2Q22 Earnings

Earnings Report:

August 16, 2022

02:00 p.m. (Brasília) | 01:00 p.m. (NY)

Webcast: ir.espacolaser.com.br

São Paulo, August 15, 2022 – MPM Corpóreos S.A. (B3: ESPA3) ("Espaçolaser" or "Company") announces today its earnings for the second quarter of 2022 (2Q22). Our financial information has been prepared based on consolidated figures in Brazilian *Reais* (R$), according to the Brazilian Corporate Law and accounting practices in place in Brazil (BRGAAP), already in compliance with the International Financial Reporting Standards (IFRS), except as indicated otherwise.

To ensure a better understanding of our performance for the periods, certain non-recurring effects were excluded, as were IFRS-16 related impacts. Each section includes reconciliations with financial statements.

Highlights

Ticker: ESPA3

Quote: R$3.09

Total Shares: 244,235,566

Market Value: R$0.8 bi

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- We closed 2Q22 with **756 Espaçolaser stores in Brazil**, which represents the opening of **18 stores** in the quarter, 6 own stores and 12 franchises. We have also closed 12 stores in the period, seeking to optimize our chain.
- We opened **5 stores** abroad in the quarter, and we started to operate in the fourth country outside Brazil, **Paraguay**. Accordingly, we closed 2Q22 with 41 stores in Latin America, with a **14% growth** against 1Q22.
- **17.2% growth in the system-wide sales,** following the **organic expansion** in the period (net opening of 122 stores in the last 12 months). **Same-store sales with a recovery trend** against the previous quarters, as a result of the **launch** of the new **national TV Campaign** and **intensification** of the **commercial activity.**
- Continuous increase in **customer satisfaction rates**, with NPS for the quarter at **86.7 points** (against 83.8 points in 2Q21) and a score on the *Reclame Aqui* consumer complaint website, reaching our **historic high** of **8.9 (Great)** in June, with the RA1000 certificate since March 2022.
- For the **third time consecutively**, we were awarded the **Great Place to Work (GPTW)** seal, demonstrating high levels of **satisfaction** and engagement levels among our **employees**.
- Increase in our **brand awareness** in May/22 against April/21, with increase of **10 p.p.** in the "top of mind" in laser hair removal category, totaling **25%** of respondents, benefitting from the launch of our new national campaign.
- In 2Q22, net revenues for the quarter amounted to **R$215.7 million**, a **6.0%** increase in the annual comparison, supported by our **organic expansion** and absorption of **100 franchises purchased** in 2021. In the first half of the year, net revenues reached R$448.5 million, **up by 18.0%** against 1H21.
- The Adjusted EBITDA for the quarter amounted to **R$24.4 million**, with margin of **11.3%**, down by **25.9 p.p.** compared to 2Q21, considering the intensification of promotional activity, the **maturation effect** of new stores, and inflationary pressure on our expense base. In 1H22, the Adjusted EBITDA was **R$76.6 million**, with a **17.1%** margin.
- In 2Q22, we recorded Adjusted Net Losses of **R$23.7 million** as a result of the increase in financial expenses, due to our higher indebtedness and the selic rate. Accordingly, in 1H22, our Adjusted Net Loss was **R$17.1 million.**
- The Operating Cash Generation amounted to R$63.8 million in 2Q22, up by 287.9% compared to the same period in 2021. In 1H22, Operating Cash Generation amounted to **R$109.6 million**, up by **194.1%** in the annual comparison, boosted by **cash management initiatives**, including a **reduction in average financing terms** offered to customers.

