1Q24 Results

Results Webinar
May 10, 2024
11 a.m. (Brasília) | 10 a.m. (NY)
Videoconference in Portuguese
with simultaneous translation into English
Click here

1Q24 Earnings Release

São Paulo, May 9, 2024 – Smart Fit (SMFT3), the leader in the fitness sector across Latin America in memberships[1], announces its 1Q24 results. To facilitate analysis, the results are shown without the effect of IFRS 16/CPC 06 (R2). The effects of IFRS 16/CPC 06 (R2) on the result are detailed from page 23 onwards.

HIGHLIGHTS OF THE PERIOD

- **Accelerated expansion in the last 12 months, with record of 238 clubs opened in the period, close to the guidance of 240-260 new units in 2024**

  Strong growth of 19% in club network vs. 1Q23, with the addition of 31 units in 1Q24, ending the quarter with 1,469 clubs in 15 countries across Latin America.

- **Member base in clubs exceeded the mark of 4.5 million in 1Q24, +18% vs. 1Q23**

  Second best performance ever, with the addition of 395 thousand members in clubs in 1Q24, reflecting the expansion of the club network and successful efforts to attract and retain members.

- **Net revenue reached a record of R$1.3 billion in 1Q24, +28% vs. 1Q23 and +11% vs. 4Q23**

  Solid growth reflects the combination of 20% expansion in average member base in own clubs and 8% increase in average ticket during the period.

- **Solid cash gross margin of 50.4% in 1Q24, +0.2p.p. vs. 1Q23 and +0.6p.p. vs. 4Q23, with record of opening clubs in the last twelve months**

  Reflects of cash gross margin of mature clubs[2] stable at 52% for the fifth straight quarter, the maturation of newly opened clubs, and its consistent performance in line with historical levels.

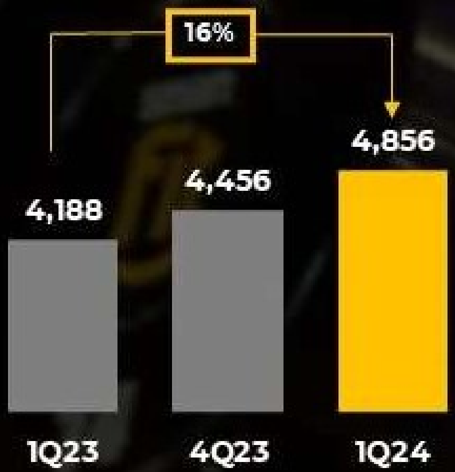
- **Record quarterly EBITDA of R$395 million, with strong growth of +30% vs. 1Q23 and +19% vs. 4Q23**

  EBITDA Margin of 31.4%, up 0.5 p.p. vs. 1Q23 and 2.0 p.p. vs. 4Q23, and EBITDA[3] in the last 12 months reaching a record level of R$1.4 billion.

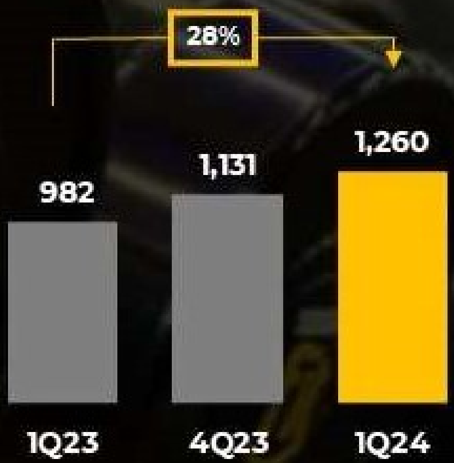
1Q24 Highlights	1Q24	1Q23	1Q24 vs. 1Q23	4Q23	1Q24 vs. 4Q23
Clubs	1.469	1.231	19%	1.438	2%
Total Members (000)[a]	4.856	4.188	16%	4.456	9%
Net Revenue (R$ million)	1.260	982	28%	1.131	11%
Adjusted EBITDA[b] (R$ million)	395	304	30%	332	19%
Adjusted EBITDA Margin	31,4%	30,9%	0,5 p.p.	29,4%	2,0 p.p.
Net Income[b] (R$ million)	110	105	5%	686	(84%)
Operating Cash Flow[c] (R$ million)	259	368	(30%)	426	(39%)

(1) According to the International Health, Racquet & Sportsclub Association data, disclosed in 2023, with base date 2022 ("IHRSA"); (2) Unit is considered mature when it has been operating for at least 24 months at the start of the calendar year; (3) Excludes the gain of R$ 176.6 M obtained from the revaluation of the existing 50% stake in Panama, due to the acquisition of this operation control, made in accordance with the accounting standards in force in the period; (a) Includes members of clubs, studios and digital channel; (b) Excludes the effects of IFRS 16/CPC06 (R2). See the "EBITDA Breakdown" section; (c) See "Operating Cash Flow" section.

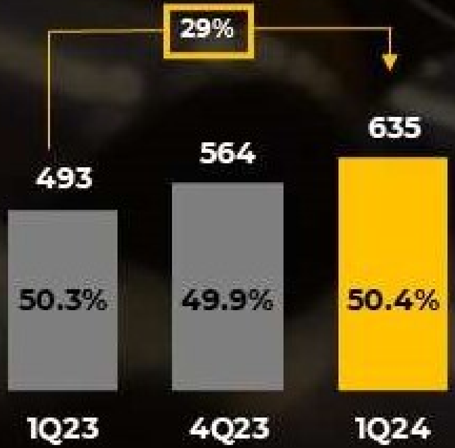
Clients [a] (000)



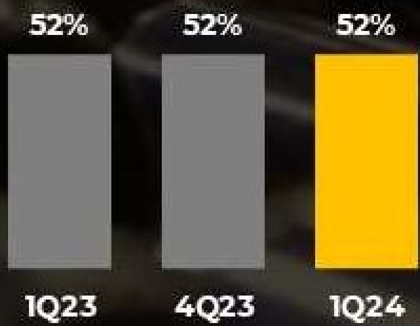
Net Revenue (R$ M)



Cash Gross Profit and Margin [b] (R$ M)

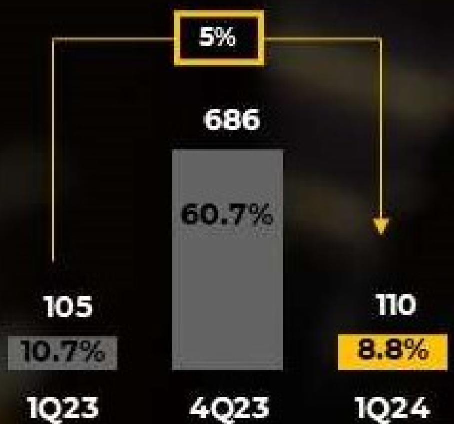


Gross Margin Mature Clubs [b,c] (%)



EBITDA [b] (R$ M) **and Margin** (%)

Net Profit [b] (R$ M) **and Margin** (%)

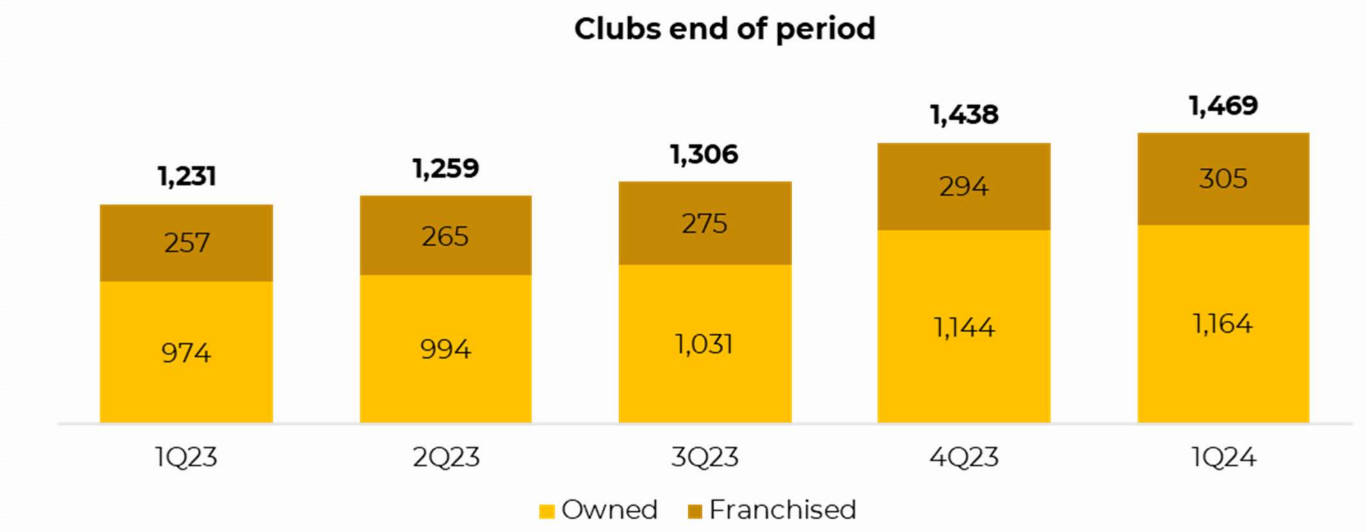


(a) Includes members of clubs, studios and digital channel;
(b) Excludes the effects of IFRS 16/CPC06 (R2). See the "Cash Gross Profit", "EBITDA Breakdown" and "Net Profit" section; and
(c) Unit is considered mature when it has been operating for at least 24 months at the start of the calendar year;

