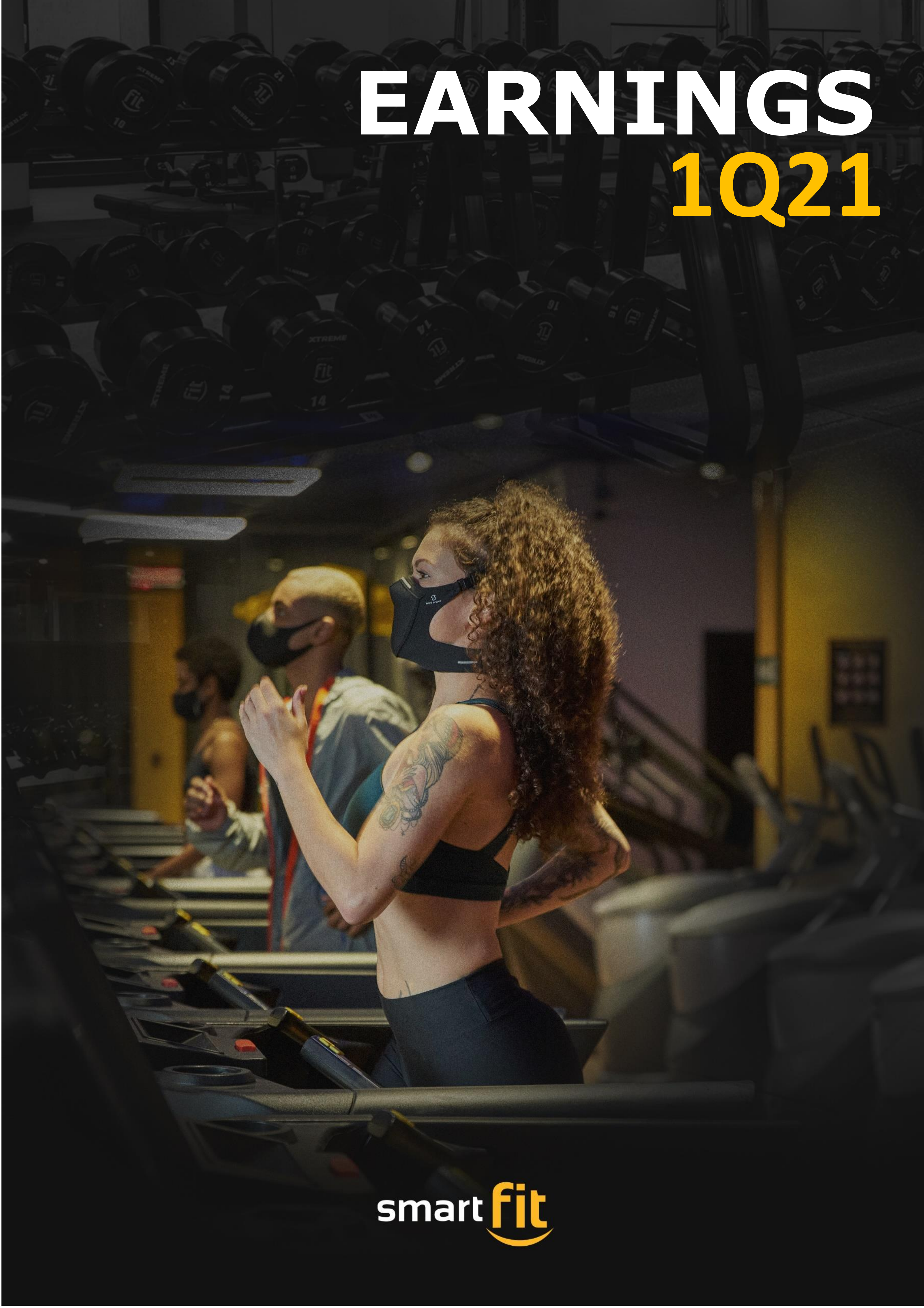
EARNINGS
1Q21



smart fit

São Paulo, May 14, 2021 – Smart Fit, the leader in the fitness sector in Latin America, announces the results for the first quarter of 2021 (1Q21). All comparisons are related to the same period of 2020 (1Q20), except where otherwise indicated.

To allow better comparison with the previous periods, the results for 1Q21 and 1Q20 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 11.

2021 HIGHLIGHTS

- Clubs: 928 clubs, with the opening of 78 units in the last 12 months.
  526 clubs in operation at the end of 1Q21 (57% of the total)
- Members[a]: 2,381 thousand members (-15.6% compared to 1Q20), with 434 thousand (+14.6% compared to 4Q20) in the Digital segment
- Revenue: R$ 371.7 million in 1Q21, a decrease of -38.3% compared to 1Q20 AND -3.7% compared to 4Q20
- Costs and expenses[b]: Reduction of R$ 61.9 million (-15.3% compared to 1Q20), even with +7.8% in company owned units
- Adjusted EBITDA [c]: R$ 21.3 million (+174% compared to 4Q20), maintaining a positive level
- Adjusted operating cash generation [d] of R$(48.3) million

2021 HIGHLIGHTS (R$ million)	**1Q21**	**1Q20**	**Variation**
Clubs	928	850	+9.2%
Members (end of the period) [a]	2,381	2,820	-15.6%
Net Revenue	371.7	602.7	-38.3%
EBITDA [c]	21.3	196.9	-89.2%
EBITDA Margin [c]	5.7%	32.7%	-26.9 p.p.
Adjusted operating cash generation [d]	(48.3)	77.1	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/CPC 06 (R2). 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.

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:

Operation	**Recognition in the Statement of Profit and Loss for the period**		**Recognition in the Balance Sheet for the period**	
	1Q21	**1Q20**	**1Q21**	**1Q20**
Brazil, Mexico, Colombia, Chile, Peru, Argentina and Paraguay	Consolidated	Consolidated	Consolidated	Consolidated
Panama and Costa Rica	Share of profit (loss) [b]	Share of profit (loss) [b]	Investment	Investment
El Salvador, Ecuador, Guatemala and Dominican Republic [c]	Royalties for use of the brand	Royalties for use of the brand	n/a	n/a
Queima Diária	Consolidated	n/a	Consolidated	n/a

(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			Variation 4Q20 vs.	
	1Q20	2Q20	3Q20	4Q20	1Q21	1Q21 vs. 1Q20	1Q21 vs. 4Q20	1Q20 vs. 1Q19	1Q20	4Q20
Total	**860**	**861**	**876**	**911**	**939**	**79**	**28**	**200**	**+9.2%**	**+3.1%**
Clubs	**850**	**851**	**865**	**900**	**928**	**78**	**28**	**196**	**+9.2%**	**+3.1%**
By Type										
Company Owned	663	664	677	704	715	52	11	143	+7.8%	+1.6%
Franchises	187	187	188	196	213	26	17	53	+13.9%	+8.7%
By Brand										
Smart Fit	813	815	830	867	896	83	29	194	+10.2%	+3.3%
Company Owned	631	633	647	676	688	57	12	142	+9.0%	+1.8%
Brazil	323	324	332	343	342	19	(1)	55	+5.9%	-0.3%
Mexico	159	160	166	172	174	15	2	37	+9.4%	+1.2%
Other Latin America [a]	149	149	149	161	172	23	11	50	+15.4%	+6.8%
Franchises	182	182	183	191	208	26	17	52	+14.3%	+8.9%
Brazil	145	145	148	154	167	22	13	34	+15.2%	+8.4%
Mexico	10	10	10	10	10	-	-	8	-	-
Other Latin America [a]	27	27	25	27	31	4	4	10	+14.8%	+14.8%
Bio Ritmo and O2	37	36	35	33	32	(5)	(1)	2	-13.5%	-3.0%
Company Owned	32	31	30	28	27	(5)[e]	(1)	1	-15.6%	-3.6%
Franchises	5	5	5	5	5	-	-	1	-	-
By region										
Brazil	501	501	511	527	538	37	11	91	+7.4%	+2.1%
Mexico	169	170	176	182	184	15	2	45	+8.9%	+1.1%
Other Latin America [a]	180	180	178	191	206	26	15	60	+14.4%	+7.9%
Micro gyms [b]	**10**	**10**	**11**	**11**	**11**	**1**	**-**	**4**	**+10.0%**	**-**
Brazil	8	8	9	9	9	1	-	4	+12.5%	-
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, Panama and for Franchises, El Salvador, Ecuador, Guatemala and Dominican Republic; (b) Micro gyms include company owned operations and franchises; (d) gyms belonging to the subsidiary Smartexp Escola de Ginástica e Dança S.A., which raised funds in December 2020 for the construction of gyms, are classified as "franchises" in this table; (e) Closing of 2 corporate Bio Ritimo clubs, 1 unit located in a corporate building, 1 unit through the sale of the property where the gym operated and 1 O2 unit (Chile) through the return of the business location.

Members

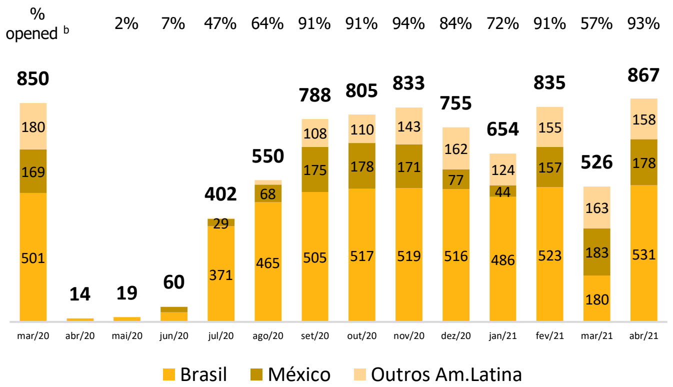
Members ('000)	End of the Period					Var. 4Q20 vs.	
	1Q20	2Q20	3Q20	4Q20	1Q21	1Q20	4Q20
Total	**2,820**	**2,697**	**2,818**	**2,592**	**2,381**	**-15.6%**	**-8.1%**
Clubs	**2,817**	**2,694**	**2,497**	**2,210**	**1,944**	**-31.0%**	**-12.0%**
By Type							
Company Owned	2,218	2,132	1,959	1,720	1,470	-33.7%	-14.5%
Franchises	599	562	538	490	474	-20.9%	-3.3%
By Brand							
Smart Fit	**2,757**	**2,637**	**2,446**	**2,165**	**1,902**	**-31.0%**	**-12.2%**
Company Owned	2,165	2,082	1,915	1,681	1,434	-33.8%	-14.7%
Brazil	1,129	1,085	974	888	759	-32.8%	-14.6%
Mexico	520	502	463	368	283	-45.6%	-23.2%
Other Latin America [a]	516	494	478	425	393	-23.9%	-7.6%
Franchises [c]	592	555	531	484	468	-21.0%	-3.3%
Bio Ritmo and O2	**60**	**57**	**51**	**45**	**42**	**-30.2%**	**-6.0%**
By region							
Brazil	1,646	1,572	1,437	1,317	1,166	-29.2%	-11.5%
Mexico	551	532	493	395	305	-44.7%	-22.8%
Other Latin America [a]	619	590	567	497	472	-23.7%	-5.0%

Micro gyms	3	3	3	4	3	+7.5%	-7.5%
Digital [b]	**n/a**	**n/a**	**318**	**379**	**434**	**n/a**	**+14.6%**

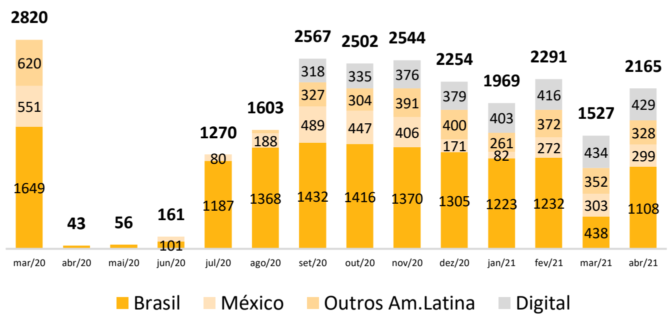
(a) The region "Other Latin America" includes for Company Owned Operations, Argentina, Chile, Colombia, Costa Rica, Paraguay, Peru and Panama. For Franchises, it includes El Salvador, Ecuador, Guatemala and Dominican Republic; (b) The number of digital channel members started being reported in 3Q20, 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); (c) gyms belonging to the subsidiary Smartexp Escola de Ginástica e Dança S.A., which raised funds in December 2020 for the construction of gyms, are classified as "Franchises" in this table;

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. (d) cities with operation restrictions only on the weekends were considered as "Open".

In 1Q21, the Company continued to gradually recover from the impacts caused by the temporary closure of gyms due to COVID-19. On November 30, 2020, 94% of the Company's total gyms were in operation. As from December 15, due to the growth in the number of COVID-19 cases (the so-called "second wave"), there were new closures, which during the 1Q21 affected part of the period of the gyms located in São Paulo, Mexico City, Lima, Santiago, Belo Horizonte and Salvador, among other places. Closures related to the second wave are regional, and shorter in relation to the first wave. The gyms in São Paulo and Mexico City, for example, were closed for about 50 days versus more than 4 months in the first wave. 1Q21 observed a dynamic of closures and reopenings in different regions over the period, reaching a minimum of 57% opened at the end of March 2021, with a resumption for 93% of the Company's gyms in operation at the end of April 2021

The Company ended 1Q21 with a total of 2,381 thousand members, with a variation of (8.1%) compared to 4Q20. In the Gyms segment, the number of members decreased by 12.0% compared to 4Q20, with the interruption of the recovery due to the second wave. As at March 31, 2021, there were 276 thousand frozen plans (+76 thousand compared to 4Q20), or 14% of the gyms' membership base in operation in Latin America, with the increase in freezing chiefly due to the fact that relevant markets in Brazil are closed on this date.

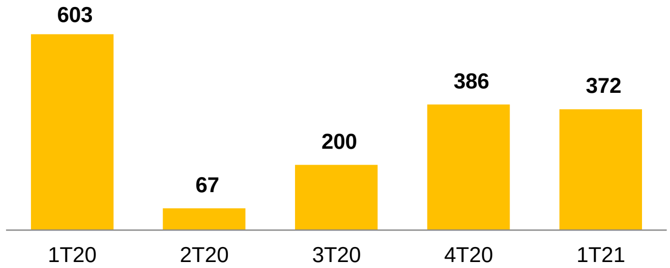
Smart Fit's fitness ecosystem, which gathers gyms and digital applications to offer a differentiated training and nutritional monitoring experience, continued with its evolution and growth trajectory in 1Q21. In the digital channel, the number of members grew 14.7% compared to 4Q20, reaching 434 thousand people, driven by the continuous evolution of Queima Diária, which is the main digital platform of the Company and the leader in fitness-on-demand content in Brazil. Queima Diária launched its operation in Mexico in 1Q21, seeking to leverage the existing platform with the development of local content. Smart Fit Nutri, a nutritional monitoring service that combines counseling via the app, tele-consultations with nutritionists and measurement of results with measurement of lean mass and fat content, made using a bioelectrical impedance scale at Smart Fit gyms, reached 63 thousand customers in Brazil in 1Q21, an increase of 162% over 3Q20, when the service was relaunched.

The 1Q21 initiatives are in line with a culture of quick adaptation to changes, a collaborative team and a focus on the customer experience. They reinforce the Company's position to, after the end of the pandemic, resume its path of consolidation in Latin America's fitness market, in all segments of its ecosystem where it operates, with excellence in customer service and constant innovation.

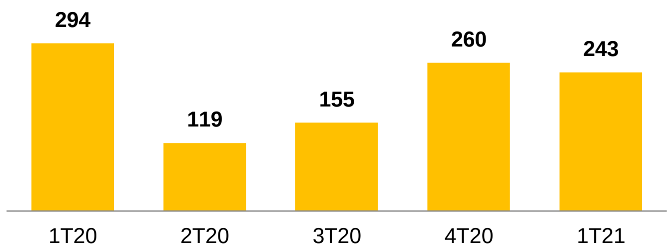
One event in this consolidation trajectory was the signing on March 5, 2021 of the acquisition of Just Fit Participações em Empreendimentos S.A., operator of 27 gyms in the state of São Paulo. The acquisition price will be calculated and paid only in the occurrence of a liquidity event at Smart Fit, without any payment until such event. With this transaction, the Company is able to expand its network of company owned gyms with no immediate cash outflow, due to the deferred payment to the sellers, and captures an opportunity brought by the pandemic.

