**Conference Call Transcript**
**Smart Fit**
**1Q25 Results**
**São Paulo, May 09, 2025**
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**Matheus Nascimento | Investor Relations Manager**

Good morning. Welcome to Smart Fit's conference call to announce the results of 1Q25. For those who do not know me, I am Matheus Nascimento, Investor Relations Manager. Today with us, we have Mr. Edgard Corona, CEO; André Pezeta, CFO; Diogo Corona, COO; José Luís Rizzardo, IRO, M&A and Treasury Director.

Participants will be connected in this and only mode during the Company's presentation, and then we are going to start the questions and answer session, when further instructions will be provided. We remind everyone that the results presentation that will be the basis for this presentation is available at Smart Fit Investor Relations website at CVM, at the webinar platform.

Before I continue, I would like to clarify that statements made during this conference call regarding the Company's business prospects, operational and financial projections and goals, and information about the potential of its target market, our beliefs and assumptions of the Company's executive board are based on information currently available.

These considerations are not guarantees of future performance. They involve risks, uncertainties and assumptions.

Now, I would like to give the conference over to Edgard, our founder and director.

**Edgard Corona | CEO**

Good morning, everyone. It is a pleasure to have you here in our conference call for the 1Q25. First, I would like to highlight the main points of another quarter of solid results. The result of solid dedication and delivery of our entire team.

I would also like to take the opportunity to share some relevant strategic messages. The growth of the network and guidance. We ended the 1Q25 with a robust growth of 20% in our network of gyms, as compared to 1Q24. We totaled 1,759 stores in 15 countries in Latin America.

In the last 12 months, we added 290 units to our portfolio. The strong expansion reinforces our leadership in fitness in our region. We keep our confidence in executing our guidance with 340 to 360 new units in 2025, based on a consistent performance of mature gyms and a solid ramp up of units in recent years. The discipline, execution, and location of capitals for new projects. The robustness and strength of our operation, the favorable market conditions with a highlight to the pipeline and the real estate market. And growing demand, driven by structural drivers.

In terms of membership, our membership is still expanding with 414,000 students. With 5.3 million base of students, a growth of 9% as compared to 4Q24 and 16% compared to 1Q24. This evolution is especially related to a strong commercial performance driven by a historical seasonality where there are favorable new members in our regions.

About net revenue. The net revenue has reached R$1.7 billion, represented by a significant growth of 33% compared to the same period in the previous year. This result is a reflection of a 19% increase of membership under the Smart Fit brand, and we have a pricing strategy that is very successful. We want to strengthen our local competitiveness and our value proposition. And to promote gains of operational efficiency and to assure sustainable results in all the markets that we work.

Talking about the gross margin. The strong growth in revenue was accompanied by an increase in the gross cash margin that was 50.7%, and expansion of 0.3 p.p. as compared to 1Q24 and 0.6 p.p. compared to 4Q24.

Mature units still have a highlight performance reaching a 53% margin and a cash gross per unit of R$2.5 million. So, it is also worth mentioning the performance of the units that we opened in 2023, whose results are quite significant, in addition to the promising maturity curve of units that opened in 2024.

EBITDA and operational cash. Of the 1,389 own units, over 30% have not yet reached maturity. As this happens, investments in the units are likely to be converted at higher levels of profitability and additional generation of operational cash.

We have a record EBITDA of R$520 million in the quarter, a significant growth of 32% compared to the same period last year. We have a high conversion of EBITDA into operational cash, when 95% was converted into operational cash, with the evidence of the strong generation in our business model despite the accelerated expansion.

Net income. The recurring net income totaled R$141 million in 1Q25, a growth of 22% as compared to R$115 million in 1Q24. This performance is a reflection, especially of operational leverage of the Company, to highlight the profitability of material units and the ramp-up of the companies that opened recently.

As a final message, we are just in the beginning. We still are very enthusiastic and focused to continue transforming the fitness industry. Once again, I would like to thank all our customers, partners, and investors. And I will be waiting for you in the Q&A session at the end of the presentation.

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

**Diogo Corona | COO**

Good morning, everyone. Thank you very much, Edgard. Once again, this has been a quarter of many accomplishments. We are very happy to see how Smart Fit is able to expand, keeping its margin and results very consistently.