OPERATING PERFORMANCE

CLUB NETWORK

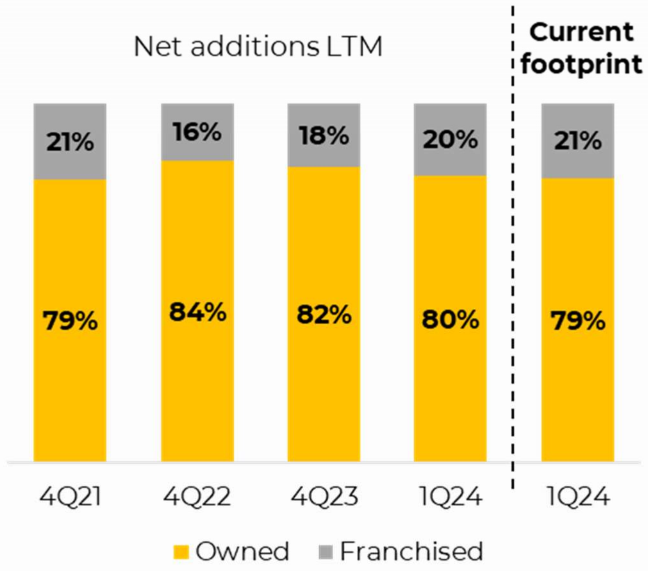
The Company ended the first quarter of 2024 with 1,469 clubs in 15 countries across Latin America, a 19% expansion in club network compared to the same period last year. 31 clubs were added in the quarter, all under the Smart Fit brand, of which 15 are in Other Latin America, 14 in Brazil and 2 in Mexico. Of the additions in the quarter, 20 are own units (65% of additions) and 11 are franchises. At the end of the period, the club network consisted of 1,164 own units (79% of total) and 305 franchises.



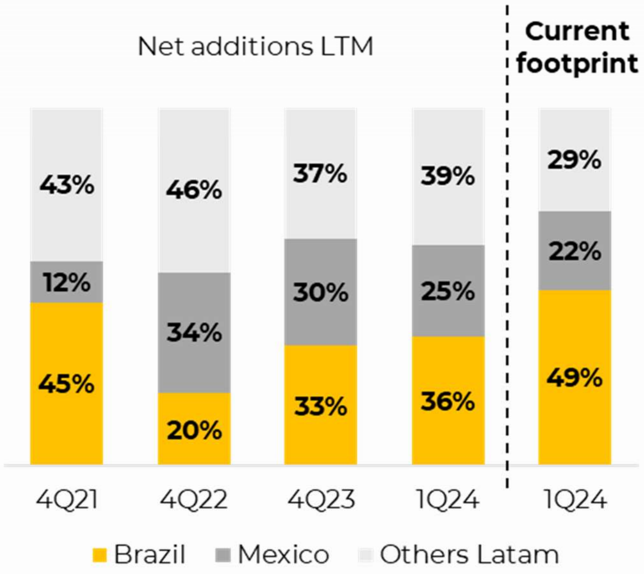
In the last 12 months, the Company set a record pace of expansion, opening 238 new clubs, of which 237 under the Smart Fit brand and one Bio Ritmo unit, reinforcing its leadership position in Latin America's fitness sector. During this period, 80% of the additions were own clubs. By region, 39% of the additions in the period were in Other Latin America, 36% in Brazil and 25% in Mexico.

The Company ended April with 75 units under construction and 105 agreements signed. In this regard, we remain confident in relation to the guidance of opening 240 to 260 clubs in 2024, of which at least 80% will be own clubs, anchored on the consistent returns obtained from clubs opened in the last three years and the favorable scenario of real estate opportunities, reflecting the solid and longstanding relations with key real estate developers in the region, combined with our vast know-how in opening and operating clubs.

Club distribution[a] by type

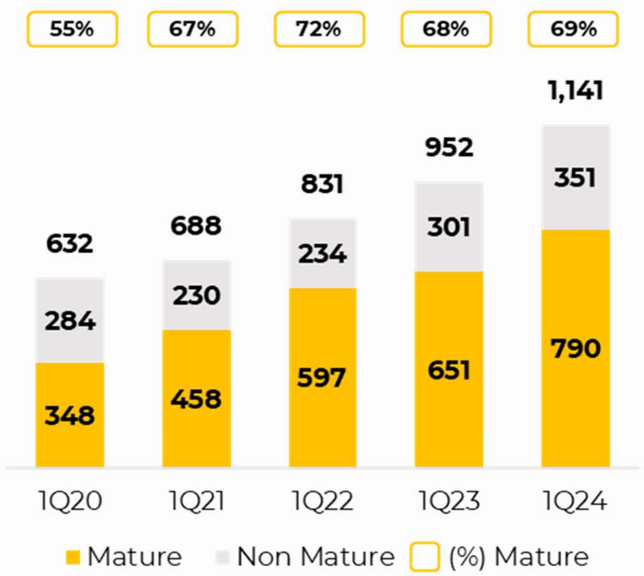


Club distribution[a] by region

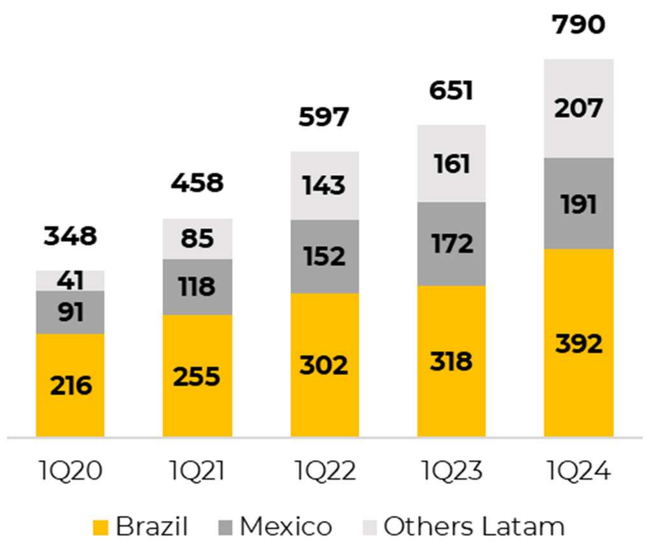


(a) Includes only the Company's clubs (excludes Studios).

Smart Fit Own Units *per aging*



Smart Fit Own Mature per region



Note that, of the own clubs under the Smart Fit brand, 790 units (69%) were mature at the end of 1Q24, compared to 68% in the same period last year, considering the definition that a unit is mature when it had been operating for at least 24 months at the start of the year.

Also note that the Company ended the period with 23 Studios, with the addition of 2 units in the quarter in the states of São Paulo and Santa Catarina. In this regard, we highlight the inauguration of the first "One Pilates", a recently launched concept in the Pilates segment, at a Studio unit in São Paulo. In the last 12 months, 10 Studios were added, being 8 franchises.

EVOLUTION OF CLUB NETWORK

Clubs	End of Period					Growth 1Q24 vs.		Variation 1Q24 vs.	
	1Q23	2Q23	3Q23	4Q23	1Q24	4Q23	1Q23	4Q23	1Q23
Total	**1,244**	**1,274**	**1,323**	**1,459**	**1,492**	**33**	**248**	**2%**	**20%**
Clubs	**1,231**	**1,259**	**1,306**	**1,438**	**1,469**	**31**	**238**	**2%**	**19%**
By Type									
Owned	974	994	1,031	1,144	1,164	20	190	2%	20%
Franchised	257	265	275	294	305	11	48	4%	19%
By Brand									
Smart Fit	1,204	1,231	1,278	1,410	1,441	31	237	2%	20%
Owned	952	971	1,008	1,121	1,141	20	189	2%	20%
Brazil	431	431	448	486	493	7	62	1%	14%
Mexico	250	264	274	302	304	2	54	1%	22%
Other Latin America[a]	271	276	286	333	344	11	73	3%	27%
Franchised	252	260	270	289	300	11	48	4%	19%
Brazil	177	181	183	193	200	7	23	4%	13%
Mexico	10	12	14	16	16	0	6	–	60%
Other Latin America[a]	65	67	73	80	84	4	19	5%	29%
Bio Ritmo and O2	27	28	28	28	28	0	1	–	4%
Owned	22	23	23	23	23	0	1	–	5%
Franchised	5	5	5	5	5	0	0	–	–
By Region									
Brazil	634	639	658	706	720	14	86	2%	14%
Mexico	260	276	288	318	320	2	60	1%	23%
Other Latin America[a]	337	344	360	414	429	15	92	4%	27%
Studio[b]	**13**	**15**	**17**	**21**	**23**	**2**	**10**	**10%**	**77%**

(a) The "Other Latin America" region includes own operations in Argentina, Chile, Colombia, Costa Rica, Panama, Paraguay, Peru and Uruguay and the franchises in El Salvador, Ecuador, Guatemala, Dominican Republic, and Honduras; (b) Studios include 10 own clubs and 13 franchises.

MEMBER BASE

In 1Q24, the total member base continued its expansion trend, adding a record 401 thousand members in the quarter to reach the mark of 4.9 million, up 16% from 1Q23 and 9% from 4Q23. The club member base surpassed the mark of 4.5 million, up 18% from 1Q23 and 10% from 4Q23. The Company added 395 thousand club members in 1Q24, its second highest level ever, which reflects the solid sales in January 2024, resulting from the positive seasonal effects in the period, which is historically the strongest month of the year in attracting members in Brazil and Other Latin America. This performance was also positively affected by the combination of (i) successful sales efforts to attract members based on the strength of the Smart Fit brand and its unique value proposition; and (ii) the Company's strong pace of expansion in recent years and the maturation of its club network.