MAIN FINANCIAL INDICATORS

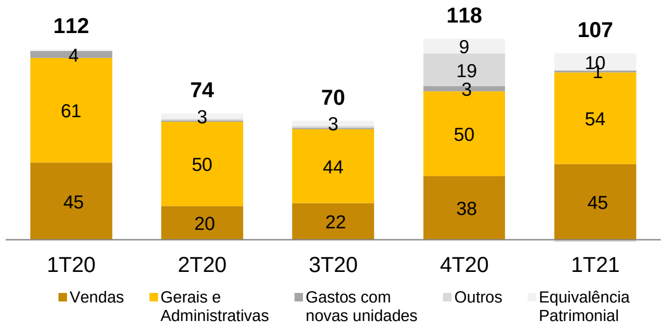
Net Revenue (R$ million)



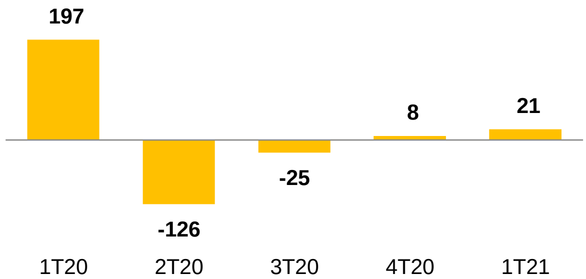
Cash cost of services (R$ million)



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)	**1Q21**	**1Q20**	**Variation**
Gross Revenue	404.0	652.7	-38.1%
Net Revenue	371.7	602.7	-38.3%
Cash cost of services [b]	(243.1)	(294.0)	-17.3%
Cash gross profit [b]	128.7	308.7	-58.3%
Cost of opening new units	(1.7)	(5.0)	-65.2%
Cash gross profit before the opening of new units [b]	130.4	313.7	-58.4%
Gross margin before the opening of new units	*35.1%*	*52.0%*	*-17.0 p.p.*
SG&A	(97.4)	(111.0)	-12.2%
% Net Revenue	*26.2%*	*18.4%*	*+7.8 p.p.*
Selling expenses [c]	(44.2)	(45.5)	-2.9%
% Net Revenue	*11.9%*	*7.5%*	*+4.3 p.p.*
General and administrative expenses [d]	(54.5)	(61.4)	-11.3%
% Net Revenue	*14.6%*	*10.2%*	*4.5 %*
Expenses on the opening of new units	(1.0)	(4.1)	-75.3%
Other income (expenses)	2.2	(0.0)	n/a
Share of profit (loss) of investees	(10.0)	(0.9)	n/a
EBITDA [e]	21.3	196.9	-89.2%
EBITDA Margin	*5.7%*	*32.7%*	*-26.9 p.p.*
EBITDA before expenses on the opening of new units [f]	24.0	205.9	-88.3%
EBITDA margin before expenses on the opening of new units	*6.5%*	*34.2%*	*-27.7 p.p.*
Depreciation and amortization	110.1	89.2	+23.5%
Profit (loss) for the period	(144.7)	16.9	n/a

(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 the 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" exclude expenses on the opening of new units; (d) "General and administrative expenses" exclude depreciation; (e) See section "EBITDA Composition" for the calculation of this measurement; (f) Adjusted EBITDA before expenses on the opening new units" excludes costs and expenses o 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)	**1Q21**	**4Q20**	**1Q20**	**1Q21 vs. 4Q20**	**1Q21 vs. 1Q20**
Gross Revenue	**404.0**	**415.3**	**652.7**	**-2.7%**	**-38.1%**
Monthly fees	329.6	340.4	564.2	-3.2%	-41.6%
Annual fees	47.9	56.9	52.0	-15.8%	-7.9%
Membership fees	9.1	5.4	16.1	+69.7%	-43.6%
Others	17.4	12.6	20.4	+38.0%	-14.7%
Taxes and deductions	(32.3)	(29.5)	(50.0)	+9.5%	-35.5%
Net Revenue	**371.7**	**385.8**	**602.7**	**-3.7%**	**-38.3%**

Revenue by Brand and Region

Net Revenue (R$ million)	**1Q21**	**4Q20**	**1Q20**	**1Q21 vs. 4Q20**	**1Q21 vs. 1Q20**
Smart Fit	318.3	322.5	546.3	-1.3%	-41.7%
Brazil	174.6	164.8	297.1	+5.9%	-41.2%
Mexico	66.8	99.8	133.7	-33.1%	-50.0%
Other Latin America	76.9	57.9	115.5	+32.9%	-33.4%
Bio Ritmo and O2	13.4	12.0	39.0	+11.5%	-65.7%
Others	40.1	51.3	17.4	-22.0%	+130%
Total	**371.7**	**385.8**	**602.7**	**-3.7%**	**-38.3%**
International revenue	39.0%	40.7%	43.0%	-1.7 p.p.	-4.0 p.p.

(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 1Q21 was R$ 371.7 million, in line with 4Q20, reaching 61.7% of 1Q20 revenue. Revenue was mainly impacted by the closures related to the second wave, with impact in each region varying according to the moment in which they occurred. In Brazil, revenue grew slightly (+5.9% compared to 4Q20), due to the functioning of practically 100% of the gyms in January and February, with significant closures occurring only in March. In Mexico, the gyms in Mexico City, which represent more than 35% of the country's company owned network, closed in December and reopened only in February. The gyms in this region were 62% opened on average in 1Q21, versus 85% on average in 4Q20, generating a 33.1% reduction in revenue between these quarters. The "Other Latin America" region had a 32.9% growth in revenue, mainly impacted by the reopening of gyms on part of 1Q21 in Chile and Peru, and by the maintenance of the operation in Colombia close to 100% opened throughout the period.

The impact of the pandemic on gyms was partially offset by revenue from Queima Diária, the leading digital on-demand content platform, acquired by the Company in July 2020, which generated R$ 29.3 of net revenue in 1Q21, equivalent to 7.9% of the period's revenue, considering that this business was not consolidated in the company's business in 1Q20 (period before the acquisition).

CASH COST OF SERVICES [a]

Cash cost of services (R$ million)	1Q21	4Q20	1Q20	Variation 1Q21 vs. 4Q20 Total	%	Variation 1Q21 vs. 1Q20 Total	%
Lease of real estate and common area maintenance fees	103.7	100.9	107.9	2.9	2.8%	(4.2)	-3.9%
Personnel expenses and charges	60.9	71.2	82.1	(10.3)	-14.5%	(21.2)	-25.8%
Utilities expenses	42.8	37.4	50.9	5.4	14.5%	(8.0)	-15.8%
Operational support services	25.3	26.6	28.9	(1.3)	-4.7%	(3.6)	-12.3%
Maintenance	9.8	14.3	17.5	(4.5)	-31.5%	(7.7)	-44.1%
Opening of new units	1.7	4.3	4.9	(2.6)	-60.2%	(3.1)	-64.5%
Other expenses	(1.2)	5.3	1.8	(6.5)	-123.6%	(3.1)	-168.4%
Cash cost of services [a]	**243.1**	**259.9**	**294.0**	**(16.9)**	**-6.5%**	**(50.9)**	**-17.3%**

(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$ 16.9 million reduction in cash costs in 1Q21 (excluding depreciation and amortization) versus 4Q20, and R$ 50.9 million versus pre-pandemic cost base of 1Q20, representing savings of 6.5% and 17.3%, respectively, even with the growth of 7.8% in the number of company owned gyms compared to 1Q20 Actions to reduce costs 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$ 4.2 million or 3.9%;
- 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$ 21.2 million, or 25.8%.
- Strong reduction in expenses with utilities bills, cleaning (operational services) and maintenance, even with part of the clubs in operation.

GROSS PROFIT

Gross Profit (R$ million)	1Q21	4Q20	1Q20	1Q21 vs. 4Q20	1Q21 vs. 1Q20
Cost of services rendered	(352.4)	(339.9)	(380.7)	+3.7%	-7.4%
(-) Depreciation	(109.4)	(79.9)	(86.7)	+36.8%	+26.1%
Cash cost of services	(243.1)	(259.9)	(294.0)	-6.5%	-17.3%
Gross profit	19.3	46.0	222.0	-58.0%	-91.3%
% Net revenue	*5.2%*	*11.9%*	*36.8%*	*-6.7 p.p.*	*-31.6 p.p.*
(-) Depreciation	(109.4)	(79.9)	(86.7)	+36.8%	+26.1%
Cash gross profit	128.7	125.9	308.7	+2.2%	-58.3%
Cash gross margin	*34.6%*	*32.6%*	*51.2%*	*2.0 %*	*-16.6 p.p.*
(-) Cost of opening of new units	(1.7)	(4.3)	(5.0)	-60.2%	-65.2%
Cash gross profit before the opening of new units	130.4	130.2	313.7	+0.1%	-58.4%
Cash gross margin before the opening of new units	*35.1%*	*33.8%*	*52.0%*	*+1.3 p.p.*	*-17.0 p.p.*

(a) "Cash cost of services" excludes depreciation and amortization; (b) "Cash gross profit" excludes depreciation and amortization; (b) "Cash gross profit before the 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 1Q21 was R$ 130.4 million, in line with 4Q20, with a 2.0 pp increase in cash gross margin, mainly impacted by the 6.5% reduction in cash cost of services. Cash gross profit for the period decreased by R$ 180.0 million compared to 1Q20, mainly impacted by the reduction of R$ 231.0 million in net revenue, due to the temporary closing of gyms, partially offset by the R$ 50.9 million decrease in cash cost of services, obtained with the implementation of cost reduction measures.

Cash gross margin before the opening of new units in 1Q21 was 35.1%, even with a 38.3% reduction in revenue compared to 1Q20, indicating that the amount of cost reductions (detailed in the section above) ensured that results at the gym level remained at a relevant level.

SELLING AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses (R$ million)	1Q21	4Q20	1Q20	Variation 1Q21 vs. 4Q20 Total	%	Variation 1Q21 vs. 1Q20 Total	%
Selling expenses	44.2	37.5	45.5	6.6	17.7%	(1.3)	-2.9%
General and administrative expenses	54.5	49.8	61.4	4.6	9.3%	(6.9)	-11.3%
Expenses on the opening of new units	1.0	2.9	4.1	(1.9)	-65.3%	(3.1)	-75.3%
Total	99.7	90.3	111.0	9.4	10.4%	(11.3)	-10.2%

(a) all indicators exclude the effects of IFRS 16 in relation to the lease of clubs and offices;

Selling expenses totaled R$ 44.2 million in 1Q21, a reduction of R$ 1.3 million (-2.9%) in relation to the pre-pandemic expenses base in 1Q20, mainly impacted by the acquisition of Queima Diária (R$ 7.5 million or +16.4% compared to 1Q20), which has as a relevant part of its business model a higher level of selling expenses for customer acquisition (25.5% of net revenue in 1Q21) than that of Smart Fit's business model. Selling expenses represented 12.2% of the net revenue for the period (+3.9 p.p. compared to 1Q20), mainly impacted by (i) lower population mobility due to the pandemic, which negatively affects the cost of acquiring customers; and (ii) the acquisition of Queima Diária (+2.0 p.p. compared to 1Q20). General and administrative expenses were R$ 54.5 million, a reduction of 11.3% compared to 1Q20, due to cost reduction actions during the period.

EBITDA

EBITDA Composition

EBITDA Composition (R$ million)	1Q21	4Q20	1Q20	1Q21 vs. 4Q20	1Q21 vs. 1Q20
Profit (loss) for the period	(144.7)	(88.7)	16.9	63.1%	n/a
(-) IR & CSLL	1.6	(51.1)	26.7	-103%	n/a
(-) Finance income (costs)	54.3	65.7	64.1	-17.4%	-15.3%
(-) Depreciation	110.1	81.8	89.2	+34.6%	+23.5%
EBITDA	21.3	7.8	196.9	+174%	-89.2%
EBITDA Margin	*5.7%*	*2.0%*	*32.7%*	*+3.7 p.p.*	*-0.8 p.p.*
(-) Costs and expenses on the opening of new units	(2.7)	(7.3)	(9.1)	-62.3%	-69.8%
Adjusted EBITDA before expenses on the opening of new units	24.0	15.0	205.9	+59.8%	-88.3%
EBITDA margin before expenses on the opening of new units	*6.5%*	*3.9%*	*34.2%*	*+2.6 p.p.*	*-27.7 p.p.*

(a) "Costs and expenses on the opening of new units" are the costs of a new gym, 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.

EBITDA in 1Q21 was R$ 21.3 million, an increase of R$ 13.5 million compared to 4Q20, with a margin of 5.7%. The gradual resumption of EBITDA is related to the higher number of gyms in operation, and to the cost reduction actions implemented. Compared to 1Q20, EBITDA had a reduction of 89.2%, mainly impacted by the closure of Smart Fit clubs, partially offset by cost and expense reduction actions.

EBITDA by Region

EBITDA (R$ million)	**1Q21**	**4Q20**	**1Q20**	**1Q21 vs. 4Q20**	**1Q21 vs. 1Q20**
Brazil	7.1	(4.0)	104.4	n/a	-93.2%
Mexico	9.3	16.4	51.6	-43.3%	-82.0%
Other Latin America [a]	14.8	4.1	41.8	260%	-64.5%
Subtotal	**31.3**	**16.5**	**197.7**	**89.4%**	**-84.2%**
Elimination	(10.0)	(8.7)	(0.9)	14.4%	n/a
Total	**21.3**	**7.8**	**196.9**	**174%**	**-89.2%**

(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 Brazil and in the Other Latin America region recovered significantly in 1Q21, after the reopening of the gyms mainly during 3Q20. Mexico had a variation of (43.3%) compared to 4Q20 due to the beginning of the second wave, and the closure of gyms associated with it, in December 2020.

PROFIT (LOSS) FOR THE PERIOD

The Company posted a loss of R$ (144.7) million in 1Q21, compared to R$ (88.7) million in 4Q20 and a profit of R$ 16.9 million in 1Q20. The 1Q21 result was impacted by the temporary closure of the gyms related to the second wave of the pandemic.

OPERATING CASH GENERATION

This table considers the effects of IFRS 16.

Cash flow (R$ million)	**1Q21**	**1Q20**	**Variation**
Profit before income tax and social contribution	(164.7)	20.7	n/a
Depreciation and amortization	193.0	157.6	+22.5%
Write-off of intangible assets and property and equipment	8.1	7.5	+7.5%
Accrued interest on borrowings and exchange differences	34.3	73.5	-53.3%
Accrued interest on leases	16.4	63.8	-74.3%
Others	10.0	(6.2)	n/a
Working capital variation	(58.2)	(115.8)	-49.7%
Cash generated by operating activities	38.8	201.1	-80.7%
Interest paid on borrowings and debentures	(12.3)	(10.1)	+21.9%
Interest paid on leases	(40.2)	(63.8)	-36.9%
Income tax and social contribution paid	(2.0)	(23.2)	-91.2%
Net cash generated by operating activities	(15.8)	104.1	n/a
(+) Interest paid on borrowings and debentures	12.3	10.1	+21.9%
(-) Payment of lease of properties [a]	(44.8)	(37.1)	+21.0%
Adjusted operating cash generation	(48.3)	77.1	n/a

(a) "Payment of lease of properties" considers the total amount paid for lease of properties (consideration and tax credit from interest), as presented in note 12. Lease transactions

The adjusted operating cash generation in 1Q21 was R$ (48.3) million, compared to R$ 77.1 million in 1Q20, mainly impacted by the EBITDA reduction of R$ 175.6 million, partially offset by the lower variation in working capital (R$ 57.6 million compared to 1Q20) mainly related to the temporary closure of gyms during the second wave of the pandemic.

