

# Smart Fit

## 1Q22 Earnings Presentation

May 13, 2022



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# 1Q22 HIGHLIGHTS



## **CLUB MEMBER BASE SURPASSES PRE-PANDEMIC LEVELS**

*Addition of over 1 million club members over ten consecutive months bringing to the total to 2.9 million*



## **RECOVERY OF MEMBER BASE OF CLUBS EXISTING BEFORE THE PANDEMIC REACHED 81%**

*Considering only the clubs that predate the pandemic, member base growth of +5.5 p.p., with highlight to Mexico (+12 p.p.)*



## **NET REVENUE OF R\$622 MILLION, HIGHER THAN PRE-PANDEMIC LEVEL**

*Strong growth of member base increased net revenue by R\$76 million (+14%) vs. 4Q21*



## **NOMINAL REDUCTION OF 1% IN CASH COST OF CLUBS OPENED UP TO 2019<sup>1</sup>**

*In the last 2 years, the sharp focus on cost management resulted in nominally lower costs in 1Q22*



## **FULL RECOVERY OF GROSS PROFIT PER CLUB IN THE SECOND LARGEST REGION OF OPERATIONS**

*In the Other Latin America region, considering the clubs inaugurated until 2019, revenue in March 2022 reached 111% of pre-pandemic levels*



## **SIGNIFICANT IMPROVEMENT IN PROFITABILITY**

*Gain of 4.2 p.p. in cash gross margin resulted in an EBITDA of R\$66 million, up 85% from 4Q21, and operating cash flow of R\$75 million in the quarter*

(1) To enable comparison of the costs in 1Q22 with pre-pandemic costs (January and February 2020), we compared the evolution of "Cost Cash" of the units opened until 2019 in the respective periods.

# DIGITAL EXPERIENCE REINFORCES ENGAGEMENT



App provides complementary and integrated experience at any point of member's journey

## APP SMART FIT

### MAIN FEATURES



**SOCIAL  
INTERACTION**



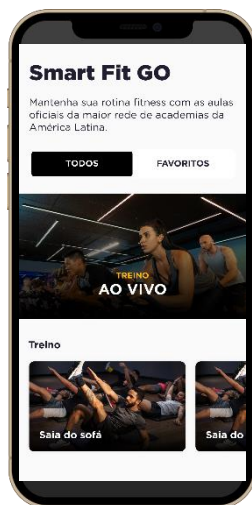
**TRAINING**



**PROCESSES**



**SALES**



### Digital Engagement – Smart Fit GO

2,300 users per day view our digital library of classes and workouts

### Training experience

90% of workout activities available on the app were ranked “Great” and “Very Good”.

### Efficiency operational

101,000 customers in March use an account management service via app

### Sale of plan via app

1.3% of sales originated from the app

**55%**  
OF MEMBERS  
REGISTERED IN APP<sup>1</sup>



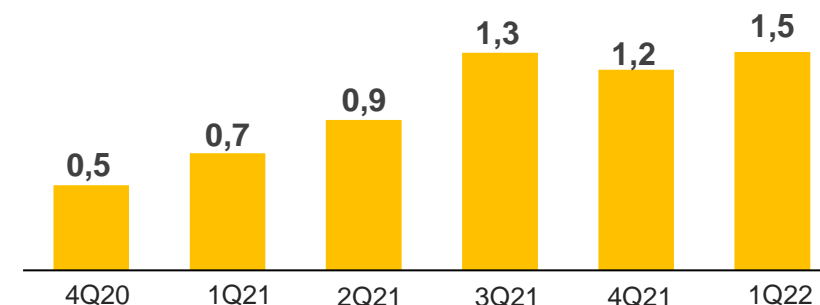
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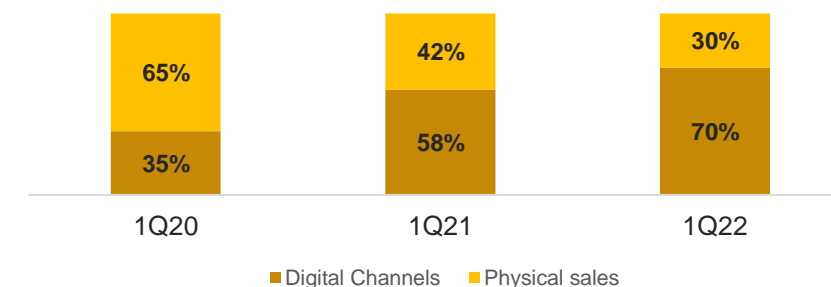
Google Play

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### GROWTH OF APP USERS (MILLION)



**% OF SALES IN DIGITAL CHANNELS:**  
CONSISTENT INCREASE ALLOWS FOR GREATER OPERATIONAL  
EFFICIENCY

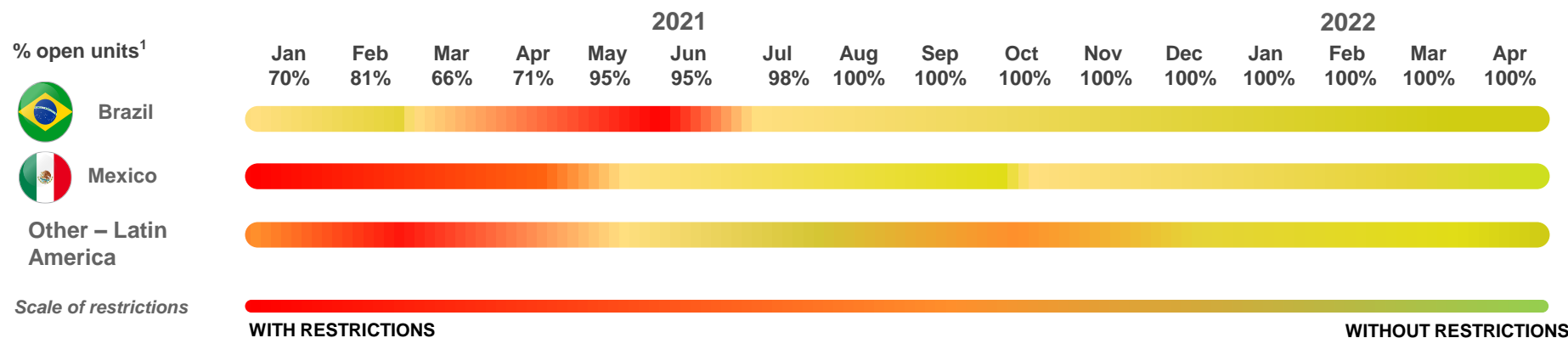


(1) Data of 1Q22 / APP SF = App used by members to access their training programs and personalized information.

