RESULTADOS 2020

smart fit

São Paulo, March 24, 2021 - Smart Fit, the leader in the fitness sector in Latin America, announces the results for the fourth quarter of 2020 (4Q20) and the year 2020. All comparisons are related to the same period of 2019 (4Q19 and 2019), except where otherwise indicated.

To allow better comparison with the previous periods, the results for 4Q20, 4Q19, 2Q20 and 2Q19 are presented without the effect of IFRS 16/CPC 06 (R02) throughout the document, including the figures presented in the tables and the explanations about the variations. The effects of adopting IFRS 16/CPC 06 (R02) are detailed beginning on page 14.

2020 HIGHLIGHTS

- Clubs: 900 clubs, with the opening of 74 units in the last 12 months.
  755 clubs in operation at the end of 4Q20 (84% of the total)
- Members[a]: 2,592 thousand members (-3.0% compared to 2019) in total, with 379 thousand in the Digital segment
- Revenue: R$ 1,256 million in 2020, a reduction of -36.7% compared to 2019
  R$ 385.8 million in 4Q20, an increase of 92.6% compared to 3Q20
- Costs and expenses [b]: Accumulated reduction of R$ 454.2 million from 2Q20 to 4Q20 against 1Q20's figures
- Adjusted EBITDA [c]: R$ 53.8 million in 2020, a reduction of -90.2% compared to 2019
  R$ 7.8 million in 4Q20, returning to a positive level
- Adjusted operating cash generation [d] of R$(107.0) million in 2020

2020 highlights (R$ million)	**4Q20**	**4Q19**	**Variation**	**2020**	**2019**	**Variation**
Clubs	900	826	+9.0%			
Members (end of the period) [a]	2,592	2,672	-3.0%			
Net Revenue	385.8	578.6	-33.3%	1,256.2	1,983.9	-36.7%
Adjusted EBITDA [c]	7.8	145.4	-94.7%	53.8	551.3	-90.2%
Adjusted EBITDA Margin [c]	2.0%	25.1%	-23.1 pp	4.3%	27.8%	-23.5 pp
Adjusted operating cash generation [d]				(107.0)	483.2	n/a

(a) Includes gym, micro-gyms and digital channel members; (b) Includes Cash cost of services, selling, general and administrative expenses and expenses on the opening of new units. Excludes the effects of IFRS 16/CPC 06 (R2) and depreciation and amortization amounts; (c) Excludes the effects of IFRS 16/CPC06 (R2), and for 2019 the expenses of R$ 234.4 million related to the long-term incentive plan *(stock options)*. See table on page 9 for the composition of EBITDA. (d) "Adjusted operating cash generation" is the net cash generated by operating activities, plus interest paid on borrowings, and the adjustment for the payment of property leases. See table on page 9 for the composition of Adjusted operating cash generation.

MESSAGE FROM MANAGEMENT

The year 2020 for Smart Fit, as well as for society, was marked by COVID-19. We started 2020 with a strong cash position (more than R$ 1.3 billion) resulting from a capitalization in 2019, reinforcing plans to accelerate growth combined with excellent levels of profitability. However, after a 1Q20 of strong financial and operational growth, in line with its historical performance, the Company temporarily closed, in March 2020, all its gyms, in all countries where it operates, in line with the recommendation of local public bodies.

Given the uncertainty of the duration and extent of the impact of the pandemic, the Company prioritized over the course of 2020 the maintenance of a high level of cash by adopting several measures to preserve cash, with emphasis on:

- Total expense reduction of R$ 454 million from 2Q20 to 4Q20 (-37.4% compared to the pace of 1Q20) [1]:
    - Real estate properties: renegotiation of lease agreements, focused on obtaining specific discounts and exemptions from readjustments.
    - Personnel: the Company suspended labor agreements or reduced working hours for employees, in accordance with the requirements of local labor laws.
    - Other expenses: significant reduction in expenses with utility bills, cleaning and marketing.
- Total Capex of R$ 247.4 million from 2Q20 to 4Q20, which represents an average of R$ 82.5 million per quarter, a reduction of -65.5% compared to Capex of R$ 239.0 million in 1Q20 and -66.6% compared to the total for the 2Q19 to 4Q19 period. In this period, the Company only concluded the construction works that were underway at the beginning of the pandemic in March 2020, significantly suspending the beginning of the construction of new gyms, and giving strong priority to the maintenance services of gyms in operation, in order to reduce the Maintenance Capex (which in 2020 decreased by 56.6% or R$ 67.4 million compared to 2019), while maintaining the same standards of excellence in customer service.
- In December 2020, a capital increase of R$ 500 million was made, subscribed by its current shareholders. At the end of 4Q20, Smart Fit had a solid cash position of R$ 1,064 million, and maturity of short-term financial debt of R$ 345 million in the next twelve months, which results in a greater volume of cash available for the operation and to address the possible impacts of the second wave of the pandemic.

The gyms had a gradual reopening over the course of 3Q20, with 91% of the total of the Company's gyms in operation at the end of this period, compared to 7% in operation at the end of 2Q20, and the maintenance of this level during October and November 2020. After the start of the pandemic, the Company's net revenue evolved each quarter, from R$ 67 million in 2Q20 to R$ 386 million in 4Q20, and Adjusted EBITDA for 4Q20 reached R$ 8 million, returning to a positive level, mainly due to the resumption of revenue and the implemented cost and expense reductions.

We observed shortly after the reopening that the mature units generated cash again, presenting a very positive gross margin. Additionally, there is an initial trend of reduction in the membership base, generated by (i) a higher volume of cancellations after reopening due to the long period that the units were closed; and (ii) lower sales volume, due to the lower circulation of the population in the cities (even after the end or relaxation of the restriction measures imposed in the context of Covid-19), and the carrying out of marketing efforts by Smartfit with a greater focus on the institutional nature, given the context of reduced mobility of the population.

The recovery seen between September and November 2020 was interrupted by the arrival of the second wave between December 2020 and March 2021, which generated new closures, however this time in specific regions, and again reduced the mobility of the population. The closings to date have been for shorter periods than the first wave - for example, the gyms in Mexico City have already reopened in early February 2021, after 45 days of closing compared to more than 5 months closed in the first wave. Based on the recovery observed after the first wave's reopening, and the performance of similar gyms in Europe and the United States, the Company believes in a gradual resumption of pre-pandemic levels after the end of the impacts of the second wave.

The membership base tends to recover with the longer reopening of gyms, and with the increase in population mobility. We highlight the case of Colombia, the 3rd largest market for Smartfit, which reopened the gyms in September 2020, and with a decreasing trend in relation to the restrictions on the operation. Before the pandemic, in March 2020, Colombia had 262,000 members and reached 178,000 members in January 2021, 5 months after the reopening began, with a 32% reduction compared to March 2020. After this initial phase of stability, the operation resumed growth and reached 194 thousand members on March 15, 2021. If this pace of recovery were maintained, Colombia would return to pre-pandemic membership base before the end of 2021.

[1] Considering costs and expenses, and excluding depreciation and amortization. Percentage of savings compares average spending per quarter between 2Q20 and 4Q20 and spending in 1Q20.

In 2020, Smart Fit significantly reinforced the services available in its fitness ecosystem, focusing mainly on new digital offerings. In July, we acquired the Queima Diária platform, leader in video-on-demand training in Brazil, with 375 thousand members at the end of 2020 and growth of 129% between March (beginning of the pandemic) and December. Queima Diária is the main fitness at home offer in the ecosystem, and offers access to more than 50 programs for R$ 359 per year. We reinforced the digital products team, integrating business, products, IT and operations areas. The area is responsible for the management of services related to physical activity, such as the Smart App, and complementary services (*add-ons*), such as Smart Nutri and Smart Coach. The Smart App had a new version launched in June, with a standardized protocol for training development, which led to the adoption of the app by 74% of new members in December 2020, and 37% of the total membership base in Brazil (compared to 8% in June). Smart Nutri, a nutritional monitoring service developed in partnership with N2B (start-up in the nutrition segment), incorporated tele-consultation with nutritionists and the measurement of body fat index at gyms. Smart Nutri reached an adoption rate of 4.0% of the Smart Fit membership base at the end of 2020. With the expansion of its ecosystem through new digital offerings, developed internally and in partnership with start-ups, the Company strengthens its position as a fitness platform in Latin America, consolidating its leadership in all relevant countries and segments of the market.

Between December 2020 and March 2021, the Company concluded two initiatives that position it for a resumption of growth, with no short-term impact on its cash, balancing the focus on preserving a strong liquidity position and capturing the opportunities offered by the current market's moment. On December 15, 2020, Smart Fit signed an agreement with investors to set up a jointly controlled subsidiary in Brazil, in which investors contributed R$ 201.9 million to the opening of 34 new gyms. On March 5, 2021, the Company signed a contract for the acquisition of Just Fit, a network of gyms with 27 gyms in the state of São Paulo. The acquisition price will be calculated and paid only in the occurrence of a liquidity event at Smart Fit, without any payment until such event. Both structures allow for the expansion of the Company's network in a selected manner, consolidating its leadership in the region, without having an impact on cash.

The initiatives in 2020 reinforced the Company's position to face the global crisis caused by COVID-19, with a collaborative team, a culture of quick adaptation to changes, and a solid financial position. They also prepare the Company to, after the end of the pandemic, resume its path of consolidation in the markets in which it operates, customer service excellence and constant innovation in the fitness market in Latin America.

PRESENTATION OF RESULTS

The Company has its own operations in Brazil, Mexico, Colombia, Chile, Peru, Panama, Costa Rica, Argentina and Paraguay and franchised operations in Brazil, Mexico (in both these countries, combined with company owned clubs), El Salvador, Ecuador, Guatemala and Dominican Republic. In 1Q20, the Company acquired the joint control of the operation in Panama, and their results are now accounted for as share of profit (loss) of investees. The consolidation in the Statement of Profit and Loss for each period is detailed below:

<table>
<tr><th rowspan="2">Operation</th><th colspan="2">Recognition in the Statement of Profit and Loss for the period</th><th colspan="2">Recognition in the Balance Sheet for the period</th></tr>
<tr><th>1Q19 to 4Q19</th><th>1Q20 to 4Q20</th><th>2Q19</th><th>2Q20</th></tr>
<tr><td>Brazil, Mexico, Colombia, Chile, Peru, Argentina and Paraguay</td><td>Consolidated</td><td>Consolidated</td><td>Consolidated</td><td>Consolidated</td></tr>
<tr><td>Panama and Costa Rica</td><td>Royalties for use of the brand [a]</td><td>Share of profit (loss) [b]</td><td>n/a</td><td>Investment</td></tr>
<tr><td>El Salvador, Ecuador, Guatemala and Dominican Republic [c]</td><td>Royalties for use of the brand</td><td>Royalties for use of the brand</td><td>n/a</td><td>n/a</td></tr>
</table>

(a) Operation in the period was franchised; (b) Panama became a company-owned operation in 1Q20, with shared control with local partners; (c) Franchised operations up to 12/31/2020.

For a better understanding of its business, the Company presents in this report:

- Operational information: combined data of the entire network, including the international franchises and franchises in Brazil and Mexico.
- Financial information: consolidated data of the controlled operations.

OPERATIONAL HIGHLIGHTS:

Number of Clubs

Clubs	End of the Period					Growth 4Q20 vs.			Variation 4Q20 vs.	
	4Q19	1Q20	2Q20	3Q20	4Q20	4Q19	3Q20	19 vs. 18	4Q19	3Q20
Total	**834**	**860**	**861**	**876**	**911**	**77**	**35**	**197**	**+9.2%**	**+4.0%**
Clubs	**826**	**850**	**851**	**865**	**900**	**74**	**35**	**195**	**+9.0%**	**+4.0%**
By Type										
Company Owned	644	663	664	677	704	60	27	141	+9.3%	+4.0%
Franchises	182	187	187	188	196	14	8	54	+7.7%	+4.3%
By Brand										
Smart Fit	789	813	815	830	867	78	37	192	+9.9%	+4.5%
Company Owned	612	631	633	647	676	64	29	139	+10.5%	+4.5%
Brazil	315	323	324	332	343	28	11	54	+8.9%	+3.3%
Mexico	154	159	160	166	172	18	6	34	+11.7%	+3.6%
Other Latin America [a]	143	149	149	149	161	18	12	51	+12.6%	+8.1%
Franchises	177	182	182	183	191	14	8	53	+7.9%	+4.4%
Brazil	140	145	145	148	154	14	6	32	+10.0%	+4.1%
Mexico	8	10	10	10	10	2	-	7	+25.0%	+0.0%
Other Latin America [a]	29	27	27	25	27	(2)	2	14	-6.9%	+8.0%
Bio Ritmo and O2	37	37	36	35	33	(4)	(2)	3	-10.8%	-5.7%
Company Owned	32	32	31	30	28	(4)[d]	(2)	2	-12.5%	-6.7%
Franchises	5	5	5	5	5	-	-	1	-	-
By region										
Brazil	488	501	501	511	527	39	16	89	+8.0%	+3.1%
Mexico	162	169	170	176	182	20	6	41	+12.3%	+3.4%
Other Latin America [a]	176	180	180	178	191	15	13	65	+8.5%	+7.3%
Micro gyms	**8**	**10**	**10**	**11**	**11**	**3**	**-**	**2**	**+37.5%**	**+0.0%**
Brazil	6	8	8	9	9	3	-	2	+50.0%	+0.0%
Other Latin America [a]	2	2	2	2	2	-	-	-	-	-

(a) The region "Other Latin America" includes for Company Owned Operations, Argentina, Chile, Colombia, Costa Rica, Paraguay, Peru and Panama (as from 1Q20), and for Franchises, El Salvador, Ecuador, Guatemala, Dominican Republic and Panama (up to 4Q19); (b) Upon the acquisition of the operation in Panama in 1Q20, 4 Smart Fit franchise units became Company-owned clubs. (c) Micro gyms include company owned operations and franchises; (d) Closing of 2 corporate Bio Ritimo clubs, 1 Bio Ritmo through the sale of the property where the gym operated and 1 O2 (Chile) through the return of the business location.

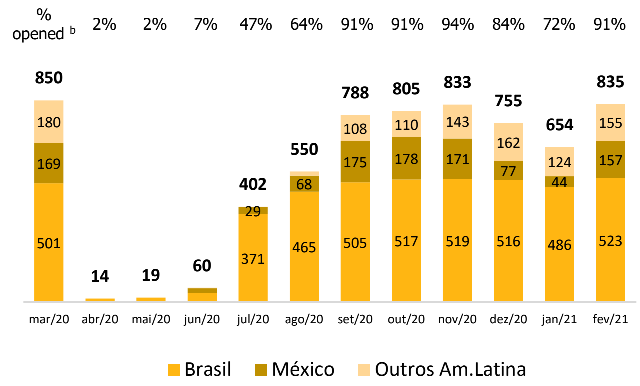
Members

Members ('000)	End of the Period					Var. 1Q20 vs.
	4Q19	1Q20	2Q20	3Q20	4Q20	4Q19
Total	**2,672**	**2,820**	**2,697**	**2,818**	**2,592**	**-3.0%**
Clubs	**2,670**	**2,817**	**2,694**	**2,497**	**2,210**	**-17.2%**
By Type						
Company Owned	2,084	2,218	2,132	1,959	1,720	-17.5%
Franchises	586	599	562	538	490	-16.4%
By Brand						
Smart Fit	**2,608**	**2,757**	**2,637**	**2,446**	**2,165**	**-17.0%**
Company Owned	2,030	2,165	2,082	1,915	1,681	-17.2%
Brazil	1,120	1,129	1,085	974	888	-20.7%
Mexico	467	520	502	463	368	-21.3%
Other Latin America [a]	442	516	494	478	425	-3.9%
Franchises [d]	579	592	555	531	484	-16.4%
Bio Ritmo and O2	**61**	**60**	**57**	**51**	**45**	**-27.4%**
By region						
Brazil	1,628	1,646	1,572	1,437	1,317	-19.1%
Mexico	490	551	532	493	395	-19.4%
Other Latin America [a]	552	619	590	567	497	-9.9%
Micro gyms [b]	2	3	3	3	4	+81.1%
Digital [c]	**n/a**	**n/a**	**n/a**	**318**	**379**	**n/a**

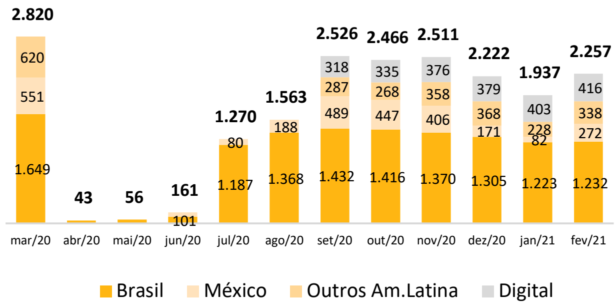
(a) The region "Other Latin America" includes for Company Owned Operations, Argentina, Chile, Colombia, Costa Rica, Paraguay, Peru and Panama (as from 1Q20). For Franchises, it includes El Salvador, Ecuador, Guatemala, Dominican Republic and Panama (up to 4Q19); (b) The number of members of micro gyms started to be reported in 4Q19, with the increase of recurring membership base vs. individual classes; (c) The number of digital channel members started being reported in 3Q20, with the acquisition of the digital platform and the increase in the membership base in this channel. Members with plans that provide access to face-to-face and digital training are only considered in the face-to-face channel (Gyms or Micro gyms); (d) In the acquisition of the operation in Panama in 1Q20, 4 Smart Fit units - Franchises became Company Owned.

Units opened at the end of each period

Units [a]



Members in opened units [c]



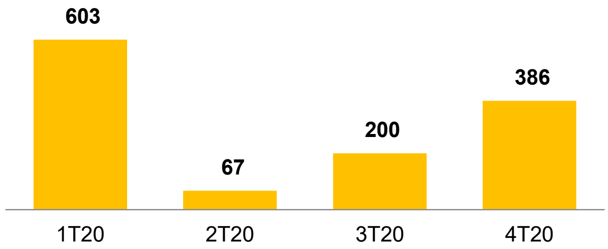
(a) includes company owned and franchised gyms; (b) total of opened gyms divided by the total of gyms at the end of the month; (b) The region "Other Latin America" includes for Company Owned Operations, Argentina, Chile, Colombia and Peru, and as from 1Q20, Panama and Costa Rica. For franchises, it includes El Salvador, Ecuador, Guatemala, Dominican Republic and Panama (until 4Q19); (c) gym, micro gyms and digital channel members that were in operation at the end of the month; includes members with frozen plans.

In 4Q20, the Company continued to recover from the impacts caused by the temporary closure of gyms due to COVID-19. At September 30, 2020, 91% of the Company's total gyms were in operation, and this level evolved positively until November. As from December 15, due to the growth in the number of COVID-19 cases (the so-called "second wave"), there was a new closure in some regions, the most relevant being Mexico City. So far, closings related to the second wave are regional, and shorter in relation to the first wave. The gyms in Mexico City, for example, reopened in February 2021, having been closed for about 45 days compared to more than 5 months in the first wave. The impacts of the second wave continued in this pace during 1Q21, with 72% open at the end of January 2021 and resumed for 91% of the Company's gyms in operation at the end of February 2021.

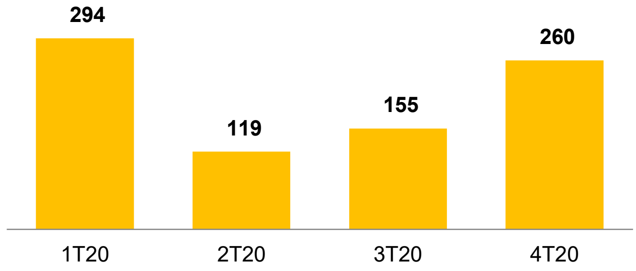
The Company ended 4Q20 with a total of 2,592 thousand members, a number in line with 4Q19. In the digital channel, the number of members grew 17% compared to 3Q20, reaching 379 thousand people, driven by sales during Queima Diária's Black Friday, which is the main digital platform of the Company and the leader in video-on-demand training in Brazil. In the Gyms segment, the number of members decreased by 17.2% compared to 4Q19, due to the impact of the pandemic. As at December 31, 2020, there were 197,000 frozen plans, or 9% of the membership base of gyms in operation in Latin America.

MAIN FINANCIAL INDICATORS

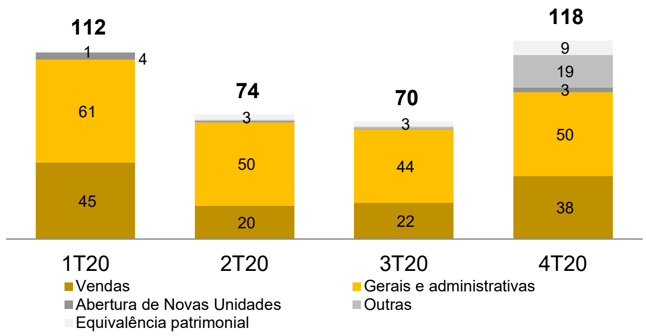
Net Revenue (R$ million)



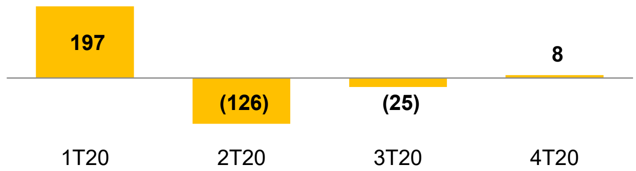
Cash cost of services (R$ million)



Expenses (R$ million)



Adjusted EBITDA (R$ million)



Note: see tables on page 8 for the composition of cash cost of services and on page 9 for the composition of Adjusted EBITDA.