Before diving deeper into the results, I would like to show two things about the fitness market in the Latin America region. Health and fitness association is still known by many published consumption trends for the main cities in Latin America, where we have a strong presence.

It is always good to see external numbers confirming what we are already seeing in our operations, as is the case with this research. The Latin American is highly engaged in physical activity, with 78% exercising multiple times per month and 61% doing so several times a week.

This reinforces our belief that people are increasingly valuing the practice of physical exercise.

The demand for gyms is consistent and it is an operational importance for people who do not have access. According to the research, 53% of people who have never been to a gym have the intention of enrolling in the next twelve months. Healthy habits are increasingly more part of the lives of people, and we are well aware that this demands routine, focus and purpose features to be present in our public.

The answers indicated a significant share of the audience have incorporated health habits such as better diet, sleep in addition to exercise at many times a week. Additionally, the benefits of exercise are increasingly more associated with integral health of people, the pursuit for well-being, stress reduction, disease prevention, and others.

This growing awareness of the Latin American population about the positive impacts of exercise makes us very confident that we are on the right track as leaders in the region and surely they are important catalyzers of this movement towards more healthier generations, with purpose, self-care, and quality of life.

These are just some of the highlights of this interesting research. As a complement to this vision, we have commissioned a specific study to better understand our position and the opportunities in the main regions where we operate.

In this slide, you can see in numbers a little bit of our leadership and expansion opportunities within a growing market that is also undergoing maturation. Currently there is a potential to implement 1,600 units in the region analyzed. This number is very similar to the 1,726 Smart Fit that we have in Latin America, demonstrating the huge potential that the region still has.

Currently we have 801 units in Brazil. The study presents the potential for opening another 800 units in the country. The study indicates an increase of density in cities where we are already present and 87% of units in cities that we already present.

In these cities, 61% of the total potential gyms could be opened in micro-areas without a Smart Fit presence, and 28% in micro-areas that already have at least one Smart Fit location. This also applies to the markets of Mexico, Colombia, Chile, and Peru, where we currently operate 776 units and have identified a market opportunity for an additional 720 clubs.

These conclusions are based on modern methodologies and incorporate predictive models based on AI, considering variables such as the competitive environment, demographic profile, internal data, Smart Fit and other market factors.

It is also worth mentioning that there is a potential for growth in other countries in Latin America that already have the presence of the brand, which reinforces our strategic long term vision. We are very enthusiastic about the potential of this magnitude. And in looking at the growing, and recent growth, we are prepared and confident for this challenge. We are leaders in the region, with proven capacity and capacity for delivery, as you can see in the next slides.

Now, we are going first to start talking about our strong expansion that we had over the last few quarters. In the last 12 months, we have opened 290 new units, a 20% growth as compared to our baseline number. This led us to end with 1,759 units in Latin America.

The expansion in the last 12 months was well distributed between our target markets with 38% of

new units in Brazil, 26% in Mexico, 36% in other countries. And this demonstrates, once again, the diversification of our basis and a smaller share of the units we have in Brazil.

At the end of 1Q25, approximately 47% of our units were in Brazil, with 831 units. Mexico accounts for 22% of our base with 395 units. Whereas other countries already have 533 units, that is 30% of our operation.

We ended the period with a mix of 69% mature units, total 956 units, considering the definition of that mature unit when it has been operating for at least 24 months in the beginning of the period.

We know that we have an ambitious expansion challenge for this year, which is to open approximately 350 new units, a growth of about 15% in total openings as compared to 2024 and an annual advancement between 20% and 21% in the basis of clubs. We are confident to face that challenge.

We ended April with 104 new units and 278 contracts signed for new units to be opened in 2025, indicating that we are going to have many new Smart Fit's this year. As you know, our strategy to select the points of sales is very careful and based on data, with solid governance and discipline in the process of capital allocation. We have unique allocations and investment in strategic real estate properties, assuring the presence in points with solid potential.

Now, we are going to see more details about our units on the next slides. I would like to go into the section of operational and financial results, starting with evolution of our membership and revenue per unit.