EVOLUTION OF MEMBER BASE

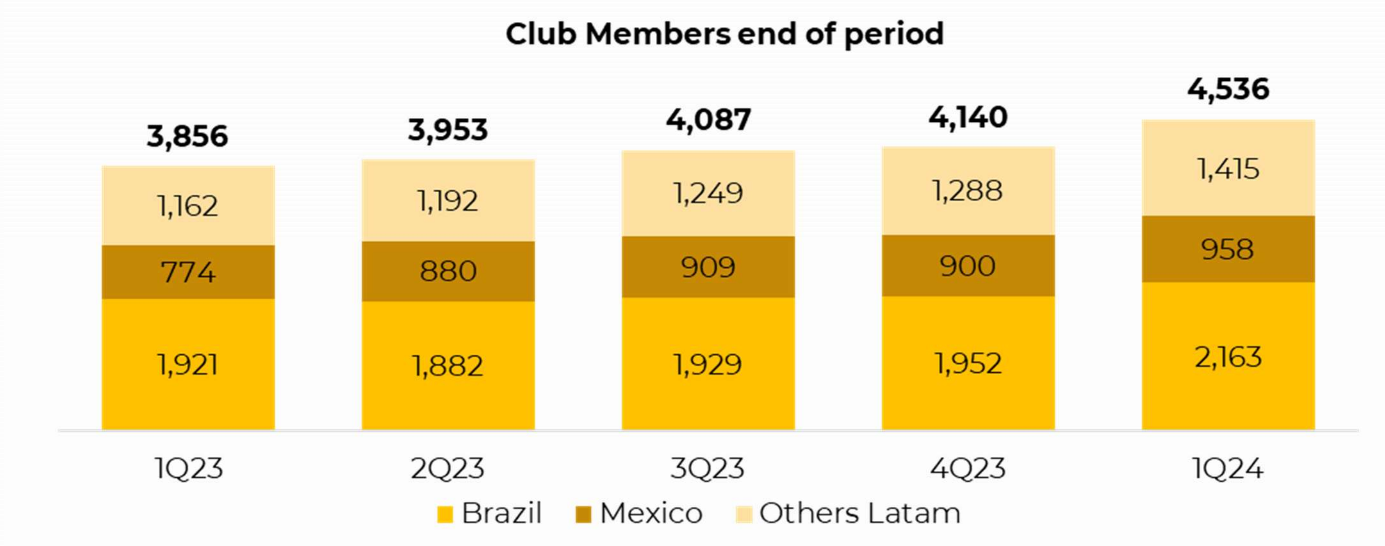
Clients ('000)	End of Period					Growth 1Q24 vs.		Variation 1Q24 vs.	
	1Q23	2Q23	3Q23	4Q23	1Q24	4Q23	1Q23	4Q23	1Q23
Total	**4,188**	**4,271**	**4,404**	**4,456**	**4,856**	**401**	**669**	**9%**	**16%**
Clubs	**3,856**	**3,953**	**4,087**	**4,140**	**4,536**	**395**	**679**	**10%**	**18%**
By Type									
Owned	3,026	3,103	3,208	3,267	3,594	327	569	10%	19%
Franchised	831	851	880	873	941	68	111	8%	13%
By Brand									
Smart Fit	**3,805**	**3,901**	**4,035**	**4,089**	**4,482**	**394**	**678**	**10%**	**18%**
Owned	2,982	3,059	3,164	3,224	3,550	326	568	10%	19%
Brazil	1,307	1,277	1,316	1,353	1,525	172	218	13%	17%
Mexico	743	837	860	851	903	52	160	6%	22%
Other Latin America[a]	932	945	988	1,020	1,122	102	190	10%	20%
Franchised	822	842	871	865	932	68	110	8%	13%
Bio Ritmo and O2	**52**	**52**	**53**	**51**	**53**	**2**	**1**	**4%**	**3%**
By Region									
Brazil	1,921	1,882	1,929	1,952	2,163	211	242	11%	13%
Mexico	774	880	909	900	958	58	184	6%	24%
Other Latin America[a]	1,162	1,192	1,249	1,288	1,415	127	253	10%	22%
Studio	**4**	**4**	**5**	**5**	**5**	**0**	**1**	**6%**	**29%**
Digital[b]	**328**	**313**	**312**	**311**	**316**	**5**	**(12)**	**2%**	**(4%)**

(a) The "Other Latin America" region includes own clubs in Argentina, Chile, Colombia, Costa Rica, Panama, Paraguay, Peru and Uruguay and the franchises in El Salvador, Ecuador, Guatemala, Dominican Republic, and Honduras; (b) Members of clubs who are also subscribers to Smart Nutri and Smart Coach digital plans are considered only as members of clubs or Studios.

The member base in Brazil reached 2.2 million in 1Q24, surpassing the mark of 1% of the country's population enrolled in one of the Company's clubs, up 13% from 1Q23 and 11% from 4Q23. The Company added 211 thousand members in 1Q24, mainly driven by solid sales in January 2024, notably driven by the member base of mature units and the solid ramp-up of 86 units added in the last 12 months.

Mexico ended 1Q24 with 958 thousand members, up 24% from 1Q23 and 6% from 4Q23, reflecting the rapid and solid maturation of the 60 clubs added in the last 12 meses and the increase in member base of mature Smart Fit units.

In the Other Latin America region, member base reached 1.4 million in 1Q24, up 22% from 1Q23 and 10% from 4Q23, with the addition of 253 thousand club members in the quarter. This result was positively affected by solid sales performance in January 2024 and the addition of 92 units in the last 12 months in the region.



The Company has been expanding and improving the offer of digital products and services, which are complementary to the in-person training experience in clubs. At the end of the first quarter of 2024, exclusively digital customers totaled 316 thousand, an increase of 2% compared to 4Q23. Currently, the main digital services include: (i) Queima Diária, one of Latin America's largest digital fitness platforms, which offers access to on-demand physical exercise programs and other content on nutrition and healthier lifestyle habits; (ii) Smart Fit Nutri, the app-based nutritional follow-up service, with bioimpedance scales and teleconsultations with nutritionists; and (iii) Smart Fit Coach, the online personal trainer service through customized consulting that guides members in their fitness routines, based on their goals, fitness level and training location.

Queima Diária currently offers access to 168 physical exercise programs and content on nutrition and healthy habits, with over 5,5 thousand classes available on the platform. Over the last 12 months, 19 new programs were launched, focusing mainly on nutrition, Pilates and gymnastic exercises. At the end of 1Q24, the platform had 312 thousand members, 150% more than in December 2019 (before the pandemic) and 2% more than in 4Q23.

Smart Fit Nutri reached 159 thousand active subscribers at the end of 1Q24, the highest ever, increasing 24% from 1Q23. Membership expansion is the result of initiatives launched to provide better member experience and drive greater engagement, such as the ongoing installation of bioimpedance scales at more clubs in Brazil.

FINANCIAL PERFORMANCE

Main financial indicators[a] (R$ million)	**1Q24**	**1Q23**	**1Q24 vs. 1Q23**	**4Q23**	**1Q24 vs. 4Q23**
Gross Revenue	1.343,6	1.050,8	28%	1.209,8	11%
Net Revenue	**1.259,9**	**981,9**	**28%**	**1.131,2**	**11%**
Cash costs of services[b]	(624,5)	(488,5)	28%	(567,0)	10%
Cash gross profit[b]	**635,4**	**493,5**	**29%**	**564,2**	**13%**
Cash gross margin	*50,4%*	*50,3%*	*0,2 p.p.*	*49,9%*	*0,6 p.p.*
Pre-operating Costs	(7,8)	(2,6)	205%	(13,5)	(42%)
Cash gross profit before pre-operating costs[b]	643,3	496,0	30%	577,6	11%
Gross margin before pre-operating costs	*51,1%*	*50,5%*	*0,5 p.p.*	*51,1%*	*(0,0) p.p.*
SG&A	(239,1)	(191,6)	25%	(229,4)	4%
% Net Revenue	*19,0%*	*19,5%*	*(0,5) p.p.*	*20,3%*	*(1,3) p.p.*
Selling Expenses[c]	(95,1)	(76,8)	24%	(87,8)	8%
% Net Revenue	*7,5%*	*7,8%*	*(0,3) p.p.*	*7,8%*	*(0,2) p.p.*
General and administrative expenses[d]	(126,7)	(94,8)	34%	(129,7)	(2%)
% Net Revenue	*10,1%*	*9,7%*	*0,4 p.p.*	*11,5%*	*(1,4) p.p.*
Pre-operating expenses	(7,2)	(4,3)	65%	(9,8)	(27%)
Other (expenses) revenues	(10,2)	(15,6)	(35%)	(2,1)	378%
Equity Income	(1,1)	1,8	–	(2,7)	(61%)
EBITDA[e]	**395,3**	**303,7**	**30%**	**332,1**	**19%**
EBITDA Margin	*31,4%*	*30,9%*	*0,5 p.p.*	*29,4%*	*2,0 p.p.*
EBITDA before pre-operating expenses[f]	**410,3**	**310,6**	**32%**	**355,3**	**15%**
EBITDA Margin before pre-operating expenses	*32,6%*	*31,6%*	*0,9 p.p.*	*31,4%*	*1,2 p.p.*
Depreciation and amortization	(182,4)	(145,7)	25%	(166,1)	10%
Financial Result	(70,0)	(31,5)	122%	(31,1)	125%
Income tax and Social Contribution	(32,5)	(21,1)	54%	551,5	–
Profit (loss) for the period	**110,4**	**105,3**	**5%**	**686,3**	**(84%)**
Net Margin	*8,8%*	*10,7%*	*(2,0) p.p.*	*60,7%*	*(51,9) p.p.*

(a) All indicators exclude the effects of IFRS 16 in relation to the leases of clubs and offices; (b) For a better analysis of our operational performance, we have shown "Cash Cost of Services", which excludes the effects of IFRS 16, depreciation and amortization. "Cash gross profit before pre-operating expenses" also excludes pre-operating costs with opening of new units. See the "Gross Profit" section for the calculation of these measurements; (c) "Selling expenses" exclude expenses with opening of new units (d) "General and administrative expenses" excludes depreciation and effects of IFRS 16; (e) See the "EBITDA Breakdown" section for the calculation of this measurement; (f) "EBITDA before pre-operating costs and expenses" excludes costs and expenses with opening new units. See the "EBITDA Breakdown" section for the calculation of this measurement.

