

Smart Fit

4Q23 Earnings Presentation

March 15, 2024



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4Q23 AND 2023 HIGHLIGHTS



1,438 CLUBS ACROSS 15 COUNTRIES IN LATIN AMERICA, WITH RECORD EXPANSION IN THE PERIOD

Opening of 132 clubs in 4Q23 and 215 units during the year, two records of openings, leading to network growth of 18% vs. 2022



MEMBER BASE IN CLUBS IN CONSTANT EXPANSION REACHING 4.1 M, 20% UP FROM 4Q22

Net revenue of R\$1,131 M in 4Q23, +33% vs. 4Q22 and +4% vs. 3Q23, reaching R\$4,2 BI in the year, 45% growth vs. 2022



CASH GROSS MARGIN AT MATURE UNITS¹ STABLE AT 52%

Cash gross margin of 50% in 4Q23 and in 2023, with solid performance of the units opened in 2021 and 2022



R\$332 M EBITDA² AND OPERATING CASH FLOW OF R\$426 M IN 4Q23, +R\$268 M FROM 4Q22

EBITDA² of R\$1.3 BI in 2023 (+120% vs. 2022), with the highest margin in the history, and operating cash flow of R\$1.5 BI




RECURRING NET INCOME³ OF R\$209 M IN 4Q23, RECORD RESULT , AND +180% VS. 4Q22


Recurring net income³ totaled R\$536 M in 2023, the highest ever, with recurring net margin of 12.6%

(1) A unit is considered mature when it has been operating for at least 24 months at the start of the calendar year; (2) Excludes IFRS 16/CPC06 (R2) effects and the gain of R\$ 176,6 M obtained in 2Q23 from the revaluation of existing 50% interest in Panamá; (3) Excludes the negative effect of R\$6 M in net income in 4Q23 and the positive effect of R\$151 M in 2023, from the acquisition and the revaluation of the existing 50% interest in Panama. In addition, it excludes the effect of R\$483 M in the net income related to the recognition of deferred tax in 4Q23 and 2023.

ESG STRATEGY





 **Elaboration of the 1st materiality matrix**
Definition of Sustainability guidelines and initiatives for the coming years

 **Beginning of the impact studies of our business**
Advances in data collection process for the most relevant topics

ENVIRONMENTAL PILLAR




 **148 units¹ operating Mercado Livre or Distributed Generation**
+2.5x the number of units at the end of 2022, with a reduction in costs per kWh

 **224 units² with air conditioning automation system**
Addition of 149 units in the system vs. 2022 and greater energy efficiency

SOCIAL PILLAR



 **Global initiative promoted with UNICEF**
“Childhood Solidarity Space” seal for Smart Fit Group units

 **+200 donation campaigns in all countries where we operate**
Collection of several items, supporting local social development

PUBLICATION OF THE 1st SUSTAINABILITY REPORT BASED ON THE GLOBAL REPORTING INITIATIVE (GRI) METHODOLOGY

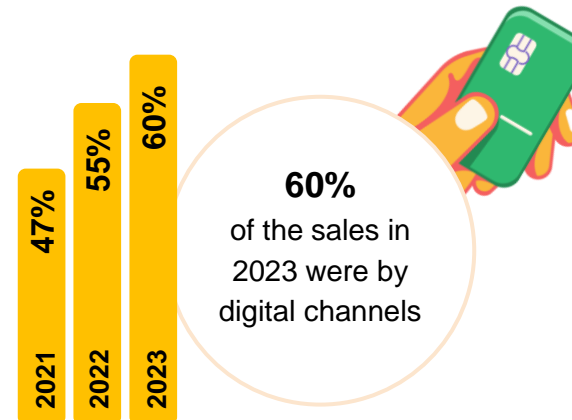
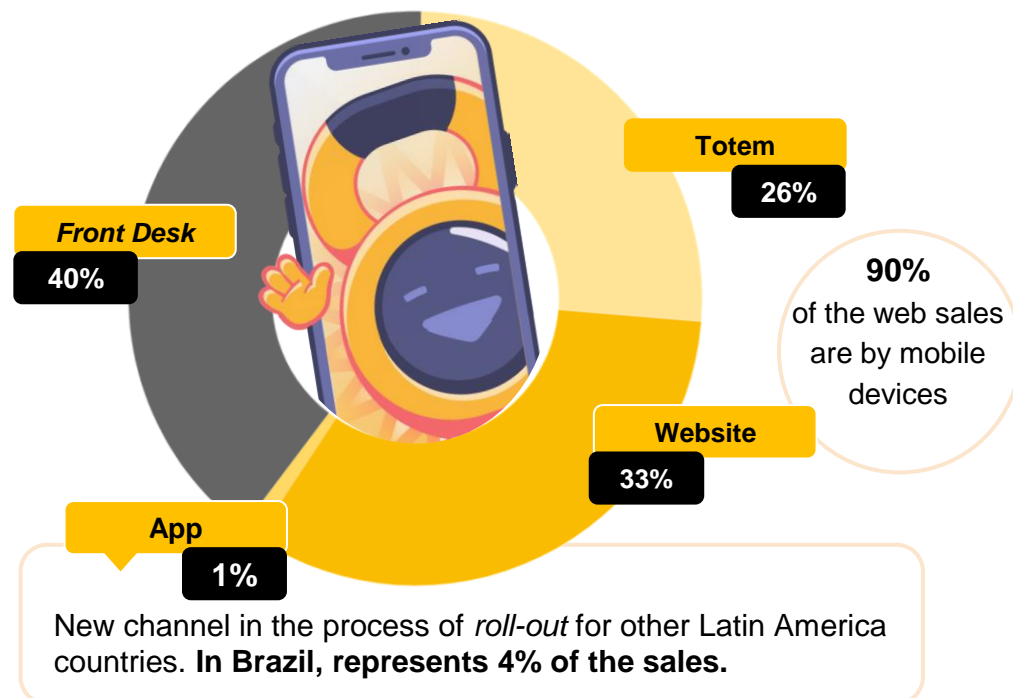
(1) Considers only units in Brazil operating with the energy projects of Mercado Livre or Distributed Generation
(2) Considering units in Brazil, Mexico and Colombia

DIGITAL CHANNELS IN CONTINUOUS GROWTH

Increased representation of digital channels, reaching 60% of sales

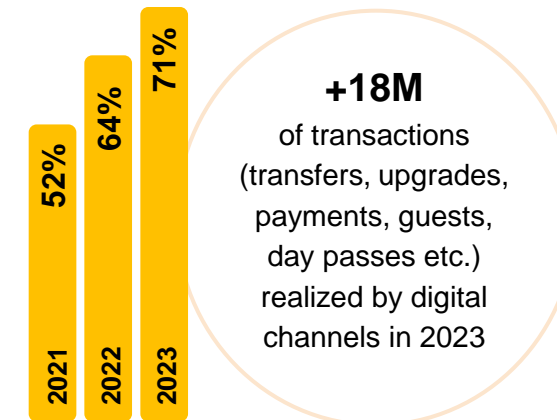
Sales mix by channel

% of sales by channel in 2023



Digital channels penetration

% of Digital Sales vs. Front Desk

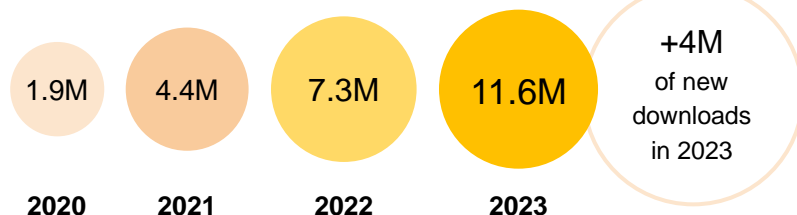


Digital channels transactions

% of the total realized operations

Accumulated App Downloads

Android & iOS



IN 2024



FREEMIUM

Customer conversion in the app
Convert free users in Smart Fit members



PARTNERSHIP

Hub de Wellness
Partnerships focused on mental, global e holistic health.

CONSTANT EVOLUTION OF THE USE OF TECHNOLOGY

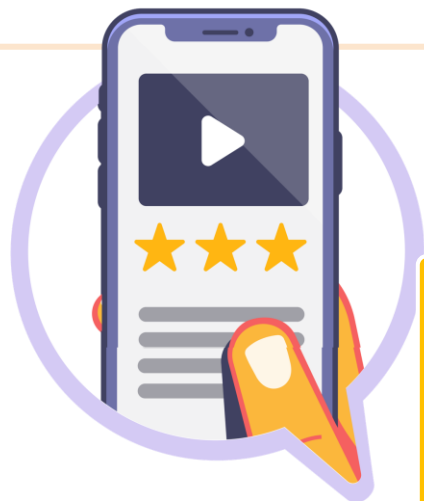


1.9M of active monthly users and 3 millions automatically prescribed workouts

Active Monthly users

(Smart Fit App)

1.9M



1.9M

1.5M

1.2M

0.5M

Evaluation of the App in the stores



4.8



4.8

2020

2021

2022

2023



3M

workouts automatically prescribed in 2023

By answering anamnesis, members receive training suited to their needs immediately, automatically

2021 1.3M

2022 2.3M

2023 3.0M

Customer satisfaction

Addition of the functionality in the App that offers **alternative equipment** to that prescribed, **which works the same muscle**

IN 2024



WORKOUT Customization

Allows members to include their own workouts



TRAINER MARKETPLACE

Connects member + trainer
To facilitate the trainer routine and helps the member to find the better trainer for their profile

2023 Fitness retrospective

High organic engagement on social media



542k

retrospectives were accessed by members

75k

Shares on social medias

CARDS REINFORCES UNIQUE VALUE PROPOSITION

The network effect benefit as compelling factor for Black card members

		Single Club	Multi-Club
Minimum stay ²	With	FIT Card Pay less to train in your unit R\$99 - R\$129	<i>The most beneficial</i> BLACK Card Access to all network units and other benefits R\$ 139
	Without	SMART Card Train in your unit, without cancellation fee R\$119 - R\$159	OFFERING PLANS ENHANCES COMPETITIVE ADVANTAGE

