

Smart Fit

3Q22 Earnings Presentation

November 10, 2022



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HIGHLIGHTS OF THE PERIOD



BIGGEST RECOVERY IN THE LAST 12 MONTHS OF THE MEMBER BASE OF UNITS OPENED UNTIL 2019

At clubs existing before the pandemic, member base reached 90% of mar/20 level, +6p.p. vs. 2Q22, with Brazil and Other Latam growing 6.7p.p. and 7.3p.p. respectively



REVENUE REACHED R\$766 MILLION, SURPASSING THE HISTORICAL LEVELS AT UNITS OPENED UNTIL 2019

In 3Q22, revenue from the Smart Fit units opened until 2019 reached 103% of the baseline of Jan/Feb-20, fueled by growth in the 3 regions



CASH COST OF CLUBS OPENED UNTIL 2019 SIGNIFICANTLY BELOW INFLATION IN THE PERIOD

Thanks to the sharp focus on cost management, cash cost per Smart Fit club opened until 2019 was only 8% higher than in Jan/Feb 2020



GROSS MARGIN GROWTH IN ALL REGIONS

Cash gross margin of 42.8%, up 3.2p.p. from 2Q22, and the Smart Fit units opened until 2019 reached cash gross margin of 46%



5TH CONSECUTIVE QUARTER OF PROFITABILITY GROWTH

EBITDA of R\$ 173.8 million (+43% vs. 2Q22), margin gain of 5.1p.p. and cash generation of R\$169 million in 3Q22



NET INCOME OF R\$30 MILLION IN THE QUARTER

First quarter of net income after the COVID-19 outbreak, thanks to gradual and continuous improvement in profitability

DIGITAL: RESULTS FOR MEMBERS AND EFFICIENCY FOR OPERATIONS smart fit

Digital channels focused on cost reduction, sales efficiency and better member experience



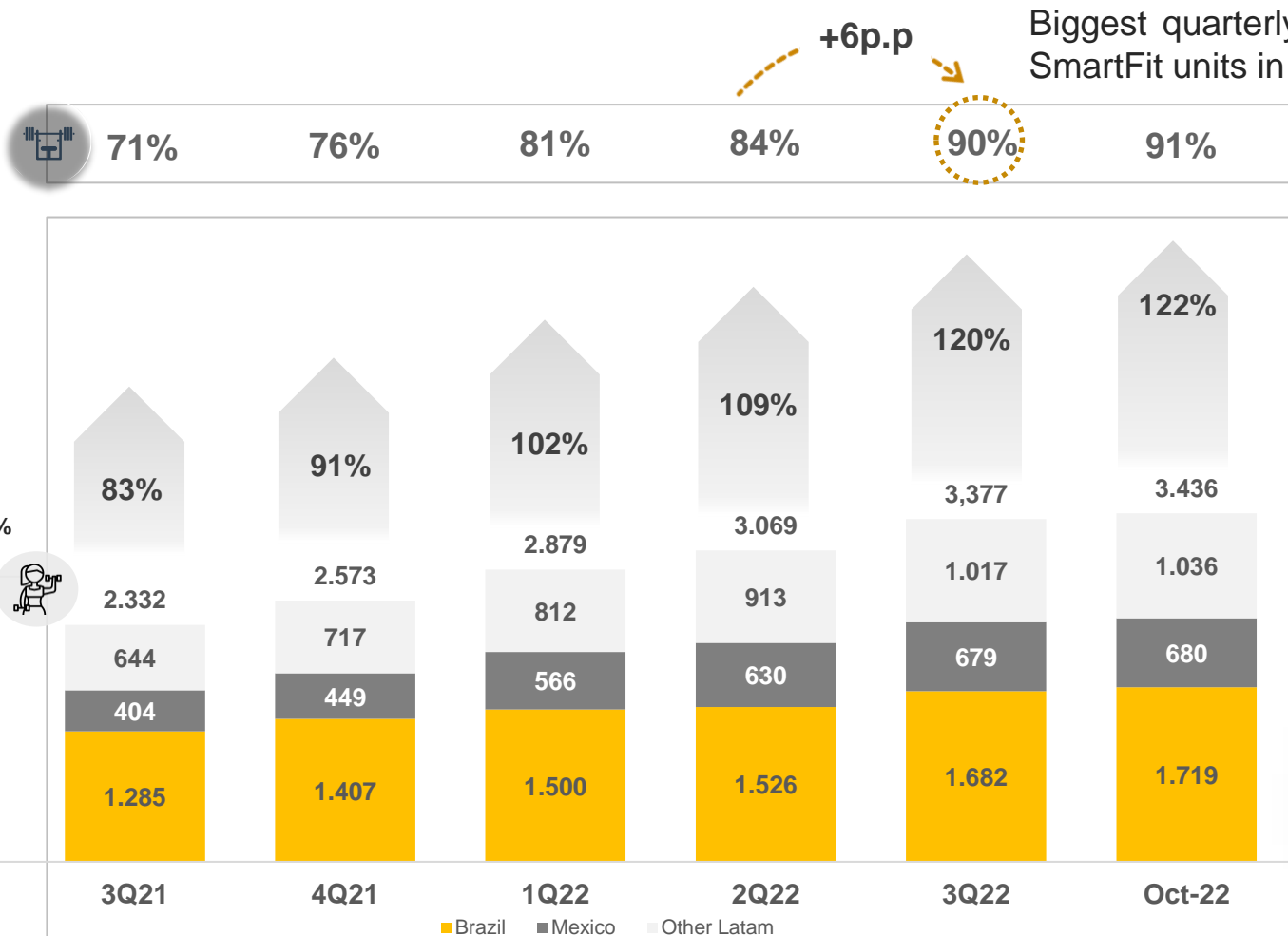
CONTINUOUS RECOVERY OF MEMBER BASE

Member base in 3Q22 reached 90% of the Mar/20 level, with growth across all regions. In October, the base reached 91% (+1p.p.)

