



**QUARTERLY
INFORMATION**

09/30/202

smart fit

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GLOSSARY

TERMS	GLOSSARY
EGM	Extraordinary General Meeting
AEGM	Annual and Extraordinary General Meeting
AGM	Annual General Meeting
B3	B3 S.A. – Brasil, Bolsa, Balcão
CADE	Administrative Council for Economic Defense
CDB	Bank Deposit Certificate
CDI	Interbank Deposit Certificate
CLP	Chilean pesos – Official currency in Chile
COFINS	Contribution for Social Security Financing
Company or Smartfit	Smartfit Escola de Ginástica e Dança S.A.
Covenants	Contractual Commitment Clauses
COP	Colombian pesos – Official currency in Colombia
CPC	Brazilian Accounting Pronouncements Committee
CRI	Certificates of Real Estate Receivables
CSLL	Social Contribution on Net Income
CVM	Securities and Exchange Commission of Brazil
Dec/22 or 12/31/2022	Financial Information as of and for the Year Ended December 31, 2022
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization
Group	Smartfit and its subsidiaries
HVLP	High Value / Low Price
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IBR	Banking Reference Indicator
IFRS	International Financial Reporting Standards
IGV	General Sales Tax
INSS	Contributions to the National Institute of Social Security
IPCA	Amplified Consumer Price Index
IPO	Initial Public Offering
IRPJ	Corporate Income Tax
IRRF	Withholding Income Tax
IRPJ	Corporate Income Tax
ITR	Quarterly Information
JCP	Interest on Capital
Joint Venture	A joint arrangement whereby the parties have joint control of the arrangement
Sept/23 or 09/30/2023	Financial Information as of and for the nine-month period ended September 30, 2023
LALUR	Taxable Income Control Register
LF	Financial bills
LFT	Financial Treasury Bills
MXN	Mexican pesos – Official currency in Mexico
MOU	Memorandum of Understanding
Note	Note to the Interim Financial Information
PEN	Peruvian Nuevo Sol – Official currency in Peru
PIS	Social Integration Program
R\$/BRL	Reais – Official currency in Brazil
SBLC	Stand-By Letter of Credit
SPE	Special Purpose Company
STF	Federal Supreme Court
TIIE	“Tasa de Interés Interbancaria de Equilibrio” in Mexico
CGU	Cash-generating Unit

CONDENSED BALANCE SHEETS

At September 30, 2023

(In thousands of Brazilian reais - R\$)

	Notes	Parent		Consolidated	
		09/30/2023	12/31/2022	09/30/2023	12/31/2022
ASSETS					
Current assets					
Cash and cash equivalents	6	44,160	234,037	1,314,295	1,251,418
Investments in financial assets	7	2,082,455	2,232,715	1,452,716	1,671,417
Trade receivables	9	166,779	117,245	350,075	271,728
Derivative financial instruments	8	1,018	-	7,268	8,132
Other receivables	10	177,210	209,512	346,968	313,464
Total current assets		2,471,622	2,793,509	3,471,322	3,516,159
Noncurrent assets					
Investments in financial assets	7	4,379	5,796	67,449	43,464
Derivative financial instruments	8	-	35	851	3,748
Other receivables	10	134,361	118,497	237,680	221,777
Deferred tax assets	18	-	-	233,242	204,562
Investments in subsidiaries and joint ventures	11	3,446,558	2,818,730	43,277	447,994
Right-of-use assets	14	1,129,884	1,029,761	3,557,070	3,067,369
Property and equipment	12	1,074,223	1,036,087	3,709,516	3,132,019
Intangible assets	13	137,749	133,482	1,874,941	1,412,458
Total noncurrent assets		5,927,154	5,142,388	9,724,026	8,533,391
TOTAL ASSETS		8,398,776	7,935,897	13,195,348	12,049,550
LIABILITIES AND EQUITY					
Current liabilities					
Trade payables		115,852	87,589	292,510	241,227
Other liabilities	15	374,842	277,081	405,159	304,859
Borrowings	16	220,681	96,531	791,722	488,226
Lease liabilities	14	181,866	178,315	572,260	449,662
Deferred revenue	20	40,120	63,544	227,995	228,425
Derivative financial instruments	8	647	-	647	-
Current taxes payable		1,859	-	78,405	36,486
Total current liabilities		935,867	703,060	2,368,698	1,748,885
Noncurrent liabilities					
Other liabilities	15	7,427	189,120	19,265	199,208
Borrowings	16	1,694,759	1,903,499	2,672,800	2,931,668
Lease liabilities	14	1,009,395	911,555	3,312,457	2,879,785
Deferred revenue	20	213	662	213	662
Deferred tax liabilities	18	-	-	24,591	19,349
Derivative financial instruments	8	28,318	36,990	28,318	36,990
Provisions	17	9,737	4,625	30,625	24,888
Total noncurrent liabilities		2,749,849	3,046,451	6,088,269	6,092,550
TOTAL LIABILITIES AND EQUITY		3,685,716	3,749,511	8,456,967	7,841,435
EQUITY					
Share capital	19	2,970,443	2,970,443	2,970,443	2,970,443
Capital reserves		942,752	2,297,612	942,752	2,297,612
Accumulated results (losses)		403,132	(1,375,832)	403,132	(1,375,832)
Other comprehensive income		396,733	294,163	396,733	294,163
Equity attributable to the owners of the Company		4,713,060	4,186,386	4,713,060	4,186,386
Noncontrolling interests		-	-	25,321	21,729
TOTAL EQUITY		4,713,060	4,186,386	4,738,381	4,208,115
TOTAL LIABILITIES AND EQUITY		8,398,776	7,935,897	13,195,348	12,049,550

The accompanying notes are an integral part of this condensed interim financial information.

CONDENSED STATEMENTS OF PROFIT AND LOSS AND COMPREHENSIVE INCOME

Period ended September 30, 2023

(In thousands of Brazilian reais - R\$)

	Notes	Parent				Consolidated			
		Nine-month period ended		Three-month period ended		Nine-month period ended		Three-month period ended	
		09/30/2023	09/30/2022	09/30/2023	09/30/2022	09/30/2023	09/30/2022	09/30/2023	09/30/2022
PROFIT (LOSS)									
Operating revenue	20	1,054,137	763,833	363,051	280,854	3,113,568	2,077,377	1,089,190	766,292
Costs	21	(688,449)	(639,139)	(236,480)	(219,039)	(1,857,886)	(1,466,316)	(652,440)	(517,290)
Gross profit		365,688	124,694	126,571	61,815	1,255,682	611,061	436,750	249,002
Selling expenses	21	(106,633)	(110,397)	(36,685)	(29,201)	(247,192)	(218,515)	(86,913)	(66,325)
General and administrative expenses	21	(171,319)	(136,029)	(67,548)	(45,851)	(334,261)	(257,964)	(127,191)	(85,657)
Other operating income (expenses), net	21	108,875	756	(24,900)	842	150,344	(13,478)	(7,890)	(5,186)
Share of profit (loss) of investees	11	283,052	31,409	94,750	24,220	1,645	2,952	(1,527)	(165)
Operating profit (loss) before finance income (costs)		479,663	(89,567)	92,188	11,825	826,218	124,056	213,229	91,669
Finance income	22	264,586	269,285	83,186	94,430	339,333	332,113	107,746	116,098
Finance costs	22	(328,793)	(318,472)	(113,239)	(98,422)	(679,108)	(585,503)	(234,331)	(193,034)
Finance income (costs), net	22	(64,207)	(49,187)	(30,053)	(3,992)	(339,775)	(253,390)	(126,585)	(76,936)
Profit (loss) before income tax and social contribution		415,456	(138,754)	62,135	7,833	486,443	(129,334)	86,644	14,733
Income tax and social contribution	18	(12,324)	-	(1,858)	-	(78,868)	(8,100)	(25,072)	(5,729)
PROFIT (LOSS) FOR THE PERIOD		403,132	(138,754)	60,277	7,833	407,575	(137,434)	61,572	9,004
Profit (loss) for the period attributable to:									
Owners of the Company						403,132	(138,754)	60,277	7,833
Noncontrolling interests						4,443	1,320	1,295	1,171
Earnings (loss) per share attributable to owners of the Company:									
Basic	23	0.6877	(0.2367)	0.1028	(0.0950)	0.6877	(0.2367)	0.1028	(0.0950)
Diluted	23	0.6632	(0.2367)	0.0991	(0.0950)	0.6632	(0.2367)	0.0991	(0.0950)
OTHER COMPREHENSIVE INCOME									
Items that may be subsequently reclassified to profit or loss									
Gains and losses arising from the translation of financial statements of foreign operations	11	85,150	(110,417)	58,436	6,995	84,939	(110,726)	58,449	6,712
Financial assets measured at fair value		9,398	(7,397)	(396)	(1,761)	9,398	(7,397)	(396)	(1,761)
Deferred income tax and social contribution		8,022	-	11,088	-	8,022	-	11,088	-
TOTAL OTHER COMPREHENSIVE INCOME FOR THE PERIOD		102,570	(117,814)	69,128	5,234	102,359	(118,123)	69,141	4,951
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		505,702	(256,568)	129,405	13,067	509,934	(255,557)	130,713	13,955
Comprehensive income for the period attributable to:									
Owners of the Company						505,702	(256,568)	129,405	13,067
Noncontrolling interests						4,232	1,011	1,308	888

The accompanying notes are an integral part of this condensed interim financial information.

CONDENSED STATEMENTS OF CHANGES IN EQUITY

Nine-month period ended September 30, 2023

(In thousands of Brazilian reais - R\$)

	Nine-month period ended September 30, 2023									
	Share capital	Capital reserves			Transactions with shareholders	Accumulated losses	Other comprehensive income	Equity attributable to		Total equity
		Capital reserve	Equity instruments	Owners of the Company				Noncontrolling interests		
CHANGES IN EQUITY										
At December 31, 2022	2,970,443	2,237,621	99,841	(39,850)	(1,375,832)	294,163	4,186,386	21,729	4,208,115	
Profit for the period	-	-	-	-	403,132	-	403,132	4,443	407,575	
Other comprehensive income	-	-	-	-	-	102,570	102,570	(211)	102,359	
Total comprehensive income for the period	-	-	-	-	403,132	102,570	505,702	4,232	509,934	
Share-based payments ⁽¹⁾	-	20,972	-	-	-	-	20,972	-	20,972	
Absorption of accumulated losses	-	(1,375,832)	-	-	1,375,832	-	-	-	-	
Dividends paid to subsidiaries	-	-	-	-	-	-	-	(640)	(640)	
Transactions with shareholders recognized directly in equity	-	(1,354,860)	-	-	1,375,832	-	20,972	(640)	20,332	
At September 30, 2023	2,970,443	882,761	99,841	(39,850)	403,132	396,733	4,713,060	25,321	4,738,381	

	Nine-month period ended September 30, 2022									
	Share capital	Capital reserves			Transactions with shareholders	Accumulated losses	Other comprehensive income	Equity attributable to		Total equity
		Capital reserve	Equity instruments	Owners of the Company				Noncontrolling interests		
CHANGES IN EQUITY										
At December 31, 2021	2,970,443	2,221,696	99,841	(35,847)	(1,286,401)	426,773	4,396,505	32,787	4,429,292	
Profit (loss) for the period	-	-	-	-	(138,754)	-	(138,754)	1,320	(137,434)	
Other comprehensive income	-	-	-	-	-	(117,814)	(117,814)	(309)	(118,123)	
Total comprehensive income for the period	-	-	-	-	(138,754)	(117,814)	(256,568)	1,011	(255,557)	
Share-based payment	-	11,995	-	-	-	-	11,995	6	12,001	
Capital increase in subsidiaries	-	-	-	-	-	-	-	11,792	11,792	
Capital decrease in subsidiaries	-	-	-	(4,003)	-	-	(4,003)	(16,474)	(20,477)	
Dividends paid to subsidiaries	-	-	-	-	-	-	-	(7,119)	(7,119)	
Transactions with shareholders recognized directly in equity	-	11,995	-	(4,003)	-	-	7,992	(11,795)	(3,803)	
At September 30, 2022	2,970,443	2,233,691	99,841	(39,850)	(1,425,155)	308,959	4,147,929	22,003	4,169,932	

(1) See note 26.

The accompanying notes are an integral part of this condensed interim financial information.

