EARNINGS RELEASE
2Q21

EARNINGS VIDEO CONFERENCE
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INVESTOR RELATIONS
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2Q21 EARNINGS RELEASE

São Paulo, August 11, 2021 – Smart Fit (SMFT3), the leading company in the fitness sector in Latin America and the largest network outside of the U.S. in number of clubs [1] announces the results for the 2Q21. In order to facilitate the analysis, the results are presented without the effect of IFRS 16/CPC 06 (R02). The effects of the adoption of IFRS 16/CPC 06 (R02) on the results are detailed from the page 13 onwards.

2Q21 HIGHLIGHTS

- ***Accelerated expansion pace*** — *81 new clubs opened in 1H21, 53 of which in 2Q21 (2nd largest quarterly number of club additions), surpassing the 74 openings in 2020.*
- ***96% of clubs in operation at the end of 2Q21*** — *The highest level of stores in operation since the beginning of the pandemic and a significant increase compared to the end of 1Q21. From July onwards, 100% of the clubs were in operation.*
- ***Start of member base recovery from June'21*** — *Beginning of the resumption of base growth in June (+3% vs. May/21). In July, for the second consecutive month, the member base grew 3% vs. previous month, with the highlight being the increase in the number of members in all markets.*
- ***24% reduction in the cash cost of clubs opened up to 2019[2]*** — *Strong focus on cost management reducing the impact of the pandemic with further reduction in personnel and other operating costs.*
- ***Positive EBITDA YTD with operating cash generation in 2Q21*** — *EBITDA of R$7.6m in 1H21 and operating cash generation in 2Q21 despite the closure of clubs in several cities in 21% of the days in 1H21 and restrictions imposed on the clubs in operation.*

2Q21 Highlights	2Q21	2Q20	2Q21 vs. 2Q20	1H21	1H20	1H21 vs. 1H20
Clubs	981	851	+15%	981	851	+15%
Total members (000)[a]	2,381	2,697	-12%	2,381	2,697	-12%
Net Revenue (R$ million)	343.2	67.4	410%	715.0	670.1	+7%
EBITDA[b] (R$ million)	-13.7	-126.2	-89%	7.6	70.7	-89%
EBITDA Margin	-4.0%	-187.3%	183.4 p.p.	1.1%	10.5%	-9.5 p.p.
Operating Cash Generation[c] (R$ million)	23.3	-166.9	n/a	-25.1	-89.8	-72%

(a) Includes gym, micro-gyms and digital channel members; (b) Excludes the effects of IFRS 16/CPC 06 (R2). See table on page 11 for the composition of EBITDA. (c) "Operating cash generation" is the net cash generated by operating activities, less the payment of property leases and before the interest paid on borrowings. See table on page 13 for the composition of Operating cash generation.

(1) According to data from the International Health, Racquet & Sportsclub Association, released in 2020, based on 2019 figures ("IHRSA"). (2) For a better analysis of the performance of our operations, we present the "Cash Cost of Services", which excludes the effects of IFRS-16, depreciation and amortization. For the purpose of comparing 2Q21 costs with pre-pandemic costs (January and February 2020), we compared the evolution of "Cash Cost" of the units opened up to 2019 in those periods.

OPERATIONAL PERFORMANCE

NUMBER OF CLUBS

2Q21 was marked by the acceleration in the pace of club openings. This quarter, we added 53 units, the second largest quarterly expansion of our network. In 1H21, 81 clubs were added, against 74 inaugurated throughout 2020. As a result, we ended 2Q21 with 981 clubs, 15% higher than at the end of 2Q20.

The acceleration in growth since the beginning of 2021, compared to 2020, was motivated by the long-term strategic vision combined with the alternatives built to finance our expansion project without cash disbursement in the short term, such as raising funds from third parties through the joint venture SmartExp, and the acquisition of Just Fit without the need for cash disbursement in the short term.

Number of Clubs Evolution

Clubs	End of the Period					Growth 2Q21 vs.			Variation 2Q21 vs.		
	2Q20	3Q20	4Q20	1Q21	2Q21	2Q20	1Q21	4Q20	2Q20	1Q21	4Q20
Total	**861**	**876**	**911**	**939**	**992**	**131**	**53**	**81**	**15%**	**6%**	**9%**
Clubs	**851**	**865**	**900**	**928**	**981**	**130**	**53**	**81**	**15%**	**6%**	**9%**
By Type											
Company Owned	664	677	704	715	746	82	31	42	12%	4%	6%
Franchises	187	188	196	213	235	48	22	39	26%	10%	20%
By Brand											
Smart Fit	815	830	867	896	950	135	54	83	17%	6%	10%
Company Owned	633	647	676	688	720	87	32	44	14%	5%	7%
Brazil	324	332	343	342	366	42	24	23	13%	7%	7%
Mexico	160	166	172	174	173	13	-1	1	8%	1%	1%
Other Latin America [a]	149	149	161	172	181	32	9	20	21%	5%	12%
Franchises	182	183	191	208	230	48	22	39	26%	11%	20%
Brazil [c]	145	148	154	167	187	42	20	33	29%	12%	21%
Mexico	10	10	10	10	10	0	0	-	0%	0%	0%
Other Latin America [a]	27	25	27	31	33	6	2	6	22%	6%	22%
Bio Ritmo and O2	36	35	33	32	31	-5	-1	-2	-14%	-3%	-6%
Company Owned	31	30	28	27	26	-5	-1	-2	-16%	-4%	-7%
Franchises	5	5	5	5	5	0	0	0	0%	0%	0%
By region											
Brazil	501	511	527	538	581	80	43	54	16%	8%	10%
Mexico	170	176	182	184	183	13	-1	1	8%	-1%	1%
Other Latin America [a]	180	178	191	206	217	37	11	26	21%	5%	14%
Microgyms [b]	**10**	**11**	**11**	**11**	**11**	**1**	**0**	**0**	**10%**	**0%**	**0%**
Brazil	8	9	9	9	9	1	0	0	13%	0%	0%
Other Latin America [a]	2	2	2	2	2	0	0	0	0%	0%	0%

(a) The region "Other Latin America" includes company owned operations in Argentina, Chile, Colombia, Costa Rica, Paraguay, Peru, Panama and the franchised operations in El Salvador, Ecuador, Guatemala and Dominican Republic; (b) Microgyms include company owned operations and franchises; (c) Contains 26 clubs classified as franchises, which were built with third-party funds raised by SmartExp Escola de Ginástica e Dança S.A.

The two regions that most concentrated club openings in 1H21 were Brazil (54 clubs added) and Other Latin America (26 clubs added), especially Peru and Colombia. This expansion reinforced our position in markets where we already operate and opened up new opportunities for growth. Year-to-date, we entered 12 new cities, 3 in Brazil, 3 in Peru and 3 in Costa Rica.