MEMBER BASE OF CLUBS

(#'000 End of Period)

Members in units existing before the pandemic¹ % vs. Mar/20

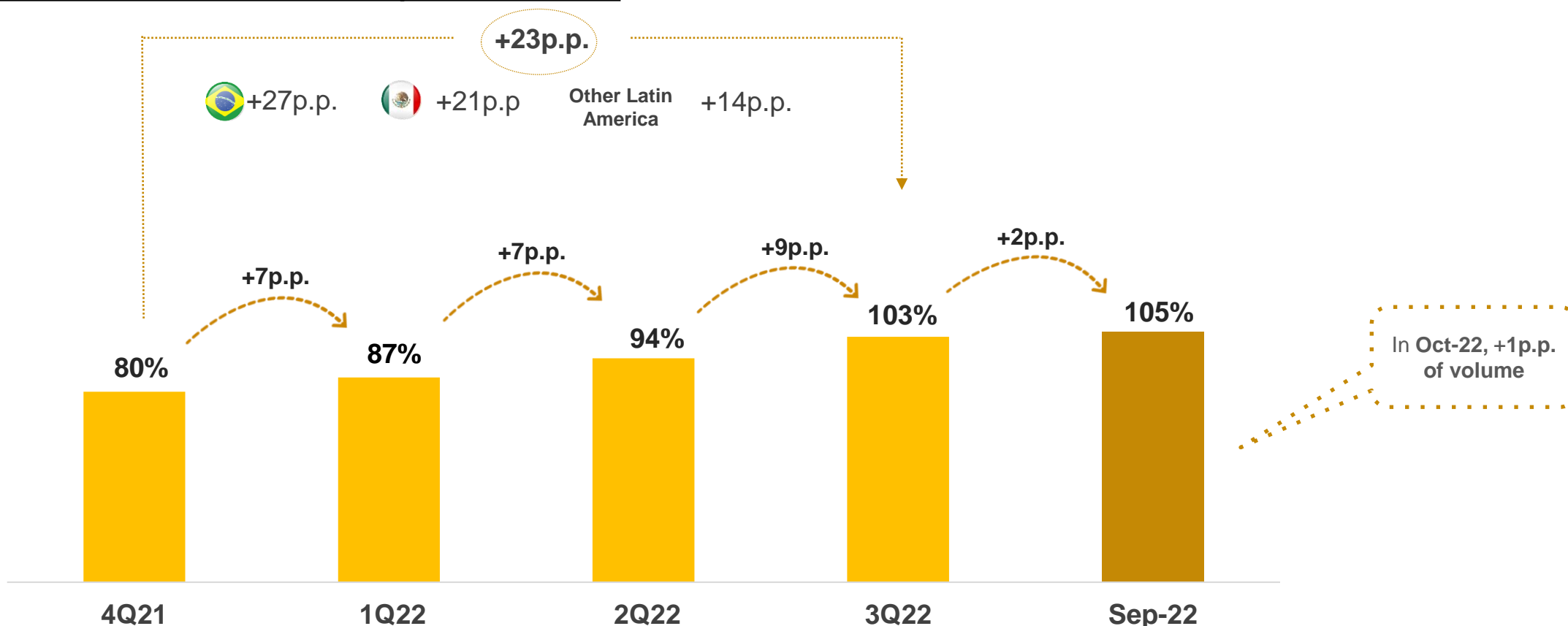


(1) Considering Smart Fit clubs opened until 2019

REVENUE SURPASSES HISTORICAL LEVELS

In 3Q22, revenue from SmartFit units opened until 2019 reached 103% of the baseline of Jan/Feb-20, fueled by growth in the 3 regions

Evolution of revenue at Smart Fit clubs opened until 2019¹



- At the Smart Fit clubs opened until 2019, revenue increased 9p.p. vs. 2Q22, the highest quarterly growth in the last 12 months, reaching 103% of pre-pandemic levels. Growth was driven by a combination of ticket (+3p.p.) and volume (+6p.p.)
- In September, these clubs reached 105% of the Jan/Feb-20 level, with Mexico reaching 100%

BRAZIL: RESUMPTION AND STRATEGY

Strategy focused on revenue recovery



Member base recovery:

- In 3Q22, the Brazilian member base recovered 6.7p.p. in clubs inaugurated before the pandemic vs. 2Q22, reaching 81%. In October, the member base hit 83%, recovery of 2p.p.



Marketing and Sales

- Strong sales performance with less CAC
- In quarter, the Company's selling expenses represented 8.0% of net revenue, dilution of 2.3p.p. vs. 2Q22

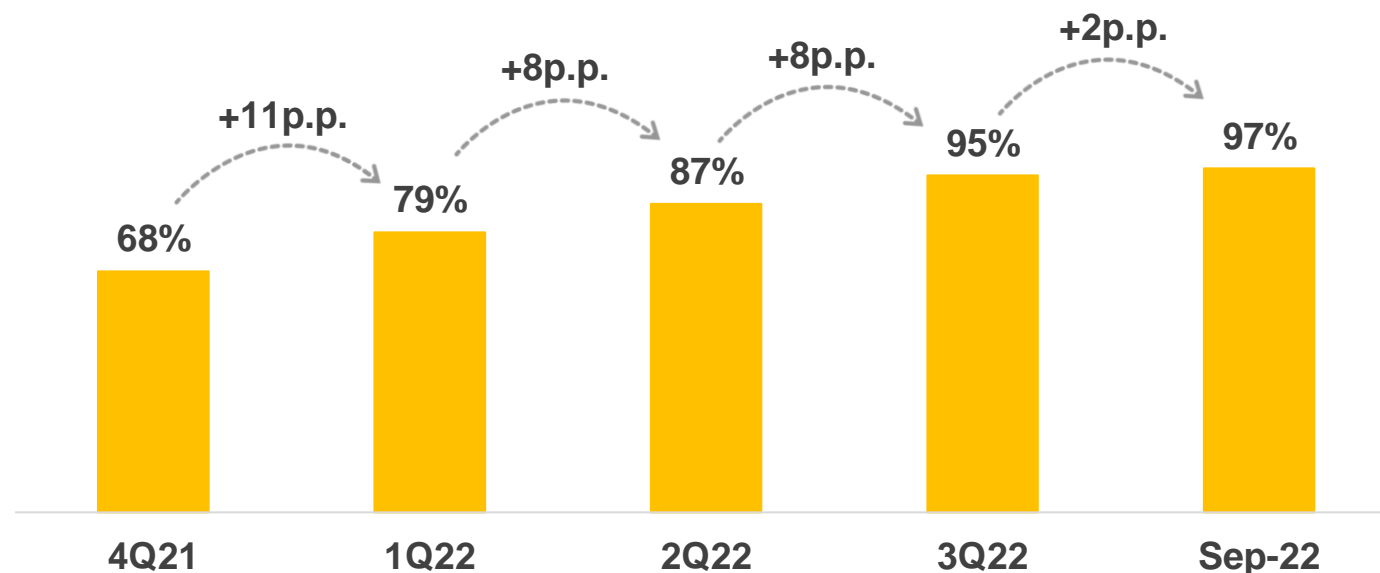


Customer focus

- Company NPS remains healthy and in line with track record

Revenue from clubs opened until Dec/19– Brazil¹

(% vs. Revenue from same clubs in Jan/Feb 2020)



