

Conference Call Transcript
Smart Fit
2Q25's Results

Matheus Nascimento:

Good morning, and welcome to Smart Fit's earnings call to announce the results of 2Q25.

Introducing myself to those who do not know me, I am Matheus Nascimento, Investor Relations Manager.

Before starting, an important message for those who choose to listen to the conference in English: Good morning, everyone, and welcome to Smart Fit's conference call to announce the results of 2Q25. This call will be translated into English. To access the English mode, please click on the interpretation button through the icon at the bottom of the screen and choose your preferred language.

There is also an option to mute the original audio in Portuguese by clicking on "Mute Original Audio."

Today, with us, we have Mr. Edgard Corona, CEO; André Pezeta, CFO; Diogo Corona, COO; José Luís Rizzardo, IRO, M&A Director, and Treasurer; and Juana Melo, Legal and ESG Officer.

Attendees will be in listen-only mode during the Company's presentation, and then we are going to start the Q&A session, when further instructions will be provided.

We remind everyone that the results presentation that will guide this presentation is available on the Investor Relations website of Smart Fit, at CVM, and on the webinar platform.

Before proceeding, I would like to say that statements made during this conference call regarding the Company's business prospects, operational and financial projections and goals, and information about the potential of the market in which it operates, are beliefs and assumptions of the Company's management and are based on information currently available to the Company. Forward-looking statements are not a guarantee of performance because they involve risks, uncertainties, and assumptions.

Now, I would like to give the floor to our founder and CEO, Mr. Edgard Corona, who is going to start the presentation. Mr. Corona, please.

Edgard Corona:

Thank you, Matheus. Good morning, everyone. We are pleased to have you here in our call for 2Q25.

I would like to start by highlighting the main points of another quarter of solid results, a reflection of the tireless work, dedication, and consistent delivery of our entire team. I also take the opportunity to share some relevant strategic messages.

We ended 2Q25 with solid growth of 19% in our gym network compared to 2Q24, totaling 1,818 units in 15 countries in Latin America. The strong pace of expansion reinforces our leadership in

the region's fitness segment. We remain confident in the execution of the guidance of opening 340 to 360 gyms in 2025, and we will talk more about that during the presentation.

Now, about net revenue: our net revenue reached R\$1.8 billion, a significant growth of 32% compared to the same period the year before. This result reflects the 16% increase in the average membership of Smart Fit-owned gyms and the continuous advances in our revenue management agenda, with the consolidation of the pricing strategy as an essential pillar to strengthen local competitiveness and our value proposition in each microregion where we operate, promoting operational efficiency gains and ensuring sustainable results in the various markets in which we operate.

Now, about gross margin: our strong revenue growth was accompanied by a record level in gross cash margin, which reached 50.9% in the quarter, an expansion of 0.9 percentage points compared to 2Q24 and 0.2 percentage points compared to 1Q25.

The mature units continue to perform outstandingly with a 52% margin, a level consistent with the last nine quarters, and an annualized gross cash profit per unit of R\$2.5 million.

It is also worth mentioning the performance of gyms opened in 2023, whose results are already quite expressive, in addition to the promising maturation curve of the units that opened in 2024.

Now, about EBITDA and operating cash generation: of the 1,430 owned gyms in our base, more than 30% have not yet reached maturity. As this occurs, the investments already made in these units tend to be converted into higher levels of profitability and additional cash generation.

We posted a record EBITDA of R\$576 million in the quarter, strong growth of 32% compared to 2Q24, and a margin of 32%. We continue with a high conversion of EBITDA into operating cash, with 90% of the quarter's EBITDA converted into operating cash, showing the strong generation capacity of our business model despite the context of accelerated expansion.

As a final message, we are just at the beginning. We continue with great enthusiasm and focus to keep transforming the fitness industry.

I would like to thank once again our customers, employees, partners, and investors for their trust and partnership. I will be waiting for you in the Q&A session at the end of the presentation.

Now, I would like to give the floor to Diogo Corona, our COO, who is going to continue the presentation.

Diogo Corona:

Thank you very much, Edgard. In fact, we had a very positive quarter, and now I would like to talk a little bit about our expansion, an important part of the Company's future. Our ambitions are anchored on solid fundamentals that have been proving right every quarter. The performance of mature units remains consistent with high profitability and proven by several consecutive quarters.

We have also reaped concrete results from our expansion strategy, with new units demonstrating a solid ramp-up of membership and margin. It is worth remembering that the units have gone through a rigorous process of selection, negotiation, and implementation, which ensures their quality and long-term delivery potential.

In addition, we continue with robust financial management, which allows us to maintain a fast pace of growth with careful capital allocation. And finally, we act as leaders in regions that continue to have a strong potential for growth. In all major markets where we operate, the white space is still wide, which gives us a lot of confidence and feasibility to continue growing.

As a reminder, in our last conference call, we shared a detailed study developed with support of predictive models and artificial intelligence that estimated the potential of more than 1,500 new gyms in the countries we operate. In other words, we have clear visibility of growth beyond 2025, supported by consistent demand from an expanding market, and relevant opportunity for further penetration of the category in our region.

This year, we remain very excited and confident in delivering the guidance released, with the opening of approximately 350 gyms. This delivery would represent a growth of about 15% versus the growth of 2024 and, once again, a growth of the gym base of more than 20% when compared to the previous year.