STATEMENT OF PROFIT AND LOSS [a]

Main financial indicators (R$ million)	**4Q20**	**4Q19**	**Variation**	**2020**	**2019**	**Variation**
Gross Revenue	415.3	625.3	-33.6%	1,361.7	2,148.4	-36.6%
Net Revenue	385.8	578.6	-33.3%	1,256.2	1,983.9	-36.7%
Cash cost of services [b]	(259.9)	(288.6)	-9.9%	(828.3)	(1033.3)	-19.8%
Cash gross profit [b]	125.9	289.9	-56.6%	427.9	950.6	-55.0%
Cost of opening new units	(4.34)	(11.6)	-62.7%	(16.7)	(30.8)	-45.6%
Cash gross profit before opening of new units [b]	130.2	301.6	-56.8%	444.7	981.4	-54.7%
Gross margin before opening of new units	*33.8%*	*52.1%*	*-18.4 pp*	*35.4%*	*49.5%*	*-14.1 pp*
SG&A	(109.4)	(377.2)	-71.0%	(358.3)	(631.9)	-43.3%
% Net Revenue	*28.4%*	*65.2%*	*-36.8 pp*	*28.5%*	*31.9%*	*-3.3 pp*
Selling expenses [c]	(37.5)	(38.4)	-2.1%	(124.4)	(136.5)	-8.9%
% Net Revenue	*9.7%*	*6.6%*	*+3.1 pp*	*9.9%*	*6.9%*	*+3.0 p.p.*
General and administrative expenses [d]	(49.8)	(308.9)	-83.9%	(204.4)	(450.4)	-54.6%
% Net Revenue	*12.9%*	*53.4%*	*-40.5 pp*	*16.3%*	*22.7%*	*-6.4 pp*
Expenses on the opening of new units	(2.9)	(6.9)	-57.3%	(8.5)	(16.9)	-50.0%
Other operating income (expenses)	(19.1)	(23.1)	-17.2%	(21.1)	(28.2)	-25.2%
Share of profit (loss) of investees	(8.7)	(1.8)	+391%	(15.8)	(1.8)	+789%
EBITDA	7.8	(89.0)	-109%	53.8	316.9	-83.0%
Adjusted EBITDA	7.8	145.4	-94.7%	53.8	551.3	-90.2%
Adjusted EBITDA Margin	*2.0%*	*25.1%*	*-23.1 pp*	*4.3%*	*27.8%*	*-23.5 pp*
Adjusted EBITDA before expenses on the opening of new units	15.0	163.9	n/a	79.0	599.0	-86.8%
Adjusted EBITDA margin before expenses with the opening of new units	*3.9%*	*28.3%*	*-24.4 pp*	*6.3%*	*30.2%*	*-23.9 pp*
Depreciation and amortization	81.8	94.6	-13.6%	371.3	308.5	+20.4%
Profit for the period	(88.7)	(243.2)	-63.5%	(487.4)	(247.0)	+97.3%

(a) all indicators exclude the effects of IFRS 16 in relation to the lease of clubs and offices; (b) "Cash cost of services" and "Cash gross profit" exclude depreciation. "Cash gross profit before opening of new units" excludes depreciation and cost of opening of new units; See section "Gross Profit" for the calculation of these measurements; (c) 'Selling expenses' excludes expenses with the opening of new units; (d) "General and administrative expenses" excludes depreciation; (e) "Adjusted EBITDA" excludes expenses with long-term incentive plan (stock options) in 2019. See section "EBITDA Composition" for the calculation of this measurement; (f) "Adjusted EBITDA before expenses with opening new units" excludes costs and expenses with the opening of new units. See section "EBITDA Composition" for the calculation of this measurement.

GROSS AND NET REVENUE

Revenue composition

Net Revenue (R$ million)	**4Q20**	**4Q19**	**Variation**	**2020**	**2019**	**Variation**
Gross Revenue	**415.3**	**625.3**	**-33.6%**	**1,361.7**	**2,148.4**	**-36.6%**
Monthly fees	340.4	496.5	-31.4%	1,100.3	1,831.9	-39.9%
Annual fees	56.9	53.0	+7.3%	182.1	164.2	+10.9%
Membership fees	5.4	16.9	-68.3%	30.7	51.3	-40.1%
Others	12.6	58.9	-78.6%	48.6	101.1	-51.9%
Taxes and deductions	(29.5)	(46.8)	(0.4)	(105.4)	(164.5)	(0.4)
Net Revenue	**385.8**	**578.6**	**-33.3%**	**1,256.2**	**1,983.9**	**-36.7%**

Revenue by Brand and Region

Net Revenue (R$ million)	**4Q20**	**4Q19**	**Variation**	**2020**	**2019**	**Variation**
Smart Fit	322.5	483.5	-33.3%	1,090.0	1,736.0	-37.2%
Brazil	164.8	252.4	-34.7%	600.7	943.2	-36.3%
Mexico	99.8	123.1	-18.9%	291.7	420.6	-30.6%
Other Latin America	57.9	108.0	-46.4%	197.6	372.2	-46.9%
Bio Ritmo and O2	12.0	39.2	-69.4%	66.4	159.3	-58.3%
Others	51.3	55.9	-8.2%	99.9	88.6	+12.7%
Total	**385.8**	**578.6**	**-33.3%**	**1,256.2**	**1,983.9**	**-36.7%**
International revenue	40.7%	41.7%	-1.0 pp	39.9%	42.1%	-2.1 pp

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

Net revenue in 4Q20 was R$ 385.8 million, an increase of 92.6% in relation to 3Q20, reaching 64% of the 1Q20 level. The evolution was mainly due to the reopening of gyms, with 91% of the gyms in operation on average of 4Q20 vs. 54% in 3Q20, and the growth of the digital channel. In 4Q20 there was a 33.3% reduction in revenue compared to 4Q19, mainly impacted by (i) the operation of 91% of company owned gyms, on average of 4Q20 vs. 100% in 4Q19; (ii) a 17.5% reduction in the number of members in company owned gyms; and (iii) freezing of plans (9% of the total membership base of the gyms in operation at 12.31.2020); partially offset by the acquisition of Queima Diária in 3Q20 (impact of +4.8% compared to 4Q19). In the year, net revenue was R$ 1,256 million, a reduction of 36.7% compared to 2019, impacted by the closing of gyms, mainly in 2Q20 and 3Q20.

The reduction in revenue by region in 2020 was proportional to the reopening in the regions. Brazil started the reopening in a relevant way in July, with an average opening of 65% of the gyms in the year. In Mexico, the opening occurred at a time similar to that of Brazil, during 3Q20. In the region Other Latin America, the average openings in the period was 41%, with the opening of the gyms in Colombia in September, and the gyms in Chile and Peru closed for almost the entire period of the pandemic.

CASH COST OF SERVICES [a]

Cash cost of services (R$ million)	4Q20	3Q20	2Q20	1Q20	4Q19	Variation 1Q20 vs. 1Q20 Total	%
Lease of real estate and common area maintenance fees	100.9	64.1	48.0	107.9	94.2	(7.0)	-6.5%
Personnel expenses and charges	71.2	42.5	42.6	82.1	89.2	(10.9)	-13.3%
Utilities expenses	37.4	22.4	20.1	50.9	41.9	(13.5)	-26.5%
Operational support services	26.6	14.0	2.8	28.9	28.2	(2.3)	-8.0%
Maintenance	14.3	7.9	5.5	17.5	19.1	(3.2)	-18.4%
Opening of new units	4.3	4.5	3.1	4.9	11.6	(0.5)	-10.7%
Other expenses	5.3	(0.4)	(2.7)	1.8	4.5	3.4	190.2%
Cash cost of services [a]	**259.9**	**155.0**	**119.4**	**294.0**	**288.6**	**(34.0)**	**-11.6%**

(a) "Cash cost of services" excludes the effects of IFRS 16, depreciation and amortization. The lease of real estate is considered in this account, including discounts obtained during the pandemic. (b) all indicators exclude the effects of IFRS 16 in relation to the lease of clubs;

The Company obtained a R$ 34.0 million reduction in cash costs in 4Q20 (excluding depreciation and amortization) versus 1Q20, representing savings of 11.6%, even with the growth of 9, 3% in the number of company owned gyms in the year. Actions to reduce costs in 4Q20 continued to be a priority to minimize the impact on cash, and included:

- Real estate: renegotiation of discounts of the lease contracts after reopening, based on the market trend of reducing rental levels due to the reduced demand of retail properties, with a reduction of R$ 7.0 million or 6.5%;
- Personnel: reduction in the working hours for employees to adapt to the level of movement at the units, observing the determinations of local labor laws. The reduction in personnel expenses was R$ 10.9 million, or 13.3%.
- Strong reduction in expenses with utilities bills, cleaning (operational services) and maintenance, even with part of the clubs in operation.

From 2Q20 to 4Q20, the application of these actions generated savings of R$ 347.7 million (-39.4%) compared to 1Q20.

GROSS PROFIT

Gross Profit (R$ million)	4Q20	4Q19	Variation	2020	2019	Variation
Cost of services rendered	(339.9)	(371.2)	-8.4%	(1190.5)	(1332.0)	-10.6%
(-) Depreciation	(79.9)	(82.6)	-3.2%	(362.2)	(298.7)	+21.2%
Cash cost of services	(259.9)	(288.6)	-9.9%	(828.3)	(1033.3)	-19.8%
Gross profit	46.0	207.3	-78%	65.7	651.9	-89.9%
% Net revenue	*11.9%*	*35.8%*	*-23.9 pp*	*5.2%*	*32.9%*	*-27.6 pp*
(-) Depreciation	(79.9)	(82.6)	-3.2%	(362.2)	(298.7)	+21.2%
Cash gross profit	125.9	289.9	-56.6%	427.9	950.6	-55.0%
Cash gross margin	*32.6%*	*50.1%*	*-17.5 pp*	*34.1%*	*47.9%*	*-13.9 pp*
(-) Cost of opening of new units	(4.3)	(11.6)	-62.7%	(16.7)	(30.8)	-45.6%
Cash gross profit before opening of new units	130.2	301.6	-57%	444.7	981.4	-54.7%
Cash gross margin before opening of new units	*33.8%*	*52.1%*	*-18 pp*	*35.4%*	*49.5%*	*-14.1 pp*

(a) "Cash cost of services" excludes depreciation and amortization; (b) "Cash gross profit" excludes depreciation and amortization; (b) "Cash gross profit before opening of new units" excludes depreciation, amortization and cost of opening of new units. (d) all indicators exclude the effects of IFRS 16 in relation to the lease of clubs;

Cash gross profit in 4Q20 was R$ 125.9 million, an increase of 178% compared to 3Q20 (+R$80.6 million) due to the reopening of units, and a reduction of R$ 164.0 million compared to 4Q19, mainly impacted by the reduction of R$ 192.7 million in net revenue, due to the temporary closing of gyms, partially offset by the R$ 28.7 million decrease in cash cost of services compared to 4Q19, obtained with the implementation of cost reduction measures. Cash gross margin in 4Q20 was 32.6%, even with a 33.3% reduction in revenue compared to 4Q19, indicating that the amount of cost reductions (detailed in the section above) ensured that results at the gym level remained at a relevant level.

For 2020, cash gross profit was R$ 427.9 million, a reduction of 55.0% over 2019 and a cash gross margin of 34.1%, impacted by the pandemic, and partially offset by the cost reductions implemented.

SELLING AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses (R$ million)	4Q20	3Q20	2Q20	1Q20	4Q19	Variation 1Q20 vs. 1Q20 Total	%
Selling expenses	37.5	21.6	19.8	45.5	38.4	(7.9)	-17.5%
General and administrative expenses [a]	49.8	43.6	49.6	61.4	74.5	(11.5)	-18.8%
Expenses with the opening of new units	2.9	0.7	0.7	4.1	6.9	(1.2)	-28.8%
Total	90.3	65.8	70.1	111.0	119.7	(20.7)	-18.6%

(a) excludes expenses with the granting and exercise of long-term incentive plan (ILP - stock options) in 4Q19 (R$ 234.4 million); (b) all indicators exclude the effects of IFRS 16 in relation to the lease of clubs and offices;

Marketing and selling expenses were R$ 37.5 million in 4Q20, a decrease of R$ 7.9 million (-17.5%) compared to the pre-pandemic expenses of 1Q20. General and administrative expenses were R$ 49.8 million, a reduction of 18.8% versus 1Q20, due to actions to reduce expenses during the period, including the suspended labor agreements or reduced working hours for part of employees. The teams gradually returned to the normal working regime as the units in each region reopened.

In 2020, selling expenses were R$ 124.4 million, a reduction of 8.9% compared to 2019. This amount represented 9.9% of the net revenue for the period (+3.0 p.p. compared to 2019), mainly impacted by (i) less mobility of the population due to the pandemic, which negatively affects the cost of acquiring members; and (ii) the acquisition of Queima Diária, which has a higher level of marketing expenses as an element of its business model (impact of 0.5 p.p.). General and administrative expenses were R$ 204.4 million, a decrease of 54.6% compared to 2019, mainly due to the expenditure reduction actions implemented during the pandemic, and the non-recurring expenditure related to long-term incentives (*stock options*) in 2019 (R$ 234.4 million). Other operating expenses totaled R$ 21.1 million in 2020, a decrease of 25.2% compared to 2019, mainly impacted by the write-off of prescribed taxes recoverable of R$ 9.8 million.

EBITDA
EBITDA Composition

EBITDA Composition (R$ million)	4Q20	4Q19	Variation	2020	2019	Variation
Profit (loss) for the period	(88.7)	(243.2)	-63.5%	(487.4)	(247.0)	+97.3%
(-) IR & CSLL	(51.1)	8.5	n/a	(50.6)	40.7	n/a
(-) Finance income (costs)	65.7	51.0	+28.9%	220.5	214.7	+2.7%
(-) Depreciation	81.8	94.6	-13.6%	371.3	308.5	+20.4%
Adjusted EBITDA	7.8	(89.0)	n/a	53.8	316.9	-83.0%
(+) Effects of the ILP plan (stock option)		234.4		0.0	234.4	
Adjusted EBITDA	7.8	145.4	-94.7%	53.8	551.3	-90.2%
Adjusted EBITDA Margin	*2.0%*	*25.1%*	*-23.1 pp*	*4.3%*	*27.8%*	*-23.5 pp*
(-) Costs and expenses with the opening of new units	(7.3)	(18.5)	-60.7%	(25.2)	(47.7)	-47.1%
Adjusted EBITDA before expenses with the opening of new units	15.0	163.9	-91%	79.0	599.0	-86.8%
Adjusted EBITDA margin before expenses with the opening of new units	*3.9%*	*28.3%*	*-24.4 pp*	*6.3%*	*30.2%*	*-23.9 pp*

(a) "Effects of the ILP plan" include expenses with the granting and exercise of stock options; (b) "Costs and expenses with the opening of new units" are the costs of a new club, incurred up to and including the month of its opening, plus selling expenses directly related to the unit's inauguration, incurred until the 2nd month after its opening; (c) all indicators exclude the effects of IFRS 16 in relation to the lease of clubs and offices.

Adjusted EBITDA in 4Q20 was R$ 7.8 million, with a return to a positive level in relation to EBITDA of R$ (24.6) million observed in 3Q20. The amount in the period was mainly impacted by the closure of Smart Fit clubs, partially offset by cost and expense reduction actions.

In 2020, Adjusted EBITDA was R$ 53.8 million, remaining positive even with the closing of practically all clubs during 2Q20 and with partial closing in 3Q20 and 4Q20, mainly due to the reduction of R$ 399.5 million in accumulated expenses between 2Q20 and 4Q20 versus 1Q20, including costs and expenses.

Adjusted EBITDA by Region

Adjusted EBITDA (R$ million)	4Q20	4Q19	Variation	2020	2019	Variation
Brazil	-4.0	59.2	n/a	-2.9	251.3	-101.1%
Mexico	16.4	48.9	-66.5%	59.3	160.6	-63.1%
Other Latin America[a]	4.1	39.1	-89.5%	13.2	141.2	-90.7%
Subtotal	**16.5**	**147.2**	**-89.1%**	**69.6**	**553.1**	**-87.4%**
Elimination [b]	(8.7)	(1.8)	-	(15.8)	(1.8)	-
Total	**7.8**	**145.4**	**-94.7%**	**53.8**	**551.3**	**-90.2%**

(a) "Other Latin America" only considers company owned operations in the region (Colombia, Chile, Peru, Argentina and Paraguay); (b) Share of profit (loss) of joint ventures in the Company's new businesses that were not considered in the Subtotal; (c) all indicators exclude the effects of IFRS 16 in relation to the lease of clubs and offices.

EBITDA in all regions showed a significant recovery in 4Q20, after the reopening of the clubs mainly throughout 3Q20, particularly on the operation in Colombia (reported under "Other Latin America"), which in 4Q20 had an EBITDA growth of 18.4% compared to 4Q19, with a margin of 40.8%. It is worth mentioning that the group's corporate structure and shared services are concentrated on the operation in Brazil.

PROFIT (LOSS) FOR THE PERIOD

The Company posted a loss of R$ (487.4) million in 2020, against R$ (247.0) million in 2019. The 2020 result was impacted by the temporary closure of the clubs due to the pandemic, while the 2019 result was impacted by non-recurring expenses related to the stock option plan of R$ 234.4 million.

CAPEX

Capex (R$ million)	4Q20[a]	3Q20	2Q20	1Q20	4Q19	Variation 4Q20 vs. 1Q20	Variation 4Q20 vs. 4Q19	2020	2019	Variation
Capex	80.3	121.5	45.6	239.0	338.3	-66.4%	-76.3%	486.4	879.1	-44.7%
Expansion	62.6	102.5	37.4	202.0	301.4	-69.0%	-79.2%	404.5	725.4	-44.2%
Maintenance	11.4	11.8	4.9	23.7	27.9	-52.0%	-59.2%	51.8	119.2	-56.6%
Innovation projects	2.4	3.4	1.6	6.0	0.3	-59.2%	+716%	13.5	15.0	-10.2%
Corporate	3.9	3.7	1.7	7.3	8.7	-46.7%	-55.3%	16.6	19.5	-14.6%

(a) Excludes R$ 24.8 million of Expansion Capex advanced to the units of SmartExp Escola de Ginástica e Dança units, a subsidiary with control shared with foreign investors, which will be reimbursed at cost starting in 4Q20.

Capex in 4Q20 was reduced to R$ 80.3 million, a variation of (66.4)% compared to 1Q20, in line with the Company's efforts to preserve cash. The Company significantly suspended the start of construction of new clubs, reduced the pace of construction of the units under construction, and prioritized maintenance services for gyms in operation.

1Q20 represents 49.9% of the expansion investment made in the year, during the pre-pandemic period. Expansion Capex in 2Q20 and 4Q20 was directed to own units that were under construction at the end of 1Q20. The Company inaugurated 41 company owned units in this period, with a 65.5% reduction in the average Expansion Capex per quarter in relation to 1Q20. Additionally, the Company reduced the average Maintenance Capex by 60.5% per quarter compared to 1Q20.

Corporate Capex was R$ 16.6 million in 2020, a reduction of 14.6% compared to 2019, chiefly due to the beginning of the implementation of the Oracle Cloud ERP in 2019, with the involvement of teams from all countries where the Company has company owned operation.

CASH AND INDEBTEDNESS

Cash and indebtedness (R$ million)	**4Q20**	**3Q20**	**2Q20**	**1Q20**	**4Q19**
Cash and financial investments	1,064	832	1,163	1,346	1,351
Financial indebtedness	2,833	2,822	2,890	2,739	2,402
By nature:					
Borrowings and debentures	2,616	2,597	2,669	2,528	2,207
Lease liability - equipment	217	225	221	211	196
By maturity:					
Short term	345	402	561	249	234
Long term	2,488	2,420	2,329	2,490	2,168
Net Debt	1,770	1,990	1,727	1,392	1,051
Net Debt / EBITDA LTM	5.69	8.94	4.22	1.94	1.66

(a) in this table, "Net debt" considers short- and long-term borrowings and operating leases (excluding leases of properties) with financial institutions, less cash and financial investments; (b) Financial indebtedness includes the liability of equipment operating lease; (c) the "Net Debt / EBITDA" ratio uses the definition of net debt and EBITDA of the Company's debentures, which among other factors includes the pro forma result of the operations acquired during the period and the effects of IFRS16 on EBITDA.

On December 28, 2020, the Company increased the capital subscribed by its current shareholders, which totaled R$ 500 million, of which R$ 435.7 million were paid up in 2020 and R$ 64.3 million in January 2021. Cash at the end of 4Q20 totaled R$ 1,064 million, positively impacted by the capital contribution and cash preservation measures adopted by the Company. The net debt during the pandemic period remained relatively stable, in the range of R$ 1.7 billion to R$ 2.0 billion, due to the cash preservation measures implemented by the Company, and the capital contribution.

The net debt/EBITDA ratio reached 5.69x due to the reduction in EBITDA due to the temporary closure of clubs. Regarding the Company's 4th issue of debentures, in which this ratio is measured quarterly with a limit of 3.0x, the Debenture Holders' General Meeting held on June 26, 2020, among other topics, approved the change in the limit of the net debt/EBITDA ratio, which will not be measured in the 2nd and 3rd quarters of 2020, and will have a limit of 6.75x in the 4th quarter of 2020 and 1st quarter of 2021; In relation to bank loans, most of the Company's agreements have only an annual measurement (at the end of the fiscal year) of the net debt/EBITDA ratio, and waivers were obtained for all agreements that provide for this measurement. With these initiatives, the Company was in compliance with its obligations in all financial agreements as from December 31, 2020.

The Company seeks to align the debt maturity profile with its operating cash generation, and the borrowings in local currency, in each country where it operates. At the end of 4Q20, the maturity schedule of the financial indebtedness was:

Financial indebtedness (R$ million)	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**Total**
Total	**345**	**591**	**545**	**451**	**487**	**413**	**2,833**
Brazil	93	70	176	172	416	413	1,339
Mexico	81	153	165	121	44	-	563
Other Latin America	172	368	204	159	27	0	931

(a) in this table, "Financial indebtedness" is defined as short-term and long-term borrowings and machinery and equipment leases with financial institutions; (b) "Other Latin America" includes financial indebtedness in Chile, Colombia and Peru.

ADJUSTED CASH GENERATION

This table is a vision of the Company prepared based on the Statement of Cash Flows, which is prepared in accordance with IAS7 and presented on page 17. The table on page 15 shows the reconciliation between the Statement of Cash Flows and the Company's vision on the Adjusted Cash Generation presented in this section. This table considers the effects of IFRS 16.

Cash flow (R$ million)	**2Q20 to 4Q20**	**1Q20**	**Variation**	**2020**	**2019**	**Variation**
ADJUSTED OPERATING CASH GENERATION						
Profit before income tax and social contribution	(676)	21	n/a	(655)	(299)	119%
Depreciation and amortization	547	158	247%	704	527	34%
Accrued interest	79	137	-42%	217	384	-44%
Working capital variation	25	(116)	n/a	(90)	(145)	-38%
Others	44	1	n/a	46	382	-88%
Cash generated by operating activities	20	201	-90%	221	849	-74%
Interest paid on leases	(80)	(64)	25%	(144)	(176)	-18%
(-) Payment of lease of properties [a]	(113)	(37)	204%	(150)	(161)	-7%
Income tax and social contribution paid	(11)	(23)	-51%	(34)	(29)	19%
Adjusted operating cash generation	(184)	77	n/a	(107)	483	n/a
ADJUSTED INVESTMENT CASH GENERATION						
Additions to property and equipment	(249)	(239)	4%	(488)	(879)	-45%
Acquisition of subsidiary, net of cash received	(57)	-	n/a	(57)	-	n/a
Acquisition / capital increase in joint venture	(66)	(21)	210%	(87)	(18)	387%
Others	(40)	(1)	n/a	(41)	(22)	87%
Adjusted investment cash generation	(411)	(262)	57%	(673)	(919)	-27%
ADJUSTED FINANCING CASH GENERATION						
Repayment of borrowings and costs	(163)	(47)	243%	(210)	(1,229)	-83%
Borrowings	182	260	-30%	442	1,735	-75%
Payment of lease - machinery and equipment	(43)	(8)	468%	(51)	(61)	-16%
Interest paid on borrowings and debentures	(189)	(10)	n/a	(199)	(142)	40%
Capital increase	436	0	n/a	436	1,165	-63%
Others	(16)	(31)	-48%	(47)	(358)	-87%
Adjusted financing cash generation	206	164	26%	371	1,109	-67%
Financial investments in restricted cash	(51)	(4)	n/a	(55)	37	n/a
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(440)**	**(24)**	**n/a**	**(464)**	**710**	**n/a**
Opening balance	1,346	1,351	0%	1,351	667	103%
Closing balance	1,020	1,346	-24%	1,020	1,351	-25%
Exchange differences on cash and cash equivalents	113	19	499%	132	(26)	n/a

(a) "Payment of lease of properties" considers the total amount paid for leases as presented in the statement of cash flows, line item "Payment of lease", in the financing activities flow, less payment of lease of machinery and equipment, shown in Note "12. Lease Operations", line item Lease Liabilities, Consolidated, Considerations.