# RECENT REDUCTION IN RESTRICTIONS AFTER OMICRON

Ômicron impacts the beginning of 1Q22, postponing the reduction of restrictions in several regions and stabilization of mobility to March/22

## DAILY EVOLUTION OF RESTRICTIONS ON OPERATION



UOL Notícias

OMS registra menor incidência global de covid desde a chegada da ômicron

UOL Notícias

WHO reports lowest level of COVID infections since the emergence of Omicron

Valor Econômico

México declara fim da pandemia e passará a tratar covid como doença sazonal

Valor Econômico

Mexico declares end of pandemic and will treat COVID as a seasonal disease

Valor Econômico

Colômbia relaxa restrições contra a covid e deixa de exigir máscaras

Valor Econômico

Colombia loosens restrictions against COVID and ends mask requirement

ISTO É DINHEIRO

Peru aprova uso facultativo de máscara em regiões com mais de 80% de vacinados

ISTO É DINHEIRO

Peru approves optional use of masks in regions with more than 80% of the population vaccinated

UOL Notícias

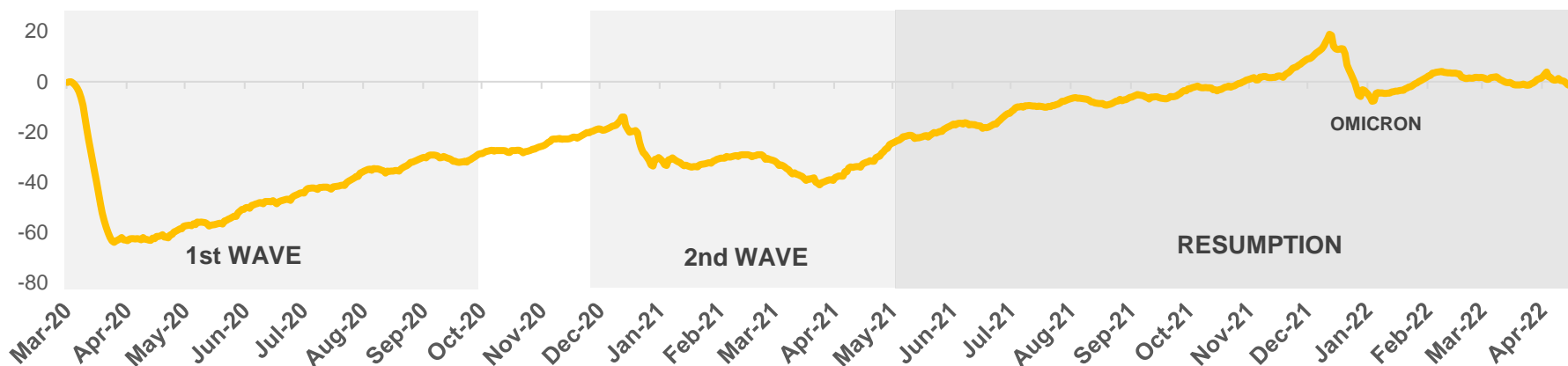
Covid-19: Média de mortes fica em 84 e é a menor em mais de 2 anos

UOL Notícias

COVID-19: Deaths average 84, the lowest in more than 2 years

## Despite Omicron, mobility returns to pre-pandemic levels

### MOBILITY INDEX • Weighted by presence of Smart Fit Latam<sup>2</sup>



(1) Monthly average

(2) 15-day moving average of Google Mobility Index for retail and leisure, weighted by the presence (# of members) in the 5 leading countries where Smart Fit operates