Our current pipeline further reinforces this confidence. We ended July with 87 new units and 145 under construction. In addition, we have 138 contracts signed, with openings scheduled for 2025 or 2026.

With this level of preparation, discipline, and market opportunity, we are sure we will be able to deliver these units, once again delivering a record expansion with solid profitability.

Moving on to the next slide, I would like to talk a little bit more about our presence in the region.

Smart Fit continues to consolidate its position as the largest chain of gyms in Latin America and one of the largest in the world, with a highly scalable model that is flexible and adaptable to various regional realities, delivering proven results over time.

In recent years, we have been seeing a solid trajectory of growth in the main geographies. From 2019 to 2024, we added more than 1,100 new gyms to our network. In 2024 alone, there were 301 new units, the largest expansion in our history, to be surpassed in 2025.

Another highlight is diversification of revenue per region.

As a Company that was born in Brazil in 2019, Brazil still accounted for 54% of the net revenue of Smart Fit units, whereas Mexico and other countries accounted for 46%. In 2025, this relationship has practically been reversed. Today, only 38% of the revenue comes from Brazil.

This shows the success of our strategy of turning Smart Fit into a multinational Company with good operational performance and a widely recognized brand in multiple markets. This geographic diversification certainly increases our competitive advantage and growth potential, as it reduces our risks by increasing our resilience to local economic cycles and expanding the field of growth opportunities both in regions already consolidated and in markets with great potential yet to be explored.

According to the scenario of each region, we can quickly adapt our expansion and operation strategies. Today, we have a well-defined competitive position, which, combined with our capital allocation discipline, generates sustainable long-term results, as can be seen in the last presentation when we showed how mature units sustain a strong ROIC over the years.

We continue constantly evolving, with decisions increasingly more based on robust data and analysis, in addition to assuring the best choices for the Company.

In this manner, we remain confident that we have the best model to continue leading the fitness industry in Latin America, with sustainable growth and long-term value creation.

Now, I would like to talk a little bit about Mexico, our second main geography.

Over the years, Smart Fit has created an incredible story in Mexico, with more than 1 million members and a brand with high penetration in the country. We are proud to say that we can do all of this by combining excellence, profitability, and leadership. Certainly, our history in the region is a long feature film with more than 14 years, and there are still many more chapters to come.

Talking a little bit more about the last few years, our growth in the region is remarkable. Since 2021, we have doubled the number of units, going from 201 to 403 units. This advance is a reflection of a clear strategy of national presence, which has evolved from concentration in Mexico City to a presence in practically all states in the country.

On the revenue management front, we are very strategic in the pricing agenda, and we took a relevant step in 2023 with the introduction of the 5th plan repricing of the Black Plan. We have also advanced significantly in cost efficiency. We reviewed contracts, negotiated with suppliers, and applied more sustainable and smart solutions for energy consumption. All of this has contributed to our margin and scalability in the country.

In 2Q25, our gross cash margin reached 46%, which is higher than that delivered in 2023 and just one point lower than the result of 2024. The mature units continue to deliver good profitability, while the new vintages are in a consistent maturation process.

It is worth noting that membership in the quarter presented a different growth dynamic from previous years for two main reasons. We had a lower number of openings in the first half compared to last year: there were 7 new units in 2025 versus 30 new units in 2024. Moreover, in the first quarter of 2025, Mexico showed a stronger membership growth than the historical leverage. Demonstrating the strength of the beginning of the year in the country, this effect was partially offset in 2Q25, but in the half year, our mature units showed a base gain as well as in 2024.

In addition to operational performance, other strategic fronts have been strengthening our operations in Mexico. We improved our management structure, gaining agility and proximity to the operation. We have evolved in marketing and sales, with more data-driven decisions and a focus on long-term customer value. We also had an improvement in capital efficiency, with more productive projects and investments that improve member experience.

We are attentive to the unique features of Mexico due to its size and potential, and we are applying all our experience and know-how to obtain even better results in the region.

Now, moving to slide 7, let us talk about the evolution of our physical presence, showing an update in the recent growth of our chain of gyms.

In the last 12 months, we added 289 new units, to 1,818 units at the end of 2Q25. This quarter alone, there were 59 openings, which reaffirmed the consistent pace in our expansion plan.

It is also worth highlighting the geographic footprint of this growth. Today, Brazil accounts for 47% of our members' total base, while Mexico and other countries already totaled 53%. If Smart Fit only is observed as Brazil, Brazil accounts for 41% of the base.

In addition, a relevant point is the maintenance of our growth base. Currently, 67% of our own units are mature units, which corresponds to 954 units. In other words, we still have one third of the units that have not yet reached maturity, and as this occurs, this will translate into higher levels of profitability and additional generation of operating cash.

We continue focused on a disciplined, efficient, and sustainable expansion, with an operation that combines scale with operational intelligence. All these deliveries resulted in solid financial results, which will be presented by our Investor Relations Director, José Luís Rizzardo. Thank you all very much and see you in the Q&A session.

José Luís Rizzardo:

Thank you, Diogo. Now, continuing the presentation, I would like to go into the section of operating and financial results, starting with the evolution of our membership and the evolution of revenue per gym.