CAPEX

Capex (R$ million)	1Q21[a]	4Q20[a]	3Q20	2Q20	1Q20	Variation 1Q21 vs. 4Q20	Variation 1Q21 vs. 1Q20
Capex	54.3	80.3	121.5	45.6	239.0	-32.4%	-77.3%
Expansion	33.3	62.6	102.5	37.4	202.0	-83.5%	-83.5%
Maintenance	13.9	11.4	11.8	4.9	23.7	-41.3%	-41.3%
Innovation projects	2.5	2.4	3.4	1.6	6.0	-58.9%	-58.9%
Corporate	4.6	3.9	3.7	1.7	7.3	-37.1%	-37.1%

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

Capex in 1Q21 was reduced to R$ 54.3 million, a variation of (77.3)% 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.

CASH AND INDEBTEDNESS

Cash and indebtedness (R$ million)	1Q21	4Q20	3Q20	2Q20	1Q20
Cash and collaterals	908	1,064	832	1,163	1,346
Financial indebtedness	2,896	2,833	2,822	2,890	2,739
By nature:					
Borrowings and debentures	2,684	2,616	2,597	2,669	2,528
Lease liability - equipment	212	217	225	221	211
By maturity:					
Short term	590	345	402	561	249
Long term	2,307	2,488	2,420	2,329	2,490
Net Debt	1,988	1,770	1,990	1,727	1,392
Net Debt / EBITDA LTM	15.75	5.69	8.94	4.22	1.94

(a) in this table, "Cash and collaterals" considers cash and cash equivalents plus the balance of collaterals allocated to the Company's 4th issue of debentures; "Net debt" considers short- and long-term borrowings and operating leases (excluding leases of properties) with financial institutions, less cash and collaterals; (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.

At the end of 1Q21, the Company had R$ 908.2 million in cash and collaterals, maintained mainly by the actions taken to preserve its cash position, and by the capital increase carried out in December 2020 in the amount of R$ 500 million, with R$ 435.7 million paid in 2020 and R$ 64.3 million in January 2021. 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 15.75x, impacted by the EBITDA reduction due to the temporary closing of gyms, an effect that is present in a relevant way throughout the measurement period. 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 March 26, 2021, 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 2021, and will have a limit of 6.75x in the 4th quarter of 2021 and 1st quarter of 2022; This ratio had already been changed at the General Debenture Holders' Meeting held on June 26, 2020, which defined non-measurement of the ratio in the 2nd and 3rd quarters of 2020, and a limit of 6.75x in the 4th quarter of 2020. 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 on a quarterly basis. With these initiatives, the Company was in compliance with its obligations in all financial agreements as from March 31, 2021.

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. The 2021 maturity was impacted by the partial amortization schedule of 10% of the remaining balance of the 4th issue debentures (R$ 130 million) for the second quarter of 2021. At the end of 1Q21, the maturity schedule of the financial indebtedness was:

Financial indebtedness (R$ million)	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**Total**
Total	**439**	**624**	**555**	**372**	**491**	**413**	**2,896**
Brazil	204	76	164	77	421	413	1,356
Mexico	66	165	177	133	47	-	588
Other Latin America	170	383	214	161	23	0	952

(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.

EVENTS AFTER THE REPORTING PERIOD

On April 12, 2021, the Company entered into a non-binding memorandum of understanding with Grupo Sports World, S.A.B. de C.V. ("Sports World"), a company that operates gyms in Mexico, for a potential business combination between Sports World and Latamgym S.A.P.I. de C.V. ("Smart Fit México"), which is a wholly owned subsidiary of the Company that operates Smart Fit gyms in Mexico. The potential business combination between Smart Fit Mexico and Sports World is subject to the signing of a binding agreement between the parties and other usual corporate and government conditions and authorizations for this type of operation. The potential transaction represents an additional opportunity to consolidate the fitness market in Latin America in the context of the pandemic, with the growth of its network of gyms without immediate cash disbursement.

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)	**Reported 1Q21**	**Impacts of IFRS 16**	**1Q21 excluding impact of IFRS 16**	**Reported 1Q20**	**Impacts of IFRS 16**	**1Q20 excluding impact of IFRS 16**
Net Revenue	371.7		371.7	602.7		602.7
Cost of services	(358.8)	(6.4)	(352.4)	(361.6)	19.1	(380.7)
Rentals	(74.2)	73.3	(147.5)	(23.2)	86.4	(109.5)
Depreciation and amortization (cost)	(189.0)	(79.6)	(109.4)	(154.0)	(67.3)	(86.7)
Gross profit	13.0	(6.4)	19.3	241.1	19.1	222.0
SG&A	(97.7)	0.4	(98.1)	(112.8)	0.7	(113.4)
Selling expenses	(44.2)		(44.2)	(45.5)		(45.5)
General and administrative expenses	(53.0)	1.4	(54.5)	(60.3)	1.1	(61.4)
Leases	(2.6)	1.4	(4.1)	(0.5)	1.1	(1.6)
Expenses on the opening of new units	(1.0)		(1.0)	(4.1)		(4.1)
Depreciation and amortization (expense)	(1.7)	(1.0)	(0.7)	(2.9)	(0.4)	(2.4)
Other income (expenses)	2.2		2.2	(0.0)		(0.0)
Share of profit (loss) of investees	(10.0)		(10.0)	(0.9)		(0.9)
Profit (loss) before finance income (costs)	(94.7)	(5.9)	(88.8)	127.4	19.7	107.7
Finance income (costs)	(70.0)	(15.7)	(54.3)	(106.7)	(50.8)	(55.9)
Income tax and social contribution	(1.6)		(1.6)	(26.7)		(26.7)
Profit for the period	(166.3)	(21.6)	(144.7)	(6.0)	(31.0)	25.0

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

(R$ million)	**Reported 1Q21**	**Impacts of IFRS 16**	**1Q21 excluding impact of IFRS 16**	**Reported 1Q20**	**Impacts of IFRS 16**	**1Q20 excluding impact of IFRS 16**
Gross profit	13.0	(6.4)	19.3	241.1	19.1	222.0
Depreciation and amortization (cost)	189.0	79.6	109.4	154.0	67.3	86.7
Gross profit excluding depreciation and amortization	202.0	73.3	128.7	395.1	86.4	308.7
Gross Margin excluding depreciation and amortization	*54.3%*		*34.6%*	*65.6%*		*51.2%*
Profit for the period	(166.3)	(21.6)	(144.7)	(6.0)	(31.0)	25.0
(-) IR & CSLL	1.6	-	1.6	26.7	-	26.7
(-) Finance income (costs)	70.0	15.7	54.3	106.7	50.8	55.9
Depreciation and amortization	190.7	80.7	110.1	156.9	67.7	89.2
EBITDA	96.0	74.7	21.3	284.3	87.5	196.9
EBITDA Margin	*25.8%*		*5.7%*	*47.2%*		*32.7%*

BALANCE SHEET

ASSETS	1Q21	4Q20
CURRENT ASSETS	1,227,714	1,311,049
Cash and cash equivalents	863,123	1,019,611
Trade receivables	184,451	154,220
Taxes recoverable	99,150	82,330
Others	80,990	54,888
NONCURRENT ASSETS	7,312,708	7,182,941
Property and equipment	2,460,986	2,425,132
Lease right of use	2,703,241	2,726,888
Intangible assets	1,604,514	1,540,880
Investments	123,895	125,211
Others	420,072	364,830
TOTAL ASSETS	**8,540,422**	**8,493,990**

LIABILITIES AND EQUITY	1Q21	4Q20
CURRENT LIABILITIES	1,312,105	1,084,592
Borrowings and debentures	516,056	277,652
Lease liabilities	355,198	339,403
Trade payables	165,597	139,752
Deferred revenue	139,467	132,511
Salaries, accruals and social contributions	51,261	44,395
Taxes and contributions payable	38,649	29,184
Other payables	27,335	79,859
Others	18,542	41,836
NONCURRENT LIABILITIES	4,765,483	4,940,597
Borrowings	2,168,061	2,338,421
Lease liabilities	2,516,708	2,534,381
Payables to shareholders	42,136	35,428
Others	38,578	32,367
EQUITY	2,462,834	2,468,801
Share capital	325,443	325,443
Capital reserve	2,376,370	2,312,027
Earnings reserve / accumulated losses	(817,446)	(651,820)
Other comprehensive income	556,347	460,486
Noncontrolling interests	22,120	22,665
TOTAL LIABILITIES AND EQUITY	**8,540,422**	**8,493,990**

STATEMENT OF PROFIT AND LOSS

	1Q21	1Q20
Net operating revenue	371,740	602,706
Cost of services rendered	(358,786)	(361,614)
Gross Profit	12,954	241,092
Operating income (expenses)		
Selling expenses	(45,203)	(49,601)
General and administrative expenses	(54,743)	(63,147)
Share of profit (loss) of investees	(9,987)	(882)
Other income (expenses)	2,242	(13)
Profit before finance income (costs)	(94,737)	127,449
Finance income (costs)	(70,009)	(106,716)
Profit before income tax and social contribution	(164,746)	20,733
Income tax and social contribution	(1,559)	(26,730)
Profit for the period	(166,305)	(5,997)

STATEMENTS OF CASH FLOWS

	1Q21	1Q20
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before income tax and social contribution	(164,746)	20,733
Depreciation and amortization	193,008	157,589
Write-off of intangible assets and property and equipment	8,086	7,524
Accrued interest on borrowings and debentures and exchange differences	34,294	73,467
Accrued interest on leases	16,371	63,818
Others	9,989	(6,172)
Working capital variation	(58,211)	(115,812)
Cash generated by operating activities	38,791	201,147
Interest paid on borrowings and debentures	(12,288)	(10,078)
Interest paid on leases	(40,243)	(63,818)
Income tax and social contribution paid	(2,042)	(23,179)
Net cash generated by operating activities	**(15,782)**	**104,072**
CASH FLOW FROM INVESTING ACTIVITIES		
Additions to property and equipment	(54,254)	(239,085)
Additions to intangible assets	(1,263)	(2,055)
Payments for the acquisition of subsidiary and joint venture	(54,542)	(21,098)
Capital increase in subsidiary and joint venture	(2,569)	(1,158)
Financial investments	(12,753)	(3,649)
Related parties	(16,660)	1,829
Net cash used in investing activities	**(142,041)**	**(265,216)**
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of borrowings and costs	(32,010)	(47,369)
Proceeds from borrowings	36	260,041
Payment of lease	(60,359)	(44,699)
Capital increase by controlling interests	64,343	110
Share buyback, net of receipts for stock option exercised	-	(30,581)
Others	(782)	(185)
Net cash generated by (used in) financing activities	**(28,772)**	**137,317**
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(186,595)**	**(23,827)**
Opening balance	1,019,611	1,351,381
Closing balance	863,123	1,346,480
Exchange differences on cash and cash equivalents	30,107	18,926

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

Smartfit Escola de Ginástica e Dança S.A.

Report on Review of
Interim Financial Information for the
Quarter Ended March 31, 2021

Deloitte Touche Tohmatsu Auditores Independentes

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REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Shareholders, Board of Directors and Management of
Smartfit Escola de Ginástica e Dança S.A.
São Paulo - SP

Introduction

We have reviewed the accompanying individual and consolidated interim financial information of Smartfit Escola de Ginástica e Dança S.A. ("Company"), included in the Interim Financial Information Form (ITR), for the quarter ended March 31, 2021, which comprises the balance sheet as at March 31, 2021 and the related statements of profit and loss, comprehensive income, changes in equity and cash flows for the three-month period then ended, including the explanatory notes.

Management is responsible for the preparation of the individual and consolidated interim financial information in accordance with technical pronouncement CPC 21 (R1) - Interim Financial Reporting and international standard IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board - IASB, as well as for the presentation of such information in accordance with the standards issued by the Brazilian Securities and Exchange Commission (CVM), applicable to the preparation of Interim Financial Information (ITR). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with Brazilian and international standards on review of interim financial information (NBC TR 2410 and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the standards on auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion on the individual and consolidated interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual and consolidated interim financial information included in the ITR referred to above is not prepared, in all material respects, in accordance with technical pronouncement CPC 21 (R1) and international standard IAS 34, applicable to the preparation of Interim Financial Information (ITR), and presented in accordance with the standards issued by the CVM.

Emphasis of matter

Impacts from COVID-19 on the interim financial information

Without qualifying our opinion, we draw attention to notes 1.1 and 13 (i) to the individual and consolidated interim financial information, where the Company assesses the impacts from COVID-19 on its business and the ongoing actions to mitigate its effects, including renegotiation of restrictive clauses contained in the debentures agreements.

Other matters

Statements of value added

The aforementioned interim financial information includes the individual and consolidated statements of value added (DVA) for the three-month period ended March 31, 2021, prepared under the responsibility of the Company's Management and presented as supplementary information for the purposes of international standard IAS 34. These statements have been subject to review procedures performed in conjunction with the review of the ITR to determine whether they are reconciled with the interim financial information and the accounting records, as applicable, and if their form and content are in accordance with the criteria defined in technical pronouncement CPC 09 - Statement of Value Added. Based on our review, nothing has come to our attention that causes us to believe that these statements of value added were not prepared, in all material respects, in accordance with the criteria set out in technical pronouncement CPC 09 and consistently with respect to the individual and consolidated interim financial information taken as a whole.

The accompanying interim financial information has been translated into English for the convenience of readers outside Brazil.

São Paulo, May 14, 2021

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU
Auditores Independentes

Eduardo Franco Tenório
Engagement Partner

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

BALANCE SHEETS AS AT MARCH 31, 2021
(In thousands of Brazilian reais - R$)

ASSETS	Note	Parent 03/31/2021	Parent 12/31/2020	Consolidated 03/31/2021	Consolidated 12/31/2020
CURRENT ASSETS					
Cash and cash equivalents	3	495.013	621.099	863.123	1.019.611
Trade receivables	4	91.388	78.382	184.451	154.220
Taxes recoverable	5	29.219	25.215	99.150	82.330
Prepaid expenses		11.209	2.305	24.294	6.982
Other receivables	6	20.578	17.742	56.696	47.906
Total current assets		647.407	744.743	1.227.714	1.311.049
NONCURRENT ASSETS					
Taxes recoverable	5	-	-	64.009	54.795
Other receivables	6	13.715	12.099	39.748	39.718
Prepaid expenses		3.127	3.028	3.679	3.679
Financial investments	7	48.514	47.604	72.790	60.037
Deferred income tax and social contribution	20	-	-	130.223	117.127
Related parties	8	92.758	88.735	52.386	35.930
Escrow deposits	15	50.137	50.104	57.237	53.544
Investments	9	2.237.497	2.204.249	123.895	125.211
Property and equipment	10	856.930	886.714	2.460.986	2.425.132
Right-of-use assets	12	866.060	923.843	2.703.241	2.726.888
Intangible assets	11	108.428	106.697	1.604.514	1.540.880
Total noncurrent assets		4.277.166	4.323.073	7.312.708	7.182.941
TOTAL ASSETS		4.924.573	5.067.816	8.540.422	8.493.990

LIABILITIES AND EQUITY	Note	Parent 03/31/2021	Parent 12/31/2020	Consolidated 03/31/2021	Consolidated 12/31/2020
CURRENT LIABILITIES					
Trade payables		39.006	70.429	165.597	169.840
Borrowings and debentures	13	213.913	83.916	516.056	277.652
Lease liabilities	12	135.249	135.824	355.198	339.403
Salaries, accruals and social contributions		26.402	20.954	51.261	44.395
Taxes and contributions payable		15.938	10.890	38.649	29.184
Provision for income tax and social contribution		-	-	9.705	2.042
Taxes in installments		531	413	887	770
Other payables	14	12.143	65.520	27.335	79.859
Payables to shareholders		6.900	6.403	7.649	8.431
Deferred revenue	17	50.147	53.295	139.467	132.511
Related parties	8	32.305	29.059	301	505
Total current liabilities		532.534	476.703	1.312.105	1.084.592
NONCURRENT LIABILITIES					
Borrowings and debentures	13	1.098.702	1.236.176	2.168.061	2.338.421
Lease liabilities	12	792.742	847.338	2.516.708	2.534.381
Taxes in installments		3.620	3.835	6.068	6.339
Trade payables	14	38.617	35.232	42.136	35.428
Payables to shareholders		671	671	671	671
Deferred revenue	17	2.141	2.293	2.141	2.293
Provision for tax, civil and labor risks	15	4.270	4.524	5.381	5.769
Investments with negative equity	9	4.151	11.435	7.515	1.495
Deferred income tax and social contribution	20	6.411	3.473	16.802	15.800
Total noncurrent liabilities		1.951.325	2.144.977	4.765.483	4.940.597
EQUITY	16				
Share capital		325.443	325.443	325.443	325.443
Capital reserve		2.376.370	2.312.027	2.376.370	2.312.027
Accumulated losses		(817.446)	(651.820)	(817.446)	(651.820)
Other comprehensive income		556.347	460.486	556.347	460.486
Equity attributable to owners of the Company		2.440.714	2.446.136	2.440.714	2.446.136
Noncontrolling interests		-	-	22.120	22.665
Total equity		2.440.714	2.446.136	2.462.834	2.468.801
TOTAL LIABILITIES AND EQUITY		4.924.573	5.067.816	8.540.422	8.493.990

The accompanying notes are an integral part of this individual and consolidated interim financial information.