NET REVENUE

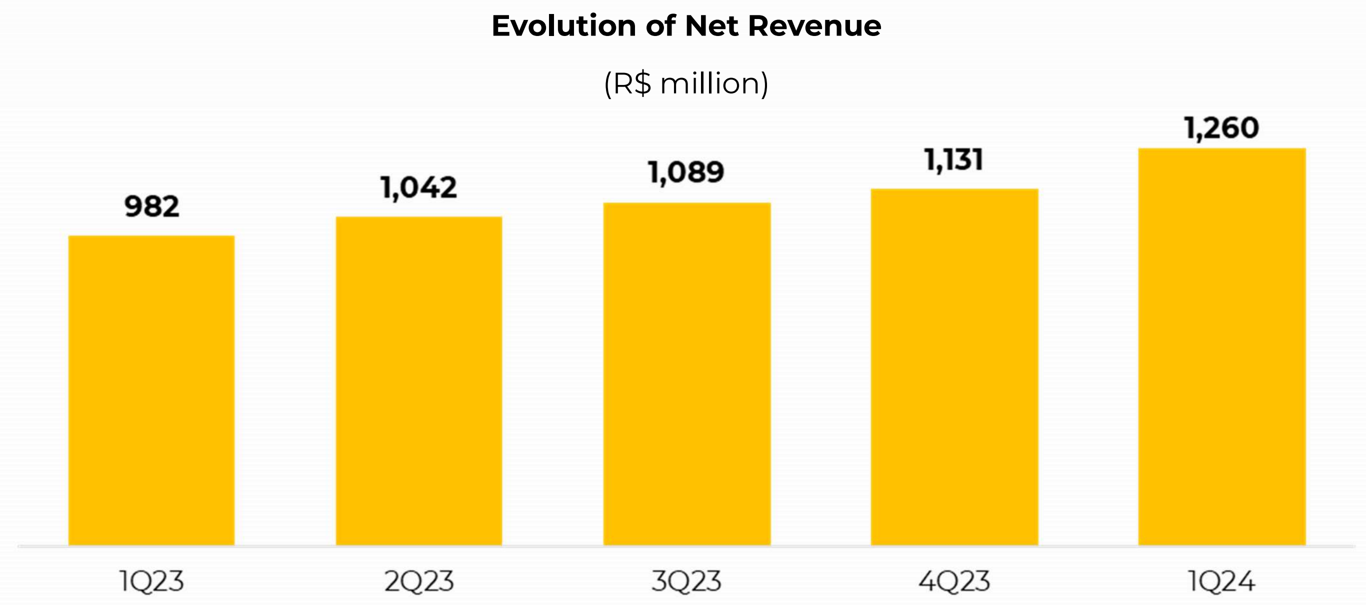
Net revenue in 1Q24 was R$1,259.9 million, up 28% from 1Q23, mainly due to the 20% increase in the average member base of Smart Fit own clubs, explained by the solid 19% expansion in the average own club network and the maturation of these units, in addition to successful sales and operational efforts to attract and retain members, based on the brand's strength and the unique value proposition of our business model. In the last 12 months, net revenue totaled R$4,522.7 million.

The strong growth in net revenue in the quarter is also due to the solid 8% increase in average ticket compared to the same period last year, with increase in all regions of operations. This increase in the average ticket of Smart Fit members is mainly due to the prices increase in recent years in different regions and diverse initiatives rolled out in the period to optimize revenues per club in a sustainable manner. Some of the sales and operating initiatives, such as the expansion of club network, have contributed to the percentage increase in members enrolled in the Black card, which accounted for 66% of the member base of own clubs at the end of 1Q24, an increase of 5p.p. from 1Q23. Note that Other Latin America and Mexico regions expanded the share of members enrolled in the Black card in the period by 9p.p. and 7p.p., respectively.

Net Revenue by Brand and Region

Net Revenue (R$ million)	**1Q24**	**1Q23**	**1Q24 vs. 1Q23**	**4Q23**	**1Q24 vs. 4Q23**
Smart Fit	1,158.5	895.5	29%	1,024.5	13%
Brazil	464.8	383.5	21%	425.1	9%
Mexico	326.1	226.9	44%	266.8	22%
Other Latin America [a]	367.6	285.1	29%	332.6	11%
Bio Ritmo e O2	37.6	32.4	16%	36.4	3%
Others [b]	63.8	54.0	18%	70.2	(9%)
Total	**1,259.9**	**981.9**	**28%**	**1,131.2**	**11%**
International Revenue (% total)	55%	52%	*2.9 p.p.*	53%	*2.0 p.p.*

(a) "Other Latin America" considers only own operations controlled in the region (Argentina, Chile, Colombia, Costa Rica, Panama, Paraguay, and Peru); As of 4Q23, the region also included the own operation controlled in Uruguay; (b) "Other" includes royalties received from franchises in Brazil and abroad, except for Mexico and Colombia, and other brands operated by the Company in Brazil.



In 1Q24, net revenue at Smart Fit clubs totaled R$1,158.5 million, up 29% from 1Q23 and 13% from 4Q23, both due to the increase in average number of members in own clubs and the increase in average ticket.

In Brazil, net revenue from Smart Fit clubs totaled R$464.8 million in 1Q24, increasing 21% from 1Q23, because of the solid 16% growth in average member base in own clubs and the 4% increase in average ticket. Compared to 4Q23, net revenue increased 9%, mainly due to the expansion of average member base in own clubs.

In Mexico, net revenue in the quarter was R$326.1 million, a strong 44% increase from 1Q23, mainly explained by the 25% expansion in the average club member base and the 15% increase in average ticket. Compared to 4Q23, revenue increased 22%, due to the 19% increase in average ticket and the 3% expansion in average member base. The increase in average ticket per member, in local currency, in the region is mainly due to the Revenue Management agenda, combined with: (i) the price increase in the Smart plan, concentrated in the second half of 2023 and considering the unique characteristics of each club, (ii) with the first price increase of Black card membership in the region history at the end of last year; (iii) the increase in members enrolled in the Black card, reaching 49% in 1Q24; and (iv) the ramp-up of new units, which increases its average ticket constantly until maturation.

Net revenue from Smart Fit clubs in the Other Latin America region totaled R$367.6 million, up 29% from 1Q23, due to the 21% increase in average member base of own clubs in the region and the 7% increase in average ticket. Compared to 4Q23, revenue increased 11%, due to the 7% expansion in average member base of own clubs in the region and the 4% increase in average ticket.

CASH COST OF SERVICES PROVIDED

Cash cost of services provided totaled R$624.5 million in 1Q24, 28% higher than in 1Q23, mainly due to the 19% increase in the average number of own clubs, which sustained the strong addition of 569 thousand members, the increase in costs at units in the ramp-up process, and the increase of costs related to the opening of new clubs.

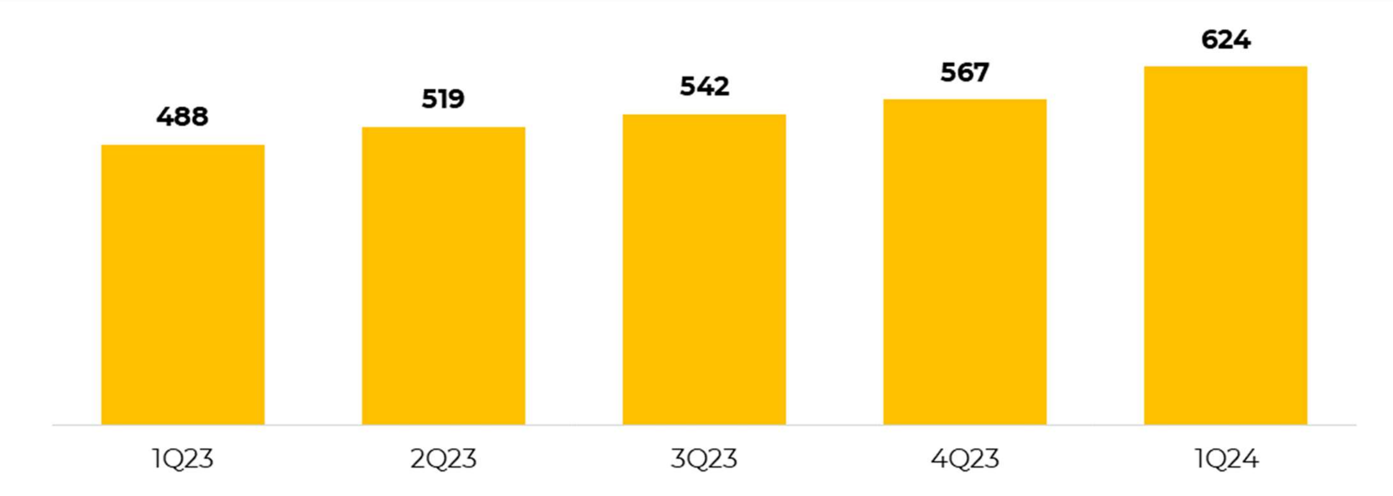
Cash Cost of Services Provided by Type

Cash Cost of Services Provided[a] (R$ million)	**1Q24**	**1Q23**	**1Q24 vs. 1Q23**	**4Q23**	**1Q24 vs. 4Q23**
Occupation	241.9	202.3	20%	219.1	10%
Personnel	166.3	127.6	30%	149.9	11%
Consumption	109.2	85.0	28%	100.6	9%
Other	107.1	73.6	46%	97.4	10%
Cash Cost of Services Provided	**624.5**	**488.5**	**28%**	**567.0**	**10%**

(a) For a better analysis of our operational performance, we have shown "Cash Cost of Services Provided", which excludes the effects of IFRS-16, depreciation, and amortization. The rent of properties is considered in this caption.

