed several borrowing agreements in Chile, totaling CLP 32,600 million, equivalent to approximately R$184,040. The final term of the transactions is 60 months, with rates varying between ICP+ 2.90%% and 8.78%. The main purpose of these transactions is to strengthen the Company's working capital and continue its policy of expansion.

(In thousands of Brazilian reais - R$, unless otherwise stated)

BORROWINGS SPORTY CITY SAS

During the year ended December 31, 2024, the Group signed several borrowing agreements in Colombia, totaling COP 279,828 million, equivalent to approximately R$377,371. The final term of the transactions is between 36 and 60 months, with rates varying between IBR+1.50% and IBR+3.00%. The main purpose of these transactions is to strengthen the Company's working capital and continue its policy of expansion.

BORROWINGS SPORTY PANAMÁ SA

During the year ended December 31, 2024, the Group signed several borrowing agreements in Panama, totaling USD 20.5 million, equivalent to approximately R$106,123. The final term of the transactions is between 36 and 60 months, with rates varying between 5.85% and SOFR+2.25%. The main purpose of these transactions is to strengthen the Company's working capital and continue its policy of expansion.

COVENANTS

The Group made an analysis of the operating guarantees and at December 31, 2024 it was also compliant with the operating and financial 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.

ACCOUNTING POLICY:

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, plus charges, inflation adjustment and exchange differences contractually established, incurred through the end of each reporting period. Before each period closing, the Group monitors the compliance with covenants in order to assess which actions are necessary to avoid the early maturity of the debt, if necessary.

18. PROVISION FOR JUDICIAL LIABILITIES

BREAKDOWN OF AND VARIATIONS IN THE BALANCES

The Group was party to certain labor, civil and tax lawsuits for which the likelihood of loss was considered probable by its legal counsel and, thus, a provision was recognized as follows:

	Civil	Labor	Tax	Total
PARENT				
At December 31, 2022	**1,680**	**1,433**	**1,512**	**4,625**
Additions and increases	5,042	1,624	205	6,871
Write-offs and reversals	(1,667)	(67)	(60)	(1,794)
At December 31, 2023	**5,055**	**2,990**	**1,657**	**9,702**
Additions and increases	3,177	4,001	88	7,266
Write-offs and reversals	(4,605)	(714)	(1,383)	(6,702)
At December 31, 2024	**3,627**	**6,277**	**362**	**10,266**
CONSOLIDATED				
At December 31, 2022	**7,418**	**1,608**	**15,862**	**24,888**
Additions and increases	5,711	2,318	1,213	9,242
Write-offs and reversals	(2,183)	(684)	(60)	(2,927)
At December 31, 2023	**10,946**	**3,242**	**17,015**	**31,203**
Additions and increases	5,475	7,129	1,119	13,723
Write-offs and reversals	(5,408)	(1,482)	(1,383)	(8,273)
Exchange differences	49	12	-	61
At December 31, 2024	**11,062**	**8,901**	**16,751**	**36,714**

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, since the likelihood of loss is considered possible by its legal counsel, as presented in the following table:

	12/31/2024	12/31/2023
Consolidated		
Civil	5,220	9,933
Labor	699	1,813
Tax	8,868	8,986
Total	**14,787**	**20,732**

(In thousands of Brazilian reais - R$, unless otherwise stated)

ESCROW DEPOSITS

At December 31, 2024, the Group has escrow deposits of R$59,609 (R$79,949 in Dec/23) in parent and R$81,730 (R$100,936 in Dec/23) 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”.

	12/31/2024			12/31/2023		
	Provisions	Escrow deposits	Subtotal	Provisions	Escrow deposits	Subtotal
PARENT						
Civil	(3,627)	678	(2,949)	(5,055)	843	(4,212)
Labor	(6,277)	2,562	(3,715)	(2,990)	508	(2,482)
Tax	(362)	56,008	55,646	(1,657)	78,243	76,586
Court-frozen deposits	-	361	361	-	355	355
Total in parent	**(10,266)**	**59,609**	**49,343**	**(9,702)**	**79,949**	**70,247**

	12/31/2024			12/31/2023		
	Provisions	Escrow deposits	Subtotal	Provisions	Escrow deposits	Subtotal
CONSOLIDATED						
Civil	(11,062)	1,791	(9,271)	(10,946)	1,369	(9,577)
Labor	(8,902)	3,019	(5,883)	(3,242)	726	(2,516)
Tax	(16,750)	76,551	59,801	(17,015)	98,484	81,469
Court-frozen deposits	-	369	369	-	357	357
Total in consolidated	**(36,714)**	**81,730**	**45,016**	**(31,203)**	**100,936**	**69,733**

ARBITRATION ON THE PRICE PAYABLE FOR THE ACQUISITION OF JUST FIT

On February 6, 2023, the Company received a notification regarding the request for initiation of arbitration submitted by the sellers of Just Fit, in relation to the Share Purchase and Sale Agreement and Other Covenants, entered into on March 5, 2021 (“Agreement”). The controversy relates to the determination of the acquisition price under the Contract. Up to the date of publication of these financial statements, the procedure is in progress at the Center for Arbitration and Mediation of the Chamber of Commerce Brazil-Canada (“CAM-CCBC”) and, after the signing of the arbitration agreement, it is currently at the pledging stage, with terms for the parties to submit their statements.

ACCOUNTING POLICY:

According to CPC 25 / IAS 37 – Provisions, contingent liabilities and contingent assets, 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 Group’s 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 Group’s service agreements. In addition, certain ongoing lawsuits against the Group 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.

19. CURRENT AND DEFERRED INCOME TAX AND SOCIAL CONTRIBUTION

BREAKDOWN OF PROFIT OR LOSS

	Parent		Consolidated	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Income tax and social contribution				
Current	(2,898)	(12,324)	(165,009)	(127,831)
Deferred	87,541	430,115	109,251	600,421
Total	**84,643**	**417,791**	**(55,758)**	**472,590**

(In thousands of Brazilian reais - R$, unless otherwise stated)

RECONCILIATION OF EFFECTIVE INCOME TAX AND SOCIAL CONTRIBUTION EXPENSE

	Parent		Consolidated	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Income tax and social contribution				
Profit before income tax and social contribution	351,797	618,763	496,334	571,586
Statutory rate in Brazil	34%	34%	34%	34%
Expected tax assets	**(119,611)**	**(210,379)**	**(168,754)**	**(194,339)**
Share of profit (loss) of investees	122,855	167,749	288	(370)
Interest on capital	104,890	-	112,965	-
Temporary differences	-	10,558	-	23,311
Deferred tax	-	430,115	-	600,421
Adjustment of companies taxed on the presumed profit	-	-	9,410	11,364
Difference in rates of foreign subsidiaries	-	-	6,423	19,008
Revaluation of equity interest(1)		60,044	-	60,044
Others	(23,491)	(40,296)	(16,090)	(46,849)
Total	**84,643**	**417,791**	**(55,758)**	**472,590**
Current	(2,898)	(12,324)	(165,009)	(127,831)
Deferred	87,541	430,115	109,251	600,421
Effective rate	24%	68%	(11%)	83%

(1) See note 3.