R$ thousands Except as indicated otherwise	2Q22	2Q21	Var.	1H22	1H21	Var.
Operational Highlights						
Number of Espaçolaser Stores	756	634	122	756	634	122
Number of Estudioface Stores	11	12	(1)	11	12	(1)
Number of International Stores	41	20	21	41	20	21
NPS Espaçolaser	86.7	83.8	2.9 p.p.	86.3	82.5	3.8 p.p.
Espaçolaser System-Wide Sales[1]	300,672	256,615	17.2%	601,871	533,534	12.8%
Same-Store Sales (SSS)[2] - YoY Basis	(3.7%)	64.9%	(68.6 p.p.)	(8.1%)	29.8%	(37.9 p.p.)
Espaçolaser Digital Sales	69.4%	65.4%	4.0 p.p.	68.3%	52.2%	16.1 p.p.
Espaçolaser customers by gender - Women	88.8%	90.7%	(1.9 p.p.)	89.1%	91.1%	(2.0 p.p.)
Espaçolaser customers by gender - Men	11.2%	9.3%	1.9 p.p.	10.9%	8.9%	2.0 p.p.
Financial Highlights						
Net Revenues[3]	215,679	203,384	6.0%	448,541	380,159	18.0%
Gross Profit[4]	68,767	108,218	(36.5%)	173,277	198,485	(12.7%)
Gross Margin (%)	31.9%	53.2%	(21.3 p.p.)	38.6%	52.2%	(13.6 p.p.)
Adjusted EBITDA[5]	24,423	75,634	(15.3%)	76,581	137,211	(44.2%)
Adjusted EBITDA Margin (%)	11.3%	37.2%	(25.9 p.p.)	17.1%	36.1%	(19.0 p.p.)
Adjusted Net Income[6]	(23,671)	56,674	(79.3%)	(17,127)	81,432	(121.0%)
Adjusted Net Margin (%)	(11.0%)	27.9%	(38.8 p.p.)	(3.8%)	21.4%	(25.2 p.p.)
Adjusted Operating Cash Flow[7]	63,807	16,451	n.a.	109,620	37,270	194.1%
Adjusted Operating Cash Flow/Adjusted EBITDA (%)	261.3%	21.8%	239.5 p.p.	143.1%	27.2%	116.0 p.p.

[1] System-wide sales correspond to Espaçolaser units' total sales, as if we owned 100% of all Espaçolaser stores (including franchises).
[2] Same-Store Sales corresponds to sales at stores that were already open in the same period of the previous year, in order to track changes without the effect of stores added in the period.
[3] For comparison purposes, net revenues for the periods were adjusted to: (i) exclude the impact of the postponement of revenue recognition for the months in which stores were closed in 2020 and March 2021; and (ii) consolidate the figures of JVs merged.
[4] Gross profit adjusted for: (i) postponement of revenue recognition, as mentioned above; (ii) consolidation of figures for JVs merged; and (iii) elimination of effects related to IFRS-16.
[5] EBITDA adjusted for: (i) postponement of revenue recognition, as mentioned above; (ii) consolidation of figures of JVs merged; (iii) elimination of non-recurring expenses; and (iv) elimination of effects related to IFRS-16.
[6] Net income adjusted for: (i) postponement of revenue recognition, as mentioned above; (ii) consolidation of figures of JVs merged; (iii) elimination of non-recurring expenses; (iv) elimination of effects of gains from a bargain purchase in 2020; (v) elimination of effects related to IFRS 16; and (vi) elimination of accounting impact related to evolution of MtM of the call and put options we hold with non-controlling shareholders in certain subsidiaries.
[7] Adjusted Operating Cash Flow is calculated based on net cash flow from (used in) operating activities, net of the impact of financial result for the year.

Message from Management

In the second quarter of 2022, our results were marked by adjustments in our operations, focusing on the measures described below. As anticipated in the previous quarter, we focused on contracting more senior market profiles to operate as field managers, thus contributing to the dissemination of good practices and motivation of the store teams.

We have also launched three important projects focusing on our commercial operations: (i) with the support of Bravend consulting, specialist in sales training, we are reorganizing our sales model with focus on on-site training programs, qualifying the training team and including all field managers, who will act as multipliers for store teams; (ii) development of sales leaderships through a cycle of lectures to be given to store managers and field managers by Posiciona, a consulting firm specializing in retail; and (iii) review, jointly with Simon Kucher consulting, of our variable compensation model for store staff, searching to improve its alignment to the Company's objectives and sales targets. Our business is intensively dependent on the motivation of store teams, and our challenge consists in constantly searching for the appropriate tools and incentives to stimulate them on a daily basis.