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

STATEMENT OF PROFIT AND LOSS
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2021
(In thousands of Brazilian reais - R$, except earnings (loss) per share)

	Note	Parent		Consolidated	
		03/31/2021	03/31/2020	03/31/2021	03/31/2020
NET OPERATING REVENUE	17	153.988	260.124	371.740	602.706
COST OF SERVICES RENDERED	18	(158.441)	(172.147)	(358.786)	(361.614)
GROSS PROFIT (LOSS)		(4.453)	87.977	12.954	241.092
OPERATING INCOME (EXPENSES)	18				
Selling expenses		(24.417)	(27.791)	(45.203)	(49.601)
General and administrative expenses		(29.795)	(30.674)	(54.743)	(63.147)
Other operating income (expenses), net		3.681	4.729	2.242	(13)
		(50.531)	(53.736)	(97.704)	(112.761)
Share of profit (loss) of investees	9	(84.643)	18.508	(9.987)	(882)
PROFIT (LOSS) BEFORE FINANCE INCOME (COSTS)		(139.627)	52.749	(94.737)	127.449
FINANCE INCOME (COSTS)	19				
Finance income		16.565	16.807	48.411	20.805
Finance costs		(39.626)	(68.157)	(118.420)	(127.521)
		(23.061)	(51.350)	(70.009)	(106.716)
PROFIT (LOSS) BEFORE INCOME TAX AND SOCIAL CONTRIBUTION		(162.688)	1.399	(164.746)	20.733
INCOME TAX AND SOCIAL CONTRIBUTION	20				
Current		-	-	(7.304)	(14.268)
Deferred		(2.938)	(11.091)	5.745	(12.462)
		(2.938)	(11.091)	(1.559)	(26.730)
LOSS FOR THE PERIOD		(165.626)	(9.692)	(166.305)	(5.997)
ATTRIBUTABLE TO					
Owners of the Company				(165.626)	(9.692)
Noncontrolling interests				(679)	3.695
				(166.305)	(5.997)
LOSS PER SHARE - R$	21				
Basic and diluted		(7,4329)	(0,4581)		

The accompanying notes are an integral part of this individual and consolidated interim financial information.

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

STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2021
(In thousands of Brazilian reais - R$)

	Note	Parent		Consolidated	
		03/31/2021	03/31/2020	03/31/2021	03/31/2020
LOSS FOR THE PERIOD		(165.626)	(9.692)	(166.305)	(5.997)
Items that may be reclassified subsequently to profit or loss:					
Gains and losses arising from the translation of foreign operations	9	95.861	140.118	95.995	141.660
Other comprehensive loss		-	(133)	-	(133)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		(69.765)	130.293	(70.310)	135.530
ATTRIBUTABLE TO					
Owners of the Company				(69.765)	130.293
Noncontrolling interests				(545)	5.237
				(70.310)	135.530

The accompanying notes are an integral part of this individual and consolidated interim financial information.

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

STATEMENT OF CHANGES IN EQUITY
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2021
(In thousands of Brazilian reais - R$)

			Capital reserves							
	Note	Share capital	Capital reserve	Equity instruments	Transactions with shareholders	Accumulated losses	Other comprehensive income	Attributable to owners of the Company	Noncontrolling interests	Total equity
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
Profit (loss) for the period		-	-	-	-	(9.692)	-	(9.692)	3.695	(5.997)
Exchange differences on foreign investment	9	-	-	-	-	-	140.118	140.118	1.542	141.660
Other comprehensive income		-	-	-	-	-	(133)	(133)	-	(133)
Total comprehensive income for the period		-	-	-	-	(9.692)	139.985	130.293	5.237	135.530
Capital increase	22	110	-	-	-	-	-	110	-	110
Exercise of stock options		-	(30.580)	-	-	-	-	(30.580)	-	(30.580)
BALANCES AS AT MARCH 31, 2020		378.679	1.748.489	103.982	(25.619)	(62.928)	197.672	2.340.275	32.236	2.372.511
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
Profit (loss) for the period		-	-	-	-	(165.626)	-	(165.626)	(679)	(166.305)
Exchange differences on foreign investment	9	-	-	-	-	-	95.861	95.861	134	95.995
Total comprehensive income for the period		-	-	-	-	(165.626)	95.861	(69.765)	(545)	(70.310)
Payment of subscribed preferred shares	16	-	64.343	-	-	-	-	64.343	-	64.343
BALANCES AS AT MARCH 31, 2021		325.443	2.301.725	99.841	(25.196)	(817.446)	556.347	2.440.714	22.120	2.462.834

The accompanying notes are an integral part of this individual and consolidated interim financial information.

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

STATEMENT OF CASH FLOWS
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2021
(In thousands of Brazilian reais - R$)

	Parent		Consolidated	
	03/31/2021	03/31/2020	03/31/2021	03/31/2020
CASH FLOW FROM OPERATING ACTIVITIES				
Profit (loss) before income tax and social contribution	(162.688)	1.399	(164.746)	20.733
Adjustments to reconcile profit (loss) before income tax and social contribution to net cash generated by (used in) operating activities:				
Share-based payment plan	-	317	-	317
Depreciation and amortization	75.365	71.287	193.008	157.589
Provision for (reversal) expected credit losses	182	(1.841)	390	(4.318)
Share of profit (loss) of investees	84.643	(18.508)	9.987	(882)
Write-off of intangible assets, property and equipment, and leases	224	1.092	8.086	7.524
Accrued interest on borrowings, debentures and exchange differences	15.925	46.573	34.294	73.467
Interest on leases	18.345	19.792	56.159	63.818
Discounts obtained on leases	(9.967)	-	(39.788)	-
Deferred revenue	(3.300)	(926)	6.804	3.302
Provision for tax, civil and labor risks	(254)	674	(388)	1.027
Other interest and provisions	-	(1.133)	-	(2.316)
Changes in operating assets and liabilities:				
Trade receivables	(13.188)	(27.071)	(30.621)	(28.470)
Taxes recoverable	(4.004)	1.321	(26.034)	(5.407)
Prepaid expenses	(9.003)	(11.738)	(17.312)	(13.400)
Other receivables	(4.543)	(192)	(8.789)	(9.871)
Escrow deposits	(33)	(11.544)	(3.693)	(11.709)
Trade and other payables	(26.873)	(45.534)	4.483	(58.991)
Salaries, accruals and social contributions	5.448	1.883	6.866	(2.911)
Taxes and contributions payable	9.006	5.361	10.239	11.817
Payment of taxes in installments	(97)	(736)	(154)	(172)
Cash generated by operating activities	(24.812)	30.476	38.791	201.147
Interest paid on borrowings and debentures	(1.665)	(3.499)	(12.288)	(10.078)
Interest paid on lease liabilities	(14.826)	(19.792)	(40.243)	(63.818)
Income tax and social contribution paid	-	-	(2.042)	(23.179)
Net cash generated by (used in) operating activities	(41.303)	7.185	(15.782)	104.072
CASH FLOW FROM INVESTING ACTIVITIES				
Additions to property and equipment and equipment leasing	(10.679)	(90.401)	(54.254)	(239.085)
Additions to intangible assets	(498)	(677)	(1.263)	(2.055)
Addition of cash due to mergers	-	1.230	-	-
Financial investments	(910)	(2.460)	(12.753)	(3.649)
Payment of acquisition of subsidiary and joint venture	(54.542)	(21.098)	(54.542)	(21.098)
Capital increase in subsidiary and joint venture	(33.319)	(12.943)	(2.569)	(1.158)
Related parties	(777)	(25.324)	(16.660)	1.829
Net cash used in investing activities	(100.725)	(151.673)	(142.041)	(265.216)
CASH FLOW FROM FINANCING ACTIVITIES				
Repayment of borrowings and costs	(21.737)	(23.936)	(32.010)	(47.369)
Proceeds from borrowings	-	921	36	260.041
Payment of leases	(27.161)	(27.831)	(60.359)	(44.699)
Capital increase by controlling interests	64.343	110	64.343	110
Payables to shareholders	497	(6)	(782)	304
Share buyback, net of receipts for stock option exercised	-	(30.581)	-	(30.581)
Dividends paid to noncontrolling interests	-	(489)	-	(489)
Net cash generated by (used in) financing activities	15.942	(81.812)	(28.772)	137.317
DECREASE IN CASH AND CASH EQUIVALENTS	(126.086)	(226.300)	(186.595)	(23.827)
STATEMENT OF CHANGES IN CASH AND CASH EQUIVALENTS				
Opening balance	621.099	1.087.872	1.019.611	1.351.381
Closing balance	495.013	861.572	863.123	1.346.480
Exchange differences on cash and cash equivalents	-	-	30.107	18.926
DECREASE IN CASH AND CASH EQUIVALENTS	(126.086)	(226.300)	(186.595)	(23.827)

The accompanying notes are an integral part of this individual and consolidated interim financial information.

SMARTFIT ESCOLA DE GINÁSTICA E DANÇA S.A AND SUBSIDIARIES

STATEMENT OF VALUE ADDED
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2021
(In thousands of Brazilian reais - R$)

	Parent		Consolidated	
	03/31/2021	03/31/2020	03/31/2021	03/31/2020
WEALTH CREATED				
Service revenue	176.962	298.458	403.991	652.704
Allowance for expected credit losses, net of reversals	(182)	130	(390)	355
Other operating income	3.681	-	2.555	-
	180.461	298.588	406.156	653.059
INPUTS PURCHASED FROM THIRD PARTIES				
Cost of sales and services	(51.288)	(38.734)	(86.344)	(73.162)
Materials, electric power, outside services and others	(9.690)	(37.557)	(19.255)	(78.704)
Advertising materials, marketing, promotion funds and others related to sales	(24.236)	(27.921)	(45.132)	(49.956)
GROSS VALUE ADDED	95.247	194.376	255.425	451.237
RETENTIONS				
Depreciation and amortization	(75.365)	(71.237)	(193.008)	(156.871)
WEALTH CREATED BY THE COMPANY	19.882	123.139	62.417	294.366
WEALTH RECEIVED IN TRANSFER				
Share of profit (loss) of investees	(84.643)	18.508	(9.987)	(882)
Finance income	16.565	16.807	48.411	20.805
	(68.078)	35.315	38.424	19.923
TOTAL WEALTH FOR DISTRIBUTION	(48.196)	158.454	100.841	314.289
WEALTH DISTRIBUTED				
Personnel:				
Salaries and wages	29.053	36.796	67.727	80.950
Benefits	4.452	3.454	7.619	9.263
Social security costs	2.260	3.047	4.601	4.868
Taxes, fees and contributions:				
Federal	15.879	36.393	24.333	62.579
State	3	36	164	959
Municipal	6.545	10.712	8.542	14.057
Lenders and lessors:				
Interest	39.626	68.307	118.420	127.784
Rents	19.612	9.401	35.740	19.826
Shareholders - loss for the period	(165.626)	(9.692)	(165.626)	(9.692)
Noncontrolling interests’ share of profit (loss)	-	-	(679)	3.695
	(48.196)	158.454	100.841	314.289

The accompanying notes are an integral part of this individual and consolidated interim financial information.

1. GENERAL INFORMATION

Smartfit Escola de Ginástica e Dança S.A. ("Company" or "Smartfit") is a Brazilian company registered with the Securities and Exchange Commission of Brazil ("CVM") and whose shares are not traded in the capital 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). Since the second quarter of 2020, units began to be reopened according to the local regulation of countries, states and cities where we operate. The Company ended March 2021 with 528 units opened (764 at December 31, 2020), the units opened are concentrated in 5 countries (Brazil, Mexico, Colombia, Guatemala and Ecuador) and, following instructions from the authorities, ended January, February, and March 2021 with 72%, 90%, and 56% of their units opened, respectively.

The Company has a comfortable cash position, mainly due to the capital increases made at the end of 2020 (see note 1.2). In consolidated, at March 31, 2021, the working capital is negative by R$ 84,391, however, R$ 139,467 refer to recorded deferred revenue not related to future cash disbursements, thus, working capital does not consider the deferred revenue in current liabilities, which is positive by R$ 55,076. In the period during 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. In May 2021, debentures were issued (see note 27), reinforcing the Company's financial position. 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 workload reduction or employment contract suspension for 100% of the Company's employees during the first periods 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;
- 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 (see note 13);
    - capital contribution of R$ 500 million from its shareholders, of which R$ 436 million paid up in December 2020 and R$ 64 million in January 2021 (see note 16).

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 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 (see notes 10 and 11)

(ii) Revenue recognition (see note 17)

(iii) Leases (see note 12)

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

1.2. Investment agreements

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.

1.3. Merger of subsidiaries

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.

In the quarter ended March 31, 2021, there were no mergers.

2. BASIS OF PREPARATION AND PRESENTATION OF THE INTERIM FINANCIAL INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1. Basis of preparation

The individual and consolidated interim financial information has been prepared and is presented for the quarter ended March 31, 2021 (“Mar/21) in accordance with the international accounting standard IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), and with the technical pronouncement CPC 21 (R1) - Interim Financial Reporting, issued by the Brazilian Accounting Pronouncements Committee (CPC) and presented in a manner consistent with the standards issued by the Securities and Exchange Commission of Brazil (CVM), applicable to the preparation of Quarterly Information (ITR). In the preparation of this interim financial information, the principles, estimates, accounting practices, measurement methods and standards adopted are consistent with the presentation in the individual and consolidated financial statements at December 31, 2020 (“Dec/20”) and individual and consolidated interim financial information at March 31, 2020 (“Mar/20”).

All significant information in the interim financial information, 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 interim financial information has 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 interim financial information incorporates the interim financial information of the Company and its direct and indirect subsidiaries. Control is achieved when the Company has the power to govern the financial and operating policies of an entity to benefit from its activities.

In the individual interim financial information, the financial information on subsidiaries and joint ventures is accounted for under the equity method, adjusted to conform their 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 interim financial information is 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 this interim financial information, the assets and liabilities of the Group's foreign operations are translated using the exchange rates prevailing at the end of the period. 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) Interim financial information 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 interim financial information 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 March 31, 2021, 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 interim financial information since it is not a statement provided for or required under the IAS. Such statement has been prepared based on information obtained from the accounting records used as a basis for the preparation of the interim financial information, supplementary records and in accordance with the provisions of technical pronouncement CPC 09.

(e) Judgment and estimates

Management tested its goodwill, other intangible assets, property and equipment, and right-of-use assets for impairment, in accordance with IAS 36/CPC 01, in its latest 2020 annual financial statements. No significant changes in the value of these items were identified that would require another impairment test or that would have significant impact on prior expectations of future cash flows and, therefore, would require adjustment at March 31, 2021.

(f) Standards and interpretations effective and not effective

There are no new standards and interpretations issued and not yet adopted that can have significant impacts on the profit or loss or equity disclosed by the Company, based on Management’s opinion.