In Brazil, on June 16, 2021, we completed the acquisition of 100% of the share capital of Just Fit Participações em Empreendimentos S.A., the 4th largest network of high-value low-price clubs in the country. The acquisition added 27 company owned units to our operation in the state of São Paulo, strengthening the competitive positioning in our main market. These clubs are being converted to the Smart Fit brand with an expansion of the services offering to members.

In 1H21, 42 company owned clubs and 39 franchises were added to our network. Of the 33 franchises opened in 1H21 in Brazil, 26 were opened through SmartExp, a joint venture created in 4Q20 with the aim of maintaining the construction of 34 new units during the pandemic period. Although financed by third-party funds, these units were built and have been operated by Smart Fit. In 3Q21, with the completion of the IPO, Smart Fit acquired these units and as of 3Q21 they will be reported as company owned units.

IMPACTS OF COVID-19

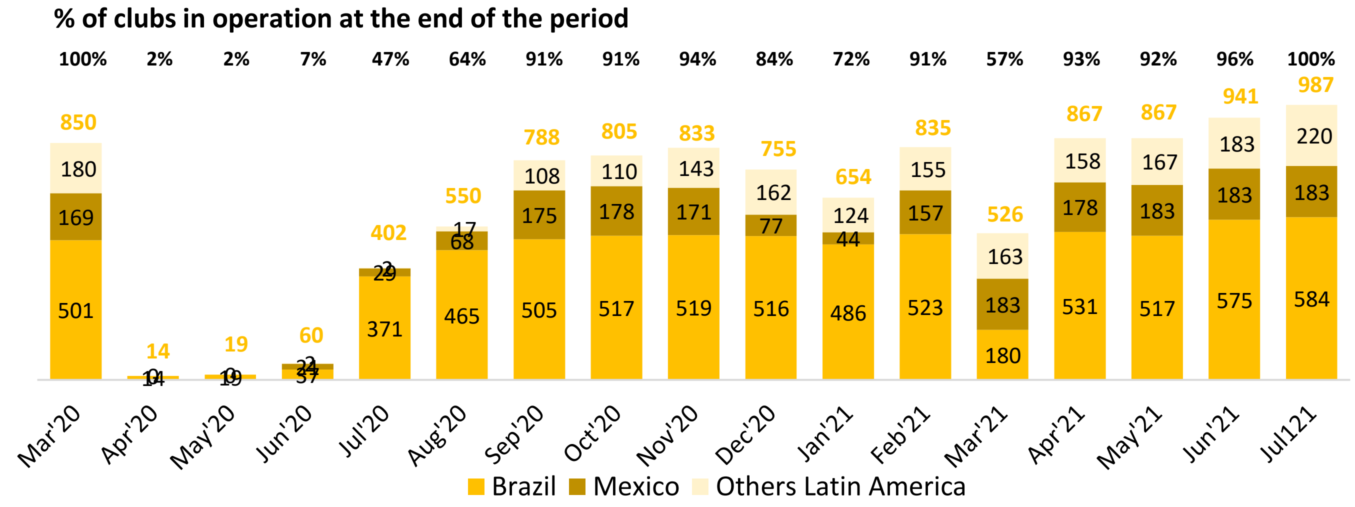
The 2nd wave of COVID-19 once again impacted our operations. Mexico, the first country impacted, had its units closed from December 2020 onwards. By the end of January 2021, Mexico had about 75% of its clubs closed. Brazil was impacted with closures from March 2021, reaching 65% of clubs closed by the end of this month. Our clubs in Chile and Peru were closed for most of 1H21, having remained mostly closed since the beginning of the pandemic. Colombia is the positive highlight. After reopening the clubs in September 2020, more than 90% of the units were remained in operation.

We ended 2Q21 with 96% of our clubs open, compared to 57% in 1Q21. By the end of July 2021, 100% of the units were in operation, the highest rate of club opening since the beginning of the pandemic, given the end of restrictions on the opening of clubs in Chile.

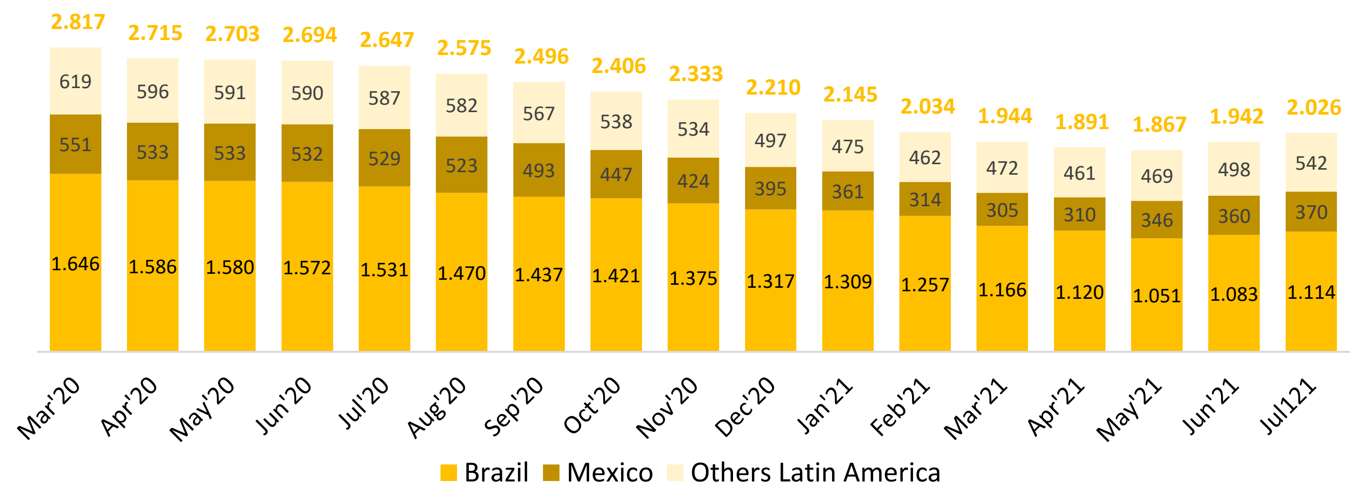
The club closures in 2020 took place all over the country, while the closures in 2021, related to the 2nd wave of COVID-19, were mostly local and shorter-lived. Even so, our company owned clubs remained closed on average 21% of days in 1H21. For example, cities such as São Paulo, Belo Horizonte, Salvador, Mexico City and Lima imposed restrictions on the opening hours of clubs for approximately 50 days.

It is worth noting that even after the reopening of the clubs in recent months, there are still restrictions in place that prevent the clubs from being back to a normality, such as the limitations of opening hours, limitations on the utilization of clubs during the open hours, reduced availability of services and access to certain areas of the gyms and a strict sanitary protocol. Aiming at securing a safe environment for our clients and employees, we adopt a strict sanitary protocol that follows the regulation and recommendation of local authorities in all markets we operate.

