

Smart Fit

4Q22 Earnings Presentation

March 17, 2023



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HIGHLIGHTS OF THE PERIOD



1,223 CLUBS IN OPERATION, WITH ACCELERATION IN PACE OF OPENINGS DURING THE QUARTER

Addition of 66 clubs in 4Q22, 2nd best quarter in number of inaugurations and 158 units added in 2022



ADDITION OF 884,000 MEMBERS IN 2022, +14 P.P. IN THE MEMBER BASE AT UNITS EXISTING BEFORE THE PANDEMIC

Addition of 361,000 new members in the first two months of 2023. At Smart Fit clubs existing before the pandemic, member base increased 7 p.p. in the period, reaching 96% of the baseline in February



REVENUE TOTALED R\$853 MILLION, ABOVE HISTORICAL LEVELS AT SMART FIT CLUBS UNTIL 2019

In 4Q22, revenue from Smart Fit opened until 2019 reached 110% of Jan/Feb 2020 baseline, driven by growth in the three regions



CASH GROSS MARGIN WAS 48% AT SMART FIT CLUBS OPENED UNTIL 2019

Cash gross margin of 45%, +2.3 p.p. vs. 3Q22, driven by growth in all regions



CONTINUOUS IMPROVEMENT IN PROFITABILITY, WITH EBITDA MARGIN OF 27% IN 4Q22

EBITDA of R\$230 million (+32% vs. 3Q22), margin growth of 4.2 p.p. and operating cash flow of R\$599 million in the year



NET INCOME OF R\$75 MILLION IN THE QUARTER

Continuous improvement in profitability contributed for the second straight quarter registering net income

DIGITAL: RESULTS FOR MEMBERS AND EFFICIENCY FOR OPERATIONS

Focus on self-service from the acquisition to the use of the club

1.4M Users in App (Jan/22) → **1.8M** Users in App (Jan/23)
29%

55% of Smart Fit members registered in app (Jan/23)

4,8
4,8

EVALUATION AT STORE

SALES

New Self-Service Totem (Brazil)

Main Sales Channel

47%
of total sales in BR (February)

52%
of total sales in 143 pilot units in the **new version** (February)

Easy purchase flow

- Reduction in service waiting time
- Totem use line reduction

SALES

Sale of Plan via App (Brazil)

100% organic initial results

2%
of total sales in BR

• New sales channel
• CAC reduction
• Full channel journey

ORGANIC

February (Launch)

TRAINING

Training Smart (Brazil)

Feb. Launch

Responds Anamnesis > Receives training suited to the needs on time, automatically

10%

With restriction

25%

Chose to talk to personal

65%

Received 100% automatic training

88%

Positive workout reviews (Jan/Feb)

PHYGITAL MEMBER JOURNEY

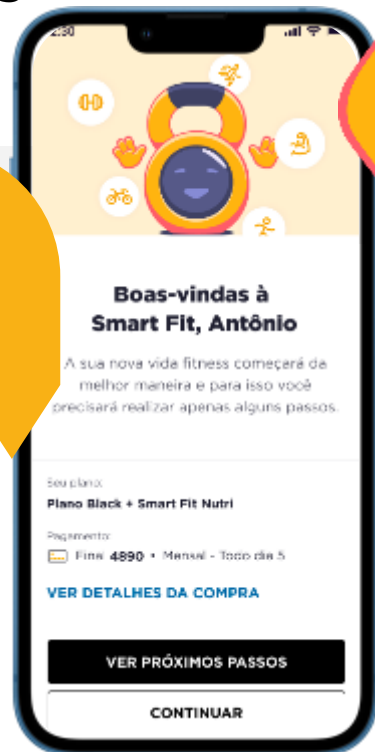
From purchase to use of club, we deliver a completely digital journey



Download app from main stores



Purchase the plan and add-ons directly from the app



Answer anamnesis and Par-Q on Smart Fit app



Member receives training immediately, according to their goals, characteristics of their unit, from a base of more than 60,000 training sessions



Digital registration at the totem and #Let'sTrain

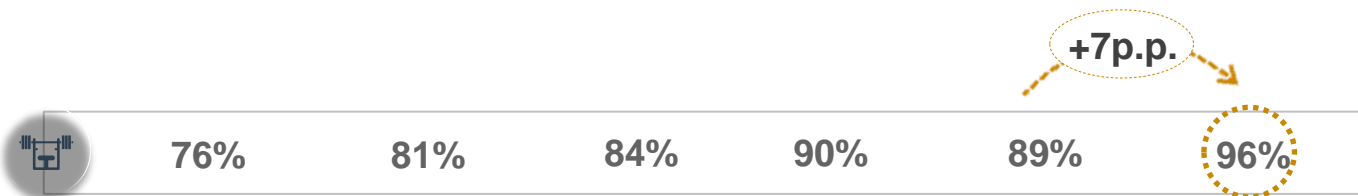
CONTINUOUS RECOVERY OF MEMBER BASE

In 4Q22, member base reached 89% of March 2020 level, with growth across all regions

MEMBER BASE OF CLUBS

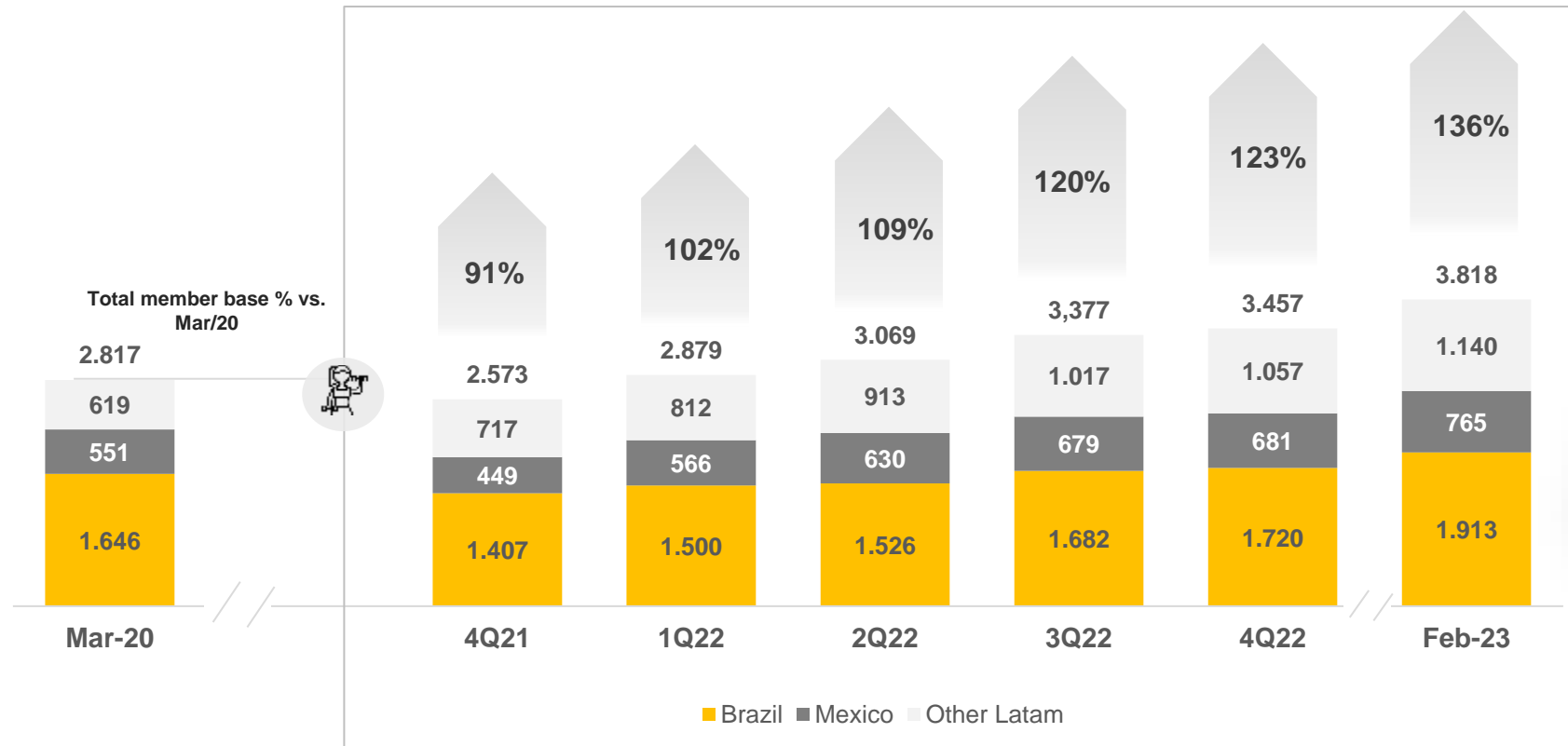
(#'000 end of period)