You can see a continuing growth of our membership and revenue per unit. You can see very positive values impacted by a high volume of openings at the end of 2024. The first quarter with positive seasonality in many of our regions, and a brand and services that are capable of communicating and charming many customers.

In 1Q25, our membership and gyms exceeded 5.2 million, an increase of 16% as compared to the same period last year, a 9% increase compared to the previous quarter. We believe that our robust membership is a direct reflection of our assertive expansion strategy, the maturation of units, and the continuing effort to capture and retain customers.

In the same period, the annualized average net revenue proprietary gym reached R$4.4 million, a growth of 8% vs. 1Q24, driven mainly by an increase in the average number of members and also in average tickets. This is a reflection of accurate price transfers in many different regions and all the actions that we conducted in a period to optimize, in a sustainable way, revenue per unit. Despite a strong pace of openness, we are able to keep the average performance per unit.

The result demonstrates not just the resilience of our business model, but also our capacity to leverage growth with operational efficiency and margin sustainability, as you can see on the next slide.

In 1Q25, the cash gross margin of mature Smart Fit units reached a significant level of 53%, very consistent with the 52% that we had in the eight previous quarters. If we look at the annualized cash gross profit of these units, R$2.5 million, also showing growth and consistency.

The performance of mature units reflects the discipline in cost management and continuing focus on initiatives that maximize value. For the units that we opened in 2023, our vintage 23, we had

a cash growth margin of 53% and 10% annualized gross profit per unit, reaching R$2.2 million. This is a result of strategic expansion choices and an efficient cost structure, especially in occupation.

Vintage 24 with already 2.7 thousand members per unit, has a gross margin of 42%. As a reminder, half of these units opened in 4Q24, which even reinforces the ramp-up potential that is yet to come. The consistent performance of mature units and the speed of maturation of new vintages reinforce our conviction in the sustainability and scalability of our model.

This journey has been accurate and very right, and supports accurate choices in location, cost, discipline, intelligence, pricing, and as non-negotiable focus on customer experience. As that reflects our NPS went from 66 to more than 70 points between March 24 and March 25, an important recognition from our customers. With the solid basis we have been more driven to continue delivering growth with quality and profitability along 2025.

We are sure that we are building a virtuous growth cycle with positive impact in the lives of people. Now I give it over to José Luís Rizzardo, who is going to continue our presentation with a little bit more information about the solid financial results of the quarter.

**José Luís Rizzardo | IRO, M&A and Treasury Director**

Thank you, Diogo. Now, moving to the next slide, I would like to show you the solid return over invested capital that we reached in the year of 2024, by the different vintages of mature units. As you can see on this slide, the average return on invested capital for units along 2024 was 28% already incorporating this return, the SG&A of units income tax, and social contribution over the net income allocated to these units.

Our different vintage units have a cash gross profit level, very consistent considering that the main difference in return between them is the issue of time. As our units mature, the reinvestment that is necessary for the maintenance of the assets to continue delivering the same levels of profitability and keeping the differentiated value proposition is above the level of accounting depreciation of those units, especially considering the difference between initial investment in construction versus the need of maintenance.

This is evident when we compare the maintenance CAPEX in each one of vintage units versus accounting depreciation, where you can see that for newer mature units that have between 3 and 7 years of life CAPEX is 4% of net income and depreciation is 12%. But older units, meaning those with more than 12 years, the maintenance CAPEX accounts for the same 7% of the net revenue, then the accounting depreciation represents those vintage units.

In this manner, a long time, the fixed asset base of these units is smaller at the same time as the solid NOPAT level is flat, increasing the return over net asset of those units. This does not have an impact in other businesses, such as franchises and other non-mature units, as mentioned by Diogo, have been doing very well.

And now, continuing the presentation, I would like to go into the financial performance. Starting evolution of net revenue, which in 1Q25 presented once again a strong growth of 33% compared to 1Q24. This has been the 15th consecutive quarter of growth of revenue.

The net revenue reached for the first time the mark of R$1.7 billion in one quarter, especially because of the expansion of 19% in the average membership of Smart Fit own units, and increase

in the average ticket of 12% with an increase in all our target markets.

Compared to 4Q24, the net revenue increased 9%, especially to the same factors that we mentioned before: an increase in average membership and average ticket.