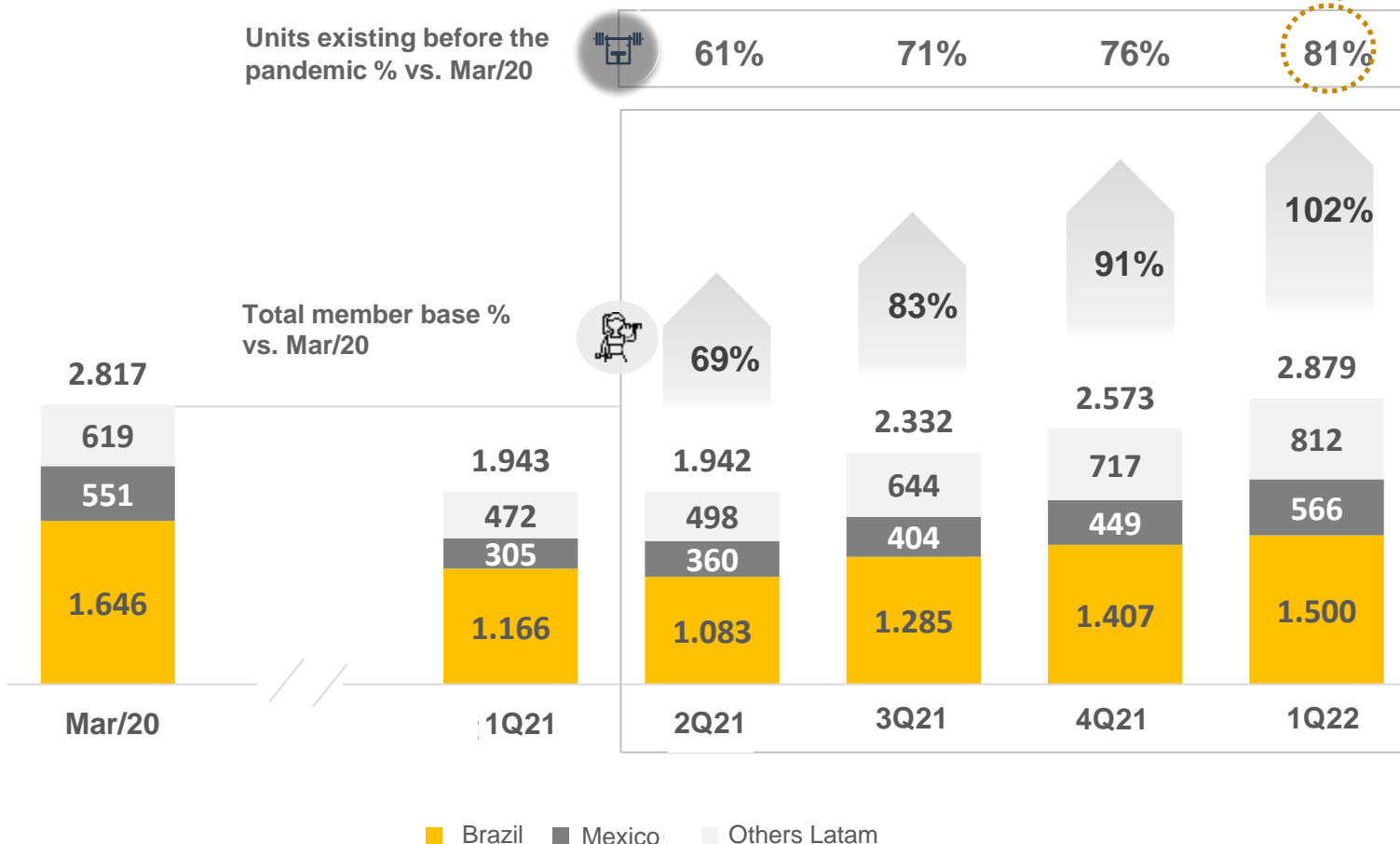


# CONTINUOUS RECOVERY OF MEMBER BASE

*In March 2022, member base of clubs reached 102% of the pre-pandemic level*

## MEMBER BASE OF CLUBS

(#'000 End of Period)



Net revenue reached 90% in Mar/22<sup>1</sup> vs. Jan-Feb/20

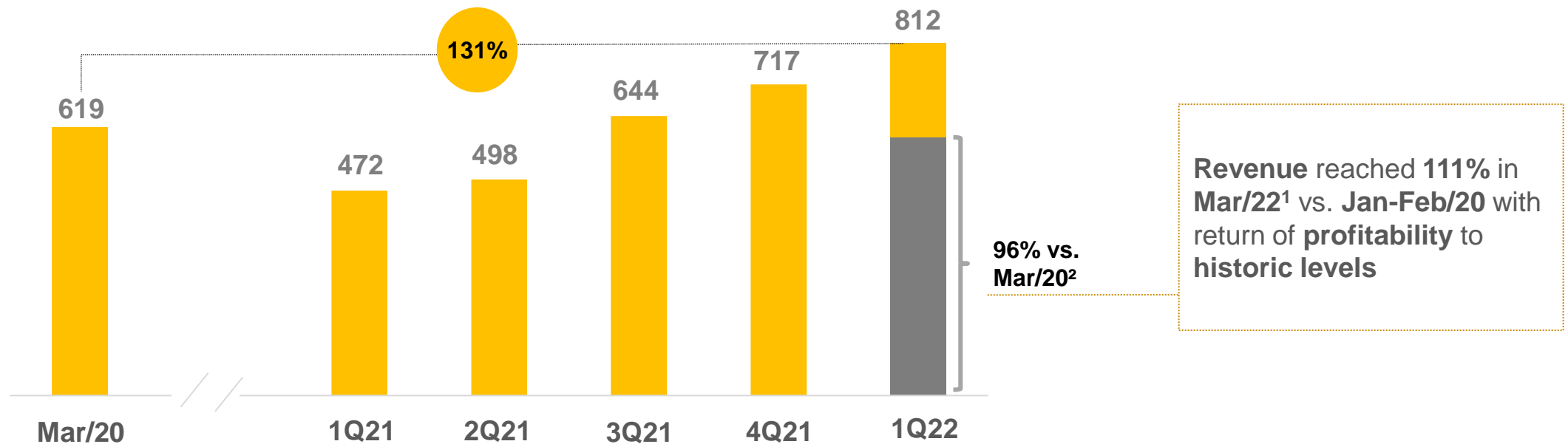
(1) Considering clubs opened until 2019

## OTHER LATAM: PROFITABILITY AT HISTORIC LEVEL

**Second biggest market reaches 111% of pre-pandemic revenue<sup>1</sup>, restoring profitability to historic level**

### MEMBERS

(#'000 End of Period)



- ✓ Despite Omicron, 95 thousand members were added in the region in 1Q22, up 13% vs. 4Q21 and 31% vs. Mar/20
- ✓ Considering only clubs inaugurated before the pandemic, the region recovered 96% of its member base in Mar/20.

(1) Considering clubs opened until 2019

(2) Considering Smart Fit clubs existing in Mar/20

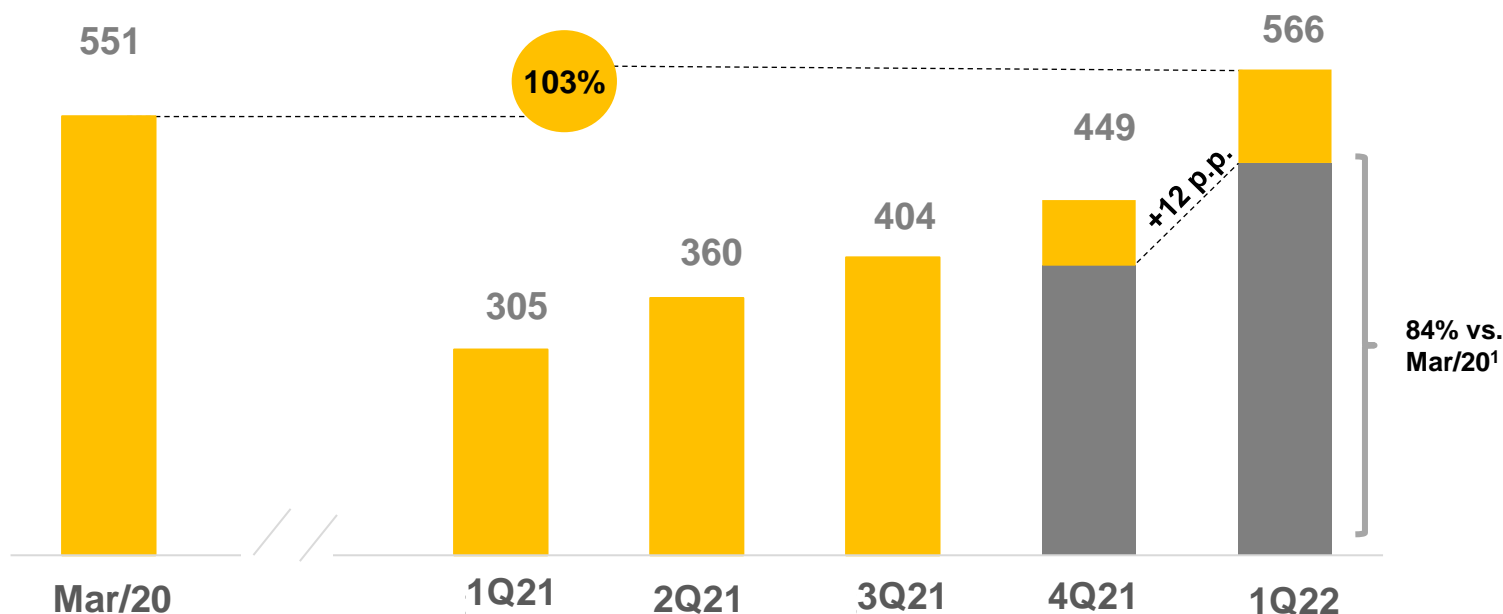
# MEXICO: 1Q22 REGISTERS RECORD ADDITIONS