In Oct-22, member base reached 83%, +2p.p. vs. September, in Smart Fit clubs opened before the pandemic

MEXICO AND OTHER LATIN AMERICA: REVENUE RECOVERY

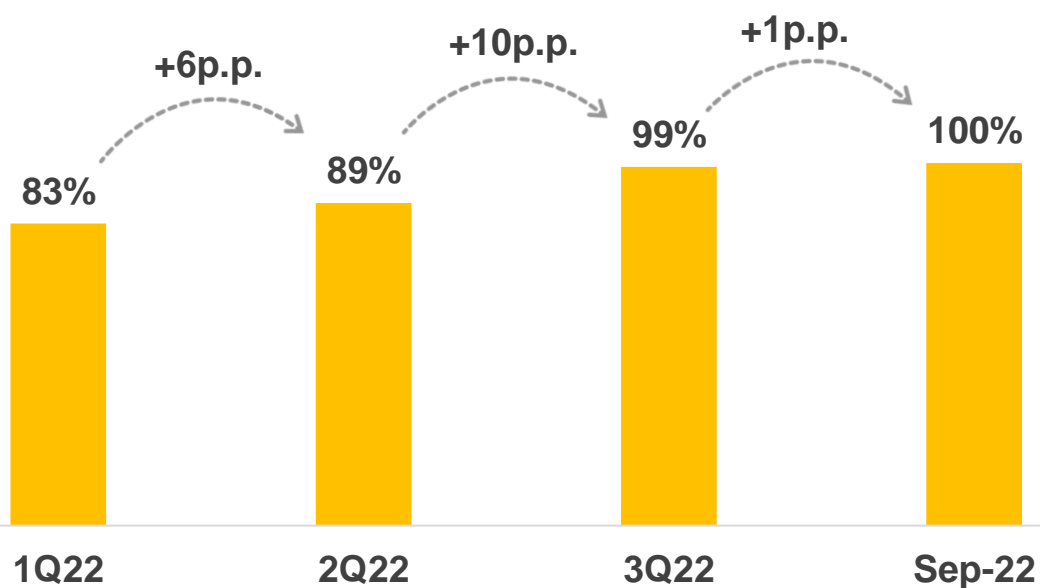


Revenue from Smart Fit clubs opened until Dec/19 reached 100% in Mexico and remains above historical levels in Other Latin America



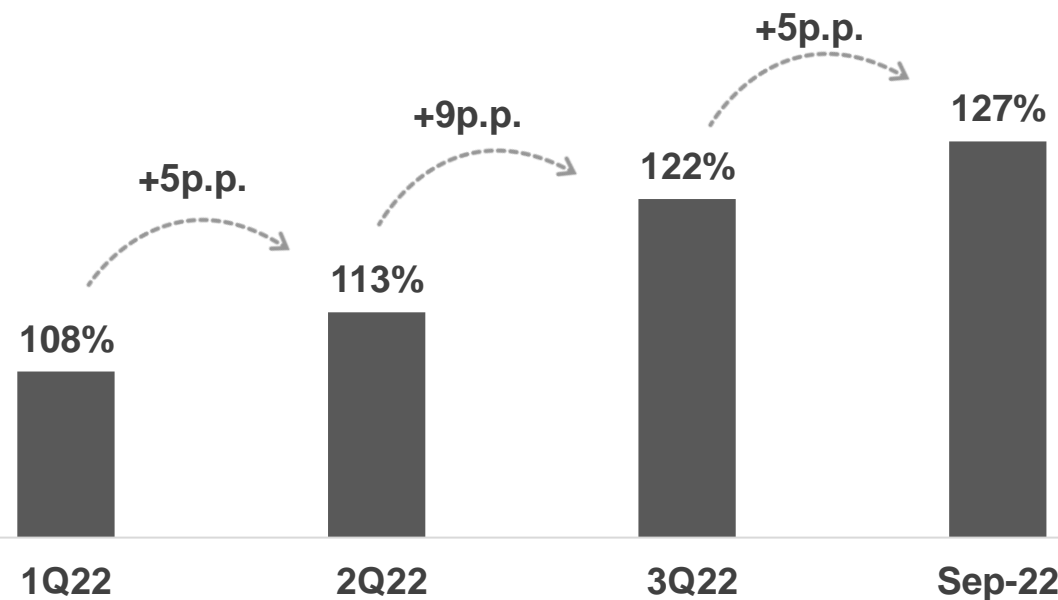
Revenue from clubs opened until Dec/19 – Mexico¹

(% vs. Revenue from same clubs in Jan/Feb 2020)



Revenue from clubs opened until Dec/19 – Other Latin America¹




(% vs. Revenue from same clubs in Jan/Feb 2020)



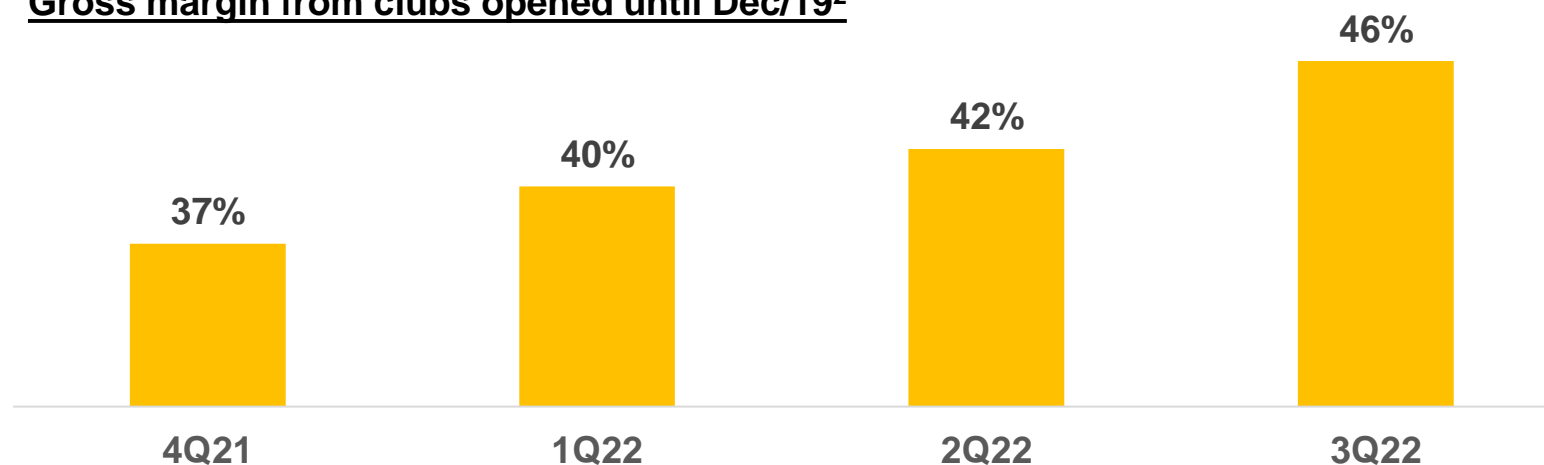
(1) Revenue from Smart Fit clubs opened until 2019, comparing each of the periods with the baseline of January/February 2020