Evolution of Cash Cost of Services Provided

(R$ million)



Compared to 4Q23, cash cost in 1Q24 increased 10%, lower than net revenue growth in the period due to the solid expansion of the average member base and average ticket. The increase in costs during the quarter is explained by: (i) the 6% increase in average base of own units and the ramp-up process of new clubs; (ii) higher personnel costs, mainly due to the increase in the minimum wage in Mexico and Colombia early this year and the collective bargaining agreement in some regions of Brazil at the end of the quarter; and (iii) the increase in consumption costs, due to higher energy tariffs and high temperatures during summer in the main operating regions.

Considering only mature units, costs per unit increased 3% from 4Q23, lower than the 4% increase in revenue from these units during the period, mainly due to the increase in average ticket. The increase in costs of these units was driven by the increase in minimum wage and higher consumption costs. Note that the company remains focused on operational efficiency to mitigate the inflationary pressure on its operations, including constant renegotiation of rents, projects to improve energy efficiency, increase in staff productivity and other services.

CASH GROSS PROFIT

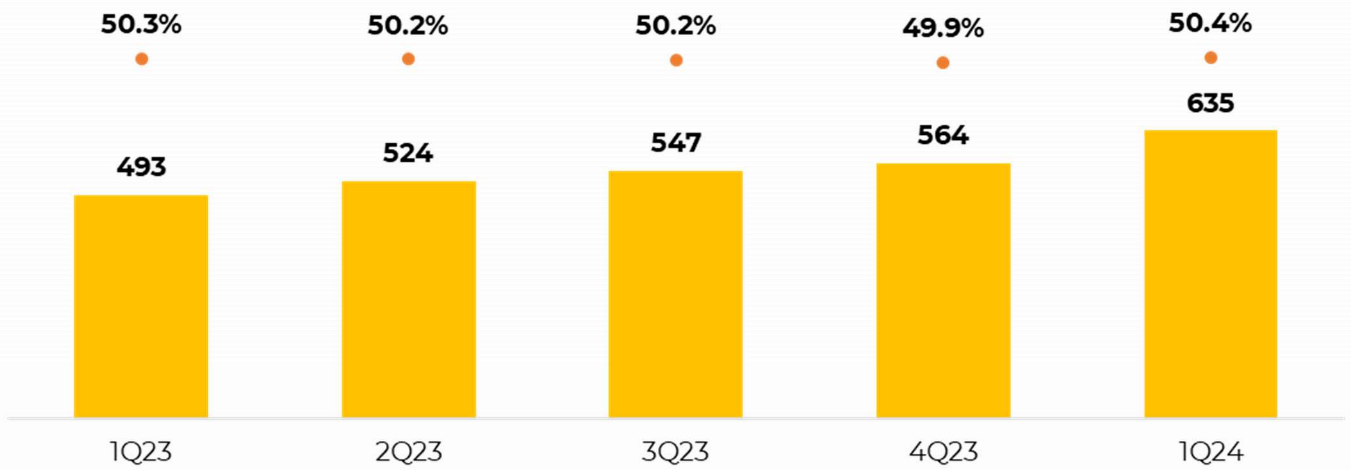
Cash gross profit in 1Q24 totaled R$635.4 million, increasing 29% from 1Q23, mainly reflecting the consistent maturation of units inaugurated in the last three years. Cash gross margin came to 50.4% in 1Q24, expanding 0.2 p.p. versus 1Q23, due to solid net revenue growth and efficient cost management, despite of the record in the expansion pace, which resulted in the dilution of fixed costs. In the last 12 months, cash gross profit totaled R$2,270.5 million, resulting in cash gross margin of 50.2%.

Cash Gross Profit[a] (R$ million)	**1Q24**	**1Q23**	**1Q24 vs. 1Q23**	**4Q23**	**1Q24 vs. 4Q23**
Net Revenue	**1,259.9**	**981.9**	**28%**	**1,131.2**	**11%**
(-) Cash Costs of Services Provided	624.5	488.5	28%	567.0	10%
Cash Gross Profit[b]	**635.4**	**493.5**	**29%**	**564.2**	**13%**
Cash Gross Margin	*50.4%*	*50.3%*	*0.2 p.p.*	*49.9%*	*0.6 p.p.*
(+) Pre-Operating Costs	7.8	2.6	205%	13.5	(42%)
Cash Gross Profit before Pre-Operating Costs[c]	**643.3**	**496.0**	**30%**	**577.6**	**11%**
Cash Gross Margin before Pre-Operating Costs	*51.1%*	*50.5%*	*0.5 p.p.*	*51.1%*	*0.0 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) "Cash gross profit" excludes depreciation and amortization; (c) "Cash gross profit before pre-operating costs" excludes depreciation, amortization, and the cost of opening new units.

Evolution of Cash Gross Profit and Cash Gross Margin

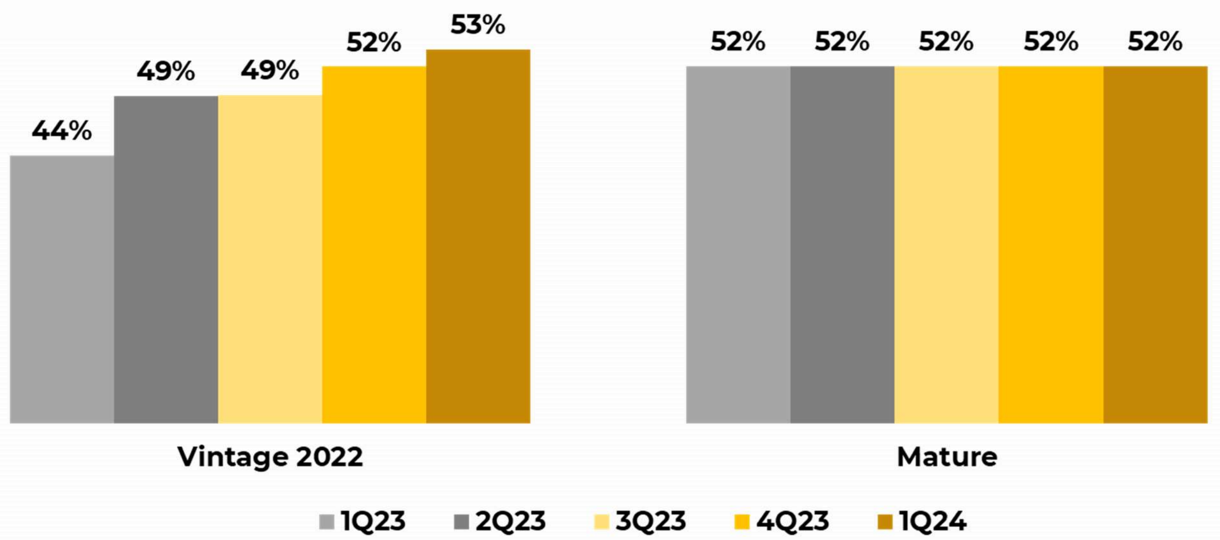
(R$ million and % of net revenue)



Compared to 4Q23, cash gross profit increased R$71.3 million in 1Q24, up 13%, and cash gross margin increased 0.6 p.p., notably driven by the increases of 4.6 p.p. in Mexico and 1.0p.p. in Smart Fit operations in Brazil. The cash gross margin before pre-operating costs, that is, those related to the openings, was 51.1% in 1Q24, remaining stable in comparison with the previous quarter.

Gross Margin per Vintage

(Own Smartfit units)



In 1Q24, cash gross margin of mature Smart Fit clubs remained stable at 52% for the fifth straight quarter, due to initiatives to optimize revenue per club in a sustainable manner, combined with intensive and successful efforts to improve operational efficiency. In this same concept of mature units, annualized gross profit per unit for the quarter was R$2.3 million, higher than in 4Q23. Units inaugurated in 2022 ("2022 Vintage") registered cash gross margin of 53%, up 1.5p.p. from 4Q23, with a solid increase of 14% in gross profit per unit. The strong performance of 2022 Vintage, which are still in the maturation process, is a result of a combination of strong revenue growth, due to the expansion know-how and Smart Fit brand's strength, with occupancy costs structurally lower than mature units, contributing to a profitability level higher than that of mature units.

It's worth mentioning that the units opened in 2023 ("2023 Vintage"), maintains the trajectory of maturation at the same historical levels. The units opened in 2023 reached 2.6 thousand clients in March, 2024 and with solid expansion of cash gross margin when compared to the previous quarter, totaling 37% in 1Q24. Note that of the 176 own clubs added in 2023, 113 were inaugurated in 4Q23, which means, are still at early stage of maturation process.

GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general, and administrative expenses[a,b] (R$ million)	1Q24	1Q23	1Q24 vs. 1Q23	4Q23	1Q24 vs. 4Q23
Selling expenses	95.1	76.8	24%	87.8	8%
General and administrative expenses	126.7	94.8	34%	129.7	(2%)
Pre-operating expenses	7.2	4.3	65%	9.8	(27%)
Total	**228.9**	**176.0**	**30%**	**227.2**	**1%**

(a) For a better analysis of our operational performance, all indicators exclude the effects of IFRS 16 regarding commercial leases related to the rents of clubs and offices; (b) Excludes "Other (expenses) revenues."

