Smart Fit

3Q23 Earnings Presentation

November 09, 2023

DISCLAIMER

This presentation contains forward-looking statements related to the Company that reflect the current view and/or estimates of the Company and its Management regarding its future performance, businesses and events. Forward-looking statements include, but are not limited to, any statement that contains forecasts, estimates and projections about future results, performance or objectives, as well as terms such as "we believe", "we anticipate", "we expect", "we estimate", "we forecast" and other similar expressions. These forward-looking statements are subject to risks, uncertainties and future events. We caution investors that diverse factors may cause actual results to differ significantly from these plans, objectives, expectations, projections and intentions expressed in this presentation. Under no circumstances will the Company, its subsidiaries, directors, executive officers, agents or employees be liable to third parties (including investors) for any investment decision taken based on information and statements in this presentation, or for any damage caused by such decision, related to or specifically based on such information or statements. Information about competitive position, including market forecasts throughout this presentation, was obtained through internal research, market surveys, information available in public domain and business publications. This presentation and its contents are the property of the Company and cannot be partially or totally reproduced or circulated without prior written consent from the Company.

HIGHLIGHTS OF THE PERIOD

MEMBER BASE IN CONSTANT EXPANSION, REACHING 4.4 MILLION, UP 18% FROM 3Q22

Addition of 134,000 club members in the quarter, thanks to successful efforts in attracting and retaining clients, and expanding club base

NET REVENUE OF R$1,089 MILLION, +42% VS. 3Q22, WITH INCREASE IN ALL REGIONS VS. 2Q23

Ninth straight quarter of growth with continuous increase in average net revenue per Smart Fit club combined with the expansion of own club network

CASH GROSS MARGIN AT MATURE UNITS[1] OF 52% AND INCREASE IN CASH GROSS PROFIT IN 21/22 VINTAGE

Cash gross margin of 50.2%, notably with stable margin of 52% at mature units and solid performance by units opened since 2021

EBITDA MARGIN OF 30.0%, +7.4 P.P. VS. 3Q22, AND OPERATING CASH FLOW OF R$314 MILLION IN THE QUARTER

EBITDA of R$327 million, strong growth of 88% vs. 3Q22, and operating cash flow in 9M23 of R$1,062 million (vs. R$441 million in 9M22)

RECURRING NET INCOME[2] OF R$101 MILLION, MORE THAN TRIPLE VS. 3Q22

Continuous improvement in profitability consolidates the trend of net income growth, with recurring net margin of 9.3% in 3Q23

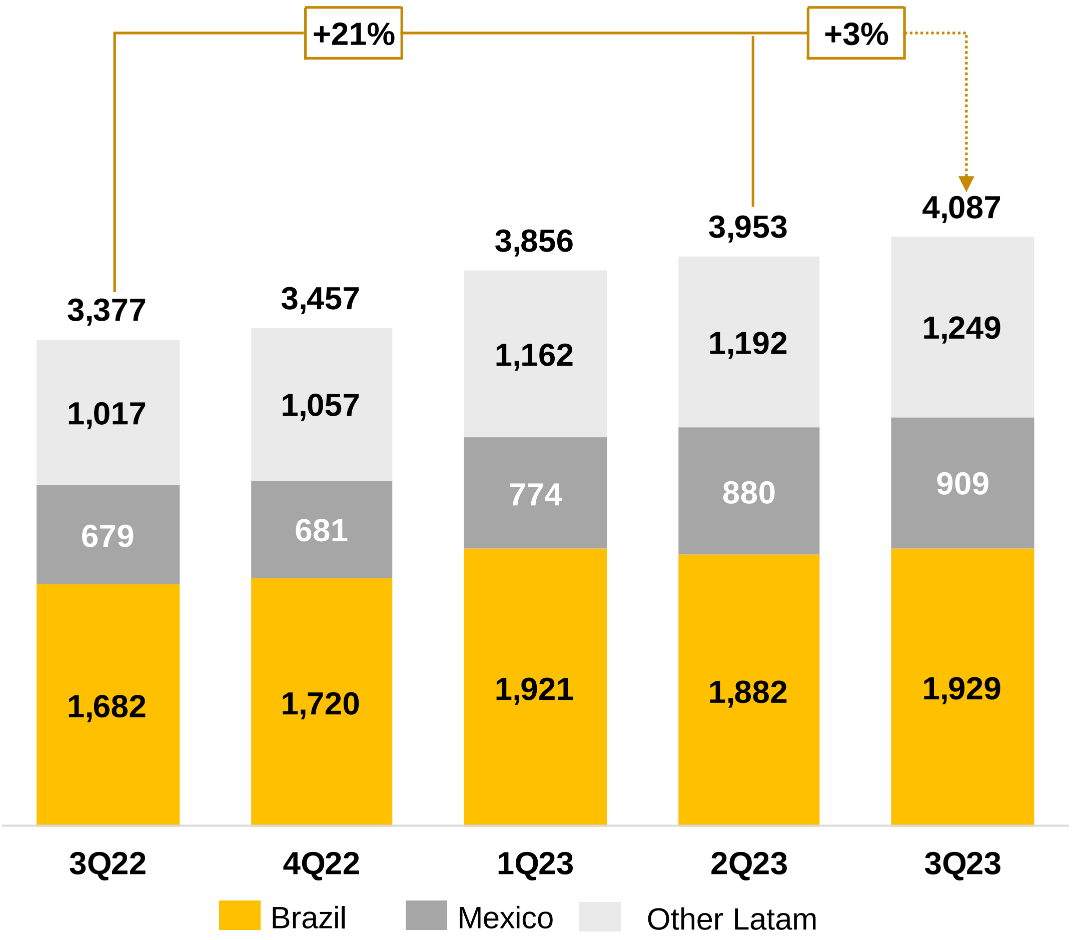
(1) A unit is considered mature when it has been operating for at least 24 months at the start of the calendar year
(2) Excludes the positive effect of R$163 million and R$7 million in net income from the revaluation of Panama in 2Q23 and 3Q23, respectively

CONTINUOUS MEMBER BASE AND REVENUE GROWTH

In 3Q23, member base at clubs totaled 4.1 million (+21% vs. 3Q22), with the addition of 134,000 members in the quarter and continued growth in net revenue per own Smart Fit club