VARIATIONS AND BREAKDOWN OF DEFERRED INCOME TAX AND SOCIAL CONTRIBUTION

	12/31/2022	Profit (loss)	Acquisition of subsidiaries	Reclassifications	Other comprehensive income	Foreign exchange effect on translation	12/31/2023
PARENT							
Deferred assets							
Leases	27,584	(3,766)	-	-	-	-	23,818
Tax losses	266,070	86,919	-	-	-	-	352,989
Provisions	64,768	(5,490)	-	-	-	-	59,278
Others	-	(5,970)	-	-	-	-	(5,970)
Subtotal	**358,422**	**71,693**	**-**	**-**	**-**	**-**	**430,115**
Unrecognized deferred tax	(358,422)	358,422	-	-	-	-	-
Total	**-**	**430,115**	**-**	**-**	**-**	**-**	**430,115**
CONSOLIDATED							
Deferred assets							
Property and equipment	74,418	8,594	1,929	(7,659)	-	9,035	86,317
Leases	84,702	34,519	4,141	(654)	-	1,427	124,135
Tax losses	418,804	65,733	2,791	(4,161)	-	(2,863)	480,304
Provisions	83,267	(12,261)	-	1,748	-	34	72,788
Deferred revenue	9,896	(560)	-	3,290	-	640	13,266
Others	(3,226)	21,748	(10,897)	7,436	(3,114)	1,782	13,729
Subtotal	**667,861**	**117,773**	**(2,036)**	**-**	**(3,114)**	**10,055**	**790,539**
Unrecognized deferred tax	(482,648)	482,648	-	-	-	-	-
Total	**185,213**	**600,421**	**(2,036)**	**-**	**(3,114)**	**10,055**	**790,539**
Deferred assets	**197,560**	**584,289**	**(2,036)**	**10,897**	**(3,114)**	**10,662**	**798,258**
Deferred liabilities	**(12,347)**	**16,132**	**-**	**(10,897)**	**-**	**(607)**	**(7,719)**

(In thousands of Brazilian reais - R$, unless otherwise stated)

	12/31/2023	Profit (loss)	Acquisition of subsidiaries	Reclassifications	Other comprehensive income	Foreign exchange effect on translation	12/31/2024
PARENT							
Deferred assets							
Leases	23,818	12,183	-	-	-	-	36,001
Tax losses	352,989	(1,208)	-	-	-	-	351,781
Provisions	59,278	(3,531)	-	-	-	-	55,747
Others	(5,970)	80,097	-	-	-	-	74,127
Total	**430,115**	**87,541**	**-**	**-**	**-**	**-**	**517,656**
CONSOLIDATED							
Deferred assets							
Property and equipment	86,317	(37,173)	-	-	-	(1,234)	47,910
Leases	124,135	35,222	-	-	-	6,867	166,224
Tax losses	480,304	46,862	-	-	-	9,015	536,181
Provisions	72,788	2,667	-	-	-	1,368	76,823
Deferred revenue	13,266	(17,095)	-	-	-	572	(3,257)
Others	13,729	78,768	(37,518)	-	(7,720)	5,335	52,594
Total	**790,539**	**109,251**	**(37,518)**	**-**	**(7,720)**	**21,923**	**876,475**
Deferred assets	**798,258**	**179,771**	**-**	**(111,666)**	**(7,720)**	**54,855**	**913,498**
Deferred liabilities	**(7,719)**	**(70,520)**	**(37,518)**	**111,666**	**-**	**(32,932)**	**(37,023)**

In 2023, the expectation of realizing the tax loss was revised, leading to the full recognition of the deferred tax. This change reflects a more up-to-date analysis of economic and tax prospects, demonstrating a new expectation regarding the use of the accumulated tax loss for future benefits.

For foreign entities, deferred taxes on temporary differences and tax losses are accounted for in accordance with legislation and expected local realization.

From 2024 onwards, the Company is subject to the rules of Pillar Two of the OECD. The Company has performed the corresponding calculations and falls under the simplifying rules ("Safe Harbor"). Therefore, no adjustments are required for this calendar year.

ACCOUNTING POLICY:

In accordance with CPC 32 / IAS 12 – Income Taxes, the Company calculates current and deferred income tax and social contribution based on the taxable profit for the year.

Current tax liabilities (assets) are measured at the amount expected to be paid to (recovered from) the tax authorities, based on tax rates (and laws) that have been enacted by the end of the reporting period. Income tax is recognized in the statement of profit and loss, except to the extent that it relates to items recognized directly in equity, if applicable.

Deferred tax assets and liabilities are measured at the tax rates expected to apply when the asset is realized or the liability is settled, based on tax rates (and laws) that are effective at the end of the reporting period.

Deferred taxes are recognized based on temporary differences or tax losses when there is reasonable certainty that they will be recoverable. The carrying amount is reviewed at each balance sheet date and modified to the extent that it is probable that taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

(In thousands of Brazilian reais - R$, unless otherwise stated)

20. EQUITY

SHARE CAPITAL

At December 31, 2024, the Company's subscribed and paid-up capital totals R$2,970,443 (R$2,970,443 at December 31, 2023), comprising 586,242,289 (586,242,289 at December 31, 2023) registered, book-entry common shares, with no par value, held as follows:

	12/31/2024		12/31/2023	
	Common shares	%	Common shares	%
Shareholder				
Corona family	87,015,094	14.84%	87,015,094	14.84%
Pátria	176,621,477	30.13%	191,821,477	32.72%
Shares held by owners of the Company	**263,636,571**	**44.97%**	**278,836,571**	**47.56%**
Canada Pension Plan Investment Board – CPPIB(1)	70,851,035	12.09%	70,851,035	12.09%
Novastar Investment Pte. Ltd – GIC(1)	47,921,777	8.17%	52,673,584	8.98%
Other shareholders(2)	203,832,906	34.77%	183,881,099	31.37%
Shares publicly traded in the market	**322,605,718**	**55.03%**	**307,405,718**	**52.44%**
Total	**586,242,289**	**100.00%**	**586,242,289**	**100.00%**

(1) Shareholders abroad.
(2) Shareholders with less than 5% interest.

In 2024, the shareholder Pátria carried out a public offering of 15,200,000 of the Company common shares it held, and now holds 30.13% of Smartfit's share capital; the shares sold were made available for trading in the market.

CAPITAL RESERVE

Capital reserves are set up with amounts received by the Company and that do not pass through profit or loss. These reserves reflect the contributions made by shareholders that are directly related to the setting up or to the capital increase and also the long-term incentive plans, duly approved in General Meetings, which grant stock options (see note 26).

In the year ended December 31, 2024, the capital reserve was managed according to the accounting standards in effect and to the Company's internal guidelines.

OTHER COMPREHENSIVE INCOME

These are the cumulative translation adjustments of financial statements of foreign operations. The amount represents a cumulative gain of R$739,409 at December 31, 2024 (gain of R$373,844 at December 31, 2023).

ALLOCATION OF PROFIT FOR THE YEAR

LEGAL RESERVE

The legal reserve is set up according to the requirements of the Brazilian corporate law, with allocation of 5% of the profit for the year, limited to 20% of the share capital. This reserve aims to ensure the integrity of the share capital and may only be used to offset losses or increase capital.

STATUTORY RESERVE

Pursuant to Smartfit's Bylaws, all remaining profit for the year will be allocated to a statutory reserve, which may be used for investments and to constitute funds for the proper development of the Group's activities. The total amount allocated to this reserve may not exceed the Company's share capital.

If the Board of Directors considers the reserve amount sufficient to fulfill its purposes, it may propose to the Meeting the setting-up of a reserve at a percentage lower than established and/or propose that the amounts be reversed for distribution to the Company's shareholders.

At December 31, 2024, Management proposed, for approval by the Annual General Meeting, the allocation of 100% of the remaining profit for 2024 in the amount of R$106,117.

INTEREST ON CAPITAL

The Company adopts the procedure of recording interest on capital paid to shareholders for compliance with the tax rules, the amounts related to interest on capital are recognized against "finance costs" and, for purposes of preparation of the financial statements, are reversed from profit or loss to retained earnings, less the amount of the minimum mandatory dividend.

Pursuant to its Bylaws, the Company distributes minimum mandatory dividend to shareholders equivalent to 25% of the profit for the year, decreased or increased by the amount allocated to the legal reserve.

The profit distribution for 2024 is disclosed below and will be submitted for approval to the Annual General Meeting to be held on April 25, 2025, together with the accounts for the year.

(In thousands of Brazilian reais - R$, unless otherwise stated)

	At December 31, 2024
Profit for the year	436,440
Legal reserve - 5%	21,822
Profit for the year, basis for dividends proposal	**414,618**
Minimum dividend - 25%	103,655
Interest on equity paid	308,501
Withholding income tax on interest on capital	(16,284)
Total	**292,217**
Percentage on profit for the year, less the legal reserve	70.48%
Statutory reserve	**106,117**

21. OPERATING REVENUE AND DEFERRED REVENUE

BREAKDOWN OF OPERATING REVENUE

	Parent		Consolidated	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Operating revenue by type of service				
Gym plans	1,914,489	1,517,269	5,342,148	4,037,161
Annual fees	33,444	76,614	355,685	303,272
Membership fees	4,560	4,346	20,549	32,996
Others	159,542	42,458	227,756	165,893
Gross operating revenue	**2,112,035**	**1,640,687**	**5,946,138**	**4,539,322**
Taxes on revenue	(258,004)	(212,748)	(365,834)	(294,579)
Net operating revenue	**1,854,031**	**1,427,939**	**5,580,304**	**4,244,743**

Operating revenues by geographic region are disclosed in note 25.