CONTINUOUS RECOVERY OF CASH GROSS MARGIN

Recovery of net revenue combined with strict cost management contribute to the recovery of gross margin at the Smart Fit units inaugurated until 2019

	4Q21	1Q22	2Q22	3Q22
 %Revenue ¹	80%	87%	94%	103%
 %Cost ¹	99%	102%	108%	109%
 Δ Revenue vs. Cost	(19)p.p.	(15)p.p.	(14)p.p.	(6)p.p.

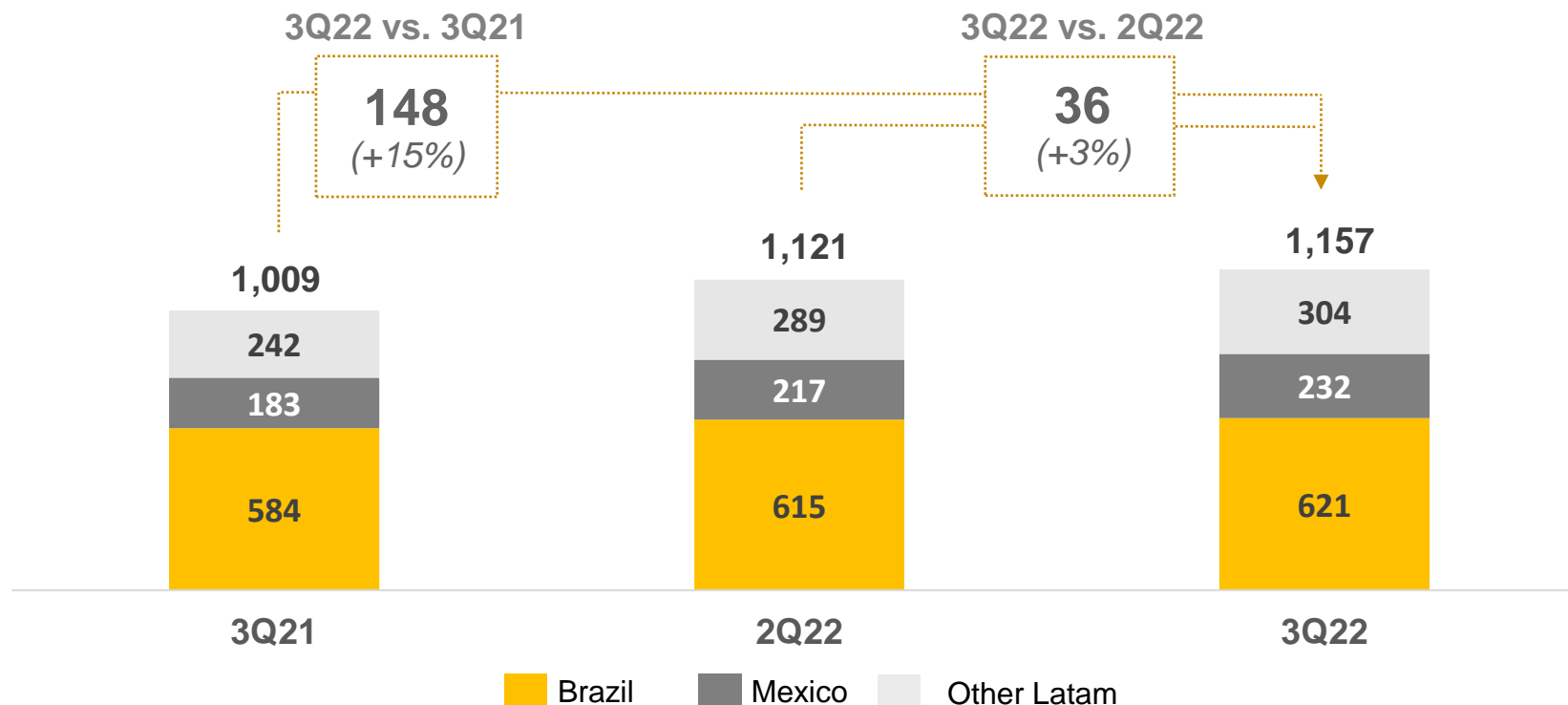
Gross margin from clubs opened until Dec/19²



EXPANSION 3Q22

Addition of 148 clubs in the last 12 months, reaching 1,157 clubs, +15% vs. 3Q21

GROWTH IN NUMBER OF CLUBS



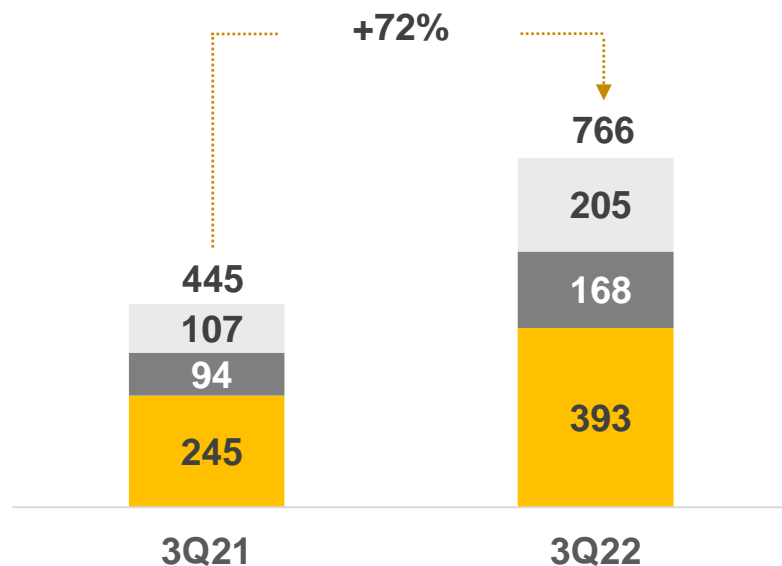
In the quarter, 36 clubs were added, including 29 own units and 7 franchises, all of them Smart Fit