And the strong growth in the net revenue in the quarter is a consequence of our commercial and operational efforts to capture and retain members increased to higher average ticket, which is a combination of revenue management, optimized in a sustainable way, the revenue per unit.

Now, on the performance of revenue per region, starting from Brazil. The net revenue of Smart Fit units in Brazil had a growth of 24% compared to 1Q24 because of the solid increase of 14% in average membership in our own units and increase of 9% in average ticket.

In Mexico, net revenue grew 14% compared to the same quarter in the previous year, and it reflects especially the growth of 13% in membership in our own units. The region “other countries" was again the main highlight with positive growth and revenue in our target marks with an expressive increase of 61% compared to 1Q24. A consequence, especially of the growth of 30% in our membership base and 24% expansion in our average ticket.

To close the slide, it is worth mentioning the 50% growth considering the same period in the year before, and the line others which closed 1Q25 with a revenue of 95.6 million. This increase is explained especially by the acquisition of Velocity and also the strong growth in revenue in other business units in our group.

Moving to the next slide, you can see that the gross cash gross profit totaled R$851 million in 1Q25, an increase of 34% compared to 1Q24, and above the growth of net revenue in the period. The cash growth margin was 50.7%, 0.3 p.p. above as compared to 1Q24 and 0.6 p.p. above 4Q24. Reflection of the solid growth on net revenue and the efficient cost management, which had the consequence of delusions of fixed costs despite the record expansion scenario in the number of units.

In the last 12 months, cash growth profit totaled R$3 billion with a cash growth margin of 50.2%. It is still worth noting that the cash growth margin before pre-operation costs, meaning those related to openings of new units, reached 51.3% in 1Q25. It is worth reinforcing what Diogo already said, that the solid result in the gross margins is a consequence of the excellent performance of mature units combined with a very positive percentage of new units.

And now, we are going to show you the operational expenses of Company 1Q25 focusing on SG&A. Expenses with sales, general administrative expenses totaled R$324 million in 1Q25, accounting for 19.3% of the net revenue.

General administrative expenses totaled R$174 million in 1Q25, an increase of 37% compared to 1Q24 because of more investment in the structuring of new businesses, reinforcements in the lines of personnel, and higher volume of corporate events that we had in a period.

The expenses with the sales account had a growth of 50% on the same comparison basis, a reflection of record expansion in our membership. Or rather, better saying, in our network of gyms. We also had marketing initiatives to strengthen the brands of our business units. Compared to 4Q24, expenses with SG&A grew 15%.

Moving to the next slide, you can see the evolution of EBITDA in the first quarter of 2025, which

was R$520 million, the highest level ever in one quarter, with significant growth of 32% versus 1Q24. The EBITDA margin of the quarter was 31%, a solid level despite the recent record of openings of units.

Finally, considering the adjusted EBITDA before pre-operating expenses also at a record level, we reached BRL 538 million in Q1 2025, representing a 31% increase compared to Q1 2024. The adjusted EBITDA margin before pre-operating expenses was 32.1%.

Now I give the floor to André Pezeta, CFO of the Company, to continue the presentation of the results.

**André Pezeta | CFO**

Thank you, Rizzardo. Good morning, everyone. Now, moving to the next slide, you can see that recurring net income was R$141 million in 1Q25, representing a 22% growth compared to the same period in the year before and a net margin of 8.4%.

The strong performance reflects especially the operational leverage of the business is driven by the consistent profitability of mature units and the solid ramp-up of units that we opened in the last years.

This operational performance was partially offset by increasing depreciation, amortization and financial expenses in a period. Time reflex of the acceleration investments in the expansion of the network of units.

And moreover, it is worth mentioning that the result of 1Q24 had a positive impact of tax credits resulting from the accumulated tax loss, which explains part of the increase in the effective rate of income tax and social contribution in 1Q25 compared to the same period in the year before.

Moving to the next slide, we are going to talk about the Company's adjusted net debt and the main investments in the period. In the first quarter of 2025, the adjusted net debt of the Company increased by R$11 million, a reflection on the solid generation of operational cash that more than offset the investments that we made in a period in the payment of interest on equity.

The generational operational request was positive by R$493 million, driven by a record EBITDA in the period, and the high conversion of EBITDA into operational cash, which reached 95% in the quarter.