We have also decided to close 12 stores with negative results, which enabled us to optimize our store network and distribute sales and clients to nearby stores, avoiding inconveniences to our clients. On the other hand, in terms of bottom-line, we identified opportunities to reduce and contain costs, such as freezing of new hires, postponement of our plans to move our corporate offices, centralization of suppliers and standardization of cleaning, maintenance and procurement processes, while keeping our general and administrative expenses in sustainable levels.

We also sought for alternatives in selling to and reaching different audiences, with highlight on the launch of our new national TV campaign focused on clarifying the main doubts regarding laser hair removal and thus reaching a new audience that was previously unaware of this technology. We rolled out our loyalty program (E-Lovers) launched in March, and we noticed that the leads generated by the program have, on average, a conversion 3x higher than the average of all leads.

Finally, on June 23, we announced the resignation of our current CEO, Paulo Morais, and his replacement by Paulo Camargo, who took office on August 1. Paulo Camargo was the CEO of Brazil's Arcos Dorados division (operator of the *Mc Donald's* brand for Latin America), where he had been working since 2011. He led the process of modernization of the brand and digital transformation of the company, which resulted in significant improvements in its profitability, operational productivity and high gains in market share. Paulo Camargo undertakes the challenge of strengthening the operation and leading the Company to a new growth phase.

In the expansion front, and aiming at preserving the Company's cash, we concentrated our focus on the opening of franchises, which represented 12 of 18 inaugurations in the quarter. It is important to stress that these franchises were opened in regions where the opening of owned stores was not expected, since these regions are smaller and more restricted in terms of accessibility, according to our strategy to expand the brand's reach, and focus on the opening of owned stores in large centers. As a result, we closed the quarter with 756 Espaçolaser stores in Brazil.

In the international front, we opened another franchise in Argentina, two own stores in Chile, one own store in Colombia and our first store, a franchise, in Paraguay, which is the fourth country where we have operations outside Brazil. Consequently, by the end of June, we had 41 stores in Latin America, up by 14% compared to the previous quarter.

We started 2Q22 with a lot of determination and strengthened corporate and sales teams, focusing on the brand's strengths and seeking for opportunities and leverages to support our recovery, increase in margins, and operational cash generation. Our Company is starting a new chapter, and we will be prepared to face new future challenges.

Operating Results

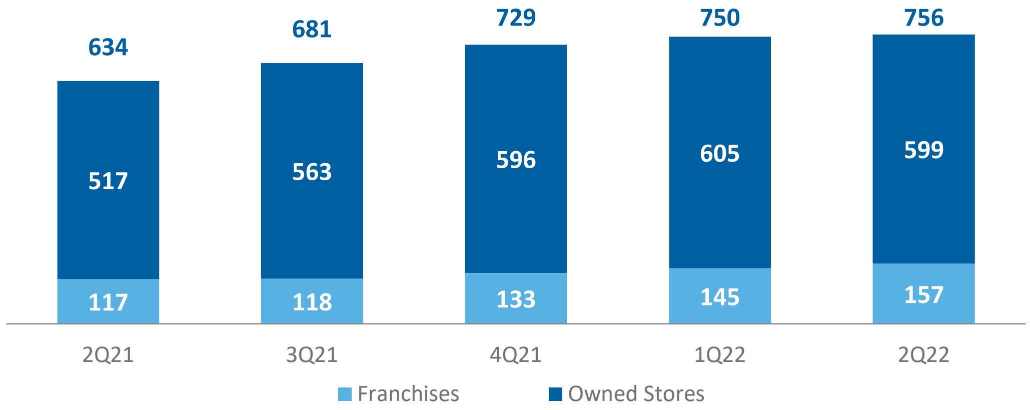
Espaçolaser

We ended the quarter with 756 stores, a 19.2% increase against the second quarter of 2021, with the opening of 18 new units, including 6 own stores and 12 franchises. The North and Northeast regions of Brazil stood out, representing 50% of the openings in the quarter. These regions concentrated a significant portion of the franchises we purchased in 2021, and we saw that they had great potential for expansion.