Of the units added, 15 located in Mexico, 15 in the Other Latin America region and 6 in Brazil

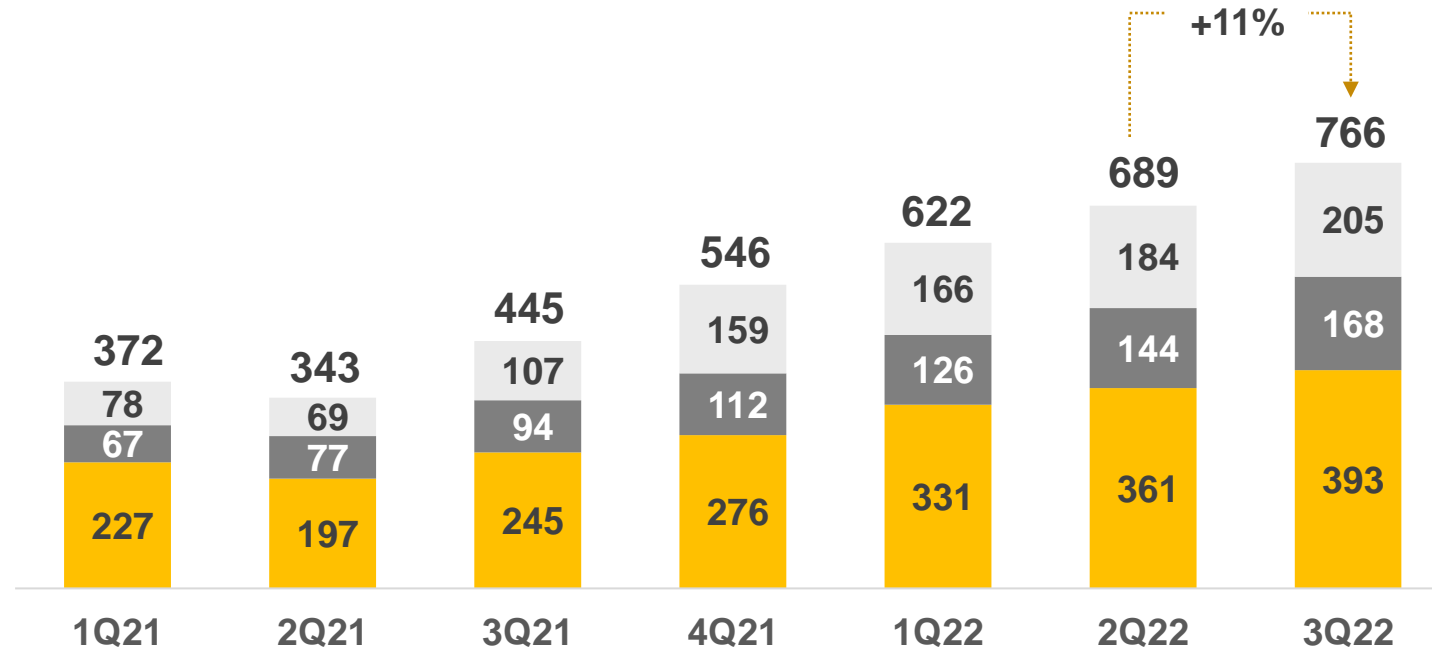
New unit additions in the year were impacted by 20 closures (5 relocations), 6 of which occurred in 3Q

	3Q21	2Q22	3Q22
Own	781	879	908
Franchises	228	242	249

VARIATION IN NET REVENUE (R\$MM)



EVOLUTION OF REVENUE (R\$MM)