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



Jan/23 was the best month client additions-wise in history. In Feb/23, base reached 96%, growth of +7p.p. vs. Dec/22

Total member base % vs. Mar/20

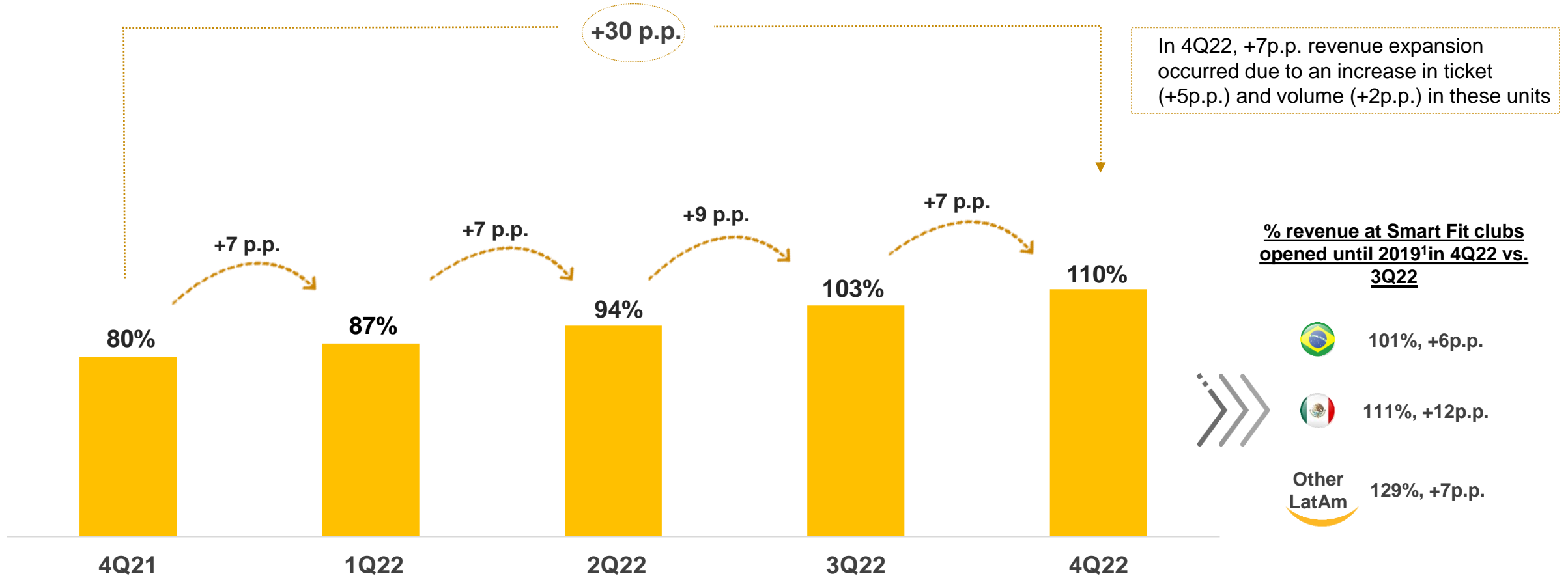


(1) Considering Smart Fit clubs opened until 2019

CONTINUOUS REVENUE GROWTH

In 4Q22, revenue from Smart Fit units opened until 2019 reached 110% of Jan/Feb 2020 baseline, +7p.p. vs. 3Q22, with growth in the three regions

Evolution of revenue at Smart Fit clubs opened until 2019¹



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

MATURE UNITS: RECOVERY OF GROSS PROFIT

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

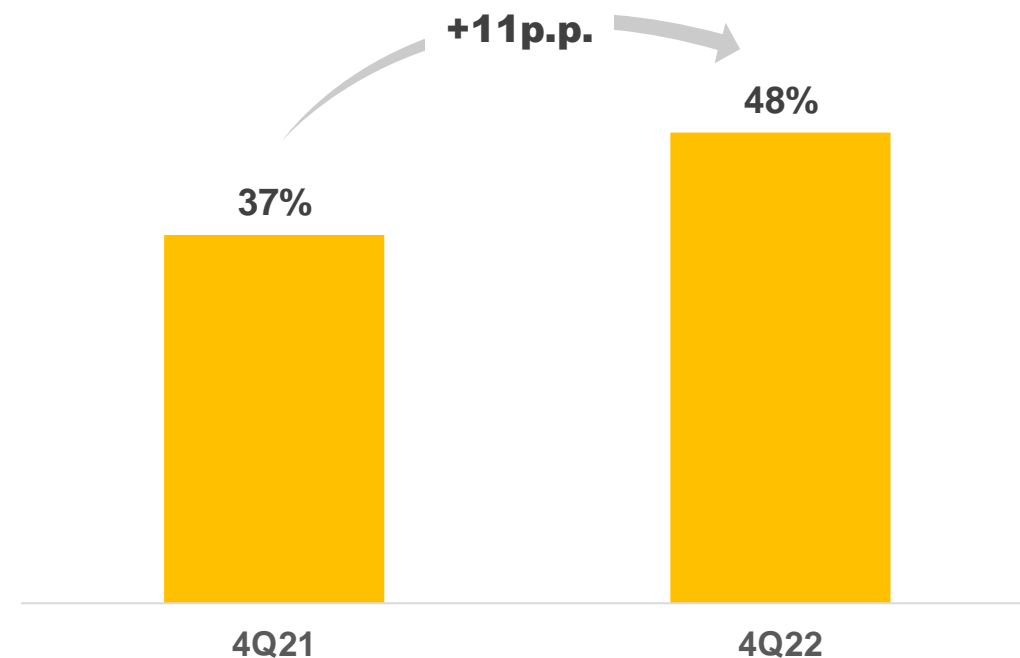
Evolution of revenue and costs of mature units

	4Q21	4Q22
%Revenue ¹	80%	110%
%Cost ¹	99%	113%
Revenue vs. Cost	(19)p.p.	(3)p.p.

+7p.p. of volume in Feb-23

Compared to January 2020, same-store **cost** was significantly below inflation for the period (19.4% in Mexico, 21.4% in Colombia, 21.7% in Brazil - IPCA - and for rents in Brazil the IGPM was of 51.9%)

Gross margin of mature² clubs

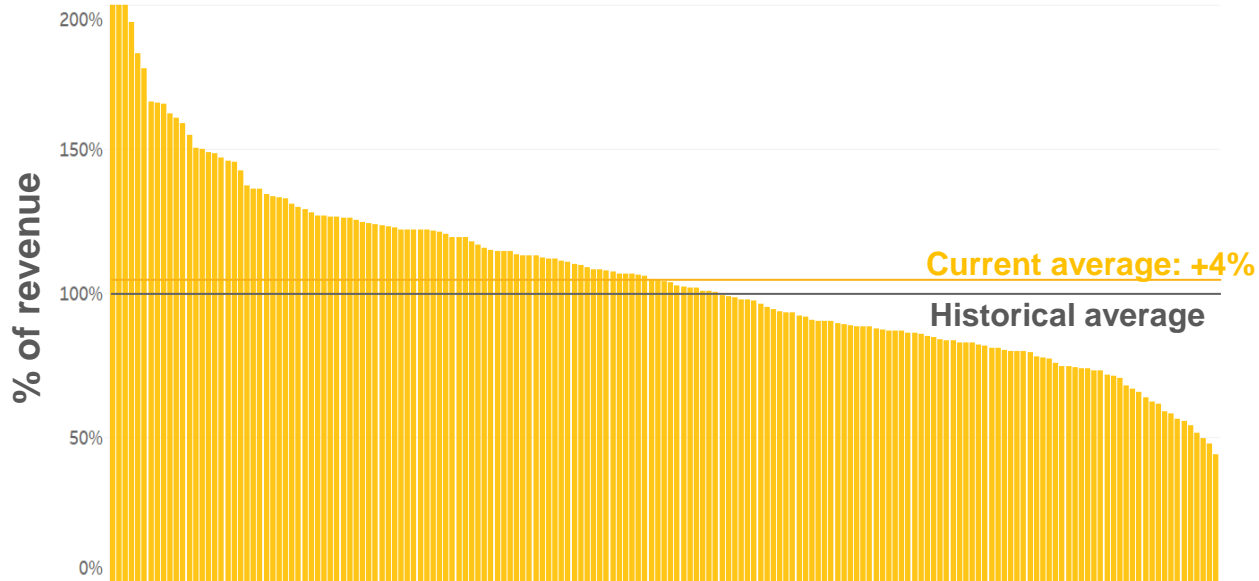


In 4Q22, the annualized gross profit of the 583 mature units reached R\$1.8 million per unit