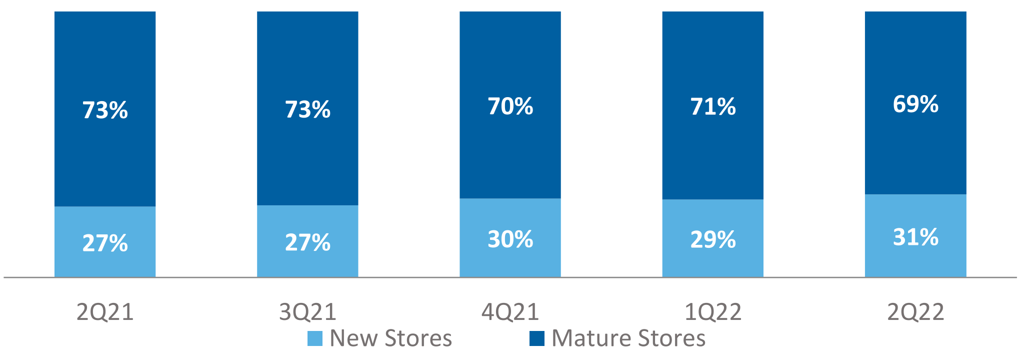
Therefore, in the first half-year we opened 19 owned stores and 24 franchises. For the rest of the year, we should focus only on the opening of franchises, increasing the reach of our brand and arriving in smaller and more remote regions. Additionally, this year, we closed 16 stores, of which 4 were closed in the first quarter and 12 in the second quarter. It is important to highlight that these stores were closed in regions where we had other stores, meaning customers and sales could be redistributed, and we noticed an increase in sales in nearby stores. In 55% of cases, there was another store within less than 1 km of distance from the store that was closed, and these stores recorded an average increase of 32.4% in revenues after the closings. In Rio de Janeiro, some substituting stores are next to more than one closed store, and they recorded an average increase of 42.3% in sales after the closing of stores.

Considering the natural maturation curve of two years of our stores and the accelerated organic expansion in the past years, 31% of our stores still have potential to increase sales until they reach their total maturity.

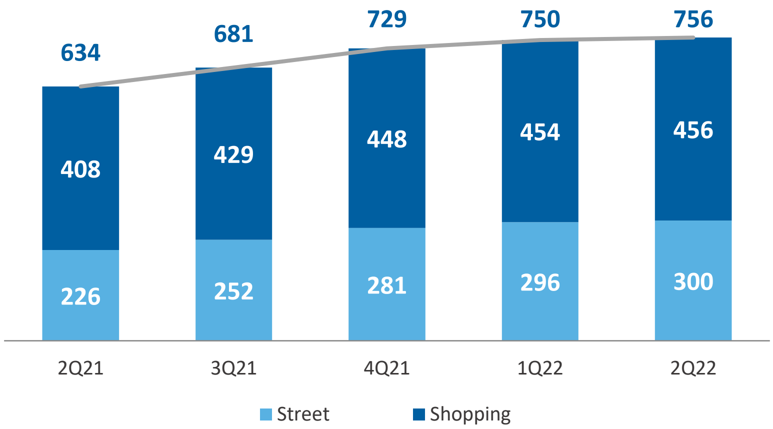
NUMBER OF ESPAÇOLASER STORES



NUMBER OF ESPAÇOLASER STORES



Following the post-pandemic trend of shopping and performing other activities at street stores, and seeking to optimize our rent costs, we have once again increased the representativeness of our stores outside shopping malls, and now they represent 40% of our total base.