Monthly tuition⁴

BLACK CARD: UNIQUE OFFER WITH DIFFERENCIATED ATTRIBUTES



~50% of the client base³ in 2023, (vs. 38% in 2019) used the Multi-Club benefit



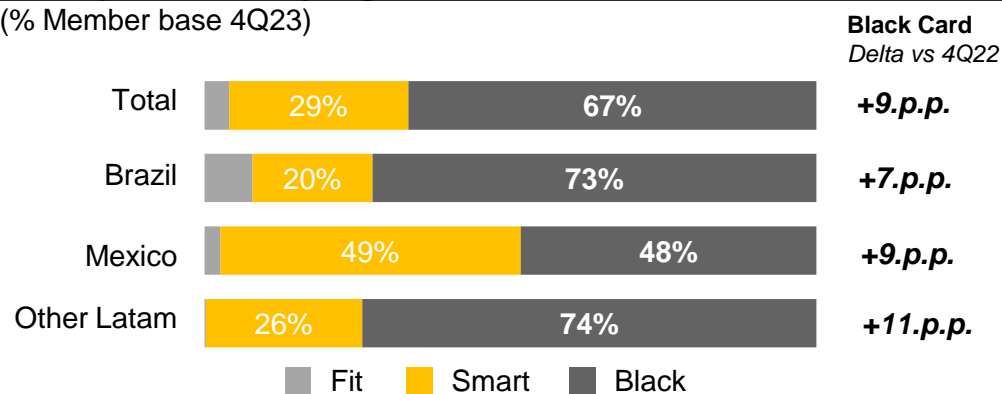
Network effect as a competitive advantage, enhancing the value proposition of the Black Card



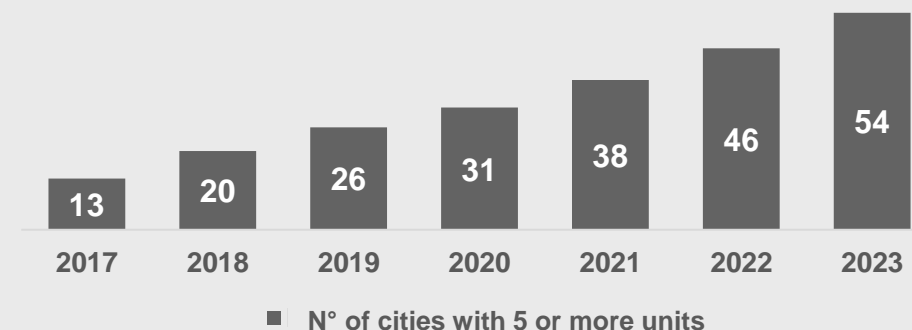
54 Latin America cities have 5 or more Smart Fit units

Cards penetration by region¹

(% Member base 4Q23)



Evolution of cities with 5 or more Smart Fit units



(1) Considers Smart Fit own units at the end of 2023; (2) Subject to a cancellation fee of 20% of the remaining contract value; (3) on average of "Black" card clients who visited one of our gyms in a 30-day period used this benefit(4) Monthly reference in Brazil;

CONSTANT PRODUCT IMPROVEMENTS

Initiatives to attend the members main demands, that generate greater productivity and a better experience at the gyms

Change of members habits with a higher demand for strength exercises



INCREASED OFFER OF STRENGTH EXERCISES



- ✓ Program to expand the offer of strength exercises with more gym equipment;
- ✓ Beginning in 2023, covering hundreds of units – mainly in Brazil. 2024 Pipeline being implemented;
- ✓ Investment of R\$37 million in 2023, composing the amount of maintenance capex, represented 6.1% of the gross revenue of Smart Fit mature units.



The units in the program had an **increase of access in 9.4% and +9 in NPS in Feb/24 vs. Feb/23**

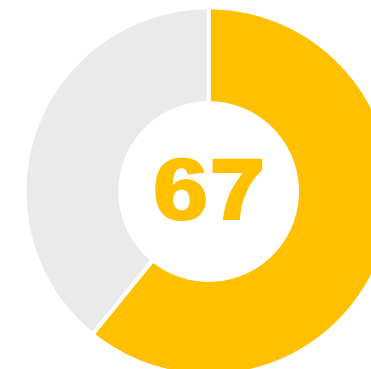
Strength training to ensure health, physical and mental well-being

Scientific studies prove the **efficiency of strength exercises for weight loss and longevity;**

Behavior change, regardless of gender and age.

Smart Fit clients' satisfaction

NPS (Net Promoter Score) – as of Dec/23

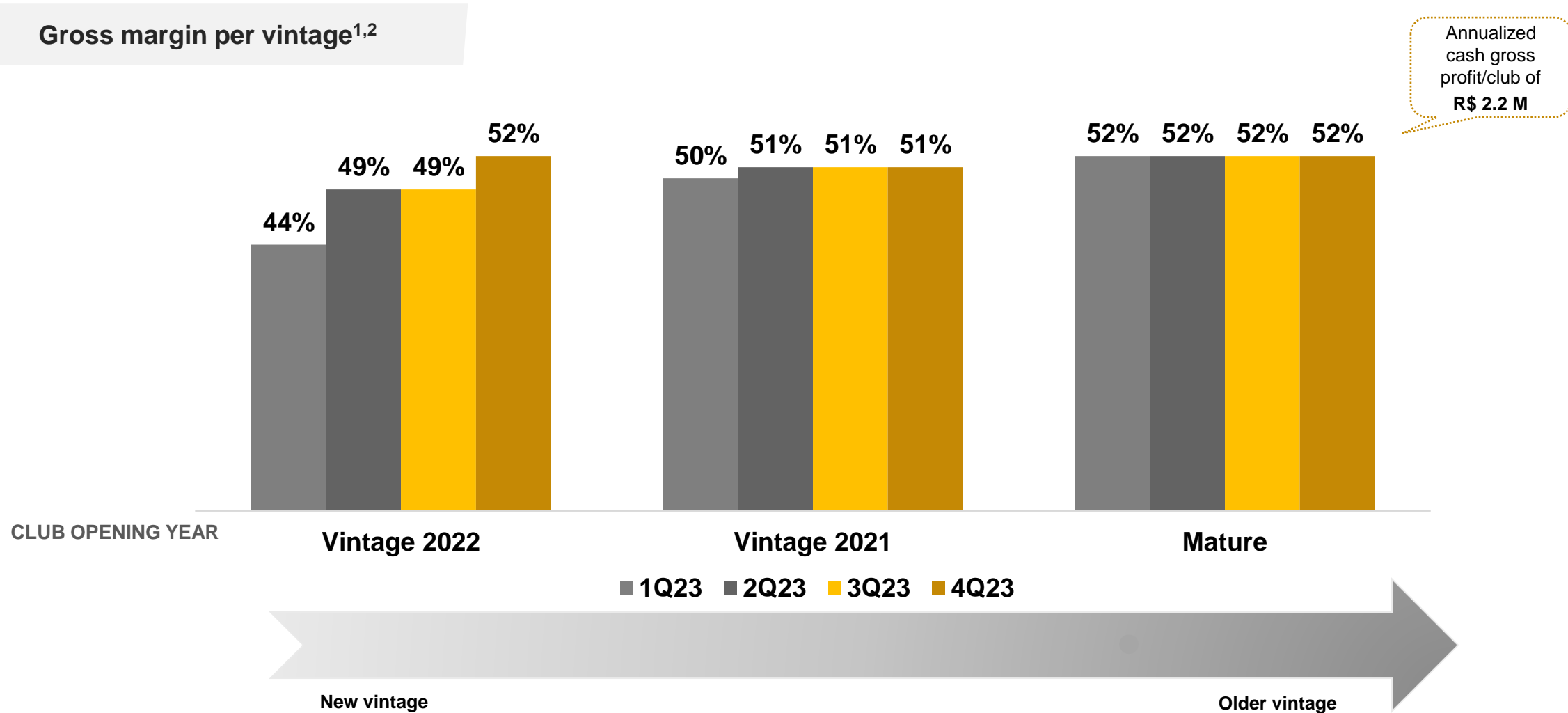


vs. 62 in Dec/22

GROSS MARGIN PER VINTAGE

Gross margin at mature units stable at 52%. Highlight for the units opened since 2021 with solid ramp-up performance

Gross margin per vintage^{1,2}



(1) Considering Only own Smart Fit units

(2) A unit is considered mature When it has been operating for at least 24 months at the start of the calendar year

SOLID POSITIVE TRENDS FOR FITNESS

Growing awareness of the physical activity importance for physical and mental health

MAIN PRIORITIES FOR 2024¹



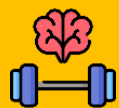
Take care of health

35%



Lose weight /
Physical Exercises

26%



For another year in a row, taking care of your health and physical exercise remains at the top three priorities

ESTADÃO

Musculação melhora sintomas de depressão e ansiedade em idosos; veja o treino ideal

NEW YORK POST

Strength training burns fat, builds muscle more than cardio: Stanford study

EL ECONOMISTA

Priorizar la salud mental de los colaboradores impulsa a tener empresas más exitosas

FOLHA DE S.PAULO

Atividade física e alimentação saudável entram na prescrição médica contra depressão

(1) Google survey conducted between November 08 and 09, 2023, with 1.500 respondents, aged over 18

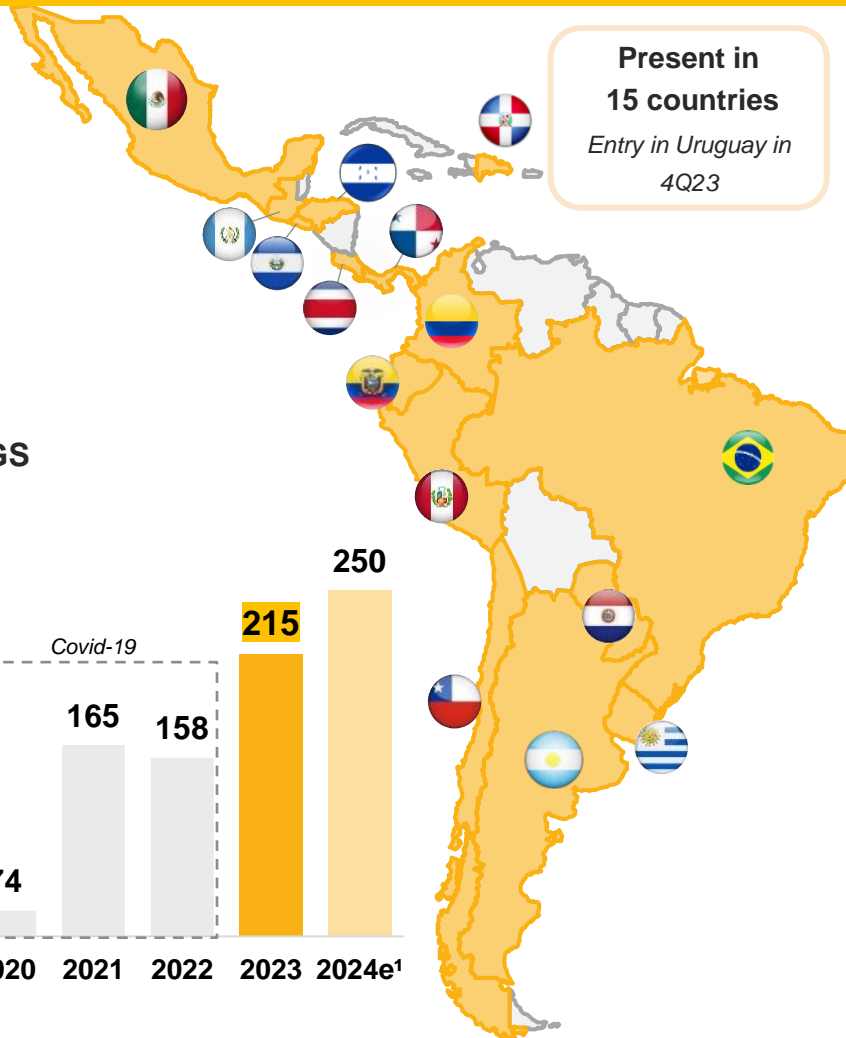
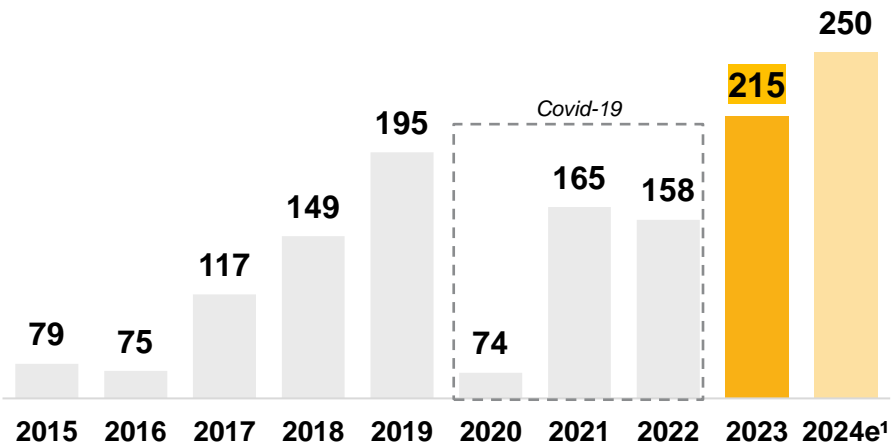
RECORD EXPANSION PACE IN 2023