Selling, general and administrative expenses totaled R$228.9 million in the quarter, 30% higher than 1Q23, mainly because of the increase of 34% in general and administrative expenses, which corresponded to 10.1% of net revenue in 1Q24. This increase in general and administrative expenses was mainly caused by the largest investments in the Company's structure to support the resumption of the business throughout 2023, as well as the structuring of new businesses. Also note that the additional grant of stock options related to the long-term incentive plan (LTIP) approved in 3Q23 added R$4 million to general and administrative expenses in 1Q24. Excluding this effect, general and administrative expenses would have increased 29% from 1Q23, corresponding to 9.7% of net revenue in the quarter (in line with 1Q23). Selling expenses totaled R$95.1 million, up 24% from 1Q23, mainly due to the higher number of clubs and diluting 0.3p.p. as a percentage of net revenue. Lastly, pre-operating expenses totaled R$7.2 million in the quarter, compared to R$4.3 million in the same period last year, due to the higher number of own clubs added in this and the previous quarter.

Evolution of Selling, General and Administrative Expenses and Pre-Operating Expenses

(R$ million)

Compared to 4Q23, selling, general and administrative expenses remained stable, which led to a dilution of 2p.p. of these lines as a percentage of net revenue in the quarter (18.2% in 1Q24 vs. 20.1% in 4Q23). General and administrative expenses decreased 2% vs. 4Q23 due to the lower impact from the additional grant of long-term incentive in the quarter (R$4 million in 1Q24 vs. R$14 million in 4Q23). Excluding these effects, general and administrative expenses would have increased 6% from 4Q23, representing 9.7% of net revenue vs. 10.3% in the previous quarter, or a dilution of 0.5p.p..

EBITDA

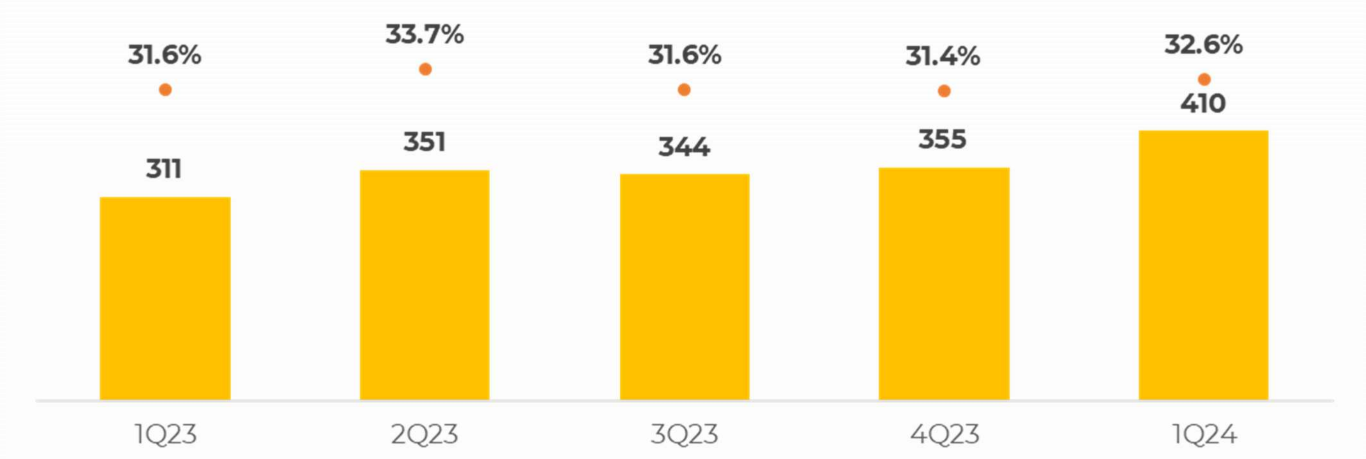
EBITDA Breakdown[a] (R$ million)	1Q24	1Q23	1Q24 vs. 1Q23	4Q23	1Q24 vs. 4Q23
Net Income	**110.4**	**105.3**	**5%**	**686.3**	**(84%)**
(+) Income Taxes (IR & CSLL)	32.5	21.1	54%	(551.5)	–
(+) Financial Result	70.0	31.5	122%	31.1	125%
(+) Depreciation	182.4	145.7	25%	166.1	10%
EBITDA	**395.3**	**303.7**	**30%**	**332.1**	**19%**
EBITDA Margin	*31.4%*	*30.9%*	*0.5 p.p.*	*29.4%*	*2.0 p.p.*
(+) Pre-operating costs and expenses	15.0	6.9	117%	23.3	(36%)
EBITDA before pre-operating expenses	**410.3**	**310.6**	**32%**	**355.3**	**15%**
EBITDA margin before pre-operating expenses	*32.6%*	*31.6%*	*0.9 p.p.*	*31.4%*	*1.2 p.p.*

(a) For a better analysis of our operational performance, all indicators exclude the effects of IFRS 16 regarding commercial leases related to the rents of clubs and offices.

In 1Q24, EBITDA reached R$395.3 million, the highest level ever, strongly growing 30% year on year, with margin of 31.4%, up 0.5p.p. from the same period last year. In the last 12 months, EBITDA totaled R$1,393.9 million, with margin of 30.8%, excluding the gain from the revaluation of the existing 50% interest in Panama, due to the acquisition of control of the operation. EBITDA before pre-operating expenses was also a record, totaling R$410.3 million, compared to R$310.6 million in 1Q23, up 32%, As a result, EBITDA margin before pre-operating expenses was 32.6% in the period, up 0.9p.p. from 1Q23, due to the continued expansion of member base in the period and the consequent revenue growth and dilution of costs and expenses.

Evolution of EBITDA and EBITDA Margin before pre-operating expenses[a]

(R$ million and % of net revenue)



(a) 2Q23 excludes the gain of R$176.6 M with the revaluation of the 50% stake in Panama, due to the acquisition of control of this operation in 1Q23.

Compared to 4Q23, EBITDA before pre-operating expenses in 1Q24 increased 15%, resulting in an increase of 1.2p.p. in EBITDA margin before pre-operating expenses. Excluding the accounting impact of the new LTIP grant, EBITDA margin before pre-operating expenses would be 32.9% in 1Q24.

EBITDA by Region

To enable a better analysis of the performance and contribution of each region to the company's consolidated EBITDA, the company now calculates the EBITDA of each region by subtracting the respective selling expenses from cash gross profit. General and administrative expenses (G&A) and other operating expenses are analyzed on a consolidated basis as they sustain the operations of the entire company.

EBITDA[a,b] (R$ million)	**1Q24**	**1Q23**	**1Q24 vs. 1Q23**	**4Q23**	**1Q24 vs. 4Q23**
Brazil	223.2	177.3	26%	205.9	8%
Mexico	137.2	87.4	57%	98.4	39%
Other Latin America	172.8	147.6	17%	162.3	7%
G&A expenses and other operating expenses	(136.8)	(110.5)	24%	(131.8)	4%
Equity Income	(1.1)	1.8	–	(2.7)	(61%)
EBITDA	**395.3**	**303.7**	**30%**	**332.1**	**19%**

(a) For a better analysis of our operational performance, all indicators exclude the effects of IFRS 16 regarding commercial leases related to the rents of clubs and offices; (b) EBITDA of Regions considers cash gross profit subtracting the selling expenses. General and administrative (G&A) expenses and other operating expenses will be analyzed on a consolidated basis as they sustain the operations of the entire company.

In Brazil, EBITDA in 1Q24 was R$223.2 million, up 26% from 1Q23, due to the strong growth in average revenue per club, as well as the dilution of fixed costs and marketing expenses. EBITDA margin in the region was 39.5% in the quarter, up 1.7p.p. year over year. Compared to 4Q23, EBITDA from Brazil increased R$17.3 million, with margin increasing 0.7p.p., due to the continuous maturation of units added in recent quarters and higher dilution of investments in marketing. Note that in the high-end segment, the Bio Ritmo brand registered the eighth straight quarter of growth in average revenue per club, with cash gross margin of 44.6% in the quarter - its highest ever, and 1.3p.p. higher than in 4Q23. In the last 12 months, EBITDA in Brazil totaled R$834.6 million, with margin of 39.8%, and represented 44% of total EBITDA from the three regions reported, up 2p.p. compared to 1Q23 LTM, considering that Brazil was one of the last regions to recover its client base.

In Mexico, EBITDA in 1Q24 was R$137.2 million, up 57% from 1Q23, due to the strong growth in average revenue per club with expansion of cash gross margin and dilution of marketing expenses. Compared to 4Q23, EBITDA in the region increased 39%, due to the positive impact of dilution of selling expenses and the solid increase in cash gross margin of 4.6p.p. in the quarter. EBITDA margin in the quarter was 42.1% in the region, up 3.5p.p. year on year and 5.2p.p. versus 4Q23. In the last 12 months, EBITDA in Mexico totaled R$414.4 million, with margin of 37.6%, and accounting for 22% of total EBITDA by region.

In the Other Latin America region, EBITDA in 1Q24 was R$172.8 million, up 17% from the same period last year, positively impacted by strong growth in average revenue per club. Compared to 4Q23, EBITDA in the region grew R$10.6 million in the quarter, with margins negatively affected by higher selling expenses due to seasonal effects and the large number of units inaugurated in recent quarters, which also implied lower operating leverage in the period. In the last 12 months, EBITDA in the region totaled R$655.7 million, with margin of 49.5%, and accounting for 34% of total EBITDA by region.