Clubs in Operation



Total Club Members



CLUB MEMBERS

We ended 2Q21 with 2.381 million members, the first quarter that showed stability (versus 1Q21) since the beginning of the pandemic, due to the positive impact of the increase in the number of clubs, the reopening of most of our units by the end of 1Q21 and the resumption of growth in the member base in Mexico and Other Latin America. It is worth noting that the impact from the 2nd wave of COVID-19 in 2Q21 was stronger than in 1Q21, as the closing of 43% of the clubs by the end of March drove sales down in April and May, reducing the monthly average of total club members by 6% in 2Q21, compared to 1Q21.

Evolution of the Member Base

Members ('000)	End of the Period					Var. 2Q21 vs.		
	2Q20	3Q20	4Q20	1Q21	2Q21	2Q20	1Q21	4Q20
Total	**2,697**	**2,818**	**2.592**	**2.381**	**2,381**	**-12%**	**0%**	**-8%**
Clubs	**2,694**	**2,496**	**2.210**	**1.944**	**1,942**	**-28%**	**0%**	**-12%**
By Type								
Company Owned	2,132	1,959	1.720	1.470	1,465	-31%	0%	-15%
Franchises	562	538	490	474	477	-15%	1%	-3%
By Brand								
Smart Fit	**2,637**	**2,446**	**2.165**	**1.902**	**1,901**	**-28%**	**0%**	**-12%**
Company Owned	2,082	1,915	1.681	1.434	1,430	-31%	0%	-15%
Brazil	1,085	974	888	758	693	-36%	-9%	-22%
Mexico	502	463	368	283	333	-34%	18%	-9%
Other Latin America [a]	494	478	425	393	404	-18%	3%	-5%
Franchises [c]	555	531	484	468	471	-15%	1%	-3%
Bio Ritmo and O2	**57**	**51**	**45**	**42**	**41**	**-29%**	**-2%**	**-7%**
By region								
Brazil	1,572	1,437	1.317	1.166	1,083	-31%	-7%	-18%
Mexico	532	493	395	305	360	-32%	18%	-9%
Other Latin America [a]	590	567	497	472	498	-16%	6%	0%
Microgyms	3	3	4	3	4	32%	14%	5%
Digital [b]	**0**	**318**	**379**	**434**	**435**	**-**	**0%**	**15%**

(a) The region "Other Latin America" includes for company owned operations in Argentina, Chile, Colombia, Costa Rica, Paraguay, Peru and Panama. For franchises, it includes El Salvador, Ecuador, Guatemala and Dominican Republic; (b) The number of the digital channel members started being reported in 3Q20, with the acquisition of the digital platform Queima Diária. To avoid double counting, our club members who are also subscribers to our digital plans are considered only club or microgym members. (c) Clubs of the joint venture SmartExp Escola de Ginástica e Dança S.A., which raised funds in December 2020 for the construction of clubs, are classified as "franchises" in this table.

In Brazil, our total member base decreased 7% by the end of 2Q21 vs. 1Q21 due to restrictions imposed by Covid-19 with the closure of most units at the beginning of the quarter. By the end of 2Q21, we had 1,083 thousand members in the country. In Mexico, the cooling of the 2nd wave of COVID-19 at the end of 1Q21 allowed an 18% expansion of its total member base in 2Q21 (vs. 1Q21), mainly in matured clubs. The Other Latin America region experienced a 6% expansion of its total member base, the positive highlight being the recovery in Colombia.

The reopening of 100% of the clubs since July 2021 and the soft easing in the restrictions in the main markets in which we operate allowed for a continuous growth in the total member base in July. This month, we added 84,000 club members vs. June 2021 (+4%). In Brazil, for example, the total member base grew 3% against June 2021. The growth of the total member base in July was driven by the drop in the churn rate to levels closer to the pre-pandemic level and by the acceleration of sales, due to the growing mobility.

At the end of June 2021, we had 435,000 exclusively digital subscribers, an expansion of 15% if compared to the number of users at the end of 2020. Since 2020, the Company has been increasing the offer of digital services, offering on-demand video classes through an app (Queima Diária) and nutritional monitoring service through the Smart Nutri app and tele-consultations. The digital products and services are complementary to the experience we offer at the clubs and aim to expand the relationship and, in this way, the loyalty of our members.

Queima Diária, leader in on-demand fitness in Latin America, has recently started to be distributed in some other countries where we operate, offering access to several fitness programs that are continuously updated.

Smart Fit Nutri, a nutritional monitoring service offered by app and tele-consultations with nutritionists, recorded a 7% penetration in our member base in Brazil by the end of June 2021. In September 2020, we remodeled the app to improve its navigability and functionality (eased interaction with nutritionists and greater connectivity with bioimpedance equipment) and for the successful inclusion in our service grid of a new package that, in addition to offering access to the nutrition app features, also offers tele-consultations with nutritionists and weight measurement on a bioimpedance scale.

Finally, recent developments in functionality and navigability of our Smart Fit app allowed us to reach, in July 2021, the mark of 1 million unique users in the app, 68% above January 2021. The high number of downloads demonstrates the great engagement of our members with the platform and digital strategy, complementing their training experience in our clubs.

FINANCIAL PERFORMANCE

Main financial indicators [a] (R$ million)	2Q21	2Q20	2Q21 vs. 2Q20	1H21	1H20	1H21 vs. 1H20
Gross Revenue	372,3	72,2	416%	776,3	724,9	7%
Net Revenue	**343,2**	**67,4**	**410%**	**715,0**	**670,1**	**7%**
Cash cost of services [b]	(264,7)	(119,4)	122%	(507,8)	(413,4)	23%
Cash gross profit [b]	78,5	(52,0)	-251%	207,2	256,7	-19%
Cost of pre-operating expenses	(1,2)	(3,0)	-59%	(3,0)	(7,9)	-62%
Gross cash profit before pre-operating expenses[b]	79,7	(49,1)	-263%	210,2	264,6	-21%
Gross margin before pre-operating expenses	*23,2%*	*-72,8%*	*+96,1 pp*	*29,4%*	*39,5%*	*-10,1 pp*
SG&A	(89,2)	(71,0)	26%	(186,6)	(182,0)	3%
% Net Revenue	*26,0%*	*105,4%*	*-79,4 pp*	*26,1%*	*27,2%*	*-1,1 pp*
Selling expenses [c]	(32,1)	(19,8)	62%	(76,3)	(65,3)	17%
% Net Revenue	*9,4%*	*29,4%*	*-20,1 pp*	*10,7%*	*9,7%*	*+0,9 pp*
General and administrative expenses [d]	(54,6)	(49,6)	10%	(109,1)	(111,0)	-2%
% Net Revenue	*15,9%*	*73,7%*	*-57,7 pp*	*15,3%*	*16,6%*	*-1,3 pp*
Pre-operating expenses	(0,6)	(0,7)	-12%	(1,6)	(4,8)	-66%
Other income (expenses)	(1,9)	(0,9)	+113,3%	0,4	(0,9)	n/a
Share of profit (loss) of investees	(3,0)	(3,1)	-6%	(12,9)	(4,0)	222%
EBITDA [e]	**(13,7)**	**(126,2)**	**-89%**	**7,6**	**70,7**	**-89%**
EBITDA Margin	*-4,0%*	*-187,3%*	*+183,3 pp*	*1,1%*	*10,5%*	*-9,5 pp*
EBITDA before pre-operating expenses[f]	**(11,8)**	**(122,5)**	**-90%**	**12,2**	**83,4**	**-85%**
EBITDA Margin before pre-operating expenses	*-3,4%*	*-181,9%*	*+178,4 pp*	*1,7%*	*12,5%*	*-10,7 pp*
Depreciation and amortization	104,9	99,4	6%	215,0	188,6	14%
Profit (loss) for the period	**(161,2)**	**(252,8)**	**-36%**	**(305,9)**	**(235,9)**	**30%**