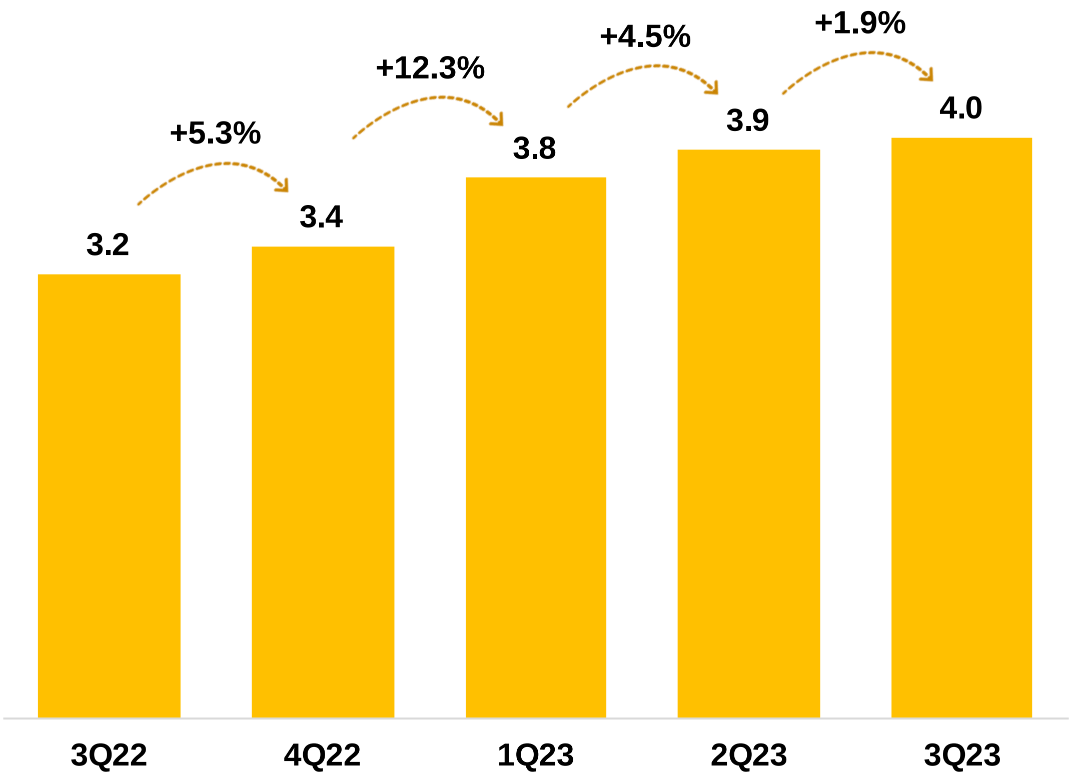
CLUBS MEMBER BASE

(# '000 end of period)



AVERAGE NET REVENUE PER OWN SMART FIT CLUB

(R$ million – annualized data)



FOCUS ON EFFICIENCY AND CUSTOMER EXPERIENCE

Assertive and continuous efforts to attract and retain customers, with discipline in pricing and focus on delivering the best customer experience

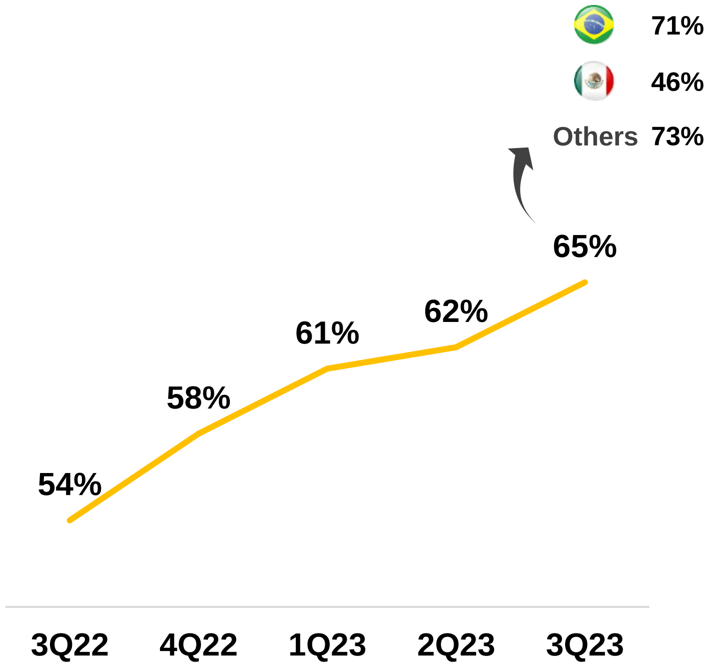
Discipline in pricing and marketing expenses

Revenue Management: Sustainable optimization of revenue per client and region

Pricing intelligence*:* Assertiveness in promotional strategies, remaining at historic levels

Marketing expenses efficiency: Sales expenses represented 7.4% of net revenue in 9M23, a reduction of 2.4p.p. vs. 9M22

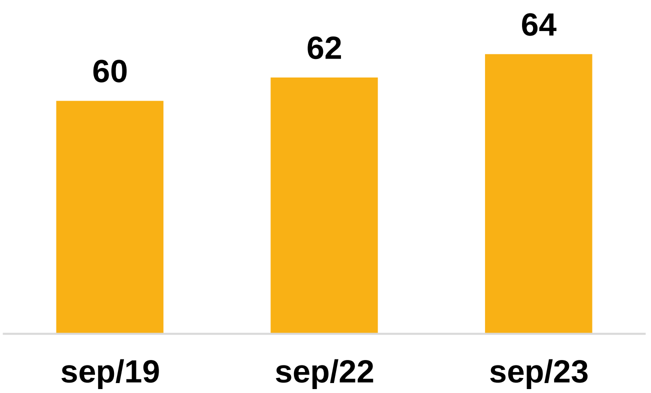
"Black[1]" plan (% members base EoP)



Network effect and initiatives aimed at increasing the penetration of "Black" plan, contributing to an increase in the average ticket and improving profitability

Customer satisfaction

(NPS – Net Promoter Score)



Solid NPS and in line with historical levels

Processes aimed at greater operational efficiency and better customer experience

Digital journey, improving the customer experience inside and outside the clubs

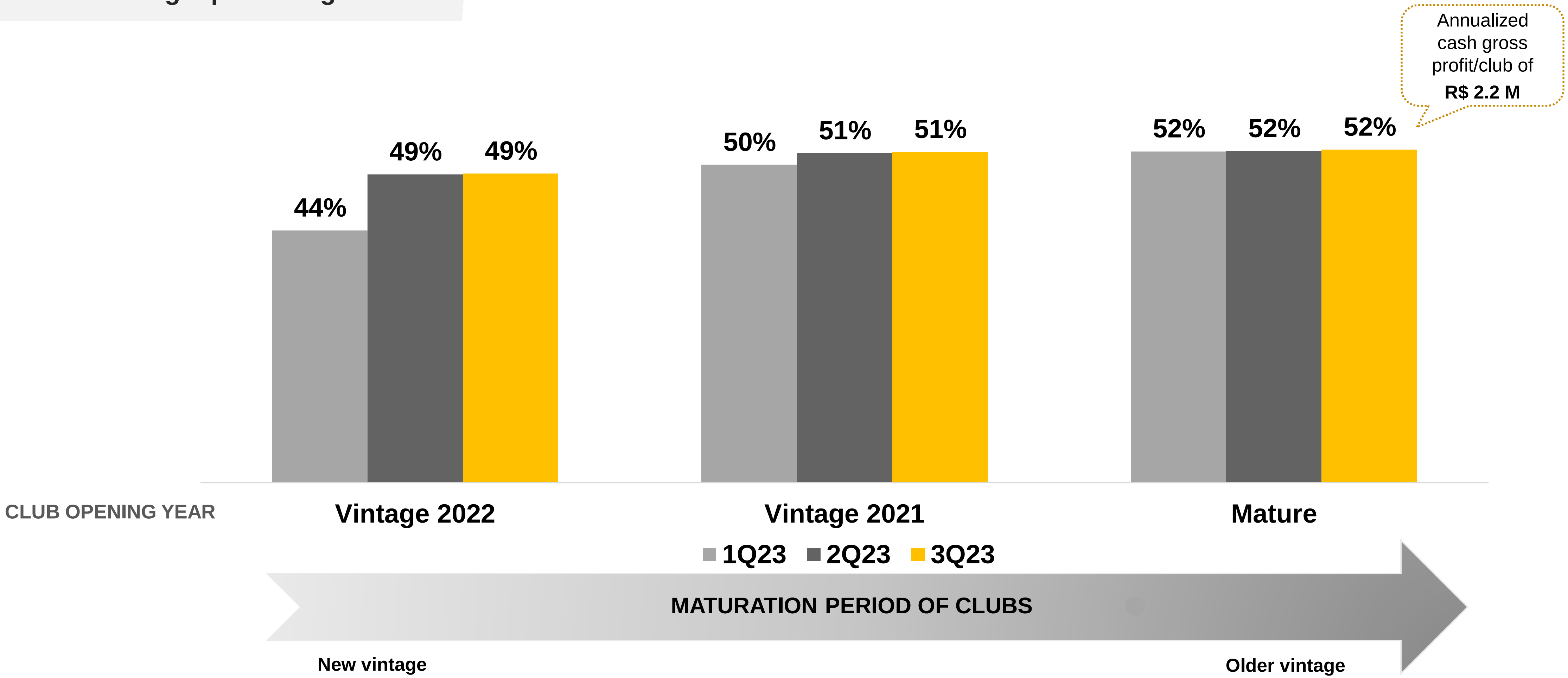
Customer satisfaction as the main focus of the operation and KPI