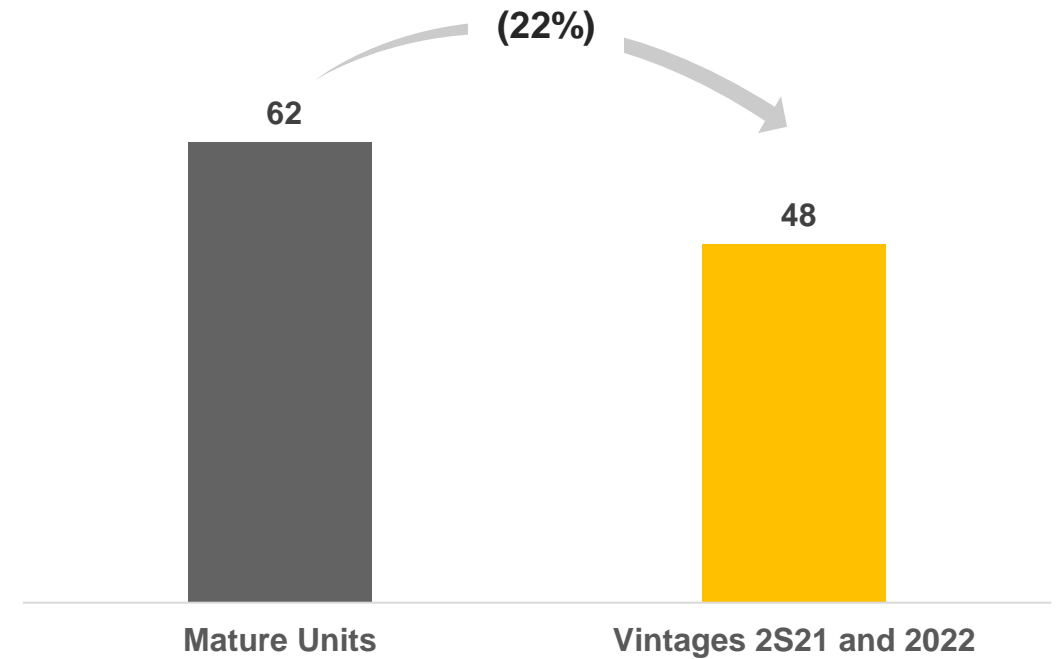
NEW UNITS' PERFORMANCE

New units show revenues 4% above historical levels and rent costs 22% below, with the prospect of reaching same historical margins

MONTHLY REVENUE VS. HISTORY RAMP UP¹



FIXED RENT FROM JAN/23 PER UNIT² (R\$ '000)



Cost reduction and control initiatives are present in all units and in other cost lines, such as: energy efficiency and renegotiation of various contracts

(1) For comparison purposes, current revenue considers the age and volume of the unit in Jan/23 and the average ticket for 4Q22, and historical revenue considers the average ticket for 2019 and the volume for the respective month of ramp up of the units opened until 2019. Sample considers openings from Jul/21 to Dec/22, excluding the units in Argentina, Paraguay, Panama and Costa Rica, totaling 206 units. (2) Considers the units inaugurated from Jul/21 to Dec/22 that have a contract with a fixed rent value, excluding the units in Argentina, Paraguay, Panama and Costa Rica, totaling 196 units. For comparison purposes, the same geographic mix is considered.

HEALTH AND PHYSICAL ACTIVITIES ARE PRIORITY IN 2023 smart fit

Taking care of health and physical exercises remain the priorities for 2023



MAIN PRIORITIES FOR 2023 ⁽¹⁾



Take care of health

35%



Lose weight /
Physical Exercises

28%

The New York Times

The Healing Power of Strength Training

Everyone knows that weight lifting increases physical strength. But, for some, it can give psychological power, too.

By Danielle Friedman

Published July 7, 2022 Updated Aug. 1, 2022

veja SAÚDE

Por que o exercício físico é a chave da longevidade?

Estudo elucidado em nível celular a razão de se movimentar ser tão importante

Por Maria Fernanda Ziegler | Agência FAPESP Atualizado em 16 jan 2023, 16h05 - Publicado em 16 jan 2023, 16h00

O GLOBO

Depressão: atividade física pode ser mais eficaz do que medicamentos para reduzir sintomas da doença, diz estudo

Impacto já foi visto em exercícios praticados ao longo de 12 semanas, em qualquer intensidade

Por O GLOBO — São Paulo
27/02/2023 10h49 - Atualizado há 3 dias



EL PAÍS

EXERCISE >

Moderate exercise reduces the chances of premature death

Just 75 minutes of mild physical activity a week are enough to prevent one in 10 premature deaths

DANIEL MEDIAVILLA

MAR 02, 2023 - 11:01 BRT

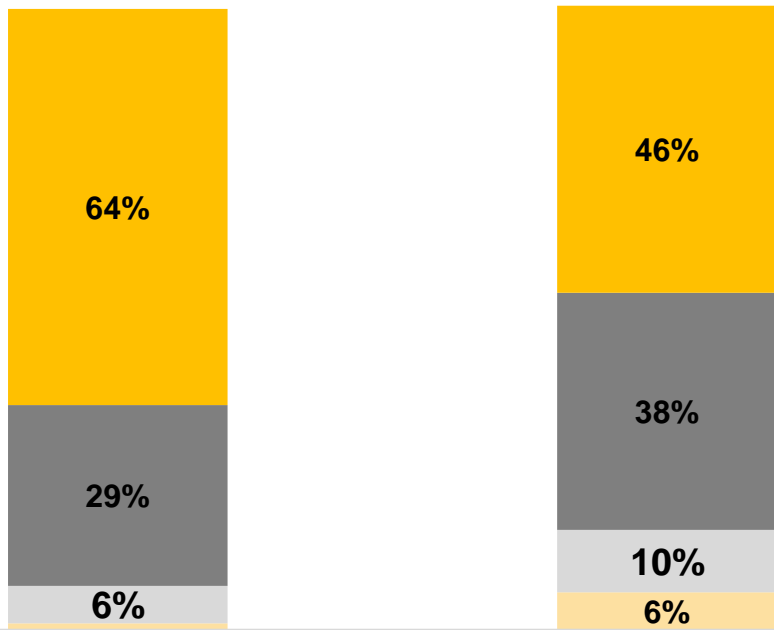
(1) Google survey conducted between September 14 and 17, 2022 of 1,000 Brazilian respondents aged over 18. Taking care of health – 1st place and Losing weight / Doing physical activity 3rd position

PHYSICAL HEALTH AS PRIORITY

Brazilians and Mexicans give greater importance to physical health than global average

PHYSICAL HEALTH IS EXTREMELY IMPORTANT FOR 64% OF BRAZILIANS AND MEXICANS¹

% by level of importance



Legend:
■ Not important
■ Very important
■ Moderately important
■ Extremely important

INCREASE IN IMPORTANCE GIVEN TO THE HABIT OF DOING PHYSICAL EXERCISES AND TAKING CARE OF HEALTH



Millennials prioritize physical exercises and health more than previous generations did and tend to further prioritize these aspects in the future²

(1) McKinsey Health Survey conducted in 2022 / (2) McKinsey Future of Wellness Survey, April 2022

CUSTOMER-CENTERED CULTURE

In 2022, Smart Fit won relevant awards in the regions where it operates. Consequence of the culture of serving with excellence and the strength of our brand



AWARDS AND RECOGNITIONS

Reader's Digest

veja São Paulo



ReclameAQUI

A TRIBUNA

O GLOBO

"MARCAS CARIOCAS"
"MARCA MAIS LEMBRADA
O GLOBO 2022"

"RECLAME AQUI 2022"
"MELHORES EMPRESAS PARA O
CONSUMIDOR
PORTAL RECLAME AQUI 2022"