(a) All indicators exclude the effects of IFRS 16 in relation to the lease of clubs and offices; (b) For a better analysis of the performance of our operations, we present the “Cash Cost of Services”, which excludes the effects of IFRS-16, depreciation and amortization. “Cash gross profit before pre-operating expenses” 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) EBITDA before expenses on the opening new units” excludes costs and expenses on the opening of new units. See section “EBITDA Composition” for the calculation of this measurement.

NET REVENUE

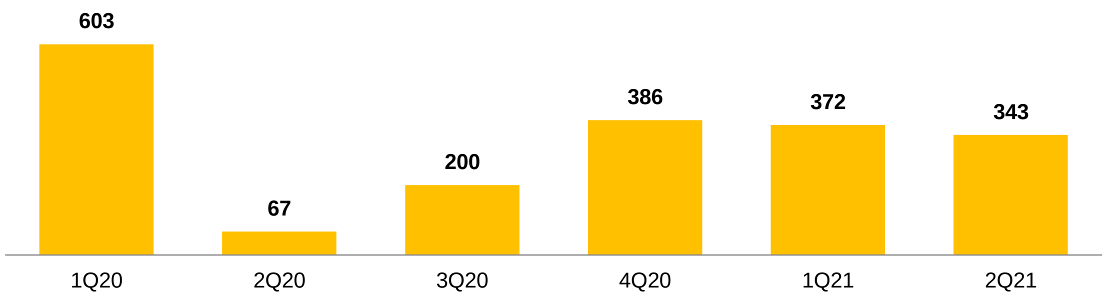
Net revenue in 2Q21 was R$343.3 million, higher than the revenue of R$67.4 million in the same period of the previous year, considering that in 2Q20 the clubs remained closed due to the 1st wave of COVID-19 and we exempted our customers from the monthly fees during this period.

Revenue by Brand and Region

Net revenue (R$ million)	2Q21	2Q20	2Q21 vs. 2Q20	1H21	1H20	1H21 vs. 1H20
Smart Fit	296.1	54.9	440%	614.5	601.2	2%
Brazil	149.7	20.1	646%	324.3	317.2	2%
Mexico	77.0	21.4	260%	143.8	155.1	-7%
Other Latin America [a]	69.4	13.4	417%	146.3	128.9	14%
Bio Ritmo and O2	10.4	5.4	94%	23.8	44.4	-47%
Others [b]	36.7	7.1	417%	76.8	24.5	213%
Total	**343.2**	**67.4**	**410%**	**715.0**	**670.1**	**7%**
International revenue	43%	55%	-12.0 p.p.	41%	44%	-3.5 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.

Evolution of Net Revenue (R$ million)



The gradual reopening of the units after the 1st wave of COVID-19 in 2Q20 provided a continued recovery of net revenue until the end of 2020. From 1Q21 onwards, with the advance of the 2nd wave of COVID-19 in the countries where we operate, net revenue was negatively impacted. In 2Q21, net revenue decreased R$29 million (-8%) vs. 1Q21, as 57% of our clubs were closed between March and mid-April, leading to an 10% drop in the monthly average of club members, similar to the drop in revenue.

Brazil, our main market, showed a 15% decline in the monthly average of club members in 2Q21 vs. 1Q21, which affected the net revenue the same way in the period. In Mexico, 2Q21 net revenue was up 15% versus 1Q21, as most of the monthly subscription exemption offered to club members in 1Q21 due to the 2nd wave of COVID-19 waned. In "Other Latin America", the monthly average of total club members was down 4% in 2Q21 compared to 1Q21. However, as our clubs in Chile remained closed, net revenue was down 11% versus 1Q21.

CASH COST OF SERVICES [a]

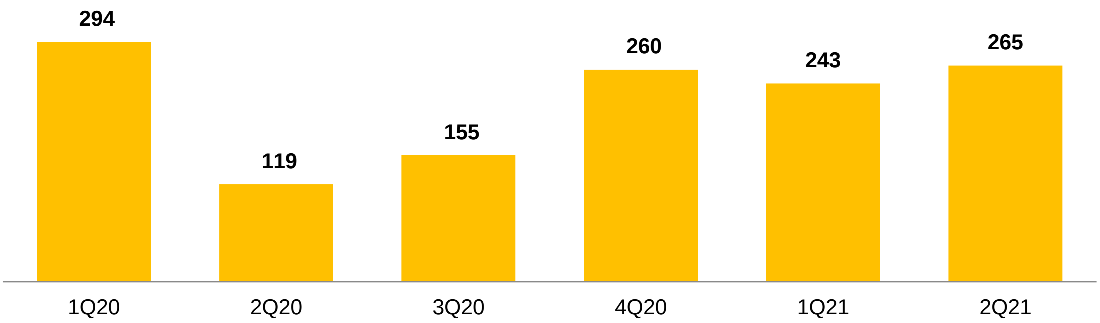
Cash cost of services totaled R$264.7 million in 2Q21, 122% higher than the same period of the previous year. The expansion in Cash Cost was driven by the 12% expansion in owned club members between 2T21 and 2T20 and by softer restrictions to operate our clubs during the 2nd wave of COVID-19, compared to the 1st wave, which allowed for an increased number of clubs in operation in 2Q21.

Cash Cost of Services by Nature

Cash cost of services [a] (R$ million)	2Q21	2Q20	2Q21 vs. 2Q20	1H21	1H20	1H21 vs. 1H20
Occupancy	118,0	48,0	146%	221,7	155,9	42%
Personnel	67,9	42,6	59%	128,8	124,8	3%
Consumables	44,7	20,1	122%	87,5	71,0	23%
Others	34,2	8,6	298%	69,9	61,7	13%
Cash cost of services	**264,7**	**119,4**	**122%**	**507,8**	**413,4**	**23%**

(a) For a better analysis of the performance of our operations, we present the "Cash Cost of Services", which 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.

Evolution of Cash Cost of Services (R$ million)



The cash cost of services increased R$22 million (9%) in 2Q21 vs. 1Q21, due to the opening of new clubs and the higher number of clubs in operation in 2Q21 (closed during 13% of the days in 2Q21 vs. 28% in 1Q21). Compared to 4Q20, which had a profile of units in operation similar to 2Q21, cash cost remained stable, demonstrating the strong focus on cost management during the pandemic.