We can see a continued growth in our membership and revenue per gym. In 2Q25, our membership in gyms reached 5.2 million, an increase of 11% compared to the same period in the previous year. Of these members, approximately 2.3 million are in Brazil, 1.2 million in Mexico, and 1.8 million in other Latin American countries.

We believe that our robust membership is a direct reflection of our assertive expansion strategy, the maturation of units, and the continuous efforts to attract and retain customers.

In the same period, the average annualized net revenue per owned gym reached R\$4.5 million, representing a growth of 5% compared to 2Q24, mainly driven by the increase in the average ticket due to the assertive price transfers made over the last few years in the different regions, and in the various actions carried out in the period to optimize, in a sustainable way, the revenue per gym. These results show the strength and resilience of our business model.

Now, continuing the presentation, slide 9, I would like to go into financial results, starting with the evolution of net revenue, which in 2Q25 once again showed a significant growth of 32% compared to 2Q24.

This has been the 16th consecutive quarter of revenue growth.

Net revenue reached, for the first time, the mark of R\$1.8 billion in the quarter, mainly due to the 16% expansion in the average number of members in Smart Fit's owned gyms and the increase in the average ticket of 10%, with a highlight of the performance in other countries and in Brazil.

Compared to 1Q25, net revenue increased 7%, mainly due to the same factors mentioned above: higher membership and higher average ticket. The strong growth in net revenue in the quarter is a consequence of assertive commercial and operational efforts to attract and retain customers, combined with an increase in average tickets, which has occurred due to the combination of revenue management and sustainably optimized revenue per gym, as we said before.

To conclude this slide, it is worth mentioning the performance of the "Other" line, which ended

2Q25 with a revenue of R\$156 million, twice the amount recorded in the same period in the previous year, representing 8.7% of total revenue, an increase of 3.3 percentage points compared to 2Q24.

This increase is explained by the growth in the results of the other business units, in the acquisition of the Group Velocity completed in 4Q24, and the control of Pitmaster's operations completed this quarter, which contributed with R\$33 million in revenue.

Now, moving to the next slide, we can see that the gross cash profit totaled R\$911 million in 2Q25, an increase of 34% compared to 2Q24, higher than the growth in net revenue in the period.

The gross cash margin was 50.9%, the highest level ever recorded in the second quarter, which represented an expansion of 0.9 percentage points compared to 2Q24 and 0.2 percentage points compared to 1Q25.

This reflects the solid growth in net revenue and efficient cost management, which resulted in the dilution of fixed costs, despite the scenario of record expansion in our gym chain.

In the last 12 months, gross cash income totaled approximately R\$3.2 billion, resulting in a gross cash margin of 50.4%. It is also worth noting that the gross cash margin before operating costs, that is, those related to openings, reached 51.8% in 2Q25.

Now, moving to the next slide, we can see that for the ninth consecutive quarter, mature units presented a consistent level of 52% gross margin, in addition to an annualized gross cash income per unit of R\$2.5 million, a result of initiatives to optimize revenue per gym combined with intense and assertive efforts in the operational efficiency pillar.

Another important highlight was the number of units opened in 2023, which presented a gross margin of 54%, above the level of 53% in 1Q25, with an increase in gross profit per annualized unit of 5% versus the previous quarter, reaching R\$2.3 million per unit.

The solid performance of the Company's owned units from the 2023 vintage, still in the process of maturation, is a result of a combination of strong revenue growth reflecting expansion, the intelligence and strength of the Smart Fit brand, with a structurally lower occupancy cost than mature units, resulting in a profitability level of more than 52%.

It is also worth highlighting the solid maturation trajectory of the 2024 vintage, which, at the end of the quarter, had already achieved an average annualized net revenue per unit of R\$3.8 million and a gross cash margin of 51% in the period, showing a strong margin expansion versus the previous quarter.

We monitor the performance of these units on a daily basis, and we remain confident that they will provide good results once they reach maturity.

As Diogo said, when he explained the acceleration of the pace of openings in 2025, a good level of margins of mature units and the excellent ramp-up of margins of new units makes us very confident that we are on the right path for the consolidation of consistent results, with assertive choices of the new commercial points, strong cost management, pricing, and sales intelligence, in addition to the high quality of services provided.

Now, moving to slide 12, about the Company's operational expenses in 2Q25, focusing on SG&A.

Compared to 1Q25, SG&A remained stable, with a solid dilution of 1.2 percentage points as a percentage of net revenue. In the annual comparison, SG&A grew mainly due to higher investments in structuring new businesses, mainly related to Total Pass, in addition to reinforcements in staffing in other countries.

The increase in sales expenses on the same comparison basis is mainly due to the greater number of units that we opened, in addition to marketing initiatives to strengthen the brands in the different business units.

Now, I would like to give the floor to André Pezeta, CFO of the Company, who is going to continue the presentation of our results.

André Pezeta:

Thank you, sir.

Moving to the next slide, we present a strong evolution of our EBITDA, which in 2Q25 was R\$576 million, the highest historical level ever recorded in a quarter, representing a significant growth of 32% versus 2Q24.

The EBITDA margin of the quarter, 32.1%, is stable compared to 2Q24, despite the record number of units open. It is worth noting that in the last 12 months we have also reached a record EBITDA level of R\$2 billion, with a 31.5% margin, one of the highest historical levels for the Company.

Finally, considering the adjusted EBITDA before operating expenses, also at a record level, it reached the significant mark of R\$600 million in 2Q25.