(g) Approval of the interim financial information

The individual and consolidated interim financial information for the three-month period ended March 31, 2021 was concluded and authorized for issue by the Company’s officers on May 14, 2021.

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 stated at cost plus accrued yields.

Breakdown of balance

	Parent		Consolidated	
	Mar/21	Dec/20	Mar/21	Dec/20
Cash and banks	8,829	11,922	163,774	211,234
CDBs and other financial investments (i)	486,184	609,177	699,349	808,377
	495,013	621,099	863,123	1,019,611

(i) In Brazil, financial investments refer to Bank Certificates of Deposit (CDBs), yielding an average rate of approximately 100% of the Interbank Certificate of Deposit (approximately 99% of the CDI in Dec/20), all managed by independent financial institutions, and the main banks are Banco Santander S.A. and Banco Votorantim S.A.

Financial investments abroad include the subsidiaries Mexico - LATAMGYM, with approximate annual average rate of 3% (approximate 4% in Dec/20), Sporty City Colombia, with approximate annual average rate of 7% (approximate 7% in Dec/20), and Latamfit Chile, with approximate annual average rate of 0.2% (approximate 0.8% in Dec/20).

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 and O2 in

Chile.

Breakdown of balances

	Parent		Consolidated	
	Mar/21	Dec/20	Mar/21	Dec/20
Trade receivables (i)	92,917	79,729	188,230	157,609
Allowance for expected credit losses	(1,529)	(1,347)	(3,779)	(3,389)
	91,388	78,382	184,451	154,220

(i) These refer to recurring amounts from gym and corporate customers, promotions and recurring debt, receivables from the sales of gym plans, substantially distributed by the main card operators in Brazil and international card operators, and to the recognition of amounts of 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.

Aging list

	Parent		Consolidated	
	Mar/21	Dec/20	Mar/21	Dec/20
Current	90,710	77,835	181,878	152,290
Past due:				
Up to 30 days	105	90	331	277
From 31 to 60 days	122	105	401	336
From 61 to 90 days	127	109	368	308
From 91 to 180 days	529	454	1,680	1,407
From 181 to 360 days	608	522	1,667	1,396
More than 361 days	716	614	1,905	1,595
	2,207	1,894	6,352	5,319
	92,917	79,729	188,230	157,609

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.

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	
	Mar/21	Dec/20	Mar/21	Dec/20
General Sales Tax – IGV (i)	-	-	103,409	92,224
Income tax and social contribution	20,782	19,829	36,409	27,546
PIS and COFINS (taxes on revenue)	5,979	3,776	8,558	5,548
ISS (Service Tax)	2,426	1,578	3,483	1,781
Other taxes	32	32	11,300	10,026
	29,219	25,215	163,159	137,125
Current	29,219	25,215	99,150	82,330
Noncurrent	-	-	64,009	54,795

(i) These refer substantially to balances of Peru - R$ 39,932 (R$ 37,122 in Dec/20), Mexico - R$ 46,557 (R$ 41,596 in Dec/20), Colombia - R$ 12,969 (R$ 10,210 in Dec/20), and Chile - R$ 3,951 (R$ 3,296 in Dec/20), 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 in 2021 and subsequent periods.

6. OTHER RECEIVABLES

Accounting practice

Other receivables are carried in the balance sheet at the known or estimated amounts, adjusted through the end of each reporting period, when applicable. Financial assets that do not meet the amortized cost measurement criteria are measured at fair value through profit or loss. The balances of assets do not exceed their respective realizable values.

Breakdown of balances

	Parent		Consolidated	
	Mar/21	Dec/20	Mar/21	Dec/20
Security deposits (i)	-	-	26,032	26,466
Advances to suppliers	6,572	3,271	28,730	13,539
Franchises, fees and other products(ii)	-	3,739	1,717	12,834
Loans to third parties (iii)	14,307	12,681	14,307	12,681
Receivables from employees (iv)	11,355	7,200	14,686	8,648
Uniforms inventory	-	-	7,411	7,612
Others	2,059	2,950	3,561	5,844
	34,293	29,841	96,444	87,624
Current	20,578	17,742	56,696	47,906
Noncurrent	13,715	12,099	39,748	39,718

(i) These refer substantially to security deposits for lease contracts of operations in Mexico in the amount of R$ 24,311 (R$ 22,697 in Dec/20), recorded in noncurrent assets.

(ii) Balance related to amounts receivable from franchise royalties and use of brands operated by the Company in Brazil and abroad.

(iii) These refer substantially to a loan with N2B Nutrição Empresarial Ltda. ("N2B", a startup that operates in the nutrition industry) in the amount of R$ 10,000, indexed to the Amplified Consumer Price Index (IPCA) variation, with maturity in February 2025, which will entitle Smartfit to hold a 64.4% interest in N2B in the event of conversion. It is recognized as a financial instrument at fair value in non-current assets and refers to a proposal for investment in N2B 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.

(iv) These refer substantially to advances related to salaries, vacation pay, 13th month salary, and loans to employees.

7. FINANCIAL INVESTMENTS

Accounting practice

Financial investments are (i) stated at cost plus accrued yields, or (ii) measured at fair value through profit or loss at the end of each period. Gains or losses arising from changes in fair value are recognized in the statement of profit and loss on an accrual basis, in line items "Finance income" or "Finance costs", respectively.

Breakdown of balances

	Parent		Consolidated	
	Mar/21	Dec/20	Mar/21	Dec/20
Restricted funds and CDBs (*)	45,110	44,200	69,386	45,908
Others	3,404	3,404	3,404	14,129
	48,514	47,604	72,790	60,037

(*) These refer substantially to guarantees related to debentures, which must be held to the final maturity of the contracts.

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 are as follows:

	Parent		Consolidated	
	Mar/21	Dec/20	Mar/21	Dec/20
Noncurrent assets				
Trading transactions (i)	56,218	60,931	23,959	15,521
Loan agreements (ii)	28,295	27,471	20,515	20,409
Interest on capital and dividends	333	333	-	-
	84,846	88,735	44,474	35,930
Current liabilities				
Trading transactions (i)	29,017	25,771	-	204
Loan agreements (ii)	2,957	2,957	-	-
Interest on capital and dividends	331	331	301	301
	32,305	29,059	301	505

(i) 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.

(ii) 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	
	Mar/21	Dec/20	Mar/21	Dec/20
BALANCE SHEET				
Noncurrent assets				
Subsidiaries and joint ventures:				
ADV Esportes	26,484	24,359	-	-
SmartEXP (i)	25,071	15,521	27,151	15,521
Smartfin	104	14,209	-	-
Smartdom	9,106	8,876	-	-
Bio Plaza	4,480	3,977	-	-
Asnsmart	3,936	3,659	-	-
Bioswim	5,720	3,242	-	-
Biosanta	2,858	2,823	-	-
Microsul	1,322	1,318	-	-
Smartrfe	1,332	945	-	-
Centrale	382	382	-	-
M2	336	250	-	-
SmartMNG	161	155	-	-
Biomorum	84	84	-	-
Associates:				
TotalPass	6,701	4,298	-	-
TotalPass Mexico (ii)	-	-	21,818	17,465
Noncontrolling interests				
Other related parties	4,681	4,637	3,417	2,944
	92,758	88,735	52,386	35,930

	Parent		Consolidated	
	Mar/21	Dec/20	Mar/21	Dec/20
Current liabilities				
Direct and indirect subsidiaries:				
Bioswim (iii)	25,926	25,397	-	-
Biomorum	805	230	-	-
Smartfin	1,492	-	-	-
TotalPass	105	-	-	-
ADV Esportes	386	-	-	-
SmartMNG	94	-	-	-
M2	124	-	-	-
Others	416	475	301	505
Noncontrolling interests				
Other related parties	2,957	2,957	-	-
	32,305	29,059	301	505

(i) These refer to commercial transactions for the purchase of equipment by Smartfit (R$ 16,539 in Mar/21 and R$ 15,521 in Dec/20) and Bioswim (R$ 2,095 in Mar/21), which were transferred to SmartEXP, without net gains.

(ii) These refer substantially to loans from LATAMGYM in Mexico related to expenditures on TotalPass Mexico (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.

(iii) These refer to transactions resulting from the apportionment of administrative expenses and transfers of property and equipment.

	Parent		Consolidated	
	Mar/21	Mar/20	Mar/21	Mar/20
STATEMENT OF PROFIT AND LOSS				
Cost of services rendered				
Operational support reimbursement	2,513	21,503	-	-
Operational support services	(408)	-	-	-
Operating expenses				
General and administrative expenses	(582)	-	-	-
Finance income (costs)				
Finance income (*)	2,268	-	2,288	-
Finance costs	(404)	-	-	-
	3,387	21,503	2,288	-

(*) These refer to the result from the assignment of rental contracts related to units transferred from the Company to SmartEXP (see note 12).

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$ 180 (R$ 176 in Mar/20).

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$ 8,890 for 2021 (R$ 5,975 for 2020) was approved.

The compensation of the Company's officers is composed of management fees, bonuses, stock option plan, and other amounts, recognized in line item "General and administrative expenses" in the quarter ended Mar/21 in the amount of 1,654 (R$ 3,300 in Mar/20). There are no post-employment benefits.

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 interim financial information, using the equity method.

Gains and losses on translation of interim financial information of foreign operations are classified in line item "Other comprehensive income", directly in equity.

Summarized information on investments

	Parent		Consolidated	
	Mar/21	Dec/20	Mar/21	Dec/20
Investment - noncurrent assets	2,237,497	2,204,249	123,895	125,211
Investments with negative equity - noncurrent liabilities (i)	(4,151)	(11,435)	(7,515)	(1,495)
	2,233,346	2,192,814	116,380	123,716

(i) In the parent, this refers to investments Biosanta (R$ 55) [(R$ 67) in Dec/20], MB Negócios Digitais (R$ 2,533) [(R$ 9,791) in Dec/20] and TotalPass (R$ 1,563) [(R$ 1,577) in Dec/20], which present negative equity. In the consolidated, this refers to the joint venture TotalPass México through the subsidiary Mexico - LATAMGYM, in the amount of (R$ 7,515) in Mar/21 [(R$ 1,495) in Dec/20].

Breakdown of investment balances - consolidated

	Mar/21	Dec/20
FitMaster	25,868	24,360
Sporty Panama	92,269	95,093
SmartEXP	5,758	5,758
TotalPass México	(7,515)	(1,495)
	116,380	123,716

Parent

	Mar/21			Dec/20			Mar/21		Mar/20	
	Direct interest (%)	Equity	Balance	Direct interest (%)	Equity	Balance	Share of profit (loss) of investees	Other comprehensive income	Share of profit (loss) of investees	Other comprehensive income
Subsidiaries										
ADV	73.12%	48,678	35,593	73.12%	49,268	36,025	(432)	-	2,492	-
Argentina	100.00%	42,056	42,056	100.00%	46,549	46,549	(5,080)	(246)	1,395	6,369
Arnaut (*)	-	-	-	100.00%	-	-	-	-	(496)	-
Biocerro (*)	-	-	-	100.00%	-	-	-	-	135	-
Biomorum	100.00%	4,997	4,997	100.00%	5,307	5,307	(310)	-	849	-
Biopauli	100.00%	9,220	9,220	100.00%	8,998	8,998	222	-	218	-
Biosanta	19.18%	(286)	(55)	19.18%	(347)	-67	12	-	(27)	-
Bioswim	100.00%	90,289	90,289	100.00%	94,034	94,033	(3,744)	-	2,718	-
Centrale	66.92%	12,077	8,088	66.92%	12,034	8,053	29	-	139	-
Chile	100.00%	31,561	31,561	100.00%	39,691	39,691	(10,558)	2,412	5,304	7,232
Latamfit - Colombia	100.00%	88,998	88,998	100.00%	96,667	96,667	(9,199)	1,530	3,926	9,459
M2	50.00%	5,150	2,575	50.00%	5,073	2,536	39	-	121	-
MB Negócios Digitais (**)	70.00%	(3,618)	(2,533)	70.00%	(13,988)	(9,791)	7,259	-	-	-
Mexico - CSC	100.00%	118,210	118,210	100.00%	130,464	130,464	(20,315)	8,061	5,152	5,380
Mexico - Latamgym	50.00%	288,920	172,330	50.00%	284,371	154,997	(20,512)	10,687	4,909	5,353
Mexico - SDL	50.00%	2,686	1,343	50.00%	2,142	1,071	193	79	240	20
Microsul	100.00%	1,945	1,945	100.00%	2,242	2,242	(297)	-	(242)	-
Smartfit Peru	90.00%	10,775	9,697	90.00%	29,495	26,545	(18,059)	1,211	(9,057)	12,335
Racebootcamp	2.06%	3,124	64	2.06%	3,267	67	(3)	-	(11)	-
SmartCBL (*)	-	-	-	100.00%	-	-	-	-	8	-
SmartFIN	100.00%	766	766	100.00%	209	209	557	-	255	-
Smartfit Paraguay	99.99%	23,384	23,382	99.99%	17,230	17,228	127	3,260	(1,779)	3,980
SmartMNG	99.99%	37,988	37,984	99.99%	38,807	38,803	(818)	-	1,684	-
SmartRFE	100.00%	22,567	22,567	100.00%	22,256	22,256	311	-	775	-
SmartVCR (*)	-	-	-	100.00%	-	-	-	-	16	-
TotalPass	100.00%	(1,563)	(1,563)	100.00%	(1,577)	(1,577)	14	-	666	-
Joint ventures										
FitMaster	55.00%	60,437	25,868	55.00%	44,290	24,360	(1,061)	-	-	-
SmartEXP (**)	50.00%	191,657	5,758	50.00%	202,877	5,758	-	-	-	-
Sporty Panamá (**)	50.00%	172,358	92,269	50.00%	124,131	95,093	(3,018)	113	(882)	32,634
Goodwill and surplus value										
CSC Mexico			678,324			635,227	-	43,097	-	20,201
Latamfit Chile			237,944			220,034	-	17,910	-	21,937
Latamfit Colombia			429,139			421,392	-	7,747	-	15,218
MB Negócios Digitais			93,664			93,664	-	-	-	-
Amortization of surplus value			(27,134)			(23,020)	-	-	-	-
			2,233,346			2,192,814	(84,643)	95,861	18,508	140,118

(*) This refers to interests merged in 2020.

(**) This refers to companies acquired/established during 2020 (Sporty Panamá on January 21, MB Negócios Digitais on July 14, and SmartEXP on December 15).

Summarized information on joint ventures

	Mar/21			Dec/20		
	FitMaster	SmartEXP	Sporty Panama	FitMaster	SmartEXP	Sporty Panama
BALANCE SHEET						
Current assets	426	157,725	70,087	2,652	186,284	60,031
Noncurrent assets	60,011	174,316	153,258	50,126	22,333	117,027
Total assets	60,437	332,041	223,345	52,778	208,617	177,058
Current liabilities	-	41,696	3,432	8,488	5,740	8,448
Noncurrent liabilities	-	98,688	47,555	-	-	44,479
Total liabilities	-	140,384	50,987	8,488	5,740	52,927
Total equity	60,437	191,657	172,358	44,290	202,877	124,131

	Mar/21			Mar/20		
	FitMaster	SmartEXP	Sporty Panama	FitMaster	SmartEXP	Sporty Panama
STATEMENT OF PROFIT AND LOSS						
Revenues	1,461	556	3,450	-	-	-
Costs and expenses	(3,598)	(10,218)	(7,872)	-	-	(1,764)
Operating profit	(2,137)	(9,662)	(4,422)	-	-	(1,764)
Finance income (costs)	(5)	(284)	(735)	-	-	-
Income taxes	-	-	-	-	-	-
Profit (loss) for the period	(2,142)	(9,946)	(5,157)	-	-	(1,764)

Changes - 1st quarter

	Parent		Consolidated	
	Mar/21	Mar/20	Mar/21	Mar/20
Opening balance (December)	2,192,814	1,799,848	123,716	5,297
Capital increase in subsidiaries and joint ventures (i)	33,319	12,943	2,569	1,158
Acquisition of joint venture - Sporty Panama	-	83,436	-	83,436
Gain on translation of foreign investees	95,861	140,118	113	32,634
Share of profit (loss) of investees	(84,643)	18,508	(9,987)	(882)
Amortization of surplus value	(4,096)	(2,525)	-	-
Write-offs of investments due to merger (ii)	-	(4,124)	-	-
Others	91	(355)	(31)	(830)
Closing balance (March)	2,233,346	2,047,849	116,380	120,813

(i) In Mar/21, in the parent, this refers to a capital increase in the subsidiaries in Argentina (R$ 833), Mexico - LATAMGYM (R$ 27,150), Smartfit Paraguay (R$ 2,767), and in the joint venture FitMaster (R$ 2,569).