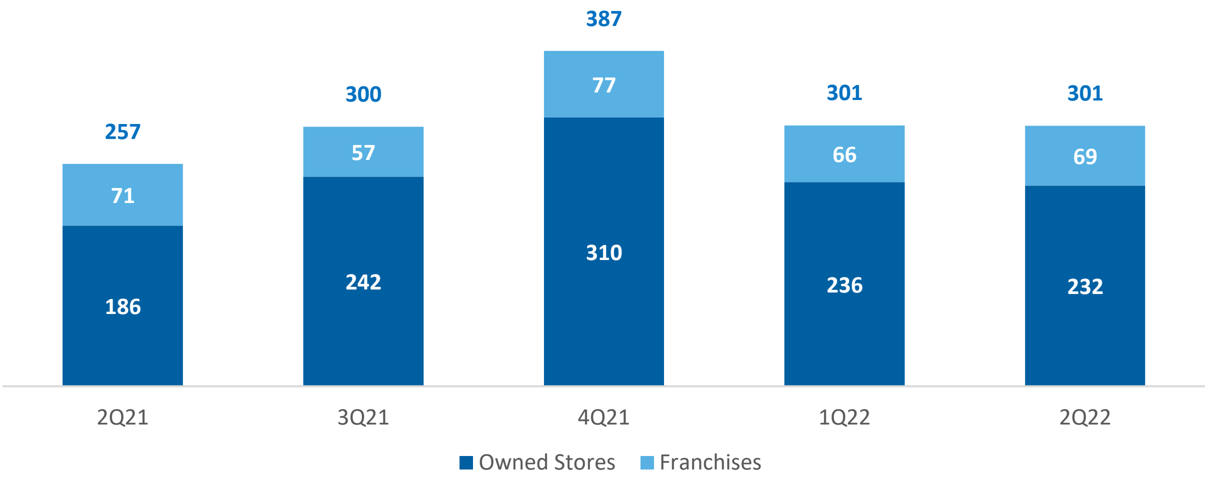


REGION	N	NE	MW	SE	S
1Q22	42	100	68	431	109
2Q22	46	104	71	426	109
% Var.	**9.5%**	**4.0%**	**4.4%**	**(1.2%)**	**0.0%**

2Q22 was marked by the launch of our new national campaign, with Xuxa, Gabriel Medina and Larissa Manoela to engage different audiences, in addition to the intensification of promotional activity to face the still challenging macroeconomic scenario. As a result, Espaçolaser Brazil sales amounted to R$300.7 million in 2Q22, up by 17.2% compared to the same period in 2021, reflecting our accelerated expansion in the period, with the net opening of 122 stores in the last twelve months.

Regarding same-store sales, there was a recovery in the quarter, with a 3.7% drop against the 12.1% reduction recorded in the previous quarter, reflecting the launch of the national campaign and intensification of promotional activity described above.

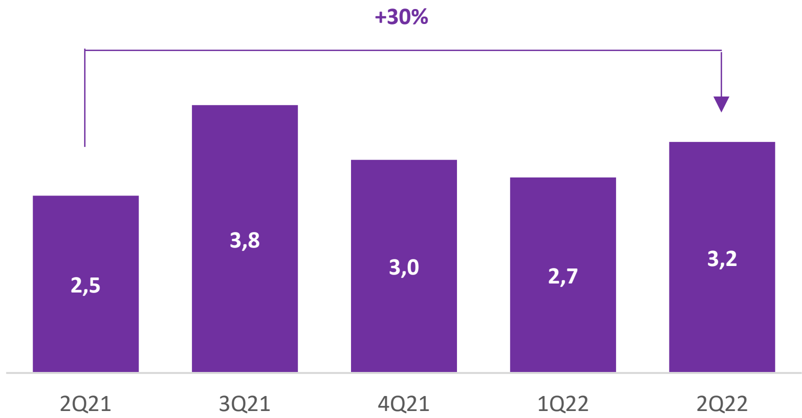
ESPAÇOLASER SYSTEM-WIDE SALES



Estudioface

Our Estudioface division is focused on rejuvenation and facial aesthetics, and its main services include the offer of botulinum toxin, facial fillers and laser. The brand's sales in 2Q22 amounted to R$3.2 million, which represents a 29.9% increase against the same period of the previous year. Currently, we have 11 stores of this brand, being one own store and 10 franchises.