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 Group 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.

BREAKDOWN OF DEFERRED REVENUE

	Parent		Consolidated	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Deferred revenue				
Gym plans	5,500	6,370	62,269	56,589
Annual fees	12,222	17,978	141,762	141,823
Membership fees	4,499	2,718	8,584	5,834
Others	5,765	662	8,025	1,969
Total	**27,986**	**27,728**	**220,640**	**206,215**
Current	**23,641**	**27,596**	**216,295**	**206,083**
Noncurrent	**4,345**	**132**	**4,345**	**132**

ACCOUNTING POLICY:

According to CPC 47 / IFRS 15 – Revenue from Contracts with Customers, revenues from services provided are recognized on an accrual basis in accordance with the fulfillment of the contractual obligations to customers, net of taxes, discounts and rebates granted. 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 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, which are deferred and recognized in profit or loss for a period of one year as from the entry of the member.
- 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.

(In thousands of Brazilian reais - R$, unless otherwise stated)

22. COSTS AND EXPENSES BY NATURE

The Group 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 and loss is as follows:

	12/31/2024			12/31/2023		
	Costs	Expenses	Total	Costs	Expenses	Total
PARENT						
Personnel and related taxes	276,237	144,387	420,624	226,685	116,643	343,328
Depreciation and amortization, net of PIS and COFINS	414,534	14,404	428,938	369,443	11,723	381,166
Utilities expenses	170,372	640	171,012	150,845	5,689	156,534
Operational support services	98,414	77,360	175,774	80,956	62,329	143,285
Opening of new units	16,094	10,408	26,502	7,292	6,997	14,289
Variable lease of real estate, common area maintenance fees and occupancy expenses	50,537	2,792	53,329	49,563	2,215	51,778
Maintenance	56,347	1,514	57,861	33,695	626	34,321
Media and commercials	-	148,074	148,074	-	130,040	130,040
Credit card management fee	-	21,486	21,486	-	18,094	18,094
Allocation to stock option plans	-	21,880	21,880	-	35,557	35,557
Remeasurement of previously held interest	-	-	-	-	(176,599)	(176,599)
Others	20,082	36,305	56,387	15,522	66,119	81,641
Total	**1,102,617**	**479,250**	**1,581,867**	**934,001**	**279,433**	**1,213,434**
CONSOLIDATED						
Personnel and related taxes	717,449	327,267	1,044,716	554,652	250,218	804,870
Depreciation and amortization, net of PIS and COFINS	1,361,810	30,252	1,392,062	1,112,337	25,230	1,137,567
Utilities expenses	471,681	2,598	474,279	379,928	14,099	394,027
Operational support services	271,122	148,735	419,857	176,540	110,167	286,707
Opening of new units	52,578	35,177	87,755	31,906	26,651	58,557
Variable lease of real estate, common area maintenance fees and occupancy expenses	160,419	7,730	168,149	124,165	5,238	129,403
Maintenance	166,833	2,809	169,642	108,949	1,108	110,057
Media and commercials	-	315,871	315,871	-	247,097	247,097
Credit card management fee	-	97,044	97,044	-	72,870	72,870
Allocation to stock option plans	-	22,373	22,373	-	37,019	37,019
Remeasurement of previously held interest	-	-	-	-	(176,599)	(176,599)
Others	65,522	60,273	125,795	45,377	51,828	97,205
Total	**3,267,414**	**1,050,129**	**4,317,543**	**2,533,854**	**664,926**	**3,198,780**

ACCOUNTING POLICY:

Costs

Includes costs for the provision of services in clubs, generated in each unit. These refer mainly to depreciation and amortization, salaries and other charges of the operation employees, and utilities expenses.

Expenses

Mainly comprise investment in marketing, related to creating and maintaining brand value and awareness (media, advertising and promotional materials) and overhead, related to general expenses (costs with personnel for core positions, such as finance team and human resources).

(In thousands of Brazilian reais - R$, unless otherwise stated)

23. FINANCE INCOME (COSTS)

	Parent		Consolidated	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
FINANCE INCOME				
Interest income	21,173	21,506	29,432	37,153
Exchange differences	394	27,897	17,554	43,707
Income from financial investments	202,148	271,347	262,420	326,247
Gain on derivative financial instruments(1)	6,791	34,196	12,078	35,422
Discounts obtained on leases	2,033	3,073	6,727	9,033
Other finance income	1,800	1,778	3,957	8,979
Total financial income	**234,339**	**359,797**	**332,168**	**460,541**
FINANCE COSTS				
Interest on borrowings	(367,075)	(296,827)	(599,911)	(481,158)
Interest on leases	(119,522)	(92,462)	(428,133)	(342,611)
Exchange differences	(2,011)	(13,890)	(26,797)	(42,889)
Loss on derivative financial instruments(1)	(9,365)	(11,966)	(14,011)	(21,093)
Other finance costs	(18,072)	(33,774)	(30,589)	(46,078)
Total finance costs	**(516,045)**	**(448,919)**	**(1,099,441)**	**(933,829)**
Total finance income (costs), net	**(281,706)**	**(89,122)**	**(767,273)**	**(473,288)**

(1) See note 9.

ACCOUNTING POLICY:

Finance income mainly includes income from cash and cash equivalents and investments in financial assets. Finance costs mainly include interest expenses related to financial liabilities (borrowings and lease liabilities). Borrowing costs are recognized based on the effective interest rate method.

24. 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 year. 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.

The table below presents the calculation of profit for the year available to shareholders and the weighted average number of shares outstanding used to calculate basic and diluted earnings per share for each year presented:

	Basic		Diluted	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Earnings per share				
Earnings attributable to owners of the Company	436,440	1,036,554	436,440	1,036,554
Weighted average number of shares during the year	586,242,289	586,242,289	606,583,574	609,258,913
Earnings per share	**0,7445**	**1,7681**	**0,7195**	**1,7013**

ACCOUNTING POLICY:

Basic earnings per share are calculated based on the weighted average number of shares outstanding during the year, 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 year and the equity instruments issued by the Company that may possibly dilute the interest of its shareholders in future years, such as stock options which are included in the calculation when their settlement have a dilutive impact on the earnings per share.

25. SEGMENT INFORMATION

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 Latin America	Considers company owned units in Peru, Colombia, Chile, Argentina, Paraguay, Uruguay, Panama and Costa Rica.

(In thousands of Brazilian reais - R$, unless otherwise stated)

	December 31, 2024									
	Brazil				Mexico	Others				
	Smartfit	Bio Ritmo	Others	Total	Smartfit	Smartfit	Latin America	Total	Share of profit (loss) of investees	Consolidated
SEGMENTS										
Operating revenue	1,974,553	158,002	318,547	2,451,102	1,362,240	1,758,862	8,100	1,766,962	-	5,580,304
Costs	(1,225,151)	(94,102)	(109,109)	(1,428,362)	(836,241)	(995,863)	(6,948)	(1,002,811)	-	(3,267,414)
Gross profit	**749,402**	**63,900**	**209,438**	**1,022,740**	**525,999**	**762,999**	**1,152**	**764,151**	**-**	**2,312,890**
Selling expenses				(241,905)	(113,100)			(95,960)	-	(450,965)
General and administrative expenses				(393,344)	(56,000)			(125,968)	-	(575,312)
Other operating income (expenses), net				(28,423)	1,940			2,631	-	(23,852)
Share of profit (loss) of investees				-	-			-	846	846
Operating profit before finance income (costs)				**359,068**	**358,839**			**544,854**	**846**	**1,263,607**
OTHER INFORMATION										
Costs	(478,176)	(28,721)	(40,029)	(546,926)	(423,077)	(409,249)	(2,773)	(412,022)	-	(1,382,025)
Expenses	(687)	-	(19,428)	(20,115)	(3,808)	(6,321)	-	(6,321)	-	(30,244)
Depreciation and amortization	**(478,863)**	**(28,721)**	**(59,457)**	**(567,041)**	**(426,885)**	**(415,570)**	**(2,773)**	**(418,343)**	**-**	**(1,412,269)**
Costs	(324,731)	(19,782)	(9,771)	(354,284)	(295,039)	(255,668)	2,155	(253,513)	-	(902,836)
Expenses	(816)	-	(4,585)	(5,401)	(2,292)	(3,260)	-	(3,260)	-	(10,953)
Fixed lease	**(325,547)**	**(19,782)**	**(14,356)**	**(359,685)**	**(297,331)**	**(258,928)**	**2,155**	**(256,773)**	**-**	**(913,789)**
Costs	(16,094)	(2,241)	(5,561)	(23,896)	(6,592)	(22,090)	-	(22,090)	-	(52,578)
Expenses	(10,408)	(35)	(427)	(10,870)	(16,643)	(7,664)	-	(7,664)	-	(35,177)
Opening of new units	**(26,502)**	**(2,276)**	**(5,988)**	**(34,766)**	**(23,235)**	**(29,754)**	**-**	**(29,754)**	**-**	**(87,755)**