The investment activities total R$452 million, especially due to the CAPEX referring to the opening of new units that I am going to give you details next. Other activities accounted for an addition of R$51 million in an adjusted net debt, especially because of the payment of interest on equity, booked in 4Q24.

Details of the investments in the period were moved, advancing with our expansion plan. This resulted in a total CAPEX of R$441 million, a growth of 46% compared to 1Q24. This reflects especially in advance of the expansion CAPEX of 43%.

This increase reflects the flow and investments of units that open in 4Q24, especially those that we open during the month of December. In addition to investments in the construction of units, with the expectation of openings in future quarters.

Lastly, it should be mentioned that in the last 12 months, the maintenance CAPEX of the units under the Smart Fit brand reached R$260 million, 6.3% of the gross revenue of mature units, a level that is compatible with offering a high level of experience to our customers.

As we showed in the previous slide, we have intensified our expansion planning investments, but keeping good levels of leverage. It is worth mentioning that the adjusted net debt over a EBITDA ratio in the last 12 months, excluding IFRS 16 effects related to the lease of real estate and the first quarter at 1.65 times versus 1.76 in 4Q24.

We consider this a health level, especially due to the high predictability of the Company's results and a very long debt profile. Moreover, the net adjusted net debt over EBITDA in 1Q125 annualized, excluding IFRS 16 effects, related to real estate lease is 1.5 times.

Lastly, it is worth mentioning the Company locally funding its needs for expansion at the end of the period. Brazil, Mexico, and Other Countries represent respectively 29%, 30%, and 40% of the Company's net debt. And this net debt in different geographies gives us flexibility to invest in most of the countries where we operate with our own units, and the current prospect is to continue the reduction of local interest rates.

I would like to close the presentation thanking everyone who has contributed towards our results and all our investors. Now I am going to give the floor to Matheus, who is going to coordinate our questions and answer session. Thank you.

**Victor Rogatis, Itaú BBA:**

We are expanding year on year and I would like to understand from you, which were the drivers of this expansion in terms of pricing, or were there any other reasons? And I would like to ask your help to understand how we can think about the margins in Others in Latin America. This is my first question about Others in Latin America and margins.

The second question is about Mexico. When we look at the gross margin in Mexico in the first quarter of 2025, there is a drop that is not just in sequence but also year on year. But we did not see this in Brazil and neither in Others in Latin America. I would like to try and explore with you a little bit how you diagnose this for this drop, specifically in Mexico? Thank you so much.

**André Pezeta:**

Thank you. Good morning. First, with Others Latam, I think that there are two effects in Others Latam. First you talked about last year. We have been adding many units to our mature base, this is the region that added the highest number of units in a mature base.

This is an effect of the previous year. Before we had other units, and most units started having a slightly lower margin that we had in the past. This is talking about last year. Now, talking about this quarter specifically, the things that have contributed to the margin. As Others in Latam have many units, we had a price adjustment at the end of last year, this contributed to a higher average ticket this quarter.

And additionally, the new unit that we opened in 2024 already comes with very good margins above the margins that we had in the first quarter last year. This has driven us to have an increase in the gross margin in the region of other countries.

**José Luís Rizzardo:**

About your second question, about Mexico. Once again, with a very brief context of last year. Last year in Mexico was a year when we had the first prize adjustment implemented that we had in late 2023, and the main cycle of capture that took place along last year and we started last year very strong, with inflows historically above our history. And then it was the 2nd quarter in a country with the attraction of new members, especially towards the end of the year, below historical levels in the country.

As a reminder, it is always in the 2nd quarter in Mexico. We lose members and we win members in the first half of the year, for mature units. When we see 1Q25, this has been a quarter, once again as 1Q24, that is above historical levels in terms of attraction of members. But it was not yet sufficient to offset the end of the year in Mexico that was worse in terms of attraction of new members. Which along with the impact of inflation adjustment in the country explains a drop in the performance when we look at this in terms of the gross margin.

The new vintage units in Mexico are performing very well. The 2023 vintage is a very solid performance. Vintage 24, that is still a very new vintage, has more than 40% gross margin, and we have for 2025. The lessons that we learned in Brazil over the last few years, especially in terms of CAPEX per unit in Brazil. So we will be able to have good levels of return for new vintage vintage units and new mature units.