CONDENSED STATEMENTS OF CASH FLOWS

Nine-month period ended September 30, 2023

(In thousands of Brazilian reais - R\$)

Notes	Parent		Consolidated	
	09/30/2023	09/30/2022	09/30/2023	09/30/2022
CASH FLOW FROM OPERATING ACTIVITIES				
Profit (loss) for the period	403,132	(138,754)	407,575	(137,434)
Adjustments to reconcile profit (loss) for the period to net cash used in operating activities:				
Income tax and social contribution	18	12,324	-	78,868
Depreciation and amortization	12,13,14	294,150	274,368	851,827
Allowance for expected credit losses	9	(1,525)	-	(1,842)
Share of profit (loss) of investees	11	(283,052)	(31,409)	(1,645)
Income from remeasurement of previously held interest	3	(176,599)	-	(176,599)
Loss from dilution of equity interest		14,169	-	-
Write-off of intangible assets, property and equipment, and leases		29,013	32,391	33,578
Interest on borrowings	22	219,660	217,998	356,104
Interest on leases	22	66,723	64,167	250,116
Discounts obtained on leases	22	(2,270)	(1,185)	(6,736)
Income from financial investments	22	(207,153)	(206,402)	(247,723)
Gain (loss) on derivative financial instruments	22	(9,008)	18,672	(3,433)
Foreign exchange gains (losses) and other finance income (costs)		(11,174)	(42,179)	(3,125)
Share-based payment plan	26	19,880	10,167	20,972
Provisions	17	5,112	(762)	5,737
Deferred revenue		(23,873)	2,610	(879)
Changes in operating assets and liabilities:				
Trade receivables		(47,785)	(28,679)	(75,992)
Other receivables		(1,526)	(95,676)	(62,039)
Trade payables		28,076	5,804	30,407
Other liabilities		87,438	46,939	103,313
Cash generated by operating activities	415,712	128,070	1,558,484	826,399
Interest paid on borrowings	16	(156,658)	(138,403)	(286,675)
Interest paid on leases	14	(65,999)	(63,764)	(247,406)
Income tax and social contribution paid		-	-	(34,809)
Net cash generated by (used in) operating activities	193,055	(74,097)	989,594	378,290
CASH FLOW FROM INVESTING ACTIVITIES				
Additions to property and equipment	12	(215,668)	(157,236)	(787,155)
Additions to intangible assets	13	(2,783)	(4,499)	(7,236)
Direct initial costs of right-of-use assets	14	(12,253)	(6,634)	(17,618)
Proceeds from sale of property and equipment		-	-	19,701
Dividends received from subsidiaries		32,570	19,729	-
Loans from third parties		-	(6,708)	(5,918)
Financial investments		358,830	922,522	442,439
Acquisition of group of assets, net of cash received		(7,130)	-	(7,130)
Acquisition of subsidiary, net of cash acquired		(129,273)	-	(85,911)
Capital increase in subsidiaries and joint venture	11	(124,603)	(227,619)	-
Related parties		7,366	(1,861)	(6,437)
Payment of contingent consideration		(521)	(1,328)	(521)
Net cash generated by (used in) investing activities	(93,465)	536,366	(455,786)	(339,997)
CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from borrowings	16	-	27,738	329,327
Repayments of borrowings	16	(148,616)	(568,817)	(437,168)
Payment of lease	14	(140,851)	(123,784)	(367,533)
Capital decrease in subsidiaries		-	-	-
Acquisition of noncontrolling interests		-	(6,613)	-
Capital increase in subsidiaries		-	-	11,792
Dividends paid to noncontrolling interests		-	-	(1,867)
Other amounts paid to noncontrolling interests		-	-	(9,838)
Net cash used in financing activities	(289,467)	(671,476)	(487,079)	(787,892)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(189,877)	(209,207)	46,729	(749,599)
CHANGES IN CASH AND CASH EQUIVALENTS				
Opening balance		234,037	340,929	1,251,418
Exchange differences on cash and cash equivalents		-	-	16,148
Closing balance		44,160	131,722	1,314,295
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(189,877)	(209,207)	46,729	(749,599)
NON-CASH TRANSACTIONS				
Additions and remeasurements of right-of-use assets	14	244,783	162,366	798,758
Transfers between property and equipment, intangible assets, and right-of-use assets		8,944	7,972	16,812
Dividends payable to noncontrolling interests		-	-	-
Amount payable to noncontrolling interests		-	-	-
Offset against loan granted		-	-	3,585

The accompanying notes are an integral part of this condensed interim financial information.

CONDENSED STATEMENTS OF VALUE ADDED

Nine-month period ended September 30, 2023

(In thousands of Brazilian reais - R\$)

	Notes	Parent		Consolidated	
		09/30/2023	09/30/2022	09/30/2023	09/30/2022
WEALTH CREATED					
REVENUES					
Service revenue	20	1,211,661	876,567	3,329,528	2,234,654
Allowance for expected credit losses, net of reversals	9	1,525	-	1,842	(605)
Other operating income (expenses), net		108,875	756	150,344	(13,478)
INPUTS PURCHASED FROM THIRD PARTIES					
Cost of sales and services		(222,798)	(214,319)	(567,309)	(475,550)
Materials, electric power, outside services and others		(75,945)	(52,071)	(125,884)	(91,163)
Advertising materials, marketing, promotion funds and others related to sales		(106,469)	(110,354)	(225,484)	(197,559)
GROSS VALUE ADDED		916,849	500,579	2,563,037	1,456,299
RETENTIONS					
Depreciation and amortization	12,13,14	(294,150)	(274,368)	(851,827)	(655,471)
WEALTH CREATED BY THE COMPANY		622,699	226,211	1,711,210	800,828
WEALTH RECEIVED IN TRANSFER					
Share of profit (loss) of investees	11	283,052	31,409	1,645	2,952
Finance income	22	264,586	269,285	339,333	332,113
TOTAL WEALTH FOR DISTRIBUTION		1,170,337	526,905	2,052,188	1,135,893
WEALTH DISTRIBUTED					
PERSONNEL					
Salaries and wages		177,028	151,482	442,101	338,892
Benefits		25,814	16,640	50,565	36,583
Social security costs		12,716	11,143	20,892	17,095
TAXES, FEES AND CONTRIBUTIONS:					
Federal		119,206	70,894	259,309	131,186
State		79	5	2,264	1,179
Municipal		44,870	32,754	61,273	44,050
LENDERS AND LESSORS:					
Interest	22	328,793	318,472	679,108	585,503
Leases		58,699	64,269	129,101	118,839
SHAREHOLDERS:					
Owners' share of profits (losses)		403,132	(138,754)	403,132	(138,754)
Noncontrolling interests' share of profits (losses)		-	-	4,443	1,320
WEALTH DISTRIBUTED		1,170,337	526,905	2,052,188	1,135,893

The accompanying notes are an integral part of this condensed interim financial information.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

At September 30, 2023

(Amounts in thousands of Brazilian reais - R\$, unless otherwise stated)

1. GENERAL INFORMATION

Smartfit is a company incorporated and based in Brazil, with its registered office at Avenida Paulista 1.294, 2º andar, Bela Vista, São Paulo/SP. The Company is registered with the Securities and Exchange Commission of Brazil (CVM) and its shares were listed for trading on B3 on July 14, 2021 under ticker symbol "SMFT3". The Company is controlled by members of the Corona family, Pátria Private Equity Co-Investment Smartfit FIP and Pátria Private Equity Co-Investment Smartfit Partners Fund – FIP, both companies controlled by investment funds managed by Pátria Investimentos Ltda. ("Pátria").

The Company is the leader in the gym market in Latin America, with the mission of democratizing the access to high quality fitness, quality of life and well-being. Through company owned operations and franchised units, the Company is present in fourteen countries, namely Brazil, Mexico, Colombia, Chile, Peru, Argentina, Paraguay, Panama, Costa Rica, Dominican Republic, Ecuador, Guatemala, El Salvador and Honduras, operating in the HVLP segment with the brand "Smart Fit", in the Premium segment with the brand "Bio Ritmo", and in the digital fitness segment with the brand "Queima Diária" and other digital services. The business segments are defined in note 24 and the main subsidiaries and joint ventures are disclosed in note 11.

The Group continues the expansion plan, with the opening of new clubs and maintenance of the clubs in operation. As at September 30, 2023, the Group had a total of 1,306 units in operation (1,223 at December 31, 2022), with a solid cash position.

2. BASIS OF PREPARATION AND PRESENTATION OF THE CONDENSED FINANCIAL INFORMATION**BASIS OF PREPARATION**

The condensed interim financial information for the nine-month period ended September 30, 2023 ("condensed interim financial information") is being presented in accordance with IAS 34 "Interim Financial Reporting" issued by IASB and with technical pronouncement CPC 21 "Interim Financial Reporting", and does not include all information required for annual financial statements. Therefore, this interim financial information should be read in conjunction with the annual financial statements for December 31, 2022 ("annual financial statements"), prepared in accordance with the IFRS issued by IASB and the set of standards issued by CPC. Furthermore, it is also presented consistently with the standards issued by CVM applicable to the preparation of Quarterly Information ("ITR") and with the provisions of the Brazilian Corporate Law.

This condensed interim financial information was not audited. All significant information in the condensed interim financial information, and only this information, is being disclosed and corresponds to the information used in managing the Company's activities. The Company's management estimates that this interim financial information includes all adjustments required to present fairly the results of each period in a manner consistent with the results of the audited annual financial statements. The results for the nine-month period ended September 30, 2023 do not necessarily reflect the proportion of the Group's results for the entire year.

The condensed interim financial information was concluded and authorized for issue by the Company's Board of Directors on November 7, 2023.

GENERAL ACCOUNTING POLICIES

The significant accounting policies adopted in preparing this condensed interim financial information are presented and summarized in the respective notes to the annual financial statements and were consistently applied.

There have been no changes in the accounting practices adopted in preparing this condensed interim financial information in relation to those presented in the annual financial statements.

FUNCTIONAL AND PRESENTATION CURRENCY

The condensed interim financial information is being presented in thousands of Brazilian reais (R\$). The Company's functional currency is the Brazilian Real. The functional currency of foreign subsidiaries is the local currency of each jurisdiction in which they operate, the currency in Mexico is the Mexican pesos; in Colombia the Colombian pesos; in Peru the Peruvian sol; in Chile the Chilean pesos; in Argentina the Argentine pesos; in Paraguay the Guarani; and in Panama the US dollars.

For purposes of presenting this condensed interim financial information, the assets and liabilities of the Group's foreign operations are translated using the exchange rates prevailing at the end of the period. The results are translated at the monthly average exchange rates for the period, unless the rates fluctuate significantly during the period, in which case the exchange rates at the date of the transaction will be used. The exchange variations arising from these transactions are recognized in other comprehensive income and accumulated in a separate component in equity.

FOREIGN CURRENCY-DENOMINATED TRANSACTIONS AND BALANCES

Foreign currency transactions are translated into the functional currency of the Company and each of its subsidiaries and joint ventures using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currency are translated into reais using the exchange rates prevailing at the end of the reporting period. Foreign exchange gains and losses resulting from the settlement of these transactions and the translation of monetary assets and liabilities denominated in foreign currency are recognized in profit or loss, as finance income or costs.

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial information requires that Management uses estimates and exercises judgment in the process of applying the Group's accounting policies. These estimates are based on Management's experience and knowledge, information available at the reporting date and other factors, including expectations of future events that are considered to be reasonable under normal circumstances. Changes in the facts and circumstances may cause these estimates to be reviewed. Actual future results may differ from these estimates.

NEW AND REVISED STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following standards, which became effective on January 1, 2023, had no significant impact to the Group:

Standard	Description
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
IFRS 17	Insurance Contracts

The Group has not early adopted the following revised IFRS, already issued but not yet effective:

Standard	Description	Effective for annual periods beginning on or after
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	No definition
Amendments to IAS 8	Definition of Accounting Estimates	01/01/2024
Amendments to IAS 1	Classification of Liabilities as Current or Noncurrent	01/01/2024

Management does not expect the adoption of the standards listed above to have a material impact on the Group's financial information in future periods.

SEASONAL INTERIM OPERATIONS

According to its business model, the Company has no seasonal operations.

3. ACQUISITIONS AND SALES

ACQUISITION OF SPORTY PANAMA S.A. ("SPORTY PANAMA")

On January 1, 2023, the Company took over the control of Sporty Panama and now holds 100% interest in this company. At that date, Sporty Holding resigned the 2 positions it holds on the board of directors and the Group now holds full control.

The consideration amount is summarized as follows:

	Sporty Panama
Consideration	
First installment (paid on January 20, 2023) – US\$ 25.0 million ⁽¹⁾	130,443
Second installment (payable on January 3, 2024) – US\$ 33.8 million	176,475
Total – US\$ 58.8 million	306,918
Adjustment to present value	(10,880)
Net consideration	296,038

(1) On the payment date after recognition of the exchange variation, the amount was R\$ 129,273.

The following table summarizes the provisional fair value of the assets acquired and liabilities assumed at the acquisition date:

	Sporty Panama
Business combination	
Assets	
Cash and cash equivalents	43,362
Trade receivables	289
Other receivables	16,812
Deferred tax assets	8,861
Right-of-use assets	95,900
Property and equipment	179,273
Property and equipment - surplus value	11,809
Intangible assets	123
Intangible assets – customer list	30,582
Intangible assets - Non compete agreements	12,809
Liabilities	
Trade payables	(22,189)
Other liabilities	(1,716)
Borrowings	(42,196)
Lease liabilities	(109,498)
Current taxes payable	(5,430)
Deferred tax liabilities on surplus value	(18,768)
Total identifiable assets acquired and liabilities assumed at fair value	200,023
Consideration	296,038
Remeasurement of previously held interest	272,165
Goodwill arising on transaction	368,180

Goodwill arising on the transaction is attributable to the future profitability of the acquired business. The Company recognized income of R\$176,599 corresponding to the remeasurement of the interest previously held.

The appraisal report is preliminary and its measurement ends when the Company obtains the complete information on facts and circumstances existing on the acquisition date. However, the measurement period will not exceed one year from the acquisition date.

For the nine-month period ended September 30, 2023, the acquired business contributed to the Group's results with net revenue of R\$107,051 and profit of R\$16,464.

ACQUISITION OF SHARES OF SPORTS WORLD, SAB DE CV ("SPORTS WORLD")

In March 2023, the Group conducted a private subscription of 17,307,866 shares issued by Sports World by Latamgym Mexico, for MXN 51.92 million (approximately R\$14,636). The subscription is part of the Company's strategy to expand its presence in Mexico. As at September 30, 2023, the Group's interest is 13.14%, representing 29,207,866 shares.

According to the analysis performed pursuant to IAS 28, the Group has no significant influence over Sports World. Thus, the investment in this company was considered a financial asset measured at fair value through other comprehensive income, in accordance with CPC 48 / IFRS 9.

ACQUISITION OF FIELD FIT ACADEMIA DE GINÁSTICA LTDA.

On July 1, 2023, the Group entered into a Purchase and Sale Agreement for the acquisition of 100% of the shares of Field Fit Academia de Ginástica Ltda ("Field Fit"), in the amount of R\$ 7,223, a franchised unit of the group that operated in accordance with the terms and conditions of the Franchise Agreement signed on June 20, 2016.

The following table shows the assets, liabilities and equity of Field Fit at the acquisition date:

	Field Fit
Acquisition of assets	
Cash and cash equivalents	93
Trade receivables	224
Other receivables	201
Property and equipment	1,077
Right-of-use assets	10,678
Intangible assets	16
Liabilities	
Trade payables	(38)
Lease liabilities	(4,712)
Other liabilities	(184)
Current taxes payable	(133)
Equity	(7,223)

The Company conducted the optional concentration test defined in CPC 15 (R1) / IFRS 3 to determine whether the acquisition of Field Fit is a business or group of assets. The concentration test is met if, substantially, all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets. To perform the concentration test, the Company:

- (a) excluded the balance of cash and cash equivalents from the gross assets acquired;
- (b) in order to determine the fair value of the gross assets acquired, it included the consideration transferred (there is no noncontrolling interest) in excess of the fair value of the net identifiable assets acquired. The fair value of the gross assets acquired was determined as the total obtained by the sum of the fair value of the consideration transferred and the fair value of liabilities assumed (there are no deferred tax liabilities), excluding the items identified in (a).