The adjusted operating cash generation in 2020 was R$ (107) million, mainly impacted by the R$ (520) million reduction in Adjusted EBITDA. Cash generation in 2Q-4Q20 was in line with Adjusted EBITDA.

In the adjusted investment cash generation, the additions to property, plant and equipment had similar accumulated value in the 2Q20-4Q20 period compared to 1Q20, and a 45% reduction in 2020 compared to 2019, in line with the Company's efforts to preserve cash. The Company significantly suspended the start of construction of new clubs, reduced the pace of construction of the units under construction, and prioritized maintenance services for gyms in operation.

In the adjusted financing cash generation, the payment of the capital increase of R$ 436 million carried out by the current shareholders in December 2020 generated a positive balance of R$ 199 million in this account, even with the payment of R$ 189 million in interest on debentures and borrowings and extraordinary amortization of the debenture.

EVENTS AFTER THE REPORTING PERIOD

On February 26, 2021, the Company called a General Meeting of Debenture Holders for the holders of its 4th issue of debentures, for not measuring the net debt/EBITDA ratio between the 1st quarter of 2021 and the 1st quarter of 2022. The debenture holders decided to suspend the 2nd call on March 22, 2021, with reopening scheduled for March 26.

As informed to the market in a Material Fact published on March 6, 2021, the Company signed on March 5, 2021 a Share Purchase and Sale Agreement and Other Covenants for the acquisition of shares representing 100% of the total and voting capital of Just Fit Participações em Empreendimentos S.A., a company that operates 27 gyms in the state of São Paulo. The acquisition price will be calculated and paid only in the occurrence of a liquidity event at Smart Fit, without any payment until such event. The closing of the Transaction is subject to compliance with certain usual conditions for this type of transaction, including the approval of the Transaction by the Administrative Council for Economic Defense (CADE).

IMPACT OF THE ADOPTION OF IFRS 16

On January 1, 2019, the Company adopted IFRS 16 / CPC 06 (R02) - Leases. The application of the standard substantially affected the accounting for lease agreements of the spaces in which the Company's clubs operate. The future commitments of lease agreements are recognized as lease liabilities, and the right of use of spaces is recognized as an asset of the same amount. For purposes of effect on profit or loss, fixed lease payments are replaced by a depreciation of the lease right and a financial expense on the lease liability. Variable lease payments continue to be recognized as cost of services rendered.

The Company opted for the adoption of IFRS 16 / CPC 06(R2) using the modified retrospective method (applied only as from January 1, 2019). The impacts of IFRS 16 / CPC 06 (R2) on the Company's results are detailed below.

Statement of Profit and Loss (R$ million)	**4Q20**			**4Q19**			**2020**			**2019**		
	Rep.	**Imp. IFRS 16**	**Exc. IFRS 16**	**Rep.**	**Imp. IFRS 16**	**Exc. IFRS 16**	**Rep.**	**Imp. IFRS 16**	**Exc. IFRS 16**	**Rep.**	**Imp. IFRS 16**	**Exc. IFRS 16**
Net Revenue	385.8		385.8	578.6		578.6	1,256.2		1,256.2	1,983.9		1,983.9
Cost of services	(368.4)	(28.6)	(339.9)	(351.4)	19.9	(371.2)	(1,266.6)	(76.1)	(1,190.5)	(1,250.0)	82.1	(1,332.0)
Rentals [a]	(12.5)	92.7	(105.2)	(10.3)	89.7	(100.0)	(74.2)	256.1	(330.3)	(53.9)	314.2	(368.1)
Depreciation and amortization (cost)	(201.2)	(121.2)	(79.9)	(152.4)	(69.8)	(82.6)	(694.4)	(332.2)	(362.2)	(530.9)	(232.2)	(298.7)
Gross profit	17.4	(28.6)	46.0	227.2	19.9	207.3	(10.4)	(76.1)	65.7	734.0	82.1	651.9
SG&A	(111.4)	(0.1)	(111.3)	(389.2)	0.0	(389.2)	(367.5)	(0.1)	(367.5)	(642.0)	(0.2)	(641.7)
Selling expenses [b]	(37.5)		(37.5)	(38.4)	-	(38.4)	(124.4)		(124.4)	(136.5)		(136.5)
General and administrative expenses [c]	(48.7)	1.1	(49.8)	(308.6)	0.2	(308.9)	(200.6)	3.7	(204.4)	(447.4)	2.9	(450.4)
Leases	(1.3)	1.1	(2.4)	(1.4)	0.2	(1.7)	(2.6)	3.7	(6.3)	(3.1)	2.9	(6.1)
Expenses on the opening of new units	(2.9)	-	(2.9)	(6.9)	-	(6.9)	(8.5)		(8.5)	(16.9)		(16.9)
Deprec. and amortiz. (expense)	(3.1)	(1.2)	(1.9)	(12.3)	(0.2)	(12.0)	(12.9)	(3.8)	(9.2)	(12.9)	(3.1)	(9.8)
Other operating income (expenses)	(19.1)	-	(19.1)	(23.1)	-	(23.1)	(21.1)		(21.1)	(28.2)		(28.2)
Share of profit (loss) of investees	(8.7)	-	(8.7)	(1.8)	-	(1.8)	(15.8)		(15.8)	(1.8)		(1.8)
Profit (loss) before finance income (costs)	(102.7)	(28.6)	(74.0)	(163.8)	19.9	(183.7)	(393.7)	(76.2)	(317.5)	90.2	81.8	8.4
Finance income (costs)	(78.3)	(12.6)	(65.7)	(105.9)	(54.9)	(51.0)	(261.4)	(40.8)	(220.5)	(388.8)	(174.1)	(214.7)
Income tax and social contribution	51.1	-	51.1	(8.5)	-	(8.5)	50.6		50.6	(40.7)		(40.7)
Profit for the year	(129.9)	(41.2)	(88.7)	(278.2)	(35.0)	(243.2)	(604.4)	(117.0)	(487.4)	(339.3)	(92.3)	(247.0)

Note: in this table, "Rep." = Reported; "Imp. IFRS16 "= Impact of the adoption of IFRS 16; "Exc. IFRS 16" = result excluding the impact of IFRS 16; "Deprec. and amortiz." = Depreciation and amortization; (a) the rental amount includes the amounts spent on opening new units. (b) excludes expenses with the opening of new units; (c) excludes depreciation and amortization.

Impacts of IFRS 16 on Gross Profit composition excluding depreciation and amortization and EBITDA

Statement of Profit and Loss (R$ million)	**4Q20**			**4Q19**			**2020**			**2019**		
	Rep.	**Imp. IFRS 16**	**Exc. IFRS 16**	**Rep.**	**Imp. IFRS 16**	**Exc. IFRS 16**	**Rep.**	**Imp. IFRS 16**	**Exc. IFRS 16**	**Rep.**	**Imp. IFRS 16**	**Exc. IFRS 16**
Gross profit	17.4	(28.6)	46.0	227.2	19.9	207.3	(10.4)	(76.1)	65.7	734.0	82.1	651.9
(-) Deprec. and amortiz. (cost)	201.2	121.2	79.9	152.4	69.8	82.6	694.4	332.2	362.2	530.9	232.2	298.7
Gross profit excluding depreciation and amortization	218.6	92.7	125.9	379.6	89.7	289.9	684.0	256.1	427.9	1264.9	314.2	950.6
Gross Margin excluding depreciation and amortization	*56.7%*		*32.6%*	*63.8%*		*48.3%*	*54.4%*		*34.1%*	*63.8%*		*47.9%*
Profit for the year	(129.9)	(41.2)	(88.7)	(278.2)	(35.0)	(243.2)	(604.4)	(117.0)	(487.4)	(339.3)	(92.3)	(247.0)
(-) IR & CSLL	(51.1)	-	(51.1)	8.5	-	8.5	(50.6)	-	(50.6)	40.7	-	40.7
(-) Finance income (costs)	78.3	12.6	65.7	105.9	54.9	51.0	261.4	40.8	220.5	388.8	174.1	214.7
Depreciation and amortization	204.2	122.4	81.8	164.7	70.1	94.6	707.3	336.0	371.3	543.8	235.3	308.5
EBITDA	101.5	93.8	7.8	0.9	89.9	(89.0)	313.6	259.8	53.8	634.1	317.1	316.9
EBITDA Margin	*26.3%*		*2.0%*	*45.3%*		*29.8%*	*25.0%*		*4.3%*	*32.0%*		*16.0%*

Note: in this table, "Rep." = Reported; "Imp. IFRS16 "= Impact of the adoption of IFRS 16; "Exc. IFRS 16" = result excluding the impact of IFRS 16; "Deprec. and amortiz." = Depreciation and amortization

RECONCILIATION BETWEEN THE STATEMENT OF CASH FLOWS AND THE ADJUSTED CASH GENERATION

Adjusted Cash Generation is a vision of the Company prepared based on the Statement of Cash Flows, which is prepared in accordance with IAS7 and presented on page 17. The table below shows the reconciliation between the Statement of Cash Flows and the Company's vision on the Adjusted Cash Generation presented on page 12. This table considers the effects of IFRS 16.

(R$ million)	2Q20 to 4Q20	1Q20	2020	2019
CASH FLOW FROM OPERATING ACTIVITIES				
Net cash generated by operating activities	(260)	104	(156)	502
(+) Interest paid on borrowings and debentures	189	10	199	142
(-) Payment of lease	(156)	(45)	(201)	(222)
(+) Payment of lease – machinery an5 equipment [a]	43	8	51	61
Adjusted operating cash generation	(184)	77	(107)	483
CASH FLOW FROM INVESTING ACTIVITIES				
Net cash used in investing activities	(463)	(265)	(728)	(883)
(+) Financial investments	51	4	55	(37)
Adjusted investment cash generation	(411)	(262)	(673)	(919)
CASH FLOW FROM FINANCING ACTIVITIES				
Net cash generated by financing activities	283	137	420	1,090
(-) Interest paid on borrowings and debentures	(189)	(10)	(199)	(142)
(+) Payment of lease	156	45	201	222
(-) Payment of lease - machinery and equipment [a]	(43)	(8)	(51)	(61)
Adjusted financing cash generation	206	164	371	1,109
Total adjusted operating, investment and financing cash generation	(389)	(20)	(409)	674
(-) Financial investments	(51)	(4)	(55)	37
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(440)**	**(24)**	**(464)**	**710**

(a) Amount presented in note "12. Lease operations", in the "Variations" table, in the line "Lease liabilities", "Considerations" (for the year 2020), in the "Consolidated" column," Machinery and Equipment"; (b) other amounts used in the reconciliation are those presented in the Statement of Cash Flows.

BALANCE SHEET

ASSETS	4Q20	4Q19
CURRENT ASSETS	1,311,049	1,633,705
Cash and cash equivalents	1,019,611	1,351,381
Trade receivables	154,220	137,043
Taxes recoverable	82,330	90,873
Others	54,888	54,408
NONCURRENT ASSETS	7,181,446	5,780,312
Property and equipment	2,425,132	2,094,242
Lease right of use	2,726,888	2,331,096
Intangible assets	1,540,880	1,185,860
Investments	123,716	5,292
Others	364,830	163,822
TOTAL ASSETS	**8,492,495**	**7,414,017**

LIABILITIES AND EQUITY	4Q20	4Q19
CURRENT LIABILITIES	1,084,592	1,173,122
Borrowings and debentures	277,652	163,479
Lease liability	339,403	527,378
Trade payables	139,752	163,569
Deferred revenue	132,511	100,966
Salaries, accruals and social contributions	44,395	49,493
Taxes and contributions payable	29,184	60,602
Other payables	79,859	52,019
Others	41,836	55,616
NONCURRENT LIABILITIES	4,939,102	3,973,444
Borrowings	2,338,421	2,043,171
Lease liability	2,534,381	1,885,032
Payables to shareholders	35,428	19,227
Others	30,872	26,014
EQUITY	2,468,801	2,267,451
Share capital	325,443	378,569
Capital reserve	2,312,027	1,857,432
Accumulated losses	(651,820)	(53,236)
Other comprehensive income	460,486	57,687
Noncontrolling interests	22,665	26,999
TOTAL LIABILITIES AND EQUITY	**8,492,495**	**7,414,017**

STATEMENT OF PROFIT AND LOSS

	4Q20	4Q19	2020	2019
Net Operating Revenue	385,846	578,556	1,256,244	1,983,947
Cost of Services Rendered	(368,420)	(351,366)	(1,266,625)	(1,249,978)
Gross Profit	17,426	227,190	(10,381)	733,969
Operating income (expenses)				
Selling expenses	(40,469)	(45,224)	(132,868)	(153,415)
General and administrative expenses	(51,766)	(320,884)	(213,583)	(460,382)
Share of profit (loss) of investees	(8,727)	(1,776)	(15,786)	(1,776)
Other operating income (expenses)	(19,138)	(23,102)	(21,085)	(28,178)
Profit (loss) before finance income (costs)	(102,674)	(163,796)	(393,703)	90,218
Finance income (costs)	(78,312)	(105,888)	(261,350)	(388,797)
Profit (loss) before income tax and social contribution	(180,986)	(269,684)	(655,053)	(298,579)
Income tax and social contribution	51,062	(8,511)	50,625	(40,693)
Profit for the year	(129,924)	(278,195)	(604,428)	(339,272)

STATEMENTS OF CASH FLOWS

	2020	2019
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before income tax and social contribution	(655,053)	(298,579)
Depreciation and amortization	704,146	527,308
Write-off of intangible assets and property and equipment	30,645	64,901
Accrued interest on borrowings and debentures	173,444	207,804
Accrued interest on leases, net of discounts obtained	43,233	175,868
Others	15,187	316,788
Working capital variation	(90,499)	(145,074)
Cash generated by operating activities	221,103	849,016
Interest paid on borrowings and debentures	(199,123)	(141,973)
Interest paid on leases	(143,812)	(175,868)
Income tax and social contribution paid	(34,433)	(28,938)
Net cash generated by operating activities	**(156,265)**	**502,237**
CASH FLOW FROM INVESTING ACTIVITIES		
Additions to property and equipment	(487,790)	(879,320)
Additions to intangible assets	(7,291)	(12,350)
Acquisition of subsidiaries	(57,353)	-
Acquisition of joint venture	(63,855)	(10,700)
Capital increase in subsidiaries and joint venture	(22,746)	(7,068)
Financial investments	(54,701)	36,573
Related parties	(23,992)	-
Others	(10,000)	(9,677)
Net cash used in investing activities	**(727,728)**	**(882,542)**
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of borrowings and costs	(210,032)	(1,229,118)
Borrowings	441,909	1,734,623
Payment of lease	(200,849)	(222,040)
Capital increase	435,767	1,164,827
Share issue cost	-	(40,929)
Payables to shareholders	1,234	(56,106)
Acquisition of noncontrolling interests	(17,489)	(17,142)
Share buyback, net of receipts for stock option exercised	(30,580)	(216,319)
Dividends paid to controlling interests	-	(27,313)
Net cash generated by financing activities	**419,960**	**1,090,483**
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(464,033)**	**710,178**
Opening balance	1,351,381	666,780
Closing balance	1,019,611	1,351,381
Exchange differences on cash and cash equivalents	132,263	(25,577)

(Convenience Translation into English from the Original Previously Issued in Portuguese)

Smartfit Escola de Ginástica e Dança S.A. and Subsidiaries

Individual and Consolidated
Financial Statements
for the Year Ended
December 31, 2020 and
Independent Auditor’s Report

Deloitte Touche Tohmatsu Auditores Independentes

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INDEPENDENT AUDITOR'S REPORT ON THE INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders and Management of
Smartfit Escola de Ginástica e Dança S.A.

Opinion

We have audited the accompanying individual and consolidated financial statements of Smartfit Escola de Ginástica e Dança S.A. ("Company"), identified as Parent and Consolidated, respectively, which comprise the balance sheet as at December 31, 2020, and the related statements of profit and loss, of comprehensive income, of changes in equity and of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the individual and consolidated financial statements referred to above 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, 2020, and its individual and consolidated financial performance and its individual and consolidated cash flows for the year then ended in accordance with accounting practices adopted in Brazil and International Financial Reporting Standards - IFRSs, issued by the International Accounting Standards Board - IASB.

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 requirements set out in the Code of Ethics for Professional Accountants and the professional standards issued by the Brazilian Federal Accounting Council ("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 audit opinion.

Emphasis of matter

Impacts from COVID-19 on the financial statements

Without qualifying our opinion, we draw attention to notes 1.1, 13 and 27 to the individual and consolidated financial statements, where the Company assesses the impacts from COVID-19 on its business and the ongoing actions to mitigate its effects, including the renegotiation of the covenants included in the debenture indentures.

Key audit matters

Key audit matters ("KAM") are those matters 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, therefore, we do not provide a separate opinion on these matters.

Impairment test of the balances of tangible and intangible assets

Why it is a KAM

As disclosed in notes 10, 11 and 12 to the individual and consolidated financial statements, as at December 31, 2020, the Company recognized balances of property and equipment, right-of-use assets and intangible assets (including goodwill) in the approximate amounts of R$2,425 million, R$2,726 million and R$1,186 million, respectively.

The accounting standards require that: (i) intangible assets with indefinite useful lives be tested for impairment by Management, at least annually, unless there is evidence that might indicate the need to anticipate the test; and (ii) tangible and intangible assets with finite useful lives be tested for impairment whenever there is any indication of impairment. Management conducted the impairment test using the discounted cash flow method, applied to each one of the cash-generating units ("CGU") to determine the value in use, and no need to record an allowance for impairment of tangible and intangible assets was identified.

This matter was considered a KAM in our audit because of: (i) the materiality of the relevant amounts; (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; (iii) the use of operating assumptions and discounts rates in the future cash flow projections that require certain level of Management's judgment; and (iv) the uncertainties included in the cash flows arising from the impacts related to the global COVID-19 pandemic.

How the matter was addressed in our audit

Our audit procedures included, but were not limited to: (i) assessing the design of internal control activities related to the annual 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 value determined by Management, based on discounted cash flows, with the respective carrying amount of the CGU; (iv) assessing the reasonableness of the assumptions and methodologies used by the Company, including the potential effects related to the new scenario unfolded by the COVID-19 pandemic; (v) using internal specialists to assess the discount rate and the mathematical model; and (vi) assessing the appropriateness of the disclosure on the impairment test of assets.

As a result of the performance of these procedures, internal control deficiencies related to the processes for identification of the CGU and impairment indication to test assets for impairment were identified, which required us to change the extent of our initially designed substantive procedures.

Based on the evidence obtained and the result of the audit procedures summarized above, and pursuant to notes 10, 11 and 12 to the individual and consolidated financial statements, we understand that the assessments related to the impairment of property and equipment, rights of use, goodwill and trademarks, as well as the related disclosures in the notes to the individual and consolidated financial statements, are acceptable in the context of the individual and consolidated financial statements.

Acquisition of new businesses

Why it is a KAM

Pursuant to note 9 to the individual and consolidated financial statements, during 2020 the Company entered into agreements for the acquisition of new businesses in the total amount of R$167 million, which included put and call option clauses, and established shareholders' agreements to operate entities under joint control, subject to certain conditions for the entity's future acquisition.

This matter was considered a KAM in our audit because: (i) the relevant amounts are material; (ii) it involves significant judgment by Management in the determination of control of these entities; (iii) of the technical and accounting complexity in assessing call and put options and other financial instruments; (iv) of involvement of the Company's external specialists for the purchase price allocation and fair value measurement of call options and amounts payable; and (v) of assessment of the appropriateness of the disclosure on the acquisitions of new businesses in the year.

How the matter was addressed in our audit

Our audit procedures included, but were not limited to: (i) assessing the design of internal control activities related to the acquisition of new businesses; (ii) analyzing the agreements entered into among the parties; (iii) identifying financial instruments in these agreements; (iv) assessing the criteria adopted by Management to determine the control over the entity and, consequently, the accounting method adopted to account for the transaction, in light of the applicable accounting technical pronouncements; (v) involving our valuation specialists in the review of the fair value calculations prepared by the Company's specialists; and (vi) analyzing and assessing the disclosures in the individual and consolidated financial statements.

As a result of the performance of these procedures, internal control deficiencies related to the identification and measurement of the fair value of call and put options included in these agreements and respective recording of the transactions were identified, which did not generate accounting adjustments, but required us to change the extent of our initially designed substantive procedures.

Based on the evidence obtained from performing the procedures described above, we consider that the recording of these transactions and related disclosures in the notes to the financial statements are acceptable in the context of the individual and consolidated financial statements taken as a whole.

Shareholders' contributions

Why it is a KAM

Pursuant to note 1.2 to the individual and consolidated financial statements, the Company entered into an investment agreement that includes the subscription of new Class B preferred shares, totaling R$500 million, of which R$436 million were paid up in 2020, whose agreement contains certain redemption clauses.

This matter was considered a KAM in our audit because: (i) the total contribution amounts are material for the financial statements; (ii) there was the need to analyze the redemption clauses included in the agreement; and (iii) a technical valuation was performed with respect to the application of technical pronouncement CPC 39/IAS 32 - Financial Instruments: Presentation to the call options of purchase agreements.

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How the matter was addressed in our audit

Our audit procedures included, but were not limited to: (i) reading the investment agreement entered into by the Company for capital contribution; (ii) assessing and identifying the redemption clauses and, consequently, the application of technical pronouncement CPC 39/IAS 32; (iii) reviewing and discussing the accounting technical memorandum prepared by Management; (iv) performing documentation testing procedures on the amounts contributed; and (v) analyzing and assessing the disclosures in the individual and consolidated financial statements.

Based on the evidence obtained from performing the procedures described above, we consider that the transaction regarding the investment agreement, the effects of the redemption clauses and related disclosures in the notes to the financial statements are acceptable in the context of the individual and consolidated financial statements taken as a whole.

Other matters

Statements of value added

The individual and consolidated statements of value added ("DVA") for the year ended December 31, 2020, prepared under the responsibility of the Company's Management and presented as supplemental information for purposes of the IFRSs, were subject to audit procedures performed together with the audit of the Company's individual and consolidated financial statements. In forming our opinion, we assess whether these statements are reconciled with the financial statements and accounting records, as applicable, and whether their form and content are in accordance with the criteria set out in technical pronouncement CPC 09 - Statement of Value Added. In our opinion, these statements of value added were appropriately prepared, in all material respects, in accordance with the criteria set out in such technical pronouncement 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 independent auditor's report

Management is responsible for the other information. Such other information comprises the "2020 Earnings Release" report.