**Danniela Eiger, XP:**

Good morning, everyone. Thank you for taking my question. I have two questions. One is about Total Pass. People discuss how much it is an offender in the metric of membership per unit, when we look at Smart Fit. If you could help us, by sharing the penetration of Total Pass within Smart Fit membership or something else, so that we can better understand the net effect.

And the other thing that got my attention is this better profitability of mature units of 53%. We are seeing some newer seasons that were performing at this level, but this seems to be a more structural movement of mature units. What do you think about the trade-off of this better margin versus growth? Does it make sense to operational performance being converted into better performance?

**André Pezeta:**

Hello Danni, this is Pezeta answering your question. As to Total Pass, we are not still sharing much information and penetration of Total Pass that we published. This is the only number that we have been publishing. Average penetration last year. This is what we have published.

Obviously, along last year it has been growing, so it is closed at a slightly higher level, and this penetration continues to grow this year, and we will announce again a new number at the end of this year in terms of what is the Total Pass share in the Smart Fit Brazil.

Total Pass has also been transferring more value to Smart Fit. Last year, the number was significant, and we are going to close the gap a little bit, not 100%. But I think that it is going to get smaller. Total Pass, as you know, has been gaining share in Smart Fit's business. And Total Pass itself has not been an offender of our bottom line, but most of the structuring that we have been doing is related to that.

About margin, we always look at ROIC of our units. And our goal is not to maximize the return or unit. We want to maximize the opening of units with a healthy ROIC. The 53% is a reflection of the good performance of our units in the revenue management agenda, and also cost control agenda. But it is a one-off number.

We look at the range of 51% to 53% overall. This quarter it exceeded, but our goal is not to keep at these same levels. It might be at those levels depending on the mix and what happens specifically in each region, but our vision is to keep the range of 51% to 53%.

**Felipe Rached, Goldman Sachs:**

I would like to go back to Mexico. I would like to understand better how you see the macro scenario. There is an expectation of slowdown and the growth in the region, but at the same time, they have been saying that the consumption dynamics should be incrementally positive from now on.

What I would like to understand better, is there any room for any price increase or to accelerate revenue management in Mexico, considering the current scenario there? Or do you think that potential operational leverage during the year would come from the improvement in inflows? Every detail you could give us about this, it would be helpful. Thank you so much.

**José Luís Rizzardo:**

Hello, thank you for your question. We always have a very intensive feedback of what is happening in the front end. We see everything about cost and expenses and revenue. So the performance is very much detached from the macro, as much as possible. And, as we said, even in the performance in 1Q25, what we have been seeing so far is an inflow, above what we have been seeing historically for the region.

Obviously, considering the countries where we operate Mexico, today, in terms of margin. This is where we have the highest uncertainty and our focus continues discipline and cost management.

The theme of higher prices is always very alive in the Company. But, as we said in our last conference call, right now we are not seeing any price increases for that region and the focus of the year for Mexico. Is much more in terms of recovering good levels of inflow and
both in cost and CAPEX per store.

**Bob Ford, Bank of America;**

Good morning everyone, and congratulations on your performance. How do you assess the growth pace of demand as compared to the capacity of the industry as a whole, as perceived value? What do your corporate customers value the most and how should we think about the many differentiation criticisms?

**Edgard Corona:**

Bob, thank you for your question. I think that fitness has become trendy. It is something that people are looking more at. There is an expectation and a projection of investing US$72 billion in the US, in GLP-1, Ozempic, Mounjaro, so 9% of population use these products. This leads to growth that leads to loss of muscle mass and the solution is to exercise.

Along those lines, the market in the US grew 3 p.p. last year, from 20 to 30. We thought that it was a saturated market with not much room, but it had 9 million new members in Europe, according to the Fitness Association of Europe. The numbers were kind of similar. Same thing has been going on in Brazil.

This market has been growing very strongly. The breach of patent of Ozempic next year will make it accessible. What some units are doing to have lifetime planning as we have in the US to measure body fat, impedance, with specific training, using GLP-1 to reduce obesity of practitioners, especially obesity levels in the US, that dropped 2 p.p. in one year, which is quite amazing.