ESTUDIOFACE SALES (R$ MM)



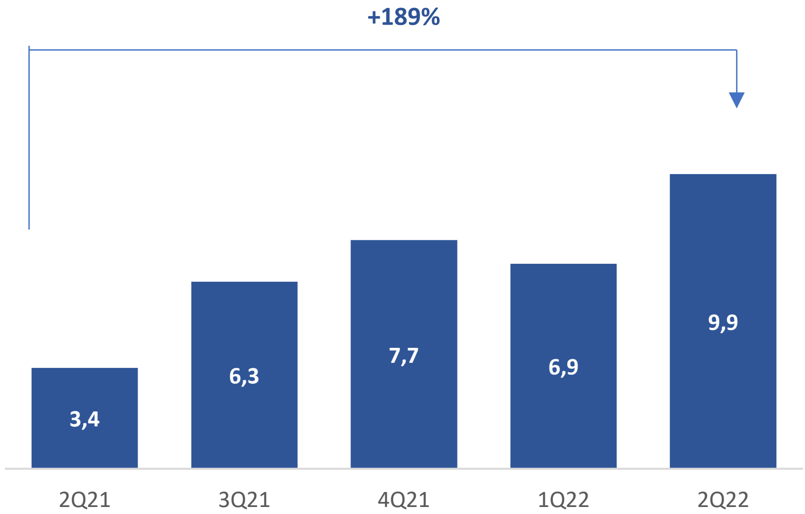
International Expansion

Argentina

Argentina was the first country of operation outside Brazil, and we entered its market using a joint venture model. In 2Q22, we opened our second franchise in the country, closing the quarter with 14 units. Our sales in Argentina added up to R$9.9 million, up 189.3% compared to 2Q21.

The significant increase in sales is explained by the 'hot sale' action performed in the country in the end of May and beginning of June. The action consisted of an online sales event organized by the Argentinian Chamber of Electronic Commerce. Users were able to find discounts for the country's most important brands selling their products or services through digital platforms.

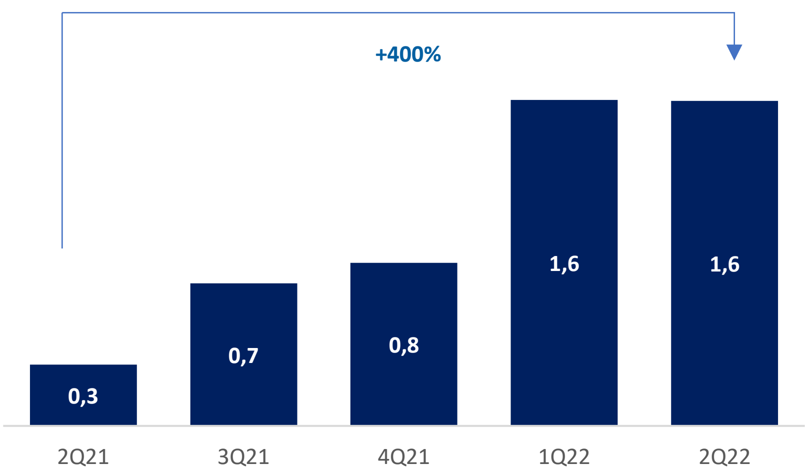
ARGENTINA SALES (R$ MM)



Colombia

In 2020, we opened our first store in Colombia through a greenfield operation. In 2Q22, we inaugurated our 8th store in the country, being all owned stores. In the period, we performed 16,700 procedures, against 1,500 in 2Q21, with a sales volume of R$1.6 million in 2Q22, a 400% increase compared to the same quarter of the previous year, following our strong organic expansion in the period.