(1) Considering own Smart Fit units

GROSS MARGIN IN DIVERSE VINTAGE UNITS

Gross margin at mature units stable at 52% and solid performance of units inaugurated since 2021, with cash gross profit per club growth

Gross margin per vintage[1,2]

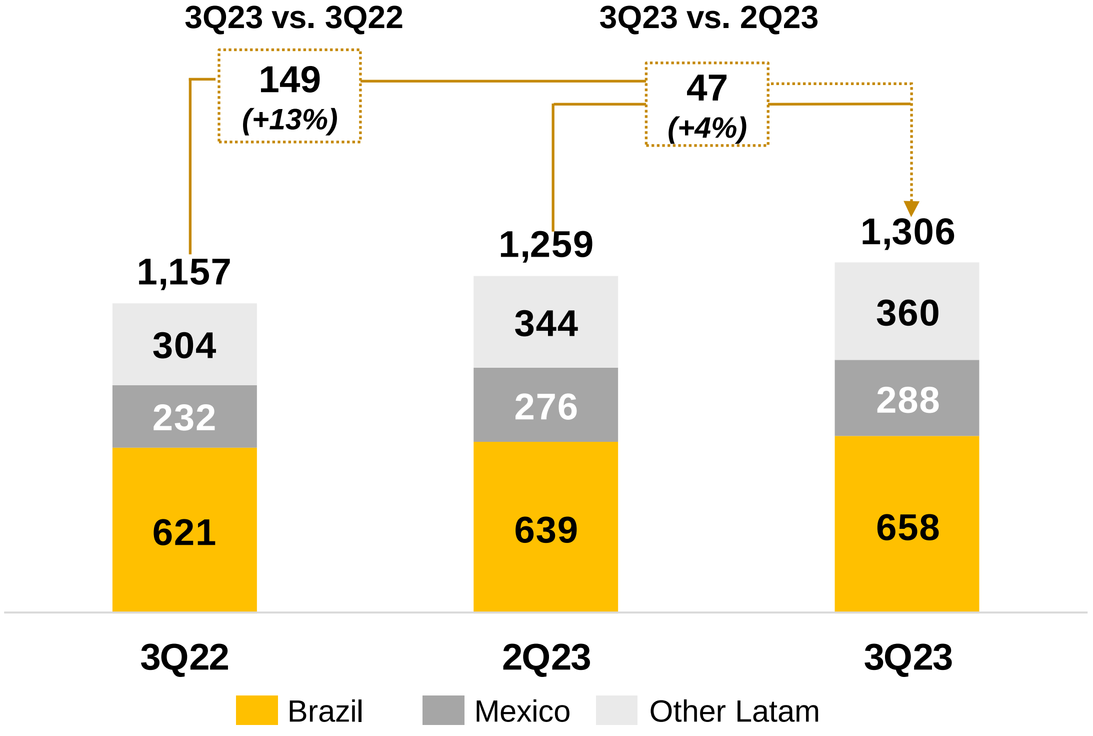


(1) Considering only own Smart Fit units
(2) A unit is considered mature when it has been operating for at least 24 months at the start of the calendar year

EXPANSION 3Q23

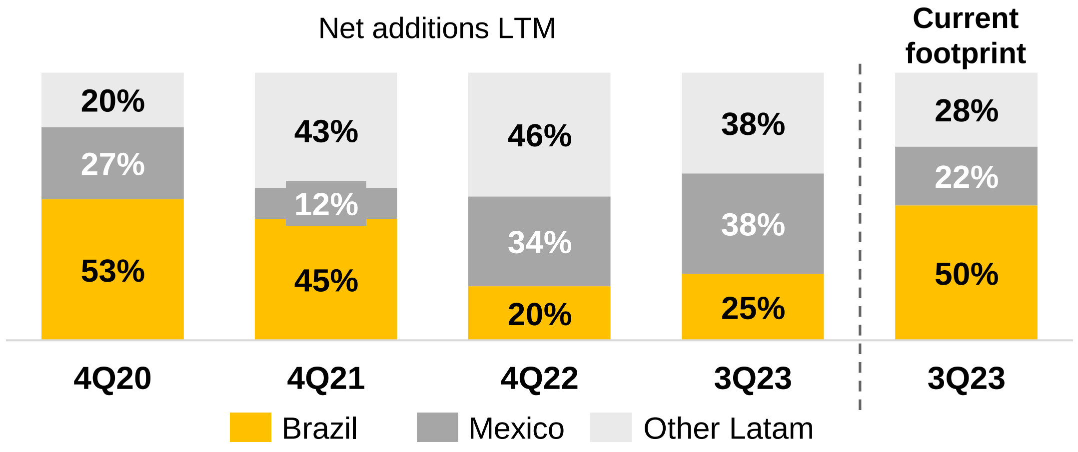
Addition of 149 clubs in the last 12 months, totaling 1,306 clubs, +13% vs. 3Q22. Solid club openings pipeline to be opened in 2023 and 2024

GROWTH IN NUMBER OF CLUBS[1]