Brazil and Latin America. We are looking at a scenario, maybe one day getting to 7%. But I think that units cannot keep up with demand. Demand is much stronger than we had projected. This is because there are products and units and facilities in places where there is no supply.

Looking at that, a market that still has a good growth potential, as André presented the potential. But for more people, they have the same condition and we are really excited. The corporate market, we have been working, using first convenience, proximity, to adapt products to new demands with much less cardio, much more bodybuilding.

There are a few things through it we can manage. Body fat, the kind of workout program that you need to have, considering everything to meet the demand of the population. How we can help reduce obesity, gaining muscle mass or lean mass through bodybuilding. This helps the country, reduces pressure on the health system, making the population more active and healthier. This is the contribution that we have. This is a huge opportunity in the fitness industry that we have in the next few years, and we hope that for a long time.

**Diogo Corona:**

Bob, this is Diogo complimenting what Edgard has said. It is very interesting and curious that when we talked about the future and the future in our industry, we used to say that the risk was the weight losing pill, if someone created it would be a problem. But they created it and it helped us. It has increased demand in gyms, so people say that they need to lose weight to then go to the gym. People used to think about that, and GLP-1 has been helping.

People that have good results, they continue. And if they do not, they are more likely to leave. This has been helping us and in future years, this is likely to become even more capillary with the end of the patent. Other than that, the increasing demand is already going on. This is happening. And I think that our increase, we have been increasing our guidance year over year in terms of the number of units. The keeping the quality and the margins of mature units.

Cannibalization is not affecting the margin of mature units and the ramp-up of units are at least the same historical levels. This demonstrates that we can increase the pace of expansion and to minimally keep quality. This is a reflection of increasing demands in the unit that is also very strong.

But we always think that we need to do things right. It is not because demand is increasing that we will do it in any way. We reject many more points of sales than we approve. Even though you might be impressed by the numbers, considering the guidance that we are updating. This is it. We have been increasing the offer to supply demand to know that we need to do things right. Otherwise, we are going to have the check at the end of the year.

As to B2B, we see that corporate customers, human resources departments, especially enterprise, which is a demand that is more difficult to cater to, they require capillarity. What we did is to get to those customers? One prerequisite was capillarity: the number of units in the cities that were included.

This increased more and more and last year when we started, providing good services to those customers. This year even more, so we are likely to increase. We need to have capillarity in the number units and we need to have a brand.

And we work in the group to complement the marks on many verticals, almost all important verticals: high-end, studios, low end, everything. We have been focusing on meeting each and every layer in our industry with good quality.

We want to have a model focusing on the experience of building a strong brand. And I think that all of this, the Total Pass offer, is increasingly stronger. HR and human resources departments need that more and more. It is a positive scenario for the next 12 months.

There was a little bit of brand. ¨Your product is very good, but people do not know who you are and then if you do not have a good brand¨. But what have we been doing? We have been working with the brand so people know what Total Pass is.

It is useless if you do very good work, but if people do not know who you are. It is not very helpful. We have been doing this work and technology is really not our core business, but it needs to work very well for us to increase our membership, which is already going on. Thank you very much.

**Bob Ford:**

And a follow-up: the market is very concerned with franchises, such as Panobianco, Planet in Mexico; what do you think in terms of critical areas and differentiation for you?

**Diogo Corona:**

These models have expanded considerably recently. I think that we need to prevent their expansion. This is not going to happen. They are going to expand forever. I think that we need to look and try to focus on our user's experience, brand. We need to look inside a little bit, and we see a significant expansion.

The fact is that our margins are going on, we are keeping them. The market will know the difference. The models that expand but expand with models that sometimes you have very long loans to pay for equipment. If supply and demand are adjusted over the period, we still have to check at the end.

We have been here since 2009, and there have been many ways. Many things have happened. I think that keeping the discipline and focus, looking inside, focusing on customers, this will provide results, which is what has been going on. Even though we have hundreds of units, this has not yet affected our margins, and this is what we have been demonstrating.

I think that Mexico is a different challenge. We are going to see how Mexico is going to perform, but it is a completely different reality as compared to Brazil.