	December 31, 2023									
	Brazil				Mexico	Others				
	Smartfit	Bio Ritmo	Others	Total	Smartfit	Smartfit	Latin America	Total	Share of profit (loss) of investees	Consolidated
SEGMENTS										
Operating revenue	1,627,366	131,249	243,163	2,001,778	1,001,823	1,233,698	7,444	1,241,142	-	4,244,743
Costs	(1,038,799)	(87,868)	(76,203)	(1,202,870)	(651,696)	(674,361)	(4,927)	(679,288)	-	(2,533,854)
Gross profit	**588,567**	**43,381**	**166,960**	**798,908**	**350,127**	**559,337**	**2,517**	**561,854**	**-**	**1,710,889**
Selling expenses				(195,686)	(89,529)			(59,567)	-	(344,782)
General and administrative expenses				(335,694)	(45,034)			(87,633)	-	(468,361)
Other operating income (expenses), net				132,625	6,157			9,435	-	148,217
Share of profit (loss) of investees				-	-			-	(1,089)	(1,089)
Operating profit before finance income (costs)				**400,153**	**221,721**			**424,089**	**(1,089)**	**1,044,874**
OTHER INFORMATION										
Costs	(431,287)	(27,957)	(37,795)	(497,039)	(334,160)	(298,685)	(2,280)	(300,965)	-	(1,132,164)
Expenses	(674)	-	(15,700)	(16,374)	(3,495)	(5,362)	-	(5,362)	-	(25,231)
Depreciation and amortization	**(431,961)**	**(27,957)**	**(53,495)**	**(513,413)**	**(337,655)**	**(304,047)**	**(2,280)**	**(306,327)**	**-**	**(1,157,395)**
Costs	(286,354)	(19,994)	(5,260)	(311,608)	(230,094)	(170,917)	(1,883)	(172,800)	-	(714,502)
Expenses	(799)	-	(3,173)	(3,972)	(2,056)	(2,853)	-	(2,853)	-	(8,881)
Fixed lease	**(287,153)**	**(19,994)**	**(8,433)**	**(315,580)**	**(232,150)**	**(173,770)**	**(1,883)**	**(175,653)**	**-**	**(723,383)**
Costs	(7,292)	(822)	(1,429)	(9,543)	(8,654)	(13,709)	-	(13,709)	-	(31,906)
Expenses	(6,997)	(219)	-	(7,216)	(15,642)	(3,793)	-	(3,793)	-	(26,651)
Opening of new units	**(14,289)**	**(1,041)**	**(1,429)**	**(16,759)**	**(24,296)**	**(17,502)**	**-**	**(17,502)**	**-**	**(58,557)**

ACCOUNTING POLICY:

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 and IFRS 8, since this information is not regularly presented to the chief decision maker.

26. FINANCIAL RISK MANAGEMENT

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 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.

Risk management is carried out by the Company's Management in accordance with the policies approved by the Board of Executive Officers.

The main financial 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.

MARKET RISK MANAGEMENT

The market risk to which the Group is exposed consists of the possibility of fluctuations in foreign exchange and interest rates impacting the 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

Foreign exchange risk is the risk that the fair value of future cash flows of a financial instrument will vary as a result of changes in exchange rates. The Group's exposure to foreign exchange risk mainly arises from its operating activities (when revenues or expenses are denominated in a currency other than the Group's functional currency) and the Group's net investments in foreign subsidiaries.

The Company and its Brazilian subsidiaries are not exposed to significant foreign exchange risks for transactions carried out in currencies other than the Brazilian real, as the amounts of transactions in other currencies are not material.

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, Costa Rica, Argentina, Paraguay, Uruguay, Spain and Morocco 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 Group. 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

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate as a result of changes in the market interest rates. The Group's exposure to interest rate risk mainly arises from its long-term obligations subject to variable interest rates.

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 on profit or loss. Additionally, foreign subsidiaries also have borrowings in their local currencies, mainly at variable rates for Mexico and Colombia and fixed rates for Chile and Peru. The Group's main borrowings are described in note 17.

The sensitivity analyses below have been established based on interest rate exposures at December 31, 2024. 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:

(In thousands of Brazilian reais - R$, unless otherwise stated)

	Impact on profit or loss	
	10% increase	10% decrease
PARENT		
Interest rate sensitivity		
Variable interest	(11,279)	11,279
CONSOLIDATED		
Interest rate sensitivity		
Variable interest	(25,531)	25,531

In Mexico, the Group contracted an interest rate swap with a bank to hedge the total exposure of a borrowing, swapping the variable interest rate (TIIE) for a fixed rate. The instruments have terms similar to those of the hedged item. The mark-to-market, in the amount of R$641, is recognized as costs in finance income (costs), and the Group has not applied hedge accounting for this instrument.

In Brazil, the Group contracted an interest rate swap to hedge the total exposure of the 2nd series of the 7th issue of debentures, swapping the IPCA index for the CDI. The instrument has a structure similar to that of the hedged item. The mark-to-market, in the amount of R$3,366, is recognized as income in finance income (costs), and the Group has not applied hedge accounting for this instrument.

PRICE RISK MANAGEMENT

Investments in shares of listed companies are subject to market price risk arising from uncertainties regarding the future values of such equity investments. The Group manages the share price risk through a monitoring of the changes in prices in order to identify significant movements.

The Group holds investments in shares of Sports World, a company listed on the Mexican Stock Exchange. The table below details the effect that a 10% variation in the prices of this company's shares would have on the Group's other comprehensive income:

	Impact on profit or loss	
	10% increase	10% decrease
CONSOLIDATED		
Price sensitivity		
Shares of listed company	8,983	(8,983)

LIQUIDITY RISK MANAGEMENT

Liquidity risk refers to the inability to have the necessary resources to meet obligations in the short, medium and long term.

The Group manages the liquidity risk by continuously monitoring budgeted and actual cash flows, combining the maturity profiles of financial and operating assets and liabilities, and maintaining adequate cash reserves. Because of the dynamics of its business, the Group maintains 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
PARENT				
At December 31, 2024				
Trade payables	167,992	-	-	**167,992**
Related parties	54,926	291	-	**55,217**
Taxes and contributions payable	72,853	-	-	**72,853**
Other liabilities	317,774	12,964	-	**330,738**
Borrowings(1)	522,822	417,500	4,257,105	**5,197,427**
Lease liabilities(1)	350,091	335,795	1,565,708	**2,251,594**
Derivative financial instruments	28,670	-	4,293	**32,963**
Total	**1,515,128**	**766,550**	**5,827,106**	**8,108,784**
CONSOLIDATED				
At December 31, 2024				
Trade payables	441,914	-	-	**441,914**
Related parties	333	-	-	**333**
Taxes and contributions payable	289,611	-	-	**289,611**
Other liabilities	405,341	94,183	-	**499,524**
Borrowings(1)	1,365,863	1,282,714	5,577,459	**8,226,036**
Lease liabilities(1)	1,092,937	1,070,614	5,839,806	**8,003,357**
Derivative financial instruments	28,670	-	4,293	**32,963**
Total	**3,624,669**	**2,447,511**	**11,421,558**	**17,493,738**

(1) Includes interest to be accrued.

(In thousands of Brazilian reais - R$, unless otherwise stated)

At December 31, 2024, there are guarantees granted by the Group 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$72,416 (R$49,004 at December 31, 2023). Additionally, in parent, there are guarantees granted by the Company through SBLC for borrowing agreements of certain subsidiaries, in the amount of R$610,030 (R$317,888 at December 31, 2023).

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 17).

The estimated budget for the following years was approved by Management and demonstrates capacity to fulfill obligations.