"OS MAIS AMADOS DE SÃO PAULO"
"ACADEMIA MAIS QUERIDA DOS
CONSUMIDORES
VEJA SÃO PAULO 2022"

"MELHOR ACADEMIA NO MÉXICO"
"CENTRO ESPORTIVO
BIEN PRÉMIOS 2022"

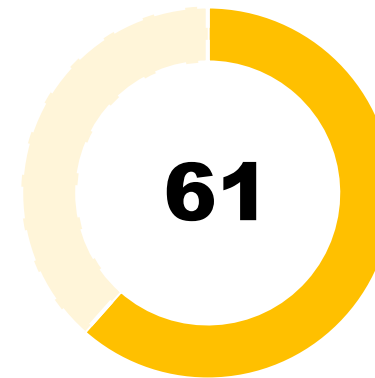
"PRÊMIO TOP OF MIND⁽¹⁾"
"ACADEMIA MAIS LEMBRADA
PELOS CONSUMIDORES
A TRIBUNA 2022"

"A MARCA MAIS CONFIÁVEL DO MÉXICO"
"ACADEMIA MAIS CONFIÁVEL
THE READER'S DIGEST 2022"

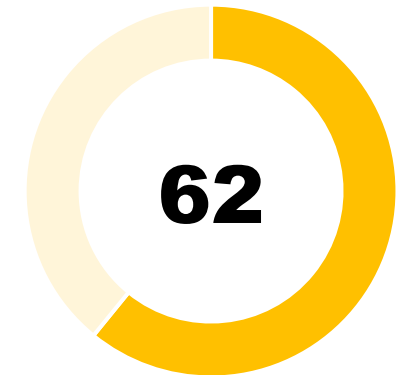
"SHARE OF MIND⁽²⁾"
"MARCA MAIS ADMIRADA
O POPULAR 2022"

CUSTOMER EXPERIENCE

NPS IN CLUBS



Dec/19



Dec/22



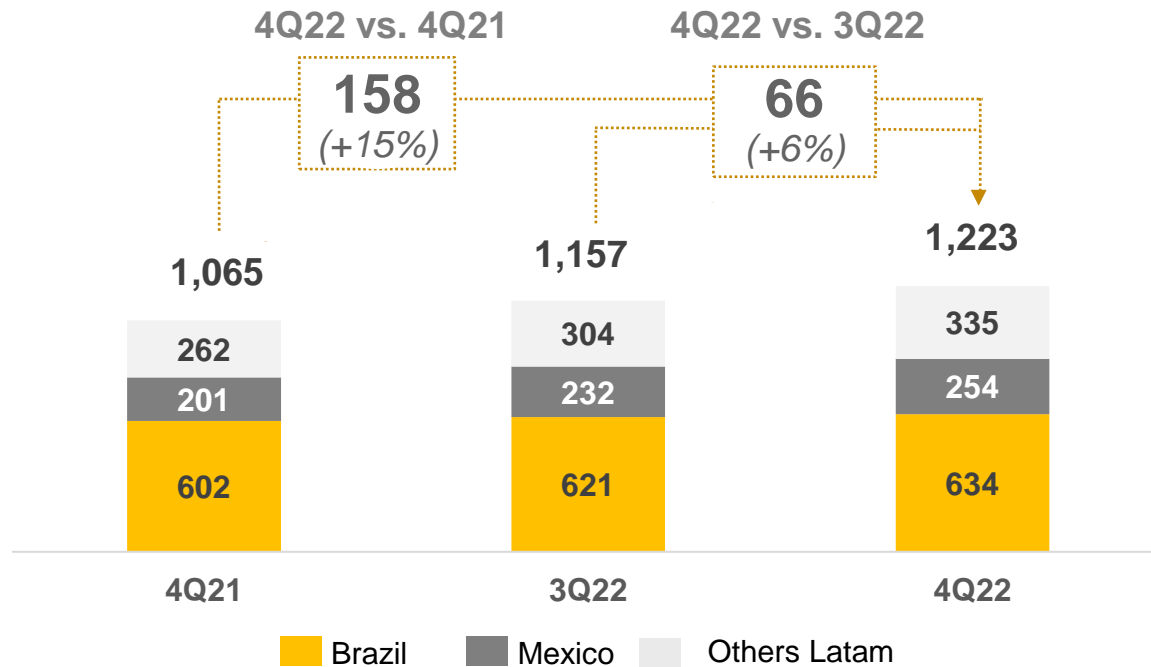
Customer satisfaction as the main KPI

(1) Award "Top of Mind Santos" / (2) Award "Share of Mind Goiás".