1.4 clubs, +18% vs. 2022, and leadership position at the main markets in Latin America

THE LARGEST LATIN AMERICA FITNESS GROUP

+215 clubs in 2023
+177 own
+38 franchises

NUMBER OF NET CLUB OPENINGS



- Solid *know-how*** for points selection and operation of gyms
- Long-standing relationship** with strategic real state partners
- Club networks with **unique capillarity** and **wide opportunity for expansion** in all markets
- Brand with high reputation** and **synonymous category** for all publics

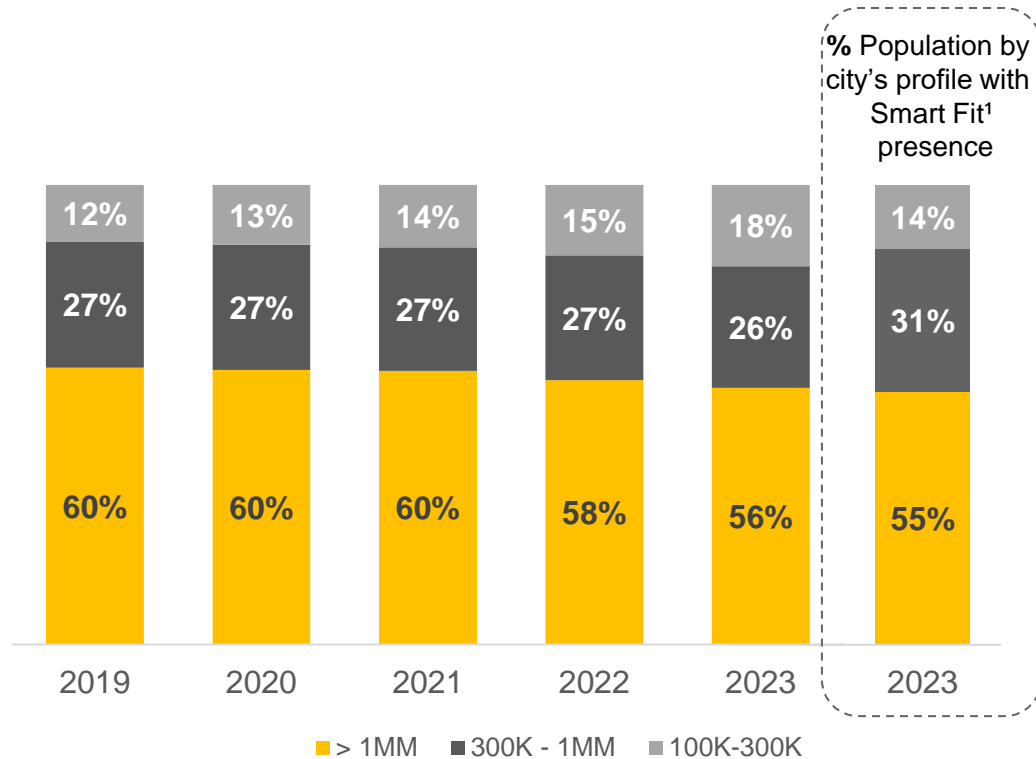
(1) Projection according to the average point of the guidance for 2024 openings, published through a Material Fact on February 6, 2024, of 240 to 260 units.

UNIQUE GYM NETWORK WITH GROWTH POTENTIAL

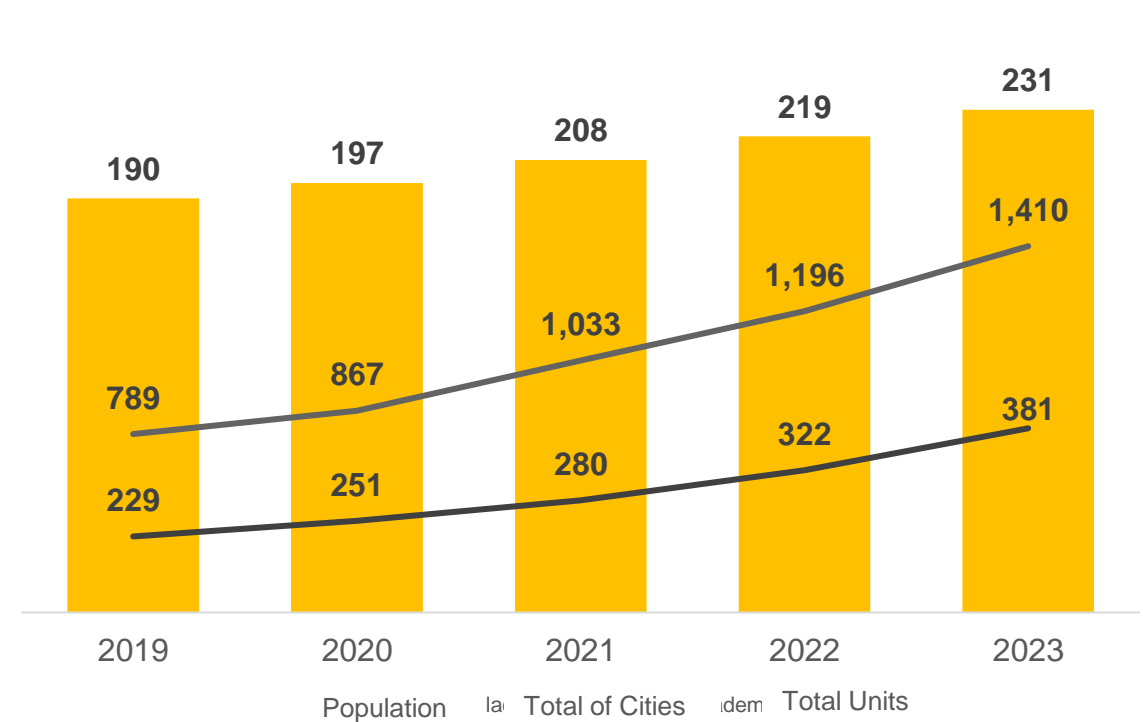


Smart Fit presence at the main cities in Latin America regions

CLUB NETWORK BY CITY PROFILE (%)



NUMBER OF CITIES AND POPULATION WITH SMART FIT PRESENCE (%)



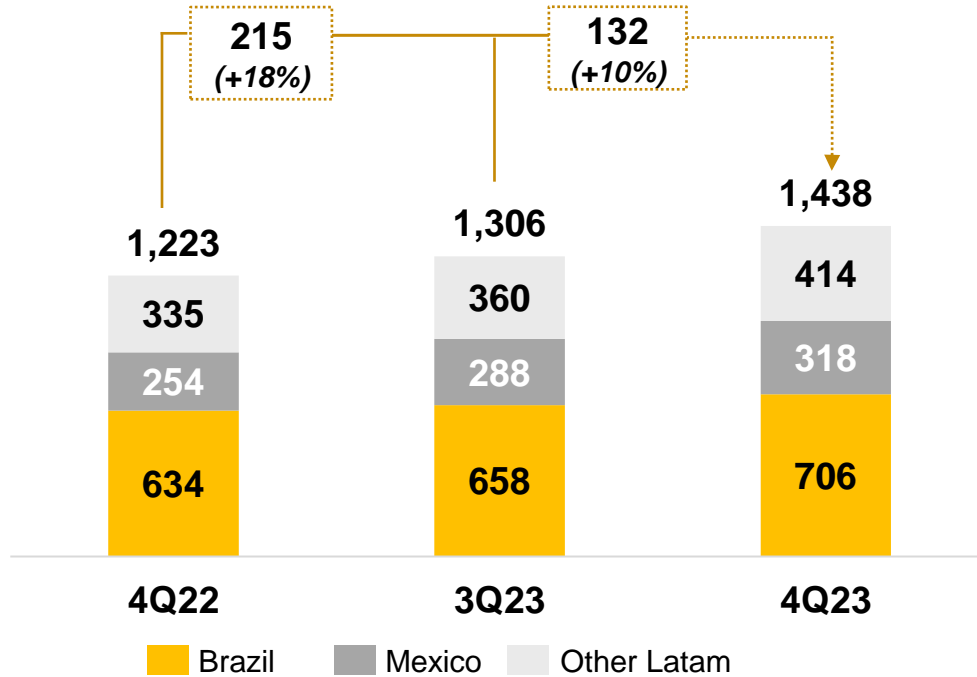
Gross profit performance of units without correlation ($R^2=0,0008$) with the city's profile in # inhabitants, reinforcing the Company's growth potential

Source: Institutes of production and analysis of geographic information related to countries with Smart Fit presence, consolidated in the three main sources: (i) Brazilian Institute of Geography and Statistics (IBGE); (ii) City Population; e (iii) World Population Review
 (1) Considers the number of inhabitants per city's profile Where Smart Fit is present