Our opinion on the individual and consolidated financial statements does not cover the "2020 Earnings Release" report, and we do not express any form of audit conclusion thereon.

In connection with our audit of the individual and consolidated financial statements, our responsibility is to read the "2020 Earnings Release" 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 in the "2020 Earnings Release" report, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the individual and consolidated financial statements in accordance with accounting practices adopted in Brazil and IFRSs, issued by the IASB, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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In preparing the individual and consolidated financial statements, Management 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 Management either intends to liquidate the Company and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and its subsidiaries' 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:

- Identify and assess the risks of material misstatement of the individual and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain 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.

- Obtain 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 internal control of the Company and its subsidiaries.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management'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 ability of the Company and its subsidiaries 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 auditor's report. However, future events or conditions may cause the Company and its subsidiaries to cease to continue as a going concern.

- Evaluate 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our 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 regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and, when 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.

The accompanying individual and consolidated financial statements have been translated into English for the convenience of readers outside Brazil.

São Paulo, March 24, 2021

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU
Auditores Independentes

Eduardo Franco Tenório
Engagement Partner

SMARTFIT ESCOLA DE GINÁSTICA E DANÇA S.A. AND SUBSIDIARIES

BALANCE SHEETS AS AT DECEMBER 31, 2020
(In thousands of Brazilian reais - R$)

ASSETS	Note	Parent 2020	Parent 2019	Consolidated 2020	Consolidated 2019
CURRENT ASSETS					
Cash and cash equivalents	3	621.099	1.087.872	1.019.611	1.351.381
Trade receivables	4	78.382	100.807	154.220	137.043
Taxes recoverable	5	25.215	35.474	82.330	90.873
Prepaid expenses		2.305	1.868	6.982	6.352
Other receivables	6	17.742	12.052	47.906	48.056
Total current assets		744.743	1.238.073	1.311.049	1.633.705
NONCURRENT ASSETS					
Taxes recoverable	5	-	-	54.795	41.442
Other receivables	6	12.099	-	39.718	20.762
Prepaid expenses		3.028	1.126	3.679	1.376
Financial investments	7	47.604	-	60.037	5.336
Deferred income tax and social contribution	20	-	-	117.127	39.844
Related parties	8	88.735	50.979	35.930	11.734
Escrow deposits	15	50.104	41.453	53.544	43.328
Investments	9	2.204.249	1.799.848	125.211	5.292
Property and equipment	10	886.714	845.375	2.425.132	2.094.242
Right-of-use assets	12	923.843	900.135	2.726.888	2.331.096
Intangible assets	11	106.697	104.133	1.540.880	1.185.860
Total noncurrent assets		4.323.073	3.743.049	7.182.941	5.780.312
TOTAL ASSETS		5.067.816	4.981.122	8.493.990	7.414.017

LIABILITIES AND EQUITY	Note	Parent 2020	Parent 2019	Consolidated 2020	Consolidated 2019
CURRENT LIABILITIES					
Trade payables		50.393	63.962	139.752	163.569
Borrowings and debentures	13	83.916	80.651	277.652	163.479
Lease liability	12	135.824	288.501	339.403	527.378
Salaries, accruals and social contributions		20.954	22.320	44.395	49.493
Taxes and contributions payable		10.890	19.043	29.184	60.602
Provision for income tax and social contribution		-	-	2.042	21.938
Taxes in installments		413	397	770	852
Other payables	14	65.520	27.294	79.859	45.157
Payables to shareholders		6.403	5.278	8.431	6.862
Deferred revenue	17	53.295	57.535	132.511	100.966
Related parties	8	29.059	44.171	505	301
Variable lease liability and other		20.036	23.577	30.088	32.525
Total current liabilities		476.703	632.729	1.084.592	1.173.122
NONCURRENT LIABILITIES					
Borrowings and debentures	13	1.236.176	1.434.816	2.338.421	2.043.171
Lease liability	12	847.338	643.176	2.534.381	1.885.032
Taxes in installments		3.835	3.634	6.339	6.919
Other payables	14	35.232	18.025	35.428	18.221
Payables to shareholders		671	1.006	671	1.006
Deferred revenue	17	2.293	3.109	2.293	3.109
Provision for tax, civil and labor risks	15	4.524	4.175	5.769	5.572
Investments with negative equity	9	11.435	-	1.495	-
Deferred income tax and social contribution	20	3.473	-	15.800	10.414
Total noncurrent liabilities		2.144.977	2.107.941	4.940.597	3.973.444
EQUITY	16				
Share capital		325.443	378.569	325.443	378.569
Capital reserves		2.312.027	1.857.432	2.312.027	1.857.432
Accumulated losses		(651.820)	(53.236)	(651.820)	(53.236)
Other comprehensive income		460.486	57.687	460.486	57.687
Equity attributable to the owners of the Company		2.446.136	2.240.452	2.446.136	2.240.452
Noncontrolling interests		-	-	22.665	26.999
Total equity		2.446.136	2.240.452	2.468.801	2.267.451
TOTAL LIABILITIES AND EQUITY		5.067.816	4.981.122	8.493.990	7.414.017

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

SMARTFIT ESCOLA DE GINÁSTICA E DANÇA S.A. AND SUBSIDIARIES

STATEMENTS OF PROFIT AND LOSS
FOR THE YEAR ENDED DECEMBER 31, 2020
(In thousands of Brazilian reais - R$, except earnings (loss) per share)

		Parent		Consolidated	
	Note	2020	2019	2020	2019
NET OPERATING REVENUE	17	540.323	723.382	1.256.244	1.983.947
COST OF SERVICES RENDERED	18	(579.182)	(533.826)	(1.266.625)	(1.249.978)
GROSS PROFIT (LOSS)		(38.859)	189.556	(10.381)	733.969
OPERATING INCOME (EXPENSES)	18				
Selling expenses		(71.656)	(73.778)	(132.868)	(153.415)
General and administrative expenses		(117.523)	(323.591)	(213.583)	(460.382)
Other operating income (expenses), net		(1.153)	7.955	(21.085)	(28.178)
		(190.332)	(389.414)	(367.536)	(641.975)
Share of profit (loss) of investees	9	(251.266)	40.259	(15.786)	(1.776)
PROFIT (LOSS) BEFORE FINANCE INCOME (COSTS)		(480.457)	(159.599)	(393.703)	90.218
FINANCE INCOME (COSTS)	19				
Finance income		87.377	44.563	212.852	57.282
Finance costs		(202.031)	(235.711)	(474.202)	(446.079)
		(114.654)	(191.148)	(261.350)	(388.797)
LOSS BEFORE INCOME TAX AND SOCIAL CONTRIBUTION		(595.111)	(350.747)	(655.053)	(298.579)
INCOME TAX AND SOCIAL CONTRIBUTION	20				
Current		-	(979)	(14.537)	(40.516)
Deferred		(3.473)	3.746	65.162	(177)
		(3.473)	2.767	50.625	(40.693)
LOSS FOR THE YEAR		(598.584)	(347.980)	(604.428)	(339.272)
ATTRIBUTABLE TO					
Owners of the Company				(598.584)	(347.980)
Noncontrolling interests				(5.844)	8.708
				(604.428)	(339.272)
LOSS PER SHARE - R$					
Basic and diluted	21	(28,3998)	(18,6746)		

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

SMARTFIT ESCOLA DE GINÁSTICA E DANÇA S.A. AND SUBSIDIARIES

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2020
(In thousands of Brazilian reais - R$)

		Parent		Consolidated	
	Note	2020	2019	2020	2019
LOSS FOR THE YEAR		(598.584)	(347.980)	(604.428)	(339.272)
Items that may be reclassified subsequently to profit or loss:					
Gains and losses arising from the translation of financial statements of foreign operations	9	402.799	62.511	407.744	55.006
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(195.785)	(285.469)	(196.684)	(284.266)
ATTRIBUTABLE TO					
Owners of the Company				(195.785)	(285.469)
Noncontrolling interests				(899)	1.203
				(196.684)	(284.266)

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

SMARTFIT ESCOLA DE GINÁSTICA E DANÇA S.A. AND SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2020
(In thousands of Brazilian reais - R$)

	Note	Share capital		Capital reserves			Earnings reserves						
		Share capital	Unpaid capital	Capital reserve	Equity instruments	Transactions with shareholders	Legal reserve	Earnings reserve	Retained earnings (accumulated losses)	Other comprehensive income	Attributable to owners of the Company	Noncontrolling interests	Total equity
BALANCES AS AT DECEMBER 31, 2018		374.603	(492)	569.476	116.433	(116.978)	16.103	226.409	-	(4.824)	1.180.730	25.796	1.206.526
Profit (loss) for the year		-	-	-	-	-	-	-	(347.980)	-	(347.980)	8.708	(339.272)
Exchange differences on foreign investment		-	-	-	-	-	-	-	-	62.511	62.511	(7.505)	55.006
Total comprehensive income for the year		-	-	-	-	-	-	-	(347.980)	62.511	(285.469)	1.203	(284.266)
Rectification of dividend distribution BDM of March 29, 2019		-	-	-	-	-	-	-	52.232	-	52.232	-	52.232
Capital contribution		3.966	492	1.160.369	-	-	-	-	-	-	1.164.827	-	1.164.827
Capital reduction arising from acquisitions of subsidiaries		-	-	(11.501)	-	-	-	-	-	-	(11.501)	-	(11.501)
Cancellation of treasury shares		-	-	(216.319)	-	-	-	-	-	-	(216.319)	-	(216.319)
Reversal of stock option		-	-	184.106	-	-	-	-	-	-	184.106	-	184.106
Stock option reserve		-	-	133.867	-	-	-	-	-	-	133.867	-	133.867
Company’s stock option		-	-	-	(12.451)	-	-	-	-	-	(12.451)	-	(12.451)
Share issue costs		-	-	(40.929)	-	-	-	-	-	-	(40.929)	-	(40.929)
Loss absorption		-	-	-	-	-	(16.103)	(226.409)	242.512	-	-	-	-
Reversal of monetary adjustment for the Company's stock option		-	-	-	-	91.359	-	-	-	-	91.359	-	91.359
BALANCES AS AT DECEMBER 31, 2019		378.569	-	1.779.069	103.982	(25.619)	-	-	(53.236)	57.687	2.240.452	26.999	2.267.451
Loss for the year		-	-	-	-	-	-	-	(598.584)	-	(598.584)	(5.844)	(604.428)
Exchange differences on foreign investment		-	-	-	-	-	-	-	-	402.799	402.799	4.945	407.744
Total comprehensive income for the year		-	-	-	-	-	-	-	(598.584)	402.799	(195.785)	(899)	(196.684)
Subscription of class B preferred shares - Investment agreement of December 28, 2020	16	110	-	500.000	-	-	-	-	-	-	500.110	-	500.110
Subscription of unpaid shares		-	-	(64.343)	-	-	-	-	-	-	(64.343)	-	(64.343)
		110	-	435.657	-	-	-	-	-	-	435.767	-	435.767
Capital reduction	16	(53.236)	-	53.236	-	-	-	-	-	-	-	-	-
Exercise of stock options	22	-	-	(30.580)	-	-	-	-	-	-	(30.580)	-	(30.580)
Subsidiary’s stock option	9	-	-	-	(4.141)	-	-	-	-	-	(4.141)	-	(4.141)
Increase (decrease) in equity interest in subsidiaries		-	-	-	-	423	-	-	-	-	423	(3.435)	(3.012)
BALANCES AS AT DECEMBER 31, 2020		325.443	-	2.237.382	99.841	(25.196)	-	-	(651.820)	460.486	2.446.136	22.665	2.468.801

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

SMARTFIT ESCOLA DE GINÁSTICA E DANÇA S.A. AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020
(In thousands of Brazilian reais - R$)

		Parent		Consolidated	
	Note	2020	2019	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES					
Loss before income tax and social contribution		(595.111)	(350.747)	(655.053)	(298.579)
Adjustments to reconcile loss before income tax and social contribution to net cash generated by (used in) operating activities:					
Share-based payment plan	18	-	217.306	-	234.390
Depreciation and amortization	9, 10, 11, 12	301.902	245.431	704.146	527.308
Provision for (reversal) expected credit losses	4	(298)	(1.645)	(931)	(4.320)
Share of profit (loss) of investees	9	251.266	(40.259)	15.786	1.776
Write-off of intangible assets and property and equipment	10 and 11	14.021	22.256	30.645	64.901
Accrued interest on borrowings and debentures	13	74.923	129.042	173.444	207.804
Interest on leases	12	81.197	70.901	215.828	175.868
Discounts obtained on leases	12	(59.943)	-	(172.595)	-
Provision for tax, civil and labor risks	15	228	-	197	(1.120)
Other accrued interest and discounts		-	(85.685)	135	86.062
Changes in operating assets and liabilities:					
Trade receivables		24.729	(21.931)	(10.316)	(27.170)
Taxes recoverable		10.562	(9.649)	(4.810)	(72.065)
Prepaid expenses		(2.079)	1.280	(2.933)	(3.188)
Other receivables		(4.845)	(2.414)	(6.338)	5.332
Escrow deposits		(8.640)	(87.745)	(10.216)	(89.348)
Trade payables		(13.721)	30.439	(28.052)	63.265
Salaries, accruals and social contributions		(1.788)	2.947	(5.935)	19.994
Taxes and contributions payable		4.321	4.413	(30.154)	37.134
Variable lease liability and other		(3.542)	3.629	(2.573)	3.845
Other payables		16.784	(87.705)	13.117	(103.429)
Deferred revenue		(5.662)	11.733	(1.627)	20.363
Dividends received	9	-	14.950	-	-
Payment of taxes in installments		(1.049)	(148)	(662)	193
Cash generated by operating activities		83.255	66.399	221.103	849.016
Interest paid on borrowings and debentures	13	(102.248)	(127.179)	(199.123)	(141.973)
Interest paid on lease liability	12	(57.303)	(70.901)	(143.812)	(175.868)
Income tax and social contribution paid		-	-	(34.433)	(28.938)
Net cash generated by (used in) operating activities		(76.296)	(131.681)	(156.265)	502.237
CASH FLOWS FROM INVESTING ACTIVITIES					
Additions to property and equipment	10	(187.679)	(217.242)	(487.790)	(879.320)
Additions to intangible assets	11	(2.031)	(5.893)	(7.291)	(12.350)
Addition of cash due to mergers		1.371	14.202	-	-
Loans from third parties	6	(10.000)	-	(10.000)	-
Financial investments	7	(47.604)	36.903	(54.701)	36.573
Acquisition of subsidiaries, net of cash acquired	9	(57.870)	-	(57.353)	-
Acquisition of joint venture	9	(63.855)	(10.700)	(63.855)	(10.700)
Capital increase in subsidiaries and joint venture	9	(96.998)	(81.567)	(22.746)	(7.068)
Related parties		(59.799)	12.547	(23.992)	(9.677)
Net cash used in investing activities		(524.465)	(251.750)	(727.728)	(882.542)
CASH FLOWS FROM FINANCING ACTIVITIES					
Capital increase	16	435.767	1.131.352	435.767	1.164.827
Proceeds from borrowings	13	13.716	1.325.426	441.909	1.734.623
Repayment of borrowings and costs	13	(181.766)	(1.051.210)	(210.032)	(1.229.118)
Payment of lease	12	(86.450)	(91.732)	(200.849)	(222.040)
Share issue costs		-	(40.929)	-	(40.929)
Payables to shareholders		790	(40.298)	1.234	(56.106)
Acquisition of noncontrolling interests	14	(17.489)	(17.142)	(17.489)	(17.142)
Share buyback, net of receipts for stock option exercised	22	(30.580)	(216.319)	(30.580)	(216.319)
Dividends paid to controlling interests		-	(27.313)	-	(27.313)
Net cash generated by financing activities		133.988	971.835	419.960	1.090.483
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(466.773)	588.404	(464.033)	710.178
STATEMENT OF CHANGES IN CASH AND CASH EQUIVALENTS					
Opening balance	3	1.087.872	499.468	1.351.381	666.780
Closing balance	3	621.099	1.087.872	1.019.611	1.351.381
Exchange differences on cash and cash equivalents		-	-	132.263	(25.577)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(466.773)	588.404	(464.033)	710.178

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

SMARTFIT ESCOLA DE GINÁSTICA E DANÇA S.A. AND SUBSIDIARIES

STATEMENTS OF VALUE ADDED
FOR THE YEAR ENDED DECEMBER 31, 2020
(In thousands of Brazilian reais - R$)

	Parent		Consolidated	
	2020	2019	2020	2019
WEALTH CREATED				
Service revenue	619.154	828.470	1.361.684	2.148.407
Allowance for expected credit losses, net of reversals	623	(1.226)	1.322	(2.918)
Other operating income	915	-	1.098	-
	620.692	827.244	1.364.104	2.145.489
INPUTS PURCHASED FROM THIRD PARTIES				
Cost of sales and services	(94.245)	(111.811)	(172.239)	(256.505)
Materials, electric power, outsourced services and others	(121.524)	(318.720)	(238.175)	(512.182)
Advertising materials, marketing, promotion funds and others related to sales	(72.519)	(72.552)	(137.399)	(150.495)
TOTAL WEALTH FOR DISTRIBUTION	332.404	324.161	816.291	1.226.307
RETENTIONS				
Depreciation and amortization	(301.902)	(225.875)	(704.146)	(543.839)
WEALTH CREATED BY THE COMPANY	30.502	98.286	112.145	682.468
WEALTH RECEIVED IN TRANSFER				
Share of profit (loss) of investees	(251.266)	40.259	(15.786)	(1.776)
Finance income	87.377	44.563	212.852	57.282
	(163.889)	84.822	197.066	55.506
TOTAL WEALTH FOR DISTRIBUTION	(133.387)	183.108	309.211	737.974
WEALTH DISTRIBUTED				
Personnel:				
Salaries and wages	119.811	130.166	244.562	297.211
Benefits	16.846	25.151	32.699	48.099
Social security costs	8.844	10.189	15.428	18.127
Taxes, fees and contributions:				
Federal	49.716	68.447	20.780	164.729
State	114	219	3.674	2.922
Municipal	22.030	28.593	30.653	46.143
Lenders and lessors:				
Interest	202.576	236.223	475.129	446.897
Rents	45.260	32.100	90.714	53.118
Shareholders:				
Shareholders - loss the year	(598.584)	(347.980)	(598.584)	(347.980)
Noncontrolling interests’ share of losses	-	-	(5.844)	8.708
	(133.387)	183.108	309.211	737.974

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

1. GENERAL INFORMATION

Smartfit Escola de Ginástica e Dança S.A. ("Company" or "Smartfit") is a Brazilian publicly-held company registered with the Securities and Exchange Commission of Brazil ("CVM") and whose shares are not yet traded in the market. It is headquartered at Avenida Paulista, 1294, 2º andar, Bela Vista, São Paulo, and is the holding of the Group of gyms that holds the "Smart Fit" and "Bio Ritmo" brands, with its own operations in Brazil, Mexico, Colombia, Chile, Peru, Panama, Argentina and Paraguay, and franchised operations in Brazil, Mexico, Dominican Republic, Ecuador and Guatemala.

The Company is controlled by members of the Corona family and BPE FIT Holding S.A. ("BPE FIT"), a company controlled by investment funds managed by Pátria Investimentos Ltda. ("Pátria").

1.1. COVID-19 and going concern

On March 18, 2020, the Company communicated to its shareholders and the market in general, by means of a Material Fact, the temporary closure of all its gyms, in all countries where it operates, as from March 19, 2020, following the recommendations of the public agencies of each country with respect to the new Coronavirus (COVID-19). During the second quarter of 2020, unities began to be reopened according to the local regulation of countries, states and cities were we operate. The Company ended December 2020 with 764 units opened (84% of the total), the units opened are concentrated in 5 countries (Brazil, Mexico, Colombia, Guatemala and Ecuador) and, following instructions from the authorities, ended January and February 2021 with 72% and 90% of their units opened, respectively.

The Company has a comfortable cash position, mainly due to the capital contributions made at the end of the year (see note 1.2). In this period in which part of the units were closed, the Company's management has taken actions to obtain additional liquidity sources, together with measures to contain non-essential operating expenses and cash outflows. These actions aim to guarantee the continuity of its operations and the expansion of its businesses and have shown to be efficient to withstand the economic slowdown caused by the COVID-19 pandemic.
Actions were taken to preserve cash and meet customer needs, such as:

- Preservation of the workforce and adoption of Provisional Measure 936, of April 1, 2020, to reduce the workload or suspend the employment contract for 100% of the Company's employees during the first period in which the units were closed;
- Renegotiation of payment terms and discounts with suppliers;
- Freezing of plans, with the interruption of monthly fees from members, since the date of closure of the gyms, charges are being resumed as units are being reopened;
- Renegotiation with property owners, with a focus on obtaining discounts on monthly rents (see note 12);
- Reduction of expenditures with utilities, cleaning and marketing; and

- Review of the investment plan, suspending the beginning of construction of new gyms, and postponement of the maintenance of gyms in operation; and
- Fundraising and capital contributions for strengthening of the Company's cash, and the main decisions that bring financial impacts to the business are:
  - renegotiation of debts with debenture holders on June 26, 2020, as well as new renegotiations in progress (see note 27);
  - capital contribution of R$ 500 million from its shareholders, of which R$ 436 million paid up in December 2020 (see notes 16 and 27).

On January 29, 2021, the CVM issued the circular letter CVM-SNC/SEP 01/2021, advising publicly-held companies to carefully assess the COVID-19 impacts on their business and disclose in the financial statements the main risks and uncertainties arising from this analysis, considering the relevant accounting standards and circular letter CVM-SNC/SEP No.02/2020, published on March 10, 2020.

In this sense, the Company reassessed the accounting estimates in which it uses as an assumption the operation's performance projections and assessed the accounting impacts, and also updated the analyses of the Company's going concern, whose actions are described above. The main analyses and conclusions of the Company are listed below and described in the related notes to the financial statements:

(i) Impairment of assets (notes 10 and 11)

(ii) Revenue recognition (note 17)

(iii) Leases (note 12)

(vi) Allowance for expected credit losses on trade receivables (note 4)

1.2. Investment agreements

Transactions in 2020

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

Transactions in 2019

On November 26, 2019, the operations provided for in the investment agreement between the Company and its controlling shareholders were completed and included (i) subscription of new shares in the amount of R$ 664,000, and (ii) acquisition by Canada Pension Plan Investment Board ("CPPIB") of noncontrolling interests in preferred shares issued by the Company.

On October 17, 2019, the operations provided for in the investment agreement with BPE FIT were completed and included: (a) subscription of new shares in the amount of R$ 500,000; (b) total acquisition of the shares of the Pátria III Funds; (c) acquisition of part of the shares of the Corona Family; (d) acquisition of part of the shares of noncontrolling interests; and (e) definition of a governance structure that maintains the sharing between the investment funds managed by Pátria and the Corona Family.