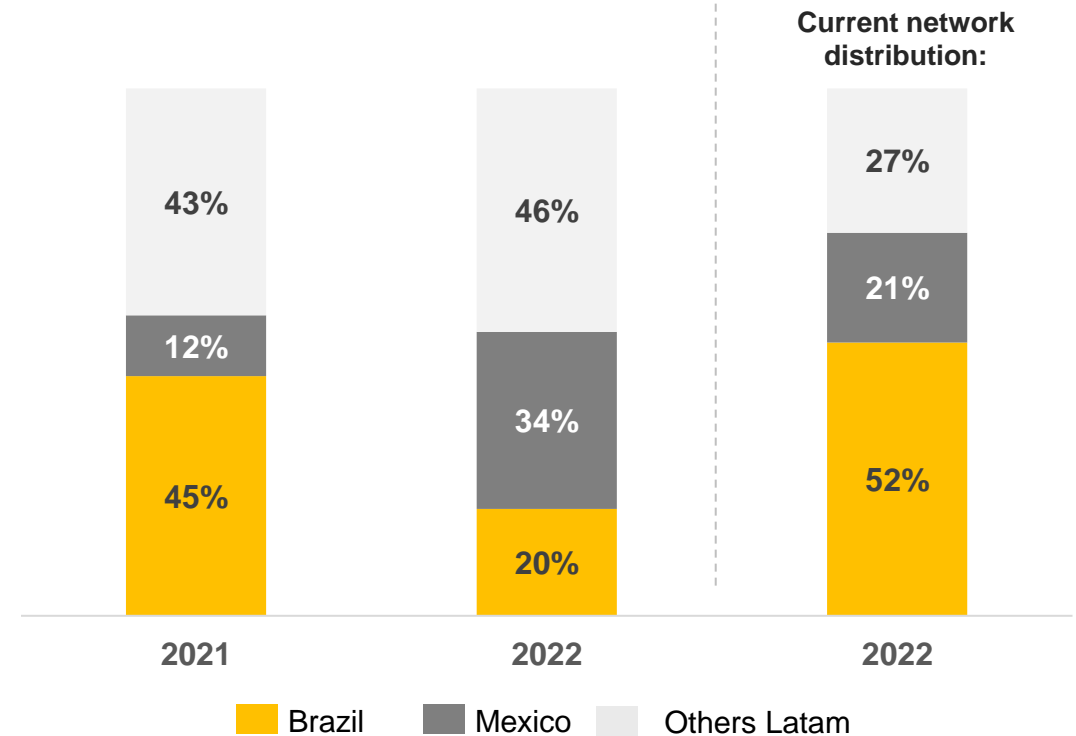
4Q22 EXPANSION

Addition of 158 clubs in the last 12 months, reaching 1,223 units, +15% vs. 4Q21

GROWTH IN NUMBER OF CLUBS



EXPANSION'S GEOGRAPHICAL COMPOSITION

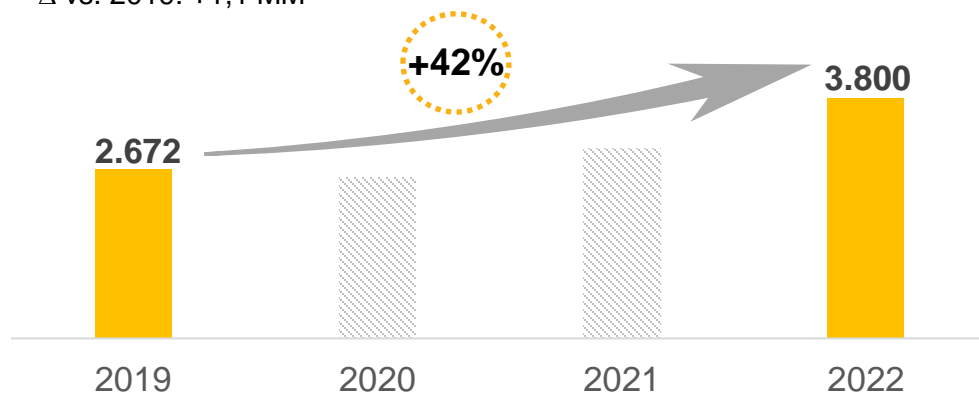


	4Q21	3Q22	4Q22
Own	834	908	967
Franchises	231	249	256

RESUMPTION OF GROWTH AND PROFITABILITY

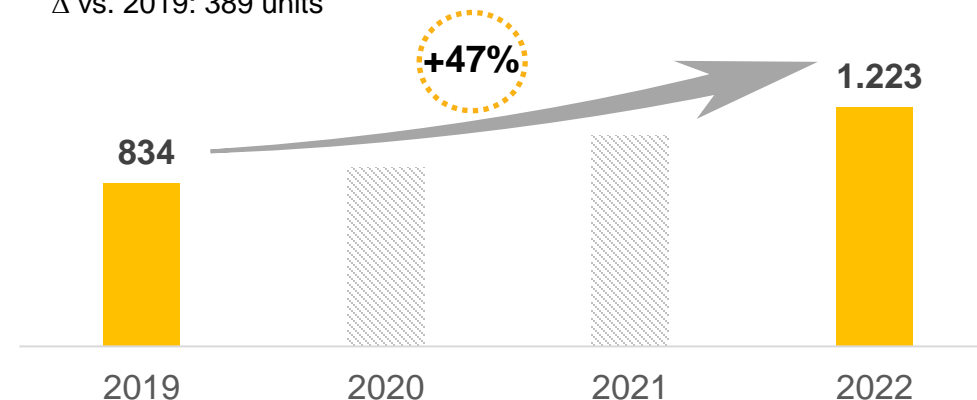
MEMBERS¹ ('000)

Δ vs. 2019: +1,1 MM

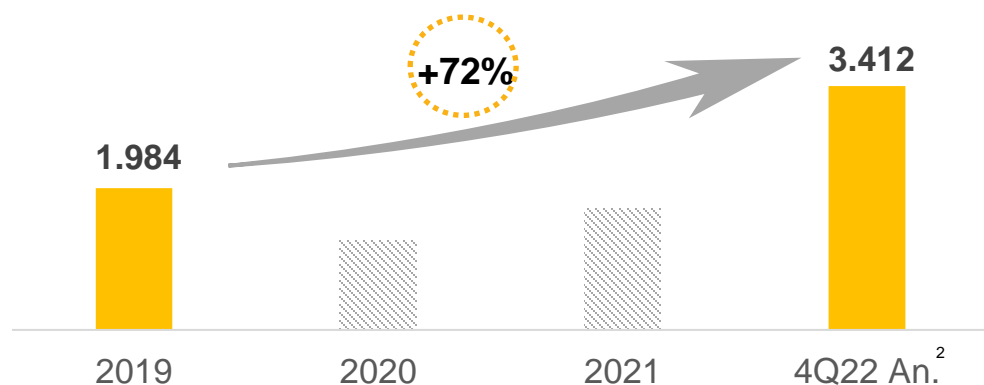


CLUBS (#)

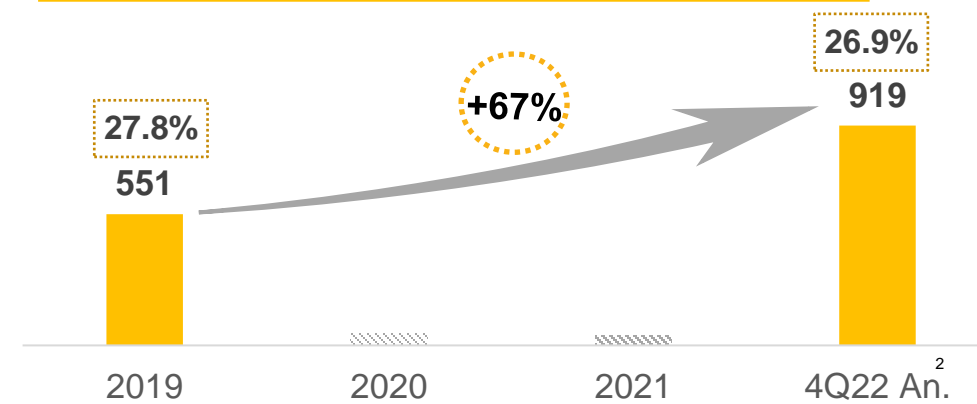
Δ vs. 2019: 389 units



REVENUE (R\$ MM)



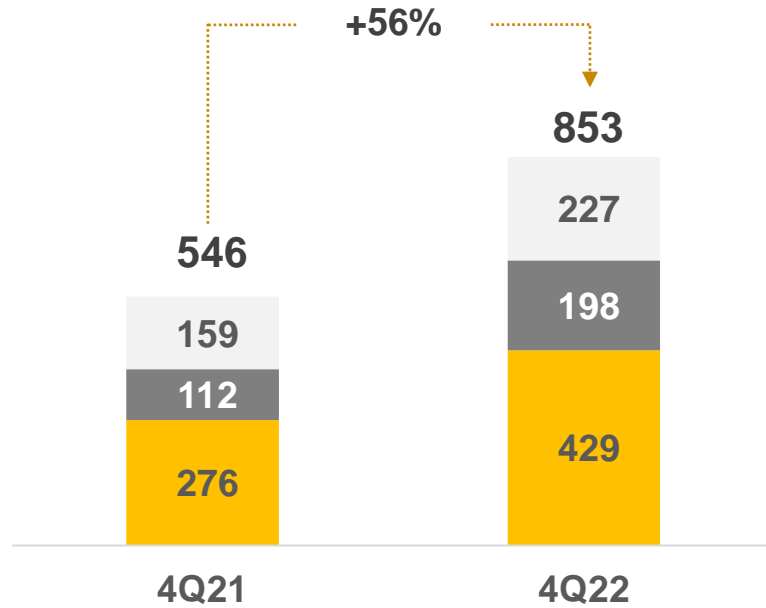
EBITDA (R\$ MM)