Now, I would like to talk about recurring net income, which was R\$189 million in the second quarter, representing a significant growth of 32% compared to the same period in the previous year, and a net margin of 10.6%. This performance mainly reflects the operating leverage of the business, driven by the consistent profitability of mature units and a solid ramp-up of the units opened in recent years.

In addition, there was a positive impact related to the booking of financial revenue of R\$10.8 million. This revenue is related to the update of the balance of credits to be recovered from previous quarters. We will continue with this updating practice in future periods.

In the last 12 months, recurring net income reached R\$651 million, resulting in a recurring net margin of 10.1%.

To talk about our investments and the impact on the variation of adjusted net debt, we move to the next slide, 15.

In 2Q25, the Company's adjusted net debt increased R\$180 million because of the investments made in the period, which were partially offset by solid operating cash generation.

Operating cash generation was positive by R\$521 million, driven by the record EBITDA for the period and a high conversion of EBITDA into operating cash, which reached 90% in the quarter.

CAPEX activities totaled R\$563 million, mainly due to CAPEX related to the opening of new units. Additionally, other activities accounted for an increase of R\$137 million in adjusted net debt.

We continue to move forward with our growth plan, which resulted in an expansion CAPEX of R\$356 million, an increase of 20% compared to the previous period, which mainly reflects the construction of new units that will be opened in subsequent quarters.

Additionally, in 2Q25, maintenance CAPEX was R\$88 million, and innovation CAPEX was R\$13 million, totaling CAPEX of R\$457 million, 25% higher than the same period in the previous year.

Finally, it is worth mentioning that in the last 12 months, the maintenance CAPEX for Smart Fit brand gyms reached R\$290 million, representing 7.1% of the net revenue of mature units, a level compatible with the strategy of offering a high-standard experience to our customers.

We continue to intensify our expansion plan, investments, and payout of dividends, keeping our discipline with leverage due to the Company's strong operating cash generation.

It is worth mentioning that the net debt over LTM EBITDA ratio, excluding the IFRS 16 effects related to real estate leases, in 2Q25 was 1.63 times, versus 1.65 in 1Q25. We consider this level to be healthy, especially due to the high predictability of the Company's results and the very long debt maturity profile.

In addition, the same ratio of annualized EBITDA for 2Q25 was 1.43 times.

Finally, it is worth noting that the Company's funds are locally distributed according to its expansion needs. At the end of the period, Brazil, Mexico, and other countries represented, respectively, 29%, 29%, and 42% of the Company's net debt.

This net debt distributed in different geographies gives us flexibility to invest considering the local cost of capital, where in some cases we have had a reduction in interest rates.

Now, I will give the floor to Juana Melo, the Company's Legal, Compliance, and ESG Officer, to continue the presentation of results.

Juana Melo Pimentel:

Thank you, André. In the next section, I would like to highlight some advances on the Group's sustainability front that occurred in 2Q25.

In the environmental pillar, we ended the quarter with 389 units operating with automated air conditioning, which corresponds to a growth of 42% versus 2Q24. This initiative contributes to greater energy efficiency and detection of waste.

We also expanded the use of renewable energy, reaching 257 gyms with supply via free market distributed generation, 34% above the previous year. This represents 44% of the base of owned gyms in Brazil.

In water management, the highlight is the expansion of the online water consumption monitoring project, both in Brazil with 450 units and in Mexico with 46 units. This project allows real-time monitoring and provides savings of about R\$133,000 per month, with a reduction of more than 2,000 cubic meters of water.

On the next slide, in the social sphere, we carried out actions in several countries in Latin America, such as the Welcoming Winter campaign in Brazil, in which we collected more than 7 tons of

clothes; donations of clothes and food for families affected by heavy rains in Colombia; support for Casa de la Mujer in Chile, where we have space to receive women who are victims of violence and abuse; physical activity initiatives for children in Mexico; and delivery of school kits for children in Peru.

We also advanced in training people with different agendas.

As part of governance, we started a diagnosis to assess adherence to IFRS S1 and S2 standards. We also published the 2024 Annual Sustainability Report in accordance with GRI and SASB guidelines.

Now, I give the floor to Matheus Nascimento, who is going to coordinate our Questions and Answers session.

Gustavo Fratini, Bank of America:

Good morning, everyone. How are you? Thank you for taking our questions.

First one: Can you give us more details about the increase in revenue per member in Brazil? Break it down between Total Pass or Black Plan price transfer. And also, if you could, how was the transfer of Total Pass to Smart Fit?

Second question: Can you share with us a little bit more detail about Fitmaster? We would like to know more about it, to have more visibility of P&L, recurring revenue, gross margin, and EBITDA margin.

José Luís Rizzardo:

Good morning, Fratini. This is Rizzardo answering your question. Thank you very much for being with us and asking the questions.

When we think of average tickets in Brazil on an annualized basis, it is important to remember that earlier this year we had a price transfer of the Black Plan of 10% in this geography. This is reflected on different plans of the Company.

Also, on this annual comparison, if we look at the end of the period, 2Q25 versus 2Q24, it is relatively stable in Brazil. It grew 1%, about 72%; last year it was more like 71% of the base.

When we break down the growth of annual ticket in Brazil at 12%, you can attribute something close to 7% to revenue management initiatives and price increases, which obviously are still to come in the next quarters.