Membership attraction initiatives generate 12 p.p. growth of base vs. 4Q21



## MEMBERS

(#'000 End of Period)



- ✓ In a quarter of record sales, 117 thousand members were added to the base, up 26% vs. 4Q21
- ✓ Member base reached 566 thousand (+3% vs. Mar/20), with number of members per club increasing 25% from 4Q21
- ✓ In Mar/22, clubs opened before the pandemic had recovered 84% of their member base in Mar/20, +12 p.p. vs. 4Q21

(1) Considering Smart Fit clubs existing in Mar/20

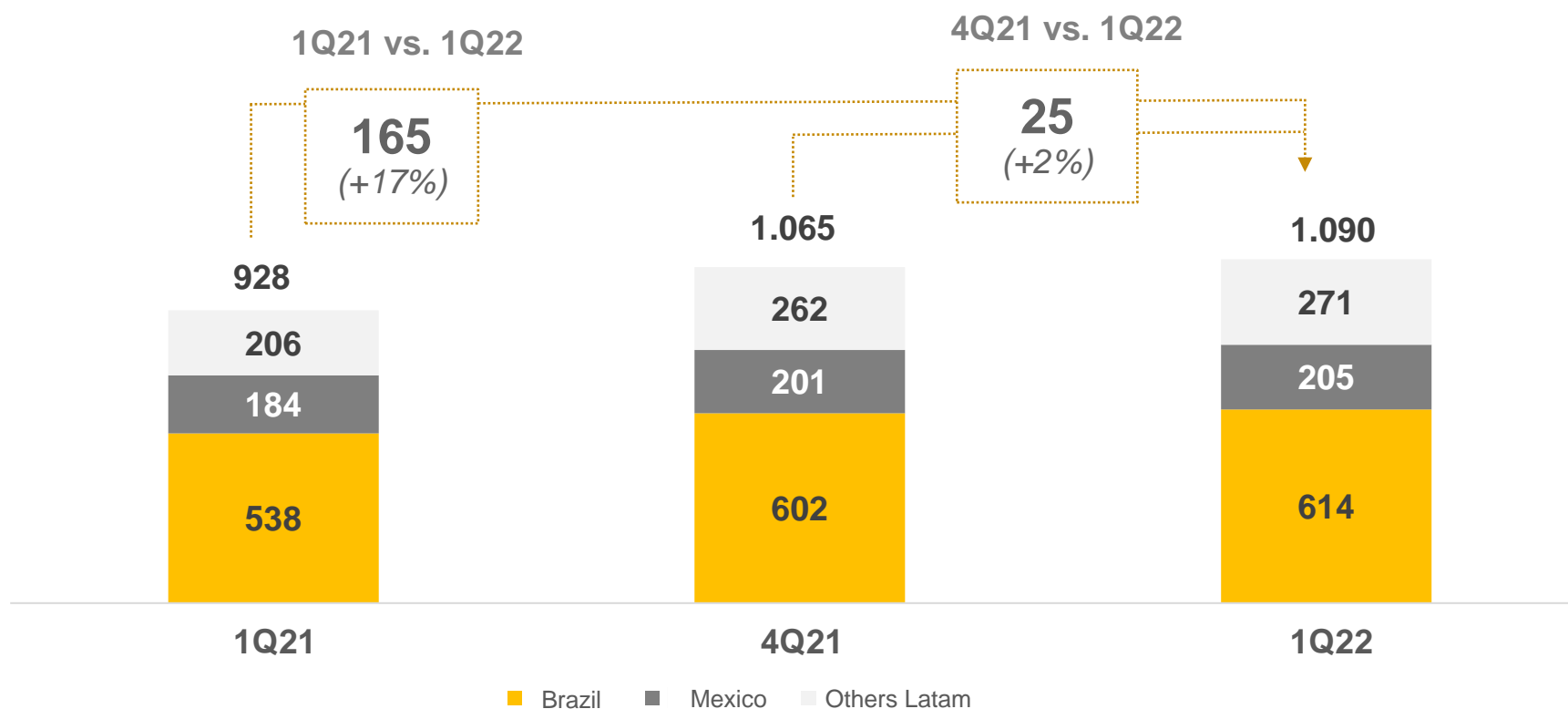
(2) 15-day moving average of Google Mobility Index for Retail and Leisure in Mexico (weighted by cities with most units) and 15-day moving average of sales (gross addition of members) at units in Mexico



# 1Q22 EXPANSION

**Addition of 162 clubs in the last 12 months reaching 1,090 units, +17% vs. 1Q21**

## GROWTH IN NUMBER OF CLUBS



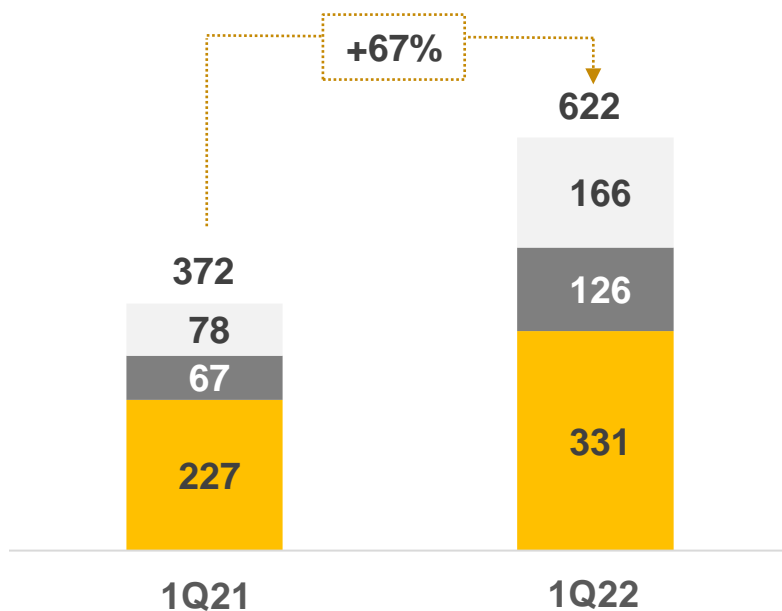
Addition of 25 clubs to the chain:  
12 in Brazil, 4 in Mexico and 9 in  
Other Latam