CREDIT RISK MANAGEMENT

Credit risk is the risk that the counterparty to a business transaction will fail to fulfill an obligation under a financial instrument or customer contract, which would lead to the recognition of losses. 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, financial investments and derivative financial instruments 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 4, 5, 6, 9 and 10, represent the Group's maximum credit exposure.

For the balances of cash and cash equivalents, financial investments and derivative financial Instruments, in order to minimize the credit risk, the Group presents investment strategies in meetings of the Board of Directors, which are restricted to banking relationships in validated financial institutions. In these meetings, monetary limits and risk concentration are also established, which are regularly updated. The Group's exclusive investment funds contain a portfolio based mainly on federal government securities, financial bills, repurchase operations and CDBs.

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 low, since its customers are located in several jurisdictions/countries.

On the other hand, the Group'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 settlement of the amounts pending payment. With this operating model, the Group does not record trade receivables (and its revenue) for the members while they do not regularize the plan and return to use 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	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Customer list by late payment range				
Current	194,073	135,138	549,127	327,333
Past due:				
Up to 30 days	1,039	12,112	2,124	16,480
From 31 to 60 days	65	488	1,302	2,312
From 61 to 90 days	144	155	772	411
From 91 to 180 days	132	815	1,450	1,949
From 181 to 360 days	246	174	1,935	2,727
More than 361 days	1,815	88	3,286	836
Total	**197,514**	**148,970**	**559,996**	**352,048**

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 Group 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 Group's capital structure consists of cash and cash equivalents (note 4), investments in financial assets (note 5), trade receivables (note 6), other receivables (note 10), trade payables (note 15), other liabilities (note 16), borrowings (note 17) and equity (note 20).

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.

Net debt is as follows:

(In thousands of Brazilian reais - R$, unless otherwise stated)

	12/31/2024	12/31/2023
Consolidated		
Cash and cash equivalents	1,490,624	1,103,433
Investments in financial assets	1,585,359	1,579,092
Borrowings	(5,914,614)	(3,819,899)
Lease liabilities	(5,400,612)	(4,107,414)
Net debt	**(8,239,243)**	**(5,244,788)**
Equity	5,455,896	5,068,262
Net debt	**(1.51)**	**(1.03)**

FINANCIAL INSTRUMENTS BY CATEGORY

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 December 31, 2024					
Cash and cash equivalents	-	93,571	93,571	-	93,571
Investments in financial assets	2,279,151	-	2,279,151	-	2,279,151
Trade receivables(1)	-	197,514	197,514	-	197,514
Related parties	-	230,404	230,404	-	230,404
Other receivables	27,261	3,220	30,481	148,164 (2)	178,645
Derivative financial instruments	19,075	-	19,075	-	19,075
Total	**2,325,487**	**524,709**	**2,850,196**	**148,164**	**2,998,360**
At December 31, 2023					
Cash and cash equivalents	-	46,505	46,505	-	46,505
Investments in financial assets	2,056,414	-	2,056,414	-	2,056,414
Trade receivables(1)	-	148,970	148,970	-	148,970
Related parties	-	99,458	99,458	-	99,458
Other receivables	22,476	2,892	25,368	115,636 (2)	141,004
Derivative financial instruments	23,244	-	23,244	-	23,244
Total	**2,102,134**	**297,825**	**2,399,959**	**115,636**	**2,515,595**
CONSOLIDATED					
At December 31, 2024					
Cash and cash equivalents	586,122	904,502	1,490,624	-	1,490,624
Investments in financial assets	1,551,386	33,973	1,585,359	-	1,585,359
Trade receivables(1)	-	559,996	559,996	-	559,996
Related parties	-	68,092	68,092	-	68,092
Other receivables	27,261	39,612	66,873	385,802 (2)	452,675
Derivative financial instruments	19,278	-	19,278	-	19,278
Total	**2,184,047**	**1,606,175**	**3,790,222**	**385,802**	**4,176,024**
At December 31, 2023					
Cash and cash equivalents	390,985	712,448	1,103,433	-	1,103,433
Investments in financial assets	1,549,568	29,524	1,579,092	-	1,579,092
Trade receivables(1)	-	352,048	352,048	-	352,048
Related parties	-	32,962	32,962	-	32,962
Other receivables	22,476	33,309	55,785	268,634 (2)	324,419
Derivative financial instruments	27,936	-	27,936	-	27,936
Total	**1,990,965**	**1,160,291**	**3,151,256**	**268,634**	**3,419,890**

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

(In thousands of Brazilian reais - R$, unless otherwise stated)

	Financial liabilities at fair value through profit or loss	Financial liabilities at amortized cost	Subtotal financial liabilities	Non-financial liabilities	Total
PARENT					
At December 31, 2024					
Trade payables	-	167,992	167,992	-	167,992
Related parties	-	55,217	55,217	-	55,217
Other liabilities	-	260,625	260,625	70,113 (1)	330,738
Borrowings	-	3,277,044	3,277,044	-	3,277,044
Lease liabilities	-	1,536,733	1,536,733	-	1,536,733
Derivative financial instruments	32,963	-	32,963	-	32,963
Total	**32,963**	**5,297,611**	**5,330,574**	**70,113**	**5,400,687**
At December 31, 2023					
Trade payables	-	167,449	167,449	-	167,449
Related parties	-	42,623	42,623	-	42,623
Other liabilities	-	188,827	188,827	58,396 (1)	247,223
Borrowings	-	2,248,904	2,248,904	-	2,248,904
Lease liabilities	-	1,256,803	1,256,803	-	1,256,803
Derivative financial instruments	36,198	-	36,198	-	36,198
Total	**36,198**	**3,904,606**	**3,940,804**	**58,396**	**3,999,200**
CONSOLIDATED					
At December 31, 2024					
Trade payables	-	441,914	441,914	-	441,914
Related parties	-	333	333	-	333
Other liabilities	-	337,695	337,695	161,829 (1)	499,524
Borrowings	-	5,914,614	5,914,614	-	5,914,614
Lease liabilities	-	5,400,612	5,400,612	-	5,400,612
Derivative financial instruments	32,963	-	32,963	-	32,963
Total	**32,963**	**12,095,168**	**12,128,131**	**161,829**	**12,289,960**
At December 31, 2023					
Trade payables	-	399,172	399,172	-	399,172
Related parties	-	2,603	2,603	-	2,603
Other liabilities	-	188,827	188,827	119,122 (1)	307,949
Borrowings	-	3,819,899	3,819,899	-	3,819,899
Lease liabilities	-	4,107,414	4,107,414	-	4,107,414
Derivative financial instruments	36,198	-	36,198	-	36,198
Total	**36,198**	**8,517,915**	**8,554,113**	**119,122**	**8,673,235**

(1) Includes salaries, accruals and social contributions, investments in subsidiaries and joint ventures with negative equity, and others.

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

	12/31/2024			12/31/2023		
	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	-	21,173	21,173	-	21,506	21,506
Foreign exchange gains (losses), net	-	(1,617)	(1,617)	-	14,007	14,007
Income from financial investments	200,710	1,438	202,148	261,432	9,915	271,347
Gain (loss) on derivative financial instruments	(2,574)	-	(2,574)	22,230	-	22,230
Discounts obtained on leases	-	2,033	2,033	-	3,073	3,073
Interest on borrowings	-	(367,075)	(367,075)	-	(296,827)	(296,827)
Interest on leases	-	(119,522)	(119,522)	-	(92,462)	(92,462)
Other finance income (costs), net	-	(16,272)	(16,272)	-	(31,996)	(31,996)
Total	**198,136**	**(479,842)**	**(281,706)**	**283,662**	**(372,784)**	**(89,122)**
CONSOLIDATED						
Interest income	-	29,432	29,432	-	37,153	37,153
Foreign exchange gains (losses), net	-	(9,243)	(9,243)	-	818	818
Income from financial investments	225,375	37,045	262,420	262,703	63,544	326,247
Gain (loss) on derivative financial instruments	(1,933)	-	(1,933)	14,329	-	14,329
Discounts obtained on leases	-	6,727	6,727	-	9,033	9,033
Interest on borrowings	-	(599,911)	(599,911)	-	(481,158)	(481,158)
Interest on leases	-	(428,133)	(428,133)	-	(342,611)	(342,611)
Other finance income (costs), net	-	(26,632)	(26,632)	-	(37,099)	(37,099)
Total	**223,442**	**(990,715)**	**(767,273)**	**277,032**	**(750,320)**	**(473,288)**