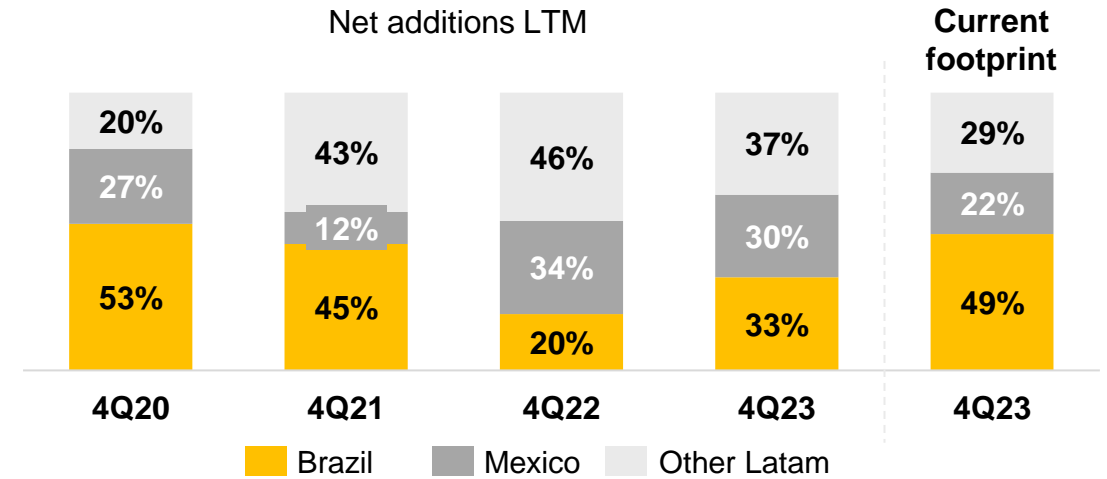
CLUB NETWORK EXPANSION

Record addition of 215 clubs in the last 12 months, reaching 1,438 units, +18% vs. 4Q22 and high visibility of the gym's pipeline to be opened in 2024

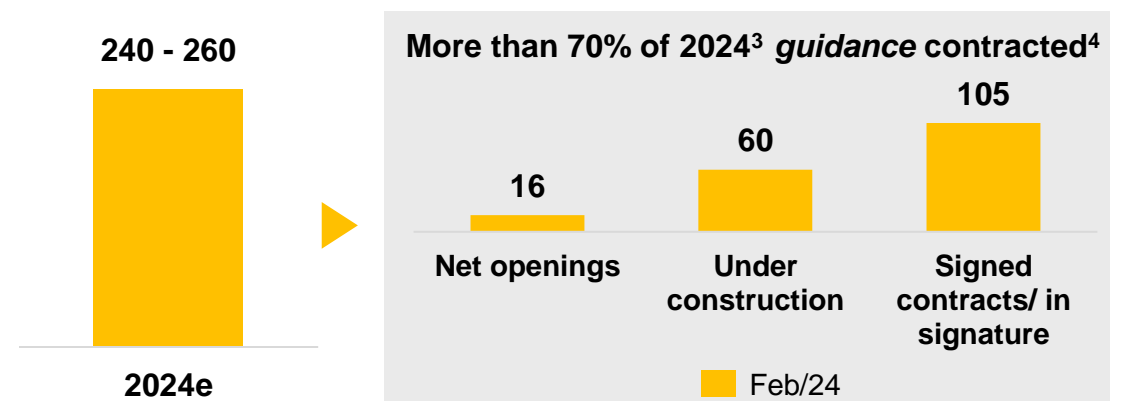
GROWTH IN NUMBER OF CLUBS¹



CLUB NETWORK BREAKDOWN BY REGION (% of clubs¹)



2024 PIPELINE OF CLUB OPENINGS



Matures²

Non-Matures²

	4Q22	3Q23	4Q23
Matures ²	578	647	645
Non-Matures ²	367	361	476

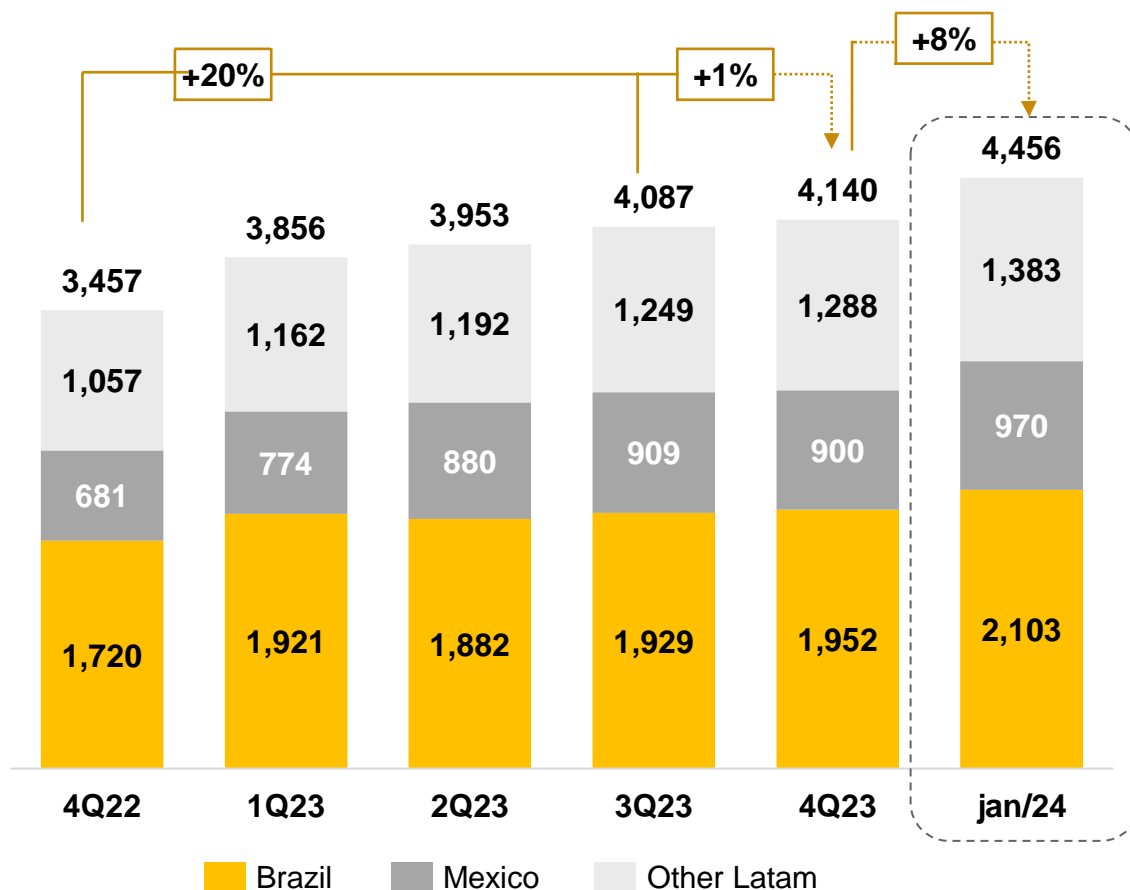
(1) Includes all the group's clubs (excludes Studios)
 (2) Includes Only own Smart Fit clubs
 (3) According to the average point of the guidance for 2024 openings, published through a Material Fact on February 2024
 (4) Considers the end of February 2024

CONTINUOUS MEMBER BASE AND REVENUE GROWTH

In 4Q23, the member base in clubs reached 4.1 M (+20% vs. 4Q22), with the addition of 53 thousand clients in the quarter

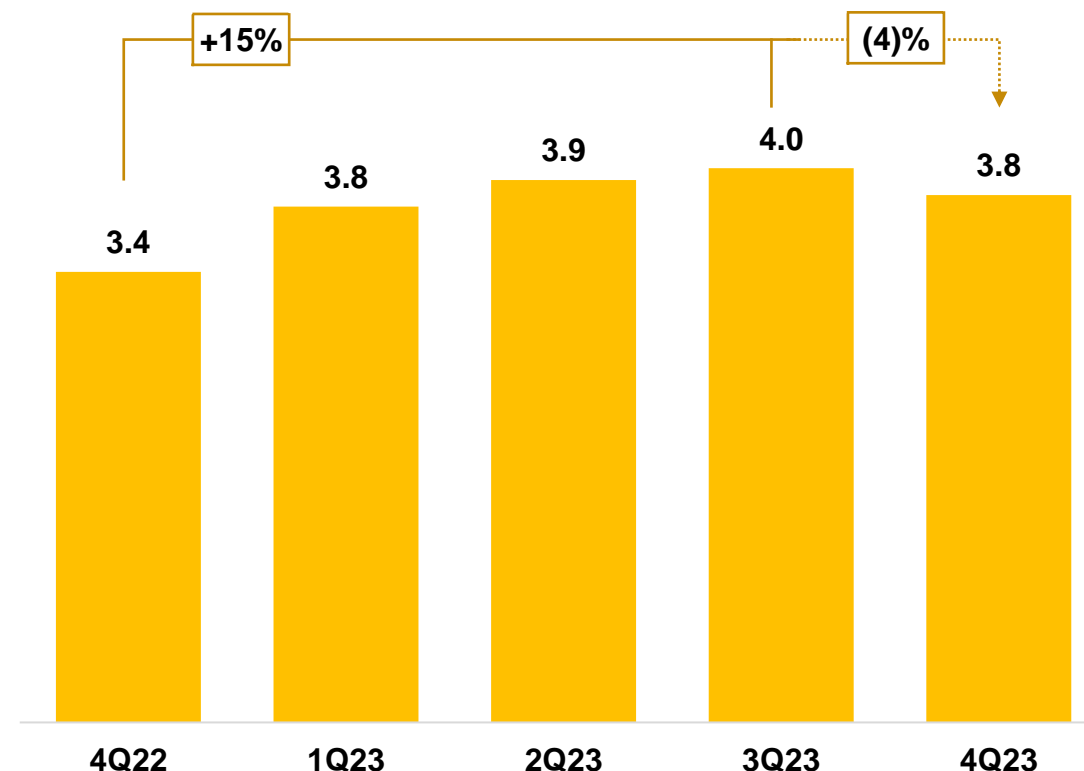
CLUBS MEMBER BASE

(# '000 end of period)



AVERAGE NET REVENUE BY OWN SMART FIT UNITS (ANNUALIZED)

(R\$ M)