(ii) These refer to 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") based on a report prepared by independent appraisers, at book values, as merged at January 31, 2020.

New investments up to March 31, 2021

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. At March 31, 2021, the closing of the Transaction was 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) (see note 27).

Investments in 2020 (*)

On July 14, 2020, the Company's management signed a share purchase and sale agreement for the acquisition of a 70% interest in 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.

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.

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. 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.

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 binds all common shares and preferred shares of SmartEXP, and the Company's contribution to SmartEXP's capital is R$ 2 in common shares, with the remainder of the contributions made by FIP and the other shareholders. As a result of the shareholders' agreement, only preferred shares confer rights to results and dividends and, therefore, there is no attribution of significant results of this joint venture for purposes of the Company's equity accounting.

(*) Additional details are disclosed in note 9 to the annual individual and consolidated financial statements for the year ended December 31, 2020 issued on March 24, 2020.

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 consider 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.

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 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.

As at March 31, 2021, there was no significant change in the expected useful lives as compared with the depreciation rates used in the prior year.

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, 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 CGUs.

As a result of the analyses carried out at December 31, 2020 and reassessed at March 31, 2021, we did not identify the need to record a provision for impairment.

Assets pledged as collateral

As at March 31, 2021, the Company had assets pledged as collateral for finance leases with third parties (equipment formerly stated in property and equipment and included in borrowings, which were reclassified to Right-of-use leases against Lease liabilities) (see note 12).

Balances of and variations in property and equipment in the 1st quarter - Parent

	Annual depreciation rate (%)	Dec/20 Cost	Dec/20 Accumulated depreciation	Dec/20 Net value	Variations Additions (i)	Variations Mergers	Variations Write-offs (ii)	Variations Transfers (iii)	Variations Depreciation	Mar/21 Net value
Facilities and leasehold improvements	10	867,265	(399,558)	467,707	3,256	-	-	7,904	(17,359)	461,508
Machinery and equipment	10	397,156	(123,176)	273,980	2,692	-	(2,675)	1,930	(9,914)	266,013
Furniture and fixtures	10	87,591	(32,968)	54,623	485	-	(31)	452	(2,167)	53,362
IT equipment	20	31,178	(13,036)	18,142	167	-	(9)	92	(1,453)	16,939
Vehicles	20	117	(76)	41	-	-	-	-	(6)	35
Other property and equipment	15	73,788	(34,072)	39,716	332	-	(65)	245	(4,498)	35,730
Property and equipment in progress	-	32,505	-	32,505	3,747	-	(66)	(12,843)	-	23,343
		1,489,600	(602,886)	886,714	10,679	-	(2,846)	(2,220)	(35,397)	856,930

	Annual depreciation rate (%)	Dec/19 Cost	Dec/19 Accumulated depreciation	Dec/19 Net value	Variations Additions (i)	Variations Mergers	Variations Write-offs (ii)	Variations Transfers	Variations Depreciation	Mar/20 Net value
Facilities and leasehold improvements	18	732,968	(322,263)	410,705	17,593	3,423	10	39,171	(19,755)	451,147
Machinery and equipment	10	345,638	(88,189)	257,449	5,503	5,432	(863)	18,825	(9,013)	277,333
Furniture and fixtures	10	73,797	(24,312)	49,485	1,478	515	(58)	3,833	(2,034)	53,219
IT equipment	20	24,111	(8,153)	15,958	1,838	211	(115)	1,020	(1,193)	17,719
Vehicles	20	117	(53)	64	-	-	-	-	(6)	58
Other property and equipment	15	61,088	(20,108)	40,980	753	711	(59)	4,047	(3,368)	43,064
Property and equipment in progress	-	70,734	-	70,734	63,236	-	(123)	(66,896)	-	66,951
		1,308,453	(463,078)	845,375	90,401	10,292	(1,208)	-	(35,369)	909,491

(i) The additions to property and equipment refer to recent units, and the additions for the 1st quarter of 2021 are considerably less than in 2020, this is one of the Company's key measures to mitigate cash outflows, expand operations and business, and guarantee it will continue as a going concern, these measures have helped the Company to deal with the economic downturn due to the COVID-19 pandemic.

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

(iii) The remaining balance in the Transfers column refers to reclassifications to Intangible assets (see note 11).

Balances and variations in property and equipment in the 1st quarter - Consolidated

	Annual depreciation rate (%)	Dec/20 Cost	Dec/20 Accumulated depreciation	Dec/20 Net value	Variations Additions (i)	Variations Write-offs (ii)	Variations Exchange effect	Variations Transfers (iii)	Variations Depreciation	Mar/21 Net value
Buildings	2 - 4	7,432	(2,757)	4,675	134	-	-	-	(74)	4,735
Facilities and leasehold improvements	10 - 20	2,251,225	(787,332)	1,463,893	15,759	(479)	53,791	48,036	(48,398)	1,532,602
Machinery and equipment	7 - 12	803,533	(250,165)	553,368	3,870	(3,572)	9,495	38,501	(20,920)	580,742
Furniture and fixtures	7 - 12	193,216	(77,570)	115,646	1,746	(217)	2,787	12,526	(5,660)	126,828
IT equipment	3 - 25	105,928	(56,287)	49,641	554	(14)	1,296	506	(4,985)	46,998
Vehicles	10 - 20	760	(295)	465	538	-	7	4	(29)	985
Other property and equipment	3 -15	92,387	(43,201)	49,186	388	(82)	153	(908)	(5,630)	43,107
Property and equipment in progress and advances	-	188,258	-	188,258	31,265	(6,853)	12,343	(100,024)	-	124,989
		3,642,739	(1,217,607)	2,425,132	54,254	(11,217)	79,872	(1,359)	(85,696)	2,460,986

	Annual depreciation rate (%)	Dec/19 Cost	Dec/19 Accumulated depreciation	Dec/19 Net value	Variations Additions (i)	Variations Write-offs (ii)	Variations Exchange effect	Variations Transfers	Variations Depreciation	Mar/20 Net value
Buildings	2- 4	14,074	(6,765)	7,309	-	-	572	-	(308)	7,573
Facilities and leasehold improvements	10 - 20	1,762,654	(560,415)	1,202,239	48,608	(39)	58,037	102,112	(43,324)	1,367,633
Machinery and equipment	7 - 12	646,318	(160,938)	485,380	28,901	(1,141)	20,521	36,215	(14,466)	555,410
Furniture and fixtures	7 - 12	182,612	(62,403)	120,209	10,063	(322)	2,883	6,651	(6,230)	133,254
IT equipment	3 - 25	82,809	(32,569)	50,240	5,648	(227)	2,311	1,667	(3,837)	55,802
Vehicles	10 - 20	577	(163)	414	-	-	24	-	(24)	414
Other property and equipment	3 - 15	78,479	(26,825)	51,654	24,578	(83)	-	(19,395)	(4,201)	52,553
Property and equipment in progress and advances	-	176,797	-	176,797	121,287	(5,836)	15,307	(127,250)	-	180,305
		2,944,320	(850,078)	2,094,242	239,085	(7,648)	99,655	-	(72,390)	2,352,944

(i) The additions to property and equipment refer to recent units, mainly regarding Latin American operations, and the additions for the 1st quarter of 2021 are considerably less than in 2020, this is one of the Company's key measures to mitigate cash outflows, expand operations and business, and guarantee it will continue as a going concern, these measures have helped the Company to deal with the economic downturn due to the COVID-19 pandemic.

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

(iii) The remaining balance within "Transfers" refers to property and equipment reclassified to Intangible assets in the amount of R$ 2,220 (see note 11) and Right-of-use leases reclassified to property and equipment in the amount of R$ 921 (see note 12).

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 consider 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 and variations in intangible assets in the 1st quarter

Parent	Annual average amortization rate (% p.a.)	Dec/20			Variations						Mar/21
		Cost	Accumulated amortization	Net value	Additions	Mergers	Write-offs	Exchange effects	Transfers (i)	Amortization	Net value
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	-	-	-	-	-	-	7,873
Assignment of right of use	10	42,773	(33,437)	9,336	-	-	-	-	-	(421)	8,915
Software	20	11,454	(4,891)	6,563	498	-	(14)	-	2,220	(552)	8,715
Trademarks and patents	-	8,478	-	8,478	-	-	-	-	-	-	8,478
		145,025	(38,328)	106,697	498	-	(14)	-	2,220	(973)	108,428

	Annual average amortization rate (% p.a.)	Dec/19			Variations						Mar/20
		Cost	Accumulated amortization	Net value	Additions	Mergers	Write-offs	Exchange effects	Transfers	Amortization	Net value
Goodwill - Bio Ritmo	-	72,378	-	72,378	-	-	-	-	-	-	72,378
Goodwill - Smart Fit	-	2,069	-	2,069	-	-	-	-	-	-	2,069
Assignment of right of use	10	46,853	(31,547)	15,306	50	83	-	-	-	(488)	14,951
Software	20	8,630	(2,728)	5,902	743	47	-	-	-	(410)	6,282
Customer list	10	3,992	(3,992)	-	-	-	-	-	-	-	-
Trademarks and patents	-	8,478	-	8,478	-	-	-	-	-	-	8,478
		142,400	(38,267)	104,133	793	130	-	-	-	(898)	104,158

Consolidated		Dec/20			Variations						Mar/21
		Cost	Accumulated amortization	Net value	Additions	Mergers	Write-offs	Exchange effects	Transfers (i)	Amortization	Net value
Goodwill – Bio Ritmo	-	75,022	-	75,022	-	-	-	-	-	-	75,022
Goodwill – Smartfit Peru	-	39,295	-	39,295	-	-	-	2,114	-	-	41,409
Goodwill – Latamfit Colombia	-	416,755	-	416,755	-	-	-	7,662	-	-	424,417
Goodwill – Latamfit Chile	-	208,860	-	208,860	-	-	-	17,001	-	-	225,861
Goodwill – CSC – Mexico	-	621,399	-	621,399	-	-	-	42,141	-	-	663,540
Goodwill - Pro Forma	-	7,873	-	7,873	-	-	-	-	-	-	7,873
Goodwill – MB Negócios Digitais	-	81,547	-	81,547	-	-	-	-	-	-	81,547
Assignment of right of use	5 - 11	65,032	(44,186)	20,846	-	-	-	(2,317)	-	(1,309)	17,220
Software	6 - 28	48,689	(21,973)	26,716	1,263	-	(139)	(2,329)	2,220	(3,123)	24,608
Customer list	20 - 33	38,038	(21,599)	16,439	-	-	-	5,025	-	(6,057)	15,407
Trademarks and patents	-	26,918	(790)	26,128	-	-	-	3,133	-	(1,651)	27,610
		1,629,428	(88,548)	1,540,880	1,263	-	(139)	72,430	2,220	(12,140)	1,604,514

		Dec/19			Variations						Mar/20
		Cost	Accumulated amortization	Net value	Additions	Mergers	Write-offs	Exchange effects	Transfers	Amortization	Net value
Goodwill – Bio Ritmo	-	72,378	-	72,378	-	-	-	-	-	-	72,378
Goodwill – Smartfit Peru	-	30,198	-	30,198	-	-	-	8,141	-	-	38,339
Goodwill – Latamfit Colombia	-	341,412	-	341,412	-	-	-	15,050	-	-	356,462
Goodwill – Latamfit Chile	-	153,141	-	153,141	-	-	-	20,823	-	-	173,964
Goodwill – CSC – Mexico	-	508,471	-	508,471	-	-	-	19,761	-	-	528,232
Assignment of right of use	5 - 11	67,830	(36,118)	31,712	50	-	-	1,074	-	(661)	32,175
Software	6 - 28	30,988	(12,216)	18,772	2,005	-	124	1,442	-	(1,163)	21,180
Customer list	20 - 33	34,373	(17,911)	16,462	-	-	-	1,952	-	(3,682)	14,732
Trademarks and patents	-	13,314	-	13,314	-	-	-	643	-	-	13,957
		1,252,105	(66,245)	1,185,860	2,055	-	124	68,886	-	(5,506)	1,251,419

(i) The remaining balance in the Transfers column refers to reclassifications of Property and equipment (see note 10).

Impairment testing of goodwill

The Company makes an annual assessment of the recoverability of intangible balances with indefinite useful lives at December 31, 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, 3.0% for Mexico and 3.8% for Colombia which corresponds to the projected inflation rate in each country.

Based on this analysis performed at December 31, 2020 and reassessed at March 31, 2021, no provision for impairment was accounted for.

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. As at March 31, 2021, there were no changes in the expected useful lives in relation to the amortization rates effective in the prior year, and in the reassessment for March 31, 2021, no adjustments to the disclosed amounts were required.

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 for the operations in Brazil), and discounted at average rates from 7.08% to 10.11% in the parent and from 4.28% to 10.56% in the consolidated. Grace periods (that is, rent-free periods) are recognized as part of the measurement of right-of-use assets and lease liabilities. With the beginning of the use, depreciation is recognized, and in the course of the obligations, the interest accrued is recognized in profit or loss.

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, incurring expenses of R$ 277 in the parent and to R$ 371 in the consolidated in the quarter ended March 31, 2021 (R$ 5 and R$ 43 in the parent and consolidated, respectively in the quarter ended March 31, 2020).

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. In addition, no evidence of impairment was identified that would require the performance of a new analysis at March 31, 2021. 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$ 9,967 in the parent and R$ 39,788 in the consolidate as discounts obtained with leases in the quarter ended March 31, 2021 (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 March 31, 2021, and because there were no significant changes in other terms and conditions of the lease agreement.

Breakdown of balances

	Parent		Consolidated	
	Mar/21	Dec/20	Mar/21	Dec/20
Assets				
Right-of-use assets	866,060	923,843	2,703,241	2,726,888
Liabilities				
Lease liabilities - current	135,249	135,824	355,198	339,403
Lease liabilities - noncurrent	792,742	847,338	2,516,708	2,534,381
	927,991	983,162	2,871,906	2,873,784

Changes - 1st quarter

	Parent			Consolidated		
	Machinery and equipment	Lease of real estate	Total	Machinery and equipment	Lease of real estate	Total
Right-of-use assets						
In Dec/20	17,223	906,620	923,843	248,092	2,478,796	2,726,888
Additions and remeasurements	212	22,703	22,915	130	24,289	24,419
Assignment of right of use (*)	-	(42,999)	(42,999)	-	(45,553)	(45,553)
Transfers (**)	-	-	-	(921)	-	(921)
Depreciation	(993)	(33,906)	(34,899)	(13,116)	(82,056)	(95,172)
Tax credits on depreciation	-	(2,800)	(2,800)	-	(3,328)	(3,328)
Exchange effects	-	-	-	11,328	85,580	96,908
In Mar/21	16,442	849,618	866,060	245,513	2,457,728	2,703,241
In Dec/19	19,213	880,922	900,135	190,138	2,140,958	2,331,096
Mergers	654	9,087	9,741	-	-	-
Additions and remeasurements	-	27,128	27,128	-	96,975	96,975
Depreciation	(660)	(31,835)	(32,495)	(12,054)	(67,639)	(79,693)
Tax credits on depreciation	-	(2,932)	(2,932)	-	(3,439)	(3,439)
Exchange effects	-	-	-	9,253	89,757	99,010
In Mar/20	19,207	882,370	901,577	187,337	2,256,612	2,443,949
Lease liabilities						
In Dec/20	3,612	979,550	983,162	217,298	2,656,486	2,873,784
Additions and remeasurements	-	22,141	22,141	-	23,356	23,356
Assignment of right of use (*)	-	(44,861)	(44,861)	-	(47,820)	(47,820)
Interest incurred	41	18,304	18,345	80	56,079	56,159
Tax credits on interest		1,158	1,158	-	1,394	1,394
Considerations (**)	(1,887)	(50,067)	(51,954)	(15,518)	(124,872)	(140,390)
Exchange effects	-	-	-	10,473	94,950	105,423
In Mar/21	1,766	926,225	927,991	212,333	2,659,573	2,871,906
In Dec/19	12,201	919,476	931,677	195,576	2,216,834	2,412,410
Mergers	391	9,455	9,846	-	-	-
Additions and remeasurements	-	27,391	27,391	-	96,975	96,975
Interest incurred	207	19,585	19,792	13,109	50,709	63,818
Tax credits on interest	-	946	946	-	1,085	1,085
Considerations	(2,341)	(45,673)	(48,014)	(7,633)	(100,884)	(108,517)
Exchange effects	-	-	-	9,653	94,206	103,859
In Mar/20	10,458	931,180	941,638	210,705	2,358,925	2,569,630

(*) These refer to the assignment of rental contracts related to units transferred from the Company to the joint venture SmartEXP on January 1, 2021.