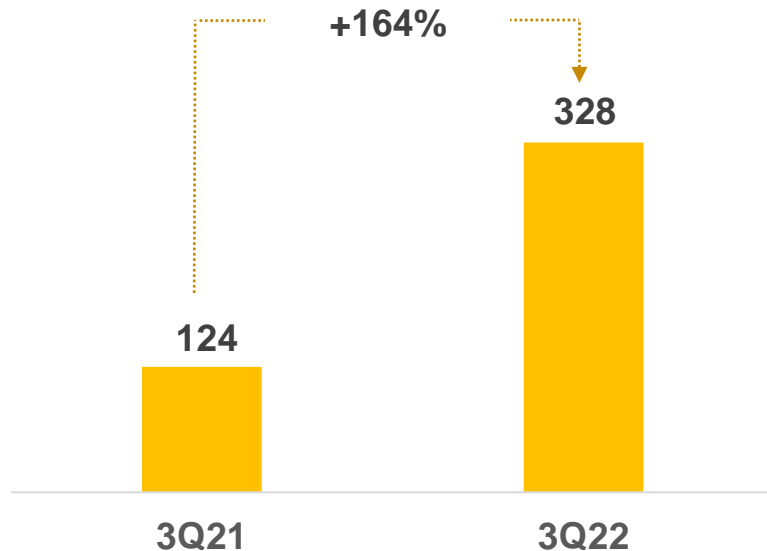


■ Brazil
 ■ Mexico
 ■ Other Latam

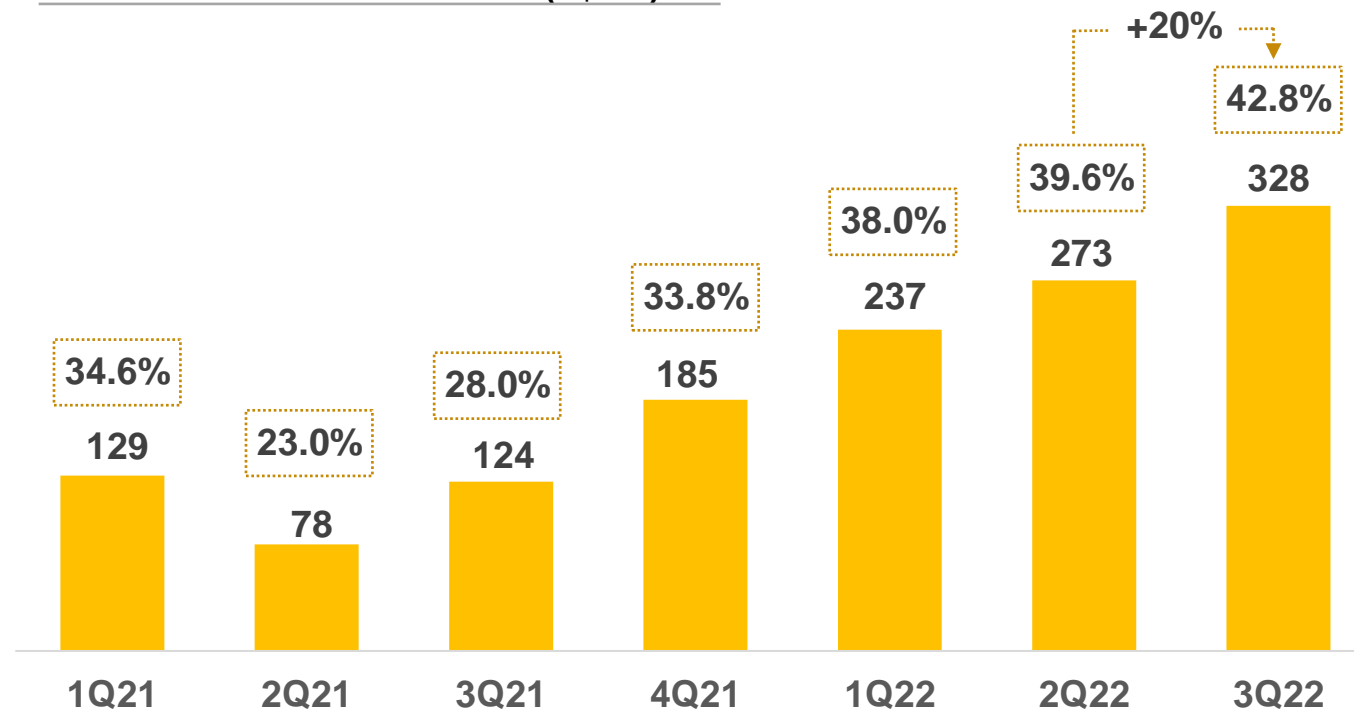
- Net revenue in 3Q22 was R\$766 million, up 72% from 3Q21, mainly due to the 32% increase in average membership per own unit, the 18% expansion of the own club network and the increase in average ticket per member due to the transfer of prices conducted during 2021 in diverse regions
- Compared to 2Q22, net revenue increased 11% due to the 4% increase in average membership per own unit, the 3% expansion of the own club network and the increase in average ticket

CASH GROSS PROFIT

VARIATION IN GROSS PROFIT (R\$MM)



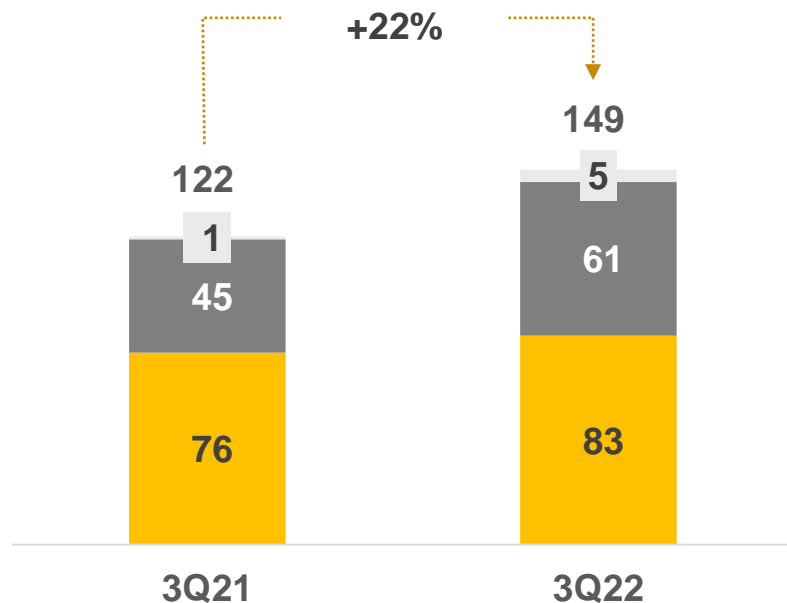
EVOLUTION OF GROSS PROFIT (R\$MM)



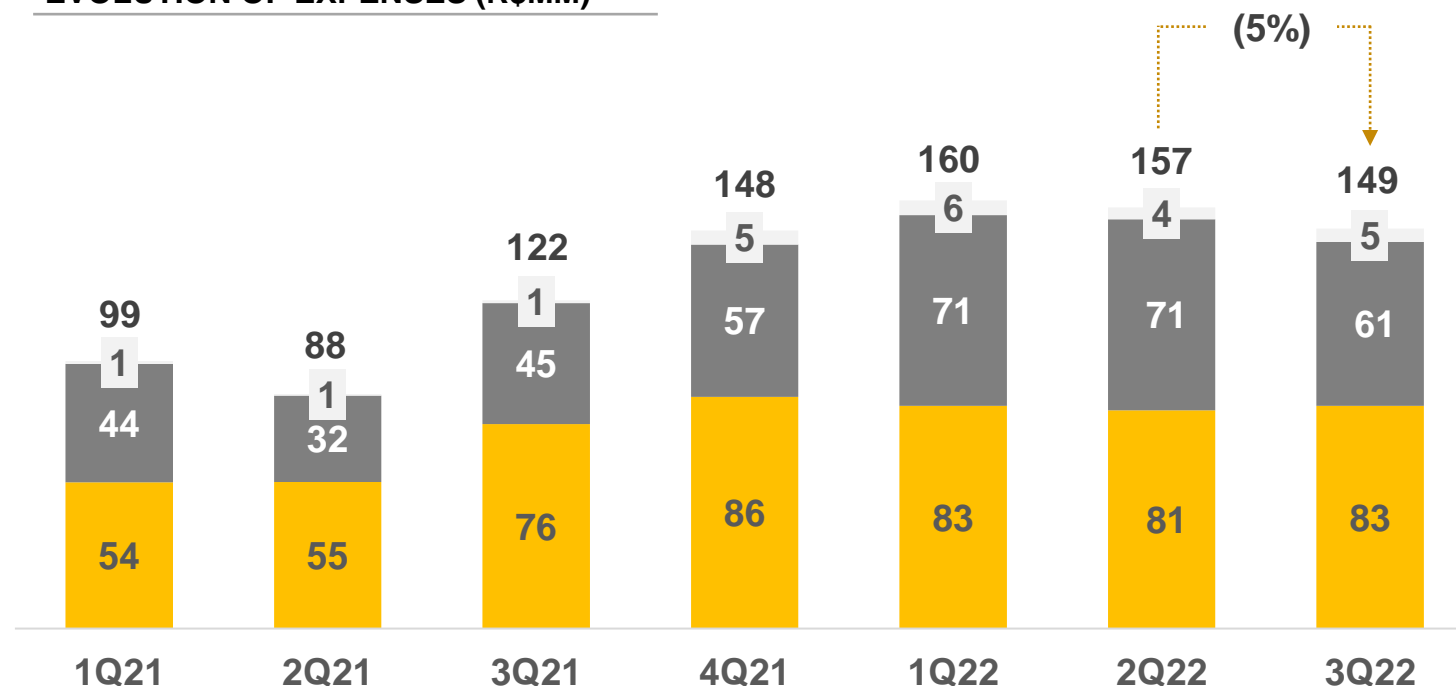
■ Cash Gross Profit □ Cash Gross Margin

- Gross profit reached R\$328 million in 3Q22, up R\$204 million from 3Q21, with gross margin of 42.8%, up 14.9p.p. from 3Q21, due to the strong growth in revenue and effective cost management, which diluted fixed costs
- Gross Profit increased 20% from 2Q22, with margin increasing 3.2p.p. Cash gross margin increased in all regions and operating segment, especially in the Other Latin America, with margin of 53.4% above historical levels