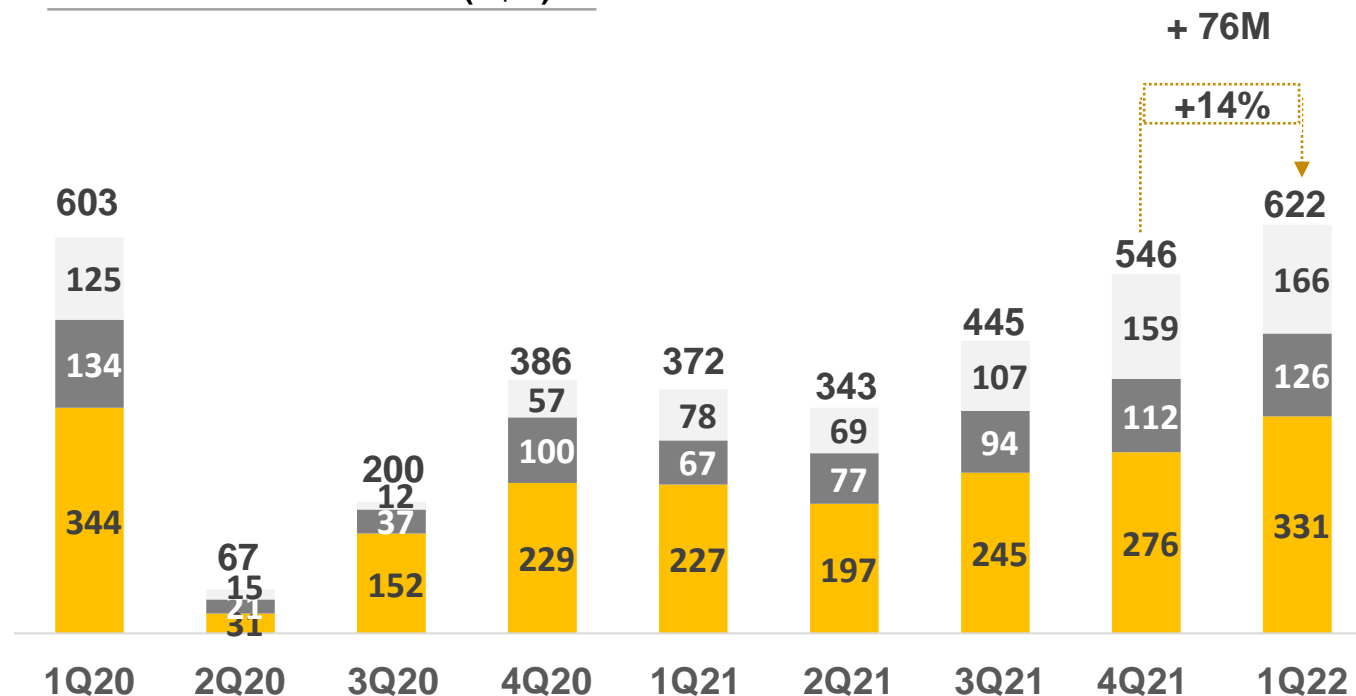
Addition of 23 own clubs and  
2 franchises

	1Q21	4Q21	1Q22
Own	711	834	857
Franchises	197	231	233

VARIATION IN REVENUE (R\$M)



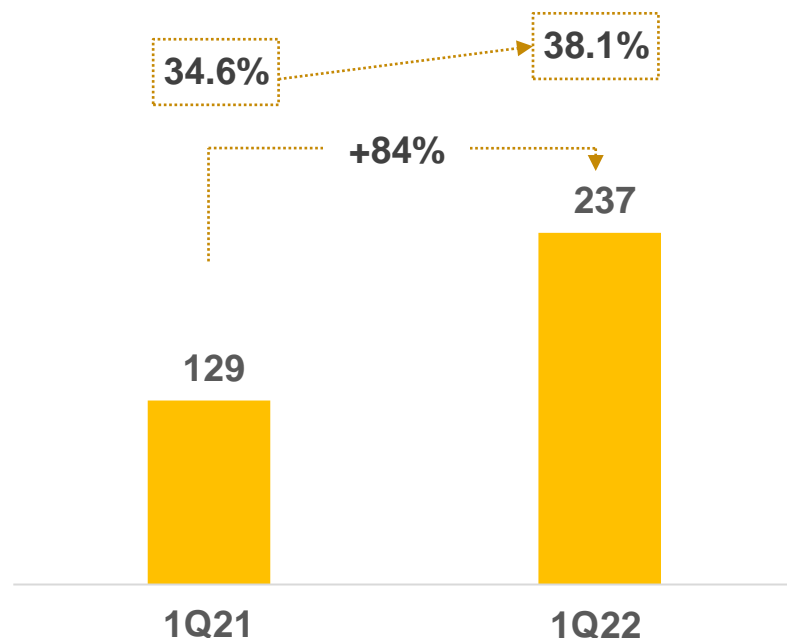
EVOLUTION OF REVENUE (R\$M)