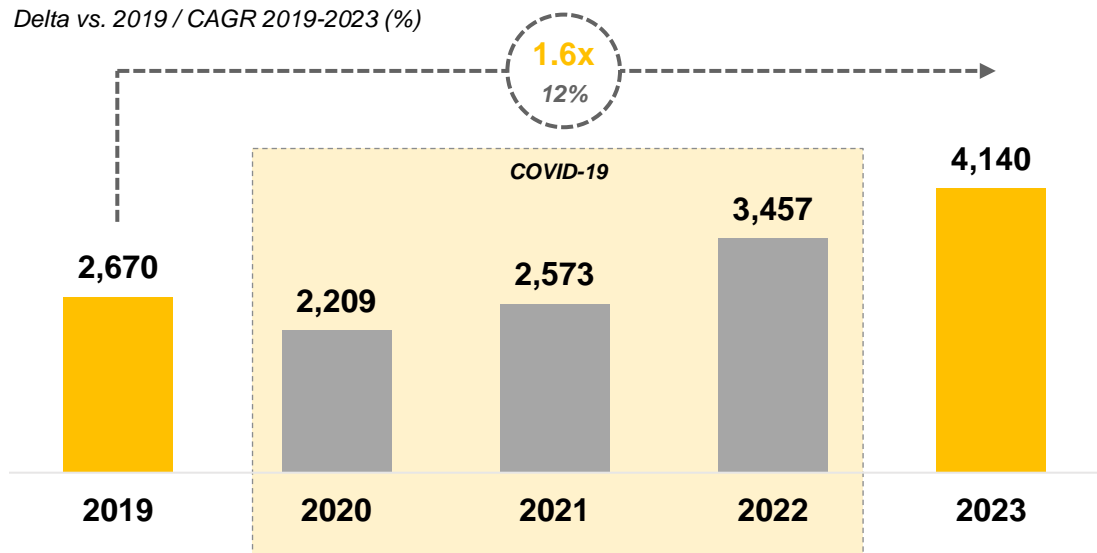


In 4Q23, the average annualized revenue of own unit grew 15% vs. 4Q22 due to the increase of 4% in the average number of clients and the average ticket

HIGH GROWTH WITH SOLID PROFITABILITY

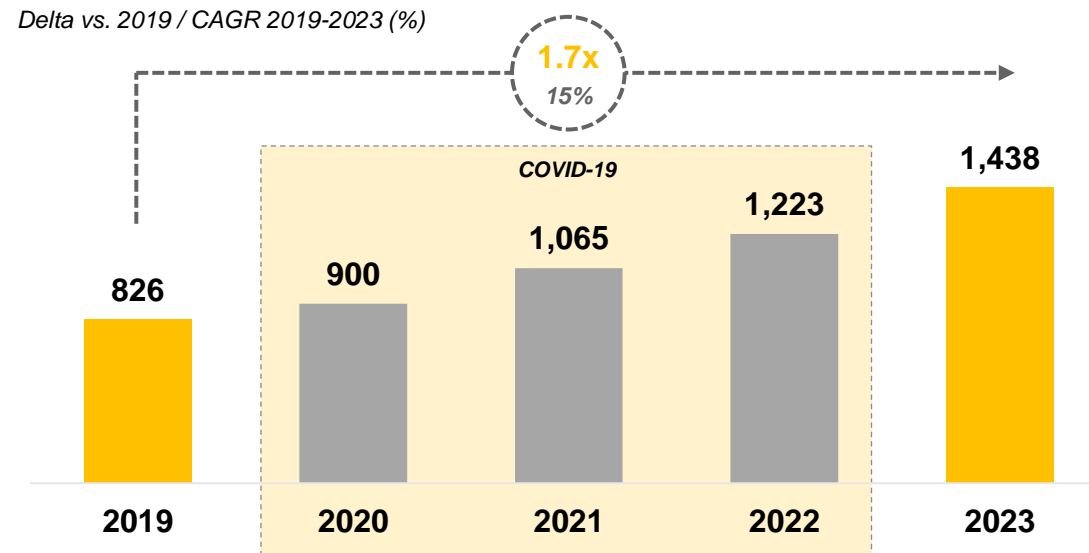
MEMBER BASE IN CLUBS ('000)

Delta vs. 2019 / CAGR 2019-2023 (%)



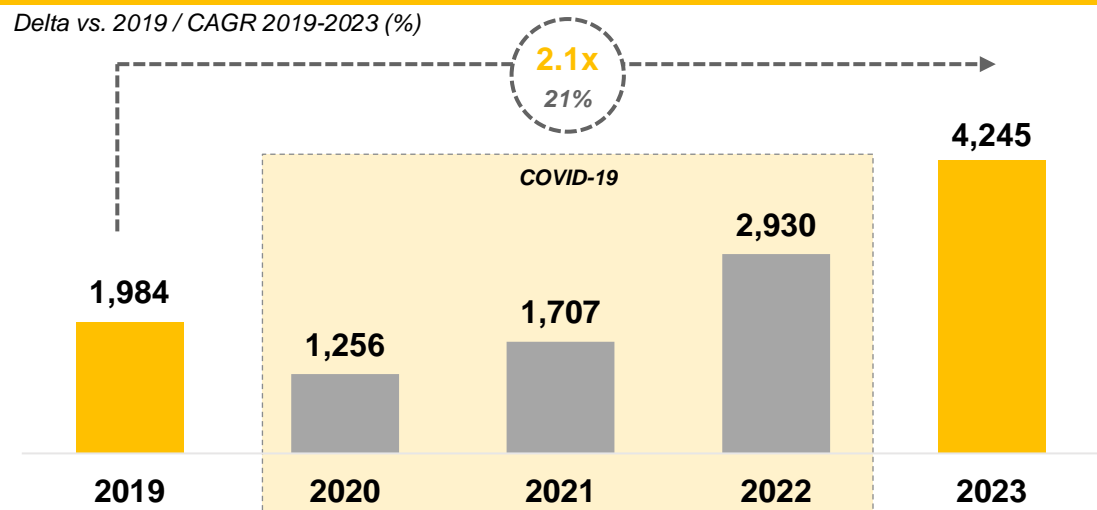
CLUBS

Delta vs. 2019 / CAGR 2019-2023 (%)



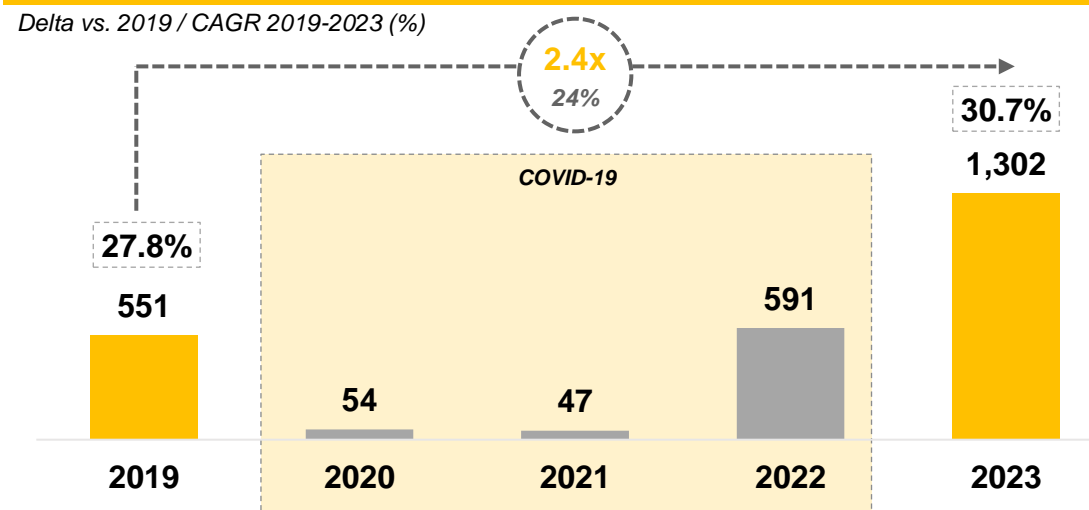
REVENUE (R\$M)

Delta vs. 2019 / CAGR 2019-2023 (%)



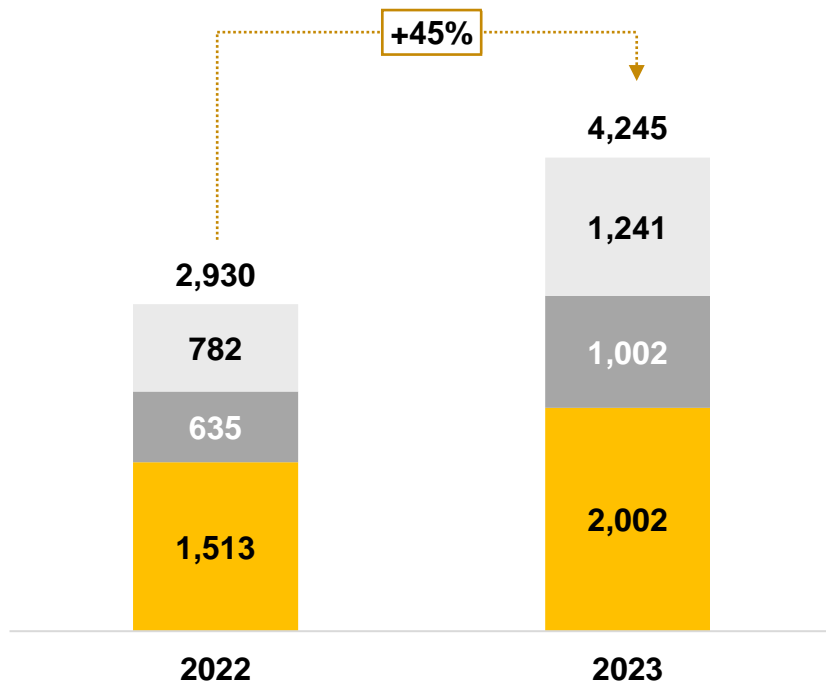
EBITDA⁽¹⁾ (R\$M)

Delta vs. 2019 / CAGR 2019-2023 (%)