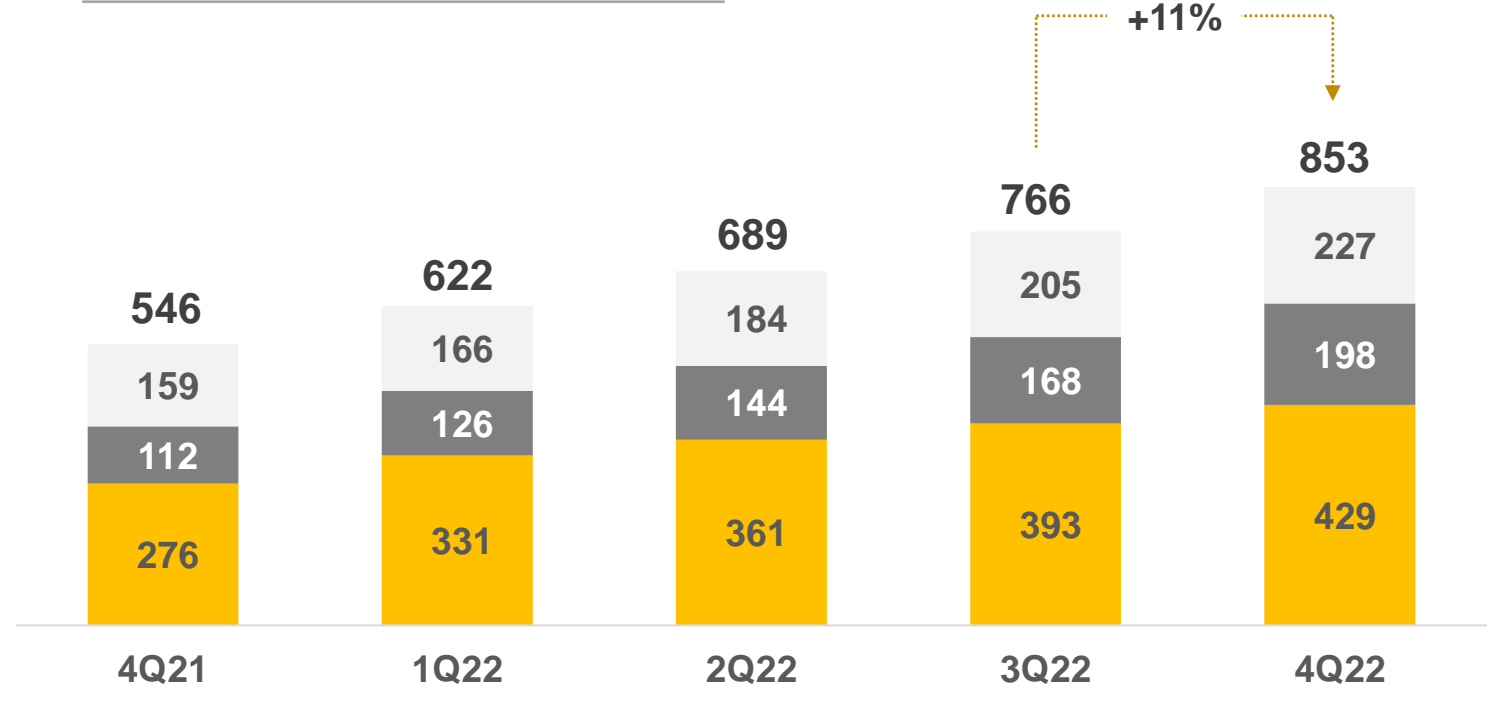
EBITDA Margin

(1) Includes members of clubs, Studios and digital channel / (2) Annualized Net Revenue and EBITDA / 2020 and 2021 – Years impacted by COVID-19

VARIATION IN NET REVENUE (R\$ MM)



EVOLUTION OF REVENUE (R\$ MM)

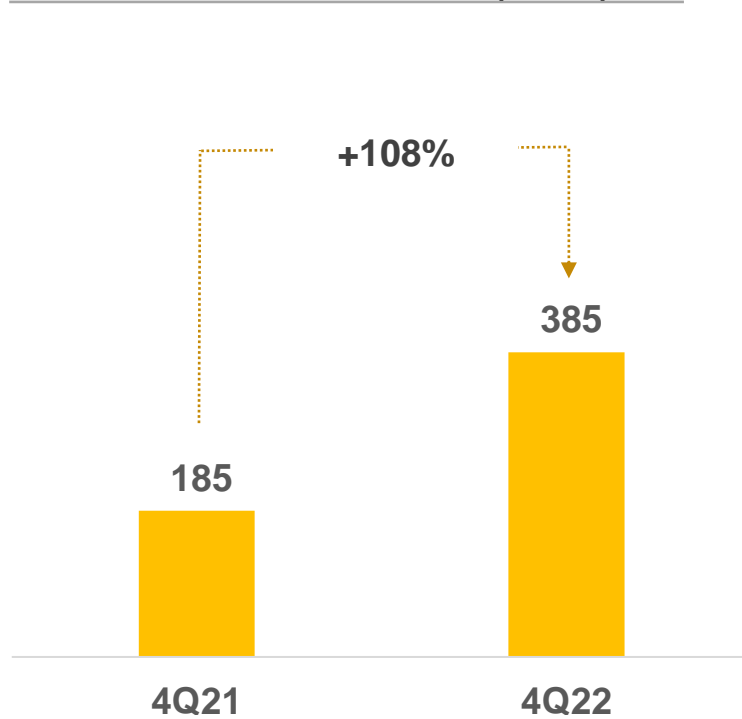


■ Brazil
 ■ Mexico
 ■ Others Latam

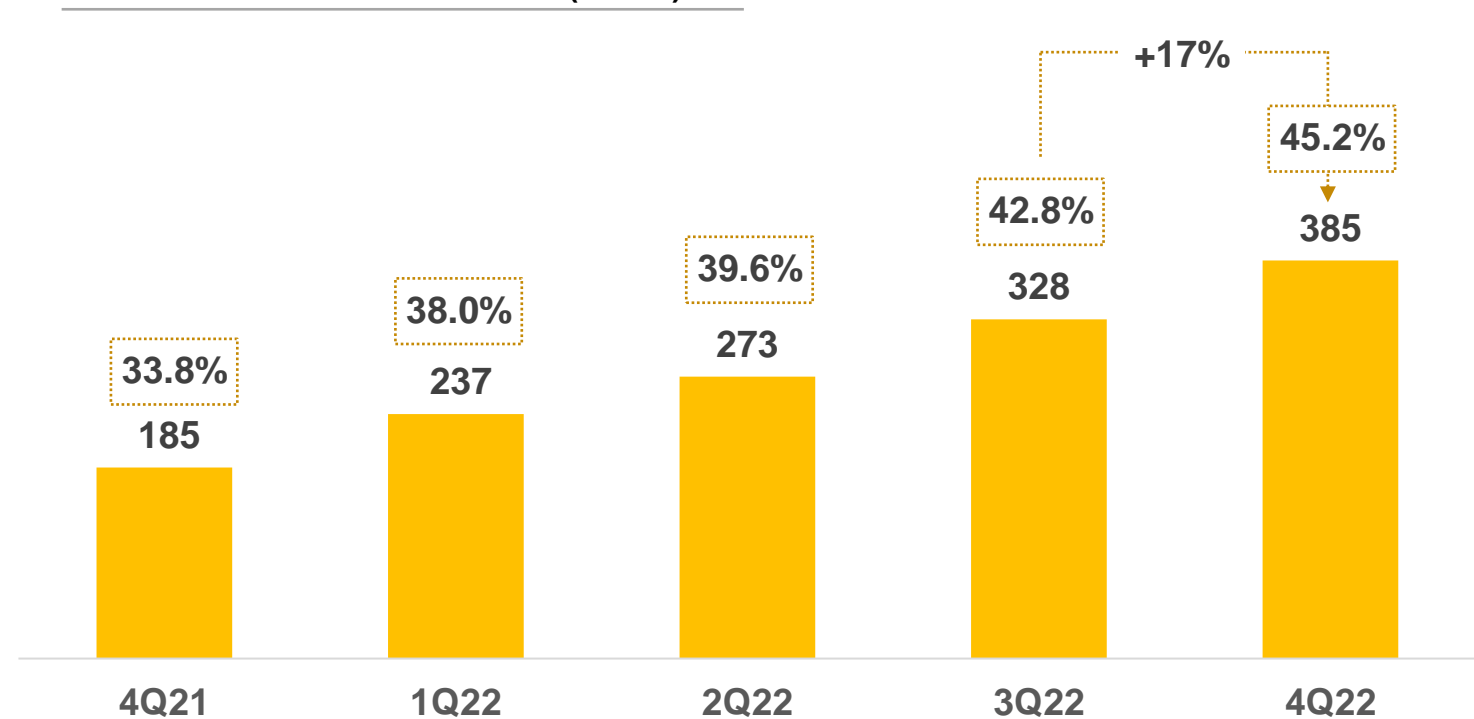
- Net revenue of R\$853 million in 4Q22, up 56% vs. 4Q21, due to the 22% increase in average number of members in own clubs, the 16% increase in number of own clubs and higher average ticket, due to the price increases implemented in 2021 in different regions
- Net revenue increased 11% vs. 3Q22, due to the growth in average revenue per Smart Fit club in 4Q22, combined with the expansion of own clubs and franchises

CASH GROSS PROFIT

VARIATION IN GROSS PROFIT (R\$MM)



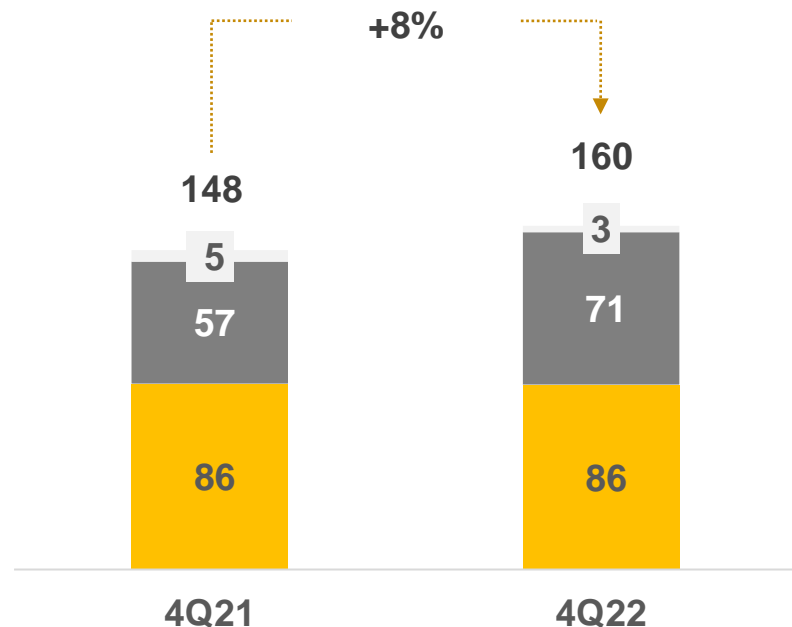
EVOLUTION OF GROSS PROFIT (R\$MM)