It was identified that substantially all the fair value of the gross assets acquired is concentrated in a group of similar assets. The concentration of assets, comprising Property and Equipment and Right-of-Use Assets, represents more than 90% of total assets (excluding cash and cash equivalents), thus it was concluded that the acquisition of Field Fit is not considered a business combination. Therefore, the provisions in CPC 15 (R1) / IFRS 3 are not applicable and, therefore the excess value identified between the transaction cost and the value of the assets acquired and liabilities assumed was allocated based on the relative fair value at the purchase date, as follows:

4. FINANCIAL RISK MANAGEMENT

The main financial risks that could have a significant adverse impact on the Group's strategy, performance, results of operations and financial situation are described below. The risks listed below are not presented in a particular order of relative importance or probability of occurrence.

The sensitivity analyses to market risk below are based on variations in one of the factors while all of the others remain constant. In practice, this is unlikely to occur and changes in several factors may be correlated; for example, changes in interest rates and foreign exchange rates.

The sensitivity analysis provides only a limited overview, at a given point in time. The actual impact on the Group's financial instruments may vary significantly in relation to the impact presented in the sensitivity analysis.

MARKET RISK MANAGEMENT

The market risk to which the Group is exposed consists of the possibility of fluctuations in foreign exchange and interest rates impacting the valuation of financial assets or liabilities, as well as of certain expected cash flows being negatively impacted by changes in interest rates, foreign exchange rates or other price variables.

We present below a description of the risks mentioned above, as well as a breakdown of the extent to which the Group is exposed and an analysis of the sensitivity to changes in each of the relevant market variables.

FOREIGN EXCHANGE RISK MANAGEMENT

Foreign exchange risk is the risk that the fair value of future cash flows of a financial instrument will vary as a result of changes in exchange rates. The Group's exposure to foreign exchange risk mainly arises from its operating activities (when revenues or expenses are denominated in a currency other than the Group's functional currency) and the Group's net investments in foreign subsidiaries.

The Company and its Brazilian subsidiaries are not exposed to significant foreign exchange risks for transactions carried out in currencies other than the Brazilian real, as the amounts of transactions in other currencies are not material.

The Company is exposed to foreign exchange risk on its investments in foreign subsidiaries and joint ventures, mainly in its operations in Mexico, Colombia, Chile, Peru, Panama, Costa Rica, Argentina and Paraguay due to the transactions carried out in currencies other than the local currency of these countries. Management believes that these are long-term investments and monitors the operational return on these investments and any short-term foreign currency fluctuations will not have immediate financial impacts for the Company. In addition, Management believes that the interest rate risk is limited, since all revenues (and nearly all expenses) are incurred in the local currency in the country in which the Group operates. Therefore, there is no significant exposure to fluctuations in foreign currency.

INTEREST RATE RISK MANAGEMENT

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate as a result of changes in the market interest rates. The Group's exposure to interest rate risk mainly arises from its long-term obligations subject to variable interest rates.

The Company raises borrowings in local currency with the financial institutions, at fixed and variable interest rates, among which there is the CDI, to cover the cash requirements for financial investments and customer financing. Concurrently, the Company makes financial investments linked to CDI, aiming at partially offsetting the impacts on profit or loss.. Additionally, foreign subsidiaries also have borrowings in their local currencies, mainly at variable rates for Mexico and Colombia and fixed rates for Chile and Peru. The Group's main borrowings are described in note 16.

The sensitivity analyses below have been established based on interest rate exposures at September 30, 2023. A 10% increase or decrease represents management's assessment of a reasonably possible change in interest rates. A positive number below would indicate an increase in results (finance income) and a negative number would indicate a decrease in results (finance costs). If interest rates were 10% higher/lower, with no changes in other variables, the effects would be as follows:

	Impact on profit or loss	
	10% increase	10% decrease
PARENT		
Interest rate sensitivity		
Variable interest	2,340	(2,340)
CONSOLIDATED		
Interest rate sensitivity		
Variable interest	(4,435)	4,435

In Mexico, the Group contracted an interest rate swap with a bank to hedge the total exposure of a borrowing, swapping the variable interest rate (TIIE) for a fixed rate. The instruments have terms similar to those of the hedged item. The mark-to-market, in the amount of R\$ 5,575, is recognized as costs in finance income (costs), and the Group has not applied hedge accounting for this instrument.

In Brazil, the Group contracted an interest rate swap to hedge the total exposure of the 2nd series of the 7th issue of debentures, swapping the IPCA index for the CDI. The instrument has a structure similar to that of the hedged item. The mark-to-market, in the amount of R\$ 1,018, is recognized as income in finance income (costs), and the Group has not applied hedge accounting for this instrument.

PRICE RISK MANAGEMENT

Investments in shares of listed companies are subject to market price risk arising from uncertainties regarding the future values of such equity investments. The Group manages the share price risk through an monitoring of the changes in prices in order to identify significant movements.

The Group holds investments in shares of Sports World, a company listed on the Mexican Stock Exchange. The table below details the effect that a 10% variation in the prices of this company's shares would have on the Group's other comprehensive income:

	Impact on profit or loss	
	10% increase	10% decrease
CONSOLIDATED		
Price sensitivity		
Shares of listed company	3,490	(3,490)

LIQUIDITY RISK MANAGEMENT

Liquidity risk refers to the inability to have the necessary resources to meet obligations in the short, medium and long term.

The Group manages the liquidity risk by continuously monitoring budgeted and actual cash flows, combining the maturity profiles of financial and operating assets and liabilities, and maintaining adequate cash reserves. Because of the dynamics of its business, the Group maintains borrowing flexibility by maintaining bank credit facilities with some financial institutions.

The table below shows the maturity of the financial liabilities contracted by the Group:

	Maturity			Total
	Between 0 and 1 year	Between 1 and 2 years	Over 2 years	
PARENT				
At September 30, 2023				
Trade payables	115,852	-	-	115,852
Other liabilities	374,842	7,427	-	382,269
Borrowings ⁽¹⁾	485,958	325,309	2,180,925	2,992,192
Lease liabilities ⁽¹⁾	275,469	254,520	1,073,449	1,603,438
Derivative financial instruments	647	1,080	27,238	28,965
Total	1,252,768	588,336	3,281,612	5,122,716
CONSOLIDATED				
At September 30, 2023				
Trade payables	292,510	-	-	292,510
Other liabilities	405,159	19,265	-	424,424
Borrowings ⁽¹⁾	1,247,922	810,344	2,843,901	4,902,167
Lease liabilities ⁽¹⁾	786,628	746,405	3,987,138	5,520,171
Derivative financial instruments	647	1,080	27,238	28,965
Total	2,732,866	1,577,094	6,858,277	11,168,237

(1) Includes interest to be accrued.

As at September 30, 2023, there are guarantees granted by the Group by means of letters of guarantee from independent financial institutions related to the payment of lease agreements and several accounts payable in the amount of R\$79,711 (R\$67,289 as at December 31, 2022). Additionally, in the parent, there are guarantees granted by the Company through SBLC for borrowing agreements of certain subsidiaries, in the amount of R\$332,053 (R\$455,717 as at December 31, 2022).

Fund raising may contain operational and financial covenants. Generally, financial covenants are related to the liquidity level in respect of the ratio of cash and cash equivalents and short-term debt, and to the gearing ratio in respect of the ratio of net debt and EBITDA accumulated for the last 12 months (see note 16).

CREDIT RISK MANAGEMENT

Credit risk is the risk that the counterparty to a business transaction will fail to fulfill an obligation under a financial instrument or customer contract, which would lead to the recognition of losses. The operations of the Group comprise the provision of services related to physical fitness activities. Services are legally supported by agreements and other legal instruments that may be necessary. The Group is exposed to credit risk for cash and cash equivalents, financial investments and derivative financial instruments held with financial institutions and for the position of receivables generated in trading transactions. The carrying amounts of these financial instruments, as disclosed in notes 6, 7, 8, 9 and 10, represent the Group's maximum credit exposure.

For the balances of cash and cash equivalents, financial investments and derivative financial Instruments, in order to minimize the credit risk, the Group presents investment strategies in meetings of the Board of Directors, which are restricted to banking relationships in validated financial institutions. In these meetings, monetary limits and risk concentration are also established, which are regularly updated. The Group's exclusive investment funds contain a portfolio based mainly on federal government securities, financial bills and repurchase agreements.

For the balances of trade receivables, the credit risk is mitigated by the fact that a large part of the sales are made using as means of payment the credit card, and are substantially securitized with the credit card companies. The Group assesses the concentration of risk related to trade receivables as low, since its customers are located in several jurisdictions/countries.

On the other hand, the Group's business model with recurring collection reduces the risk of losses and, in case of non-payment by the members, the access to the units is blocked, and is reinstated only in the settlement of the amounts pending payment. With this operating model, the Group does not record trade receivables (and its revenue) for the members while they do not regularize the plan and return to use the gym. For this reason, the amounts provisioned for expected credit losses are not material.

We present below trade receivables arising from contracts with customers, by maturity:

	Parent		Consolidated	
	09/30/2023	12/31/2022	09/30/2023	12/31/2022
Customer list by late payment range				
Current	151,004	116,097	326,809	267,277
Past due:				
Up to 30 days	13,946	135	16,838	486
From 31 to 60 days	562	157	3,158	590
From 61 to 90 days	179	163	208	540
From 91 to 180 days	938	677	1,959	2,470
From 181 to 360 days	200	779	2,767	2,451
More than 361 days	102	914	1,379	2,799
Total	166,931	118,922	353,118	276,613

Other receivables do not contain impaired assets and are not past due. Based on the credit history of these other classes, the Group expects these amounts to be received on maturity.

The Group has no guarantee for trade receivables and other receivables.

CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders and to maintain an adequate capital structure to reduce the cost of capital.

The Group's capital structure consists of cash and cash equivalents (note 6), investments in financial assets (note 7), trade receivables (note 9), other receivables (note 10), trade payables, other liabilities (note 15), borrowings (note 16) and equity (note 19).

Management reviews the Company's capital structure and its ability to settle liabilities on a periodic basis and timely monitors the average term of receivables and payables, taking the necessary actions to maintain them at levels considered adequate for financial management purposes.

5. FINANCIAL INSTRUMENTS BY CATEGORY

FAIR VALUE HIERARCHY OF THE FINANCIAL INSTRUMENTS

The determination of fair value is disclosed in note 5 to the annual financial statements.

The tables below present the Group's financial assets measured at fair value at September 30, 2023 and their allocation to the fair value hierarchy:

	Level 1	Level 2	Level 3	Total
PARENT				
Assets				
Investments in financial assets				
Exclusive investment funds and other financial investments	-	2,086,834 ⁽¹⁾	-	2,086,834
Other receivables				
N2B loan	-	-	22,297	22,297
Derivative financial instruments				
Interest rate swap – 7 th issue of debentures	-	1,018	-	1,018
Total	-	2,087,852	22,297	2,110,149
Liabilities				
Derivative financial instruments				
Put option of the noncontrolling shareholder – MB Negócios Digitais	-	-	(27,238)	(27,238)
Put option of the noncontrolling shareholder – ASN Smart	-	-	(1,080)	(1,080)
Put option of the noncontrolling shareholder – Smartfit Peru SAC	-	-	(647)	(647)
Total	-	-	(28,965)	(28,965)
CONSOLIDATED				
Assets				
Cash and cash equivalents				
Repurchase agreements	-	531,614	-	531,614
Investments in financial assets				
Exclusive investment funds and other financial investments	-	1,457,094	-	1,457,094
Interests in publicly-held company	34,897	-	-	34,897
Other receivables				
N2B loan	-	-	22,297	22,297
Derivative financial instruments				
Interest rate swap – Smartfit Mexico	-	7,101	-	7,101
Interest rate swap – 7 th issue of debentures	-	1,018	-	1,018
Total	34,897	1,996,827	22,297	2,054,021
Liabilities				
Derivative financial instruments				
Put option of the noncontrolling shareholder – MB Negócios Digitais	-	-	(27,238)	(27,238)
Put option of the noncontrolling shareholder – ASN Smart	-	-	(1,080)	(1,080)
Put option of the noncontrolling shareholder – Smartfit Peru SAC	-	-	(647)	(647)
Total	-	-	(28,965)	(28,965)

(1) Includes CDB in the amount of R\$ 98,126.

CHANGES IN LEVEL 3 ASSETS AND LIABILITIES

	Parent		Consolidated	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities
Financial instruments - Level 3				
At December 31, 2021	20,900	(54,003)	20,900	(54,003)
Additions	5,000	-	5,000	-
Gains and losses recognized in profit or loss	(4,326)	14,246	(4,326)	14,246
Reclassification	-	2,767	-	2,767
At December 31, 2022	21,574	(36,990)	21,574	(36,990)
Gains and losses recognized in profit or loss	723	8,025	723	8,025
At September 30, 2023	22,297	(28,965)	22,297	(28,965)

In the nine-month period ended September 30, 2023, there were no transfers between the different hierarchies used to determine the fair value of the Group's financial instruments.

When quoted prices are not available in an active market, fair values (especially derivative instruments) are based on recognized valuation methods. The Group uses various valuation models to measure Level 3 instruments, the details of which are presented in the following table:

Description	Price model/method	Assumptions	Fair value hierarchy
Put option of the noncontrolling shareholder – MB Negócios Digitais	Option pricing model with Monte Carlo simulation	EBITDA, share value, average cost of capital, dividend rate, volatility of EBITDA and share value, correlation between EBITDA and share value, interest rate and CDI.	Level 3
N2B loan	Discounted cash flow	Projected future result in the N2B business, discounted with a specific WACC for this transaction.	Level 3
Put option of the noncontrolling shareholder – ASN Smart	Option pricing model with Monte Carlo simulation	EBITDA, share value, average cost of capital, volatility of EBITDA and share value, correlation between EBITDA and share value, interest rate.	Level 3
Put option of the noncontrolling shareholder – Smartfit Peru SAC	Option pricing model with Monte Carlo simulation	EBITDA, share value, average cost of capital, volatility of EBITDA and share value, correlation between EBITDA and share value, and interest rate.	Level 3

FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES MEASURED AT AMORTIZED COST

The balance of "Borrowings" is monetarily adjusted based on market indexes (CDI) and contractual rates (note 16) and, due to market conditions, the fair value of borrowings is R\$1,898,819 in Parent and R\$3,449,924 in Consolidated.