NET INCOME FROM THE PERIOD

Company's net income reached R$ 1,175.0 million in the last twelve months, with net margin of 26.0%, that represents a substantial improvement when compared to the profit of R$ 170 million of 1Q23 LTM. That performance reflects mainly the operating leverage of the business with stable profitability of mature units and solid ramp-up of units inaugurated in the last years. It is worth mentioning that the result was positively impacted by two non-recurring effects relating to (i) the recognition of deferred tax in the amount of R$483 million in 4Q23; and (ii) the revaluation of the interest in Panama and Costa Rica operations of R$ 146 million in the last 12 months. Excluding these effects, the recurring net income totaled R$545.9 million in the same period, resulting in a net margin of 12.1%.

In 1Q24, the net income reached R$110.4 million, an increase of 5% compared to 1Q23 and with a net margin 8.8%. The acceleration in the pace of investment in expansion of the club network, reflected in an increase in depreciation and amortization, as well as a negative impact on the financial result that partially offset the increase in the business operational leverage. In the quarter, the recurring net income reached R$ 114.8 million, up 9% vs. 1Q23, with 9.1% of net margin.

OPERATING CASH FLOW

Operating Cash Flow (R$ million)	1Q24	1Q23	1Q24 vs. 1Q23	4Q23	1Q24 vs. 4Q23
EBITDA	**395.3**	**303.7**	**30%**	**332.1**	**19%**
Itens of result with no impact on cash[a]	30.4	23.9	27%	(7.1)	-
IR/CSLL Paid	(16.2)	(2.7)	491%	(13.8)	17%
Working capital variation	**(150.5)**	**43.1**	**–**	**114.8**	**-**
Receivables	(99.6)	(30.1)	231%	1.1	-
Suppliers	(58.1)	27.1	–	106.7	-
Wages, provisions and social contributions	12.4	18.2	(32%)	(11.7)	-
Taxes[b]	(5.1)	27.9	–	18.7	-
Operating Cash Flow	**259.0**	**367.9**	**(30%)**	**425.9**	**(39%)**

(a) Includes mainly equity income, asset write-offs, deferred revenue, and provisions; (b) Includes taxes on sales and services.

In 1Q24, operating cash flow was R$259.0 million, compared to R$367.9 million in 1Q23. The record EBITDA in the quarter, with an increase of 30% vs. 1Q23, was compensated by the working capital negative variation of R$150.5 million. That working capital variation was impacted by (i) due to the decrease of 7 days in Suppliers, returning to levels close to historical average after the one-off increase occurred in 4Q23 due to the high concentration of openings in the period, especially throughout the month of December; (ii) the increase of 4 days in Receivables, reflecting the solid customer acquisition in a quarter typically marked by a higher level of promotional activity. In the last 12 months, the EBITDA, excluding the gain in 2Q23 with the revaluation of existing 50% interest in Panama due to the control acquisition of this operation in 1Q23, was R$ 1,393.9 million, with operating cash flow of R$ 1,379.3 million, representing a high conversion rate of 99%.

CAPEX

Capex[a] (R$ million)	1Q24	1Q23	1Q24 vs. 1Q23	4Q23	1Q24 vs. 4Q23
Capex	**303.3**	**228.4**	**33%**	**539.7**	**(44%)**
Expansion	245.7	177.6	38%	454.8	(46%)
Maintenance	45.6	35.0	30%	69.5	(34%)
Corporate and Innovation	12.1	15.8	(23%)	15.4	(21%)

(a) Excludes investments in the grant of right of use related to the acquisition of commercial points.

In 1Q24, capex totaled R$303.3 million, 33% higher than in 1Q23, mainly due to the increase in investments to expand the club network. The higher expansion capex reflects the accelerated pace of inaugurations of own clubs in the period (20 in 1Q24 vs. 7 in 1Q23), combined with payments related to the conclusion of measurement of construction works of units opened in the previous quarter, especially during December, and the beginning of investments related to the construction of units that will be inaugurated in the coming quarters. Expansion capex was R$209.2 million lower than in 4Q23, due to fewer inaugurations during the period. In the last 12 months, expansion capex totaled R$1,161.4 million.

Maintenance capex totaled R$45.6 million in the quarter, up 30% from 1Q23, due to higher utilization of clubs and to higher number of mature clubs. In the last 12 meses, maintenance capex of Smart Fit clubs came to R$183.3 million, representing 5.9% of gross revenue of mature units, which is in line with the strategy of offering a high standard experience. Capex on corporate and innovation projects totaled R$12.1 million in the quarter, down 23% year on year.

CASH AND DEBT

Cash and Debt[a,b] (R$ million)	1Q24	4Q23	3Q23	2Q23	1Q23
Cash and Cash Equivalents	2,337	2,613	2,767	2,677	2,772
Gross Debt	4,163	3,917	3,576	3,398	3,520
By nature:					
Loans and debentures	4,075	3,820	3,465	3,274	3,405
Lease liability - equipment	89	97	111	124	115
By maturity					
Short-term	764	643	843	691	678
Long-term	3,399	3,274	2,733	2,708	2,842
Net Debt (Net Cash)	1,826	1,304	809	721	748
Other Liabilities and Assets[c]	43	197	199	187	212
Adjusted Net Debt	1,869	1,501	1,008	908	960
Adjusted Net Debt / EBITDA LTM[d]	0.80x	0.68x	0.49x	0.48x	0.66x

(a) "Gross debt" considers short- and long-term loans, financing and operating leases (excluding property leases) with financial institutions; (b) "Net debt" refers to "Gross debt" less "Cash and guarantees"; (c) "Other Liabilities and Assets" use 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, such as installments payable for acquisitions, stock options of non-controlling shareholders and/or interest rate swaps; (d) the indicator "Adjusted Net Debt / EBITDA LTM" is the "Adjusted Net Debt" divided by "EBITDA LTM" using the definition of net debt and EBITDA of the company's debentures. For more information, see the indenture (Portuguese only).

At the end of 1Q24, the Company had a solid cash balance of R$2,337 million and gross debt of R$4,163 million, being 82% of it with due date in the long term. Adjusted net debt was R$1,869 million, resulting in an adjusted net debt/EBITDA LTM ratio of 0.80x, an increase in relation to 4Q23, mainly due to higher investments in the Company's club network. Note that the adjusted net debt/ EBITDA LTM ratio excluding the effects of IFRS-16 related to property leases at the end of 1Q24 is 1.19x, compared to 1.01x in 4Q23, which indicates a healthy level and with a very long debt maturity profile.

The company has robust financial liquidity as a result of the proceeds of R$2.6 billion obtained from the primary offering of shares and from borrowings, whose terms have improved gradually in the last 12 months, which enabled the Company to lengthen its debt maturities at a lower financial cost.

The company maintains the maturities of loans and financing in alignment with its capacity to generate operating cash flow and accesses local financing lines to drive its expansion in the countries where it operates. At the end of 1Q24, the gross debt maturity schedule was as follows:

Gross Debt Maturites[a]	2024[b]	2025	2026	2027	2028	2029	2030	Total
% of total	15%	11%	19%	21%	16%	10%	7%	**100%**
Total	626	457	806	885	655	435	300	**4,163**
Brazil	109	23	407	538	531	433	300	**2,341**
Mexico	212	199	202	184	75	0	0	**871**
Other Latin America[c]	305	235	197	163	49	3	0	**951**

(a) "Gross debt" considers short- and long-term loans, financing, and operating leases (excluding property leases) with financial institutions; (b) Includes maturities in remaining quarters until the end of the year; (c) "Other Latin America" includes financial debt in Chile, Colombia, Peru, Panama, and Argentina.

EVENTS AFTER THE REPORTING PERIOD

NINTH ISSUE OF DEBENTURES

On April 5, 2024, the Company carried out the 9th Issue of non-convertible, unsecured debentures, in two series, for public distribution, with automatic registration, targeted at professional investors, in the amount of R$1,320,000,000, of which R$720,000,000 refer to Debentures of the First series, with coupon of CDI rate + 1.32%, lower than the ceiling, maturing in five years (April 2029); and R$600,000,000 related to Debentures of the Second Series, with coupon of CDI rate + 1.52%, maturing in seven years (April 2031). The proceeds were received on April 26, 2024, and the net proceeds from the issue were used to pay the price of total optional early redemption of non-convertible, unsecured debentures, in a single series, of the 6th issue of the Company, carried out on April 29, 2024. The balance proceeds will be used for general corporate purposes and to strengthen working capital.

ACQUISITION OF MINORITY EQUITY STAKE IN PERU

As informed in Notice to the Market on May 2nd, 2024, one of Smartfit wholly owned subsidiaries has entered into an agreement to acquire 100% of the shares of the capital stock of Latam Gym S.A, which solely holds shares representing 10% of the share capital of Smartfit Peru SAC, a subsidiary of the Company based in Peru.

Since the beginning of the operations of Smartfit Peru, the Company, already held a 90% equity stake in the capital stock of Smartfit Peru and consequently consolidated its results and balance sheet in its financial statements, will now hold, as a consequence of the transaction, directly and indirectly, all the shares that make up its share capital.

In connection with the Transaction, the shareholders agreement with the Seller and other agreements tied to will cease to exist and the Company will make a payment of PEN 88.0 million to the Seller in two installments: (i) PEN 52.0 million to be paid within three business days of this date; and (ii) PEN 36.0 million to be paid on the first anniversary of the closing date of the Transaction, subject to certain customary conditions for this type of transaction. In U.S. dollars, the estimated total payment amount is USD 23.7 million.

Financial numbers shown from this point reflect the adoption of IFRS-16

IMPACT OF THE ADOPTION OF IFRS 16

On January 1, 2019, the company adopted the IFRS 16/CPC 06 (R2) – Leases standard. The application of the standard substantially affected the booking of lease agreements for spaces where the company's clubs operate. Future commitments from lease agreements are recognized as lease liabilities and the right to use the spaces is recognized as an asset of the same value. For the purpose of effects in the result, the fixed lease payments are replaced by depreciation of the lease right and a financial expense on the lease liability. Variable lease payments continue to be recognized as costs of services provided.