(In thousands of Brazilian reais - R$, unless otherwise stated)

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 Group 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 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 and liabilities measured at fair value at December 31, 2024 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	-	2,279,151	-	2,279,151
Other receivables				
N2B loan	-	-	27,261	27,261
Derivative financial instruments				
Call option of the noncontrolling shareholder – M2 Academia de Ginástica	-	-	5,947	5,947
Call option of the noncontrolling shareholder – ASN Smart	-	-	7	7
Call option of the noncontrolling shareholder – End Fit	-	-	12,075	12,075
Interest rate swap – 7th issue of debentures	-	1,046	-	1,046
Total	**-**	**2,280,197**	**45,290**	**2,325,487**
Liabilities				
Derivative financial instruments				
Sale obligation of the noncontrolling shareholder – MB Negócios Digitais	-	-	(26,274)	(26,274)
Sale obligation of the noncontrolling shareholder – ASN	-	-	(2,368)	(2,368)
Sale obligation of the noncontrolling shareholder – M2	-	-	(24)	(24)
Sale obligation of the shareholder – End Fit	-	-	(4,293)	(4,293)
Sale obligation of the shareholder – Fit Master	-	-	(4)	(4)
Total	**-**	**-**	**(32,963)**	**(32,963)**
CONSOLIDATED				
Assets				
Cash and cash equivalents				
Repurchase agreements	-	586,122	-	586,122
Investments in financial assets				
Exclusive investment funds and other financial investments	-	1,461,554	-	1,461,554
Interests in publicly-held company	89,832	-	-	89,832
Other receivables				
N2B loan	-	-	27,261	27,261
Derivative financial instruments				
Call option of the noncontrolling shareholder – M2 Academia de Ginástica	-	-	5,947	5,947
Call option of the noncontrolling shareholder – ASN Smart	-	-	7	7
Call option of the noncontrolling shareholder – End Fit	-	-	12,075	12,075
Interest rate swap – Smartfit Mexico	-	203	-	203
Interest rate swap – 7th issue of debentures	-	1,046	-	1,046
Total	**89,832**	**2,048,925**	**45,290**	**2,184,047**
Liabilities				
Derivative financial instruments				
Sale obligation of the noncontrolling shareholder – MB Negócios Digitais	-	-	(26,274)	(26,274)
Sale obligation of the noncontrolling shareholder – ASN	-	-	(2,368)	(2,368)
Sale obligation of the noncontrolling shareholder – M2 Academia de Ginástica	-	-	(24)	(24)
Sale obligation of the noncontrolling shareholder – End Fit	-	-	(4,293)	(4,293)
Sale obligation of the noncontrolling shareholder – Fit Master	-	-	(4)	(4)
Total	**-**	**-**	**(32,963)**	**(32,963)**

(In thousands of Brazilian reais - R$, unless otherwise stated)

CHANGES IN LEVEL 3 ASSETS AND LIABILITIES

	Parent		Consolidated	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities
Financial instruments - Level 3				
At December 31, 2022	**21,574**	**(36,990)**	**21,574**	**(36,990)**
Gains and losses recognized in profit or loss	21,443	792	21,443	792
At December 31, 2023	**43,017**	**(36,198)**	**43,017**	**(36,198)**
Additions	3,499	-	3,499	-
Gains and losses recognized in profit or loss	(1,226)	3,235	(1,226)	3,235
At December 31, 2024	**45,290**	**(32,963)**	**45,290**	**(32,963)**

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 year ended December 31, 2024, 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
Put option of the noncontrolling shareholder – MB Negócios Digitais	Option pricing model with Monte Carlo simulation	EBITDA, share value, average cost of capital, dividend rate, 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
Put option of the noncontrolling shareholder – ASN Smart	Option pricing model with Monte Carlo simulation	EBITDA, share value, average cost of capital, volatility of EBITDA and share value, correlation between EBITDA and share value, interest rate.	Level 3
Put option of the noncontrolling shareholder – End Fit	Option pricing model with Monte Carlo simulation	EBITDA, share value, average cost of capital, volatility of EBITDA and share value, correlation between EBITDA and share value, interest rate.	Level 3
Put option of the noncontrolling shareholder – Fit Master	Option pricing model with Monte Carlo simulation	EBITDA, share value, average cost of capital, volatility of EBITDA and share value, correlation between EBITDA and share value, interest rate.	Level 3
Put option of the noncontrolling shareholder – M2	Option pricing model with Monte Carlo simulation	EBITDA, share value, average cost of capital, volatility of EBITDA and share value, correlation between EBITDA and share value, interest rate.	Level 3

FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES MEASURED AT AMORTIZED COST

The balance of "Borrowings" is inflation adjusted based on market indexes (CDI) and contractual rates (note 17) and, due to market conditions, the fair value of borrowings is R$3,247,408 in parent and R$5,874,760 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.

ACCOUNTING POLICY:

Financial assets and financial liabilities are recognized when the Group 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 are either debt instruments or equity instruments. Debt instruments are those that confer the Group the contractual right to receive cash or other asset. Equity instruments are those for which the Group has no contractual right to receive cash or other asset.

Debt instruments

The Group classifies its financial assets into the following measurement categories. The classification depends on the Group's business model for managing financial assets and the contractual terms of cash flows:

- Amortized cost

  Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest on specific dates are measured at amortized cost. Any gain or loss arising on derecognition or impairment is recognized directly in profit or loss. Interest income is recognized in finance income, using the effective interest rate method.
- Fair value through other comprehensive income

  Assets that are held for collection of contractual cash flows, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are recognized in OCI, except for the recognition of impairment, interest income and foreign exchange gains and losses, which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss. Interest income is recognized in finance income, using the effective interest rate method.
- Fair value through profit or loss

  Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. Transaction-related costs are recognized in profit or loss as incurred. Unless they are part of a hedging relationship, these assets are held at fair value, and their respective changes are recognized in profit or loss. The interest income from these assets in recorded as finance income.

Equity instruments

The Group subsequently measures all equity instruments at fair value. Where the Group has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments continue to be recognized in profit or loss.

Financial liabilities

Financial liabilities are classified as follows:

- Amortized cost

  These comprise liabilities measured using the effective interest method, with the allocation of the effective interest incurred over the respective agreement term. 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.
- Fair value through profit or loss

  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.

27. SHARE-BASED PAYMENT

In the third quarter of 2021, as a way of creating a long-term incentive for certain members of management of subsidiaries in Mexico, Colombia and Peru, 869,400 phantom shares were granted, with an exercise price of R$21.11. In 2023, after reviewing the remuneration method for this incentive, phantom shares were reclassified to liabilities in the "Other Liabilities" group, now recorded as a capital instrument included in Equity, and in 2024, 171,990 phantom shares were canceled, leaving a total of 688,410.

On July 4, 2023, the Company's Board of Directors approved the modification of the regular and performance grants delivered to executives in 2021, which changed some assumptions of the prior contract, such as the exercise price currently set at R$19.57 to R$18.95, the vesting period that would end at December 31, 2024 was extended to 2025, the number of options was reduced by approximately 30%, and all options were changed to the regular format, with the modification being optional for participants. In accordance with CPC 10 (R1) / IFRS 2, the fair value of the current options and of the options considering the new modified assumptions was recalculated, and due to the reduction in the number of options, the fair value of the two plans was equivalent, with no material impact on the Company's results.

Additionally, on the same date, the Board of Directors approved an additional grant of 5,862,423 stock options under the same conditions of the modified plan.