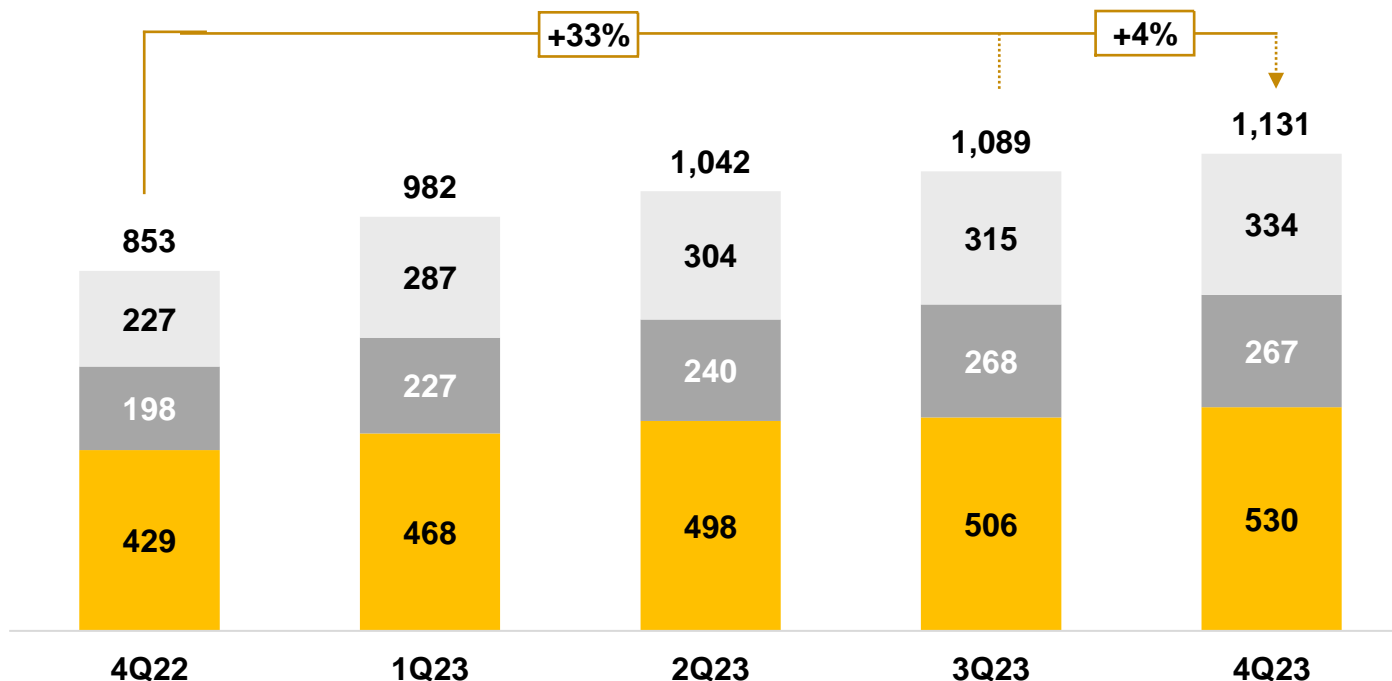


(1) Excludes the positive effect of R\$176.6 million n in 2Q23 from the revaluation of existing 50% interest in Panama due to the acquisition of control of this operation, in accordance with accounting standards in effect in the period.

VARIATION IN NET REVENUE (R\$M)



EVOLUTION OF NET REVENUE (R\$M)

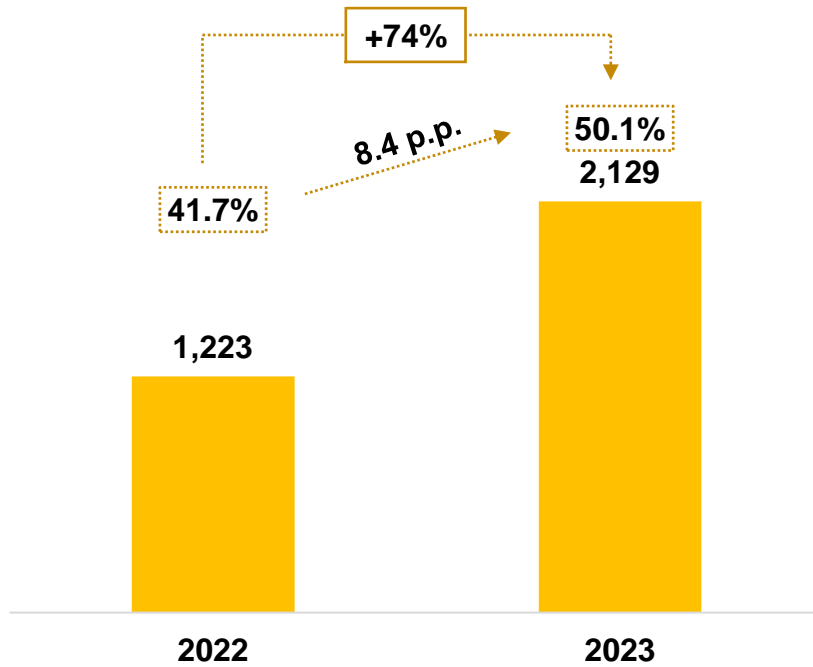


■ Brazil
 ■ Mexico
 ■ Other Latam

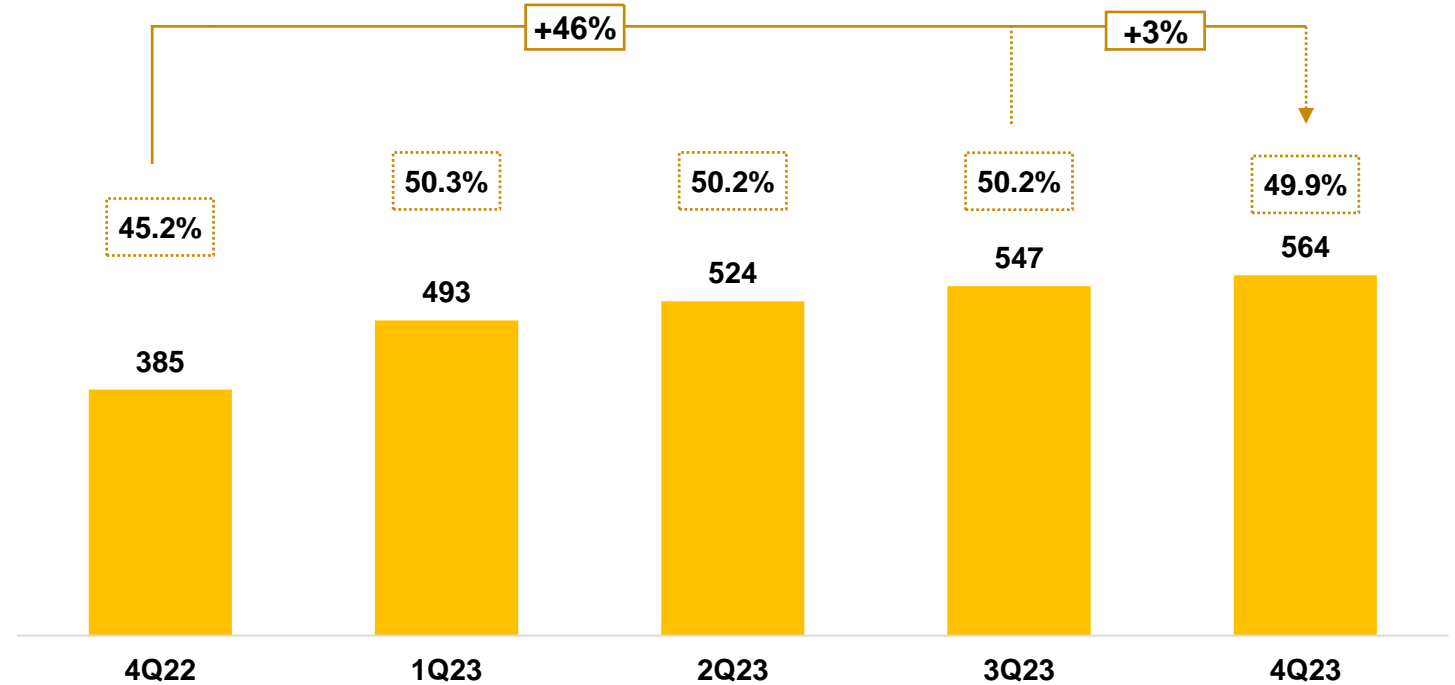
- Net revenue of R\$1,131 million in 4Q23, +33% vs. 4Q22, mainly due to the 16% increase in average of Smart Fit own club network, 4% increase in average number of members at these clubs and the 6% increase in average ticket¹
- The increase in average ticket is mainly explained by the prices increase in recent years and by the better mix of plans sold, with a percentage increase in members enrolled in the “Black” card in the three regions of operation (67% in 4Q23, +9 p.p. vs. 4Q22).
- Compared to 3Q23, net revenue expanded 4% mainly due to the club network expansion

(1) Excludes the impact of the consolidation of Panama and Costa Rica results.

VARIATION IN CASH GROSS PROFIT (R\$M)

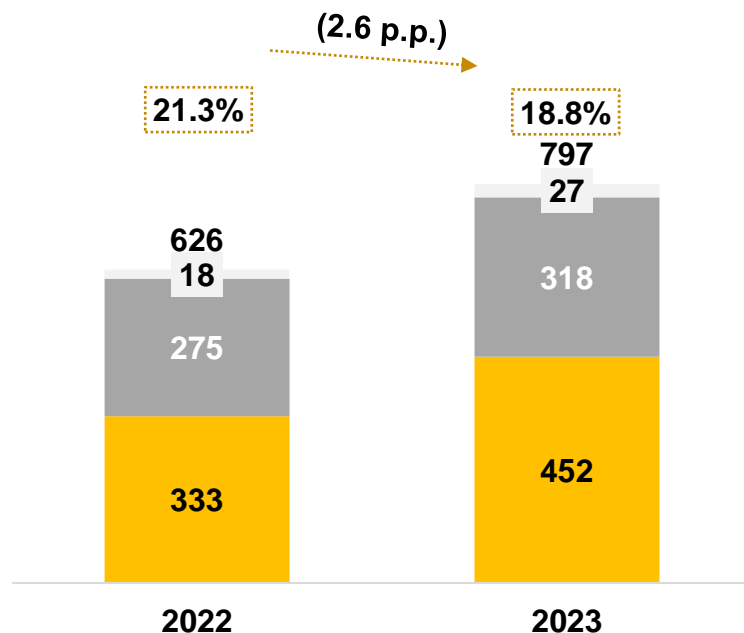


EVOLUTION OF CASH GROSS PROFIT (R\$M)