VARIATION IN EXPENSES (R\$MM)



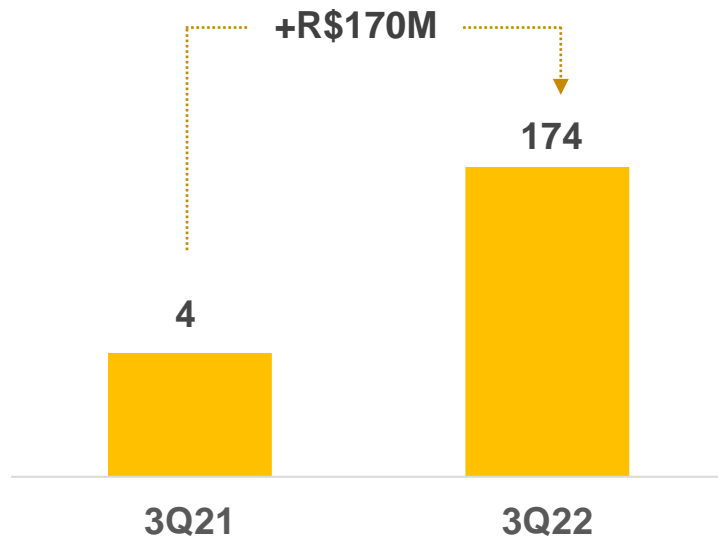
EVOLUTION OF EXPENSES (R\$MM)



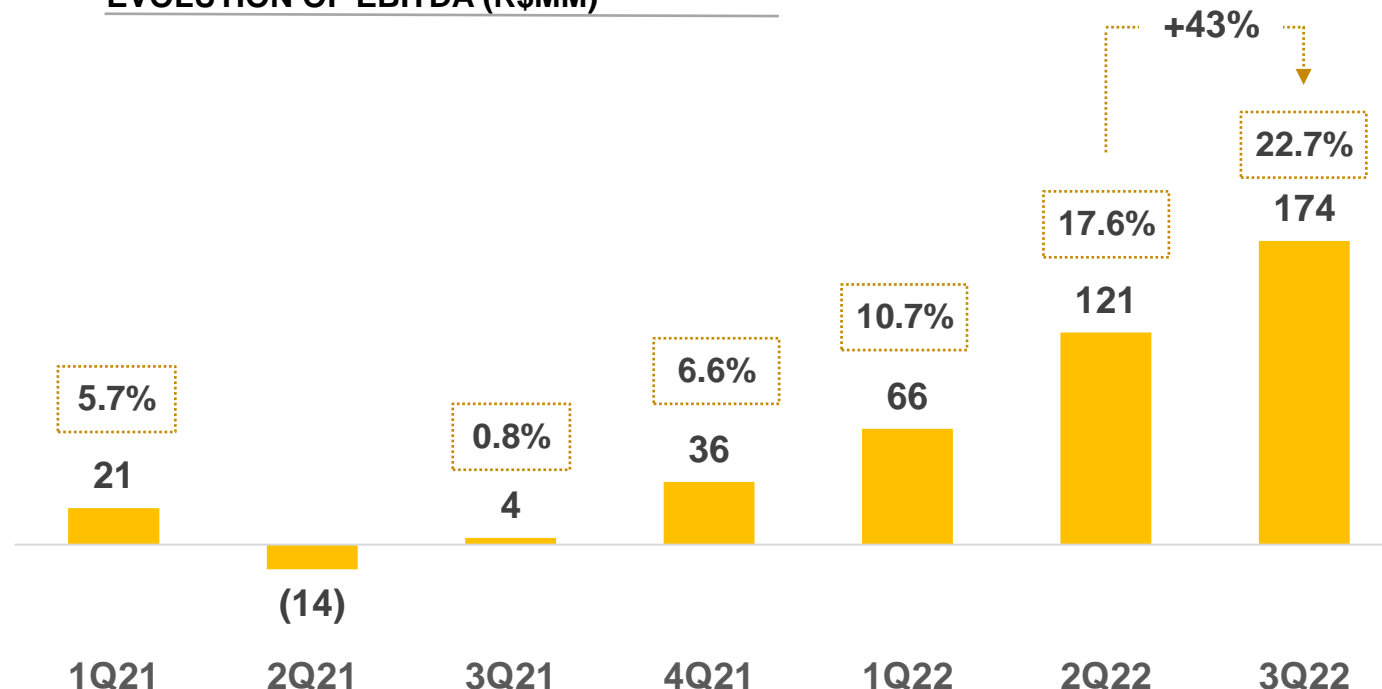
G&A Selling Pre-Operating

- Selling, general and administrative expenses totaled R\$149 million in 3Q22, R\$27 million more than in 3Q21, due to the increase and normalization of administrative and selling expenses incurred to attract more members
- Compared to 2Q22, these expenses corresponded to 19.5% of net revenue, with dilution of 3.3p.p. in the quarter, thanks to the 11% growth in revenue and 5% decline in expenses
- Selling expenses decreased 14% in relation to 2Q22, corresponding to 8.0% of net revenue in the quarter, with dilution of 2.3 p.p. versus 2Q22, due to better investments to attract members and the continuous increase in revenue per club

VARIATION IN EBITDA (R\$MM)



EVOLUTION OF EBITDA (R\$MM)