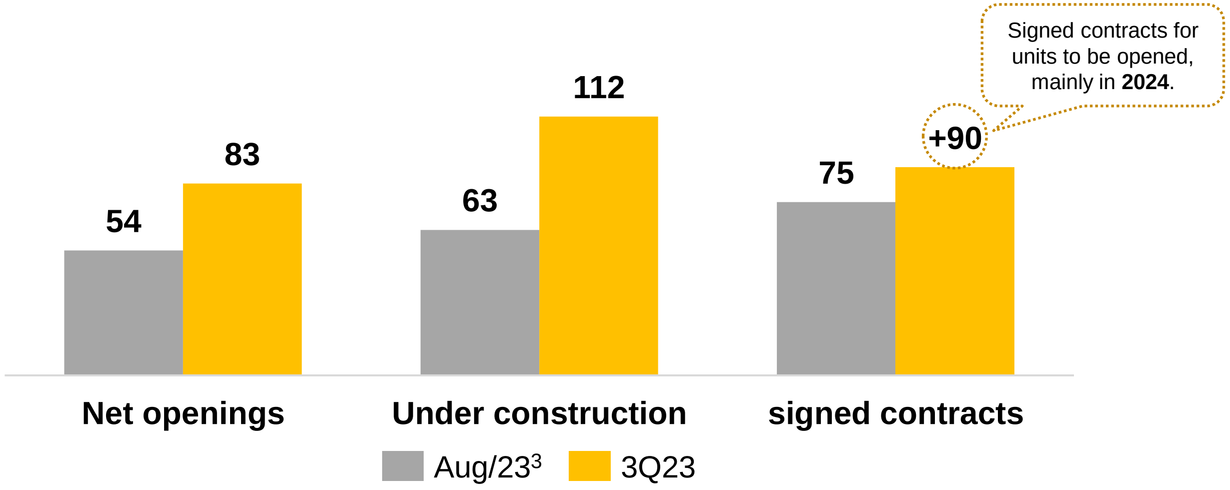


Own SF clubs[2]	3Q22	2Q23	3Q23
Mature	588	650	647
Non-mature	268	321	361

CLUB NETWORK BREAKDOWN BY REGION (% of clubs[1])



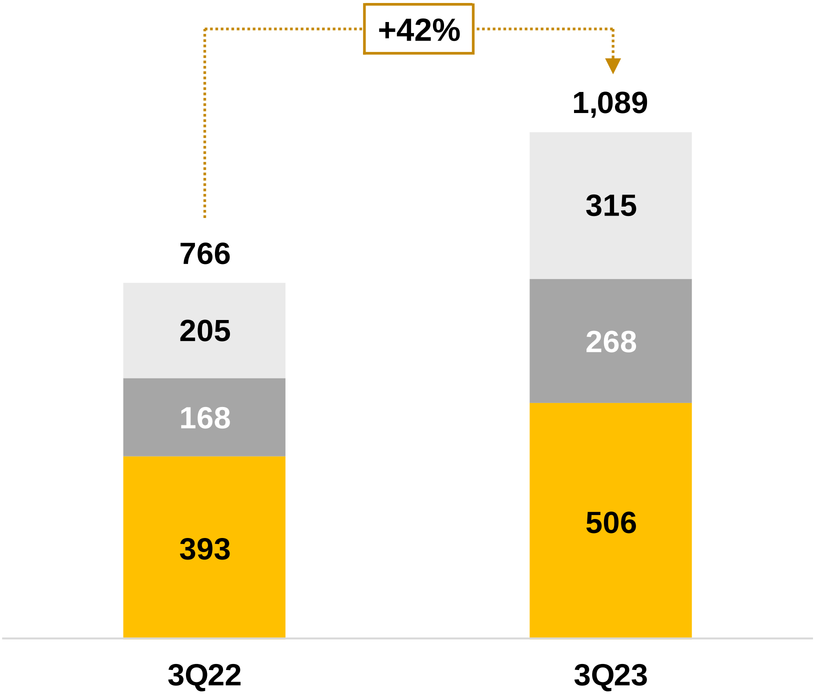
PIPELINE OF CLUB OPENINGS



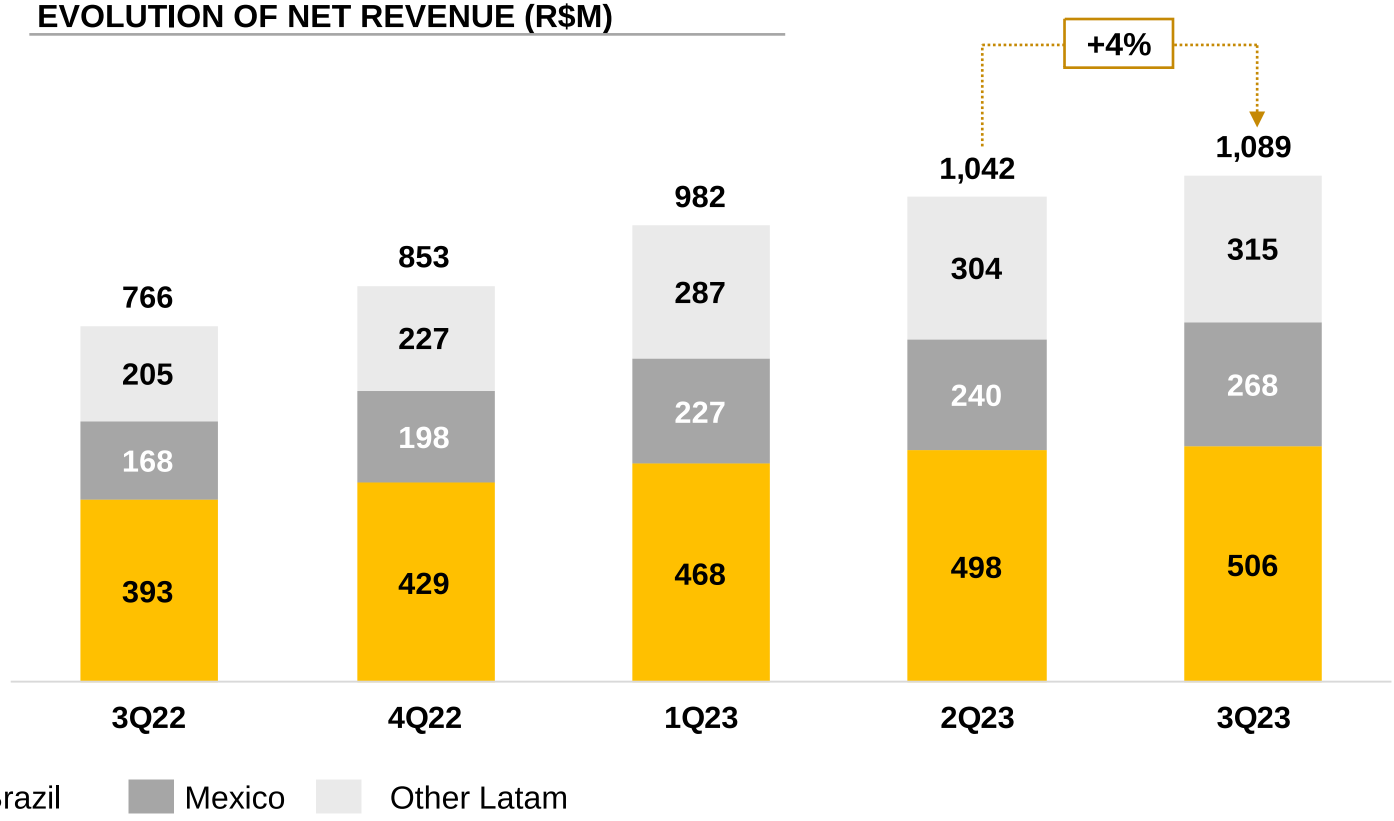
(1) Includes all the group's clubs (excludes Studios)
(2) Includes only own Smart Fit clubs
(3) Considers the beginning of August 2023