Considering the transactions described above, in 2019 the Company made capital contribution of R$ 4,458 and R$ 1,160,369 as capital reserve.

1.3. Merger of subsidiaries

Mergers in 2020

During 2020, the Company's shareholders authorized the merger of the net assets of the subsidiaries Arnault & Arnault Ginástica e Condicionamento Físico Ltda. ("Arnault"), Academia de Ginástica e Dança Biocerro Ltda. ("Biocerro"), SmartVCR Academia de Ginástica Ltda. ("SmartVCR") and SmartCBL Escola de Ginástica e Dança S.A. ("SmartCBL") and Pro Forma Academias de Ginástica Ltda ("Pro Forma"), based on a report prepared by independent appraisers, at book values. The merged net assets amounted to R$ 4,426.

Mergers in 2019

During 2019, the Company's shareholders authorized the merger of the net assets of the subsidiaries Smart Rio Academia de Ginástica S.A. ("Smart Rio") and Smartnit Academia de Ginástica Ltda ("Smartnit"), based on a report prepared by independent appraisers, at book values. The merged net assets amounted to R$ 33,048.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES

2.1. Basis of preparation

The individual and consolidated financial statements have been prepared 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 Company's activities.

2.2. Basis of preparation

The individual and consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments that are measured at their fair values, as described in the accounting policies below.

2.3. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its direct and indirect subsidiaries. Control is achieved when the

Company has the power to govern the financial and operating policies of an entity so as to benefit from its activities.

In the individual financial statements, the financial information on subsidiaries is accounted for under the equity method, adjusted to conform its accounting practices to those established by the Company. Direct and indirect subsidiaries and joint ventures are disclosed in note 9.

2.4. General accounting policies

(a) Foreign currency-denominated transactions and balances and functional currency

Foreign currency transactions are translated into the functional currency of the Company and each of its subsidiaries and joint ventures using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currency are translated into reais using the exchange rates prevailing at the end of the reporting period. Foreign exchange gains and losses resulting from the settlement of these transactions and the translation of monetary assets and liabilities denominated in foreign currency are recognized in profit or loss, as finance income (costs).

(b) Functional currency

The financial statements are being presented in thousands of Brazilian reais (R$), which is the Company's functional currency. The functional currency of foreign subsidiaries and joint ventures is the local currency of each jurisdiction in which they operate, the currency in Mexico is the Mexican pesos; in Colombia the Colombian pesos; in Peru the Peruvian sol; in Chile the Chilean pesos; in Argentina the Argentine pesos; in Paraguay the Guarani; in Spain the Colombian pesos (referring to Latamfit, S.L., which owns the gyms that operate under the Smartfit brand in Colombia, through Sport City S.A.S.); Panama (referring to Sporty Panama S.A.) and United States of America (FitMaster LLC) in US dollars.

For purposes of presenting these consolidated 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 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.

(c) Financial statements in hyperinflationary economies

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 restated by reference to 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, whether based on the historical cost approach or the current cost approach, must be expressed in terms of the current unit of measurement at the balance sheet date and translated to Real at the closing exchange rate for the period. As at December 31, 2020, these criteria were applied to translations of the subsidiary Smartfit Argentina SAS.

(d) Statement of value added

The Company prepared the individual and consolidated statements of value added in conformity with technical pronouncement CPC 09 - Statement of Value Added, which are presented as required by the Brazilian corporate law, as part of its individual and consolidated financial statements since it is not a statement provided for or required under the IFRS.

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.

(e) Approval of the financial statements

The individual and consolidated financial statements for the year ended December 31, 2020 were concluded and authorized for issue by the Company's officers on March 24, 2021.

(f) Standards and interpretations effective and not effective

The Company applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after January 1, 2020, and decided not to adopt in advance any other standards, interpretations or amendments that have been issued, but are not yet effective.

- Amendments to CPC 15 (R1) / IFRS 3 – Business Combinations: Definition of a Business - The amendments clarify that to be considered a business an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. In addition, it clarified that a business can exist without including all the inputs - inputs of resources and processes necessary to create outputs - outputs of resources.

- Amendments to CPC 38/IAS 39 - Financial Instruments: Recognition and Measurement, CPC 40 (R1) / IFRS 7 – Financial Instruments: Disclosure and CPC 48 – Financial Instruments: Interest Rate Benchmark Reform - provide exemptions that apply to all hedge relationships directly affected by the interest rate benchmark reform. A hedge relationship is directly affected if the reform raises uncertainties about the period or the amount of cash flows based on the benchmark interest rate of the hedged item or hedge instrument.

- Amendments to CPC 26 (R1)/IAS 1 - Presentation of Financial Statements and CPC 23 / IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors: Definition of material - provide a new definition of materiality, and states that, "The information is material if its omission, distortion or obscurity can reasonably influence decisions that the primary users of the general purpose financial statements make based on these financial statements, which provide financial information on the entity's specific report". The amendments clarify that the materiality will depend on the nature or magnitude of the information, individually or in combination with other information, in the context of the financial statements. Distorted information is material if it could reasonably be expected to influence decisions made by primary users.

- Revision of CPC 00 (R2) - Conceptual Framework for Financial Reporting: provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts.

- Amendments to CPC 06 (R2)/IFRS 16 – Leases: COVID-19-Related Rent Concessions – provide for concession to lessees in the application of the guidelines of CPC 06 (R2) / IFRS 16 on the modification of the lease, when accounting for COVID-19-related rent concessions. As a practical expedient, a lessee may choose not to assess whether a COVID-19-related rent concession granted by the lessor is a modification of the lease. The lessee that makes this option must account for any change in the lease payment resulting from the COVID-19-related rent concession in the same way that it would account for the change applying CPC 06 (R2) / IFRS 16 if the change was not a modification of the lease agreement.

These amendments did not have significant impacts on the individual and consolidated financial statements, except for the amendment to CPC 06 (R2) / IFRS 16, the effect of which is disclosed in note 12.

On the authorization date of these financial statements, the Company did not apply the new and revised standards and interpretations that have been issued but are not yet effective: (i) IFRS 17 – Insurance contracts (Effective for annual periods beginning on or after January 1, 2021), (ii) Amendments to CPC 36 (R3)/IFRS 10 – Consolidated Financial Statements and (iii) CPC 18 (R2)/IAS 28 - Investments in Associates and Joint Ventures (postponed indefinitely).

There are no other standards and interpretations issued and not yet adopted that can significantly impact the profit or loss or equity reported by the Company, based on Management's opinion.

(g) Reclassification of balances as at December 31, 2019

Management assessed and reclassified, as at December 31, 2019, the amounts of PIS and COFINS contained in lease liabilities calculated in accordance with CPC 06 (R2) / IFRS 16 between current and noncurrent liabilities to present these amounts in accordance with their term of use and for better presentation and comparability:

	Parent			Consolidated		
	As previously reported	Reclassification	Reclassified balance	As previously reported	Reclassification	Reclassified balance
Lease liability - current	343,978	(55,477)	288,501	598,077	(70,699)	527,378
Lease liability - noncurrent	587,699	55,477	643,176	1,814,333	70,699	1,885,032

3. CASH AND CASH EQUIVALENTS

Accounting practice

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

Breakdown of balance

	Parent		Consolidated	
	2020	2019	2020	2019
Cash and banks	11,922	3,649	211,234	117,841
Financial investments	609,177	1,084,223	808,377	1,233,540
	621,099	1,087,872	1,019,611	1,351,381

In Brazil, financial investments refer to Bank Certificates of Deposit (CDBs), yielding a weighted average rate of 99.39% of the Interbank Certificate of Deposit (CDI), all managed by independent financial institutions, the main banks are Banco Santander S.A. and Banco Votorantim S.A., and investment funds with an average yield of 93.08% of the CDI.

In operations in other countries, financial investments are distributed in subsidiaries Latamgym México with an average annual yield of 3.88% (6.20% in 2019), Sporty City Colombia with an average annual yield of 7.00%, Latamfit Chile with an average annual yield 0.86% (2.47% in 2019), and Smartfit Peru with an average annual yield of 1% (2% in 2019).

4. TRADE RECEIVABLES

Accounting practice

Trade receivables are recognized at the original invoice amount, which approximates the amortized cost method, less an allowance for expected credit losses which is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

Judgments and estimates

The Company’s business model with recurring collection reduces the risk of losses and, in case of non-payment by the members, the access to the units is blocked, and is reinstated only in the discharge of the amounts pending payment. With this operating model, the Company does not record trade receivables (and its revenue) for the members while they do not regularize the plan and return to using the gym. For this reason, the amounts provisioned for expected credit losses are immaterial, since they refer to the annual plans sold at the Bio Ritmo gyms in Brazil, O2 in Chile and Gold’s Gym in Peru.

Breakdown of balances

	Parent		Consolidated	
	2020	2019	2020	2019
Credit and debit cards (i)	28,251	53,593	37,940	76,159
Annual fees receivable (ii)	28,488	45,992	33,693	54,391
Monthly fees receivable (iii)	22,990	2,867	85,934	10,102
Checks receivable	-	-	42	711
	79,729	102,452	157,609	141,363
Allowance for expected credit losses	(1,347)	(1,645)	(3,389)	(4,320)
	78,382	100,807	154,220	137,043

(i) Refer to receivables from the sales of the gym plans, substantially distributed by the main card operators in Brazil (approximately 99% as at December 31, 2020 and 97% as at December 31, 2019) and by international card operators.

(ii) Refer to the recognition of amounts of Smartfit's Smart and Black plans. Previously, annual fees were generally received in March for Smart plan members and in October for Black plan members, but these criteria were reviewed and started to be charged in the third month after the enrollment of new members.

(iii) Refer to recurring amounts from gym and corporate customers, promotions and recurring debt. As at December 31, 2020, in the consolidated the increase is mainly due to (a) the balance of R$ 40,538, net of prepayments of R$ 9,613, from Queima Diária (company acquired on July 14, 2020 - see note 9.a) and (b) balances receivable referring to promotions carried out in 2020, whose receipt occurs after the beginning of the provision of services, in the amounts of R$ 16,564 in the parent and R$ 19,387 in the consolidated.

Aging list

	Parent		Consolidated	
	2020	2019	2020	2019
Current	77,835	100,653	152,290	136,096
Past due:				
Up to 30 days	90	148	277	503
From 31 to 60 days	105	148	336	445
From 61 to 90 days	109	107	308	298
From 91 to 180 days	454	390	1,407	1,118
From 181 to 360 days	522	710	1,396	2,136
More than 361 days	614	296	1,595	767
	1,894	1,799	5,319	5,267
	79,729	102,452	157,609	141,363

Impacts of the COVID-19 pandemic

The estimated default rates are very close to the rates of actually incurred losses manly because the Company makes the collections on a recurring basis through credit cards. Given this scenario, the risk of an increase in default maintains the same perspective as the pre-pandemic scenario. We highlight that during the first period in which the units were closed, members were not charged for their monthly fees.

5. TAXES RECOVERABLE

Accounting practice

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

Breakdown of balances

	Parent		Consolidated	
	2020	2019	2020	2019
General Sales Tax – IGV (i)	-	-	92,224	80,922
Income tax and social contribution	19,829	28,945	27,546	37,580
PIS and COFINS (taxes on revenue)	3,776	4,642	5,548	5,481
ISS (Service Tax)	1,578	1,856	1,781	2,145
Other taxes	32	31	10,026	6,187
	25,215	35,474	137,125	132,315
Current	25,215	35,474	82,330	90,873
Noncurrent	-	-	54,795	41,442
	25,215	35,474	137,125	132,315

(i) As at December 31, 2020, in the consolidated the amount refers substantially to the balances of Peru (R$ 38,575), Mexico (R$ 41,596) and Colombia (R$ 19,141), related to taxes on the acquisition of goods and services used in the expansion of units in these countries. These tax credits will be realized to deduct taxable income, expected to occur from 2021 and subsequent periods.

6. OTHER RECEIVABLES

Accounting practice

Other current assets are carried in the balance sheet at the known or estimated amounts, adjusted through the end of each reporting period, when applicable. The balances of assets do not exceed their respective realizable values.

Breakdown of balances

	Parent		Consolidated	
	2020	2019	2020	2019
Security deposits (i)	-	-	26,466	19,823
Advances to suppliers	3,271	3,570	13,539	28,396
Franchises, fees and other products(ii)	3,739	3,584	12,834	7,738
Loans to third parties (iii)	12,681	2,621	12,681	2,621
Receivables from employees	7,200	1,929	8,648	2,593
Uniforms inventory	-	-	7,612	4,609
Call option - Queima Diária (iv)	2,098	-	2,098	-
Others	852	348	3,746	3,038
	29,841	12,052	87,624	68,818
Current	17,742	12,052	47,906	48,056
Noncurrent	12,099	-	39,718	20,762
	29,841	12,052	87,624	68,818

(i) Balance related to security deposits for lease contracts in Mexico.

(ii) Balance related to amounts receivable from franchise royalties and use of brands operated by the Company in Brazil and abroad. In 2020, in the consolidated, the change mainly refers to an increase in the amounts related to TotalPass (corporate plan that gives access to gyms and studios Smart Fit, Bio Ritmo and Nós).

(iii) As at December 31, 2020, the balance refers substantially to a loan with N2B in the amount of R$ 10,000 (financial instrument at amortized cost), in noncurrent assets. On January 5, 2020, the Board of Directors approved a proposal for investment in N2B in order to support the provision of complementary fitness services for the expansion, development and provision of licenses to access the Smartnutri platform. This platform offers a package of features, such as a daily meal registration schedule, scanner that recognizes processed foods, chat with nutritionists, monitoring of body composition, personalized meal suggestions and food recognition by photo, among others. Smartfit may, at its sole discretion, convert the loan into common shares at the maturity of 5 years after the signing of the agreement, and may guarantee a controlling interest in the share capital of N2B. The transaction was subject to usual declarations and guarantees, with amounts based on growth indicators, EBITDA for the last 12 months and multiples, defined between the parties.

(iv) See note 9.

7. FINANCIAL INVESTMENTS

Accounting practice

Financial investments are carried at cost plus yield accrued through the end of each reporting period, which does not exceed their market or realizable value. They substantially comprise guarantees related to debentures, which must be maintained until the final maturity of the contracts.

Breakdown of balances

	Parent		Consolidated	
	2020	2019	2020	2019
Restricted funds and CDBs	44,200	-	45,908	5,336
Other financial investments	3,404	-	14,129	-
	47,604	-	60,037	5,336

8. 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 balances related to these operations by nature as at December 31 are as follows:

	Parent		Consolidated	
	2020	2019	2020	2019
Noncurrent assets				
Trading transactions (a)	60,931	21,288	15,521	-
Interest on capital and dividends	333	333	-	-
Loan agreements (b)	27,471	29,358	20,409	11,734
	88,735	50,979	35,930	11,734
Current liabilities				
Trading transactions (a)	25,771	41,391	204	-
Interest on capital and dividends	331	289	301	301
Loan agreements (b)	2,957	2,491	-	-
	29,059	44,171	505	301

(a) The trading transactions are represented by the amount resulting from an apportionment of administrative expenses centralized in the Parent and passed on to the other Group companies, in addition to transactions with joint ventures.

(b) Loans between related parties are remunerated at rates based on the Company's cost of debt at the time of contracting. The contracts have indefinite maturities.

Breakdown of balances and transactions

	Parent		Consolidated	
	2020	2019	2020	2019
Balance sheet - amounts				
Noncurrent assets				
Direct and indirect subsidiaries and joint ventures:				
ADV Esportes	24,359	17,716	-	-
SmartEXP (i)	15,521	-	15,521	-
Smartfin	14,209	3,333	-	-
Smartdom	8,876	7,856	-	-
Bio Plaza	3,977	2,932	-	-
Asnsmart	3,659	2,497	-	-
Bioswim	2,909	1,651	-	-
Biosanta	2,823	2,213	-	-
Microsul	1,318	1,417	-	-
Smartrfe	945	151	-	-
Centrale	382	382	-	-
M2	250	35	-	-
SmartMNG	155	825	-	-
Biomorum	84	65	-	-
Arnaut	-	2,189	-	-
Biocerro	-	2,455	-	-
Smartcbl	-	1,726	-	-
SmartVCR	-	2,668	-	-
Interest on capital	333	333	-	-
Associates:				
TotalPass (ii)	4,298	-	17,465	8,765
Noncontrolling interests				
Advance distribution of profits	4,637	535	2,944	2,969
	88,735	50,979	35,930	11,734
Current liabilities				
Direct and indirect subsidiaries:				
Bioswim	25,367	40,675	-	-
Biomorum	230	367	-	-
Centrale	-	132	-	-
Bio Plaza	-	37	-	-
ADV Esportes	-	14	-	-
Racebootcamp	-	32	-	-
M2	-	16	-	-
Interest on capital and dividends	331	290	301	301
Other	3,131	2,608	204	-
	29,059	44,171	505	301
Statement of profit and loss (transactions)				
Cost of services rendered				
Operational support reimbursement	6,794	21,503	-	-
Operational support services	(2,106)	(6,482)	-	-
Operating expenses				
General and administrative expenses	(874)	(873)	-	-
Finance income (costs)				
Finance income	1,318	5,243	-	-
Finance costs	-	(289)	-	-
	5,132	19,102	-	-

(i) Refers to advances in trading transactions for the acquisition of equipment purchased by Smartfit and transferred to SmartEXP. In 2020, R$ 24,794 were incurred in equipment acquisitions by Smartfit, of which R$ 9,273 have already been written off due to advances received and the remainder will be transferred in 2021.

(ii) Refers substantially to loans from Latamgym in Mexico related to expenditures on TotalPass (a program that allows access to the Group's network of gyms through subscription). These amounts are being evaluated for capitalization in new businesses related to the expansion of operations in Latin America.

Other related-party transactions

The Company has (i) a property lease agreement with one of its shareholders signed in 2015, for which a payment of R$2,495 was made for the purpose of assigning the right to use said property, recorded in intangible assets and (ii) two property lease agreements with a company controlled by noncontrolling interests of a subsidiary. The agreements were signed in 2009 and 2011, and the interest and the amortization of right-of-use asset were recognized in profit or loss in the amount of R$ 626 (R$ 1,212 in 2019).

Compensation of key management personnel

On May 20, 2020, at the Annual and Extraordinary General Meeting, the limit of the annual global compensation of the Company's officers of R$ 10,220 for the year ending December 31, 2020 was approved. The compensation of the Company's officers is composed of management fees, bonuses and stock option plan, recognized in line item "General and administrative expenses" in the amount of R$ 7,164 in 2020 (R$ 133,440 In 2019). There are no post-employment benefits.

	Parent	
	2020	2019
Key management compensation	7,164	6,245
Stock option plans (i)	-	127,195

(i) In the opinion of the Company, the amounts related to the stock option plans are not featured as compensation for labor and social security purposes, and are presented in this way to comply with disclosure requirements.

9. INVESTMENTS

Accounting practice

Subsidiaries

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

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

Joint ventures

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

The Company recognized its interest in the joint venture, in the consolidated financial statements, 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.

Breakdown of investment balances - parent

	2020	2019
Investment - noncurrent assets	2,204,249	1,799,848
Investments with negative equity - noncurrent liabilities (*)	(11,435)	-
	2,192,814	1,799,848

(*) Refers to investments Biosanta (R$ 67), MB Negócios Digitais (R$ 9,791) and TotalPass (R$ 1,577), which present negative equity as at December 31, 2020.

For MB Negócios Digitais, the investment balance is negative due to accounting adjustments made in the balance sheet at the acquisition date, substantially related to deferred revenues. In the period between the acquisition date and the end of the year, MB presented net revenue of R$ 45,905 and profit of R$ 13,363, of which R$ 9,355 refer to the Company's 70% interest.

	2020					
	Equity	Profit (loss) for the year	Direct interest (%)	Investment balance	Share of profit (loss) of investees	Other comprehensive income
Subsidiaries						
ADV	49,268	(5,544)	73.12%	36,025	(4,055)	-
Argentina	46,549	(1,619)	100.00%	46,549	(1,619)	6,417
Arnaut	-	-	100.00%	-	(496)	-
Biocerro	-	-	100.00%	-	135	-
Biomorum	5,307	(1,425)	100.00%	5,307	(1,425)	-
Biopauli	8,998	868	100.00%	8,998	868	-
Biosanta	(347)	(791)	19.18%	(67)	(144)	-
Bioswim	94,034	(13,452)	100.00%	94,033	(13,451)	-
Centrale	12,034	17	66.92%	8,053	11	-
Chile	39,691	(30,772)	100.00%	39,691	(30,771)	18,078
Latamfit - Colombia	96,667	(44,891)	100.00%	96,667	(44,891)	28,201
M2	5,073	103	50.00%	2,536	52	-
MB Negócios Digitais (a)	(13,988)	13,363	70.00%	(9,791)	9,355	-
Mexico - CSC	130,464	(35,111)	100.00%	130,464	(35,111)	27,547
Mexico - Latamgym	284,371	(70,878)	50.00%	154,997	(35,439)	27,550
Mexico - SDL	2,142	638	50.00%	1,071	319	192
Microsul	2,242	(1,153)	100.00%	2,242	(965)	-
Peru	29,495	(76,379)	90.00%	26,545	(68,742)	13,554
Pro Forma (b)	-	(497)	100.00%	-	(497)	-
Racebootcamp	3,267	(2,739)	2.06%	67	(56)	-
SmartCBL	-	-	100.00%	-	8	-
SmartFIN	209	(885)	100.00%	209	(885)	-
Smartfit Paraguay	17,230	(3,134)	99.99%	17,228	(3,134)	3,533
SmartMNG	38,807	(2,252)	99.99%	38,803	(2,252)	-
SmartRFE	22,256	(1,359)	100.00%	22,256	(1,359)	-
SmartVCR	-	-	100.00%	-	14	-
TotalPass	(1,577)	(2,203)	100.00%	(1,577)	(2,203)	-
Joint ventures(*)						
FitMaster	44,290	11,233	55.00%	24,360	(6,178)	2,496
SmartEXP (d)	202,877	(17)	50.00%	5,758	-	-
Sporty Panamá (c)	124,131	(16,714)	50.00%	95,093	(8,355)	19,195
Goodwill and surplus value						
CSC Mexico				635,227	-	115,850
Latamfit Chile				220,034	-	58,840
Latamfit Colombia				421,392	-	81,346
Queima Diária (a)				93,664	-	-
Amortization of surplus value				(23,020)	-	-
				2,192,814	(251,266)	402,799

	2019					
	Equity	Profit (loss) for the year	Equity interest	Investment balance	Share of profit (loss) of investees	Other comprehensive income
Subsidiaries						
ADV	55,085	10,994	73.12%	40,278	7,851	-
Argentina	27,462	(3,796)	100.00%	27,462	(3,796)	(3,159)
Arnaut	979	1,106	100.00%	979	1,106	-
Biocerro	1,264	1,085	100.00%	1,264	199	-
Biomorum	6,562	(2,878)	100.00%	6,562	(2,878)	-
Biopauli	8,130	731	100.00%	8,130	731	-
Biosanta	446	(581)	14.02%	63	(81)	-
Bioswim	107,651	(2,000)	100.00%	107,649	(2,000)	-
Centrale	12,017	28,020	66.92%	8,042	18,751	-
Latamfit Chile	52,367	10,664	100.00%	52,365	10,664	3,385
Latamfit - Colombia	111,564	13,335	100.00%	113,357	15,127	(539)
M2	5,033	779	50.00%	2,517	389	-
Mexico - CSC	138,028	8,951	100.00%	138,028	8,951	11,302
Mexico - Latamgym	274,528	17,560	50.00%	137,264	8,780	11,126
Mexico - SDL	1,120	418	50.00%	560	209	(2)
Microsul	2,165	(468)	100.00%	1,775	(383)	-
Peru	62,252	(28,775)	90.00%	56,027	(26,510)	5,722
Racebootcamp	6,019	(7,894)	2.06%	124	(163)	-
SmartCBL	365	472	100.00%	365	309	-
SmartFIN	1,093	796	100.00%	1,093	796	-
Smartfit Paraguay	12,189	(695)	99.99%	12,188	(695)	51
SmartMNG	41,471	2,869	99.99%	41,467	2,869	-
SmartRFE	23,682	56	100.00%	23,682	56	-
SmartVCR	1,855	582	100.00%	1,855	378	-
TotalPass	26	152	84.98%	26	104	-
Joint ventures (*)						
FitMaster	9,622	(918)	55%	5,292	(505)	-
Goodwill and surplus value						
CSC Mexico				519,380	-	39,428
Latamfit Chile				161,194	-	(6,822)
Latamfit Colombia				340,046	-	9,684
Amortization of surplus value				(9,186)	-	-
				1,799,848	40,259	70,176

(*) Information on joint ventures

	2020		
	FitMaster	SmartEXP	Sporty Panama
BALANCE SHEET			
Current assets	2,652	186,284	60,031
Noncurrent assets	50,126	22,333	117,027
Total assets	52,778	208,617	177,058
Current liabilities	8,488	5,740	8,448
Noncurrent liabilities	-	-	44,479
Total liabilities	8,488	5,740	52,927
Total equity	44,290	202,877	124,131
STATEMENT OF PROFIT AND LOSS			
Revenues	13,881	-	11,578
Costs and expenses	(24,778)	(136)	(26,033)
Operating profit	(12,515)	(136)	(14,455)
Finance income (costs)	(336)	119	(3,042)
Income taxes	-	-	783
Profit (loss) for the year	(11,233)	(17)	(16,714)

Breakdown of investment balances - consolidated

As at December 31, 2020, the investment balance is represented by the companies FitMaster R$ 24,360 (R$ 5,292 as at December 31, 2019), Sporty Panama R$ 95,093, SmartEXP R$ 5,758 (R$ 2 in contributions and R$ 5,756 as a contra entry to the purchase and sale obligation) and TotalPass México (negative investment of R$ 1,495 in the joint venture of Mexico through Latamgym, in the Investments with negative equity account in liabilities).