Considering only the units opened up to 4Q19, the cash cost of services in 2Q21 decreased 24% or R$67.3 million compared to the January and February 2020 baseline, due to the reduction in the clubs' personnel, consumption and occupancy expenses. In 2Q21, the cash cost of the clubs added from 1Q20 onwards and of Queima Diaria (acquired in 2020) totaled R$53.6 million.

CASH GROSS PROFIT

Cash gross profit [a] (R$ million)	2Q21	2Q20	2Q21 vs. 2Q20	1H21	1H20	1H21 vs. 1H20
Net revenue	**343,2**	**67,4**	**410%**	**715,0**	**670,1**	**7%**
(-) Cost of services rendered	362,3	256,4	41%	721,1	618,1	17%
Gross profit	**-19,1**	**-189,1**	**-90%**	**-6,1**	**52,0**	**-112%**
(+) Depreciation [b]	97,6	137,1	-29%	213,3	204,7	4%
Cash gross profit [c]	**78,5**	**-52,0**	**-251%**	**207,2**	**256,7**	**-19%**
Cash gross margin	22,9%	-77,2%	100,1 p.p.	29,0%	38,3%	-9,3 p.p.
(+) Preoperating expenses	1,2	3,0	-59%	3,0	7,9	-62%
Cash gross profit before preoperating expenses [d]	**79,8**	**-49,1**	**n.a.**	**210,2**	**264,6**	**-21%**
Cash gross margin before preoperating expenses	23,2%	-72,8%	n.a.	29,4%	39,5%	-10,1 p.p.

(a) For a better analysis of the performance of our operations, all indicators exclude the effects of IFRS-16, depreciation and amortization. (b) "Depreciation" are other depreciations included in the cost of services other than lease, as this has already been excluded from the "Cost of Services" calculation; (c) "Cash gross profit" excludes depreciation and amortization; (d) "Cash gross profit before opening of new units" excludes depreciation, amortization and cost of opening of new units.

Cash gross profit totaled R$78.5 million in 2Q21, compared to a negative cash gross profit of R$52.0 million in the same period of the previous year, due to the significant impact of the 1st wave of COVID-19 on the 2Q20 results. In 1H21, cash gross profit totaled R$207.2 million, equivalent to a gross margin of 29%.

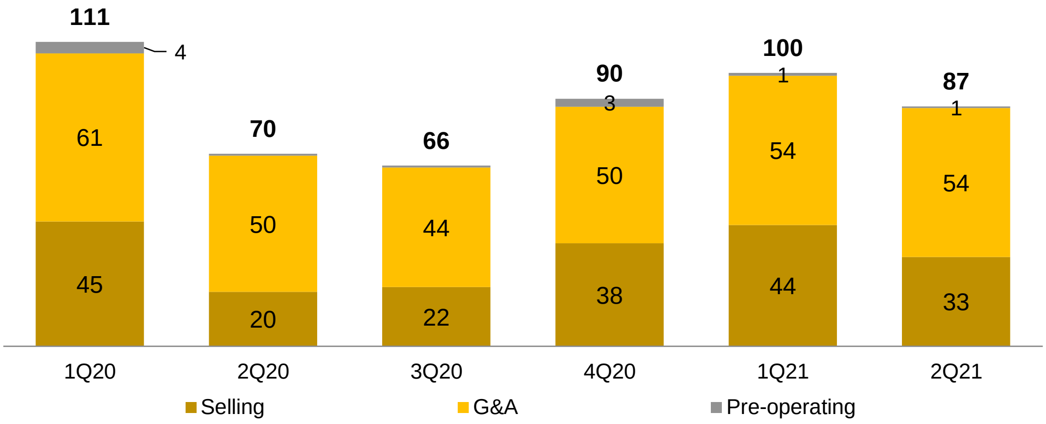
SELLING AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses [a] (R$ million)	2Q21	2Q20	2Q21 vs. 2Q20	1H21	1H20	1H21 vs. 1H20
Selling expenses	32.1	19.8	62%	76.3	65.3	17%
General and administrative expenses	54.6	49.6	10%	109.1	111.0	-2%
Pre-operating expenses	0.6	0.7	-12%	1.6	4.8	-66%
Total	**87.4**	**70.1**	**25%**	**187.0**	**181.1**	**3%**

(a) For a better analysis of the performance of our operations, all indicators exclude the effects of IFRS 16 in relation to the lease of clubs and offices;

Selling, general and administrative expenses totaled R$87.4 million in 2Q21, R$17.3 million higher than in 2Q20, due to the incremental expenses brought by the acquisition of Queima Diaria and increased expenses to acquire new members in 2Q21, as in 2Q20 the clubs were mostly closed during the 1st wave of COVID-19.

Evolution of Selling, General, Administrative and Pre-Operating Expenses
(R$ million)



Selling, general and administrative expenses decreased by R$24 million (-21%) compared to 1Q20 (pre-pandemic) due to the initiatives adopted to contain costs given the 2nd wave of COVID-19 throughout 1H21.

Selling, general and administrative expenses and the opening of new units decreased by R$12 million when compared to 1Q21, mainly due to the reduction in sales campaigns, given the low level of social mobility and several restrictions on the opening hours of units throughout 2Q21.

EBITDA

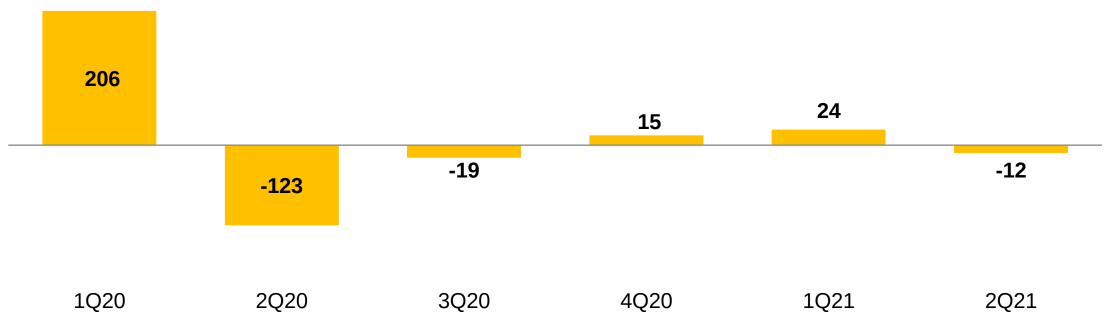
EBITDA Composition

EBITDA Composition [a] (R$ million)	2Q21	2Q20	2Q21 vs.2Q20	1H21	1H20	1H21 vs.1H20
Net income	**-161.2**	**-252.8**	**-36%**	**-305.9**	**-235.9**	**30%**
(+) IR & CSLL	-10.9	-20.2	-46%	-9.4	6.5	-244%
(+) Finance income (costs)	53.5	47.5	13%	107.8	111.5	-3%
(+) Depreciation	104.9	99.4	6%	215.0	188.6	14%
EBITDA	**-13.7**	**-126.2**	**-89%**	**7.6**	**70.7**	**-89%**
EBITDA Margin	*-4.0%*	*-187.3%*	*183.4 p.p.*	*1.1%*	*10.5%*	*-9.5 p.p.*
(+) pre-operating expenses	1.9	3.7	-49%	4.6	12.8	-64%
EBITDA before pre-operating expenses	**-11.8**	**-122.5**	**-90%**	**12.2**	**83.4**	**-85%**
EBITDA margin before pre-operating expenses	*-3.4%*	*-181.9%*	*178.4 p.p.*	*1.7%*	*12.5%*	*-10.7 p.p.*

(a) For a better analysis of the performance of our operations, all indicators exclude the effects of IFRS 16 in relation to the lease of clubs and offices.