NET REVENUE

VARIATION IN NET REVENUE (R$M)



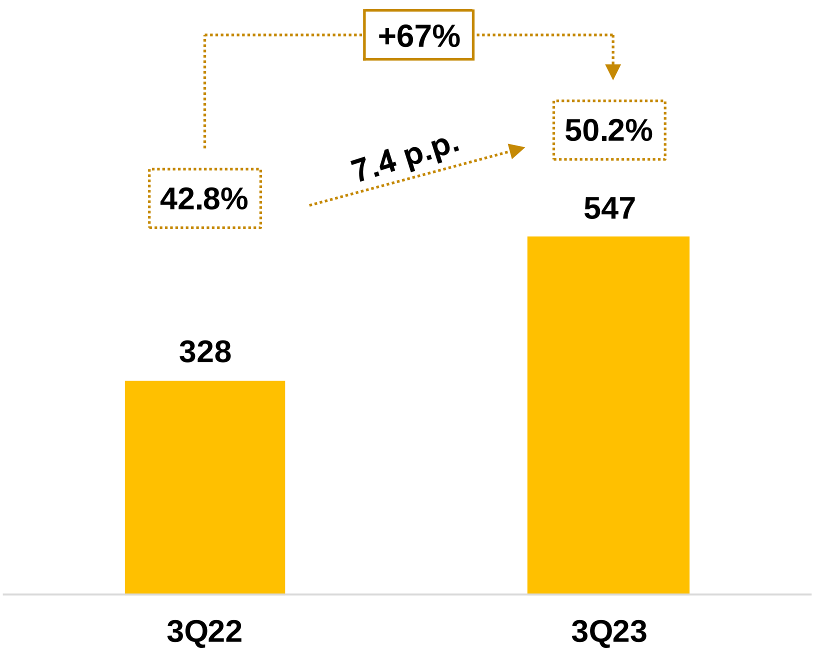
EVOLUTION OF NET REVENUE (R$M)



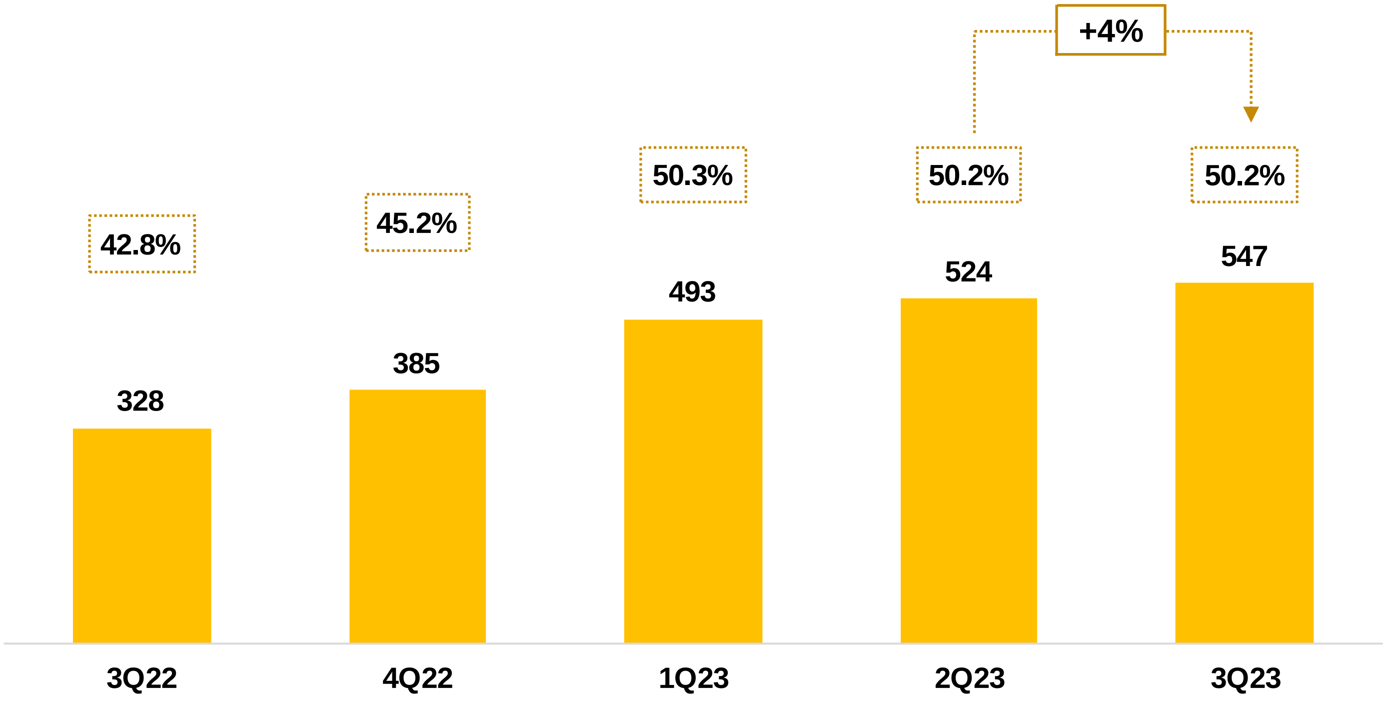
- Net revenue of R$1,089 million in 3Q23, up 42% from 3Q22, mainly due to the 13% average expansion of own clubs' network, the 14% increase in average ticket per unit and the 10% increase in the average members per own Smart Fit unit
- Net revenue increased by 4% vs. 2Q23, with growth in all regions. The revenue increase is explained by a 3% expansion in the average number of own Smart Fit clubs and a 2% increase in the average ticket
- The Mexico region showed strong growth of 12% vs. 2Q23, a result of significant expansion in the average unit base, combined with a rise in the ticket price and a significant growth in the customer base

CASH GROSS PROFIT

VARIATION IN CASH GROSS PROFIT (R$M)



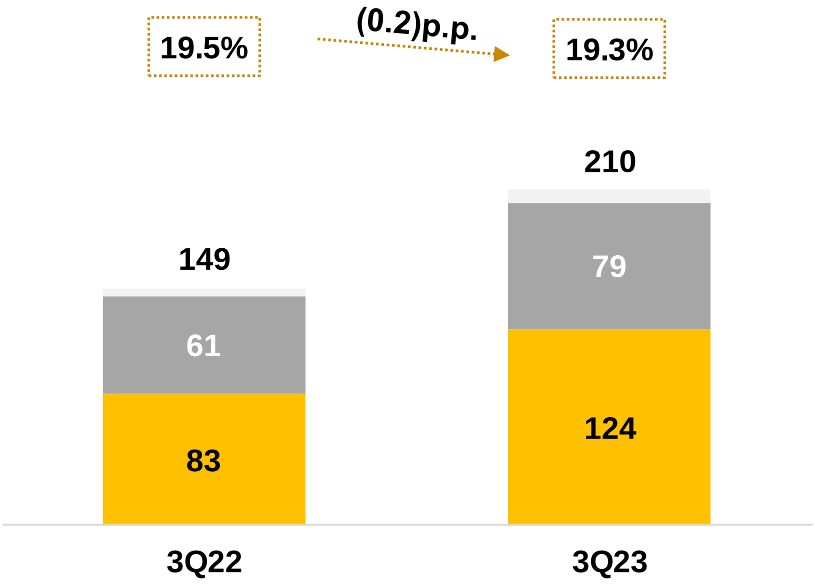
EVOLUTION OF CASH GROSS PROFIT (R$M)