Changes

	Parent		Consolidated	
	2020	2019	2020	2019
Opening balance	1,799,848	1,645,428	5,292	-
Capital increase in subsidiaries (i)	74,252	82,552	-	-
Capital increase in joint ventures (ii)	22,746	7,073	22,746	7,073
Consideration – SmartEXP (iv)	5,756	-	5,756	-
Acquisition of subsidiary - Queima Diária	74,518	-	-	-
Acquisition of subsidiary - Pro Forma	7,000	-	-	-
Acquisition of joint venture - Sporty Panama	83,345	-	83,345	-
Acquisition of subsidiaries	-	10,700	-	-
Gain on translation of foreign investees	402,799	70,176	22,346	-
Share of profit (loss) of investees	(251,266)	40,259	(15,786)	(1,776)
Amortization of surplus value	(13,834)	(6,696)	-	-
Write-offs of investments due to merger (iii)	(4,428)	(33,048)	-	-
Transfer of goodwill - Pro Forma to intangible assets	(7,873)	-	-	-
Dividends paid or received	-	(14,950)	-	-
Other	(49)	(1,646)	17	(5)
Closing balance, net	2,192,814	1,799,848	123,716	5,292

(i) Refers to the capital increase in subsidiaries Smartfit Peru, Smartfit Argentina, Latamfit Chile, Bioswin, Biomorum, Centrale, Racebootcamp, ADV, SmartfitMNG and TotalPass.

(ii) Refers to a capital increase in joint ventures SmartEXP and FitMaster.

(iii) See note 1.

(iv) See note 9 d).

New investments in 2020

The assets and liabilities acquired were measured at fair value at the transaction date and the purchase price allocation was made based on a report prepared by an independent expert as required by CPC 15 (R1) / IFRS 3.

The following table shows the amounts of adjusted assets and liabilities, identifiable assets and goodwill at the acquisition dates:

	Queima Diária (a)	Pro Forma (b)	Sporty Panamá (c)	Acquisitions 2020
Financial assets at amortized cost:				
Cash and cash equivalents	517	-	40,248	40,765
Trade receivables	5,871	59	243	6,173
Deferred taxes	3,265	-	-	3,265
Property and equipment	1,104	138	42,284	43,526
Right of use	-	-	23,499	23,499
Intangible assets	807	-	-	807
Other assets	3	-	66,550	66,553
Liabilities				
Trade payables	(3,299)	(936)	(1,578)	(5,813)
Deferred revenue	(32,356)	-	(1,389)	(33,745)
Salaries, accruals and social contributions	(837)	-	-	(837)
Taxes and contributions payable	(2,396)	-	-	(2,396)
Lease liability	-	-	(25,161)	(25,161)
Other liabilities	(29)	(134)	-	(163)
Total net assets (adjusted book value)	(27,350)	(873)	144,696	116,473
Company's equity interest	70%	100%	50%	
Company's share of net assets	(19,145)	(873)	72,348	52,330
Payment in cash	49,000	6,000	21,098	76,098
Installments payable	18,000	1,000	62,338	81,338
Capital subscription	10,000	-	-	10,000
Purchase price	77,000	7,000	83,436	167,436
Fair value of identifiable assets:				
Trademarks	8,636	-	-	8,636
Software (proprietary content)	4,998	-	-	4,998
Non-compete agreement	12,591	-	-	12,591
	26,225	-	-	26,225
Deferred taxes on surplus value	8,917	-	-	8,917
Noncontrolling interests	(3,013)	-	-	(3,013)
Call option - Queima Diária (*)	(2,482)	-	-	(2,482)
Goodwill	81,547	7,873	11,088	100,508

(a) Acquisition of MB Negócios Digitais S.A. (subsidiary)

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

MB was established in 2010 and offers physical and nutritional exercise programs, both online and offline, through its digital platform called “Queima Diária”. The acquisition is in connection with the Company's strategic objective of expanding digital fitness, through the development of a wellness platform with own content (FitPlay) and third parties content, whose objective is to democratize well-being.

The total price for the acquisition of 70% of MB was R$ 77,000, of which R$ 67,000 for the acquisition of shares and R$ 10,000 in contributions to be paid in up to 12 months, in local currency, as payment for the Subscription of New Shares until July 14, 2021, according to the Extraordinary General Meeting ("EGM") of July 14, 2020, where Smartfit subscribed and received such shares. In 2020, payments of R$ 51,135 were made regarding the acquisition of MB.

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

- Call option (*)

  The Company may exercise the call option at any time until July 14, 2025 (5-year term) from the Shareholders' Agreement signing date. Based on studies prepared by independent experts, the expected present value of the call option was determined at R$ 2,482 at the acquisition date and recorded as a right under the line item "Other receivables" in noncurrent assets, against intangible assets (goodwill). As at December 31, 2020, the determined amounts were updated and estimated at R$ 2,098, with the update of R$ 384 occurred between the acquisition date and the end of the year recorded in finance income (costs) for 2020.

- Put Option

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

  At the acquisition date, the expected present value of the put option was determined at R$ 4,141, based on studies prepared by independent experts, recording an obligation under the line item "Other payables" in noncurrent liabilities, against equity in the line item "Equity instruments", since the effects of the potential acquisition may occur in a situation where the Company already holds the control of the investee. As at December 31, 2020, the revised amounts were updated and estimated at R$ 8,422, with R$ 4,281 being recognized in the 2020 finance income (costs).

(b) Acquisition of Pro Forma Academia de Ginástica Ltda. (subsidiary)

On April 4, 2020, the Company acquired all shares of Pro Forma Academia de Ginástica Ltda ("Pro Forma") for R$ 7,000, with the purpose of expanding its network in the city of Rio de Janeiro, state of Rio de Janeiro. In 2020, payments of R$ 6,735 were made regarding the acquisition of Pro Forma.

The process of recognizing and measuring this purchase was carried out in accordance with CPC 15 (R1) / IFRS 3 and the assets acquired and liabilities assumed had no material fair value adjustments, according to a report prepared by an independent expert. This transaction generated goodwill based on future profitability of R$ 7,873, which was initially accounted for as an investment and reclassified to intangible assets through the merger mentioned in note 1.

(c) Acquisition of Sporty Panama S.A. (joint venture)

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

Sporty is a closely-held company that operates in the fitness segment and currently has 8 gyms in the Republic of Panama and will start operations in Costa Rica in the future.

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

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

In the period between the acquisition date and the ed of the year, Sporty reported net revenue of R$ 11,578 and loss of R$ 16,714, of which R$ 8,355 refer to the Company's current interest in the subsidiary.

(d) Smartfit Escola de Ginástica e Dança S.A. (SmartEXP)

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

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

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

As at December 31, 2020, the fair value of the obligation at the end of the Lock-Up Period (Obligation to buy and sell - SmartEXP, see note 14 (v)) calculated by independent experts and measured based on the Monte Carlo method was estimated at R$ 5,756 and recorded as cost of the investment in SmartEXP.

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

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

10. PROPERTY AND EQUIPMENT

Accounting practice

Stated at acquisition, formation or construction cost, less accumulated depreciation and, when applicable, a provision for impairment. Depreciation is calculated on a straight-line basis at rates that take into account the economic useful lives of the assets. The facilities and improvements in the Company's and its subsidiaries' leased units are depreciated over the lease term or the economic useful lives of the assets. Right-of-use assets are depreciated over their expected useful lives on the same basis as owned assets, or for a shorter period, where applicable, under the terms of the respective lease agreement.

At December 31, 2020, there was no change in the expected useful lives as compared with the depreciation rates used in the prior year.

Impairment testing of property and equipment

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

Impacts of the COVID-19 pandemic

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

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

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

Assets pledged as collateral

As at December 31, 2020, the Company had assets pledged as collateral for finance leases, as mentioned in note 12.

Balances of and variations in property and equipment in 2020

	Annual average depreciation rate (% p.a.)	2019 Cost	2019 Accumulated depreciation	2019 Net amount	Variations Additions (i)	Variations Mergers	Variations Write-off (ii)	Variations Exchange effects	Variations Transfers (iii)	Variations Depreciation	2020 Net value
Parent											
Facilities and leasehold improvements	18	732,968	(322,263)	410,705	40,506	3,423	(1,016)	-	94,175	(80,086)	467,707
Machinery and equipment	10	345,638	(88,189)	257,449	12,849	5,432	(10,628)	-	45,602	(36,724)	273,980
Furniture and fixtures	10	73,797	(24,312)	49,485	2,722	515	(83)	-	10,342	(8,358)	54,623
IT equipment	20	24,111	(8,153)	15,958	5,234	211	(435)	-	2,288	(5,114)	18,142
Vehicles	20	117	(53)	64	-	-	-	-	-	(23)	41
Other property and equipment	15	61,088	(20,108)	40,980	1,867	711	(203)	-	9,962	(13,601)	39,716
Property and equipment in progress	-	70,734	-	70,734	124,501	131	(155)	-	(162,706)	-	32,505
		1,308,453	(463,078)	845,375	187,679	10,423	(12,520)	-	(337)	(143,906)	886,714
Consolidated											
Buildings	4	14,074	(6,765)	7,309	-	-	-	-	(2,336)	(298)	4,675
Facilities and leasehold improvements	10-18	1,762,654	(560,415)	1,202,239	88,211	-	(2,696)	163,308	208,782	(195,951)	1,463,893
Machinery and equipment	10	646,318	(160,938)	485,380	30,210	-	(17,936)	29,205	95,397	(68,891)	553,365
Furniture and fixtures	10	182,612	(62,403)	120,209	4,402	-	(1,292)	6,748	7,534	(21,952)	115,649
IT equipment	20	82,809	(32,569)	50,240	10,887	-	(787)	5,962	646	(17,307)	49,641
Vehicles	20	577	(163)	414	-	-	-	86	67	(102)	465
Other property and equipment	15	78,479	(26,825)	51,654	5,011	-	(2,360)	239	11,353	(16,710)	49,187
Property and equipment in progress	-	166,192	-	166,192	327,797	-	(3,355)	38,794	(392,374)	-	137,054
Advance for acquisition of property and equipment	-	10,605	-	10,605	22,514	-	(675)	4,296	14,463	-	51,203
		2,944,320	(850,078)	2,094,242	489,032	-	(29,101)	248,638	(56,468)	(321,211)	2,425,132

(i) The additions to property and equipment refer to the opening of new units, related to operations in Latin America. The 2020 additions include R$ 1,038 related to the acquisition of Queima Diária.

(ii) Write-offs refer mainly to sale of equipment to related parties.

(iii) The remaining balance in the Transfers column refers to reclassifications to the Right of use group.

Balances of and variations in property and equipment in 2019

	Annual average depreciation rate (% p.a.)	2018 Cost	2018 Accumulated depreciation	2018 Net value	Changes: Reclassification right-of-use asset	Changes: Additions (i)	Changes: Mergers	Changes: Write-offs (ii)	Changes: Exchange effects	Changes: Transfers	Changes: Depreciation	2019 Net value
Parent												
Leasehold improvements	18	434,974	(199,237)	235,737	-	61,668	68,757	(4,145)	-	111,379	(62,691)	410,705
Machinery and equipment	10	221,570	(49,641)	171,929	(13,815)	32,343	44,637	(7,654)	-	57,536	(27,527)	257,449
Furniture and fixtures	10	45,456	(13,875)	31,581	-	5,192	8,571	(822)	-	11,313	(6,350)	49,485
IT equipment	20	11,401	(3,696)	7,705	-	5,231	2,351	(251)	-	4,204	(3,282)	15,958
Vehicles	20	118	(30)	88	-	-	-	-	-	-	(24)	64
Other	15	35,955	(6,479)	29,476	-	5,006	8,438	(3,205)	-	11,193	(9,928)	40,980
Property and equipment in progress	-	30,970	-	30,970	-	241,062	506	(6,179)	-	(195,625)	-	70,734
		780,444	(272,958)	507,486	(13,815)	350,502	133,260	(22,256)	-	-	(109,802)	845,375
Consolidated												
Leasehold improvements	15	929,546	(364,445)	565,101	-	190,404	-	(18,709)	(2,886)	123,274	(93,255)	763,929
Machinery and equipment	10	722,217	(190,554)	531,663	(238,736)	203,924	-	(20,796)	11,079	67,225	(68,979)	485,380
Furniture and fixtures	11	129,826	(40,934)	88,892	-	37,499	-	(1,190)	2,582	13,057	(20,631)	120,209
IT equipment	20	53,698	(19,743)	33,955	-	22,326	-	(811)	698	6,770	(12,698)	50,240
Vehicles	20	690	(496)	194	-	636	-	(350)	-	-	(66)	414
Facilities	9	363,783	(60,023)	303,760	-	116,394	-	(721)	28,576	29,750	(39,449)	438,310
Buildings	4	25,021	(10,115)	14,906	-	860	-	(8,355)	408	-	(510)	7,309
Other property and equipment	15	60,264	(14,322)	45,942	-	6,992	-	(1,150)	(6)	13,204	(13,328)	51,654
Property and equipment in progress	-	123,044	-	123,044	-	300,285	-	(6,435)	2,578	(253,280)	-	166,192
Advance for acquisition of property and equipment	-	15,108	-	15,108	-	-	-	(4,503)	-	-	-	10,605
		2,423,197	(700,632)	1,722,565	(238,736)	879,320	-	(63,020)	43,029	-	(248,916)	2,094,242

(i) The additions to property and equipment are related to the opening of new units, given the Company's accelerated expansion plan in Latin America.

(ii) Write-offs refer mainly to sale of equipment to related parties.

11. INTANGIBLE ASSETS

Accounting practice

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

Business combination and goodwill

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

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

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

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

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

Balances of and variations in intangible assets in 2020

	Annual average amortization rate (% p.a.)	2019 Cost	2019 Accumulated amortization	2019 Net value	Changes Additions (i)	Changes Mergers	Changes Write-offs	Changes Exchange effects	Changes Transfers (ii)	Changes Amortization	2020 Net value
Parent											
Goodwill - Bio Ritmo	-	72,378	-	72,378	-	-	-	-	-	-	72,378
Goodwill - Smart Fit	-	2,069	-	2,069	-	-	-	-	-	-	2,069
Goodwill - Pro Forma	-	-	-	-	-	-	-	-	7,873	-	7,873
Assignment of right of use	10	46,853	(31,547)	15,306	50	83	(1,501)	-	(2,850)	(1,752)	9,336
Software	20	8,630	(2,728)	5,902	1,981	47	-	-	337	(1,704)	6,563
Customer list	10	3,992	(3,992)	-	-	-	-	-	-	-	-
Trademarks and patents	-	8,478	-	8,478	-	-	-	-	-	-	8,478
		142,400	(38,267)	104,133	2,031	130	(1,501)	-	5,360	(3,456)	106,697
Consolidated											
Goodwill – Bio Ritmo	-	72,378	-	72,378	-	-	-	-	2,644	-	75,022
Goodwill – Smartfit Peru	-	30,198	-	30,198	-	-	-	6,085	3,012	-	39,295
Goodwill – Latamfit Colombia	-	341,412	-	341,412	-	-	-	80,450	(5,107)	-	416,755
Goodwill – Latamfit Chile	-	153,141	-	153,141	-	-	-	55,852	(133)	-	208,860
Goodwill – CSC – Mexico	-	508,471	-	508,471	-	-	-	113,328	(400)	-	621,399
Goodwill - MB Negócios Digitais	-	-	-	-	81,547	-	-	-	-	-	81,547
Goodwill - Pro Forma	-	-	-	-	-	-	-	-	7,873	-	7,873
Assignment of right of use	11	69,096	(37,384)	31,712	50	-	(1,520)	-	(4,735)	(4,661)	20,846
Software	28	30,986	(12,214)	18,772	16,684	-	(24)	-	(833)	(7,883)	26,716
Customer list	33	34,372	(17,910)	16,462	4,999	-	-	2,612	927	(8,561)	16,439
Trademarks and patents	-	13,314	-	13,314	12,591	-	-	-	2,114	(1,891)	26,128
		1,253,368	(67,508)	1,185,860	115,871	-	(1,544)	258,327	5,362	(22,996)	1,540,880

Balances of and variations in intangible assets in 2019

	Annual average amortization rate (% p.a.)	2019 Cost	2019 Accumulated amortization	2019 Net value	Changes Additions (i)	Changes Mergers	Changes Write-offs	Changes Exchange effects	Changes Transfers (ii)	Changes Amortization	2020 Net value
Parent											
Goodwill - Bio Ritmo	-	72,378	-	72,378	-	-	-	-	-	-	72,378
Goodwill - Smart Fit	-	2,069	-	2,069	-	-	-	-	-	-	2,069
Assignment of right of use	10	33,397	(22,211)	11,186	4,300	1,907	(171)	-	-	(1,916)	15,306
Software	20	4,360	(1,526)	2,834	3,740	240	(18)	-	-	(894)	5,902
Customer list	10	3,992	(3,992)	-	-	-	-	-	-	-	-
Trademarks and patents	-	8,478	-	8,478	-	-	-	-	-	-	8,478
		124,674	(27,729)	96,945	8,040	2,147	(189)	-	-	(2,810)	104,133
Consolidated											
Goodwill – Bio Ritmo	-	72,378	-	72,378	-	-	-	-	-	-	72,378
Goodwill – Smart Fit	-	28,450	-	28,450	-	-	-	1,748	-	-	30,198
Goodwill – Latamfit	-	331,610	-	331,610	-	-	-	9,802	-	-	341,412
Goodwill – Latamfit Chile	-	159,616	-	159,616	-	-	-	(6,475)	-	-	153,141
Goodwill – CSC – Mexico	-	469,860	-	469,860	-	-	-	38,611	-	-	508,471
Assignment of right of use	11	63,378	(32,965)	30,413	6,256	-	(1,804)	-	-	(3,153)	31,712
Software	28	24,914	(10,776)	14,138	6,094	-	(20)	-	-	(1,440)	18,772
Customer list	33	34,464	(7,765)	26,699	-	-	-	(91)	-	(10,146)	16,462
Trademarks and patents	-	13,519	-	13,519	-	-	-	(205)	-	-	13,314
		1,198,189	(51,506)	1,146,683	12,350	-	(1,824)	43,390	-	(14,739)	1,185,860

(i) In 2020, the amount includes R$ 26,225 of surplus value, goodwill of R$ 81,547 and intangible assets of R$ 807 related to the acquisition of MB Negócios Digitais on July 14, 2020.

(ii) In 2020, the amount refers substantially to reclassifications between accounts, of which R$ 7,873 from investments to intangible assets (see note 9 (b), R$ 2,850 from intangible assets to right-of-use assets (see note 12).

Impairment testing of goodwill

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

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

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

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

- Revenues: Net revenue was projected based on the Company’s expectation for the recovery of the business and inflation adjustment after the complete normalization of activities.

- Fixed investments: fixed investment projections are intended to recover the depreciation of the operating fixed assets base, and necessary maintenances.

- Working capital investments: projected based on past performance and estimated revenue growth.

Cash flows beyond the ten-year period were determined through a perpetuity calculation using the Gordon-Shapiro model considering a constant annual growth of net revenue as of 2030 of 3.5% for Chile, 3% for Mexico and 3.8% for Colombia which corresponds to the projected inflation rate in each country.

Based on the analysis performed, no provision for impairment was required.

Impairment testing of intangible assets with finite useful lives

Intangible assets with finite useful lives, mainly the “assignment of right of use”, were allocated to CGUs, which were submitted to asset impairment testing through the discounted cash flow at December 31, 2020, and no provision for impairment was required. In the year ended December 31, 2020, there was no change in the expected useful lives as compared with the amortization rates used in the prior year.

12. LEASE TRANSACTIONS

Accounting practice

The Company recognizes right-of-use assets and lease liabilities in the individual and consolidated balance sheet, initially measured at the present value of future lease payments, gross of taxes (essentially PIS and COFINS). 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.

Lease incentives (for example, rent-free period) are recognized as part of the measurement of right-of-use assets and lease liabilities.