The company chose to adopt IFRS 16/CPC 06(R2) by the modified retrospective method applied only 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)	**1Q24 Reported**	**Impacts of IFRS 16**	**1Q24 excluding IFRS 16**	**1Q23 Reported**	**Impacts of IFRS 16**	**1Q23 excluding IFRS 16**
Net Revenue	1.259,9	–	1.259,9	981,9	–	981,9
Cost of services	(736,6)	64,3	(800,9)	(579,7)	49,7	(629,5)
Rents and other occupation costs	(40,2)	205,8	(246,0)	(31,9)	171,7	(203,7)
Depreciation and amortization (cost)	(317,9)	(141,5)	(176,4)	(263,0)	(122,0)	(141,0)
Gross profit	523,3	64,3	459,0	402,2	49,7	352,5
SG&A	(244,5)	0,6	(245,0)	(195,6)	0,8	(196,3)
Selling expenses	(95,1)	–	(95,1)	(76,8)	–	(76,8)
General and administrative	(124,2)	2,5	(126,7)	(92,9)	1,9	(94,8)
Rents and other occupation costs	(1,6)	2,5	(4,1)	(1,4)	1,9	(3,2)
Pre-operating expenses	(7,2)	–	(7,2)	(4,3)	–	(4,3)
Depreciation and amortization (costs)	(7,9)	(1,9)	(5,9)	(5,8)	(1,1)	(4,7)
Others (expenses) revenue	(10,2)	–	(10,2)	(15,6)	–	(15,6)
Equity Income	(1,1)	–	(1,1)	1,8	–	1,8
Operating profit (loss) before financial result	277,8	64,9	212,9	208,4	50,5	157,9
Financial Result	(161,2)	(91,3)	(70,0)	(103,4)	(71,9)	(31,5)
Income tax and Social Contribution[a]	(22,1)	10,5	(32,5)	(21,1)	–	(21,1)
Net profit	94,5	(15,9)	110,4	83,9	(21,4)	105,3
Impacts of IFRS-16 in the breakdown of Gross Profit excluding depreciation, amortization, and EBITDA						
Gross profit	523,3	64,3	459,0	402,2	49,7	352,5
Depreciation and amortization (costs)	317,9	141,5	176,4	263,0	122,0	141,0
Gross profit excluding depreciation	841,2	205,8	635,4	665,2	171,7	493,5
Gross Margin excluding depreciation	*66,8%*		*50,4%*	*67,7%*		*50,3%*
Net profit	94,5	(15,9)	110,4	83,9	(21,4)	105,3
(-) IR & CSLL	22,1	(10,5)	32,5	21,1	–	21,1
(-) Financial Result	161,2	91,3	70,0	103,4	71,9	31,5
(-) Depreciation and amortization	325,8	143,4	182,4	268,8	123,1	145,7
EBITDA	603,5	208,3	395,3	477,3	173,6	303,7
EBITDA Margin	*47,9%*		*31,4%*	*48,6%*		*30,9%*

(a) Effect of deferred IR on IFRS16 temporal differences in 1Q24

*Costs and Selling, General and Administrative 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, Colombia, Dominican Republic, El Salvador, Ecuador, Guatemala, and Honduras. The consolidation in the Income Statement for each period is detailed below:

Operation	**Recognition in Income Statement for the period**		**Recognition in Balance sheet for the period**	
	2024	**2023**	**2024**	**2023**
Brazil, Mexico, Colombia, Chile, Peru, Argentina, Paraguay, Panama, Costa Rica, Uruguay and Queima Diária	Consolidated	Consolidated	Consolidated	Consolidated
Dominican Republic, El Salvador, Ecuador, Guatemala and Honduras	Royalties for use of brand	Royalties for use of brand	n/a	n/a

INCOME STATEMENT

INCOME STATEMENT (R$ million)	**1Q24**	**1Q23**	**1Q24 vs. 1Q23**	**4Q23**	**1Q24 vs. 4Q23**
Net Revenue	**1,259.9**	**981.9**	**28%**	**1,131.2**	**11%**
Costs of Services Rendered	(736.6)	(579.7)	27%	(676.0)	9%
Gross Profit	**523.3**	**402.2**	**30%**	**455.2**	**15%**
Operating revenues (expenses)					
Sales	(102.2)	(81.2)	26%	(97.6)	5%
General and administrative	(132.0)	(98.8)	34%	(134.1)	(2%)
Equity accounting	(1.1)	1.8	–	(2.7)	(61%)
Other (expenses) revenues	(10.2)	(15.6)	(35%)	(2.1)	379%
Profit before financial result	277.8	208.4	33%	218.7	27%
Financial result	(161.2)	(103.4)	56%	(133.5)	21%
Profit before IR/CS	116.6	105.0	11%	85.1	37%
Income tax and Social Contribution	(22.1)	(21.1)	5%	551.5	–
Net profit (loss)	**94.5**	**83.9**	**13%**	**636.6**	**(85%)**

BALANCE SHEET

ASSETS (R$ million)	1Q24	1Q23
CURRENT	**3,239**	**3,430**
Cash and cash equivalents	2,337	2,772
Customers	449	301
Derivative financial instruments	11	9
Other receivables	442	348
NON-CURRENT	**11,508**	**9,008**
Permanent assets	4,257	3,447
Right-of-use assets	3,998	3,293
Intangible assets	1,987	1,694
Investment	43	43
Other assets	1,224	532
TOTAL ASSETS	**14,747**	**12,438**

LIABILITY (R$ million)	1Q24	1Q23
CURRENT	**2,227**	**2,091**
Borrowings	713	624
Lease liabilities	572	482
Suppliers	341	290
Deferred revenue	222	235
Accounts Payable	0	73
Other liabilities	380	387
NON-CURRENT	**7,227**	**5,980**
Borrowings	3,362	2,781
Lease liabilities	3,763	3,102
Other liabilities	101	97
SHAREHOLDERS' EQUITY	**5,293**	**4,366**
Share capital	2,970	2,970
Capital reserves	963	2,300
Legal reserves	771	0
Accumulated losses	93	(1,293)
Other comprehensive income	472	366
Noncontrolling interest	23	23
TOTAL LIABILITY AND SHAREHOLDERS' EQUITY	**14,747**	**12,438**

CASH FLOW

Cash Flow Statement (R$ million)	1Q24	1Q23	1Q24 vs. 1Q23	4Q23	1Q24 vs. 4Q23
CASH FLOW FROM OPERATING ACTIVITIES					
Result for the Period	94,5	83,9	13%	636,6	(85%)
Depreciation and amortization	325,8	268,8	21%	305,6	7%
Write-off of intangible assets and fixes assets	5,9	17,0	(65%)	1,8	218%
Accrued interest on debt and exchange variation	125,4	119,5	5%	125,1	0%
Accrued interest on leases	96,3	79,9	21%	92,5	4%
Others	(51,0)	(66,3)	(23%)	(321,1)	(84%)
Working capital variation	(187,7)	21,2	-	(248,2)	(24%)
Cash generated by (used in) operating activities	**409,1**	**524,0**	**(22%)**	**592,3**	**(31%)**
Interest paid on loans and debentures	(49,1)	(54,6)	(10%)	(166,3)	(70%)
Interest paid on leases	(95,6)	(79,0)	21%	(91,5)	4%
Income tax and social contribution paid	(16,2)	(2,7)	-	(13,8)	17%
Net cash generated by (used in) operating activities	**248,3**	**387,6**	**(36%)**	**320,7**	**(23%)**
CASH FLOW FROM INVESTMENT ACTIVITIES					
Additions to fixed asset	(299,8)	(224,9)	33%	(534,4)	(44%)
Additions to intangible assets	(10,0)	(3,5)	189%	(8,0)	25%
Initial direct costs of right-of-use assets	(45,7)	(8,2)	-	(7,2)	531%
Payments for the acquisition of group of assets, subsidiary and joint venture	(181,8)	(8591%)	112%	(12,5)	-
Capital increase in subsidiary and joint venture	(35%)	-	-	-	-
Financial Investments	166,9	299,7	(44%)	19,6	752%
Related parties and loans with third parties	(26,2)	(2,3)	-	4,9	-
Payment of contingent consideration	-	(52%)	-	-	-
Net cash used in investment activities	**(396,9)**	**(25,5)**	**1456%**	**(537,6)**	**(26%)**
CASH FLOW FROM FINANCING ACTIVITIES					
Payment of loans and costs	(249,1)	(194,4)	28%	(365,4)	(32%)
Proceeds from loans	387,1	36,4	-	770,2	(50%)
Payment of lease	(136,2)	(118,5)	15%	(122,6)	11%
Others	(0,7)	(4,9)	(87%)	(26686%)	(100%)
Net cash generated by (used in) financing activities	**1,1**	**(281,4)**	**-**	**15,3**	**(93%)**
INCREASE (REDUCTION) OF BALANCE OF CASH AND EQUIVALENT	**(147,5)**	**80,6**	**-**	**(201,6)**	**(27%)**
Opening balance	1.103,4	1.251,4	(12%)	1.314,3	(16%)
Closing balance	961,8	1.337,1	(28%)	1.103,4	(13%)
Exchange variation on cash and cash equivalents	5,9	5,0	18%	(9,2)	-

Investor Relations

André Pezeta | CFO
José Luís Rizzardo | IRO and M&A/Treasury Director
Matheus Nascimento | IR Manager
Juliana Pallot | IR Coordinator
Larissa Cristóvão | IR Analyst

ri@smartfit.com