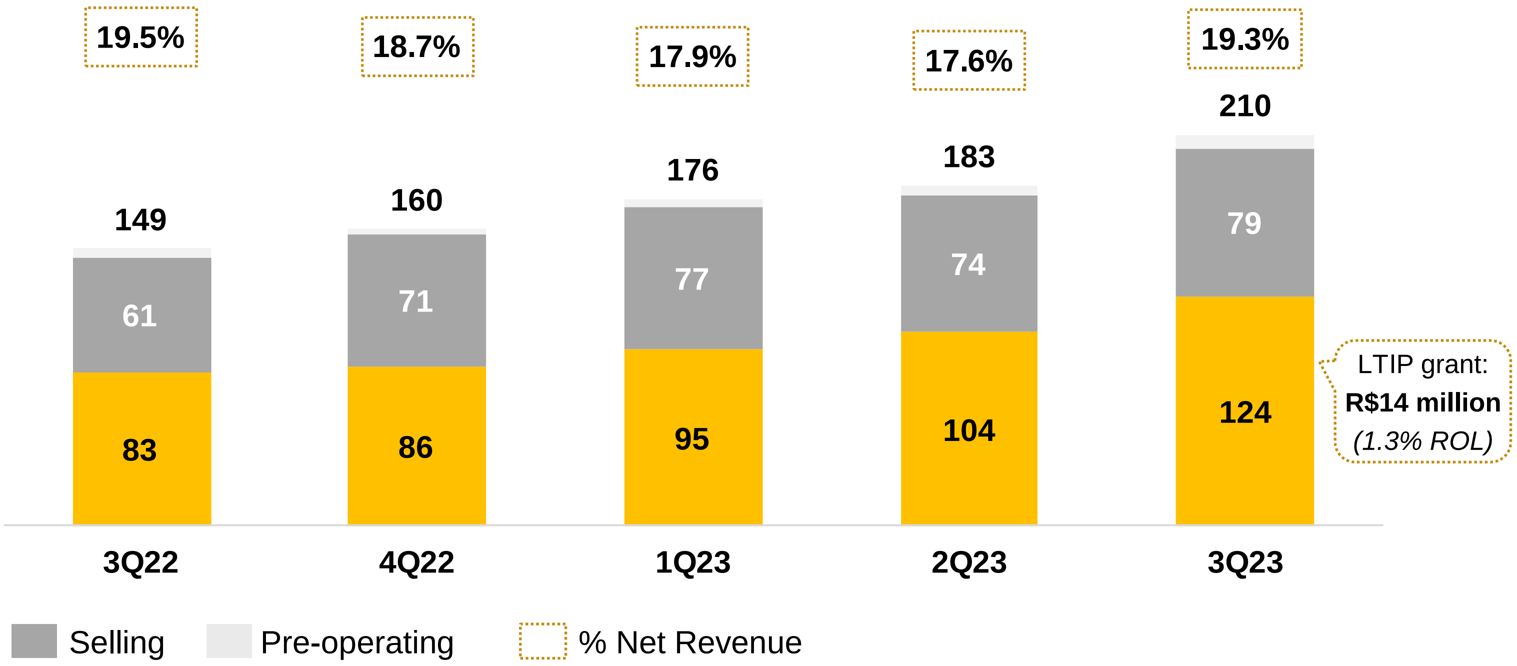
- Cash gross profit was R$547 million in 3Q23, increasing R$219 million vs. 3Q22, with a cash gross margin of 50.2% (+7.4p.p. vs. 3Q22)
- Compared to 2Q23, cash gross profit expanded by 4%, with stable margin. Note the expansion of 1.0p.p. in the cash gross margin for Mexico
- The cash gross margin before pre-operational costs was 51.1% (+0.2p.p. vs. 2Q23), due to increased operational leverage, particularly from maturing units

EXPENSES

VARIATION IN EXPENSES (R$M)



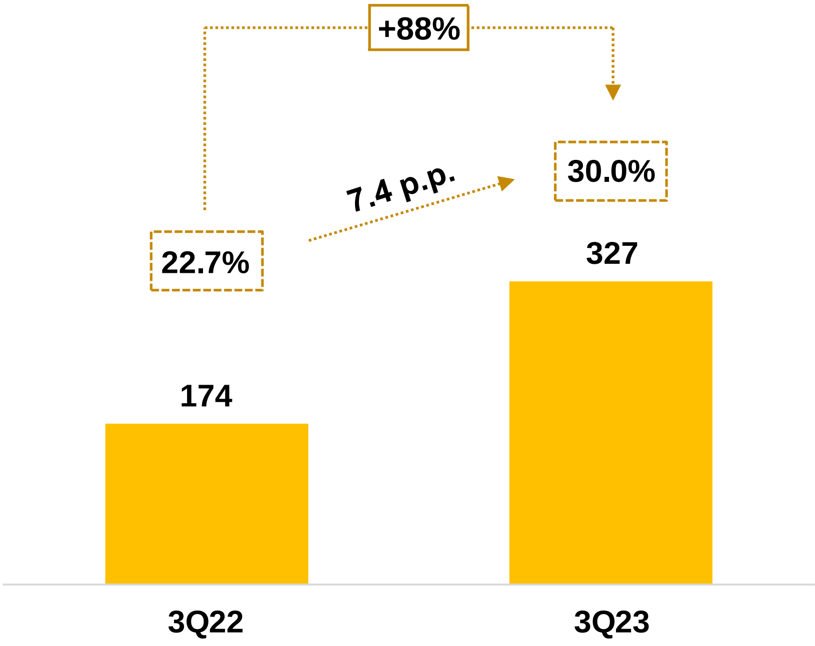
EVOLUTION OF EXPENSES (R$M)