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

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

Impacts of the COVID-19 pandemic

As a result of the analysis to assess the recoverability of right-of-use assets, in the year ended December 31, 2020, we did not determine adjustments to reduce the recorded balances. Due to the discounts obtained in renegotiations with property owners, the Company used the practical expedient provided for in CPC 06 (R2) / IFRS 16, recognizing R$ 166,631 as discounts obtained with leases in the year ended December 31, 2020 (see note 19).

The Company applied the practical expedient to all benefits granted in lease agreements as it believes these benefits affect only the payments originally due on or before December 31, 2020, and because there were no significant changes in other terms and conditions of the lease agreement.

Breakdown of balances

	Parent		Consolidated	
	2020	2019	2020	2019
Assets				
Right-of-use assets	923,843	900,135	2,726,888	2,331,096
Liabilities				
Lease liability - current	135,824	288,501	339,403	527,378
Lease liability - noncurrent	847,338	643,176	2,534,381	1,885,032
	983,162	931,677	2,873,784	2,412,410

Variations

	Parent			Consolidated		
	Machinery and equipment	Lease of real estate	Total	Machinery and equipment	Lease of real estate	Total
Right-of-use assets						
Balance at January 1, 2019	13,815	560,616	574,431	238,736	1,817,607	2,056,343
Mergers	7,614	166,117	173,731	-	-	-
Additions and remeasurements	-	278,096	278,096	(44,517)	568,972	524,455
Depreciation	(2,216)	(123,907)	(126,123)	(15,132)	(248,521)	(263,653)
Exchange effects	-	-	-	11,051	2,900	13,951
Balance in 2019	19,213	880,922	900,135	190,138	2,140,958	2,331,096
Mergers	654	9,087	9,741	-	-	-
Additions and remeasurements	-	162,296	162,296	28,842	390,786	419,628
Transfers (*)	-	2,850	2,850	-	2,850	2,850
Depreciation	(2,644)	(138,062)	(140,706)	(49,828)	(310,111)	(359,939)
Tax credits on depreciation	-	(10,473)	(10,473)	-	(12,902)	(12,902)
Exchange effects	-	-	-	78,940	267,215	346,155
Balance in 2020	17,223	906,620	923,843	248,092	2,478,796	2,726,888
Lease liabilities						
Balance at January 1, 2019	14,182	560,616	574,798	186,925	1,817,607	2,004,532
Mergers	6,165	168,979	175,144	-	-	-
Additions and remeasurements	-	273,467	273,467	67,124	556,244	623,368
Interest incurred	(558)	71,459	70,901	1,757	174,111	175,868
Tax credits on interest		2,755	2,755	-	3,606	3,606
Considerations	(7,588)	(157,800)	(165,388)	(61,070)	(340,444)	(401,514)
Exchange effects	-	-	-	840	5,710	6,550
Balance in 2019	12,201	919,476	931,677	195,576	2,216,834	2,412,410
Mergers	391	9,455	9,846	-	-	-
Additions and remeasurements	-	161,696	161,696	28,842	390,186	419,028
Interest incurred	507	80,690	81,197	845	214,983	215,828
Tax credits on interest	-	2,442	2,442	-	3,145	3,145
Considerations (**)	(9,487)	(194,209)	(203,696)	(51,025)	(466,231)	(517,256)
Exchange effects	-	-	-	43,060	297,569	340,629
Balance in 2020	3,612	979,550	983,162	217,298	2,656,486	2,873,784

(*) Refers to reclassifications of intangible assets (see note 11).
(**) Includes discounts obtained on property leases of R$ 59,943 in the parent and R$ 172,595 in the consolidated.

Flow of lease maturities:

	Machinery and equipment	Lease of real estate	Total
2021	67,801	271,602	339,403
2022	66,647	208,299	274,946
2023	50,609	183,398	234,007
2024 onwards	32,241	1,993,187	2,025,428
	217,298	2,656,486	2,873,784

The following table shows the potential right of PIS and COFINS recoverable embedded in the lease / rental consideration, according to the periods foreseen for payment and show the following nominal balances and adjusted to present value:

	Consolidated	
	Principal amount (interest-free)	Adjustment to present value
Lease consideration - property rentals	1,337,954	2,656,486
PIS/COFINS - 9.25% (i)	144,050	107,637
	1,482,004	2,764,123

(i) Levied on contracts signed with legal entities, only in Brazil.

The Company, in accordance with CPC 06 (R2)/IFRS 16 - Leases, in measuring and remeasuring its lease liabilities and right-of-use assets, used the discounted cash flow method without considering the future projected inflation in the flows to be discounted (actual flow and nominal discount rate). Although the accounting methodology used by the Company is in line with the rule set out in CPC 06 (R2) / IFRS 16, it generates distortions in the information to be provided, given the current reality of long-term interest rates in the Brazilian economic environment. Pursuant to Circular Official Letter/CVM/SNC/SEP/No.02/2019, the Company presents below the comparative balances of lease liabilities, right-of-use assets, finance cost, and depreciation expense, taking into account the effect of the future inflation projected in the lease contract flows, discounted at the nominal rate, in the consolidated:

	Actual flow	Flow w/ inflation
Right-of-use assets	2,478,796	2,956,096
Lease liabilities	1,337,954	1,280,937
Finance charges	1,318,532	1,852,671
	2,656,486	3,133,608
Finance costs	1,318,532	1,852,671
Depreciation expense	2,451,990	2,922,945
	3,770,522	4,775,616

13. BORROWINGS AND DEBENTURES

Accounting practice

Borrowings are initially recognized at fair value when amounts are received, net of transaction costs, where appropriate, and subsequently measured at amortized cost using the effective interest method, corresponding to cost, plus charges, interest, inflation adjustment and exchange differences contractually established, incurred through the end of each reporting period.

Breakdown of balances

	Parent		Consolidated	
	2020	2019	2020	2019
Debentures (i)	1,156,511	1,310,830	1,156,511	1,310,830
Working capital (ii)	163,581	204,637	1,459,562	895,820
	1,320,092	1,515,467	2,616,073	2,206,650
Current	83,916	80,651	277,652	163,479
Noncurrent	1,236,176	1,434,816	2,338,421	2,043,171
	1,320,092	1,515,467	2,616,073	2,206,650

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

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

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

(ii) In Brazil this refers to borrowings for working capital purposes, with average charges of 2.92% p.a. plus 100% of the CDI, with maturity until July 2022, in addition to borrowings obtained in subsidiaries (i) Latamgym, with rate of "TIIE" (Tasa de Interés Interbancaria de Equilibrio) + 2.8% p.a., (ii) indirect subsidiary Sport City, with charges of 5% plus rate of "IBR" (Indicador Bancário de Referencia), or between 3.70% and 5% p.a. plus rate of "DTF" (Depósitos a Término Fijo), (iii) Latamfit Chile, with fixed charges between 6.87% and 8.70% p.a., and (iv) Smartfit Peru, with fixed charges between 10.10% and 11.10% p.a..

Variations in borrowings and debentures

	Parent		Consolidated	
	2020	2019	2020	2019
Opening balance	1,515,467	1,194,852	2,206,650	1,809,001
Fundraising	13,716	1,354,785	441,909	1,734,623
Accrued interest and cost amortization	74,923	129,042	173,444	207.804
Principal paid	(181,766)	(1,051,210)	(210,032)	(1,229,118)
Interest paid	(102,248)	(127,179)	(199,123)	(141,973)
Exchange differences	-	-	203,225	13,238
Reclassifications to leases	-	(14,182)	-	(186,925)
Mergers	-	29,359	-	-
Closing balance	1,320,092	1,515,467	2,616,073	2,206,650

Covenants - Debentures

For the Company to be compliant with the covenants, a negotiation was conducted with debenture holders at the General Meeting of Debenture holders held on June 26, 2020, and the following matters related to the 4th issuance of the Company's debentures ("Debentures") were approved:

a. Change in the limit of the net debt/EBITDA ratio ("Financial Ratio"): this ratio was not measured for the 2nd and 3rd quarters of 2020, and for the 4th quarter of 2020 and the 1st quarter of 2021 this ratio shall be equal to or less than 6.75x. For the 2nd, 3rd and 4th quarters of 2020, and 1st quarter of 2021, a second ratio was defined: cash on short-term debt ("Liquidity Ratio") which should be equal to or greater than 2x for the 2nd quarter of 2020, 1.75x for the 3rd quarter of 2020 and 1.50x for the 4th quarter of 2020 and for the 1st quarter of 2021. The Liquidity Ratio should also be applied to the 2nd quarter of 2021 in the event that the Financial Ratio for the same period exceeds 3.00.

b. Guarantees: during this period a deposit will be made in a specific account in the amount of R$ 35 million, which is equivalent to a six-month period of debt interest, and every month another deposit will be made corresponding to 1/6 of this amount to cover the semi-annual interest that should be paid to debenture holders.

c. Payment of a premium (waiver fee) to debentureholders corresponding to 1.18% of the debt, equivalent to R$ 15.3 million paid on July 8, 2020.

d. Commitment of extraordinary amortization of 10% of the balance of Debentures, with nominal amount of R$ 130 million, plus the respective fee, paid on July 14, 2020, in the total amount of R$ 145.8 million.

Covenants - Other contracts

Certain financial indicators established in the debt agreements, due to the effects of the COVID-19 pandemic, could not have been complied with as at December 31, 2020. However, as at December 31, 2020, the financial creditors formally consented to waive the Company from complying with certain contractual obligations related to financial ratios, before the end of the year.

In addition to the financial ratios, complied with according to the waivers negotiated with the financial institutions, the Company made an analysis of the operating guarantees and as at December 31, 2020 it was also compliant with the operating covenants (covenants with non-financial clauses), the main ones related to compliance with the allocation of funds raised, disclosure of financial statements, as well as any non-compliance with pecuniary obligations of the debts issued, among others.

14. OTHER PAYABLES

	Parent		Consolidated	
	2020	2019	2020	2019
Advances from customers	-	-	1,378	889
Acquisition - MB Negócios Digitais S.A. (i)	13,005	-	13,005	-
Capital contributions – Sporty Panamá (ii)	38,131	-	38,131	-
Capital contribution in MB Negócios Digitais (ii)	10,094	-	10,094	-
Contingent consideration - MB Negócios Digitais (iii)	3,028	-	3,028	-
Call and put option - MB Negócios Digitais (iii)	8,422	-	8,422	-
Consideration and call option arising from transactions with exchange of shares - Latamfit	-	17,489	-	17,489
Purchase and sale obligation - SmartEXP (iv)	5,756	-	5,756	-
Loans with third parties	-	1,835	-	1,835
Indemnity for cancellation of stock option plan	18,025	18,025	18,221	18,221
Other payables	4,291	7,970	17,252	24,944
	100,752	45,319	115,287	63,378
Current	65,520	27,294	79,859	45,157
Noncurrent	35,232	18,025	35,428	18,221
	100,752	45,319	115,287	63,378

(i) Refer to obligations payable to former owners of acquired entities.

(ii) Refer to commitments of capital contribution in the acquired entities.

(iii) See note 9 (a).

(iv) See note 9 (d).

15. PROVISION FOR CIVIL, TAX AND LABOR RISKS

Accounting practice

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

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

Breakdown of and variations in the balances

The Company and its subsidiaries were parties to certain labor, civil and tax lawsuits for which the likelihood of loss was considered probable by its legal counsel and a provision of R$ 4,524 was recognized in Parent (R$ 4,175 in 2019), and R$ 5,769 in Consolidated (R$ 5,572 in 2019).

	Parent			
	Civil	Labor	Tax	Total
At December 31, 2018	1,657	1,249	16	2,922
Additions and/or increases	585	1,532	254	2,371
Write-offs and/or reversals	(893)	(222)	(3)	(1,118)
At December 31, 2019	1,349	2,559	267	4,175
Additions and/or increases	1,815	471	1,087	3,373
Write-offs and/or reversals	(1,684)	(274)	(1,066)	(3,024)
At December 31, 2020	1,480	2,756	288	4,524

	Consolidated			
	Civil	Labor	Tax	Total
At December 31, 2018	4,571	2,102	19	6,692
Additions and/or increases	876	2,066	272	3,214
Write-offs and/or reversals	(3,130)	(1,201)	(3)	(4,334)
At December 31, 2019	2,317	2,967	288	5,572
Additions and/or increases	2,642	713	1,089	4,444
Write-offs and/or reversals	(2,548)	(657)	(1,042)	(4,247)
At December 31, 2020	2,411	3,023	335	5,769

The Company’s management did not consider necessary to recognize a provision for losses on ongoing civil, labor and tax lawsuits in the amount of R$ 34,333 (R$ 21,149 in 2019) in consolidated, since the likelihood of loss is considered possible by its legal counsel.

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

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

No additional risks to the Company's business were identified, such as lawsuits with customers, consumer protection agencies or discussions related to annual fees cancellations, which could require an additional provision due to the impacts brought by COVID-19. As at December 31, 2020, in the consolidated the Company has escrow deposits of R$ 53,544 (R$ 43,328 as at December 31, 2019) related to administrative and judicial proceedings, mainly in the tax (withholding income tax - IRRF) and social security areas (Contributions to the National Institute of Social Security - INSS).

16. EQUITY

Share capital

As at December 31, 2020, the Company's fully subscribed capital is R$ 325,443 (R$ 378,569 as at December 31, 2019), divided into common and preferred shares, all registered and with no par value, as follows:

	2020		2019	
	Numberof shares	Ownership interest (%)	Numberof shares	Interest (%)
Common shares	14,601,763	65.53	14,601,763	69.31
Preferred shares:				
Class A	4,961,680	22.27	4,961,680	23.55
Class B	1,216,546	5.46	-	-
Class C	726,026	3.25	726,026	3.45
Class F	776,718	3.49	776,718	3.69
	22,282,733	100.00	21,066,187	100.00

On May 20, 2020, the reduction in the Company's capital by R$ 53,236 was approved, thus the Company's capital was reduced from R$ 378,679 to R$ 325,443, without cancelation of shares, against the earnings reserve.

On December 28, 2020, 1,216,546 new class B preferred shares were subscribed in the amount of R$ 500,000, of which R$ 435,657 paid up in 2020, as disclosed in note 1.

Dividends

The common shares and all class A, C and F preferred shares entitle their holders to a non-cumulative annual dividend of at least 25% of the profit for the year, pursuant to article 202 of the Brazilian Corporate Law and article 26, second paragraph of the Company's Bylaws.

As at December 31, 2020 and 2019, the Company did not report profits, therefore, no dividends payable were recognized.

Legal reserve

Set up at the rate of 5% of the profit for the year, after absorption of accumulated losses, and until it reaches 20% of the capital.

17. NET OPERATING REVENUE AND DEFERRED REVENUE

Accounting practice

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

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

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

Impacts of the COVID-19 pandemic

Since the closure of units, from March to July 2020, customer contracts were frozen and monthly fees have not been charged. The amounts related to annual fees and membership fees continued to be charged.

The Company sought other sources of revenue in this period, providing a training mobile application ("app") called "train at home", without charging monthly fees, still in March 2020, and in April 2020 it implemented a new service to access a training platform (FitPlay), with personalized content, made available to the general public and to our members through collection under a specific plan, and in July 2020, the acquisition of Queima Diária was completed, increasing the Company's presence on digital channels.

Breakdown - Net operating revenue (profit or loss)

The sales revenue, leveraged by the gym plans, is recognized in this line item as the service is provided, on an accrual basis.

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

	Parent		Consolidated	
	2020	2019	2020	2019
Gross operating revenue from services rendered				
Gym plans	520,929	747,130	1,100,323	1,831,857
Annual fees	92,276	68,168	182,063	164,202
Membership fees	2,480	8,850	30,732	51,285
Royalties and franchising	10	-	29,317	40,776
Others (i)	3,458	4,322	19,250	60,286
Taxes on revenue	(78,830)	(105,088)	(105,441)	(164,459)
	540,323	723,382	1,256,244	1,983,947

(i) In the consolidated, in 2019, the amount of R$ 38,482 related to the sale of a property by the subsidiary Centrale was recorded in this line item.

Breakdown - Deferred revenue (balance sheet)

	Parent		Consolidated	
	2020	2019	2020	2019
Gym plans (i)	27,179	5,422	95,660	23,157
Membership fees (ii)	45	2,049	527	6,318
Annual fees (ii)	25,256	49,250	35,509	70,675
Others (iii)	3,108	3,923	3,108	3,925
	55,588	60,644	134,804	104,075
Current	53,295	57,535	132,511	100,966
Noncurrent	2,293	3,109	2,293	3,109
	55,588	60,644	134,804	104,075

(i) Agreements entered into with gym members, under plans contracted directly by the customers. As at December 31, 2020, in the consolidated the increase is mainly due to the R$ 54,783 balance of Queima Diária (company acquired on July 14, 2020 - see note 9 a), which sells annual plans with recognition of monthly revenue.

(ii) Membership fees are revenues arising from the member entry into the unit. Annual fees are revenues charged from members periodically. Both revenues are deferred and recognized in profit or loss for a period of one year as from the entry of the member.

(iii) Refer to amounts received from shopping mall administrators to fund the necessary works for the operation of certain gyms. These are recognized over the agreement terms as from the opening of the unit.

18. OPERATING COSTS AND EXPENSES

The Company presented the statement of profit and loss using a classification of expenses based on their function. The information on the nature of these expenses recognized in the statement of profit and loss is as follows:

	Parent		Consolidated	
	2020	2019	2020	2019
Cost of services rendered				
Personnel and related taxes	(113,395)	(134,583)	(238,477)	(319,290)
Variable lease of real estate and common area maintenance fees	(27,881)	(12,889)	(64,780)	(40,087)
Depreciation and amortization, net of PIS and COFINS	(285,038)	(211,340)	(677,041)	(515,620)
Utilities	(68,812)	(72,393)	(130,784)	(157,187)
Maintenance	(19,597)	(21,793)	(45,230)	(66,785)
Operational support services	(40,062)	(53,622)	(72,296)	(107,894)
Opening of new units	(10,931)	(23,724)	(16,733)	(30,752)
Other expenses	(13,466)	(3,482)	(21,284)	(12,363)
	(579,182)	(533,826)	(1,266,625)	(1,249,978)
Selling, general and administrative expenses and other operating income (expenses), net:				
Personnel and related taxes	(55,688)	(55,507)	(94,253)	(97,989)
Variable lease of real estate and common area maintenance fees	649	(1,424)	(2,614)	(3,141)
Media and commercials	(65,121)	(59,778)	(110,173)	(112,017)
Utilities	(1,816)	(1,432)	(6,372)	(5,715)
Credit card management fee	(3,916)	(5,851)	(17,691)	(25,664)
Depreciation and amortization, net of PIS and COFINS	(3,063)	(4,038)	(12,944)	(12,939)
Operational support services	(42,494)	(29,484)	(66,801)	(73,392)
Opening of new units	(3,849)	(8,690)	(8,465)	(16,918)
Allocation to stock option plans	-	(217,306)	-	(234,390)
Other operating income (expenses), net	(15,034)	(5,904)	(48,223)	(59,810)
	(190,332)	(389,414)	(367,536)	(641,975)
	(769,514)	(923,240)	(1,634,161)	(1,891,953)

19. FINANCE INCOME (COSTS)

	Parent		Consolidated	
	2020	2019	2020	2019
Finance income				
Income from financial investments	18,314	34,152	22,733	38,194
Discounts obtained on leases	59,943	-	172,595	-
Interest income	5,892	10,391	8,557	9,229
Other finance income	3,228	20	8,967	9,859
	87,377	44,563	212,852	57,282
Finance costs				
Interest on borrowings	(74,923)	(129,042)	(173,444)	(207,804)
Interest on other payables	(1)	(14,959)	(79)	(18,243)
Interest and exchange losses	(31,831)	(12,937)	(62,467)	(29,014)
Interest on lease	(81,197)	(70,901)	(215,828)	(175,685)
Tax on financial transactions (IOF)	(785)	(1,690)	(1,124)	(2,519)
Bank fees	(6,842)	(4,733)	(13,391)	(11,054)
Financial instruments at fair value	(4,666)	-	(4,666)	-
Other finance costs	(1,786)	(1,449)	(3,203)	(1,760)
	(202,031)	(235,711)	(474,202)	(446,079)
	(114,654)	(191,148)	(261,350)	(388,797)

20. INCOME TAX AND SOCIAL CONTRIBUTION

Accounting practice

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

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

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

Reconciliation of effective income tax and social contribution expense:

	Parent		Consolidated	
	2020	2019	2020	2019
Profit (loss) before income tax and social contribution	(595,111)	(350,747)	(655,053)	(298,579)
Statutory rate	34%	34%	34%	34%
Expected tax assets	202,338	119,254	222,718	101,517
Permanent differences:				
Share of profit (loss) of investees	(85,431)	13,688	5,367	(604)
Temporary differences (unrecognized deferred tax)	(17,727)	(59,329)	(17,809)	(104,943)
Other permanent differences	(1,990)	(12,515)	(2,747)	(16,195)
Adjustment of unrecognized tax losses in companies taxes based on actual profit	(100,663)	(38,953)	(114,749)	(48,995)
Adjustment of companies taxed on the presumed profit	-	-	4,468	13,188
Adjustment in difference in rates of foreign subsidiaries and statutory rate in effect in Brazil	-	(21,098)	(47,159)	16,400
Offset of income tax and social contribution losses in profit or loss for the year	-	-	-	706
Others	-	1,720	536	(1,767)
	(3,473)	2,767	50,625	(40,693)
Current	-	(979)	(14,537)	(40,516)
Deferred	(3,473)	3,746	65,162	(177)
	(3,473)	2,767	50,625	(40,693)

Breakdown of deferred income tax and social contribution

	Parent		Consolidated	
	2020	2019	2020	2019
Assets				
Temporary differences (i)	-	-	114,489	39,844
Others	-	-	2,638	-
	-	-	117,127	39,844
Liabilities				
Allocation of trademark, customer list and others	-		(12,327)	(10,414)
Promotion deferred revenue	(3,473)	-	(3,473)	-
	(3,473)	-	(15,800)	(10,414)

(i) Referring to the balance of deferred taxes arising from Chile, Peru, Colombia and Mexico operations.

Deferred income tax and social contribution – not recognized

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

As at December 31, 2020, the balance of income tax and social contribution losses amounted to R$ 289,483 (R$ 287,233 in 2019) for companies in Brazil, these tax losses can be carried forward indefinitely, limited to 30% of the adjusted annual profit for tax purposes in accordance with prevailing tax legislation and temporary differences, and is being controlled in the Taxable Income Control Register (LALUR). For foreign entities, deferred taxes on temporary differences and tax losses are accounted for in accordance with legislation and expected local realization.

21. EARNINGS PER SHARE

Accounting practice

The Company presents two methods for calculation of earnings per share: (i) basic; and (ii) diluted. Basic earnings per share are calculated based on the weighted average number of shares outstanding during the 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.