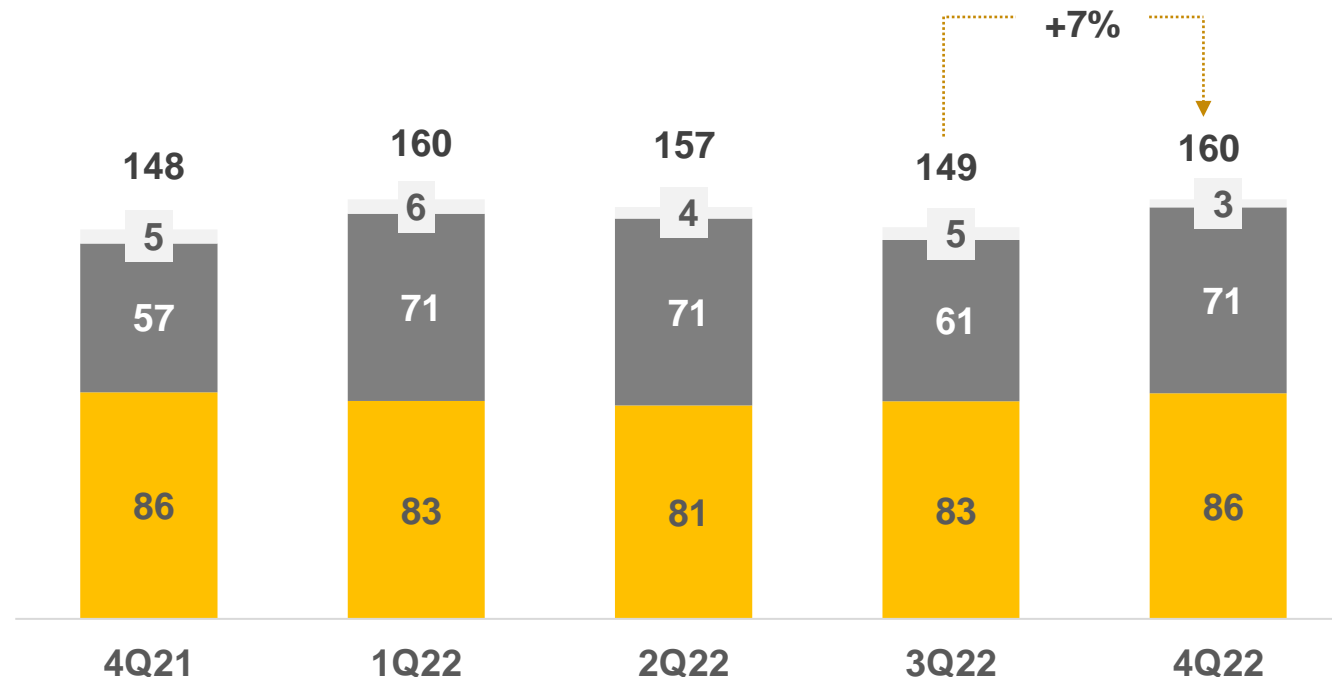
■ Cash Gross Profit □ Cash Gross Margin

- Gross profit reached R\$385 million in 4Q22, up R\$200 million from 4Q21, with gross margin of 45.2%, up 11.3p.p. from 4Q21, due to the strong growth in revenue and effective cost management, which diluted fixed costs
- Gross Profit increased 17% from 3Q22, with margin increasing 2.3p.p. highlighting the Smart Fit Brasil gross margin, which expanded by 5.7pp. vs. the previous quarter

VARIATION IN EXPENSES (R\$ MM)



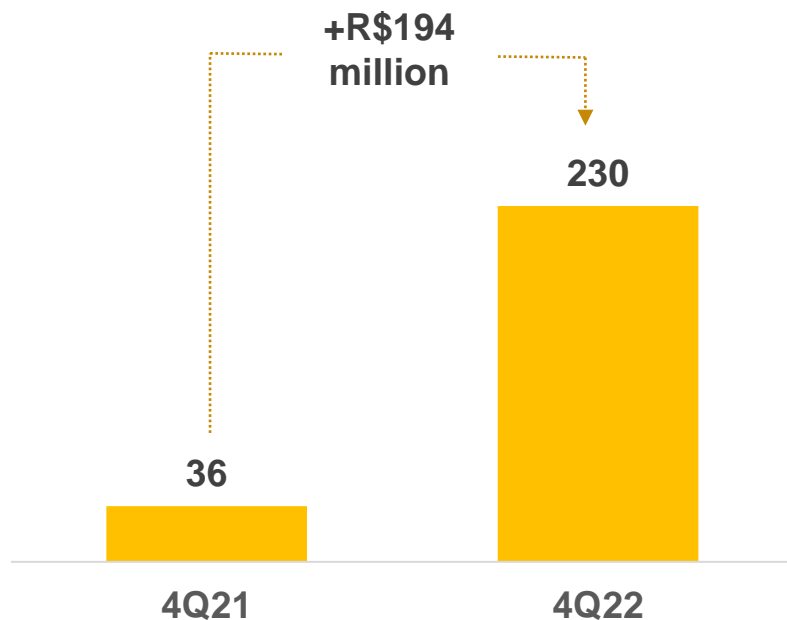
EVOLUTION OF EXPENSES (R\$ MM)



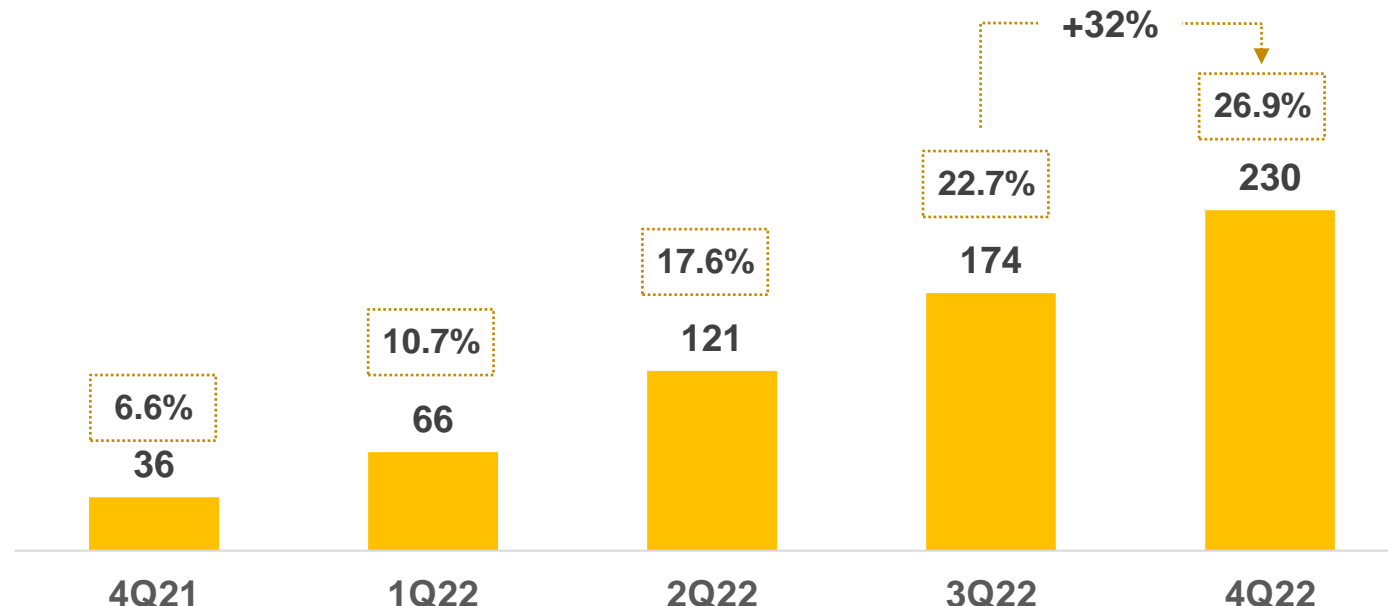
■ G&A
 ■ Selling
 ■ Pre-Operating

- Selling, general and administrative expenses totaled R\$160 million in 4Q22, +8% vs. 4Q21, due to the increase in selling expenses incurred to attract more members, partially linked to the growing number of clubs.
- Compared to 3Q22, these expenses represented 18.7% of net revenue, with dilution of 0.7 p.p. in the quarter, thanks to the 11% growth in revenue and the 7% increase in expenses