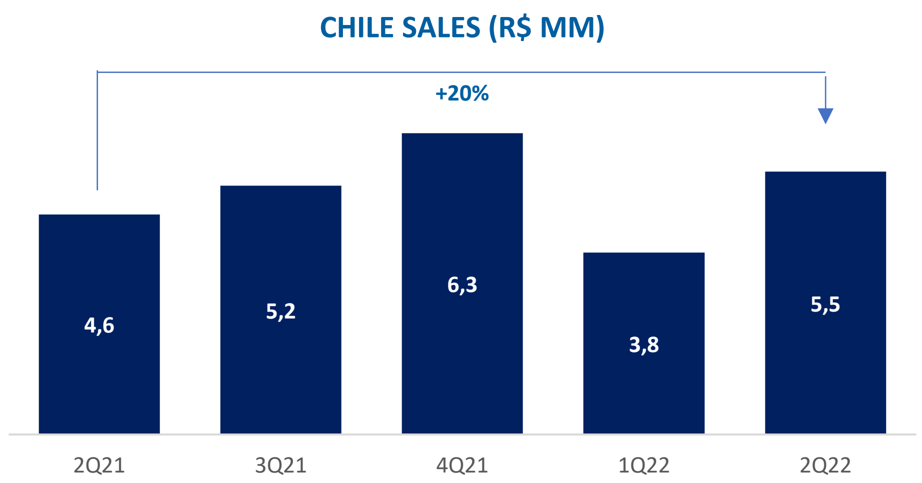
COLOMBIA SALES (R$ MM)



Chile

In May 2021 we completed the purchase of control in Chile's Cela group, a brand that displays similarities to Espaçolaser in services, technology and culture. Since then, we have implemented a series of improvements in our sales model, following the strategy used in Brazil and other countries.

We ended the quarter with 39,700 procedures performed and sales amounting to R$5.5 million, up by 19.0%, reflecting the results of the 'cyber day' action that we promoted in the country from the end of May to the beginning of June. It is important to mention that we opened 2 stores in May, totaling 18 stores in operation.



ESG

Partnership with WayCarbon: In July, we announced our partnership with WayCarbon, the largest strategic consulting firm exclusively focused on sustainability and climate change in Latin America. With this partnership, we aim at consolidating our ESG plans, strategies and indicators. Through an immersion in the brand's businesses and in the services segment in the Brazilian and international markets, WayCarbon will carry out our company's ESG materiality exercise by listing all important topics for our chain and its stakeholders. This process is crucial to sustain the phase of diagnosis and preparation of action plans, with establishment of performance indices and evolution of our brand's sustainability agenda.

Climate Research: As from this year, the targets relating to the improvement of the organizational climate will start to be part of the variable compensation of our leaderships, aiming at continuously improving our work environment.

Volunteering Program: Our Corporate Volunteering Program was created in April, and has 46 volunteers currently. "Solidarity Easter" was the first event of the program. Easter eggs were purchased from women in the region of Heliópolis and given to children of this community. In June, we conducted the "Winter Clothing Campaign," with donations to "Projeto Amarelinhos" NGO, which assists vulnerable people that live on the streets.

Teva's "Women in Leadership" Index: The Company is in the 5th position in the gender diversity ranking in the portfolio of this index, which is the first in Brazil to select companies with more representativity of women in governance.

Financial Results

Net Revenues

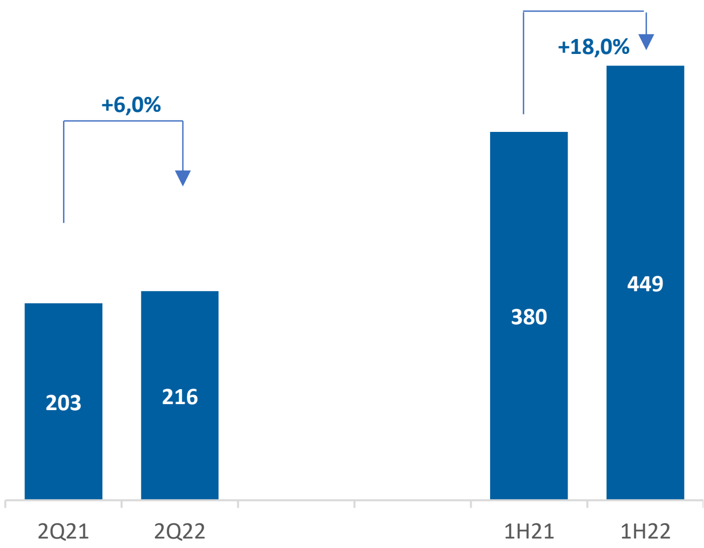
To improve comparability between the periods, we added the results from JVs merged in the quarter. Under articles 226 and 227, and paragraphs, of Law No. 6.404/76, merged JVs are absorbed by the Company, with their results for the year transferred to the shareholders' equity of the Company, the surviving entity.