Calculation of earnings per share

The Company calculates earnings per share by dividing the profit for the year, related to each class of shares, by the weighted average number of the related class of shares outstanding during the period. As at December 31, 2020, there are no dilutive effects on basic and diluted earnings per share.

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 holders of common and preferred shares and the weighted average number of common and preferred shares outstanding used to calculate basic and diluted earnings per share in each period presented:

	2020			
	Class A preferred shares	Class B, C and F preferred shares	Common shares	Total
Basic numerator:				
Profit (loss) for the year attributable to owners of the Company				(598,584)
Basic denominator:				
Available shares	4,961,680	2,719,290	14,601,763	22,282,733
Weighted average number of shares during the year	4,961,680	1,512,716	14,602,668	21,077,064
Basic/diluted earnings per share - R$ (in Brazilian reais)				(28.3998)

	2019					
	Class A preferred shares	Preferred shares Class AB, AC, AE, AF, AG, AH, AI, AJ and AK	Class C and F preferred shares	B, E, G, H, I, J and K preferred shares	Common shares	Total
Basic numerator:						
Profit (loss) for the year attributable to owners of the Company						(347,980)
Basic denominator:						
Available shares	4,961,680	-	1,502,744	-	14,601,763	21,066,187
Weighted average number of shares during the year	731,898	10,195	1,500,596	4,450,833	11,940,305	18,633,827
Basic earnings per share - R$ (in Brazilian reais)						(18.6746)

22. SHARE-BASED PAYMENT

Accounting practice

Share-based equity-settled payments are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market vesting conditions. The fair value determined on the grant date is recorded using the straight-line method as an expense during the vesting period.

Variations in plans

The stock option plans aim to stimulate the expansion, success and achievement of the Company's objectives, align the interests of shareholders with those of eligible people and encourage the generation of sustainable results. In 2018, the Company approved plans 1 and 2, and plan 3 in 2019.

There are no differences between the plans other than the vesting periods. The exercise of options is conditioned to the vesting period (waiting periods set out in the Option Agreement) and the occurrence of a liquidity event, which is defined as a public offering or a sale of the Company's shares to an acquirer. Until the occurrence of the vesting and of the liquidity event, options are not exercisable.

The options in Plan 1 and Plan 2 are assessed using the Black-Scholes pricing model. The table below shows the variables used to evaluate the options granted. The exercise price is adjusted by the IPCA, beginning on January 1, 2017. The assumptions used to calculate the fair value of options granted, on the grant date, were the following:

	Plan 1		Plan 2	
Grant date	07/01/2018		07/01/2018	
Number of shares granted	331,062		88,425	
Vesting	Oct/2018	33%	Dec/2018	25%
	Dec/2018	33%	Dec/2019	25%
	Dec/2019	33%	Dec/2020	50%
Exercise price at the grant date	139.86		139.86	
Risk free interest rate	4.4%		4.4%	
Expected dividend yield	0.9%		0.9%	
Volatility of shares in the market	33.1%		33.1%	
Option fair value at the grant date	10.76		13.78	

The expected volatility was calculated based on companies from the same sector with shares traded in the United States and Europe, given that the Company does not trade its shares in the securities market and since there are no listed companies from the same sector in Brazil. Plan 3 options are valued at their intrinsic value (market price in the event of liquidity less the exercise price). Variations in options granted from the beginning of the plans until December 31, 2020 were as follows:

	Number of options outstanding			
	Plan 1	Plan 2	Plan 3	Exercise price
Options granted	331,062	88,425	579,141	-
Exercised	(331,062)	-	(579,141)	140.55
Canceled	-	(88,425)	-	-
Balance of options	-	-	-	-

The options under Plan 2 were canceled, with an indemnity in the amount of R$ 24,000 in two installments, recognized as repurchase of equity instrument, i.e., in a reducing account of equity. Such cancellation accelerated the recognition of the linear expenses of this plan, in the period of the liquidity event, generating an expense of R$ 202.

Due to the conclusion of the investment agreement by BPE FIT, a company controlled by investment funds managed by Pátria, which occurred on October 17, 2019, there was an event in two liquidity installments, causing the exercise of vested options (110,351 shares) by Plan 1 participants on January 17, 2020, in the amount of R$ 30,580 (due to the difference between R$ 46,156 of the repurchase and subsequent cancelation of the shares paid up by the participants and R$ 15,575 referring to the exercise of vested options), and consequent capital increase in the Company in the amount of R$ 110.

For the year ended December 31, 2020, no new grants were made.

23. FINANCIAL INSTRUMENTS

Accounting practice

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

- Financial investments

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

  - Amortized cost

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

  - Fair value through profit or loss ("FVTPL")

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

- Financial liabilities

  Financial liabilities are classified as follows:

  - 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.

  - Financial liabilities at amortized cost

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

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.

- Debt or equity instrument

  - Classification as debt or equity instrument

    Debt and equity instruments issued by the Company are classified as either financial liabilities or equity, according to the nature of the contractual arrangement and the definitions of financial liability and equity instrument.

  - Equity instruments

    An equity instrument is any contract that evidences residual interest in the assets of an entity, after deducting all of its liabilities. Equity instruments issued by the Group are recognized when all proceeds are received, net of direct issue costs. The repurchase of the Company’s own equity instruments is recognized and directly deducted from equity. No gain or loss is recognized in profit or loss arising from the purchase, sale, issue or cancelation of the Company's own equity instruments.

Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders and to maintain an adequate capital structure to reduce the cost of capital.

The Company’s capital structure consists of cash and cash equivalents (note 3), trade receivables (note 4), other receivables (note 6), financial investments (note 7), related parties (note 8), financial liabilities with financial institutions and debentures (note 13), trade payables, other payables (note 14) and equity (note 16).

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.

As at December 31, 2020 and 2019, the Company and its subsidiaries did not have hedge or swap derivative financial instruments.

Categories of financial instruments

The Company's financial instruments are classified as amortized cost, since the Company's objective is to hold them to maturity and collect the contractual cash flows from the transactions and fair value through profit or loss. The fair value of financial instruments does not differ from the carrying amount as shown below:

	Parent		Consolidated	
	2020	2019	2020	2019
Financial investments				
Amortized cost:				
Cash and cash equivalents	621,099	1,087,872	1,019,611	1,351,381
Trade receivables	78,382	100,807	154,220	137,043
Other receivables	27,743	12,052	85,526	68,818
Financial investments	35,249	-	47,682	5,336
Related parties	88,735	50,979	35,930	11,734
Fair value:				
Financial investments	12,355	-	12,355	-
Other receivables	2,098	-	2,098	-
Financial liabilities				
Amortized cost:				
Trade payables	50,393	63,962	139,752	163,569
Borrowings and debentures	1,320,092	1,515,467	2,616,073	2,206,650
Lease liability	983,162	931,677	2,873,784	2,412,410
Taxes in installments	4,248	4,031	7,109	7,771
Trade payables	86,574	45,319	101,109	63,378
Payables to shareholders	7,074	6,284	9,102	7,868
Related parties	29,059	44,171	505	301
Fair value:				
Other payables	14,178	-	14,178	-

The balance of "Borrowings and debentures" is monetarily adjusted based on market indexes (CDI), contractual rates (note 13) and variable interest according to market conditions and, therefore, the fair value is R$ 1,344,369 in Parent and R$ 2,666,689 in Consolidated.

Financial risks

The Company's activities are exposed to some financial risks, such as credit risk and liquidity risk. Risk management is carried out by the Company's Management in accordance with the policies approved by the Board of Executive Officers. The Company's Treasury department identifies, measures and hedges it against possible financial risks in cooperation with the Company's operating units.

Market risk - interest rate

The Company raises borrowings and debentures in local currency with the financial institutions, at fixed and variable interest rates, among which there is the Interbank Certificate of Deposit (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 arising from financial charges. The Company and its subsidiaries do not have swap or hedging derivative contracts to hedge against this risk.

Fair value of the financial instruments

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

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

Sensitivity analysis

For the sensitivity analysis of financial instruments with interest rate risk exposure, the following assumptions were adopted:

- Identify the market risks that can result in material losses to the Company.
- Outline a scenario where the Company sensitizes the expected projections (scenario I), uses scenarios in which it depreciates 25% (scenario II) and 50% (scenario III), considered appropriate to capture future uncertainties. The annual interest rate estimated for the next 12 months was 5.93% based on the CDI curve obtained from B3 S.A. – Brasil, Bolsa, Balcão, 9.3% on IBR and DTF obtained from the Central Bank of Colombia and 2.78% on TAB 30 obtained from the Association of Banks and Financial Institutions of Chile.
- Present the impact of the outlined scenarios on the fair value of the financial instruments.

The assets and liabilities subject to interest rate risk are shown below, recalculated as per the previously outline scenarios as at December 31, 2020 (effects on profit or loss):

Operation	Rate	Risk	Balance in 2020	Scenario I	Scenario II	Scenario III
Financial investments	5.92%	CDI decrease	808,377	47,080	35,108	23,136
Acquisition - MB Negócios Digitais S.A.	5.93%	CDI increase	13,005	771	964	1,157
Debentures	5.93%	CDI increase	1,155,954	68,548	85,685	102,822
Working capital - Brazil	5.93%	CDI increase	204,169	12,107	15,134	18,161
Working capital - Colombia	9.30%	IBR DTF increase	275,059	25,581	31,976	38,371
Working capital - Mexico	2.78%	TIIE increase	433,432	12,049	15,062	18,074

Foreign exchange risk

The Company and its Brazilian subsidiaries are exposed to foreign exchange risk because they have transactions in foreign currency. The Company is exposed to foreign exchange risk on its investments in foreign subsidiaries and joint ventures, mainly in its operations in Mexico, Colombia, Chile, Peru, Panama, Argentina and Paraguay. Management believes that these are long-term investments and monitors the operational return on these investments and any short-term currency fluctuations will not have immediate financial impacts for the Company. Management does not use derivative instruments in hedge or swap contracts to hedge against this risk.

In the scenario I, to measure the estimated net impact for the next 12 months arising from the foreign exchange risk in US dollar, the exchange rate was set at R$ 5.00 based on the position disclosed by the Central Bank of Brazil. The dollar was projected using scenarios in which the Company depreciates 25% (scenario II) and 50% (scenario III) in the risk variation, considered appropriate to capture future uncertainties. For the other currencies a safe source of future projection was not found, we consider scenario I with the exchange rates at December 31, 2020.

Operation	Risk	Balance in 2020	Scenario I	Scenario II	Scenario III
Other financial investments (Parent)	Dollar decrease	3404	(129)	(948)	(1,766)
Capital contributions – Sporty Panamá	Dollar increase	(38,131)	1443	(7,729)	(16,901)
Payables to shareholders - Contingent consideration - Chile	CLP increase	(7,409)	-	(1,852)	(3,705)

Credit risk management

The operations of the Company and its direct and indirect subsidiaries and joint ventures comprise the provision of services related to physical fitness activities. Services are legally supported by agreements and other legal instruments that may be required. The Company and its subsidiaries are exposed to credit risk for cash and cash equivalents held with financial institutions and for the position of receivables generated in trading transactions.

For the balances of cash and cash equivalents, in order to minimize the credit risk, the Company adopts policies that restrict the bank relationship in financial institutions validated and approved by the Board of Directors. This policy also establishes monetary limits and risk concentration, which are regularly updated.

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, whose maximum exposure is the amount disclosed in note 4.

Liquidity risk management

Management monitors the ongoing forecasts of the Company’s liquidity requirements to ensure it has sufficient cash to meet its operational needs. Because of the dynamics of its business, the Company and its subsidiaries maintain borrowing flexibility by maintaining bank credit facilities with some financial institutions. The table below shows the maturity of the financial liabilities contracted (consolidated):

Operation	2020 Up to 1 year	Up to 2 years	From 2 to 5 years	Total
Trade payables	139,752	-	-	139,752
Borrowings and debentures	277,652	524,223	1,814,198	2,616,073
Lease liability	339,403	274,946	2,259,435	2,873,784
Taxes in installments	770	6,339	-	7,109
Trade payables	79,859	35,428	-	115,287
Payables to shareholders	8,431	671	-	9,102
Related parties	505	-	-	505

Operation	2019 Up to 1 year	Up to 2 years	From 2 to 5 years	Total
Trade payables	163,569	-	-	163,569
Borrowings and debentures	253,494	604,063	1,349,093	2,206,650
Lease liability	598,077	572,977	1,241,356	2,412,410
Taxes in installments	852	6,067	-	6,919
Trade payables	45,157	18,221	-	63,378
Payables to shareholders	6,862	1,006	-	7,868
Related parties	301	-	-	301

As at December 31, 2020, there are guarantees granted by the Company and its subsidiaries by means of letters of guarantee from independent financial institutions related to the payment of lease agreements and several accounts payable in the amount of R$ 59,739 (R$ 56,733 in 2019).

24. SEGMENT INFORMATION

Accounting practice

Segment information is presented consistently with the internal report provided to the chief operating decision maker. The chief operating decision-maker, which is 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.

Breakdown of the balance

Management analyzes its operations based on three different business segments: "Premium", which offers a greater variety and a more customized service offer; "High Value/Low Price", with a service offering focused on the core business and with more affordable prices; and Other, which includes other businesses related to fitness. Management also analyzes its businesses based on a geographic segmentation, considering three markets: Brazil, Mexico and Other Latin America which in 2019 included operations in Peru, Colombia, Chile, Argentina and Paraguay. In the "Premium" segment, the company operates only in Brazil with the "Bio Ritmo" brand and from the first quarter of 2018 also in Chile with the "O2" brand. In the "High Value/Low Price" segment, the company operates in all geographic areas with the "Smart Fit" brand.

a) Management monitors separately the operating results of its business units in order to make decisions about resource allocation and assessment of performance. Operating segments are disclosed consistently with the internal report provided to the chief operating decision maker, identified as the Chief Executive Officer.

b) The operations in Mexico and Other Latin America are being disclosed in their entirety to represent the total Group's profit or loss and disregarded in the elimination column to return the consolidated result.

The Company calculates the results of the segments using the accounting practices adopted in Brazil and the IFRS; among other factors, the gross profit of each segment. The Company often reviews the calculation of each segment's gross profit, as established by information regularly reviewed by the chief operating decision-maker (Chief Executive Officer). The assets and liabilities by segment are not being presented, in line with CPC 22/IFRS 8 - Operating segments, since this information is not regularly presented to the chief operating decision maker.

	2020							
	Brazil			Mexico	Other Latin America			
	Smartfit	BioRitmo	Others	Smartfit	Smartfit	Others	Share of profit (loss) of equity-accounted investees	Consolidated
Net operating revenue	600,705	54,226	99,897	291,693	197,589	12,134	-	1,256,244
Cost of services rendered	(622,427)	(63,399)	(28,758)	(272,887)	(267,291)	(11,863)	-	(1,266,625)
Gross profit	(21,722)	(9,173)	71,139	18,806	(69,702)	271	-	(10,381)
Operating income (expenses)								
Selling expenses	-	-	(91,773)	(28,252)	(12,093)	(750)	-	(132,868)
General and administrative expenses	-	-	(159,588)	(20,089)	(33,828)	(78)	-	(213,583)
Other operating income (expenses), net	-	-	(14,251)	(942)	(6,630)	738	-	(21,085)
	-	-	(265,612)	(49,283)	(52,551)	(90)		(367,536)
Share of profit (loss) of investees	-	-	-	-	-	-	(15,786)	(15,786)
Operating profit (loss) before finance income (costs)	(21,722)	(9,173)	(194,473)	(30,477)	(122,253)	181	(15,786)	(393,703)
<u>Other segment information</u>								
Depreciation and amortization								
Costs	(342,777)	(12,161)	(6,079)	(159,720)	(164,204)	(9,435)	-	(694,376)
Expenses	(3,405)	-	(3,814)	(3,260)	(2,466)	-	-	(12,945)
	(346,182)	(12,161)	(9,893)	(162,980)	(166,670)	(9,435)	-	(707,321)
Fixed lease								
Costs	(131,716)	(10,212)	(1,517)	(73,178)	(39,442)	-	-	(256,065)
Expenses	(2,028)	-	(270)	-	(1,426)	-	-	(3,724)
	(133,744)	(10,212)	(1,787)	(73,178)	(40,868)	-	-	(259,789)
Expenses on the opening of new units								
Costs	(10,931)	(19)	(220)	(2,908)	(2,655)	-	-	(16,733)
Expenses	(3,848)	(19)	(251)	(3,589)	(757)	-	-	(8,464)
	(14,779)	(38)	(471)	(6,497)	(3,412)	-	-	(25,197)

	2019							
	Brazil			Mexico	Other Latin America			
	Smartfit	BioRitmo	Others	Smartfit	Smartfit	Others	Elimination	Consolidated
Net operating revenue	943,248	117,701	88,606	420,596	372,190	41,606	-	1,983,947
Cost of services rendered	(645,456)	(88,215)	(23,969)	(236,985)	(227,080)	(28,273)	-	(1,249,978)
Gross profit	297,792	29,486	64,637	183,611	145,110	13,333	-	733,969
Operating income (expenses)								
Selling expenses	-	-	(95,033)	(34,716)	(21,121)	(2,545)	-	(153,415)
General and administrative expenses	-	-	(377,948)	(31,571)	(35,293)	(15,570)	-	(460,382)
Other operating income (expenses), net	-	-	(20,250)	352	(8,839)	559	-	(28,178)
	-	-	(493,231)	(65,935)	(65,253)	(17,556)	-	(641,975)
Share of profit (loss) of investees	-	-	-	-	-	-	(1,776)	(1,776)
Operating profit (loss) before finance income (costs)	297,792	29,486	(428,594)	117,676	79,857	(4,223)	(1,776)	90,218
Other segment information								
Depreciation and amortization								
Costs	(267,287)	(27,891)	(11,129)	(113,705)	(107,233)	(3,655)	-	(530,900)
Expenses	(378)	-	(9,388)	(1,280)	(528)	(1,365)	-	(12,939)
	(267,665)	(27,891)	(20,517)	(114,985)	(107,761)	(5,020)	-	(543,839)
Fixed lease								
Costs	(159,678)	(17,298)	(2,400)	(77,740)	(57,121)	-	-	(314,237)
Expenses	-	-	(1,775)	-	(1,138)	-	-	(2,913)
	(159,678)	(17,298)	(4,175)	(77,740)	(58,259)	-	-	(317,150)
Expenses on the opening of new units								
Costs	(19,047)	(318)	(4,359)	(2,720)	(4,308)	-	-	(30,752)
Expenses	(7,337)	(478)	(875)	(5,771)	(2,457)	-	-	(16,918)
	(26,384)	(796)	(5,234)	(8,491)	(6,765)	-	-	(47,670)

25. INSURANCE COVERAGE - CONSOLIDATED

The policy adopted by the Company and its direct and indirect subsidiaries considers mainly the concentration of risks and their materiality, taking into consideration the nature of their activities and the advice of their insurance brokers. The basic insurance coverage as at December 31, 2020 is R$ 189,631.

26. ADDITIONAL INFORMATION TO THE STATEMENTS OF CASH FLOWS

Non-cash variations for the year are as follows:

	Parent		Consolidated	
	2020	2019	2020	2019
Consideration – SmartEXP	6,224	-	6,224	-
Transfers of property and equipment/intangible assets	337	-	337	-
Transfers of investment/intangible assets	7,873	-	-	-
Transfers of intangible assets/right-of-use assets	-	-	56,468	
Gain on remeasurement of equity interest	-	(7,859)	-	-
<u>Purchases</u>				
Cash and cash equivalents	-	-	517	-
Trade receivables	-	-	5,871	-
Deferred taxes	-	-	3,265	-
Property and equipment	-	-	1,104	-
Intangible assets	-	-	807	-
Other assets	-	-	3	-
Trade payables	-	-	(3,299)	-
Deferred revenue	-	-	(32,356)	-
Salaries, accruals and social contributions	-	-	(837)	-
Taxes and contributions payable	-	-	(2,396)	-
Other liabilities	-	-	(29)	-
<u>Equity transactions</u>				
Increase in equity interest in subsidiary	423	-	423	-
Capital reduction and capital reserves	53,236	-	53,236	-
Subsidiary's stock option	8,337	-	8,337	-
<u>Effect of mergers</u>				
Trade receivables	2,006	21,632	-	-
Taxes recoverable	799	10,929	-	-
Prepaid expenses	260	2,464	-	-
Other receivables	131	1,354	-	-
Related parties - assets	3,967	10,304	-	-
Other assets	11	8	-	-
Investments	-	8,058	-	-
Property and equipment	11,077	133,259	-	-
Leased property and equipment	9,087	173,685	-	-
Intangible assets	130	2,147	-	-
Trade payables	(152)	(5,375)	-	-
Borrowings	-	(35,076)	-	-
Other liabilities	(22)	(378)	-	-
Lease liability	(9,846)	(174,262)	-	-
Salaries, accruals and social contributions	(422)	(4,854)	-	-
Taxes and contributions payable	(441)	(4,422)	-	-
Provision for income tax and social contribution	(496)	(1,794)	-	-
Taxes in installments	(1,266)	(3,778)	-	-
Deferred revenue	(606)	(10,714)	-	-
Related parties – liabilities	(10,898)	(103,603)	-	-
Variable lease liability and other	(142)	-	-	-
Provision for civil, tax and labor risks	(121)	(925)	-	-
Share capital	(4,428)	(17,177)	-	-
Earnings reserve	-	(15,871)	-	-

27. EVENTS AFTER THE REPORTING PERIOD

Capital reduction

On January 4, 2021, R$ 64,343 were paid up in class B preferred shares by the shareholders.

Debenture holders' meeting

On February 26, 2021, the debenture holders were called to participate in the Debenture Holders' General Meeting, in order to decide on (a) the non-measurement by the Fiduciary Agent of the Financial Ratio between the 1st quarter of 2021 and the 1st quarter of 2022 and, consequently, the non-configuration of the hypothesis of non-automatic early maturity provided for in the Issue Indenture; and (b) authorization for making amendments and other related documents, for the purpose of formalizing the resolution described in item (a). On March 22, 2021, Management released the Management Proposal to be considered at the Debenture Holders' General Meeting, to be held on a second call containing the topics described above and, regarding the approval of the topic described above, the following additional topics will also be resolved: (i) change in remuneration; (ii) determination of financial ratios for the 4th quarter of 2021 and 1st quarter of 2022; (iii) determination of liquidity ratios for 2021 and 1st quarter of 2022; (iv) maintaining a minimum rating; and (v) extraordinary amortization, among other topics.

Business acquisition

On March 5, 2021, the Company entered into a Share Purchase and Sale Agreement and Other Covenants ("Contract") for the acquisition of shares representing 100% of the total and voting capital of Just Fit Participações em Empreendimentos S.A., a company that operates 27 gyms in the state of São Paulo ("Transaction"). The acquisition price will be calculated and paid only after the occurrence of a liquidity event at Smart Fit, without any disbursement until such event, according to the conditions provided for in the Contract. The closing of the Transaction is subject to the compliance with certain usual conditions for this type of transaction, including the approval of the Transaction by the Administrative Council for Economic Defense (CADE).