So, there is a price increase, always for new entrants, and the rest is attributed to Total Pass: a combination of Total Pass gaining more share within our membership, and also gradually reducing the gap between the revenue per visit in indirect and direct channels.

The second question about Fitmaster. This subsidiary, especially operating in Mexico, is focused on studios. It was a JV that we started a few years ago, and in April we acquired control.

The level of revenue that you saw for the quarter is a recurring level of revenue. The Company has a subscription base, and at this volume of members of Fitmaster, if it keeps growing, the

revenue will continue growing in future quarters.

This is a business with a profile of gross and EBITDA margins that are well below the Company's consolidated margins, but with a net margin that is very similar. It delivers a net margin close to 10–15%, but the EBITDA margin and gross margin are below the consolidated level of the Company, without capital allocation to deliver this level of profitability.

So, when we think of the share of EBITDA of this business in this quarter specifically, it was below R\$5 million.

Gustavo Fratini:

Very clear, thank you so much.

Victor Rogatis, Itaú BBA:

Good morning, Corona, Pezeta, Rizzardo, Matheus, everybody. Thank you very much for taking my questions.

I have two questions.

First, a follow-up on the previous answer. When we think of profitability of Total Pass members:

Can you give us an idea of what is the expected number of Smart Fit units in Brazil that will demand TP2 plans until the end of the year, and how is this number compared to the end of last year?

Still on this theme: When you think of the economics of Total Pass members, is it more related to members that have been Smart Fit and will have prices more similar to your prices, or is it because there is more revenue coming from Total Pass customers? This is the first block of questions.

Second, a follow-up to a previous question: Rizzardo mentioned that there was a gap between check-ins and revenue of Total Pass members at 2Q24 of 8–13.5 percentage points. Today, is this gap the same 5 percentage points, higher, or lower? Does this gap ever close? If yes, how long? I don't need the exact percentage, just the behavior of the gap. If you tell me more about that it would be great.

Diogo Corona:

Hi Victor, this is Diogo answering your question. I'll try to answer all of them.

You need to understand that TotalPass is a business that gains profitability with scale. The main cost is G&A. The companies pay us a fee, and this fee is different between transfer and our TPV. With scale, G&A is diluted. So, the broader the scale, the higher the margin, also allowing us to pay SmartFit better.

Today, we gained a lot of scale, so we are in a much better position than we were before. These are very good gains of scale.

Now, a little bit about the logic we see in terms of tier — TP2. We have more than 150 SmartFit

units with TP2. This is a living process: every month we update the number of units with this plan. It is correlated to TotalPass tiers and also related to SmartFit tiers.

Talking about Brazil, which is the largest share of TotalPass, SmartFit has six tiers. Some SmartFit units today have TP2. At the end of the day, we see two different channels: tier 1 and TP2. In terms of allocation, one has six, and the other has two. There are other variables to make this decision.

We always look at this and compare, because TP2 is different from TP1+, mainly due to the co-pay. What matters to us are the numbers the market looks at — especially representativeness of TotalPass. We have a smaller number of members, but with a higher ticket. This creates a distortion, especially in Brazil.

Now, a little bit about the gap we used to have in revenue and check-ins, which we showed at the end of last year, it was 13% versus 8%, a five percentage points (p.p.) difference. Today, this gap has gone down and keeps going down. We don't want to break this down enough to reveal exact numbers, but at the end of the year, we are going to show that the gap is smaller.

We think that the aggregator is not going to close for a reason: we have the default rates, and there is a gap here. When I compare TotalPass to SmartFit, this should reflect that. And this considers our scale.

Thank you.

Victor Rogatis:

A quick follow-up, Corona. In terms of the improvement of profitability over the long term, is it because members will subscribe to slightly more expensive Total Pass plans?

Diogo Corona:

No, it's actually due to scale. The DNA we built exceeds the Company fee, especially because you need lots of companies for the scale. The easiest way to show this is by comparing SG&A of Total Pass with the revenue we get from companies — this ends up being a cash generator. We built a team to support that.

So, if a person changes the plan, this doesn't really change much. Breakage is related to transfers, meaning there's always a way in and a way out. More expensive plans are not necessarily more profitable. What matters is the co-pay, more companies, more fees from companies, and scale.

What we've also been doing — and this is important — is increasing efficiency by offering more plan options. At the beginning of Total Pass, we had five plans; today we have ten. Despite adding complexity for members, it makes us more efficient in pricing. But scale is mainly on the side of the companies.

José Luís Rizzardo:

Just one last point, complementing what Diogo said: when we look at Total Pass over the past few years, we've managed to combine very fast growth with improved profitability of the business unit, together with market share gains. At the same time, the difference between check-ins and revenue has been getting smaller and smaller. All of this has been happening over the last few

years, and the idea is for it to continue going forward.

Victor Rogatis:

Thank you very much.

Felipe Husein, Citibank:

Good morning, everyone, and thank you for taking my question. It is about the expansion.

What is the level of flexibility that you have between geographies to keep the pace of expansion? If one geography is slightly more difficult, how fast can you reallocate the growth to other geographies? Thank you very much.

Diogo Corona:

So, this is Diogo saying. We have local structures in each country. We can accelerate one country and reduce the other whenever we want.