EBITDA before pre-operating expenses in 1H21 was R$12.2 million. Clubs remained closed for approximately 21% of the days in 1H21, which negatively impacted the resumption of the Company's revenue growth.

Evolution of EBITDA before pre-operating expenses (R$ millions)



Despite the various restrictions on the opening hours of clubs caused by the 1st and 2nd wave of COVID-19, we have kept EBITDA stable over the last four quarters, due to the customer relationship initiatives adopted by the Company and reduction of costs and expenses.

EBITDA by Region

EBITDA [a] (R$ million)	2Q21	2Q20	2Q21 vs.2Q20	1H21	1H20	1H21 vs.1H20
Brazil	-19.2	-99.4	-81%	-12.0	5.0	-341%
Mexico	4.6	-7.8	-159%	13.9	43.8	-68%
Other Latin America	3.9	-15.9	-124%	18.7	25.9	-28%
Subtotal	**-10.7**	**-123.0**	**-91%**	**20.5**	**74.7**	**-73%**
Elimination [b]	-3.0	-3.1	-6%	-12.9	-4.0	222%
Total	**-13.7**	**-126.2**	**-89%**	**7.6**	**70.7**	**-89%**

(a) For a better analysis of the performance of our operations, all indicators exclude the effects of IFRS 16 in relation to the lease of clubs and offices.(b) Includes gains / (losses) on equity income and elimination.

EBITDA in Brazil, Mexico and Other Latin America region showed a relevant recovery in 2Q21 compared to 2Q20, as the impact of the 2nd wave of COVID-19 on 2Q21 was smoother than the impact of the 1st wave on 2Q20.

As in recent quarters, Mexico and Other Latin America posted positive EBITDA in 2Q21 due to the initial recovery of the member base.

The financial figures presented from this point on reflect the adoption of IFRS-16

For more information, see the "Impact of the Adoption of IFRS-16" section on page 17

PROFIT (LOSS) FOR THE PERIOD

The Company posted a loss of R$175.2 million in 2Q21, against a loss of R$272.2 million in 2Q20, a reduction of R$97 million. Although negatively impacted by the temporary closing of clubs due to the 2nd wave of COVID-19, 2Q21 net earnings strongly recovered if compared to 2Q20 as 84% of our clubs were operating in 2Q21, versus 28% in 2Q20.

OPERATING CASH GENERATION

Operating Cash Generation (R$ million)	2Q21	2Q20	Variation	1H21	2H21	Variation
Profit before income tax and social contribution	(186.1)	(292.4)	36%	(350,9)	(271,7)	29%
Depreciation and amortization	184.3	147.9	25%	377,3	305,5	24%
Write-off of intangible assets and property and equipment	10.3	6.4	60%	18,3	14,0	32%
Finance costs on loans	59.2	56.8	4%	93,4	130,3	-28%
Finance costs on leases	35.3	39.0	-10%	51,7	102,8	-50%
Others	2.3	13.9	-84%	12,3	7,7	59%
Working capital variation	9.7	(18.7)	n/a	(48,5)	(134,5)	-64%
Cash generated by operating activities	**114.8**	**(47.0)**	**n/a**	**153,6**	**154,2**	**0%**
Interest paid on borrowings	(48.3)	(95.3)	-49%	(60,6)	(105,4)	-43%
Interest paid on leases	(51.1)	(39.0)	31%	(91,3)	(102,8)	-11%
Income tax and social contribution paid	0.8	(7.6)	n/a	(1,2)	(30,8)	-96%
Net cash generated by operating activities	**16.3**	**(189.0)**	**n/a**	**0,5**	**(84,9)**	**n/a**
(+) Interest paid on borrowings and debentures	48.3	95.3	-49%	60,6	105,4	-43%
(-) Payment of lease of properties [a]	(41.3)	(73.3)	-44%	(86,2)	(110,3)	-22%
Cash generated by operations before interest and after lease of properties	**23.3**	**(166.9)**	**n/a**	**(25,1)**	**(89,8)**	**-72%**

(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

In 2Q21, cash generated by operations before interest and after lease payments was R$23.3 million, showing a significant improvement when compared to 2Q20, despite the partial closure of units in the period, due to the lesser impact of the 2nd wave of COVID-19.

In 1H21, cash used in operations before interest and after lease payments was R$25.1 million, even with the units closed for 21% of the 1H21 period, due to the offer of new services during the 2nd wave of COVID-19 combined with the maintenance of the collection and leaner cost and expense structure, leading to a virtually neutral cash consumption in the period.

CAPEX

Capex (R$ million)	2Q21	2Q20	2Q21 vs 2Q20	1H21	1H20	1H21 vs 1H20
Capex	53.4	45.6	17%	107.6	284.6	-62%
Expansion	41.3	37.4	10%	74.6	239.4	-69%
Maintenance	6.9	4.9	41%	20.9	28.6	-27%
Innovation projects	0.7	1.6	-57%	3.1	7.6	-58%
Corporate	4.5	1.7	162%	9.0	9.0	0%

2Q21 Capex totaled R$53.4 million, up 17% over 2Q20. The reduced capex, if compared to the pre-pandemic period, did not prevented Smart Fit from resuming the growth pace, as part of the club openings in 1H21 was funded with third-party resources allocated in the joint venture SmartExp and the acquisition of Just Fit, which did not involve cash disbursement in the short term. The corporate Capex in 1T21 totaled R$4.5 million, the same level as in 1H20. Most of these investments refer to technology projects, which are essential for digitalizing services and improving customer experience.

CASH AND INDEBTEDNESS

Cash and Indebtedness (R$ million)	2Q21	1Q21	4Q20	3Q20	2Q20
Cash and Cash Equivalents [a]	907	908	1,064	832	1,163
Gross Debt [b]	2,815	2,896	2,833	2,822	2,890
By nature:					
Borrowings and debentures	2,641	2,684	2,616	2,597	2,669
Lease liability - equipment	174	212	217	225	221
By maturity:					
Short term	542	590	345	402	561
Long term	2,273	2,307	2,488	2,420	2,329
Net Debt	1,908	1,988	1,770	1,990	1,727
Net Debt / EBITDA LTM	6.7x	15.8x	5.7x	8.9x	4.2x

(a) in this table, "Cash and Cash Equivalents" considers 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) "Gross Debt" includes the equipment operating lease liability; (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.