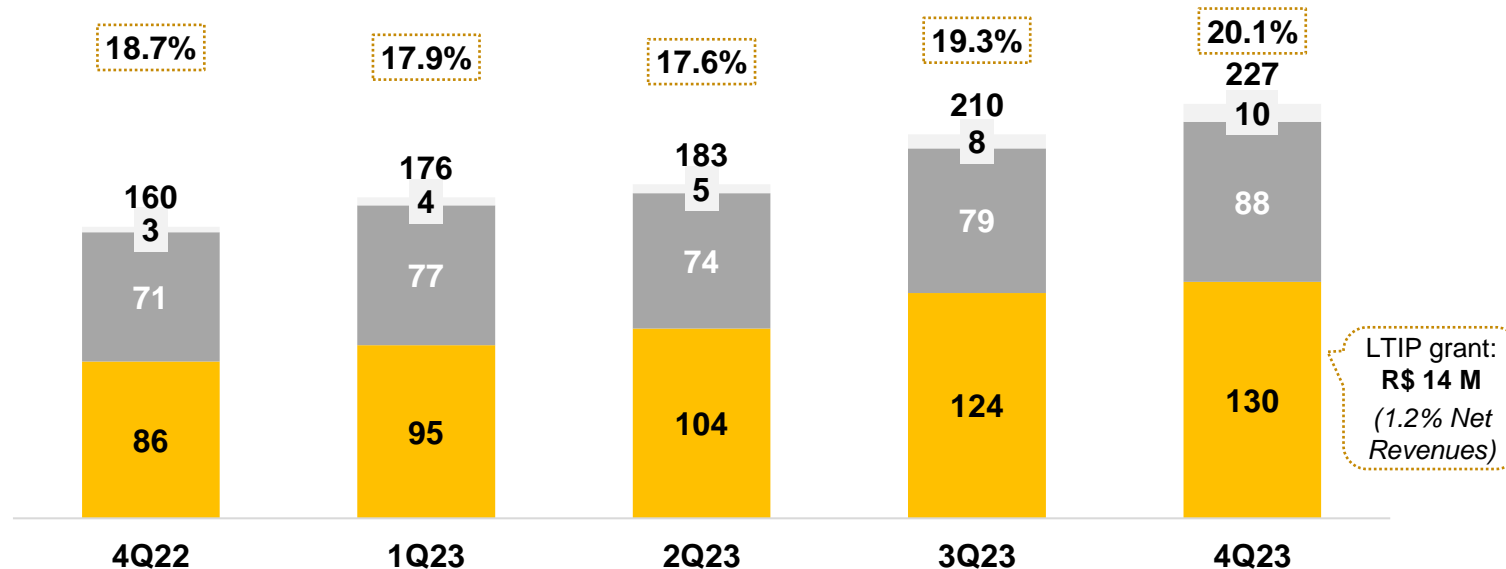


- Cash gross profit in 4Q23 totaled R\$564 million, increasing 46% from 4Q22, with cash gross margin of 49.9%, (+4.7 p.p. vs. 4Q22)
- Compared to 3Q23, cash gross profit increased 3% in 4Q23, up 3%, while cash gross margin declined slightly by 0.4 p.p., due to the temporary impact of strong acceleration in club openings
- The cash gross margin before pre-operating costs was 51.1% in 4Q23, remaining stable in comparison with the previous quarter

VARIATION IN EXPENSES (R\$M)



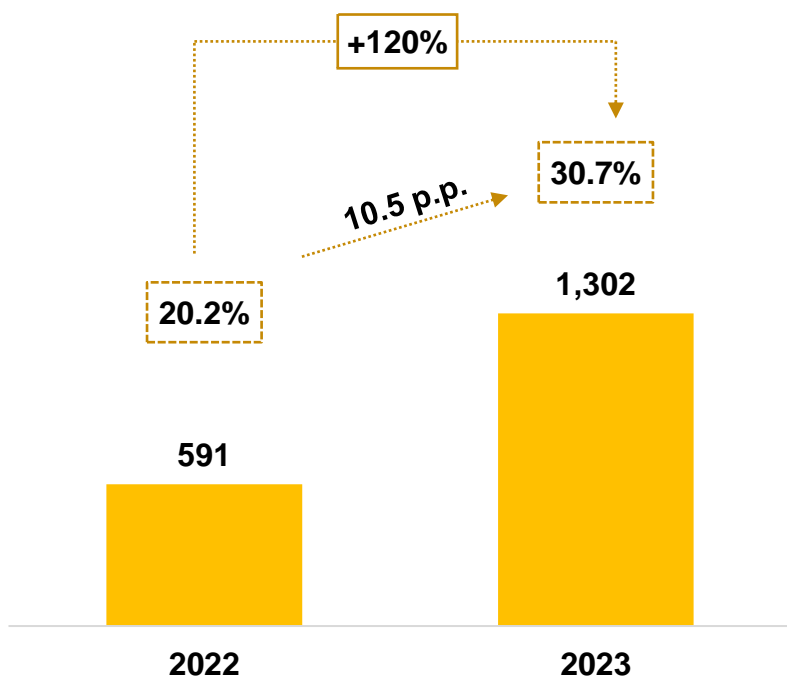
EVOLUTION IN EXPENSES (R\$M)



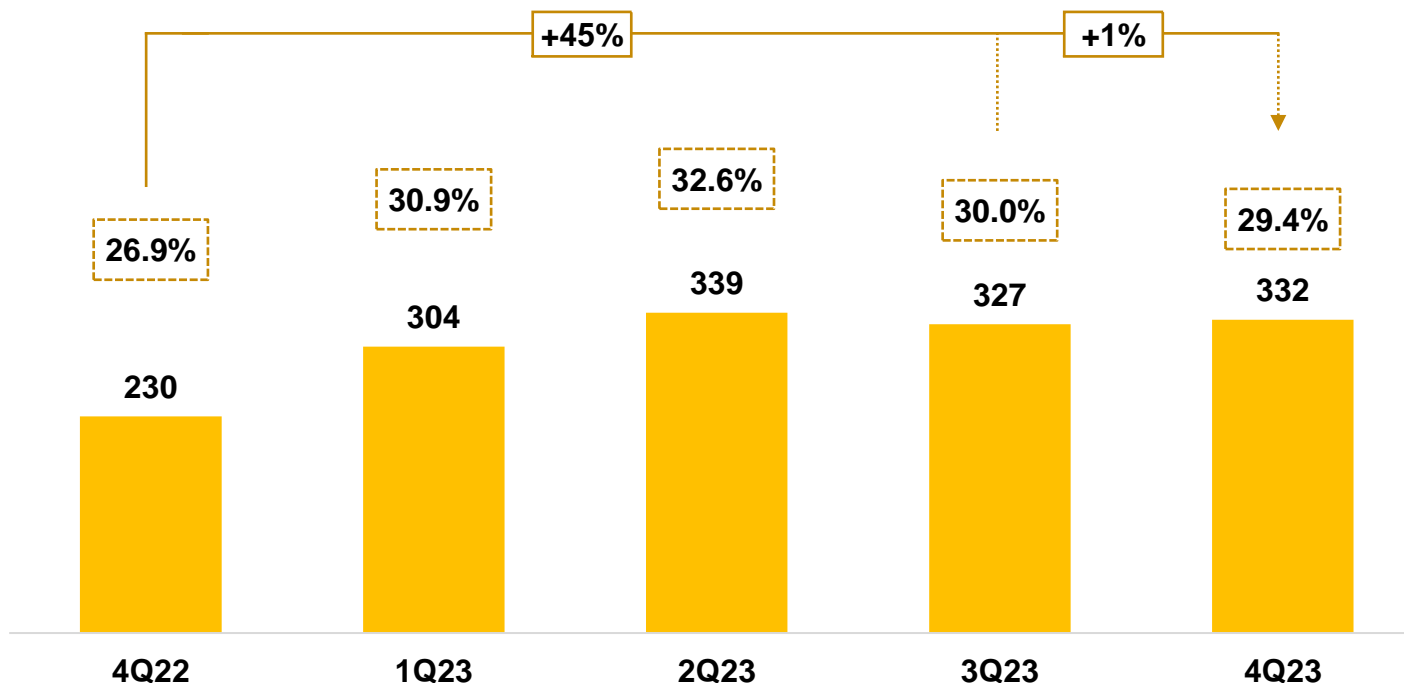
■ G&A
 ■ Selling
 ■ Pre-operating
 % Net Revenue

- Selling, general and administrative expenses totaled R\$227 million in the quarter, 42% higher than in 4Q22, mainly reflecting the increase in general and administrative expenses, which were impacted by the long-term incentive plan (LIP) with the additional grant of stock options in 3Q23, resulting in R\$14 million impact in the 4Q23, as well as the structuring of new business
- Compared to 3Q23, selling, general and administrative expenses increased 8%, representing 20.1% of net revenue. Selling expenses increased 11% vs. 3Q23, with preparation and Investments that had a positive impact on sales in early 2024

VARIATION IN EBITDA¹ (R\$M)



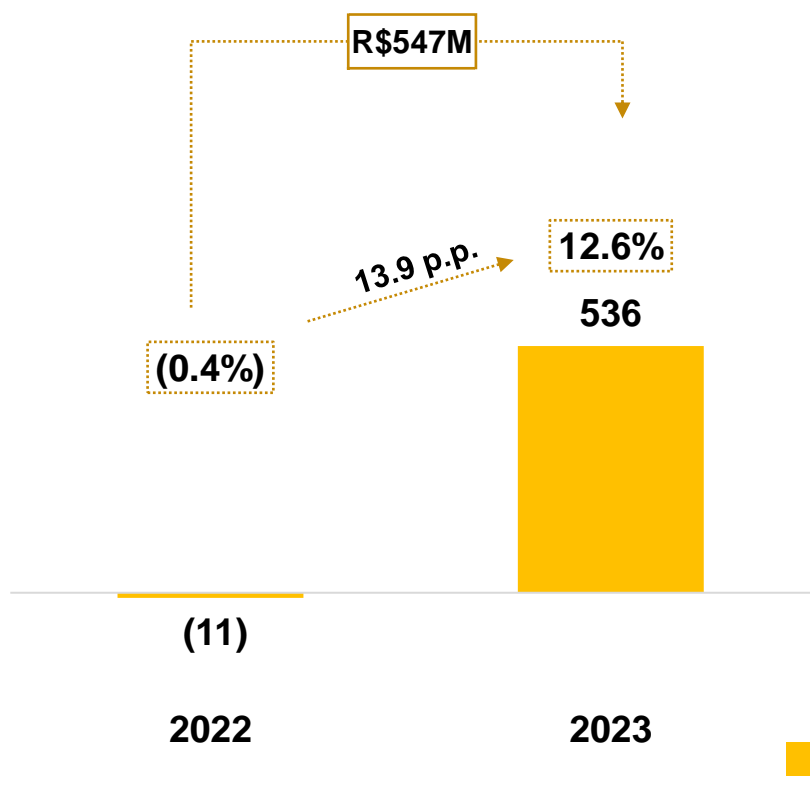
EVOLUTION OF EBITDA¹ (R\$M)