A little bit about the optics: we look at the profitability project by project, unit by unit. So we have a macro view. In Peru, a project may provide more return than one in Brazil. Regardless of the country, this is important.

One thing that we said in the presentation is the benefit of being diversified, of having presence in many different countries. In addition to having white space and a large number of units in terms of quality and criteria, we can better handle the more challenging times in a country, using those times to gain market share.

At different times, different countries have problems — sometimes it is Colombia, sometimes Mexico. This is Latin America, it is a living thing. Looking back, maybe in difficult or challenging times, we should have invested to gain market share.

You can look at it from different points. If we look at the long term, we should not accelerate or decelerate expansion too quickly. It is not something where you can change the pace so fast. There is a pipeline.

There is a major benefit to being diversified in many countries in Latin America, as we are. So, in a nutshell, we do not prioritize one country over another. We also see whether the project is profitable or not, and we are always looking at the white space in each country to provide return in the right time.

Felipe Husein:

Thank you very much:

Julia Rizzo, Morgan Stanley:

Hello, good morning. Thank you for taking my question. I would like to explore a little bit the average ticket in Brazil and the competition. The average ticket went up by 7 to 12 if we take out Total Pass.

In that regard, I have two questions. The first one: what is the churn receptiveness in terms of the

price increases that have been going on for a few years? And thinking of Total Pass specifically, how can we analyze it? Because one of the things that affects, in addition to the average ticket, is members per unit.

What would be the number of members per unit, considering Total Pass? Not to understand the Total Pass potential, but also related to the NPS of the units. Is it full? Is the gym full or not?

And lastly, when do you expect the Total Pass to break even?

Diogo Corona:

Well, Julia, this is Diogo. Thank you. I will talk a little bit about Total Pass members.

If we look at sales channels, regardless of one thing or the other, the important thing is that the prices do not have a very wide gap. I showed this to you last year. This gap has been going down — from counter prices to Total Pass prices. More than 150 units in Brazil already have TP2.

When you look at how full it is, and we look at the tickets on both channels, we do not disclose, but to us it is very clear: you look at one unit, see how full it is, look at NPS, and then we work with the prices, doing a “from-to”.

We try to balance it while Total Pass gains scale and improves its financials, as I said before.

The situation is incredibly better than we had last year, and we are more confident — and this is because of the scale that has been improving.

Now, talking a little bit about churn and price increases: we do not see a difference in churn. It is the same thing for all our plans; it does not change because of price increases.

Edgard Corona:

Just complementing, we do revenue management, Julia. So regardless of whether it is an individual Total Pass or not, we want to have margin. That number in the number of students is not very easy to get.

Total Pass has a very significant competitor. It is important — this is the name — there is a market of 27, and today the market has 2 players rather than just 1, which is an important contribution to take out the vulnerability.

Sometimes there is 100, 90% of the market. This was very good and is very good for the market too. I do not know about the solutions, but at some point, in time there will be some adjustments, and they will be able to bring operational costs down to zero, but this is all within our numbers.

Julia Rizzo:

You have 30,000 units, so there is a potential. How many units do you need to have to gain a significant competitive advantage to take the aggregator to break even?

Diogo Corona:

Pezeta will complement the previous point, but scale in Brazil — just Brazil — in Brazil and Mexico, in Brazil we have more than 26,000 and about 1,800 cities, which is similar to iFood.

The metric of states should be more like the number considering the number of states in Brazil. We used to suffer a lot in the past, but we had a gap with the capillarity, but this gap disappeared.

Today there is no Company that has more capillarity than us, whether it is 26 or 28; that does not change much the decision of the Company.

So, if the risk capillarity is the same, what we can discuss is about the brands on one side and the other, and brand awareness. In the way we understand it today, we are very well positioned in the market.

André Pezeta:

Julia, just to close your question, trying to combine everything that has been said — this is André Pezeta answering your question — well, actually break even depends a lot on the transfer that we make to Smart Fit.

I think that the right way to look at this, to facilitate analysis, is what we published last year of the Total Pass percentage in utilization and the percentage of Total Pass in revenues of Smart Fit.

As Diogo said before, this gap has been getting narrower and narrower, and we do not have the intention of bringing it down to zero. But we can continue to reduce the gap until the end of this year to a satisfactory level, when we can keep Total Pass close to zero — not such a big gap as we used to have last year between Smart Fit revenue and the use of Smart Fit by Total Pass members.

Julia Rizzo:

Thank you.

Ruben Couto, Santander:

Good morning. Thank you very much for taking my question. Can you give us an update about the internal work that you have been doing regarding efficiency, optimization of CAPEX, and the opening of new units?

Diogo talked a little bit about Mexico, but I would like to hear about this topic in Brazil and another LatAm region. I understand this is a continuing process — you are always after that — but there was the idea of levers that could be more significant.

I would like to hear whether there is something in that regard, whether this has evolved, and if we should think that these efficiency efforts may provide some reduction in CAPEX per store in terms of face value, or if it is more about having a similar CAPEX offsetting the growth of inflation.

I would like to hear an update on that, not just for this year but for future years too.

André Pezeta:

Thank you very much for the question. We did the first relevant work in Brazil last year for CAPEX reduction. It has already been implemented, so it is included in our numbers.