(**) These refer to reclassifications of property and equipment (see note 10).

(***) These include discounts obtained on property leases of R$ 9,967 in the parent and R$ 39,788 in the consolidated (see note 19).

Flow of lease maturities:

	Machinery and equipment	Lease of real estate	Total
2021 (9 months)	56,462	214,014	270,476
2022	70,052	296,432	366,484
2023	52,721	313,388	366,109
2024 onwards	33,097	1,835,740	1,868,837
	212,332	2,659,574	2,871,906

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	
	Par value (interest-free)	Adjustment to present value
Lease consideration - property rentals	3,971,196	2,659,574
PIS/COFINS - 9.25% (i)	118,185	88,692
	4,089,381	2,748,266

(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 for five years based on the Consumer Price Index (IPC) disclosed by central banks of the countries where the Company operates (Brazil, Chile, Colombia, Mexico, Peru, Paraguay, and Argentina), and discounted at the applicable average rates:

	Actual flow	Flow w/ inflation
Right-of-use assets	2,457,728	3,002,403
Lease liabilities	1,335,607	1,277,084
Finance charges	1,323,966	1,926,099
	2,659,573	3,203,183
Finance costs	1,323,967	1,926,099
Depreciation expense	2,447,708	2,987,027
	3,771,675	4,913,126

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. Before each period closing, the Company monitors the compliance with covenants in order to assess which actions are necessary to avoid the early maturity of the debt, if necessary.

Breakdown of balances

	Parent		Consolidated	
	Mar/21	Dec/20	Mar/21	Dec/20
Debentures (i)	1,170,052	1,156,511	1,170,052	1,156,511
Working capital (ii)	142,563	163,581	1,514,065	1,459,562
	1,312,615	1,320,092	2,684,117	2,616,073

	Parent		Consolidated	
Current	213,913	83,916	516,056	277,652
Noncurrent	1,098,702	1,236,176	2,168,061	2,338,421

(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$ 10,000.00.

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. Interest payments are made on a semiannual basis.

There is an early maturity covenant requiring the quarterly assessment of the net debt/EBITDA ratio ("Financial Ratio"), which must be equal to or less than 3.0.

During the General Meeting of Debenture holders held on June 26, 2020, the following matters related to the 4th issue of the Company's debentures ("Debentures") were approved:

- Extraordinary change in the limit of the Financial Ratio, which will not be 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 6.75. In addition, 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 shall be equal to or greater than 2.0 for the 2nd quarter of 2020, 1.75 for the 3rd quarter of 2020 and 1.50 for the 4th quarter of 2020 and for the 1st quarter of 2021.

- 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.

- Payment of premium (waiver fee) to debenture holders corresponding to 1.18% of the debt amount, equivalent to R$ 15.3 million paid on July 8, 2020.

- 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.

Considering the decision of the debenture holders on June 26, 2020, which approved an extraordinary change in the measurement of the Financial Ratio and considered the Liquidity Ratio measurement, at December 31, 2021, the Company fully complied with early maturity covenants, whether related to certain automatic or nonautomatic default events.

In the General Meeting of Debenture holders held on March 26, 2021, the following matters related to the 4th issue of the Company's debentures ("Debentures") were approved:

- The grouping of (i) first and third series debentures into a single series, and (ii) second and fourth series debentures into a single series. Accordingly, the Issue will then comprise first series (formerly first and third series) and second series (formerly second and fourth series) debentures and, therefore, former "third series debentures" and "fourth series debentures" will be referred to as "first series debentures" and "second series debentures", respectively.

- Nonmeasurement of the Financial Ratio, as established in the Indenture for the fourth issue of debentures, referring to the 1st, 2nd, 3rd and 4th quarters of 2021 and to the 1st quarter of 2022, which did not establish the nonautomatic early maturity hypothesis. This decision is contingent to the following obligations, which are described in the third amendment to the debentures, also dated March 26, 2021:

  - Regarding the change in the debenture remuneration, as follows:

    - Change in the first series debenture remuneration from CDI + 1.70% p.a. to CDI + 2.25% p.a. from April 20, 2021.

- Change in the second series debenture remuneration from CDI + 2.75% p.a. to CDI + 3.10% p.a. from April 20, 2021.

- Change in the third series debenture remuneration from CDI + 1.75% p.a. to CDI + 2.25% p.a. from April 20, 2021.

- Change in the fourth series debenture remuneration from CDI + 2.75% p.a. to CDI + 3.10% p.a. from April 20, 2021.

  - Extension of the current secured fiduciary assignments, which have been temporarily established by the Issuer following a decision in the General Meeting of Debenture holders on June 26, 2020:

- The amendment concerning the maintenance of the current fiduciary assignment of credit rights from bank deposit certificates (CDB) issued by prime financial institutions must include the change in the amount to R$ 70,000 until April 26, 2021.

- Fiduciary assignments will be valid until the first of (i) the disclosure date of the financial information for the 1st quarter of 2022, if the Issuer succeeds to maintain the Financial Ratio below 3.00x in that quarter; or (ii) the disclosure date of the financial information for the 2nd quarter of 2022, if the Issuer succeeds to maintain the Financial Ratio below 3.00 in that quarter; or (iii) the expected payment date for the remuneration, that is, October 20, 2022. The Restricted Account and the Financial Investment balances will be considered as cash and financial investments for the purposes of the measurement of the Financial and Liquidity Ratios.

  - The Company's key obligations are as follows:

- Maintain the Financial Ratio equal to or less than 6.75 in the 4th quarter of 2021 and in the 1st quarter of 2022, and to maintain the Liquidity Ratio equal to or greater than: 1.50 in the 1st quarter of 2021, 2nd quarter of 2021 and 3rd quarter of 2021; 1.75 in the 4th quarter of 2021; 2.0 in the 1st quarter of 2022; and 2.0 in the 2nd quarter of 2022 (applicable only if the Financial Ratio for this period exceeds 3.00).

- Do not distribute dividends, interest on capital, or any other remuneration to shareholders, even if the Issuer is compliant with all obligations established in the Issue Indenture from the 1st quarter of 2021 until (i) the disclosure date of the financial information for the 1st quarter of 2021, if the Issuer succeeds to maintain the Financial Ratio below 3.00x in that quarter; or (ii) the disclosure date of the financial information for the 2nd quarter of 2022; and

- Comply with the rating assigned to the Issuer or to the Debentures by the respective Risk Rating Agency, that is, equal to or above "A-(brA-)" or equivalent, until the disclosure date of financial information for the 1st quarter of 2022.

• In addition, the meeting also discussed the exceptional amortization of all Outstanding Debentures, equivalent to 10% of the respective Nominal Par Value, plus the respective Remuneration, calculated on a pro rata temporis basis, from the immediately preceding Debenture Remuneration payment date up to such exceptional amortization, which occurred on April 15, 2021.

Considering the decision of the debenture holders on March 26, 2021, which approved an extraordinary change in the Financial Ratio measurement and considered the Liquidity Ratio measurement for the quarter ended March 31, 2021 and the next four quarters, at March 31, 2021, the Company fully complied with early maturity covenants, whether related to certain automatic or nonautomatic default events, as per the related Indenture.

(ii) In Brazil, 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) Mexico - LATAMGYM, with rate of "TIIE" (Tasa de Interés Interbancaria de Equilibrio) plus 2.8% p.a.; (ii) Sport City, with charges of 5% plus rate of IBR (Indicador Bancário de Referência), or between 3.70% and 5% p.a. plus rate of DTF (Depósitos a Término Fijo); and (iii) Latamfit Chile, with fixed charges between 6.87% and 8.70% p.a., and Smartfit Peru, with fixed charges between 10.10% and 11.10% p.a.

Variations in borrowings and debentures in the 1st quarter

	Parent		Consolidated	
	Mar/21	Mar/20	Mar/21	Mar/20
Opening balance (December)	1,320,092	1,515,467	2,616,073	2,206,650
Fundraising	-	921	36	260,041
Accrued interest and cost amortization	15,925	24,198	36,527	48,243
Principal paid	(21,737)	(23,936)	(32,010)	(47,814)
Interest paid	(1,665)	(3,498)	(14,522)	(10,078)
Exchange differences	-	-	78,013	71,135
Closing balance (March)	1,312,615	1,513,152	2,684,117	2,528,177

Covenants - Other contracts

The Company has borrowings in the subsidiary located in Mexico with quarterly measurement of certain financial ratios; however, because of the effects of the COVID-19 pandemic, these ratios may not have been complied with at March 31, 2021. However, the financial creditors formally consented to waive the Company from complying with certain contractual obligations related to financial ratios, before the end of the period.

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, at March 31, 2021, 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 information, as well as any non-compliance with pecuniary obligations of the debts issued, among others.

14. TRADE PAYABLES

Accounting practice

Trade payables are recognized in the balance sheet when the Company is a party to the contractual provisions, initially measured at fair value and disclosed in the balance sheet at the known or estimated amounts, adjusted up to the reporting dates, when applicable. They are derecognized only when obligations are discharged or canceled or they expire.

	Parent		Consolidated	
	Mar/21	Dec/20	Mar/21	Dec/20
Advances from customers	3,358	-	7,114	1,378
Acquisition - MB Negócios Digitais S.A. (i)	-	13,005	-	13,005
Capital contribution – Sporty Panamá (i)	-	38,131	-	38,131
Capital contribution – MB Negócios Digitais	10,142	10,094	10,142	10,094
Contingent consideration - MB Negócios Digitais (i)	907	3,028	907	3,028
Call and put option - MB Negócios Digitais	8,422	8,422	8,422	8,422
Purchase and sale obligation - SmartEXP	5,756	5,756	5,756	5,756
Indemnity for cancelation of stock option plan (ii)	18,025	18,025	18,221	18,221
Other payables	4,150	4,291	18,909	17,252
	50,760	100,752	69,471	115,287
Current	12,143	65,520	27,335	79,859
Noncurrent	38,617	35,232	42,136	35,428

(i) In the 1st quarter of 2021, payments of R$ 15,000 were made related to the acquisition of MB Negócios Digitais ("Queima Diária"), as established in the share purchase and sale agreement and to the settlement of the contributions made in Sporty Panamá in the amount of R$ 39,542.

(ii) Balance related to the cancelation of Plan 2 concerning the share-based payments (see note 22).

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$ 4,270 (R$4,524 in Dec/20) was recognized in Parent and R$ 5,381 (R$ 5,769 in Dec/20) in Consolidated.

	Civil	Labor	Tax	Total
Parent				
In Dec/20	1,480	2,756	288	4,524
Additions and/or increases	-	7	-	7
Write-offs and/or reversals	(261)	-	-	(261)
In Mar/21	1,219	2,763	288	4,270
In Dec/19	1,349	2,559	267	4,175
Additions and/or increases	981	-	14	995
Additions from merger	45	76	-	121
Write-offs and/or reversals	-	(274)	(47)	(321)
In Mar/20	2,375	2,361	234	4,970
Consolidated				
In Dec/20	2,411	3,023	335	5,769
Additions and/or increases	21	7	-	28
Write-offs and/or reversals	(262)	(130)	(24)	(416)
In Mar/21	2,170	2,900	311	5,381
In Dec/19	2,317	2,967	288	5,572
Additions and/or increases	1,266	188	16	1,470
Additions from merger	44	153	-	197
Write-offs and/or reversals	(88)	(505)	(47)	(640)
In Mar/20	3,539	2,803	257	6,599

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$ 35,511 (R$ 34,333 in Dec/20) 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 March 31, 2021, the Company has escrow deposits of R$ 50,137 (R$ 50,104 in Dec/20) in the parent and R$ 57,237 (R$ 53,544 in Dec/20) in the consolidated 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 and March 31, 2021, the Company’s fully subscribed capital is R$ 325,443, divided into common and preferred shares, all registered and with no par value, as follows:

	Numberof shares	Equity interest (%)
Common shares	14,601,763	65.53
Preferred shares:		
Class A	4,961,680	22.27
Class B	1,216,546	5.46
Class C	726,026	3.25
Class F	776,718	3.49
	22,282,733	100.00

On January 4, 2021, R$ 64,343 were paid up in class B preferred shares by the shareholders, these were formerly presented as subscription of unpaid shares.

As at March 31, 2021 and 2020, the Company did not report profits and dividends were neither recognized nor distributed.

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.

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 amount 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	
	Mar/21	Mar/20	Mar/21	Mar/20
Gross operating revenue from services rendered:				
Gym plans	153,631	270,246	329,600	564,162
Annual fees	21,637	25,234	47,914	52,047
Membership fees	81	1,507	9,089	16,120
Royalties, franchising, and others	1,613	1,470	17,388	20,374
	176,962	298,457	403,991	652,703
Taxes on revenue	(22,974)	(38,333)	(32,251)	(49,997)
	153,988	260,124	371,740	602,706

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. In 2021, the decrease in revenue resulted mainly from the effects of the COVID-19 second wave and the closure of units, pursuant to the guidance issued by government authorities.

Breakdown - Deferred revenue (balance sheet)

	Parent		Consolidated	
	Mar/21	Dec/20	Mar/21	Dec/20
Gym plans (i)	9,782	27,179	83,990	95,660
Membership fees (ii)	55	45	707	527
Annual fees (ii)	39,494	25,256	53,954	35,509
Others (iii)	2,957	3,108	2,957	3,108
	52,288	55,588	141,608	134,804
Current	50,147	53,295	139,467	132,511
Noncurrent	2,141	2,293	2,141	2,293

(i) Agreements entered into with gym members, under plans contracted directly by the customers.