For the modification and for the new grant, the fair value was calculated for each of the vesting tranches using the Hull & White binominal model and presented as a weighted average. The following table presents the main assumptions used to calculate the fair value of the options granted on the grant date and modification:

(In thousands of Brazilian reais - R$, unless otherwise stated)

	Regular Grant 2021	Performance Grant 2021	Modified Contracts	New Grant 2024	RSU	Total
Vesting of the options:						
December 31, 2021	757,995	482,013	-	-	-	**1,240,008**
December 31, 2022	382,158	68,859	-	-	-	**451,017**
December 31, 2023	-	-	6,325,444	2,931,211	-	**9,256,655**
December 31, 2024	-	-	3,156,646	1,465,606	-	**4,622,252**
June 30, 2025	-	-	-	-	67,741	**67,741**
December 31, 2025	-	-	3,156,646	1,465,606	-	**4,622,252**
June 30, 2026	-	-	-	-	67,742	**67,742**
June 30, 2027	-	-	-	-	67,742	**67,742**
Total	**1,140,153**	**550,872**	**12,638,736**	**5,862,423**	**203,225**	**20,395,409**
Fair value on the grant date (in R$ thousand)	6,622	1,443	47,376	48,878	5,158	**109,477**
Average fair value per share (in R$)	6	3	4	8	25	**5**
Exercise price on the grant date	20	20	19	19	n/a	**n/a**
Risk-free interest rate	-	-	-	-	n/a	**n/a**
Volatility of shares in the market	-	-	1	1	n/a	**n/a**

Variations in options, phantom shares and RUS granted during the year ended December 31, 2024 are presented below:

	Regular Grant 2021	Performance Grant 2021	Modified Contracts	New Grant 2024	Phantom Shares	RSU	Total
At December 31, 2022	**11,723,733**	**8,826,583**	**-**	**-**	**844,200**	**-**	**21,394,516**
Granted	-	-	-	5,862,423	-	**-**	5,862,423
Canceled	(6,300)	-	-	-	-	**-**	(6,300)
Modification	(10,577,280)	(8,269,411)	12,650,888	-	-	**-**	(6,195,803)
Reclassification[(1)]	-	-	-	-	(844,200)	**-**	(844,200)
At December 31, 2023	**1,140,153**	**557,172**	**12,650,888**	**5,862,423**	**-**	**-**	**20,210,636**
Granted	-	-	-	-	-	203,225	203,225
Canceled	-	(6,300)	(12,152)	-	-	-	(18,452)
At December 31, 2024	**1,140,153**	**550,872**	**12,638,736**	**5,862,423**	-	**203,225**	**20,395,409**

(1) Reclassified to “Other liabilities”.

On April 24, 2024, the Board of Directors approved the grant of 203,225 Restricted Shares under the Long-Term Incentive Plan with Restricted Shares, approved at the Extraordinary General Meeting of September 25, 2023. The contracts were signed in June 2024 with a vesting period of 3 years.

Of this total, 133,834 shares were granted to executives from the head office and subsidiaries in Brazil and will be accounted for at Fair Value. The value of RSU SMFT3 was defined base on the average of the closing prices of the last 30 trading sessions on B3, resulting in R$25.38, a value that will be reviewed annually. These shares were accounted for with a corresponding entry in capital reserve.

The remaining 69,391 shares, granted to executives of foreign subsidiaries, will be settled in cash due to the impossibility of payment in equity instruments. Therefore, they were recognized with a corresponding entry in “Other liabilities”, subject to mark-to-market.

VARIATIONS IN PLANS

At December 31, 2024, the amount recognized in profit or loss in parent was R$21,880 (R$35,557 in Dec/23), R$19,870 referring to SOP against a capital reserve and R$2,010 referring to RSU, with R$941 with a corresponding entry in capital reserve and R$1,069 with a corresponding entry in “Other liabilities”. Regarding the phantom shares, the amount recognized in profit or loss was R$493 (R$1,462 in Dec/23) against “Other liabilities”. The expense is recognized individually by plan and number of options linked to each vesting period.

ACCOUNTING POLICY:

An instrument’s fair value at the grant date is calculated based on the observable market price. This amount is recognized in profit or loss as expenses during the vesting period, and the corresponding credit is recognized in equity under “Capital reserve”.

28. EMPLOYEE BENEFITS

The Group grants the following benefits to employees: healthcare, dental care, life insurance, profit sharing (for management positions), educational benefits for fitness professionals and other employees through partnerships, VIP gym plans for all employees to use Smartfit clubs and to use products of the Group brands and share-based compensation for executives, in addition to the benefits required by law (meal, transportation, and meal and food vouchers).

These benefits are recorded on an accrual basis and are discontinued once the employment relationship with the Group ceases to exist.

The Group does not grant employees any post-employment benefits, defined contribution plans, defined benefit plans or multiemployer plans.

(In thousands of Brazilian reais - R$, unless otherwise stated)

29. ADDITIONAL INFORMATION

INSURANCE

The policy adopted by the Group considers mainly the concentration of risks and their materiality, taking into consideration the nature of their activities and the advice of their insurance brokers. At December 31, 2024, the basic insurance coverage is R$11,906,755 and the coverage for loss of profits is R$18,000.

Item	Type of coverage	12/31/2024	12/31/2023
Properties	Protection of buildings or other types of property. Material assets contained on site and its personnel against incidents.	2,668,835	2,789,964
Civil liability	Protection against errors or indemnities paid for material or bodily damages caused unintentionally to third parties during the provision of professional services to third parties.	345,005	362,388
Life	Economic and financial protection for the insured and his/her family in the event of accidents or death.	848,728	811,774
Multi-risk	Protection of specific properties, equipment and ensuring third party liability and legal protection.	7,919,241	5,192,032
Transportation	Damage to assets in transit.	97,111	123,069
Data protection	Guarantees the Company coverage in cases of data loss or leaks, against cybercrimes	27,261	62,504
Vehicles	Fire, theft and collision in vehicles insured by the Company	574	-
Total at December 31, 2024		**11,906,755**	**9,341,731**

30. ADDITIONAL INFORMATION TO THE STATEMENTS OF CASH FLOWS

According to CPC 03 (R2) / IAS 7 - Statement of Cash Flows, certain investing and financing activities do not have direct impact on the current cash flows, although they affect the Company's asset and cash structure.

The exclusion of transactions that do not involve cash or cash equivalents from the statement of cash flows is consistent with the purpose of this statement, since these items do not involve cash flows in the current period.

NON-CASH TRANSACTIONS	Notes	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Additions of right-of-use assets	14	487,901	363,944	1,580,093	1,160,793
Acquisition of subsidiary and joint venture		3,480	-	80,550	-
Transfers between property and equipment, intangible assets, and right-of-use assets		4,522	25,063	9,710	38,208
Dividends receivable from subsidiaries		114,261	449	-	-
Interest on capital payable to investors		244,761	-	244,761	192
Offset against loan granted		-	-	4,573	2,864

31. EVENTS AFTER THE REPORTING PERIOD

PRIVATE CAPITAL INCREASE

On March 10, 2025, the Company's capital increase was approved through the private subscription of new common shares, utilizing the credit related to interest on equity distributed on February 12, 2025, and approved on December 10, 2024. The total amounted to R$177,225 with the issuance of 11,007,764 new common shares, nominative and without par value. The share capital increased from R$2,970,443 to R$3,147,668, divided into 597,250,053 shares. The newly issued shares will have the same rights as the existing shares and will be entitled to the full receipt of dividends and/or interest on equity, as well as any other rights.

32. MANAGEMENT

BOARD OF DIRECTORS

CHAIRMAN

Daniel Rizardi Sorrentino

DIRECTORS

Edgard Gomes Corona
Thiago Lima Borges
Diogo Ferraz de Andrade Corona
Luis Felipe Françoso Pereira da Cruz
Claudia Elisa e Pinho Soares
Wolfgang Stephan Schwerdtle
Ricardo Lerner Castro
Felipe Rodrigues Affonso

SUPERVISORY BOARD

Helena Turola de Araújo Pena
Evelyn Veloso Trindade
Rubens Approbato Machado Junior

AUDIT COMMITTEE

Edward Ruiz
Claudia Elisa e Pinho Soares
Welerson Cavalieri

EXECUTIVE BOARD

Edgard Gomes Corona	Chief Executive Officer
André Macedo Pezeta	Chief Financial Officer
José Luís Rizzardo Pereira	Chief Investor Relations Officer
Diogo Ferraz de Andrade Corona	Chief Operating Officer
Juana Melo Pimentel	Chief Legal, Compliance, Data Protection and ESG Officer
Alexandre Gregianin	Chief Technology Officer
Itamar Hercolano Junior	Chief Expansion Officer

Wellington de Oliveira	Alyne Quinalha Amorim
Chief Controlling Officer	Accountant - CRC SP340782/O-0

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A free translation from Portuguese into English of Independent Auditor's Report on individual and consolidated financial statements prepared in Brazilian currency in accordance with accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB)

INDEPENDENT AUDITOR'S REPORT ON INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS

The Shareholders, Board of Directors and Officers
Smartfit Escola de Ginástica e Dança S.A.
São Paulo - SP

Opinion

We have audited the individual and consolidated financial statements of Smartfit Escola de Ginástica e Dança S.A. (Company), identified as Individual and Consolidated, respectively, which comprise the statement of financial position as at December 31, 2024 and the statements of profit or loss, of comprehensive income, of changes in equity and of cash flows for the year then ended, and notes to the financial statements, including material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the individual and consolidated financial position of Smartfit Escola de Ginástica e Dança S.A. as at December 31, 2024, and its individual and consolidated financial performance and individual and consolidated cash flows for the year then ended in accordance with accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) (currently referred to as "IFRS accounting standards" by the IFRS Foundation).