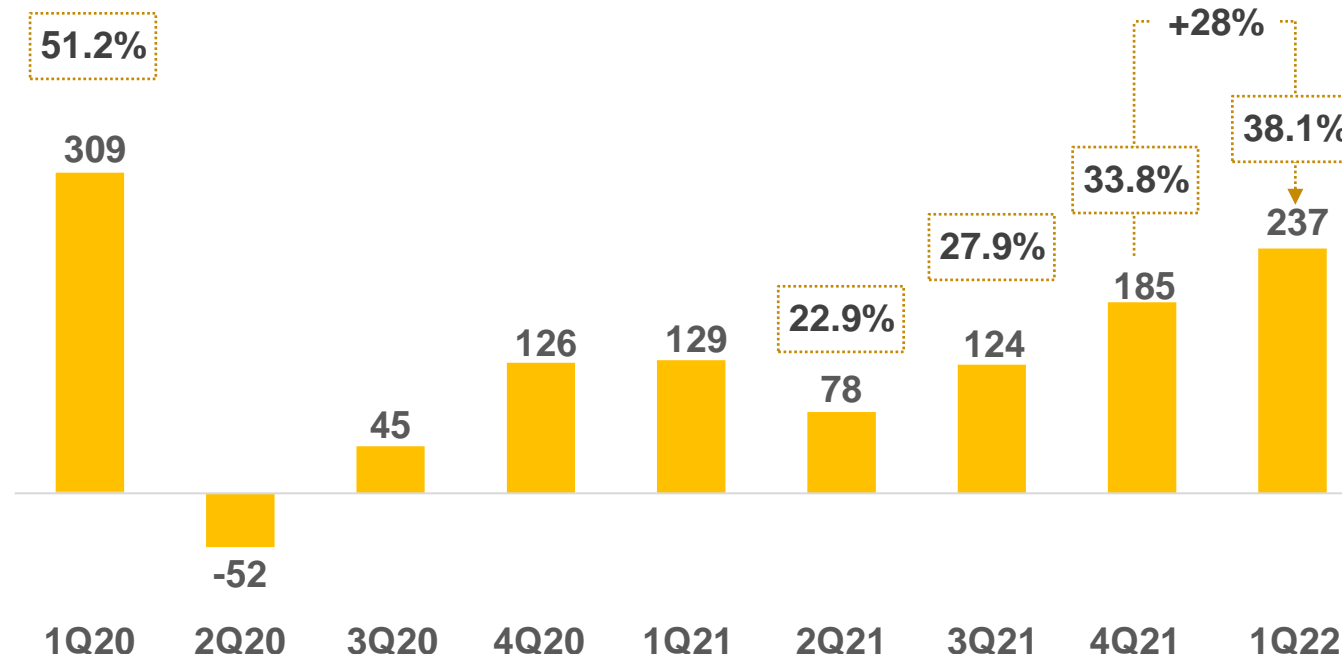
■ Brazil
 ■ Mexico
 ■ Other – Latin America

- Revenue grew 67% vs. 1Q21, due to the increase in monthly fees caused by the reopening of clubs and the 20% growth in own clubs vs. 1Q21
- Revenue grew 14% vs. 4Q21, due to the 13% increase in the average member base of own clubs, notably in Brazil, which registered 23% growth in revenue

## VARIATION IN GROSS PROFIT (R\$M)



## EVOLUTION IN GROSS PROFIT (R\$M)

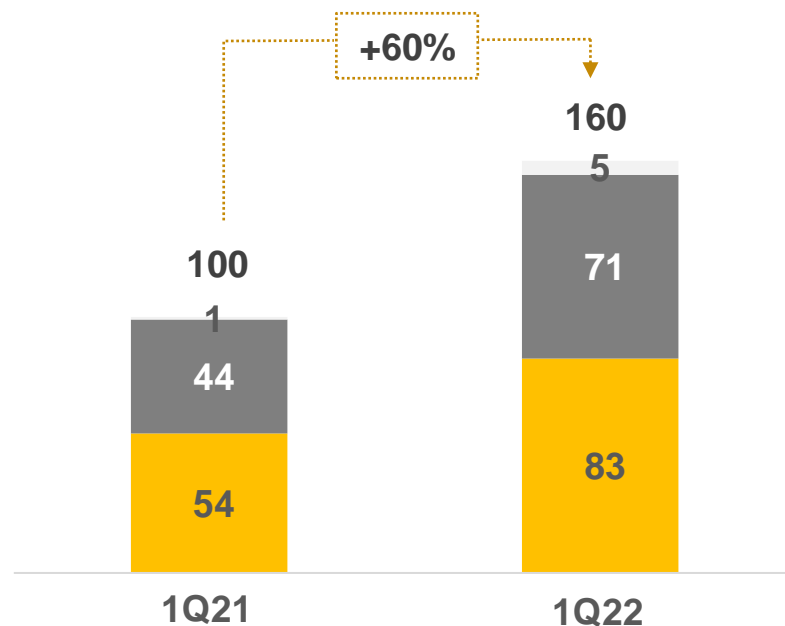


■ Cash gross profit □ Cash gross margin

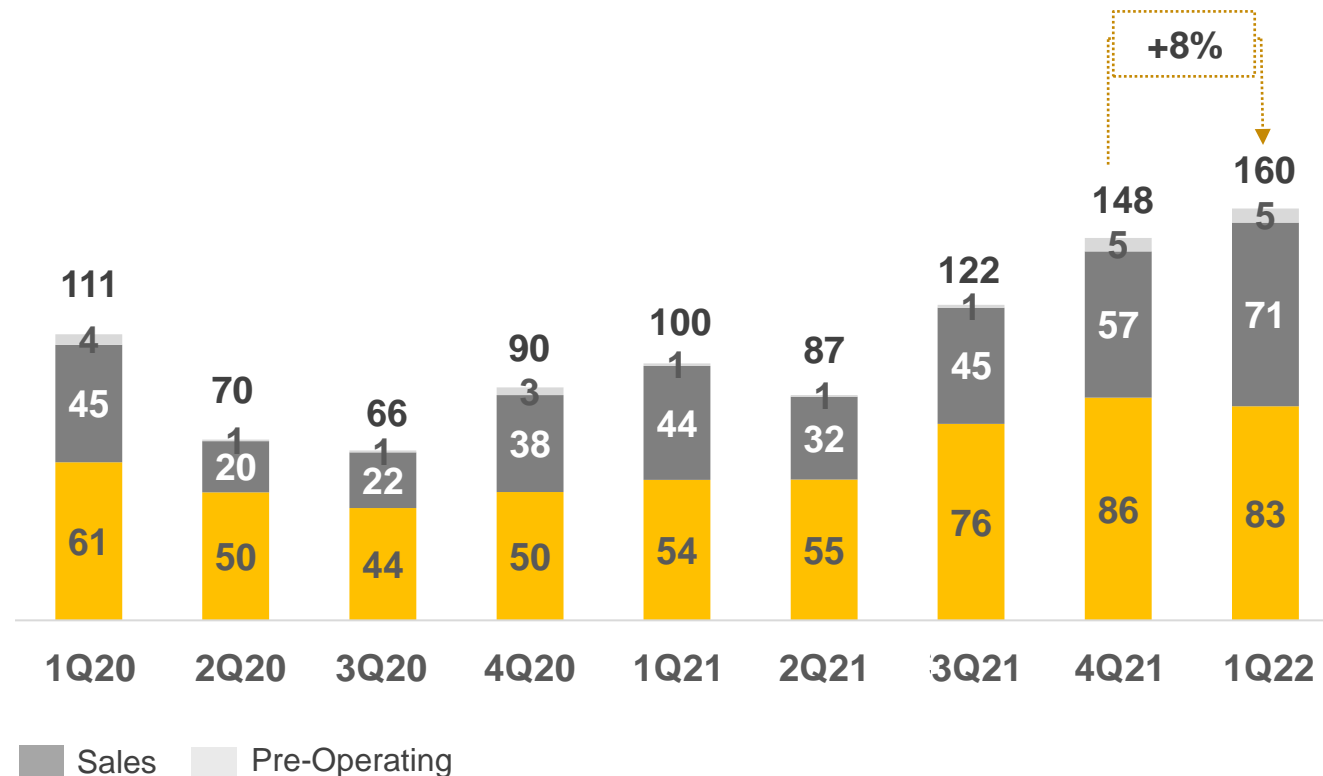
- Cash gross profit grew 28% vs. 4Q21, due to strong revenue growth and cost management, which contributed 4.2 p.p., respectively, in the margin to 38.1%
- Cash gross margin increased 15.2 p.p. since 2Q21, the third consecutive quarter of recovery since the reopening of clubs
- Thanks to rigorous cost management, in 1Q22, cash cost of clubs opened until 2019 remains 1% lower than the average in January and February 2020