**João Soares, Citibank:**

Hello, good morning, everyone. I would like to go back to the expansion. We have been conducting a study based on the analysis that you make of white space. And one assumption that is really key is Other micro regions. How much we should assume that there is 1 unit per every 100,000 inhabitants. When we talked about the adoption of healthy habits by the population, this is very much based on old numbers with 5%-6% of penetration. But if penetration is much higher, you do not need to have 1 unit per 100,000 inhabitants.

My question is, if we manage to do a theoretical exercise in terms of these 800 units, what I mean is the following. This should increase along the time due to adoption. The point is this. To analyze the penetration over time.

I do not know how you see this today. How you see these numbers and whether we should think about the white space increasing as penetration increases. I do not know if my question is clear.

**André Pezeta:**

I think I understood it. And we can even have a perspective of the last 15 years and what has been going on. We used to look at a certain population to open a gym, and this population has been going down over time.

For example, as the district of Moema in Sao Paulo, Tijuca in Rio de Janeiro. In Mexico, we used to have 1 or 2 units 15 years ago, sometimes we have more than 5 units today. And most of that comes from the evolution of the market. How can we look at this? We can be much more accurate looking at our internal numbers than looking at external numbers.

We look at the performance of our stores, we look at the region or the district where it is located, and then we have a white space based on those assumptions. Which are the other areas of the city that have a similar profile, that do not have one of our units or the competition unit for us to calculate the size of our white space.

As time goes by, the more units we open, the more we learn and the more accurate we are with those numbers. At the end of the day, as time goes by, If market penetration increases, we are going to have an improvement in terms of the white space. What we can say is that considering the current profile that we have in our bases today and the penetration profile that the market presents today, our white space is what we showed in the presentation. To double in the main geographies where we operate.

But this number has changed since last year because we have learned with our new openings and also market evolution. And this increase from last year to this year, even though we opened many units in the last 12 months.

Looking into the future, it is very difficult to know what is going to happen to the market. We know that the um market has grown in history, but all we can say is that looking at our network today and a profile, there are some other areas of cities that where we are not today and where we could be. This is what we can say that we can execute today.

**João Soares:**

This reflects penetration that agrees with the numbers or would there be a higher penetration?

**André Pezeta:**

It reflects the penetration that we have in the neighborhoods where we already operate. But if we go to other districts where there is no product offer, it should drive up market penetration. Thank you.

**Julia Rizzo, Morgan Stanley:**

Hello, everyone, thank you for taking my question. It is short and sweet. I would like to understand more about expenses. In terms of expenses, understanding where we are, where it is headed towards. Do you keep the same performance as in previous years and what is going to happen? It is a very simple question.

**José Luís Rizzardo:**

Hello, Julia, thank you for your question. I am going to break it down between two main components: marketing and G&A. For marketing, It is always important to remember that the first quarter is usually the quarter with the highest expenses, because we want to attract members. That is why we invest more on this line in this period.

We also accelerated investments in other marketing lines more related to sales and institutional marketing. This happened for all brands: Smart Fit, Bio Ritmo, Studios and other business units of our holding. They were well planned investments with a positive impact on sales. But when we think at times versus our traditional investment in growth.

Looking into the future in other quarters, in the short term, we expect this line not to change levels, when we think in terms of face levels in terms of marketing expenses because while on one and these expenses are not going to be repeated in the same way, naturally you would see the growth of the Company and new units also demanding marketing investments. And then one thing offsets the other.

When we look at general administrative expenses in the first quarter, we had a recurring increase of G&A expenses basically explained by investments in other business units, adjustments of wages in countries other than Brazil. And in a headcount for the Company to grow.

Additionally, in the first quarter, we usually have our meetings in the same countries we operate and there are always additional expenses, which are just in Q1. All these factors explain the higher G&A, if you look at the sequence, if you compare the first quarter in 2024 to the fourth quarter in 2024.

Now, when you look at marketing, what is non-recurring and the growth of the Company in future quarters, the expectation is for this line to keep at similar levels. So you should be able to see a delusion along the year for the Company's expenses.

**Matheus Nascimento:**

We now end our questions and answers session. Thank you very much for your participation. Our investor relations team is available to you to answer any questions you may have. Have a good Friday and a good weekend.