Basis for opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the individual and consolidated financial statements section of our report. We are independent of the Company and its subsidiaries in accordance with the relevant ethical principles set forth in the Code of Professional Ethics for Accountants and the professional standards issued by Brazil's National Association of State Boards of Accountancy (CFC), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the individual and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide an individual opinion on these matters. For each matter below, our description of how our audit addressed the matter, including any commentary on the findings or outcome of our procedures, is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the individual and consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

<u>Revenue recognition</u>

The process for recognizing the Company's and its subsidiaries' revenue involves a high level of control to ensure that these revenues have been accurately measured and are duly recorded on an accrual basis, including revenues corresponding to services not provided yet.

As mentioned in note 21 to the individual and consolidated financial statements, net operating income recorded by the Company and its subsidiaries as at December 31, 2024 amounted to R$1,854,031 thousand and R$5,580,304 thousand – individual and consolidated, respectively. This was considered a key audit matter based on the complexity of the revenue recognition process, mainly due to the large volume of transactions, and of the items considered in the calculation of estimated deferred revenue for correctly recognizing the Company's and its subsidiaries' revenues.

How our audit addressed this matter

Our audit procedures included, among others: (i) obtaining an understanding of significant internal controls relating to the revenue process, including significant IT systems, for which we involved on IT professionals, who assisted us in conducting tests relating to information security, data and system access management and system change management; (ii) conducting documentary tests on billed revenue, on a sample basis, (iii) testing the reports extracted from the system and used for calculating deferred revenue and recalculating estimated deferred revenue; and (iv) analyzing adequacy of the disclosures presented in the notes.

The deficiencies identified in the design and operation of the IT general controls have altered our evaluation in regard to nature and extension of our substantive procedures planned to obtain sufficient and appropriate evidence regarding revenue recognition. Taking this into consideration and based on the result of the audit procedures performed, which is consistent with the executive board's assessment, we believe that the Company's revenue recognition and measurement policies are acceptable in the context of the financial statements taken as whole.

<u>Impairment test of the balances of intangible assets with indefinite useful life</u>

As disclosed in Note 13 to the individual and consolidated financial statements, as at December 31, 2024, the Company recognized balances of intangible assets with indefinite useful life, including goodwill, in the amount of R$2,100,931 thousand.

The accounting practices adopted in Brasil and the IFRS accounting standards require that intangible assets with indefinite useful life be tested for impairment by the Company's executive board at least annually, unless there is evidence that might indicate the need to anticipate the test. The executive board conducted the impairment test using the discounted cash flow method, applied to each one of the cash-generating units (CGUs) to determine the value in use, and no need to record a provision for impairment of intangible assets with indefinite useful life was identified.

This matter was considered a key audit matter in our audit due to: (i) the materiality of the amounts involved; (ii) the cash flow projections used for purposes of these tests, which are performed individually, by CGU, and take into account estimates and assumptions sensitive to the current economic environment; and (iii) the use of operating assumptions in the future cash flow projections and discount rates that require certain level of judgment by the executive board.

How our audit addressed this matter

Our audit procedures included, among others: (i) understanding and testing the design of the annual control related to the impairment test; (ii) assessing the reasonableness of the assumptions and methodologies used by the Company, including the reasonableness in the determination of the CGU; (iii) comparing the recoverable amount determined by the executive board, based on discounted cash flows, with the respective carrying amount of the CGU; (iv) using internal specialists from management and from the audit team to assess the discount rate; and (v) assessing the appropriateness of the disclosure on the impairment test of assets. Based on the evidence obtained and the result of the audit procedures summarized above, which are consistent with the executive board's assessment, we understand that the policies and assumptions related to impairment of intangible assets with indefinite useful life, as well as the related disclosures in the explanatory notes, are acceptable in the context of the individual and consolidated financial statements taken as a whole.

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Business combination

In the year ended December 31, 2024, the Company, through its subsidiaries Racebootcamp Academia de Ginástica Ltda and Escola de Natação e Ginástica Bioswim Ltda, completed the acquisition of control of Velocity Academia de Ginástica Ltda and Velocity Franqueadora Ltda., as described in Note 3. This transaction was accounted for by applying the acquisition method.

The application of the acquisition method requires, among other procedures, that the Company determine the date of the effective acquisition of control, the fair value of the consideration transferred, the fair value of the assets acquired, and the liabilities assumed, and the calculation of goodwill in the transaction. These procedures usually involve a high level of judgment and the need to develop fair value estimates based on calculations and assumptions related to the future performance of the business acquired, which are subject to a high level of uncertainty.

Given the related high level of judgment and the impact that any changes to assumptions could have on the financial statements, this was considered a key audit matter.

How our audit addressed this matter

Our audit procedures included the following, among others: reading of the transaction-related documents, such as contracts and minutes; (ii) obtaining evidence that supported the determination of the date of acquisition of control and the determination of the fair value of the consideration transferred.

In addition, the following procedures were carried out with the assistance of our corporate finance specialists: (i) analyzing the methodology used to measure the fair value of the assets acquired and liabilities assumed; (ii) evaluating the reasonableness of the assumptions used and calculations made, comparing with market information, when available; (iii) evaluating the sensitivity analysis of the main assumptions used and the impacts of possible changes in such assumptions on the fair values determined and their relevance in relation to the financial statements as a whole; (iv) recalculating the determination of goodwill in the business combinations; and (v) assessing the adequacy of the disclosures presented by the Company.

Based on the audit procedures carried out on the accounting effects of the business combinations, we consider that the Company’s business combination accounting policies adopted to support judgments and information included to be acceptable in the context of the individual and consolidated financial statements taken as a whole.

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Other matters

Statements of value added

The individual and consolidated statements of value added (SVA) for the year ended December 31, 2024, prepared under the responsibility of the Company’s executive board and presented as supplementary information for IFRS purposes, were submitted to audit procedures conducted jointly with the audit of the Company's financial statements. To form our opinion, we evaluated if these statements are reconciled to the financial statements and accounting records, as applicable, and if their form and content comply with the criteria defined by Accounting Standard CPC 09 – Statement of Value Added. In our opinion, these statements of value added were prepared fairly, in all material respects, in accordance with the criteria defined in the abovementioned accounting standard and are consistent in relation to the individual and consolidated financial statements taken as a whole.

Other information accompanying the individual and consolidated financial statements and the auditor’s report

The executive board is responsible for such other information, which comprises the Management Report.

Our opinion on the individual and consolidated financial statements does not cover the Management Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the individual and consolidated financial statements, our responsibility is to read the Management Report and, in doing so, consider whether this report is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the Management Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the executive board and those charged with governance for the individual and consolidated financial statements

The executive board is responsible for the preparation and fair presentation of the individual and consolidated financial statements in accordance with accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) (currently referred to by the IFRS Foundation as "IFRS accounting standards"), and for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the individual and consolidated financial statements, the executive board is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the executive board either intends to liquidate the Company and/or its subsidiaries or to cease their operations, or has no realistic alternative but to do so.

Those charged with governance of the Company and its subsidiaries are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the individual and consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the individual and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Brazilian and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Brazilian and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identified and assessed risks of material misstatements of the individual and consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and its subsidiaries' internal control.

- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the executive board.

- Concluded on the appropriateness of the executive board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the individual and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the individual and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the individual and consolidated financial statements. We are responsible for the direction, supervision and performance of the Group's audit and, consequently, for the audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements, including applicable independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

São Paulo, March 12, 2025

ERNST & YOUNG
Auditores Independentes S/S Ltda.
CRC- SP-034519/O

Raphael de Oliveira Costa
Accountant CRC-SP295905/O