The fair value of cash and cash equivalents, trade receivables, other receivables, trade payables, and other liabilities does not differ significantly from their carrying amount.

6. CASH AND CASH EQUIVALENTS

BREAKDOWN OF BALANCES

	Parent		Consolidated	
	09/30/2023	12/31/2022	09/30/2023	12/31/2022
Cash and cash equivalents				
Cash and banks	1,618	1,284	268,741	182,749
CDB ⁽¹⁾⁽⁴⁾	36,186	228,731	387,329	595,675
Non-exclusive investment funds ⁽²⁾	6,356	4,022	126,611	69,517
Repurchase agreements ⁽³⁾	-	-	531,614	403,477
Total	44,160	234,037	1,314,295	1,251,418

- (1) They are remunerated at a weighted average rate of 101.66% of the CDI (101.55% Dec/22) and managed by independent financial institutions. The maturities are variable; however, they are highly liquid, with no loss of remuneration upon redemption.
- (2) These are distributed into subsidiaries Latamgym Mexico with an average annual rate of 10.53% (10.06% in Dec/22), Sporty City Colombia with an average annual rate of 9.27% (12.5% in Dec/22), and Latamfit Chile with an average annual rate of 10.13% (7.57% in Dec/22).
- (3) Includes repurchase agreements that are part of the portfolio of the exclusive investment funds mentioned in note 7. These refer to transactions involving the purchase of securities with repurchase commitment by issuers of the securities, which are classified in Parent under the line item Investments in financial assets in the line "Exclusive investment funds". and are remunerated mainly at a rate of 100.00% of the CDI (100.00% in Dec/22).
- (4) In Consolidated, includes the consolidated balance of the CDBs that compose the portfolio of the Santo Amaro exclusive investment fund remunerated at a weighted average rate 102.53% of the CDI (103.51% in Dec/22). The maturities are variable; however, they are highly liquid, with no loss of remuneration upon redemption.

7. INVESTMENTS IN FINANCIAL ASSETS

BREAKDOWN OF BALANCES

	Parent		Consolidated	
	09/30/2023	12/31/2022	09/30/2023	12/31/2022
Investments in financial assets				
Exclusive investment funds ⁽¹⁾	2,082,455	2,232,715	-	-
Government securities ⁽²⁾	-	-	555,122	921,123
Financial bills ⁽³⁾	-	-	897,593	750,294
Shares in publicly-held company ⁽⁴⁾	-	-	34,897	9,172
Other financial investments	4,379	5,796	32,553	34,292
Total	2,086,834	2,238,511	1,520,165	1,714,881
Current	2,082,455	2,232,715	1,452,716	1,671,417
Noncurrent	4,379	5,796	67,449	43,464

- (1) Refer to the private credit exclusive fixed income investment funds Átila RF CP FI remunerated at a weighted average rate of 103.95% of the CDI (107.40% in Dec/22) and Santo Amaro RF CP remunerated at a weighted average rate of 103.65% of the CDI (103.18% in Dec/22). These funds were established for the sole purpose of the Parent's participation. In the Parent, the amounts of the quotas held by the Company are presented under the line item Investments in financial assets in the line Exclusive investment funds. In Consolidated, the financial investment of the funds was fully consolidated into this condensed interim financial information, in accordance with CVM Instruction 408/04, and their balances were presented by each financial component.
- (2) Represented by government securities (LFT) remunerated at a weighted average rate of 99.95% of the CDI (101.05% of the CDI in Dec/22) for the securities of Santo Amaro and Atila funds remunerated at a weighted average rate of 102.64% of the CDI (100.54% in Dec/22).
- (3) Refer to private credit securities by financial institutions of Atila fund remunerated at a weighted average rate of 114.48% of the CDI (113.03% of the CDI in Dec/22) and Santo Amaro fund remunerated at a weighted average rate of 108.51% of the CDI (111.86% of the CDI in Dec/22).
- (4) Refers to the investment in shares of Sports World.

8. DERIVATIVE FINANCIAL INSTRUMENTS

BREAKDOWN OF BALANCES

	Parent		Consolidated	
	09/30/2023	12/31/2022	09/30/2023	12/31/2022
Derivative financial investments				
Assets				
Smartfit call option - MB Negócios Digitais	-	35	-	35
Interest rate swap – Smartfit Mexico	-	-	7,101	11,845
Interest rate swap – 7 th issue of debentures	1,018	-	1,018	-
Total	1,018	35	8,119	11,880
Current	1,018	-	7,268	8,132
Noncurrent	-	35	851	3,748
Liabilities				
Put option of the noncontrolling shareholder – MB Negócios Digitais	27,238	36,990	27,238	36,990
Put option of the noncontrolling shareholder – ASN Smart	1,080	-	1,080	-
Put option of the noncontrolling shareholder – Smartfit Peru SAC	647	-	647	-
Total	28,965	36,990	28,965	36,990
Current	647	-	647	-
Noncurrent	28,318	36,990	28,318	36,990

9. TRADE RECEIVABLES

BREAKDOWN OF BALANCES

	Parent		Consolidated	
	09/30/2023	12/31/2022	09/30/2023	12/31/2022
Trade receivables				
Trade receivables arising from contracts with customers ⁽¹⁾	166,931	118,922	353,118	276,613
Allowance for expected credit losses	(152)	(1,677)	(3,043)	(4,885)
Total	166,779	117,245	350,075	271,728

- (1) Trade receivables mainly refer to recurring amounts from gym and corporate customers, promotions and recurring debt, receivables from the sales of gym plans, substantially distributed by the main card operators in Brazil and international card operators, and to the recognition of amounts of the plans.

10. OTHER RECEIVABLES

BREAKDOWN OF BALANCES

	Parent		Consolidated	
	09/30/2023	12/31/2022	09/30/2023	12/31/2022
Other receivables				
Related parties ⁽¹⁾	82,608	124,901	24,546	20,881
Security deposits ⁽²⁾	197	197	37,582	28,944
Loans to third parties ⁽³⁾	25,127	26,800	51,456	50,731
Taxes recoverable ⁽⁴⁾	82,089	93,552	263,971	292,880
Escrow deposits ⁽⁵⁾	77,832	69,647	98,986	79,840
Prepaid expenses	40,059	11,147	72,654	40,972
Others	3,659	1,765	35,453	20,993
Total	311,571	328,009	584,648	535,241
Current	177,210	209,512	346,968	313,464
Noncurrent	134,361	118,497	237,680	221,777

(1) See note 25.

(2) In Consolidated, refers substantially to security deposits for lease contracts in Mexico.

(3) Includes the loan with N2B Nutrição Empresarial Ltda. ("N2B", a startup that operates in the nutrition industry) in the amount of R\$22,297 (R\$21,539 in Dec/22), indexed to the positive IPCA variation, with maturity in February 2025, which will entitle Smartfit to hold a 64.4% interest in N2B in the event of conversion of this loan into common shares.

(4) In Consolidated, includes mainly PIS/COFINS of R\$7,342 (R\$8,451 in Dec/22), IRPJ/CSLL of R\$101,739 (R\$66,084 in Dec/22) IRRF on financial investments of R\$25,411 (R\$70,024 in Dec/22) and IGV of R\$99,976 (R\$111,885 in Dec/22).

(5) These are related to administrative and judicial proceedings, mainly in the tax (IRRF withholdings) and social security areas (INSS contributions).

11. INVESTMENTS IN SUBSIDIARIES AND JOINT VENTURES

BREAKDOWN OF BALANCES

	09/30/2023	Nine-month period ended September 30, 2023		12/31/2022	Nine-month period ended September 30, 2022	
	Investment balance	Share of profit (loss) of investees	Other comprehensive income	Investment balance	Share of profit (loss) of investees	Other comprehensive income
PARENT						
Subsidiaries						
Latamgym SAPI de CV	1,444,605	47,302	104,565	1,206,139	(7,823)	(18,319)
Sporty City SAS	509,243	45,903	61,616	401,400	25,271	(69,622)
Sporty Panama SA ⁽²⁾	550,429	5,094	(24,349)	-	-	-
Latamfit Chile SPA	241,406	32,067	(21,935)	231,274	6,891	(33,522)
Smartfit Peru SAC	52,956	12,758	(1,772)	41,970	(14,541)	(2,692)
MB Negócios Digitais S.A.	110,446	4,158	(30)	106,318	9,533	(19)
ADV Esporte e Saúde Ltda.	64,728	24,845	-	68,490	(1,227)	-
Other subsidiaries	429,468	108,556	(15,087)	312,708	9,211	5,124
Joint ventures						
FitMaster LLC	43,277	2,369	(438)	41,346	154	-
Sporty Panama SA ⁽²⁾	-	-	-	406,648	3,940	1,236
Total	3,446,558	283,052	102,570	2,816,293	31,409	(117,814)
Included in assets	3,446,558			2,818,730		
Included in liabilities¹	-			(2,437)		
CONSOLIDATED						
Joint ventures						
FitMaster LLC	43,277	2,369	(438)	41,346	154	-
Sporty Panama AS ⁽²⁾	-	-	-	406,648	3,940	1,236
Total Pass SA de CV	-	(724)	(2,861)	-	(1,142)	-
Total	43,277	1,645	(3,299)	447,994	2,952	1,236

(1) See note 15.

(2) See note 3.

CHANGES FOR THE PERIOD

	Parent	Consolidated
Investments in subsidiaries and joint ventures		
At December 31, 2021	2,308,915	123,848
Capital increases	250,312	5,258
Acquisition of interest - Sporty Panama	311,085	311,085
Capital decrease in subsidiary	(676)	-
Dividends and interest on capital	(29,906)	-
Offset against loan agreement	-	3,862
Share-based payments in subsidiaries	2,347	-
Share of profit (loss) of investees	110,829	6,570
Increase in equity interest in subsidiary due to the withdrawal of noncontrolling shareholders.	(4,003)	-
Other comprehensive income in subsidiaries	(4,347)	-
FX effects	(128,263)	(2,629)
At December 31, 2022	2,816,293	447,994
Capital increase ⁽¹⁾	124,603	-
Acquisition of control - Sporty Panama	-	(406,648)
Price adjustment - acquisition of control – Sporty Panama	(2,683)	-
Consideration present value adjustment – Sporty Panama	(10,880)	-
Dividends and interest on capital	(29,919)	-
Offset against loan agreement	-	3,585
Income from remeasurement of previously held interest	176,599	-
Loss from dilution of equity interest	(14,169)	-
Share-based payments in subsidiaries	1,092	-
Share of profit (loss) of investees	283,052	1,645
Other comprehensive income in subsidiaries	6,408	-
FX effects	96,162	(3,299)
At September 30, 2023	3,446,558	43,277

(1) As at September 30, 2023, in Parent, this refers to the capital increase in subsidiaries Latamgym México (R\$100,000), Plonay Uruguay (R\$13,403), Racebootcamp (R\$5,900), Biomorum (R\$1,050) and Biopauli (R\$4,250).

SUMMARIZED AGGREGATED FINANCIAL INFORMATION ON JOINT VENTURES

	09/30/2023	12/31/2022
BALANCE SHEETS		
Current assets	44,006	68,233
Noncurrent assets	90,755	384,938
Total assets	134,761	453,171
Current liabilities	70,693	134,043
Noncurrent liabilities	-	89,284
Total liabilities	70,693	223,327
Total equity	64,068	229,844
STATEMENT OF PROFIT AND LOSS		
	09/30/2023	09/30/2022
Operating revenue	122,193	128,268
Costs and expenses	(118,418)	(121,592)
Operating profit	3,775	6,676
Finance income (costs)	(1,165)	(2,164)
Profit for the period	2,610	4,512

The balance sheet and the statement of profit and loss as at September 30, 2023 do not include, respectively, the balances and the results of Sporty Panama. See note 3.