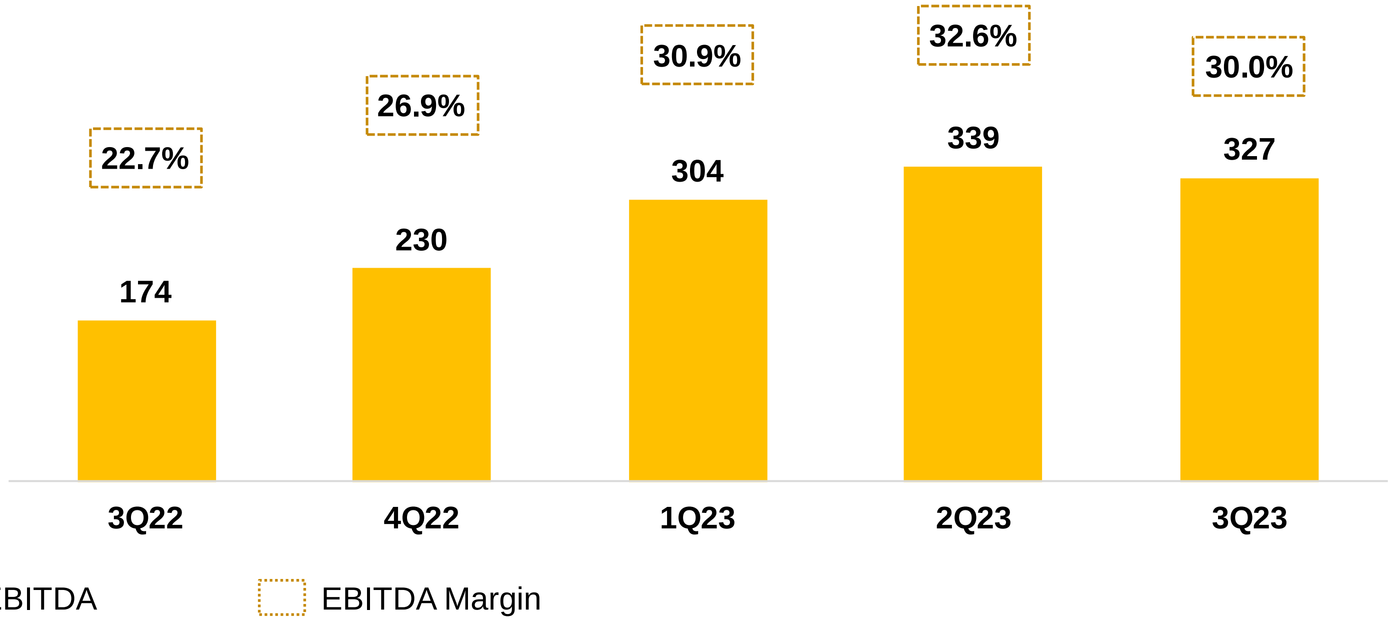
- Selling, general, and administrative expenses totaled R$210 million in 3Q23, a 15% increase compared to 2Q23, mainly due to an increase in general and administrative expenses (G&A), impacted by an additional grant of stock options amounting to R$14 million. Excluding this effect, G&A growth would be 6% vs. 2Q23, representing 10.1% of net revenue, in line vs. 2Q23
- Selling expenses grew by 7% vs. 2Q23, due to the higher number of unit openings in the quarter and the historical seasonality of the period when larger marketing investments are typically made in the third quarter. With these effects, selling expenses represented 7.3% of net revenue, an increase of 0.2p.p. vs. 2Q23 and a 0.7p.p. dilution vs. 3Q22

EBITDA

VARIATION IN EBITDA[1] (R$M)



EVOLUTION OF EBITDA[1] (R$M)

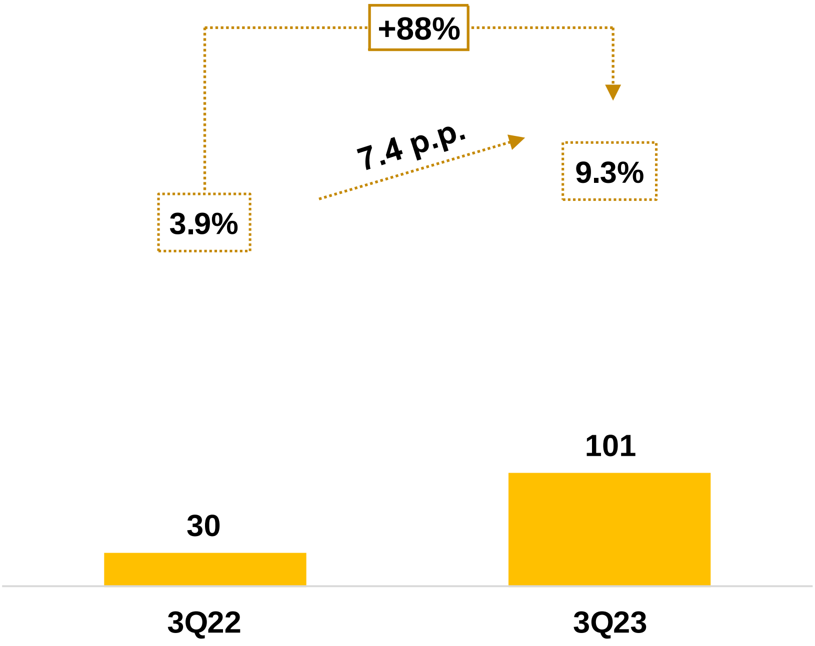


- EBITDA[1] reached R$327 million in 3Q23 (+88% vs. 3Q22), with a margin of 30.0%
- Compared to 2Q23, EBITDA[1] showed a 4% decrease, negatively impacted by an increase in general and administrative expenses, mainly due to the new grant of LTIP
- Adjusted EBITDA before pre-operational expenses totaled R$344 million in 3Q23 (+85% vs. 3Q22), with a margin of 31.6%. Excluding the accounting impact of the new LTIP grant, adjusted EBITDA before pre-operational expenses would have grown by 2% vs. 2T23 with a margin of 32.8%

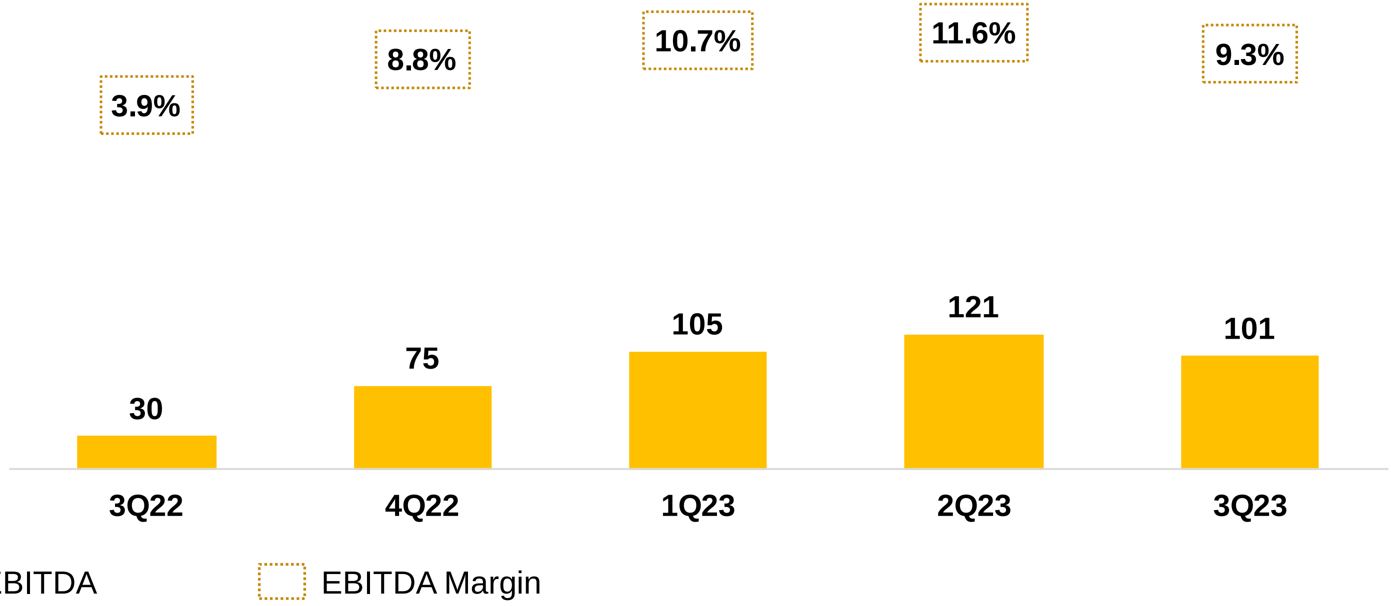
(1) Excludes the gain of R$176.6 million in 2Q23 from the revaluation of the existing 50% interest in Panama;