(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 or loss is as follows:

	Parent		Consolidated	
	Mar/21	Mar/20	Mar/21	Mar/20
Cost of services rendered				
Personnel and related taxes	(26,951)	(39,189)	(60,889)	(82,109)
Variable lease of real estate, common area maintenance fees and occupancy expenses	(15,863)	(9,329)	(30,447)	(21,533)
Depreciation and amortization, net of PIS and COFINS	(71,267)	(67,271)	(184,771)	(149,604)
Consumables	(23,677)	(26,481)	(42,844)	(50,878)
Maintenance	(4,362)	(7,474)	(9,789)	(17,524)
Operational support services	(15,050)	(15,987)	(25,325)	(28,893)
Opening of new units	(273)	(2,858)	(1,727)	(4,859)
Other expenses	(998)	(3,558)	(2,994)	(6,214)
	(158,441)	(172,147)	(358,786)	(361,614)
Selling, general and administrative expenses and other operating income (expenses), net:				
Personnel and related taxes	(15,073)	(12,803)	(30,632)	(27,317)
Media and commercials	(21,406)	(25,208)	(38,683)	(39,779)
Consumables	(1,629)	(706)	(2,580)	(2,147)
Credit card management fee	(2,817)	(1,406)	(6,196)	(7,198)
Depreciation and amortization, net of PIS and COFINS	(458)	(518)	(1,742)	(2,864)
Operational support services	(8,967)	(11,696)	(14,327)	(20,813)
Opening of new units	(282)	(1,623)	(1,017)	(2,893)
Allocation to stock option plans	-	(316)	-	(668)
Other expenses and income, net	101	540	(2,527)	(9,082)
	(50,531)	(53,736)	(97,704)	(112,761)
	(208,972)	(225,883)	(456,490)	(474,375)

19. FINANCE INCOME (COSTS)

	Parent		Consolidated	
	Mar/21	Mar/20	Mar/21	Mar/20
Finance income				
Income from financial investments	2,840	9,066	3,420	10,141
Discounts obtained on leases	9,967	-	39,788	-
Interest income	3,758	7,741	5,203	9,821
Other finance income	-	-	-	843
	16,565	16,807	48,411	20,805
Finance costs				
Interest and exchange losses	(2,666)	(22,466)	(13,224)	(25,244)
Interest on borrowings	(15,925)	(23,753)	(44,360)	(47,798)
Interest on leases	(18,345)	(19,793)	(56,159)	(50,637)
Tax on financial transactions (IOF)	(472)	(284)	(597)	(380)
Bank fees	(1,682)	(1,167)	(3,182)	(2,385)
Other finance costs	(536)	(694)	(898)	(1,077)
	(39,626)	(68,157)	(118,420)	(127,521)
	(23,061)	(51,350)	(70,009)	(106,716)

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	
	Mar/21	Mar/20	Mar/21	Mar/20
Profit (loss) before income tax and social contribution	(162,688)	1,399	(164,746)	20,733
Statutory rate	34%	34%	34%	34%
Expected debit (credit)	55,314	(476)	56,014	(7,049)
Adjustments:				
Share of profit (loss) of investees	(28,779)	6,293	(3,396)	(300)
Temporary differences (unrecognized deferred tax)	(3,838)	(13,507)	(4,416)	(14,900)
Other permanent differences	(185)	(1,042)	(526)	(1,586)
Adjustment of unrecognized tax losses in companies taxed based on actual profit and other	(25,450)	(2,359)	(17,941)	(4,568)
Adjustment of companies taxed based on the presumed profit	-	-	1,253	-
Adjustment of foreign subsidiaries (*)	-	-	(32,697)	1,002
Offset of income tax and social contribution losses in profit or loss for the period	-	-	150	671
	(2,938)	(11,091)	(1,559)	(26,730)
Current	-	-	(7,304)	(14,268)
Deferred	(2,938)	(11,091)	5,745	(12,462)
	(2,938)	(11,091)	(1,559)	(26,730)
Effective rate	2%	-793%	1%	-129%

(*) As at March 31, 2021, in the consolidated this balance refers to operations in Mexico (R$ 17,885), Colombia (R$ 2,781), Peru (R$ 6,822), and Chile (R$ 3,525).

Breakdown of deferred income tax and social contribution

	Parent		Consolidated	
	Mar/21	Dec/20	Mar/21	Dec/20
Assets				
Temporary differences and tax losses (i)	-	-	130,223	114,489
Others	-	-	-	2,638
	-	-	130,223	117,127
Liabilities				
Allocation of trademark and customer list	-	-	(10,391)	(12,327)
Promotion deferred revenue and others	(6,411)	(3,473)	(6,411)	(3,473)
	(6,411)	(3,473)	(16,802)	(15,800)

(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's and its subsidiaries' temporary differences and income tax and social contribution losses in Brazil.

As at March 31, 2021, the balance of income tax and social contribution losses amounted to R$ 673,429 (R$ 617,231 in Dec/20), 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 period, 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 period and the equity instruments issued by the Company that may possibly dilute the interest of its shareholders in future periods, 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 March 31, 2021 and 2020, there are no diluting 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 period 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:

	Mar/21			
	Class A preferred shares	Class B, C and F preferred shares	Common shares	Total
Basic numerator:				
Profit (loss) for the period attributable to owners of the Company				(165,626)
Basic denominator:				
Available shares	4,961,680	2,719,290	14,601,763	22,282,733
Weighted average number of shares during the period	4,961,680	2,719,290	14,601,763	22,282,733
Basic/diluted loss per share - R$ (in Brazilian reais)				(7.4329)

	Mar/20			
	Class A preferred shares	Class C and F preferred shares	Common shares	Total
Basic numerator:				
Profit (loss) attributable to owners of the Company				(9,692)
Basic denominator:				
Available shares	4,961,680	1,502,744	14,712,114	21,176,538
Weighted average number of shares during the period	4,961,680	1,502,744	14,692,712	21,157,136
Basic/diluted loss per share - R$ (in Brazilian reais)				(0.4581)

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

In the first quarter of 2020, due to the conclusion of the investment agreement by BPE FIT, a company controlled by investment funds managed by Pátria, occurred on October 17, 2019, there was a liquidity event in two 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. The liability generated by the indemnity for the cancelation of the share-based payment plan is disclosed in note 14.

For the quarter ended March 31, 2021, 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, canceled 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 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 March 31, 2021, 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	
	Mar/21	Dec/20	Mar/21	Dec/20
Financial investments				
Amortized cost:				
Cash and cash equivalents	495,013	621,099	863,123	1,019,611
Trade receivables	91,388	78,382	184,451	154,220
Other receivables	20,578	17,743	82,729	75,526
Financial investments	35,211	35,249	59,487	47,682
Related parties	92,758	88,735	52,386	35,930
Fair value:				
Financial investments (Level 2)	13,303	12,355	13,303	12,355
Other receivables (Level 3)	13,715	12,098	13,715	12,098
Financial liabilities				
Amortized cost:				
Trade payables, variable lease liabilities and others	39,006	70,429	165,597	169,840
Borrowings and debentures	1,312,615	1,320,092	2,684,117	2,616,073
Taxes in installments	4,151	4,248	6,955	7,109
Other payables	36,582	86,574	55,293	101,109
Payables to shareholders	7,571	7,074	8,320	9,102
Related parties	32,305	29,059	301	505
Fair value:				
Trade payables (Level 3)	14,178	14,178	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$ 1,335,497 in parent and R$ 2,719,871 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.

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).

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 on profit or loss.

Sensitivity analysis

The sensitivity analyses below have been established based on interest rate exposures at the reporting date. For variable interest rate liabilities, the analyses considered that the liability was outstanding during the year and at the reporting date. A 10% increase or decrease represents management's assessment of a reasonably possible change in interest rates. A positive number below would indicate an increase in results (finance income) and a negative number would indicate a decrease in results (finance costs). If interest rates were 10% higher/lower, with no changes in other variables, the effects would be as follows:

				Impact on profit or loss		
Operation	Balance in Mar/21	Interest rate	Index (p.a.)	-10%	Expected	+10%
Financial investments	575,546	CDI	5.92%	30,686	34,096	37,505
Debentures	1,170,052	CDI	5.93%	(62,446)	(69,384)	(76,322)
Working capital - Brazil	182,145	CDI	5.93%	(9,721)	(10,801)	(11,881)
Working capital - Colombia	280,151	IBR and DTF	9.30%	(23,449)	(26,054)	(28,659)
Working capital - Mexico	460,222	TIIE	2.78%	(11,515)	(12,794)	(14,074)
				137,816	153,129	168,442

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 foreign 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.

Foreign currency sensitivity analysis

The Company's sensitivity to a 10% increase and decrease in the US dollars and Chilean pesos units is as follows, representing management's assessment of a reasonably possible change in foreign exchange rates. The sensitivity analysis includes only monetary items denominated in foreign currency outstanding, with a conversion adjustment at the end of the year for a 10% variation in foreign exchange rates. A positive number below would indicate an increase in results when there is appreciation of currency units against the relevant currency. For a currency depreciation against the relevant currency, a comparable impact on the results would occur, and amounts below would be negative numbers.

				Impact on profit or loss		
Operation	Balance	Currency	Exchange rates	Depreciation -10%	Expected	Appreciation +10%
Other financial investments (Parent)	3,404	U.S. dollar (USD)	5.29	(559)	(243)	73
Payables to shareholders - Contingent consideration - Chile	(7,571)	Chilean peso (CLP)	0.0079	757	-	(757)

Management considers that the sensitivity analysis does not represent the inherent exchange rate risk and that the exposure does not reflect the exposure during the period.

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, 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):

	Mar/21			
Operation	Up to 1 year	Up to 2 years	From 2 to 5 years	Total
Trade payables	165,597	-	-	165,597
Borrowings and debentures	516,056	508,443	1,369,421	2,684,117
Lease liabilities	515,807	798,889	2,922,834	4,237,530
Taxes in installments	887	6,068	-	6,955
Other payables	27,735	42,136	-	69,471
Payables to shareholders	7,649	671	-	8,320
Related parties	301	-	-	301

As at March 31, 2021, 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$ 63,162 (R$ 59,739 in Dec/20).

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 includes 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 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 decision maker.

	Mar/21							
	Brazil			Mexico	Other Latin America			
	Smartfit	BioRitmo	Others	Smartfit	Smartfit	Others	Equivalent	Consolidated
Net operating revenue	174,591	12,152	40,056	66,814	76,919	1,208	-	371,740
Cost of services rendered	(166,072)	(14,259)	(20,821)	(72,183)	(82,771)	(2,680)		(358,786)
Gross profit (loss)	8,519	(2,107)	19,235	(5,369)	(5,852)	(1,472)	-	12,954
Selling expenses	-	-	(33,698)	(6,053)	(5,018)	(434)	-	(45,203)
General and administrative expenses	-	-	(37,958)	(6,083)	(10,702)	-	-	(54,743)
Other operating income (expenses), net	-	-	1,015	-	1,192	35	-	2,242
	-	-	(70,641)	(12,136)	(14,528)	(399)	-	(97,704)
Share of profit (loss) of investees	-	-	-	-	-	-	(9,987)	(9,987)
Operating profit (loss) before finance income (costs)	8,519	(2,107)	(51,406)	(17,505)	(20,380)	(1,871)	(9,987)	(94,737)

	Mar/20							
	Brazil			Mexico	Other Latin America			
	Smartfit	BioRitmo	Others	Smartfit	Smartfit	Others	Equivalent	Consolidated
Net operating revenue	297,079	29,108	17,387	133,728	115,470	9,934	-	602,706
Cost of services rendered	(185,103)	(21,804)	(4,858)	(71,574)	(71,420)	(6,855)	-	(361,614)
Gross profit (loss)	111,976	7,304	12,529	62,154	44,050	3,079	-	241,092
Selling expenses	-	-	(29,830)	(11,965)	(7,220)	(586)	-	(49,601)
General and administrative expenses	-	-	(42,426)	(8,426)	(12,145)	(150)	-	(63,147)
Other operating income (expenses), net	-	-	(5)	43	(57)	6	-	(13)
	-	-	(72,261)	(20,348)	(19,422)	(730)	-	(112,761)
Share of profit (loss) of investees	-	-	-	-	-	-	(882)	(882)
Operating profit (loss) before finance income (costs)	111,976	7,304	(59,732)	41,806	24,628	2,349	(882)	127,449

Other segment information

	Mar/21							
	Brazil			Mexico	Other Latin America			
	Smartfit	BioRitmo	Others	Smartfit	Smartfit	Others	Equivalent	Consolidated
Depreciation and amortization								
Costs	(70,272)	(5,260)	(19,359)	(47,577)	(45,306)	(1,230)	-	(189,004)
Expenses	(84)	-	(525)	(490)	(643)	-	-	(1,742)
	(70,356)	(5,260)	(19,884)	(48,067)	(45,949)	(1,230)	-	(190,746)
Fixed lease								
Costs	(39,445)	(2,803)	(565)	(20,862)	(9,020)	(594)	-	(73,289)
Expenses	14	-	(572)	(409)	(483)	-	-	(1,450)
	(39,431)	(2,803)	(1,137)	(21,271)	(9,503)	(594)	-	(74,739)
Opening of new units								
Costs	(273)	-	-	7	35		-	(231)
Expenses	(353)	-	-	(120)	(600)		-	(1,073)
	(626)	-	-	(113)	(565)	-	-	(1,304)

	Mar/20							
	Brazil			Mexico	Other Latin America			
	Smartfit	BioRitmo	Others	Smartfit	Smartfit	Others	Equivalent	Consolidated
Depreciation and amortization								
Costs	(79,296)	(6,445)	(556)	(34,436)	(32,535)	(737)	-	(154,005)
Expenses	(313)	-	(1,462)	(536)	(554)	-	-	(2,865)
	(79,609)	(6,445)	(2,018)	(34,972)	(33,089)	(737)	-	(156,870)
Fixed lease								
Costs	(38,557)	(3,429)	(507)	(25,189)	(18,701)	-	-	(86,383)
Expenses	(521)	-	(217)	-	(333)	-	-	(1,071)
	(39,078)	(3,429)	(724)	(25,189)	(19,034)	-	-	(87,454)
Opening of new units								
Costs	(2,910)	(2)	(154)	(1,171)	(697)	(29)	-	(4,963)
Expenses	(1,768)	-	(157)	(1,680)	(139)	(374)	-	(4,118)
	(4,678)	(2)	(311)	(2,851)	(836)	(403)	-	(9,081)

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 insurance coverage at March 31, 2021 is R$ 4,788,386.

26. ADDITIONAL INFORMATION TO THE STATEMENTS OF CASH FLOWS

Non-cash variations for the period are as follows:

	Parent		Consolidated	
	Mar/21	Mar/20	Mar/21	Mar/210
Leased property and equipment	22,915	12,799	24,419	218,338
Acquisition of interest in joint venture	-	62,338	-	62,338
Property and equipment	-	-	-	53,453
Assignment of right of use	42,999	-	45,553	-
Lease liabilities	(44,861)	-	(47,820)	-
Transfer between property and equipment, intangible assets, and right-of-use leases	2,220	-	1,299	-
Effect of mergers				
Cash and cash equivalents	-	1,230	-	-
Trade receivables	-	2,006	-	-
Taxes recoverable	-	740	-	-
Prepaid expenses	-	260	-	-
Other receivables	-	131	-	-
Related parties - assets	-	3,967	-	-
Other assets	-	11	-	-
Property and equipment	-	10,947	-	-
Leased property and equipment	-	9,087	-	-
Intangible assets	-	129	-	-
Trade payables	-	(152)	-	-
Borrowings	-	(391)	-	-
Other liabilities	-	(163)	-	-
Lease liabilities	-	(9,455)	-	-
Salaries, accruals and social contributions	-	(398)	-	-
Taxes and contributions payable	-	(439)	-	-
Provision for income tax and social contribution	-	(496)	-	-
Taxes in installments	-	(1,266)	-	-
Deferred revenue	-	(606)	-	-
Related parties - liabilities	-	(10,898)	-	-
Provision for civil, tax and labor risks	-	(121)	-	-

	Parent		Consolidated	
	Mar/21	Mar/20	Mar/21	Mar/210
Share capital	-	(1,750)	-	-
Capital reserve	-	(4)	-	-
Earnings reserve	-	(2,369)	-	-

27. EVENTS AFTER THE REPORTING PERIOD

Business acquisition

On April 12, 2021, the Company entered into a nonbinding memorandum of understanding with Grupo Sports World, S.A.B. de C.V. ("Sports World"), a company engaged in gym operations in Mexico, aiming at a possible business combination between Sports World and Mexico LATAMGYM S.A.P.I. de C.V. ("Smart Fit Mexico"), which is a wholly-owned subsidiary of Smart Mix in Mexico. As a result of this possible operation, two important gym networks in Mexico would join operations, resulting in over 230 operating units in several Mexican states. The companies are expected to generate significant synergies with possible increase in profitability and in the services offered to customers. The potential business combination between Smart Fit Mexico and Sports World is subject to the signing of a binding agreement between the parties as well as other usual conditions and authorizations, both corporate and government-related.

On May 5, 2021, CADE approved the acquisition of Just Fit.

Issue of debentures

The Board of Director's meeting held on May 7, 2021 approved the issue of simple debentures, nonconvertible into shares, in the total amount of R$ 250 million. The debentures will have a three-year period as from the issue date and will be subject to the terms and conditions established in the Distribution Contract, the proceeds will be used to strengthen the Company's working capital.