12. PROPERTY AND EQUIPMENT

BREAKDOWN OF AND VARIATIONS IN THE BALANCES⁽⁴⁾

	Facilities and leasehold improvements	Machinery and equipment	Furniture and fixtures	IT equipment	Property and equipment in progress	Other property and equipment	Total
PARENT							
At December 31, 2021							
Cost	1,004,707	476,775	114,011	40,084	70,425	93,694	1,799,696
Accumulated depreciation	(466,404)	(170,513)	(42,760)	(18,890)	-	(49,336)	(747,903)
Net value	538,303	306,262	71,251	21,194	70,425	44,358	1,051,793
Additions ⁽³⁾	46,406	35,876	10,755	4,609	116,094	4,384	218,124
Write-offs	(17,768)	(13,713)	(812)	(72)	(4,665)	-	(37,030)
Depreciation	(99,980)	(49,565)	(12,316)	(7,499)	-	(14,645)	(184,005)
Transfers and reclassifications ⁽²⁾	42,524	23,436	9,427	1,231	(95,887)	6,474	(12,795)
At December 31, 2022							
Cost	1,040,872	516,161	133,309	45,346	85,967	103,917	1,925,572
Accumulated depreciation	(531,387)	(213,865)	(55,004)	(25,883)	-	(63,346)	(889,485)
Net value	509,485	302,296	78,305	19,463	85,967	40,571	1,036,087
Additions ⁽³⁾	36,706	61,202	12,322	3,638	95,064	7,760	216,692
Write-offs	(2,526)	(19,349)	(1,740)	(344)	(5,294)	(1,073)	(30,326)
Acquisition of assets ⁽⁵⁾	80	880	112	6	-	-	1,078
Depreciation	(71,703)	(41,363)	(10,273)	(5,879)	-	(11,146)	(140,364)
Transfers and reclassifications ⁽¹⁾	34,365	12,282	5,922	1,310	(71,509)	8,686	(8,944)
At September 30, 2023							
Cost	1,104,081	562,729	150,675	49,364	104,228	119,450	2,090,527
Accumulated depreciation	(597,674)	(246,781)	(66,027)	(31,170)	-	(74,652)	(1,016,304)
Net value	506,407	315,948	84,648	18,194	104,228	44,798	1,074,223
CONSOLIDATED							
At December 31, 2021							
Cost	2,597,677	959,878	245,010	122,382	271,365	121,742	4,318,054
Accumulated depreciation	(997,850)	(388,398)	(101,161)	(71,998)	-	(61,635)	(1,621,042)
Net value	1,599,827	571,480	143,849	50,384	271,365	60,107	2,697,012
Additions ⁽³⁾	87,098	59,490	16,025	9,251	803,490	32,207	1,007,561
Write-offs	(27,158)	(38,251)	(1,200)	(499)	(7,640)	(357)	(75,105)
Depreciation	(243,035)	(108,432)	(26,597)	(23,964)	-	(18,778)	(420,806)
FX effects	(39,775)	(7,934)	(1,189)	(1,847)	(18,317)	(7,109)	(76,171)
Transfers and reclassifications ⁽²⁾	419,224	188,452	44,724	28,544	(685,514)	4,098	(472)
At December 31, 2022							
Cost	2,967,947	1,159,258	296,474	156,747	363,384	150,939	5,094,749
Accumulated depreciation	(1,171,766)	(494,453)	(120,862)	(94,878)	-	(80,771)	(1,962,730)
Net value	1,796,181	664,805	175,612	61,869	363,384	70,168	3,132,019
Additions ⁽³⁾	71,018	61,414	16,849	6,407	621,274	11,593	788,555
Write-offs	(12,578)	(34,692)	(2,718)	(1,458)	(3,860)	(685)	(55,991)
Acquisition of subsidiaries	117,844	41,177	21,754	2,064	3,292	4,951	191,082
Acquisition of assets ⁽⁵⁾	80	880	112	6	-	-	1,078
Depreciation	(231,362)	(95,790)	(27,758)	(17,690)	-	(32,315)	(404,915)
FX effects	34,644	296	4,367	1,276	18,786	(232)	59,137
Transfers and reclassifications ⁽¹⁾	335,565	74,374	45,996	9,597	(525,771)	58,790	(1,449)
At September 30, 2023							
Cost	3,544,049	1,287,925	398,311	158,595	477,105	300,926	6,166,911
Accumulated depreciation	(1,432,657)	(575,461)	(164,097)	(96,524)	-	(188,656)	(2,457,395)
Net value	2,111,392	712,464	234,214	62,071	477,105	112,270	3,709,516

(1) In Parent, the remaining balance in the Transfers and reclassifications column refers to reclassifications to Intangible assets (see note 13). In Consolidated, the remaining balance in the Transfers and reclassifications column refers to Property and equipment reclassified to Intangible assets in the amount of R\$16,812 (see note 13) and Right-of-use assets reclassified to Property and equipment in the amount of R\$15,363 (see note 14).

(2) In Parent, the remaining balance in the Transfers and reclassifications column refers to reclassifications to Intangible assets (see note 13). In Consolidated, the remaining balance in the Transfers and reclassifications column refers to Property and equipment reclassified to Intangible assets in the amount of R\$16,090 (see note 13) and Right-of-use assets reclassified to Property and equipment in the amount of R\$15,618 (see note 14).

(3) As at September 30, 2023, this includes finance costs, capitalized at R\$1,024 (R\$3,000 in Dec/22) in the Parent and R\$1,400 (R\$3,000 in Dec/22) in the Consolidated.

(4) The estimated annual depreciation rates by main class of assets are as follows: Facilities and leasehold improvements: 10%; Machinery and equipment: 10%; Furniture and fixtures: 10%; IT equipment: 20%.

(5) See note 3.

13. INTANGIBLE ASSETS

BREAKDOWN OF AND VARIATIONS IN THE BALANCES⁽³⁾

	Goodwill ⁽²⁾	Assignment of right of use	Software	Customer list	Trademarks and patents	Other intangible assets	Total
PARENT							
At December 31, 2021							
Cost	82,320	42,773	30,979	-	8,478	-	164,550
Accumulated amortization	-	(35,124)	(8,247)	-	-	-	(43,371)
Net value	82,320	7,649	22,732	-	8,478	-	121,179
Additions	-	-	6,688	-	-	-	6,688
Write-offs	-	-	(44)	-	-	-	(44)
Amortization	-	(1,685)	(5,451)	-	-	-	(7,136)
Transfers and reclassifications ⁽¹⁾	-	-	12,795	-	-	-	12,795
At December 31, 2022							
Cost	82,320	42,773	50,398	-	8,478	-	183,969
Accumulated amortization	-	(36,809)	(13,678)	-	-	-	(50,487)
Net value	82,320	5,964	36,720	-	8,478	-	133,482
Additions	-	-	2,783	-	-	-	2,783
Acquisition of assets ⁽⁵⁾	-	16	-	-	-	-	16
Amortization	-	(1,264)	(6,212)	-	-	-	(7,476)
Transfers and reclassifications ⁽¹⁾	-	-	8,944	-	-	-	8,944
At September 30, 2023							
Cost	82,320	42,822	61,988	-	8,478	-	195,608
Accumulated amortization	-	(38,106)	(19,753)	-	-	-	(57,859)
Net value	82,320	4,716	42,235	-	8,478	-	137,749
CONSOLIDATED							
At December 31, 2022							
Cost	1,433,185	72,141	70,503	45,908	29,033	-	1,650,770
Accumulated amortization	-	(48,737)	(32,196)	(43,811)	(6,268)	-	(131,012)
Net value	1,433,185	23,404	38,307	2,097	22,765	-	1,519,758
Additions	-	1,314	15,314	-	421	-	17,049
Write-offs	-	-	(115)	-	-	-	(115)
Amortization	-	(4,690)	(12,413)	-	(9,895)	-	(26,998)
FX effects	(109,229)	(2,372)	(266)	(619)	(840)	-	(113,326)
Transfers and reclassifications ⁽¹⁾	-	-	15,934	-	156	-	16,090
At December 31, 2022							
Cost	1,323,956	69,919	100,840	44,790	29,280	-	1,568,785
Accumulated amortization	-	(52,263)	(44,079)	(43,312)	(16,673)	-	(156,327)
Net value	1,323,956	17,656	56,761	1,478	12,607	-	1,412,458
Additions	-	-	6,942	-	294	-	7,236
Acquisitions of subsidiaries	368,180 ⁽⁴⁾	-	123	30,582	-	12,809	411,694
Acquisition of assets ⁽⁵⁾	-	16	-	-	-	-	16
Write-offs	-	(118)	(206)	-	(315)	-	(639)
Amortization	-	(3,272)	(12,622)	(14,675)	(3,148)	(1,844)	(35,561)
FX effects	63,061	1,023	516	(1,286)	127	(516)	62,925
Transfers and reclassifications ⁽¹⁾	-	-	16,442	-	370	-	16,812
At September 30, 2023							
Cost	1,755,197	71,567	123,386	74,086	29,744	12,293	2,066,273
Accumulated amortization	-	(56,262)	(55,430)	(57,987)	(19,809)	(1,844)	(191,332)
Net value	1,755,197	15,305	67,956	16,099	9,935	10,449	1,874,941

(1) The remaining balance in the Transfers and reclassifications column refers to reclassifications to Property and equipment (see note 12).

(2) Includes goodwill on the acquisition of Bio Ritmo, Smartfit Peru, Sparty City Colombia, Latamfit Chile, Latamgym Mexico, Pro Forma, MB Negócios Digitais, Just Fit and Sparty Panama.

(3) The estimated annual amortization rates by main class of assets are as follows: Assignment of right of use: 10%; Software: 20%; Customer list: 33%.

(4) Refers to the provisional amount of goodwill on the acquisition of Sparty Panama. See note 3.

(5) See note 3.

14. LEASES

BREAKDOWN OF AND VARIATIONS IN THE BALANCES OF RIGHT-OF-USE ASSETS

	Parent			Consolidated		
	Machinery and equipment	Buildings ⁽⁴⁾	Total	Machinery and equipment	Buildings ⁽⁴⁾	Total
Right-of-use assets						
At December 31, 2021	-	1,015,072	1,015,072	170,794	2,639,611	2,810,405
Additions and remeasurements ⁽³⁾	-	257,114	257,114	25,864	860,975	886,839
Write-offs	-	(43,170)	(43,170)	-	(74,491)	(74,491)
Depreciation	-	(178,536)	(178,536)	(38,987)	(415,464)	(454,451)
Tax credits on depreciation	-	(14,655)	(14,655)	-	(17,702)	(17,702)
Assignment of right of use ⁽¹⁾	-	(6,064)	(6,064)	-	-	-
FX effects	-	-	-	(15,930)	(51,683)	(67,613)
Transfers and reclassifications ⁽²⁾	-	-	-	(15,618)	-	(15,618)
At December 31, 2022	-	1,029,761	1,029,761	126,123	2,941,246	3,067,369
Additions and remeasurements ⁽³⁾	-	257,036	257,036	28,085	786,455	814,540
Acquisitions of subsidiaries	-	-	-	-	95,900	95,900
Acquisition of assets ⁽⁵⁾	-	10,678	10,678	-	10,678	10,678
Write-offs	-	(11,826)	(11,826)	(3)	(57,078)	(57,081)
Depreciation	-	(146,310)	(146,310)	(29,489)	(381,862)	(411,351)
Tax credits on depreciation	-	(12,447)	(12,447)	-	(15,059)	(15,059)
Assignment of right of use ⁽¹⁾	-	2,992	2,992	-	-	-
FX effects	-	-	-	12,275	55,162	67,437
Transfers and reclassifications ⁽²⁾	-	-	-	(15,363)	-	(15,363)
At September 30, 2023	-	1,129,884	1,129,884	121,628	3,435,442	3,557,070

(1) Refer to the assignment of rental contracts related to Company's units transferred to other Group companies in the period ended September 30, 2023.

(2) Refer to reclassifications to Property and equipment of lease agreements terminated (see note 12).

(3) Includes R\$12,253 (R\$14,449 in Dec/22) in the Parent and R\$17,618 (R\$18,223 in Dec/22) in Consolidated for initial direct costs and a deduction of R\$1,836 in Consolidated referring to a leaseback operation.

(4) The main terms of real estate contracts are: Brazil, with an average of 10 years, and Mexico, with an average of 30 years.

(5) See note 3.

BREAKDOWN OF AND VARIATIONS IN THE BALANCES OF LEASE LIABILITIES

	Parent			Consolidated		
	Machinery and equipment	Buildings	Total	Machinery and equipment	Buildings	Total
Lease liabilities						
At December 31, 2021	-	1,067,726	1,067,726	164,772	2,856,287	3,021,059
Additions and remeasurements	-	242,665	242,665	24,682	843,934	868,616
Write-offs	-	(48,131)	(48,131)	-	(80,781)	(80,781)
Interest incurred	-	86,526	86,526	16,207	261,734	277,941
Considerations ⁽¹⁾	-	(258,867)	(258,867)	(70,611)	(604,979)	(675,590)
Tax credits on interest	-	6,170	6,170	-	7,425	7,425
Assignment of right of use ⁽²⁾	-	(6,219)	(6,219)	-	-	-
FX effects	-	-	-	(17,279)	(71,944)	(89,223)
At December 31, 2022	-	1,089,870	1,089,870	117,771	3,211,676	3,329,447
Additions and remeasurements	-	244,783	244,783	29,921	768,837	798,758
Acquisitions of subsidiaries	-	-	-	-	109,498	109,498
Acquisition of assets ⁽³⁾	-	4,712	4,712	-	4,712	4,712
Write-offs	-	(13,415)	(13,415)	-	(62,268)	(62,268)
Interest incurred	-	66,723	66,723	12,733	237,383	250,116
Considerations ⁽¹⁾	-	(209,120)	(209,120)	(60,572)	(561,103)	(621,675)
Tax credits on interest	-	4,440	4,440	-	5,383	5,383
Assignment of right of use ⁽²⁾	-	3,268	3,268	-	-	-
FX effects	-	-	-	11,477	59,269	70,746
At September 30, 2023	-	1,191,261	1,191,261	111,330	3,773,387	3,884,717
Current	-	181,866	181,866	51,277	520,983	572,260
Noncurrent	-	1,009,395	1,009,395	60,053	3,252,404	3,312,457

(1) Due to one-off discounts obtained with property owners, the Group recognized R\$2,270 in Parent and R\$6,736 in Consolidated as discounts obtained with leases in the period ended September 30, 2023, and R\$2,458 in Parent and R\$10,611 in Consolidated in the year ended December 31, 2022 (see Note 22), which do not change the contracts' conditions.

(2) Refer to the assignment of rental contracts related to Company's units transferred to other Group companies in the period ended September 30, 2023.

(3) See note 3.

DISCOUNT RATES

Lease liabilities are discounted at average rates between 7.08% and 10.41% in Parent and between 2.90% and 19.41% in Consolidated.

FLOW OF LEASE MATURITIES

	Consolidated		
	Machinery and equipment	Buildings	Total
2023	14,029	113,172	127,201
2024	48,429	470,942	519,371
2025	28,186	479,695	507,881
2026	10,746	481,763	492,509
2027 onwards	9,940	2,227,815	2,237,755
Total	111,330	3,773,387	3,884,717

The following table shows the potential right of PIS and COFINS recoverable embedded in the rental consideration, according to the periods foreseen for payment and show the following nominal balances and adjusted to present value:

	Consolidated	
	Par value (interest-free)	Adjusted to present value
Lease consideration of properties	5,445,846	3,773,387
PIS/COFINS – 9.25% ⁽¹⁾	160,235	119,042

(1) Levied on property lease contracts signed with legal entities, only in Brazil.

SHORT-TERM LEASES, LEASES OF LOW-VALUE ASSETS AND VARIABLE LEASES

As at September 30, 2023, the Company did not incur variable lease expenses in Parent and incurred R\$5,021 in Consolidated (R\$323 and R\$1,511 in Parent and In consolidated, respectively, as at September 30, 2022).

The Company, in accordance with CPC 06 (R2)/IFRS 16 - Leases, in measuring and remeasuring its lease liabilities and right-of-use assets, used the discounted cash flow method without considering the future projected inflation in the flows to be discounted (actual flow and nominal discount rate). Although the accounting methodology used by the Company is in line with the rule set out in CPC 06 (R2) / IFRS 16, it generates distortions in the information to be provided, given the current reality of long-term interest rates in the Brazilian economic environment.