The Company maintained its cash position in 2Q21 of R$907 million, stable in relation to 1Q21, mainly due to the actions taken to preserve and strengthen its cash position. The financial indebtedness position reduced by R$81 million, to R$2,815 million, resulting in a positive variation in net debt of R$80 million, ending 2Q21 at R$1,908 million. In 2Q21, the Company partially amortized 10% of the remaining balance of the 4th issue of debentures (R$117 million) and raised R$250 million from the 5th issue of debentures, with a total term of 3 years from the issue date.

The net debt/LTM EBITDA ratio reached 6.5x at the end of 2Q21, impacted by the EBITDA reduction due to the temporary closure 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/LTM 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; 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/LTM 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 June 30, 2021.

In July 2021, we raised R$2.645 million through the initial public offering of shares, which substantially reduces our net debt and strengthens our cash position to finance the continued expansion of operations. In July 2021, the credit rating agency Fitch raised the rating of the 4th issue of debentures to AA- (bra) with a positive outlook.

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 company's debt maturities are well distributed over the next few years until 2026. At the end of 2Q21, the maturity schedule of the financial indebtedness was:

Financial Indebtedness [a] (R$ million)	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**Total**
Total	**246**	**563**	**665**	**528**	**440**	**373**	**2,815**
Brazil	58	83	316	260	379	373	1,468
Mexico	41	151	162	123	43	-	520
Other Latin America [b]	147	329	187	145	19	-	827

(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

IPO and listing of shares on B3

On July 14, 2021, the common shares of Smart Fit Escola de Ginástica e Dança S.A. began to be traded on the Novo Mercado segment of the São Paulo Stock Exchange – B3 under the ticker SMFT3. Through a primary issue of 115 million common shares, Smart Fit raised R$2,645 million (considering the over-allotment subscription of 15.0 million shares). The funds raised are intended to finance the resumption of the plan to expand and consolidate the operations, as well as to strengthen the Company's fitness ecosystem. On August 2, 2021, the public offering of shares was completed.

IMPACT OF THE ADOPTION OF IFRS 16

On January 1, 2019, the Company adopted the standard 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 profit(loss) are detailed below.

Statement of Profit and Loss (R$ million)	Reported 2Q21	Impacts of IFRS 16	2Q21 excluding impact of IFRS 16	Reported 2Q20	Impacts of IFRS 16	2Q20 excluding impact of IFRS 16	Reported 6M21	Impacts of IFRS 16	6M21 excluding impact of IFRS 16	Reported 6M20	Impacts of IFRS 16	6M20 excluding impact of IFRS 16
Net Revenue	343,2		343,2	67,4		67,4	715,0		715,0	670,1		670,1
Cost of services	(362,4)	6,3	(368,7)	(256,4)	(39,4)	(217,1)	(721,1)	(0,0)	(721,1)	(618,1)	(20,3)	(597,8)
Leases	(31,5)	86,9	(118,4)	(18,2)	31,3	(49,4)	(62,5)	160,2	(222,8)	(41,3)	117,6	(159,0)
Depreciation and amortization (cost)	(184,6)	(80,6)	(104,0)	(168,3)	(70,6)	(97,7)	(373,6)	(160,3)	(213,3)	(322,3)	(137,9)	(184,4)
Gross profit	(19,1)	6,3	(25,4)	(189,1)	(39,4)	(149,7)	(6,2)	(0,0)	(6,1)	52,0	(20,3)	72,3
SG&A	(89,6)	0,6	(90,2)	(73,1)	(0,3)	(72,8)	(187,3)	1,1	(188,3)	(185,8)	0,4	(186,2)
Selling expenses	(32,8)	-	(32,8)	(19,8)	-	(19,8)	(78,0)		(78,0)	(65,3)		(65,3)
General and administrative expenses	(53,0)	1,7	(54,6)	(48,7)	0,9	(49,6)	(106,0)	3,1	(109,1)	(109,0)	2,0	(111,0)
Leases	(0,8)	1,7	(2,4)	(0,2)	0,9	(1,1)	(0,8)	3,1	(4,0)	(0,7)	2,0	(2,7)
Depreciation and amortization (expense)	(2,0)	(1,0)	(1,0)	(3,0)	(1,2)	(1,7)	(3,7)	(2,0)	(1,7)	(5,8)	(1,6)	(4,2)
Other (expenses) income	(1,9)	-	(1,9)	(0,9)	-	(0,9)	0,4		0,4	(0,9)		(0,9)
Share of profit (loss) of investees	(3,0)	-	(3,0)	(3,1)	-	(3,1)	(12,9)		(12,9)	(4,0)		(4,0)
Profit (loss) before finance income (costs)	(111,6)	7,0	(118,6)	(265,3)	(39,7)	(225,6)	(206,4)	1,1	(207,4)	(137,8)	(19,9)	(117,9)
Finance income (costs)	(74,7)	(21,1)	(53,5)	(27,1)	20,3	(47,5)	(144,5)	(36,7)	(107,8)	(133,8)	(22,3)	(111,5)
Income tax and social contribution	10,9	-	10,9	20,2	-	20,2	9,4		9,4	(6,5)		(6,5)
Profit for the period	(175,2)	(14,0)	(161,2)	(272,2)	(19,3)	(252,8)	(341,5)	(35,7)	(305,9)	(278,2)	(42,2)	(235,9)

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

	Reported 2Q21	Impacts of IFRS 16	2Q21 excluding impact of IFRS 16	Reported 2Q20	Impacts of IFRS 16	2Q20 excluding impact of IFRS 16	Reported 6M21	Impacts of IFRS 16	6M21 excluding impact of IFRS 16	Reported 6M20	Impacts of IFRS 16	6M20 excluding impact of IFRS 16
Gross profit	(19,1)	6,3	(25,4)	(189,1)	(39,4)	(149,7)	(6,2)	(0,0)	(6,1)	52,0	(20,3)	72,3
Depreciation and amortization (cost)	184,6	80,6	104,0	168,3	70,6	97,7	373,6	160,3	213,3	322,3	137,9	184,4
Gross profit excluding depreciation	165,5	86,9	78,5	(20,8)	31,3	(52,0)	367,4	160,2	207,2	374,3	117,6	256,7
Gross Margin excluding depreciation	48,2%		22,9%	-30,8%		-77,2%	51,4%		29,0%	55,9%		38,3%
Profit for the period	(175,2)	(14,0)	(161,2)	(272,2)	(19,3)	(252,8)	(341,5)	(35,7)	(305,9)	(278,2)	(42,2)	(235,9)
(-) Income tax and social contribution	(10,9)	-	(10,9)	(20,2)	-	(20,2)	(9,4)	-	(9,4)	6,5	-	6,5
(-) Finance income (costs)	74,7	21,1	53,5	27,1	(20,3)	47,5	144,5	36,7	107,8	133,8	22,3	111,5
Depreciation and amortization	186,6	81,6	104,9	171,3	71,9	99,4	377,3	162,3	215,0	328,1	139,6	188,6
EBITDA	74,9	88,7	(13,7)	(94,0)	32,2	(126,2)	170,9	163,3	7,6	190,3	119,6	70,7
EBITDA Margin	21,8%		-4,0%	-139,5%		-187,3%	23,9%		1,1%	28,4%		10,5%

**Costs, Selling and G&A expenses include pre-operating expenses*

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.