We have also been working to take the work from Brazil first to Mexico — which is the #2 region with the highest CAPEX — and also starting to take this work to other countries. Each country

has a different system and dynamics, and in one country it is easier or more difficult to work with CAPEX.

Looking at the Company with a macro approach, and looking into future years, we have our CAPEX. We can do this in the short term, but in the mid and long term, we should keep growing together with inflation. This is right.

Now, if I may say something else: I think that interest rates in Brazil are very, very high, but the Company's leverage is under control and we have a good cash status.

Ruben Couto:

What are you thinking about the appetite for buying back franchised units?

André Pezeta:

Some countries have been cutting down interest rates, and we have been trying to keep the lowest net debt possible in Brazil with higher interest rates.

Our opinion about franchised units is very opportunistic because most of our franchised units are in Brazil. Looking at buying back franchise units, we are thinking about Brazil, and we might buy back one or another, but we do not have the intention of accelerating this plan.

The main thing is to open stores in new regions to increase the Company's capillarity further and further. Our program of franchise buyback is always open, but we do not have the intention of accelerating it right now.

Ruben Couto:

Thank you, Diogo and Pezeta.

Yan Cesquim, BTG:

Good morning, Corona, Diogo, André, Rizzardo. I have just one question. It is about profitability.

In the last few years, you have been giving us a positive surprise with the vintage 2023, and I would like to understand what are the main drivers for this gain in margin and what you see looking into the future. Thank you.

Diogo Corona:

Hi, Ian, this is Diogo answering your question. We have a few reasons for that.

We have been negotiating better rents, so the vintage 2023, in our processes in terms of purchase and analysis, has helped us to set records in expansion, keeping quality in the Company as a whole.

There is structuring know-how, history, and care, and we are very confident to be much more accurate in choosing where we locate our units. Just as a reminder, we have been seeing the ramp-up of the new vintage units that is very similar to what we have seen historically.

José Luís Rizzardo:

Those vintage units, in the short term, also have a benefit as compared to mature units because, as they are new vintage, we do not have a significant maintenance OPEX for those units.

When we look at our average maintenance OPEX over net revenue for mature units, we are talking about something like 3 percentage points of cost over revenue. So, the structural cost is lower in terms of rental, but as these units mature, together with the revenue increase with maturity, there is also an increase of cost, which is the maintenance cost of the units.

With that regard, we aim to have a level of mature stores of 51% to 53%. It might be slightly up depending on the vintage and country that we are talking about.

Yan Cesquim:

It is very clear. Thank you so much.

Joseph Giordano, JP Morgan:

Good morning, everyone. Thank you so much, Pezeta, André. I would like to talk a little bit more about Total Pass, if you could share with us the initial analysis about what is the difference in lifetime value of a member that goes through Total Pass or a member that goes directly into Smart Fit.

Is there a major difference in churn? So it is 6–7% in the gym, Total Pass must be much lower because this is corporate. This was the first question.

The second question is related to Mexico. Many people still worry that Mexico would be a major problem, and we are not seeing the number of members that we would like to see, but it was not catastrophic either. Do you see any market opportunities to capture slightly more market share and to accelerate in that market that should go back to normal?

And lastly, in Brazil and São Paulo, we are starting to see a much more intense expansion of smaller groups of gyms. How do you see the competition and the competitive environment? How does this affect profitability? Thank you.

Diogo Corona:

This is Diogo talking. I am going to answer the first question about Total Pass. We do not see that the best metric is to look at the lifetime value of members. It is different from B2C customers, but the best way is to look at the ratio between what they pay and how much we transfer in and out. This is a better way to see this than looking at lifetime value.

The best way to look at it is the end users.

Joseph Giordano:

So there is more churn, but it is a company, right?

Diogo Corona:

We do not think this is the ideal metric. The best thing for us to monitor is profitability: how much they pay, how much is transferred. Not necessarily the transfer is higher — the difference is how much stays, what goes in and out — and this has seasonality. Depending on the month, there is

more or less.

Just to set the context of how we analyze this, in this business model that is slightly different, with different dynamics than we look at Smart Fit.

André Pezeta:

About Mexico, as we said in the presentation, Mexico is going through a time when we are accelerating, we are gaining market share. We doubled our network of units in the last 5 years. We have increased membership too. We have about 80 stores in the country, or 80 units, and we are at a growth of about 20% considering the base of units.

This is a country where we are advancing, we see opportunities for growth, but this is related to our dynamics of high growth. Our prospects remain the same.

Joseph Giordano:

Has the market grown? Has demand grown much more in Brazil and the United States?

Edgard Corona:

Yes. Everything that has been going on in terms of social media... there has been growth in Europe, in the US, and in Brazil in terms of the number of gyms.

This is part of the growth — people are exercising more. Another factor is that there are more offers close to where people live. Convenience is a factor, and there is a coordinated growth considering the growth of the market.

So, there is more competition. Sometimes the market is better or worse, but we need to be consistent — increasingly more consistent, more focused, and more accurate in the choice of our points of sales.

We thought that the best stores and the best points would be taken and we would go to worse points with worse results, but it is just the opposite that is happening. The 2023 season in Brazil is very good, 2024 better, and 2025 even better in terms of design cost. The entire product is much better, and this gives us skill to do it.

When we see the whole package, everything that is being implemented, we notice that many units have no parking, no air conditioning, no structure that would make it possible for everyone, in the future, to compete with what we have.