Pursuant to Circular Official Letter/CVM/SNC/SEP/No.02/2019, the Company presents below the comparative balances of lease liabilities, right-of-use assets, finance cost, and depreciation expense, taking into account the effect of the future inflation projected for five years based on the Consumer Price Index (IPC) disclosed by central banks of the countries where the Company operates (Brazil, Chile, Colombia, Mexico, Peru, Paraguay and Argentina), and discounted at the applicable average rates:

	Consolidated	
	Actual flow	Flow w/ inflation
Right-of-use assets	3,435,442	4,252,247
Lease liabilities	2,022,556	2,124,633
Finance charges	1,750,831	2,475,491
Total lease liabilities	3,773,387	4,600,124
Finance costs	1,750,831	2,475,491
Depreciation expense	3,433,211	4,227,565
Total expenses⁽¹⁾	5,184,042	6,703,056

(1) Total expense accrued since the beginning of CPC 06 / IFRS 16.

15. OTHER LIABILITIES

BREAKDOWN OF BALANCES

	Parent		Consolidated	
	09/30/2023	12/31/2022	09/30/2023	12/31/2022
Other liabilities				
Related parties ⁽¹⁾	73,875	53,956	1,318	2,473
Taxes and contributions payable ⁽²⁾	73,597	45,870	119,558	75,794
Salaries, accruals and social contributions	52,536	38,308	107,683	72,393
Investments in subsidiaries and joint ventures with negative equity ⁽³⁾	-	2,437	-	-
Acquisition of control - Sporty Panama	166,652	309,601	166,652	309,601
Contingent consideration - MB Negócios Digitais	3,899	3,547	3,899	3,547
Contingent consideration – Latamfit Chile	4,664	5,461	4,664	5,461
Contingent consideration – Just Fit ⁽⁴⁾	2,767	2,767	2,767	2,767
Increase in equity interest – ADV	-	-	-	9,838
Others	4,279	4,254	17,883	22,193
Total	382,269	466,201	424,424	504,067
Current	374,842	277,081	405,159	304,859
Noncurrent	7,427	189,120	19,265	199,208

(1) See note 25.

(2) In Consolidated, this includes mainly ISS of R\$9,555 (R\$8,723 in Dec/22) and PIS/COFINS of R\$67,961 (R\$40,200 in Dec/22).

(3) See note 11.

(4) Final acquisition price estimated based on the purchase and sale agreement (see note 3 to the annual financial statements).

16. BORROWINGS

BREAKDOWN OF BALANCES

	Parent		Consolidated	
	09/30/2023	12/31/2022	09/30/2023	12/31/2022
Borrowings				
Debentures	1,651,040	1,696,072	1,651,040	1,696,072
Commercial notes (formerly promissory notes)	218,021	257,361	218,021	257,361
Working capital	46,379	46,597	1,595,461	1,466,461
Total	1,915,440	2,000,030	3,464,522	3,419,894
Current	220,681	96,531	791,722	488,226
Noncurrent	1,694,759	1,903,499	2,672,800	2,931,668

CHANGES FOR THE PERIOD

	Parent	Consolidated
Borrowings		
At December 31, 2021	2,102,990	3,590,495
Fundraising	416,164	819,387
Accrued interest and cost amortization	292,031	422,840
Principal paid	(577,683)	(942,467)
Interest payment	(233,472)	(361,808)
Exchange differences	-	(108,553)
At December 31, 2022	2,000,030	3,419,894
Fundraising	-	329,327
Acquisitions of subsidiaries	-	42,196
Accrued interest and cost amortization	220,684	357,504
Principal paid	(148,616)	(437,168)
Interest payment	(156,658)	(286,675)
Exchange differences	-	39,444
At September 30, 2023	1,915,440	3,464,522

DESCRIPTION OF THE MAIN FINANCIAL AGREEMENTS

	Currency of the agreement	Par value in the currency of the agreement (in millions)	Charges (p.a.)	Maturity	09/30/2023	12/31/2022
PARENT						
DEBENTURES						
Fifth issue	BRL	250.0	CDI + 1.90%	09/30/2028	142,388	252,133
Sixth issue	BRL	1,060.0	CDI + 2.40%	12/20/2028	1,081,554	1,048,633
Seventh issue - 1 st series	BRL	362.3	CDI + 1.50%	10/10/2029	386,433	358,052
Seventh issue - 2 nd series	BRL	37.3	IPCA+7.37%	10/10/2029	40,665	37,254
COMMERCIAL NOTES (FORMERLY PROMISSORY NOTES)						
Single series	BRL	267.0	CDI + 2.15%	03/08/2025	218,021	257,361
WORKING CAPITAL						
Smartfit Brasil	BRL	100.0	CDI + 2.49%	08/15/2027	11,200	11,342
SUBSIDIARIES						
WORKING CAPITAL						
Latamgym Mexico ⁽¹⁾	MXN	1,300.0	TIIE + 1.90%	03/17/2025	161,882	224,819
Latamgym Mexico ⁽²⁾	MXN	356.7	TIIE + 2.80%	2023-2024	18,843	37,620
Latamgym Mexico	MXN	290.0	TIIE + 2.00%	05/31/2027	78,571	77,343
Latamgym Mexico	MXN	100.0	TIIE + 2.00%	09/30/2027	28,560	26,670
Latamgym Mexico	MXN	150.0	TIIE + 2.00%	12/31/2027	42,488	40,005
Latamgym Mexico	MXN	100.0	TIIE + 2.00%	10/30/2027	28,560	26,172
Latamgym Mexico	MXN	400.0	TIIE + 2.00%	07/24/2028	107,617	-
Sporty City Colombia	COP	40,000.0	IBR + 4.95%	02/09/2027	42,209	43,120
Sporty City Colombia	COP	36,000.0	IBR + 5.00%	04/01/2027	40,021	38,808
Latamfit Chile	CLP	25,218.6	7.22%	07/05/2024	43,326	77,476
Latamfit Chile	CLP	23,000.0	9.48%	12/29/2025	97,057	140,783
Latamfit Chile	CLP	11,091.2	5.67%	12/02/2024	26,830	39,397
Latamfit Chile	CLP	20,000.0	9.55%	08/17/2028	111,837	-
Smartfit Peru	PEN	66.0	8.00%	08/09/2024	22,564	40,775
Smartfit Peru	PEN	62.7	4.78%	07/15/2025	76,023	86,414
Smartfit Peru	PEN	119.1	10.65%	11/30/2025	157,325	163,135
Smartfit Peru	PEN	60.0	8.11%	09/30/2024	79,839	82,698

(1) Non-revolving credit agreement due in two installments, with final maturity on March 17, 2025, with monthly principal repayments beginning after the 25th month from the disbursement. The bonds are secured by a pledge unrelated to property on a bank account that Latamgym SAPI de CV holds in HSBC and is guaranteed by the Company. This agreement restricts any change of control of either the borrower or the payment of dividends and the distributions from the borrower to its parent.

(2) Non-revolving credit agreement with monthly capital repayments starting after the 12th month from the disbursement. This agreement restricts any change of control of either the borrower or the guarantor and restricts the payment of dividends and distributions from the borrower to its parent company.

FIFTH ISSUE OF DEBENTURES

On February 6, 2023, a meeting of the Board of Directors approved the execution of the 3rd amendment to change the interest rate, which corresponded to CDI + 2.25% p.a. until April 30, 2023 (exclusive); from April 30, 2023 (inclusive) to April 30, 2024 (exclusive) it will be 3.75%; from April 30, 2024 (inclusive) to the maturity date (exclusive) it will be 4.50%. It was changed to an annual rate of 2.15%.

The Company also received prior authorization to carry out an optional extraordinary amortization in the amount of R\$100 million of the outstanding balance of the debentures, which occurred on February 15, 2023.

On September 28, 2023, a general meeting of debenture holders approved the execution of the 4th amendment to the issuance deed, to change the interest rate to CDI + 1.90% and to change the amortization schedule and interest to annual amortizations in 2026, 2027 and 2028 and payment of a fee in the amount of 0.05% of the unit par value on September 29, 2023.

According to the analysis made pursuant to IFRS 9, the renegotiations were classified as debt modification, positively impacting the finance result by R\$ 6,872, of which R\$ 2,367 related to the first renegotiation and R\$ 4,505 related to the second renegotiation.

COMMERCIAL NOTES

On February 13, 2023, the Board of Directors approved a fundraising through the 1st issue of commercial notes, in a single series, for private distribution, in the total amount of R\$267 million. On February 28, 2023, the conditions of the transaction were renegotiated, in which the early redemption of all promissory notes and the issuance of the commercial notes that will mature on March 8, 2025 were approved.

The nominal unit value of the commercial notes will be subject to interest equivalent to 100% of the accumulated variation of the daily average interest rates of DI (interbank deposits) of one day, "over extra group", expressed as a percentage p.a., exponentially increased by a spread of 2.15% p.a.

Among the maturity clauses, the total optional early redemption clauses and the optional extraordinary amortization clauses stand out.

According to the analysis made pursuant to IFRS 9, the renegotiation was classified as a debt modification.

SYNDICATED CREDIT FACILITY

On July 24, 2023, the Group obtained a syndicated credit facility in Mexico, amounting to MXN 1,750 million, equivalent to approximately R\$500 million. The amounts will be disbursed in up to 18 months starting from the contract signing date for financing of the local expansion, with possibility of partial disbursement, up to the total debt amount. The term for the operation is 60 months, with a grace period of 24 months and variable interest rate of 28 days TIIE + spread of 2.00% per annum. In the third quarter, MXN 400 million of the total amount of the facility was disbursed, which is equivalent to approximately R\$ 108 million.

COVENANTS

The Company made an analysis of the operating guarantees and as at September 30, 2023 it was also compliant with the operating and financial covenants (covenants with non-financial clauses), the main ones related to compliance with the allocation of funds raised, disclosure of information, as well as any non-compliance with pecuniary obligations of the debts issued, among others.

17. PROVISIONS

BREAKDOWN OF AND VARIATIONS IN THE BALANCES

The Group was party to certain labor, civil and tax lawsuits for which the likelihood of loss was considered probable by its legal counsel and, thus, a provision was recognized as follows:

	Civil	Labor	Tax	Total
PARENT				
At December 31, 2021	2,543	3,214	-	5,757
Additions and increases	565	288	289	1,142
Write-offs and reversals	(1,428)	(846)	-	(2,274)
Transfers and reclassifications	-	(1,223)	1,223	-
At December 31, 2022	1,680	1,433	1,512	4,625
Additions and increases	4,981	1,278	325	6,584
Write-offs and reversals	(1,345)	(67)	(60)	(1,472)
At September 30, 2023	5,316	2,644	1,777	9,737
CONSOLIDATED				
At December 31, 2021	8,867	4,864	12,813	26,544
Additions and increases	2,940	785	2,762	6,487
Write-offs and reversals	(4,389)	(2,818)	(936)	(8,143)
Transfers and reclassifications	-	(1,223)	1,223	-
At December 31, 2022	7,418	1,608	15,862	24,888
Additions and increases	5,411	1,812	912	8,135
Write-offs and reversals	(1,674)	(664)	(60)	(2,398)
At September 30, 2023	11,155	2,756	16,714	30,625

LAWSUITS CLASSIFIED AS POSSIBLE LOSS

The Company's Management did not consider necessary to recognize a provision for losses on ongoing civil, labor and tax lawsuits, since the likelihood of loss is considered possible by its legal counsel, as presented in the following table:

	09/30/2023	12/31/2022
Consolidated		
Civil	9,552	8,485
Labor	1,952	1,865
Tax	8,753	8,681
Total	20,257	19,031

CVM CIRCULAR LETTER REGARDING "RES JUDICATA" DECISION IN TAX MATTERS

The Group does not have final and unappealable court decisions on taxes collected on a continuous basis, which are impacted by the recent decision of the STF (Federal Supreme Court). As a result, it will not be necessary to review the likelihood of loss or the ongoing lawsuits and/or lawsuits already settled, which involve the discussion of taxes collected on a continuous basis.

ARBITRATION ON THE PRICE PAYABLE FOR THE ACQUISITION OF JUST FIT

On February 6, 2023, the Company received a notification regarding the request for initiation of arbitration submitted by the sellers of Just Fit, in relation to the Share Purchase and Sale Agreement and Other Covenants, entered into on March 5, 2021 ("Agreement"). The controversy relates to the determination of the acquisition price under the Contract. Up to the date of publication of this interim financial information, the procedure is in progress at the Center for Arbitration and Mediation of the Chamber of Commerce Brazil-Canada, in the phase of presentation of the arbitration term.

18. CURRENT AND DEFERRED INCOME TAX AND SOCIAL CONTRIBUTION

BREAKDOWN OF PROFIT OR LOSS

	Nine-month period ended			
	Parent		Consolidated	
	09/30/2023	09/30/2022	09/30/2023	09/30/2022
Income tax and social contribution				
Current	(12,324)	-	(104,191)	(49,490)
Deferred	-	-	25,323	41,390
Total	(12,324)	-	(78,868)	(8,100)

RECONCILIATION OF EFFECTIVE INCOME TAX AND SOCIAL CONTRIBUTION EXPENSE

	Nine-month period ended			
	Parent		Consolidated	
	09/30/2023	09/30/2022	09/30/2023	09/30/2022
Income tax and social contribution				
Profit (loss) before income tax and social contribution	415,456	(138,754)	486,443	(129,334)
Statutory rate in Brazil	34%	34%	34%	34%
Expected tax assets (liabilities)	(141,255)	47,176	(165,391)	43,974
Share of profit (loss) of investees	96,238	10,679	559	1,004
Unrecognized deferred tax – temporary differences	1,792	(64,128)	(1,447)	(64,497)
Adjustment of companies taxed on the presumed profit	-	-	6,595	5,444
Difference in rates of foreign subsidiaries	-	-	19,673	(5,691)
Revaluation of equity interest ⁽¹⁾	60,044	-	60,044	-
Others	(29,143)	3,160	1,099	11,666
Total	(12,324)	(3,113)	(78,868)	(8,100)

(1) See Note 3.