VARIATION IN EBITDA (R\$ MM)



EVOLUTION OF EBITDA (R\$ MM)



■ EBITDA

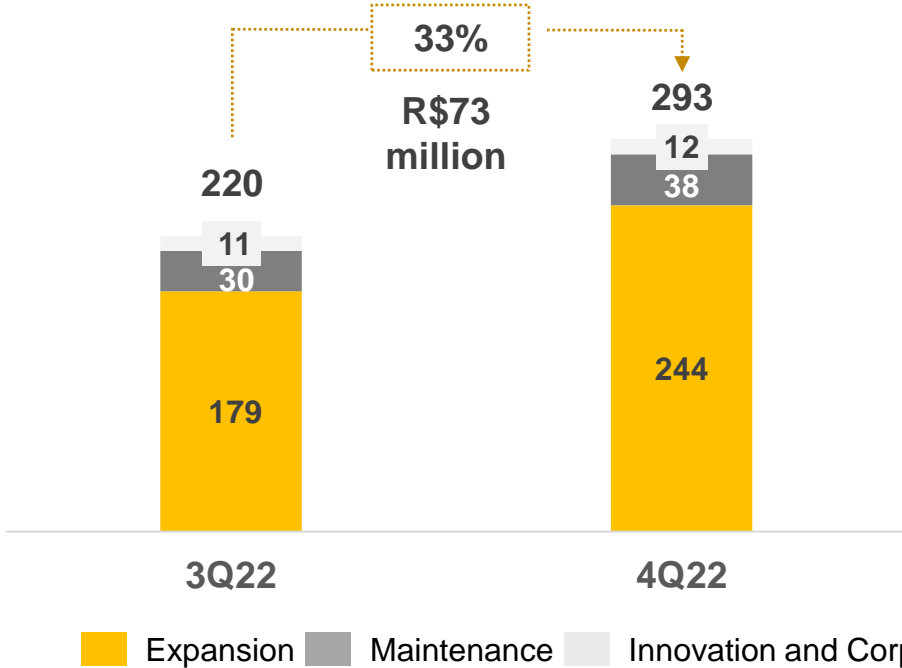
□ EBITDA Margin

- EBITDA totaled R\$230 million in 4Q22, up R\$194 million versus 4Q21. This was the 6th consecutive quarter of growth
- Compared to 3Q22, EBITDA increased R\$56 million, and margin increased 4.2p.p., due to revenue growth combined with the dilution of costs and expenses, evidencing the high operational leverage of the business
- Solid operating cash flow of R\$599 million in the year

FINANCIAL LIQUIDITY AND CAPEX

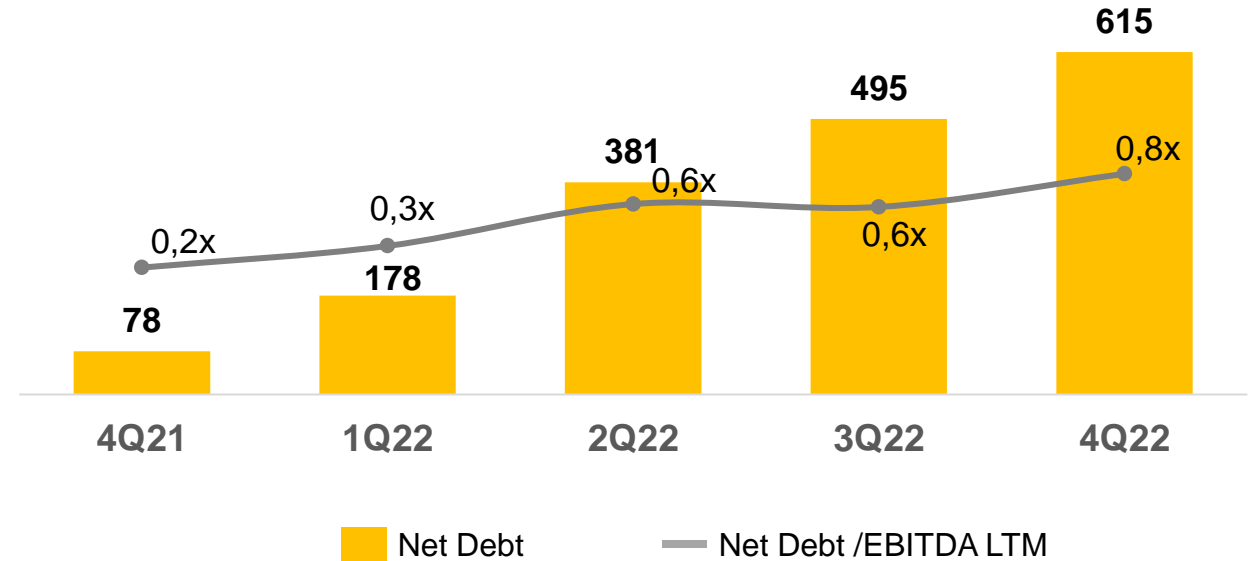
Solid cash position of R\$2.9 billion and lengthy debt profile

CAPEX (R\$ MM)

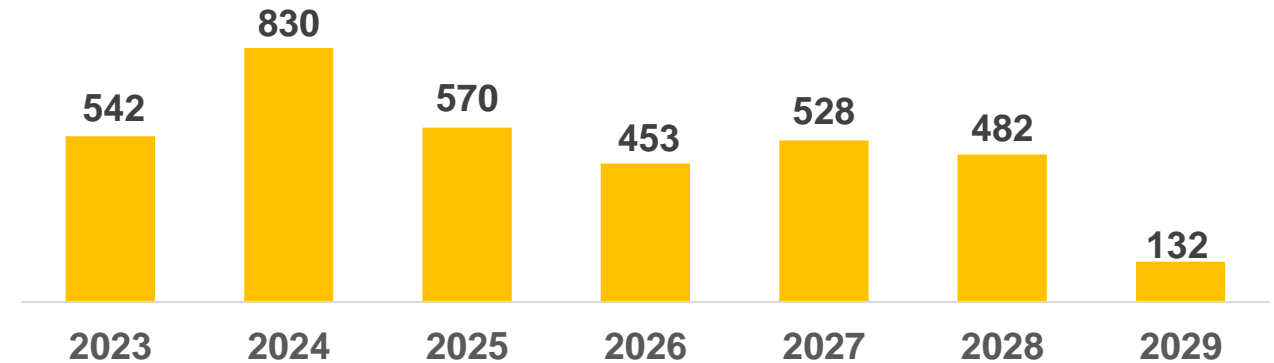


- Capex increased R\$73 million in 4Q22, +33% vs. 3Q22, mainly driven by expansion
- Maintenance capex totaled R\$38 million, up 37% from 4Q21, due to the higher utilization of clubs, representing 5.6% of gross revenue of mature units
- Financial leverage stood at 0.8x due to strong cash position and gradual recovery of EBITDA

NET DEBT (R\$ MM) AND NET DEBT / EBITDA LTM¹



GROSS DEBT PAYMENT FLOW² (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;

ESG 2022 HIGHLIGHTS

Initiatives in connection with democratizing high-end fitness



SUPPORT FOR LOCAL COMMUNITIES

Campaigns to collect diverse items to support the social development of local communities



3.5 TONS OF UNIFORMS REUSED

Used to produce blankets, which were donated to institutions helping people in socially vulnerable situations.



DIGITIZATION OF TRAINING PROGRAM

Less consumption of paper with digitization of processes and training programs sent via app



IMPROVED ENERGY EFFICIENCY AND HIGHER SHARE OF RENEWABLE ENERGY

Energy consumption at clubs reduced through automation of air conditioning systems and agreements to increase the number of units using distributed generation



SIGNIFICANT IMPROVEMENTS ON THE PEOPLE MANAGEMENT PILLAR

Investments in initiatives on professional development and organizational culture, including intensification of training agenda



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.