It is also important to emphasize — looking at how we find it — that in some of our conference calls in 2021 and 2022 we explained to the market that we thought there was a change in culture, with more people going for bodybuilding and less for cardio.

We started making this transformation in our units to meet customer demand in 2021, and this is like a ship — it is more than 1,000 units for us to reset everything. We should get to 2025 competitive, and even more competitive. We are still making adjustments.

Just as a reminder, the main player in the world in 2025 has woken up. In their explanation to investors they said, “We are changing. When we went from 3,000 to 2,000 square meters, we

saw that there is a trend.” They kind of woke up — the alarm clock went off. It looks like bodybuilding is serious.

So, in 2025 they are starting to do what Smart Fit did in 2021–2022. Since 1996, in situations much more difficult than in the US, we have kept growing with consistency every quarter, every half-year, every year. Now we are in 16 countries with different formats, all of them very successful.

What needs to be done is what we are always doing. I am the first one to get in on Monday, the last one to leave on Friday. The competitors need to respect and to see everything that is going on around the world, see whatever is new and the trends, and the competitive spirit of the team makes them implement before and better than others.

We are humble, but we will continue being challenging for the competition.

Joseph Giordano:

Thank you very much.

Matheus Nascimento:

Just for your reference, we have another two questions here on the list.

Danniela Eiger, XP:

We are almost saying good afternoon. Thank you for taking my question. I have one that addresses two different angles in terms of options for growth.

We have been seeing more in the news, or you being more vocal, in terms of the growth of Bio Ritmo.

What has led to this growth, the resumption of growth? Is it more about complementing Total Pass to have something more Brazil-based because you are negotiating with bigger companies, or is it a niche where you see that there is a lot of space in a premium segment?

And the other thing is about going international. Could you give us an update in terms of what the operation is like in Morocco, so that we know the midterm potential?

Diogo Corona:

Hi Danniela, this is Diogo speaking. About Bio Ritmo, complementing what I and Edgard said, we noticed a higher demand in the industry as a whole and in every layer, both in low end and high end. People are prioritizing exercise. It is a priority on how to spend money.

People who did not go to the gym now prefer the gym over other things, and people who used to pay X in a mid-range gym are paying 2X. So the demand goes up proportionally in every tier or range — Smart Fit, each Smart, Total Pass, studios.

This is an agenda that, for a long time, we did not focus very much on. It was kind of on the side, but then last year, for all the reasons I have mentioned here, we placed focus on Bio Ritmo again, with the opening of stores.

It takes a while for us to make the decision and do everything for them to open, so we have a pipeline of 10 stores this year. This is the result of what we did last year.

There is more demand on the high end, and also the evolution of products. Low-end products have also evolved, and Smart too. So we needed to evolve a lot in terms of our product. Our product evolved a lot in our scenario. Profitability and return are very good — we look at that project by project, so we are keeping an eye on it.

There is also the strategic component for Total Pass, so it makes full sense. The entire return for individual growth and strategic complement for Total Pass is very important. We need to have a robust offer for the high end, and we are focusing on that in addition to expansion. We need to assure a delivery that no one in this industry is working on at the high end. We need to improve delivery, improve services.

With all the know-how that we have from different countries, we have lots of expertise to bring all of this together, make an effort, and differentiate ourselves in the high end.

Now, about Morocco: we expect the first unit to open in Morocco this year. We are really looking forward to that and to what we are going to learn once we open our operation in Morocco.

Vinicius Strano, UBS:

Good afternoon, everyone. Thank you very much for taking my question. Can you tell us a little bit about the attendance of members to the units and the cost dynamic looking to the future?

I would like to relate this to the weather in Brazil — the winter was slightly colder than last year — so could you tell us how this affects new members, frequencies, attendance, and costs?

In Mexico, it has been raining a lot. Does the weather affect attracting new customers?

Edgard Corona:

Well, we have not ended the quarter yet, but from experience, the rain is a bit of a problem, and the cold weather is also a bit of a problem.

Rain really affects a lot: it causes bad traffic, it is difficult to get your car to go to the gym. Dry weather is better for our business.

About the winter in Brazil, people are kind of used to that. It is worse in the south of the country and in Rio too, but in Rio people are not so used to the cold weather. Frequencies may be slightly worse, but once people create the habit and they are working out, they never want to stop — whether it is cold or hot, they always go to the gym.

It is only the rain that affects a little bit. Considering Brazil and Mexico, it affects a little bit more.

José Luís Rizzardo:

And complementing Edgard's answer, Vinicius: when we think about the other variables that you addressed in your question, in our cost base it is mainly fixed.

Usually, when temperatures are milder — not too cold, so you need to turn on the heater in colder winters — this improves a little bit the electricity costs in the units, so we spend a little bit less

than we usually spend or would spend in much hotter weather.

This is what we see in the cost dynamics.

When we look at attendance, usually talking about Brazil, June is a month of lower attendance: there is vacation, it is cold. In Mexico, the dynamics are different — it is a month when there is high attendance.

When we think about attendance through the quarters and months, when attendance is lower, this is usually more positive for the business unit.

Vinicius Strano:

Thank you very much, Edgard and Pezeta.

Matheus Nascimento:

We now end our questions and answers session. Thank you very much for your attendance. The Investor Relations team is available to answer any further questions. Have a good afternoon.