BREAKDOWN OF DEFERRED INCOME TAX AND SOCIAL CONTRIBUTION

	12/31/2021	Income	Other comprehensive income	Exchange effect on translation	12/31/2022
PARENT					
Deferred assets					
Leases	25,816	1,768	-	-	27,584
Tax losses	263,863	2,207	-	-	266,070
Provisions	36,165	28,603	-	-	64,768
Subtotal	325,844	32,578	-	-	358,422
Unrecognized deferred tax	(325,844)	(32,578)	-	-	(358,422)
Total	-	-	-	-	-
CONSOLIDATED					
Deferred assets					
Property and equipment	41,276	55,507	-	1,139	97,922
Leases	71,571	15,018	-	(1,887)	84,702
Tax losses	432,710	814	-	(14,720)	418,804
Provisions	56,620	28,014	-	(1,367)	83,267
Deferred revenue	4,595	5,228	-	73	9,896
Investments in financial assets	-	-	3,386	-	3,386
Others	3,028	1,704	-	(176)	4,556
Deferred liabilities					
Derivative financial instruments	-	(3,436)	-	(117)	(3,553)
Deferred liabilities generated by business combinations	(7,774)	4,164	-	507	(3,103)
Property and equipment	(18,926)	(1,861)	-	(2,717)	(23,504)
Others	(894)	(3,547)	-	(71)	(4,512)
Subtotal	582,206	101,605	3,386	(19,336)	667,861
Unrecognized deferred tax	(440,400)	(42,248)	-	-	(482,648)
Total	141,806	59,357	3,386	(19,336)	185,213

	12/31/2022	Income	Acquisition of subsidiaries	Reclassifications	Other comprehensive income	Exchange effect on translation	09/30/2023
PARENT							
Deferred assets							
Leases	27,584	6,608	-	-	-	-	34,192
Tax losses	266,070	(5,406)	-	-	-	-	260,664
Provisions	64,768	(2,994)	-	-	-	-	61,774
Subtotal	358,422	(1,792)	-	-	-	-	356,630
Unrecognized deferred tax	(358,422)	1,792	-	-	-	-	(356,630)
Total	-	-	-	-	-	-	-
CONSOLIDATED							
Deferred assets							
Property and equipment	97,922	21,499	1,929	-	-	6,832	128,182
Leases	84,702	36,672	4,141	(303)	-	2,406	127,618
Tax losses	418,804	(16,725)	2,791	429	-	(717)	404,582
Provisions	83,267	(4,190)	-	-	-	244	79,321
Deferred revenue	9,896	336	-	-	-	784	11,016
Investments in financial assets	3,386	-	-	-	(2,990)	245	641
Others	4,556	3,452	-	545	-	322	8,875
Deferred liabilities							
Derivative financial instruments	(3,553)	1,692	-	-	-	(269)	(2,130)
Deferred liabilities generated by business combinations	(3,103)	7,469	(18,768)	-	-	713	(13,689)
Property and equipment	(23,504)	(12,654)	-	-	-	(2,112)	(38,270)
Leases	-	-	-	(6,543)	-	3,806	(2,737)
Others	(4,512)	(10,781)	-	5,872	-	477	(8,944)
Subtotal	667,861	26,770	(9,907)	-	(2,990)	12,731	694,465
Unrecognized deferred tax	(482,648)	(1,447)	-	-	-	(1,719)	(485,814)
Total	185,213	25,323	(9,907)	-	(2,990)	11,012	208,651

DEFERRED INCOME TAX AND SOCIAL CONTRIBUTION – NOT RECOGNIZED

The Company is in process of operational expansion; accordingly, no deferred income tax and social contribution was set up as a result of the temporary differences and income tax and social contribution losses of the Company and its subsidiaries in Brazil.

As at September 30, 2023, the balance of income tax and social contribution losses amounted to R\$1,074,458 (R\$1,105,031 in Dec/22), for companies in Brazil. These tax losses can be carried forward indefinitely, limited to 30% of the adjusted annual profit for tax purposes in accordance with prevailing tax legislation, and temporary differences, and is being controlled in the LALUR. For foreign entities, deferred taxes on temporary differences and tax losses are accounted for in accordance with legislation and expected local realization.

19. EQUITY

SHARE CAPITAL AND CAPITAL RESERVE

As at September 30, 2023, the share capital totals R\$2,970,443, comprising 586,242,289 common shares, all registered, book-entry and with no par value, held as follows:

	09/30/2023		12/31/2022	
	Common shares	%	Common shares	%
Shareholder				
Corona family	87,015,094	14.84%	87,013,794	14.84%
Pátria ⁽¹⁾	191,821,477	32.72%	240,423,729	41.01%
Shares held by owners of the Company	278,836,571	47.56%	327,437,523	55.85%
Canada Pension Plan Investment Board – CPPIB	70,851,035	12.09%	70,851,035	12.09%
Novastar Investment Pte. Ltd – GIC	52,673,584	8.98%	52,673,584	8.98%
Other shareholders	183,881,099	31.37%	135,280,147	23.08%
Shares publicly traded in the market	307,405,718	52.44%	258,804,766	44.15%
Total	586,242,289	100.00%	586,242,289	100.00%

(1) During 2023, shareholder Pátria sold 48,602,252 of the Company common shares it held and now holds 32.72% of Smartfit's share capital.

20. OPERATING REVENUE AND DEFERRED REVENUE

BREAKDOWN OF OPERATING REVENUE

	Nine-month period ended			
	Parent		Consolidated	
	09/30/2023	09/30/2022	09/30/2023	09/30/2022
Operating revenue by type of service				
Gym plans	1,113,282	778,193	2,952,153	1,970,891
Annual fees	62,779	92,022	230,240	188,407
Membership fees	2,860	477	26,049	19,405
Others	32,740	5,875	121,086	55,951
Gross operating revenue	1,211,661	876,567	3,329,528	2,234,654
Taxes on revenue	(157,524)	(112,734)	(215,960)	(157,277)
Net operating revenue	1,054,137	763,833	3,113,568	2,077,377

Operating revenues by geographic region are disclosed in note 24.

BREAKDOWN OF DEFERRED REVENUE

	Parent		Consolidated	
	09/30/2023	12/31/2022	09/30/2023	12/31/2022
Deferred revenue				
Gym plans	6,141	4,765	29,785	43,072
Annual fees	30,168	56,954	187,743	174,548
Membership fees	3,158	1,008	9,814	9,989
Others	866	1,479	866	1,478
Total	40,333	64,206	228,208	229,087
Current	40,120	63,544	227,995	228,425
Noncurrent	213	662	213	662

21. COST AND EXPENSES BY NATURE

The Company presented the statement of profit and loss using a classification of expenses based on their function. The information on the nature of these expenses recognized in the statement of profit and loss is as follows:

	Nine-month period ended					
	09/30/2023			09/30/2022		
	Costs	Expenses	Total	Costs	Expenses	Total
PARENT						
Personnel and related taxes	165,238	85,543	250,781	135,915	73,973	209,888
Depreciation and amortization, net of PIS and COFINS	273,748	8,142	281,890	252,673	8,631	261,304
Utilities expenses	111,297	4,911	116,208	95,478	4,107	99,585
Operational support services	61,170	44,331	105,501	76,823	30,754	107,577
Opening of new units	4,560	3,601	8,161	7,692	4,040	11,732
Variable lease of real estate, common area maintenance fees and occupancy expenses	37,628	1,636	39,264	43,759	985	44,744
Maintenance	23,426	612	24,038	17,641	99	17,740
Media and commercials	-	90,990	90,990	-	98,728	98,728
Credit card management fee	-	13,567	13,567	-	7,629	7,629
Allocation to stock option plans	-	19,886	19,886	-	10,230	10,230
Income from remeasurement of previously held interest	-	(176,599)	(176,599)	-	-	-
Others	11,382	72,457	83,839	9,158	6,494	15,652
Total	688,449	169,077	857,526	639,139	245,670	884,809
CONSOLIDATED						
Personnel and related taxes	404,759	185,137	589,896	305,728	147,479	453,207
Depreciation and amortization, net of PIS and COFINS	818,453	18,435	836,888	623,432	16,277	639,709
Utilities expenses	279,328	10,921	290,249	215,274	9,224	224,498
Operational support services	131,265	77,917	209,182	138,500	54,029	192,529
Opening of new units	18,450	16,860	35,310	20,144	14,812	34,956
Variable lease of real estate, common area maintenance fees and occupancy expenses	94,848	3,708	98,556	86,812	2,036	88,848
Maintenance	78,115	1,032	79,147	55,892	231	56,123
Media and commercials	-	178,544	178,544	-	168,818	168,818
Credit card management fee	-	53,624	53,624	-	34,885	34,885
Allocation to stock option plans	-	20,978	20,978	-	12,128	12,128
Income from remeasurement of previously held interest	-	(176,599)	(176,599)	-	-	-
Others	32,668	40,552	73,220	20,534	30,038	50,572
Total	1,857,886	431,109	2,288,995	1,466,316	489,957	1,956,273

22. FINANCE INCOME (COSTS)

	Nine-month period ended			
	Parent		Consolidated	
	09/30/2023	09/30/2022	09/30/2023	09/30/2022
FINANCE INCOME				
Interest income	17.859	16.566	29.237	19.908
Exchange differences	24.540	1.629	37.086	20.800
Income from financial investments	207.153	206.402	247.723	238.190
Gain (loss) on derivative financial instruments	11.323	-	12.550	-
Discounts obtained on leases	2.270	1.185	6.736	5.951
Other finance income	1.441	43.503	6.001	47.264
Total finance income	264.586	269.285	339.333	332.113
FINANCE COSTS				
Interest on borrowings	(219.660)	(217.998)	(356.104)	(311.072)
Interest on leases	(66.723)	(64.167)	(250.116)	(198.867)
Exchange differences	(16.290)	(4.001)	(30.883)	(28.232)
Gain (loss) on derivative financial instruments	(2.315)	(18.672)	(9.117)	(18.672)
Other finance costs	(23.805)	(13.634)	(32.888)	(28.660)
Total finance costs	(328.793)	(318.472)	(679.108)	(585.503)
Total finance income (costs), net	(64.207)	(49.187)	(339.775)	(253.390)

23. EARNINGS (LOSS) PER SHARE

CALCULATION OF EARNINGS (LOSS) PER SHARE

The Company calculates earnings (loss) per share by dividing the profit (loss) for the period by the weighted average number of shares outstanding during the period. The equity instruments that will be or can be settled in Company shares are included in the calculation only when their settlement have diluting impact on the earnings (loss) per share.

The table below presents the calculation of profit (loss) for the period available to shareholders and the weighted average number of shares outstanding used to calculate basic and diluted earnings (loss) per share at September 30, 2023:

	Nine-month period ended			
	Basic		Diluted	
	09/30/2023	09/30/2022	09/30/2023	09/30/2022
Earnings (loss) per share				
Earnings (loss) attributable to owners of the Company	403,132	(138,754)	403,132	(138,754)
Weighted average number of shares during the period	586,242,289	586,242,289	607,816,049	586,242,289
Earnings (loss) per share	0.6877	(0.2367)	0.6632	(0.2367)

24. SEGMENT INFORMATION

Management analyzes its operations based on the following business segments:

Operating segments	Description
Smartfit	HVLP services, with a more restricted service offer at a lower cost.
Bio Ritmo	Premium service, which offers a greater variety and a more customized service offer.
Others	Includes other businesses related to fitness services, such as the operations of franchised units and the digital services of Queima Diária, among others.

Management also analyzes its businesses based on a geographic segmentation, considering the following main markets:

Markets	Description
Brazil	Company owned units in Brazil.
Mexico	Company owned units in Mexico.
Other LATAM	Considers company owned units in Peru, Colombia, Chile, Argentina, Paraguay, Panama and Costa Rica.

Nine-month period ended September 30, 2023

	Brazil			Total	Mexico			Other Latin America			Share of profit (loss) of investees	Consolidated
	Smartfit	Bio Ritmo	Others		Smartfit	Smartfit	Others	Total				
	SEGMENTS											
Operating revenue	1,202,256	96,615	172,929	1,471,800	735,022	901,107	5,639	906,746	-	3,113,568		
Costs	(765,182)	(66,085)	(58,425)	(889,692)	(477,454)	(486,947)	(3,793)	(490,740)	-	(1,857,886)		
Gross profit	437,074	30,530	114,504	582,108	257,568	414,160	1,846	416,006	-	1,255,682		
Selling expenses				(137,752)	(67,430)			(42,010)	-	(247,192)		
General and administrative expenses				(239,379)	(31,584)			(63,298)	-	(334,261)		
Other operating income (expenses), net				155,951	(5,570)			(37)	-	150,344		
Share of profit (loss) of investees				-	-			-	1,645	1,645		
Operating profit (loss) before finance income (costs)				360,928	152,984			310,661	1,645	826,218		
OTHER INFORMATION												
Costs	(320,023)	(21,053)	(29,392)	(370,468)	(243,076)	(218,105)	(1,743)	(219,848)	-	(833,392)		
Expenses	(509)	-	(10,985)	(11,494)	(2,633)	(4,308)	-	(4,308)	-	(18,435)		
Depreciation and amortization	(320,532)	(21,053)	(40,377)	(381,962)	(245,709)	(222,413)	(1,743)	(224,156)	-	(851,827)		
Costs	(213,261)	(15,230)	(3,604)	(232,095)	(166,962)	(124,214)	(1,439)	(125,653)	-	(524,710)		
Expenses	(598)	-	(2,182)	(2,780)	(1,541)	(2,207)	-	(2,207)	-	(6,528)		
Fixed lease	(213,859)	(15,230)	(5,786)	(234,875)	(168,503)	(126,421)	(1,439)	(127,860)	-	(531,238)		
Costs	(4,560)	(822)	(616)	(5,998)	(6,734)	(5,718)	-	(5,718)	-	(18,450)		
Expenses	(3,601)	(219)	-	(3,820)	(11,122)	(1,918)	-	(1,918)	-	(16,860)		
Opening of new units	(8,161)	(1,041)	(616)	(9,818)	(17,856)	(7,636)	-	(7,636)	-	(35,310)		