EBITDA

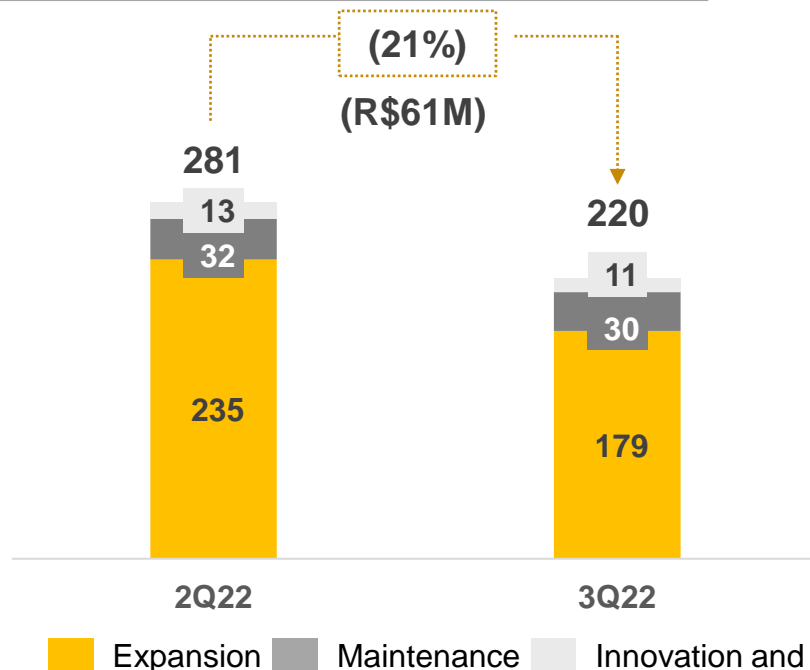
EBITDA margin

- EBITDA totaled R\$174 million in 3Q22, up R\$170 million versus 3Q21. This was the 5th consecutive quarter of growth
- Compared to 2Q22, EBITDA increased R\$53 million, and margin increased 5.1p.p., due to revenue growth combined with the dilution of costs and expenses, evidencing the high operational leverage of the business
- EBITDA margin from Other Latin America was 48%, above the historical levels, and increase of 2.5p.p. vs. the previous quarter

FINANCIAL LIQUIDITY AND CAPEX

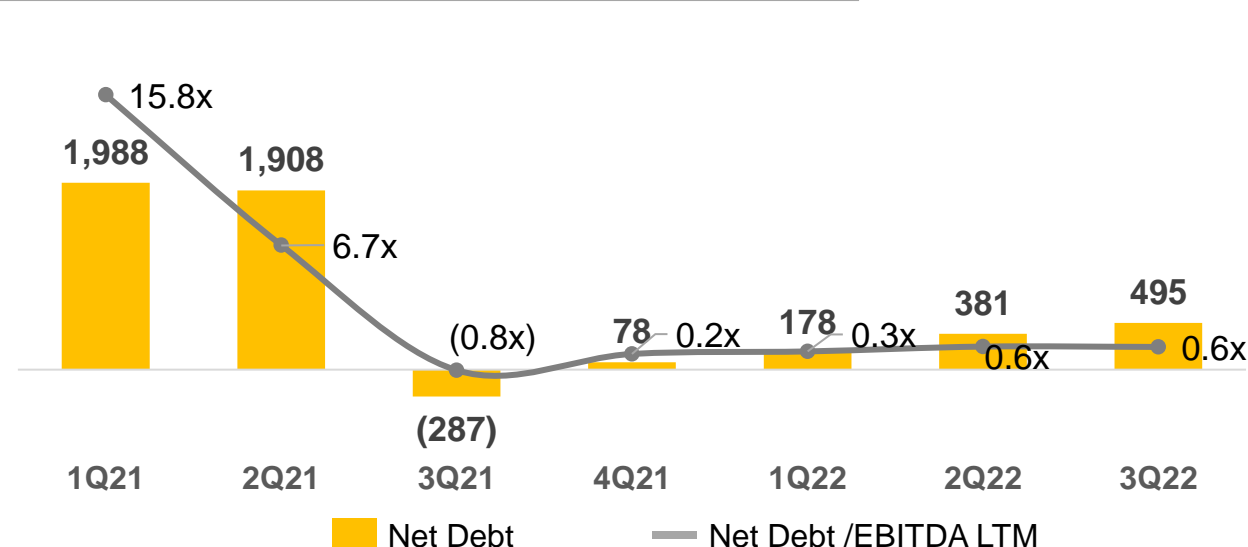
Strong cash position of R\$2.7 billion and lengthy debt profile

CAPEX (R\$MM)

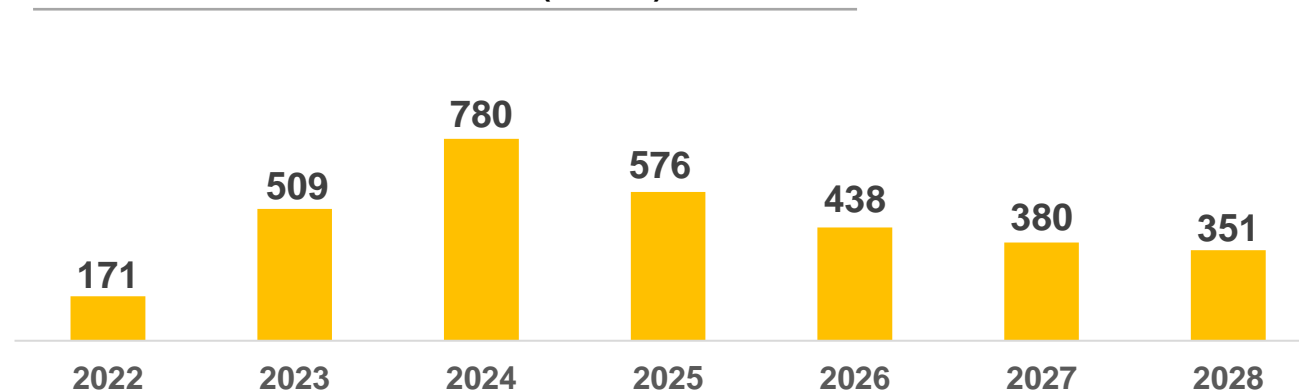


- Expansion capex totaled R\$179 million in 3Q22 and went to 29 openings of own clubs and to works in progress
- In the quarter, maintenance capex totaled R\$30 million, 6% lower than in the previous quarter
- Financial leverage stable at 0.6x, thanks to the strong cash position and gradual recovery in EBITDA.

NET DEBT (R\$MM) AND NET DEBT / EBITDA LTM ¹



GROSS DEBT PAYMENT FLOW ² (R\$ MM)



(1) The "Net Debt/EBITDA LTM" indicator uses the definition of net debt and EBITDA of the Company's debentures / (2) "Gross Debt" is defined as short- and long-term loans, financing and leasing of equipment with financial institutions;

Q&A

Instructions:

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