(1) To enable comparison of the costs in 1Q22 with pre-pandemic costs (January and February 2020), we compared the evolution of "Cost Cash" of the units opened until 2019 in the respective periods.

VARIATION IN EXPENSES (R\$M)

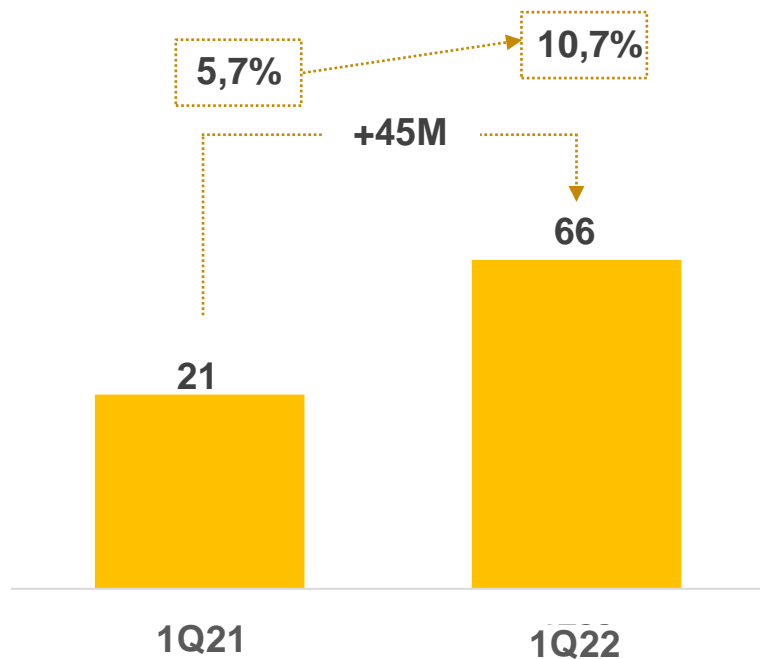


EVOLUTION OF EXPENSES (R\$M)

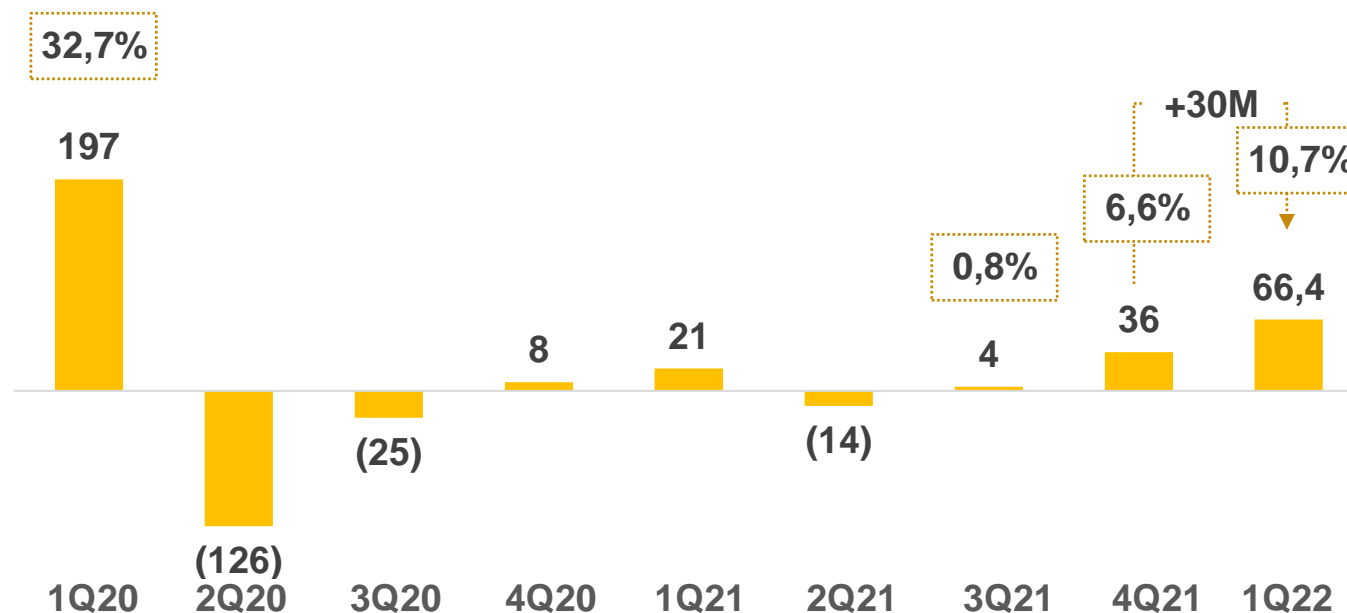


- Expenses increased 8% vs. 4Q21 due to the intensification of marketing campaigns to attract members in 1Q22. General and administrative expenses remained stable vs. 4Q21
- Increase expenses vs. 1Q21 due to higher spending on attracting members after the reopening of clubs in 2Q21, sharp decline in expenses in 1Q21 due to COVID-19 and higher expenses with new business projects