Nine-month period ended September 30, 2022

	Brazil			Total	Mexico			Other Latin America			Share of profit (loss) of investees	Consolidated
	Smartfit	Bio Ritmo	Others		Smartfit	Smartfit	Others	Total				
	SEGMENTS											
Operating revenue	877,694	71,789	134,763	1,084,246	437,590	550,830	4,711	555,541	-	2,077,377		
Costs	(735,846)	(59,021)	(26,401)	(821,268)	(316,945)	(324,716)	(3,387)	(328,103)	-	(1,466,316)		
Gross profit	141,848	12,768	108,362	262,978	120,645	226,114	1,324	227,438	-	611,061		
Selling expenses				(146,315)	(39,393)			(32,807)	-	(218,515)		
General and administrative expenses				(191,702)	(22,142)			(44,120)	-	(257,964)		
Other operating income (expenses), net				(10,416)	(2,128)			(934)	-	(13,478)		
Share of profit (loss) of investees				-	-			-	2,952	2,952		
Operating profit (loss) before finance income (costs)				(85,455)	56,982			149,577	2,952	124,056		
OTHER INFORMATION												
Costs	(310,462)	(16,450)	(3,908)	(330,820)	(163,526)	(142,742)	(2,106)	(144,848)	-	(639,194)		
Expenses	(2,430)	2	(10,344)	(12,772)	(1,573)	(1,932)	-	(1,932)	-	(16,277)		
Depreciation and amortization	(312,892)	(16,448)	(14,252)	(343,592)	(165,099)	(144,674)	(2,106)	(146,780)	-	(655,471)		
Costs	(193,186)	(12,878)	(3,181)	(209,245)	(114,735)	(86,689)	(1,670)	(88,359)	-	(412,339)		
Expenses	(561)	-	(2,672)	(3,233)	(1,241)	(1,142)	-	(1,142)	-	(5,616)		
Fixed lease	(193,747)	(12,878)	(5,853)	(212,478)	(115,976)	(87,831)	(1,670)	(89,501)	-	(417,955)		
Costs	(7,692)	(293)	(870)	(8,855)	(3,125)	(8,164)	-	(8,164)	-	(20,144)		
Expenses	(4,040)	(10)	(97)	(4,147)	(8,963)	(1,702)	-	(1,702)	-	(14,812)		
Opening of new units	(11,732)	(303)	(967)	(13,002)	(12,088)	(9,866)	-	(9,866)	-	(34,956)		

25. RELATED PARTIES

NATURE OF THE RELATED PARTIES

The Company, its subsidiaries and related parties carry out certain transactions among them, related to the Company's financial, commercial and operating aspects. The main transactions are:

- **Trading transactions.** Represented by the amount resulting from an apportionment of administrative expenses centralized in the Company and passed on to the other Group companies, in addition to transactions with joint ventures.
- **Loan agreements.** Remunerated at rates based on the Company's cost of debt at the time of contracting. The contracts have indefinite maturities.
- **Dividends receivable.** These refer to minimum mandatory dividends receivable by the Company from its subsidiaries.

OTHER RELATED-PARTY TRANSACTIONS

The Company has (i) a property lease agreement with one of its shareholders signed in 2015, and interest and amortization arising from lease liabilities for the period ended September 2023 are recognized in profit or loss in the amount of R\$458 (R\$423 in September 2022).

In addition, the Company has made financial investments in investment funds where it has exclusive participation (100% of the quotas), which are detailed in note 7.

COMPENSATION OF KEY MANAGEMENT PERSONNEL

On September 25, 2023, at the EGM, the increase of the limit of the annual global compensation of the Company's Officers of R\$46,480 for 2023 was approved.

The compensation of the Company's officers, composed of management fees and bonus, recognized in line item "General and administrative expenses" amounted to R\$8,084 in Sept/23 (R\$8,432 in Sept/22). The expense on the stock option plan for Company officers was R\$16,007.

RELATED-PARTY BALANCES

	09/30/2023				12/31/2022			
	Other receivables		Other liabilities		Other receivables		Other liabilities	
	Trading transactions ⁽¹⁾	Loans, interest on capital and dividends ⁽²⁾	Trading transactions ⁽¹⁾	Loans, interest on capital and dividends ⁽²⁾	Trading transactions ⁽¹⁾	Loans, interest on capital and dividends ⁽²⁾	Trading transactions ⁽¹⁾	Loans, interest on capital and dividends ⁽²⁾
PARENT								
Subsidiaries								
ADV Esportes	9,310	2,135	1,483	-	11,937	2,135	458	-
Smartfin	8,270	-	18,084	-	34,867	-	3,708	-
Smartdom	44	8,986	44	-	37	8,791	3	-
Bio Plaza	151	4,810	563	-	109	4,288	595	-
Asnsmart	196	735	620	-	92	3,973	543	-
Bioswim	8,085	-	39,426 ⁽³⁾	-	29,050	660	35,858 ⁽³⁾	-
Biosanta	20	721	14	-	-	2,696	12	-
Microsul	29	-	1	-	1,162	-	-	-
Smartrfe	383	992	193	-	2,484	992	17	-
Centrale	1,496	-	1,496	-	757	-	1,048	-
M2	4	-	829	-	34	307	666	-
SmartMNG	1,246	1,481	766	-	785	1,480	10	-
Biomorum	215	-	5,105	-	86	-	8,764	-
Racebootcamp	1,287	-	1,201	-	1,730	-	-	-
TotalPass	31,688	-	3,786	-	13,560	-	1,751	-
Just Fit	324	-	259	-	28	-	-	-
Bio Pauli	-	-	-	-	-	-	-	518
Bio Franqueadora	-	-	5	-	-	-	5	-
MB Negócios Digitais	-	-	-	-	-	2,861	-	-
Total balances with related parties	62,748	19,860	73,875	-	96,718	28,183	53,438	518
CONSOLIDATED								
Joint ventures								
TotalPass Mexico	13,181	11,365	1,318	-	12,368	8,513	1,246	-
Others	-	-	-	-	-	-	-	1,227
Total balances with related parties	13,181	11,365	1,318	-	12,368	8,513	1,246	1,227

(1) Current balances.

(2) Noncurrent balances.

(3) The liabilities balance refers to transactions resulting from the apportionment of administrative expenses and transfers of property and equipment.

RELATED-PARTY TRANSACTIONS

	Nine-month period ended							
	09/30/2023				09/30/2022			
	Operating revenue	Costs	Expenses	Finance income (costs)	Operating revenue	Costs	Expenses	Finance income (costs)
PARENT								
Subsidiaries								
ADV Esportes	-	-	-	-	4,894	(6)	-	928
Smartfin	-	-	(3,273)	-	-	-	(1,254)	-
Smartdom	299	-	-	1,110	444	(2)	-	957
Bio Plaza	544	-	-	511	454	(37)	-	408
Asnsmart	833	-	-	276	1,487	(1)	-	395
Bioswim	-	(2,151)	-	-	-	(2,834)	-	-
Biosanta	-	-	-	121	-	(8)	-	278
Microsul	-	-	-	-	-	-	-	-
Smartrfe	-	-	-	-	-	(1)	-	-
M2	261	-	-	-	519	(8)	-	-
SmartMNG	-	-	-	-	-	(7)	-	-
Biomorum	-	(14,493)	-	-	-	(8,148)	-	-
TotalPass	-	(5,259)	-	-	-	(422)	-	-
Total balances with related parties	1,937	(21,903)	(3,273)	2,018	7,798	(11,474)	(1,254)	2,966
CONSOLIDATED								
Joint ventures								
TotalPass Mexico	18,878	(1,948)	-	-	-	-	-	-
Total balances with related parties	18,878	(1,948)	-	-	-	-	-	-

26. SHARE-BASED PAYMENT

VARIATIONS IN PLANS

Information related to share-based payments was disclosed in note 26 to the annual financial statements.

On July 4, 2023, the Company's Board of Directors approved the modification of the regular and performance grants delivered to executives in 2021, which changed some assumptions of the prior contract, such as the exercise price currently set at R\$19.57 to R\$18.95, the vesting period that would end at December 31, 2024 was extended to 2025, the number of options was reduced by approximately 30%, and all options were changed to the regular format, with the modification being optional for participants. In accordance with CPC 10 (R1) / IFRS 2, the fair value of the current options and of the options considering the new modified assumptions was recalculated, due to the reduction in the number of options, the fair value of the 2 plans was equivalent, with no material impact on the Company's results.

Additionally, on the same date the Board of Directors approved an additional grant of 5,862,423 stock options under the same conditions of the modified plan.

For the modification and for the new grant, the fair value was calculated for each of the vesting tranches using the Hull & White binominal model and presented as a weighted average. The following table presents the main assumptions used to calculate the fair value of the options granted on the grant date and modification:

	Regular Grant 2021	Performance Grant 2021	Modified Contracts 2023	New Grant 2023	Total
Vesting of the options:					
December 31, 2021	757,995	482,013	-	-	1,240,008
December 31, 2022	382,158	68,859	-	-	451,017
December 31, 2023	-	6,300	6,325,444	2,931,212	9,262,956
December 31, 2024	-	-	3,162,722	1,465,606	4,628,328
December 31, 2025	-	-	3,162,722	1,465,606	4,628,328
Total	1,140,153	557,172	12,650,888	5,862,423	20,210,636
Fair value on the grant date (in R\$ thousand)	6.622	1.443	47.376	48.878	104.319
Average fair value per share (in R\$)	5,81	2,59	3,74	8,34	5,16
Exercise price on the grant date	19,57	19,57	18,95	18,95	n/a
Risk-free interest rate	6,0%	4,0%	10,1%	10,1%	n/a
Volatility of shares in the market	36,2%	42,6%	51,2%	51,2%	n/a

The movements in the options granted that occurred on September 30, 2023 are presented below:

	Regular Grant 2021	Performance Grant 2021	Modified Contracts 2023	New Grant 2023	Total
At December 31, 2022	11,723,733	8,826,583	-	-	20,550,316
Granted	-	-	-	5,862,423	5,862,423
Canceled	(6,300)	-	-	-	(6,300)
Modification	(10,577,280)	(8,269,411)	12,650,888	-	(6,195,803)
At September 30, 2023	1,140,153	557,172	12,650,888	5,862,423	20,210,636

As at September 30, 2023, the amount recognized in profit or loss was R\$19,886, against a capital reserve. Up to this date, R\$6 has been paid by the Company to beneficiaries for repurchases. Regarding the phantom shares, the amount recognized in profit or loss, against a capital reserve, was R\$1,092, in accordance with CPC 10 (R1) / IFRS 2, and the expense is recognized individually by plan and number of options linked to each vesting period.

27. ADDITIONAL INFORMATION

INSURANCE

The policy adopted by the Group considers mainly the concentration of risks and their materiality, taking into consideration the nature of their activities and the advice of their insurance brokers. As at September 30, 2023, the basic insurance coverage is R\$9,278,527 and the coverage for loss of profits is R\$18,000.

28. EVENTS AFTER THE REPORTING PERIOD

EIGHTH ISSUE OF DEBENTURES

On October 5, a meeting of the Board of Directors approved the 8th issue of simple debentures, non-convertible into shares, in the amount of R\$600,000. The purpose of the potential funding is to generate resources to be used for general corporate purposes and to reinforce the Company's working capital. The conclusion of the Offering and financial settlement of the Eighth Issue of Debentures are subject to the compliance with the conditions precedent.

INTEREST ON CAPITAL

The payment of interest on capital in the total gross amount of R\$206,600, corresponding to R\$0.3524153209 per share, was approved. The base date for the right to receive interest on capital will be 10/11/2023, and from 10/13/2023 the Company's shares will be traded "ex-interest on capital" on B3, the payment must be made in a single installment on October 27, 2023. The interest on capital declared will be imputed to the minimum mandatory dividends for the 2023 fiscal year.

COMMERCIAL NOTES

On November 6, 2023, the board of directors approved the entirely early redemption of the 1st issuance of Book-Entry commercial notes, in a single series, for private distribution, in the amount of R\$223 million. The redemption premium is equivalent to 0.30% per year on the value of the early redemption multiplied by the remaining term of the Commercial Notes. The operation had maturities in the years 2023, 2024 and 2025 and a rate of CDI + 2.15% p.a., and the redemption is due to the strategy of extending the debt amortization schedule and reducing the cost of borrowing.



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A free translation from Portuguese into English of Independent Auditor's Review Report on individual and consolidated interim financial information prepared in Brazilian currency in accordance with accounting practices adopted in Brazil and IAS 34 – Interim Financial Reporting, issued by the International Accounting Standards Board (IASB)

Independent auditor's review report on individual and consolidated interim financial information

To the Shareholders, Board of Directors and Officers
Smartfit Escola de Ginástica e Dança S.A.
São Paulo - SP

Introduction

We have reviewed the accompanying individual and consolidated interim financial information of Smartfit Escola de Ginástica e Dança S.A. ("Company") contained in the Quarterly Information Form (ITR) for the quarter ended on September 30, 2023, which comprises the statement of financial position as at September 30, 2023, and the related statements of profit or loss and of comprehensive income for the three and nine-months periods then ended, and of changes in equity and of cash flows for the nine-month period then ended, including explanatory notes.

The Management is responsible for preparation of the individual and consolidated interim financial information in accordance with NBC TG 21 and IAS 34 – Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), as well as for the fair presentation of this information in conformity with the rules issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of the Quarterly Information Form (ITR). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with Brazilian and International Standards on Review Engagements (NBC TR 2410 and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion on the individual and consolidated interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the individual and consolidated interim financial information included in the Quarterly Information referred to above was not prepared, in all material respects, in accordance with NBC TG 21 and IAS 34 applicable to the preparation of Quarterly Information (ITR), and presented consistently with the rules issued by the CVM.



Other matters

Statements of value added

The quarterly information referred to above includes the individual and consolidated statements of value added (SVA) for the nine-month period ended on September 30, 2023, prepared under the responsibility of the Company's Management, and presented as supplementary information for IAS 34 purposes. These statements were subject to review procedures conducted jointly with the review of the quarterly information for the purpose of concluding whether they are reconciled with the interim financial information and accounting records, as applicable, and whether their form and content are in accordance with the criteria defined in NBC TG 09 – Statement of Value Added. Based on our review, nothing has come to our attention that causes us to believe that these statements of value added were not prepared, in all material respects, pursuant to such standard and consistently with the individual and consolidated interim financial information taken as a whole.

São Paulo, November 07, 2023.

ERNST & YOUNG

Auditores Independentes S/S Ltda.
CRC-SP034519/O



Raphael de Oliveira Costa
Accountant CRC-SP295905/O