RECURRING NET INCOME

VARIATION IN RECURRING NET INCOME (R$M)



EVOLUTION OF RECURRING NET INCOME (R$M)



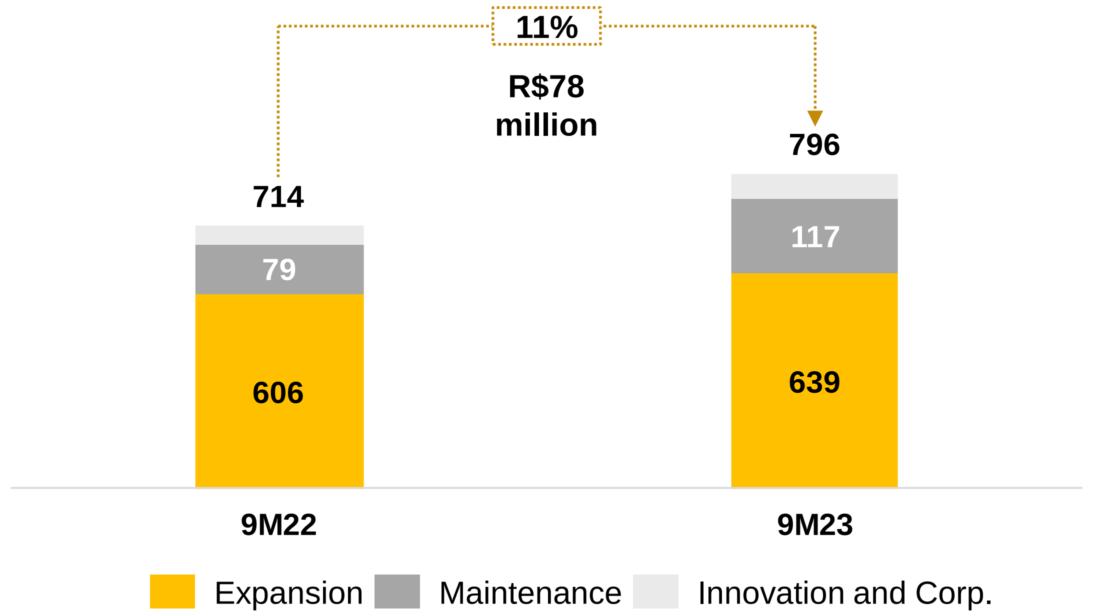
- Recurring net profit[1], excluding the effects of the Panama revaluation, reached R$101 million with a 9.3% net margin
- Continuous improvement in profitability consolidates the growth trajectory, marked by the 5th consecutive quarter of net profit
- Compared to 2Q23, recurring net profit was lower by R$19 million, primarily due to higher general and administrative expenses related to LTIP and an increase in financial expenses

(1) Excludes the gain of R$176.6 million in 2Q23 from the revaluation of the existing 50% interest in Panama;

FINANCIAL LIQUIDITY AND CAPEX

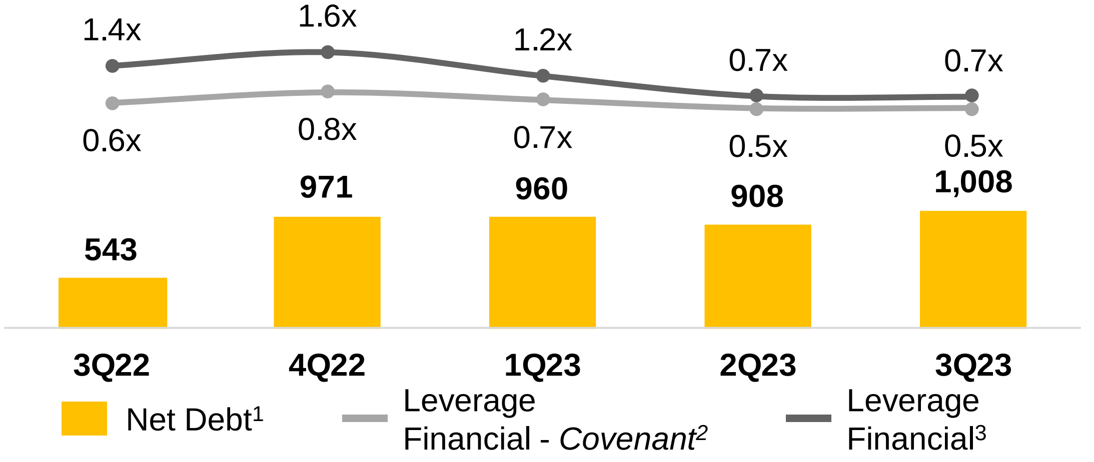
Strong cash position of R$2.8 billion and lengthy debt profile

CAPEX (R$ million)

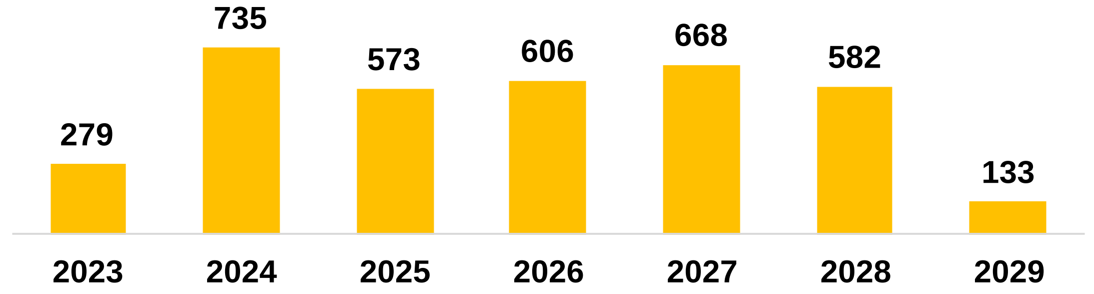


- In 9M23, expansion capex of R$639 M in 9M23, +5% vs. 9M22, due to the greater number of own units under construction
- Maintenance Capex represented 5.5% of the gross revenue of mature units in 9M23 and totaled R$117 M in the period, reflecting the units' readjustment program, which began in 2023
- Financial leverage at 0.7x (stable vs. 2Q23)

NET DEBT[1] (R$ million) AND FINANCIAL LEVERAGE[2,3]



GROSS DEBT PAYMENT FLOW [4] (R$ million)



(1) Uses the definition of the company's debentures related to other items to be considered while calculating net debt, including, but not limited to, contingent considerations and derivative financial instruments; (2) The indicator "Financial Leverage - Covenant" uses the definition of net debt and EBITDA of the company's debentures. For more information, see the indenture (Portuguese only); (3) "Financial Leverage" excludes all IFRS-16 effects; (4) "Gross debt" considers short- and long-term loans, financing and operating leases (excluding property leases) with financial institutions.

Q&A

Instructions:

- To ask questions, click on the **Q&A** icon at the bottom of the screen.
- A request will appear on the screen to activate your microphone. Activate your microphone to ask questions.
- Please ask your questions all at once.