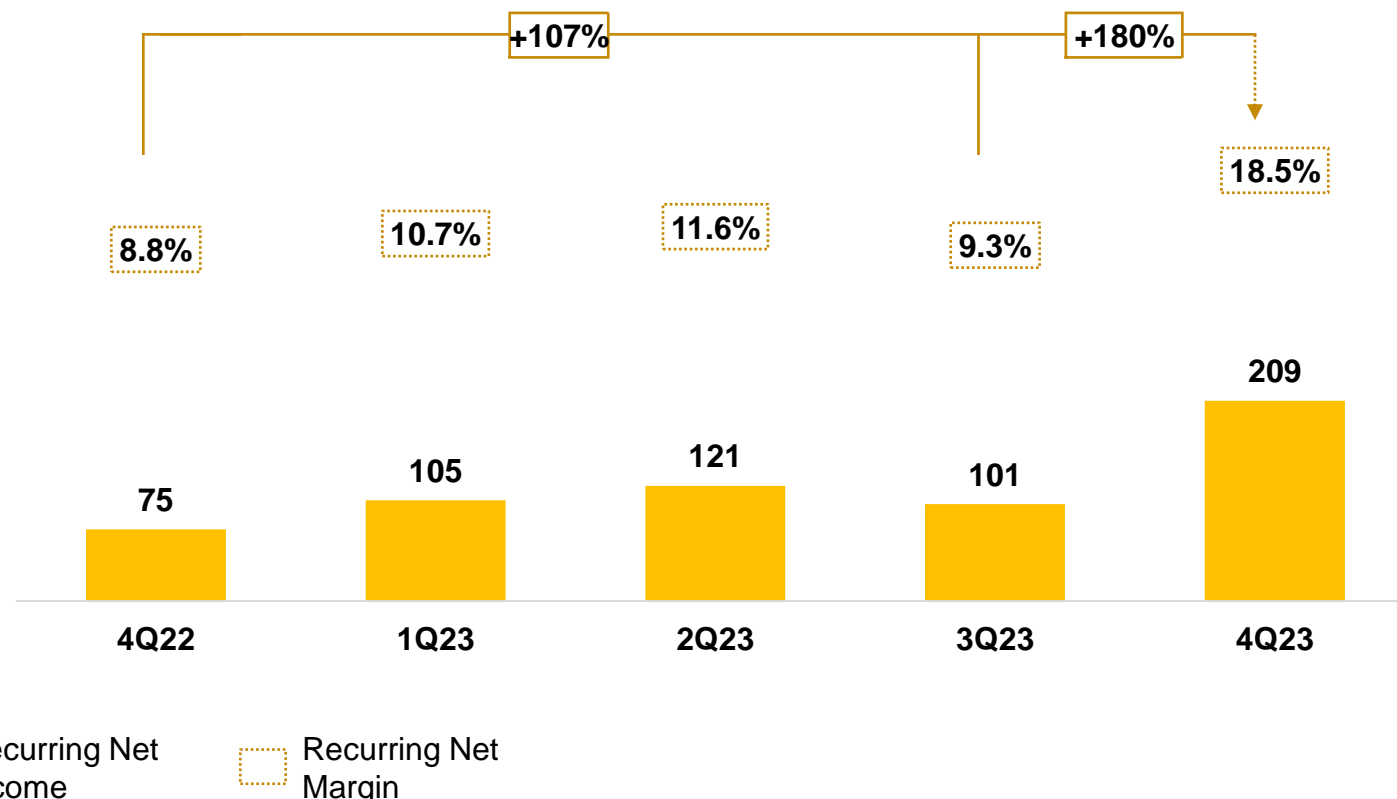
- EBITDA¹ of R\$332 million in 4Q23 (+45% vs. 4Q22), with margin of 29.4% (+2.4 p.p. vs. 4Q22)
- Adjusted EBITDA before pre-operating expenses totaled R\$355 million in 4Q23 (+49% vs. 4Q22), and margin of 31.4% (+3.4p.p.) due to the expansion of member base in the period and the consequent revenue growth and dilution of costs and expenses
- The consolidation of the results of Panama and Costa Rica operations added R\$19 million to EBITDA in the quarter and R\$70 million in the year

(1) Excludes the positive effect of R\$176.6 million in 2Q23 from the revaluation of existing 50% interest in Panama due to the acquisition of control of this operation, in accordance with accounting standards in effect in the period.

VARIATION IN RECURRING NET INCOME¹ (R\$M)



EVOLUTION OF RECURRING NET INCOME¹ (R\$M)



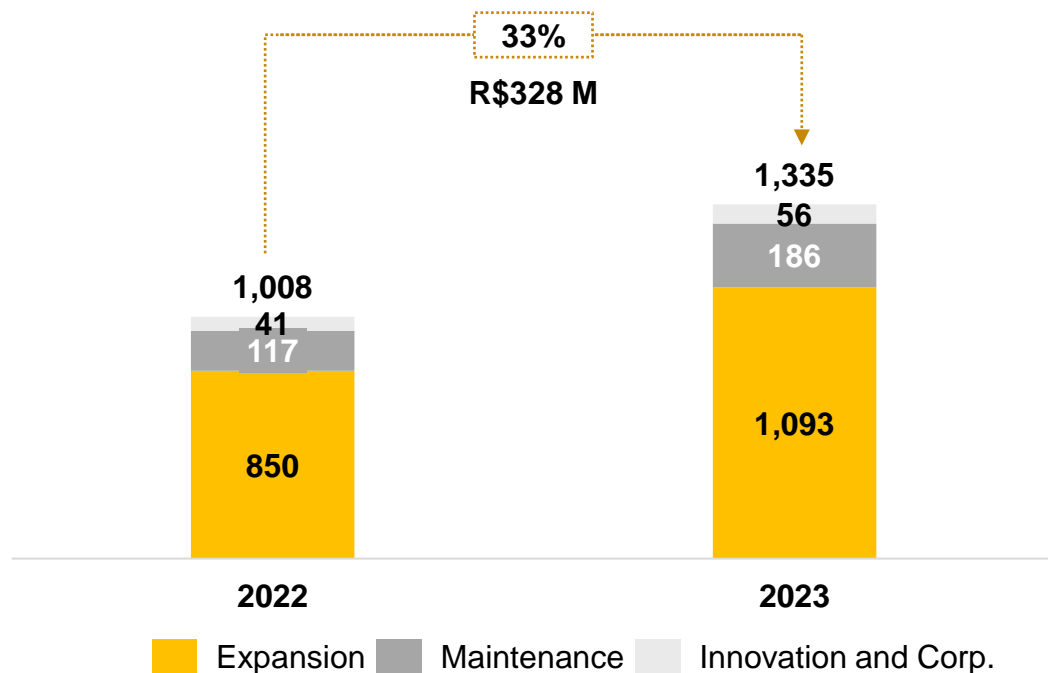
- Recurring net income of R\$ 209 million in 4Q23, 180% higher vs. 4Q22, mainly due to the EBITDA growth and the payment of R\$266 million of interest on equity (IoE)
- In 2023, the recurring net income reached R\$536 million, which resulted in a recurring net margin of 12.6% in the period
- Compared to 3Q23, the recurring net income more than doubled, mainly due to the IoE payment

(1) Excludes the negative effect of R\$6 M in net income in 4Q23 and the positive effect of R\$151 M in 2023, from the acquisition and the revaluation of the existing 50% interest in Panama. In addition, it excludes the effect of R\$483 million in the net income related to the recognition of deferred tax in 4Q23 and 2023.

FINANCIAL LIQUIDITY AND CAPEX

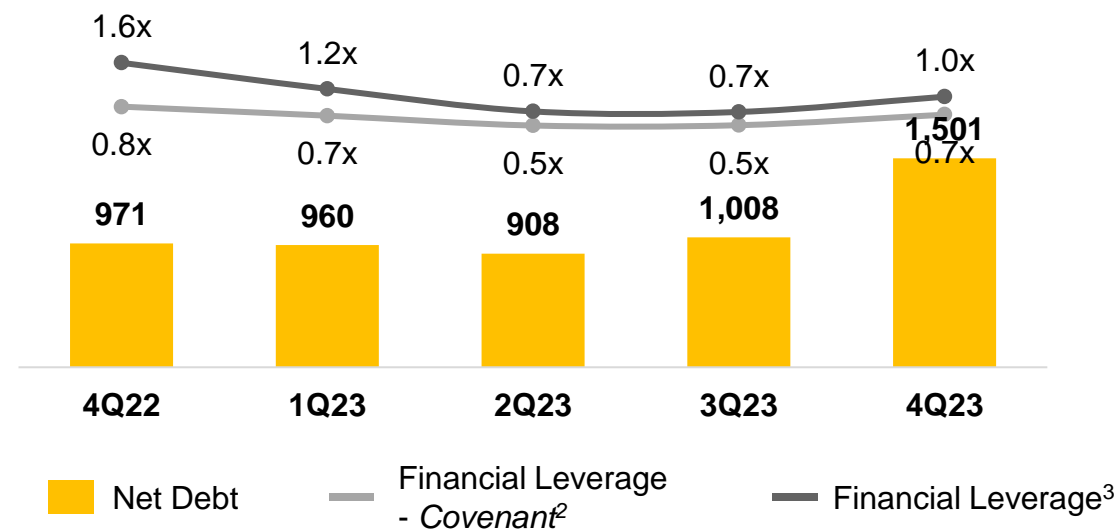
Solid cash position of R\$2.6 billion and lengthy debt profile

CAPEX (R\$M)

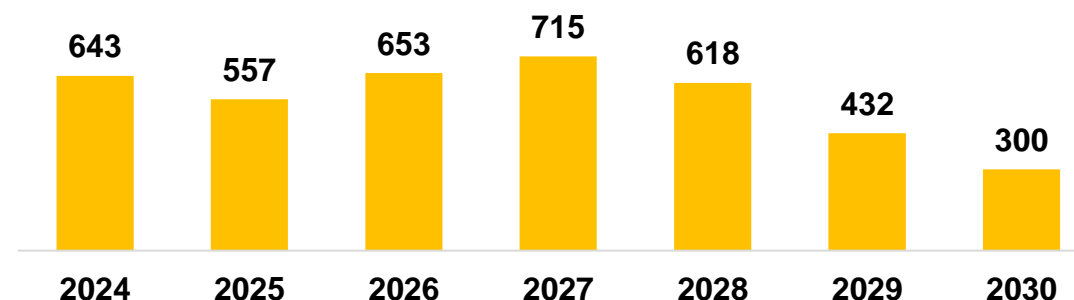


- In 2023, expansion capex related to Smart Fit brand clubs, was R\$1,071 million, +27% vs. 2022, due to the strong acceleration of own club openings
- Maintenance capex totaled R\$174 million in the period, +66% from 2022, due to the higher level of clubs and the program to increase the offer of strength exercises, being 6.1% of mature units gross revenue
- Financial leverage at 1.0x vs. 0.7x in the 3Q23

NET DEBT¹ (R\$M) AND FINANCIAL LEVERAGE^{2,3}



GROSS DEBT PAYMENT FLOW⁴ (R\$M)



(1) "Net Debt" use the definition of the company's debentures. For more information, see the indenture; (2) Indicator "Financial leverage - Covenant" considers "Adj. Net debt" divided by "EBITDA LTM", using the definition of net debt and EBITDA of the company's debentures; (3) Indicator "Financial Leverage" considers the indicator "Adj. Net Debt", use the definition of the company's debentures, and the indicator "EBITDA LTM", disregarding IFRS16 effects in relation to commercial leases relating to the rental of gyms and offices; (4) "Gross Debt" considers loans, financing and operating leases (excluding property leasing) with financial institutions, short and long term.

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..