BALANCE SHEET

ASSETS (R$ million)	**2Q21**	**4Q20**
CURRENT ASSETS	**1.218,9**	**1.311,0**
Cash and cash equivalents	836,7	1.019,6
Trade and other receivables	150,4	154,2
Other credits	231,9	137,2
NONCURRENT ASSETS	**6.663,9**	**7.182,9**
Property and equipment	2.267,0	2.425,1
Right-of-use assets	2.463,7	2.726,9
Intangible assets	1.446,1	1.540,9
Investimentos	120,9	125,2
Outros	366,2	364,8
TOTAL DO ATIVO	**7.882,9**	**8.494,0**

LIABILITIES (R$ million)	**2Q21**	**4Q20**
CURRENT LIABILITIES	**1.253,5**	**1.084,6**
Borrowings and debentures	471,8	277,7
Lease liabilities	350,4	339,4
Trade payables	298,7	333,0
Deferred revenue	121,1	132,5
Taxes and contributions payable	11,6	2,0
NONCURRENT LIABILITIES	**4.542,3**	**4.940,6**
Borrowings	2.169,0	2.338,4
Lease liabilities	2.286,7	2.534,4
Others	86,6	67,8
EQUITY	**2.087,0**	**2.468,8**
Capital	325,4	325,4
Capital reserve	2.379,5	2.312,0
Earnings reserve / accumulated losses	-992,2	-651,8
Other comprehensive income	345,8	460,5
Noncontrolling interests	28,5	22,7
TOTAL LIABILITIES AND EQUITY	**7.882,9**	**8.494,0**

STATEMENT OF PROFIT AND LOSS

DRE (R$ million)	2Q21	2Q20	2Q21 vs. 2Q20	1H21	1H20	1H21 vs. 1H20
Net operating revenue	**343,2**	**67,4**	**410%**	**715,0**	**670,1**	**7%**
Cost of services rendered	-362,4	-256,4	41%	-721,1	-618,1	17%
Gross profit	**-19,1**	**-189,1**	**-90%**	**-6,2**	**52,0**	**-112%**
Operating income (expenses)						
Selling expenses	-32,8	-20,5	60%	-78,0	-70,1	11%
General and administrative expenses	-54,9	-51,6	6%	-109,7	-114,8	-4%
Share of profit (loss) of investees	-3,0	-3,1	-6%	-12,9	-4,0	222%
Other operating income (expenses)	-1,9	-0,9	113%	0,4	-0,9	-144%
Profit before finance income (costs)	-111,6	-265,3	-58%	-206,4	-137,8	50%
Finance income (costs)	-74,5	-27,1	175%	-144,5	-133,8	8%
Profit before income tax and social contribution	-186,1	-292,4	-36%	-350,9	-271,7	29%
Income tax and social contribution	10,9	20,2	-46%	9,4	-6,5	-244%
Net income	**-175,2**	**-272,2**	**-36%**	**-341,5**	**-278,2**	**23%**

STATEMENT OF CASH FLOWS

Statement of Cash Flows (R$ million)	2Q21	2Q20	2Q21 VS. 2Q20	1H21	1H20	1H21 VS. 1H20
CASH FLOWS FROM OPERATING ACTIVITIES						
Loss for the period	-175,2	-272,2	-36%	-341,5	-278,2	23%
Depreciation and amortization	184,3	147,9	25%	377,3	305,5	23%
Write-off of intangible assets and property and equipment	10,3	6,4	60%	18,3	14,0	32%
Accrued interest on debts and exchange differences	50,3	25,1	101%	84,6	98,5	-14%
Accrued interest on leases	-4,5	-40,1	-89%	51,7	23,7	118%
Others	-29,1	-174,5	-83%	-34,9	-85,2	-59%
Working capital variation	24,3	84,8	-71%	-1,9	-2,7	-31%
Cash generated by operating activities	**60,3**	**-222,6**	**n.a**	**153,6**	**75,6**	**103%**
Interest paid on borrowings and debentures	-48,3	-95,3	-49%	-60,6	-105,4	-42%
Interest paid on leases	-51,1	39,5	-229%	-91,3	-24,3	276%
Income tax and social contribution paid	0,8	-7,6	n.a	-1,2	-30,8	-96%
Net cash generated by operating activities	**-38,3**	**-286,0**	**-87%**	**0,5**	**-84,9**	**n.a**
CASH FLOWS FROM INVESTING ACTIVITIES						
Additions to property and equipment	-53,4	-45,6	17%	-107,6	-284,6	-62%
Additions to intangible assets	-1,9	-2,6	-26%	-3,2	-4,7	-32%
Payments for the acquisition of subsidiary and joint venture	0,0	-8,0	-100%	-54,5	-29,1	87%
Capital increase in subsidiary and joint venture	-1,2	-8,2	-86%	-3,7	-9,4	-60%
Short-term investments	-37,2	-33,9	10%	-50,0	-37,6	33%
Related parties	14,4	-0,5	n.a	-2,2	1,4	-264%
Net cash used in investing activities	**-79,3**	**-98,8**	**-20%**	**-221,3**	**-364,0**	**-39%**
CASH FLOW FROM FINANCING ACTIVITIES						
Repayment of borrowings and costs	-142,0	-7,8	1709%	-174,0	-55,2	215%
Proceeds from borrowings	246,7	112,6	119%	246,7	372,6	-34%
Payment of lease	-53,0	-93,0	-43%	-113,4	-137,7	-18%
Capital increase by controlling interests	0,0	0,0	n.a	64,3	0,1	58394%
Share buyback, net of receipts for stock option exercised	0,0	0,0	-100%	0,0	-30,6	-100%
Others	0,8	0,2	377%	0,0	-0,0	-100%
Net cash generated by financing activities	**52,5**	**11,9**	**342%**	**23,7**	**149,2**	**-84%**
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**-65,1**	**-372,9**	**-83%**	**-197,1**	**-299,7**	**-34%**
Opening balance	863,1	1.346,5	-36%	1.019,6	1.351,4	-25%
Closing balance	792,0	1.162,6	-32%	792,0	1.162,6	-32%
Exchange differences on cash and cash equivalents	-6,0	189,1	-103%	-23,6	110,9	-121%