## VARIATION IN EBITDA (R\$M)



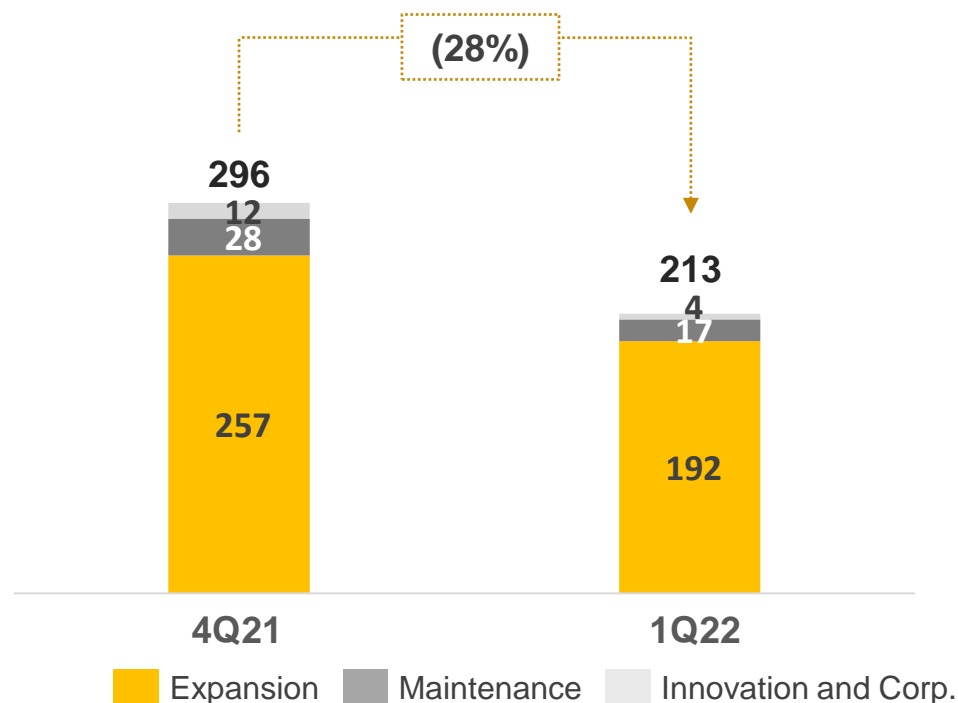
## EVOLUTION OF EBITDA (R\$M)



- EBITDA grew +84% vs. 4Q21 to R\$66 million with 4.1 p.p in EBITDA Margin to 10.7%, due to the increase in revenue combined with operating leverage
- EBITDA increased R\$45 million vs. 1Q21 to R\$66 million, with margin increasing 4.9 p.p. to 10.7%, due to the increase in revenue given that the 1Q21 result was strongly impacted by COVID-19

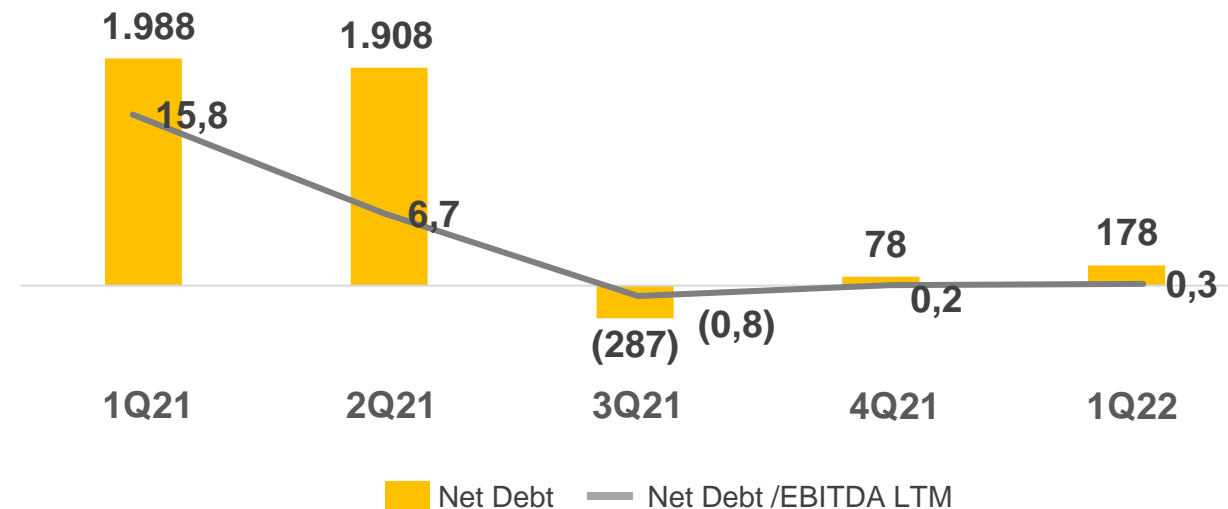
# FINANCIAL LIQUIDITY AND CAPEX

Cash balance of over R\$3.4 billion and extended debt profile

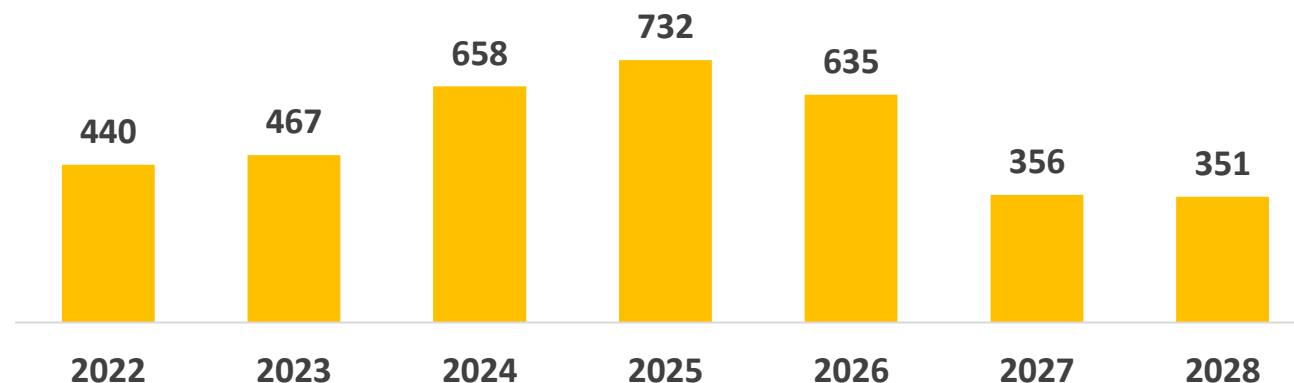


- Expansion capex was R\$192 million, down 25% vs. 4Q21, due to fewer openings and more clubs under construction
- Maintenance capex totaled R\$16.5 million, down 40% vs. 4Q21, since 4Q21 was impacted by investments to adapt the Just Fit units acquired
- In Apr/22, the company settled the 4th issue of debentures amounting to R\$499 million

Net Debt (R\$MM) and Net Debt / EBITDA LTM <sup>1</sup>



Debt Payment Flow R\$M





# Q&A