Our net revenues for 2Q22 amounted to R$215.7 million, up 6.0% against 1Q21 in the annual comparison, especially due to our organic growth, with net opening of 82 new own stores in the period between these quarters, and absorption of 100 franchises purchased in 2021. We should point out that the quarter was marked by an intensification of the promotional activity given the still challenging macroeconomic scenario, with an increase in our prices scheduled for the next quarter.

With this, our accumulated net revenues reached R$448.5 million in June, up by 18.0% against 1H21, equivalent to net revenues of R$124,100 per month/per store, or a decrease of 15.6% in the annual comparison, reflecting the maturation effect of the stores that were opened in recent years, and the intensification of promotional activity.

R$ thousands Except as indicated otherwise	2Q22	2Q21	Var.	1H22	1H21	Var.
Net Revenues	**207,360**	**243,408**	**(14.8%)**	**440,222**	**442,777**	**(0.6%)**
(+/-) Impact from Postponement of Revenues (COVID 2020)	–	(11,686)	n.a.	–	(62,618)	n.a.
(+) Impact from Postponement of Revenues (COVID Mar/21)	–	(28,338)	n.a.	–	–	n.a.
(+) Impact form Absorption of JVs	8,319	–	n.a.	8,319	–	n.a.
Adjusted Net Revenues	**215,679**	**203,384**	**6.0%**	**448,541**	**380,159**	**18.0%**

CONSOLIDATED NET REVENUES (R$ MM)



Cost of Services Provided and Gross Profit

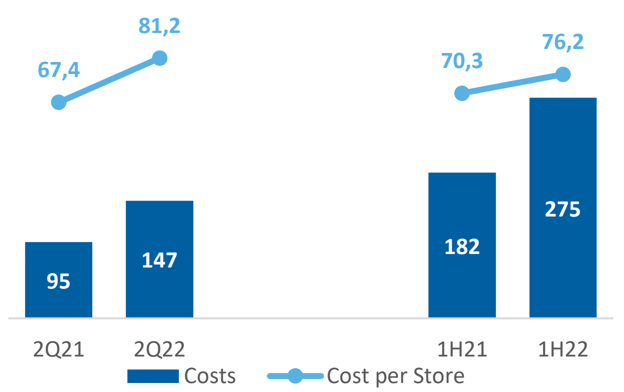
Our cost per store in the quarter amounted to R$81,200 per month, a 20.5% increase in the annual comparison, mainly due to the impact of the application of the bargaining agreement of physiotherapists regarding 2021 in this quarter, as well as the increase in employment terminations, given the substitutions in our store teams, and the rent adjustments that occurred in the previous quarter. Not considering the one-off effects on payroll and the lease renegotiations that benefited the 2Q21 results, our cost per store would have amounted to R$79,200 per month, up by 13.1% against 2Q21.

In 1H22, the average cost per store reached R$76,200 per month, up by 8.4% against the same period of the previous year, and below the inflation rate recorded in the period.

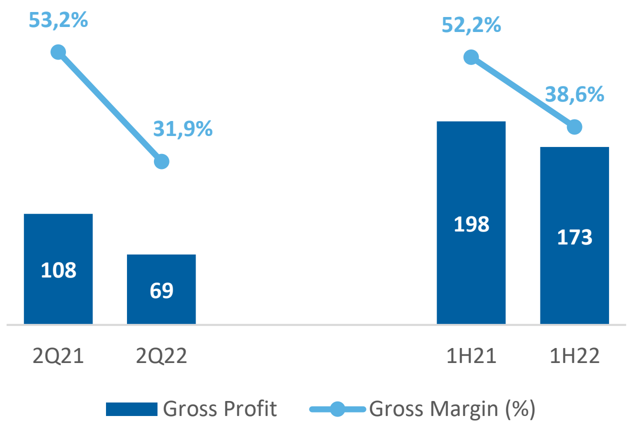
Accordingly, gross profit for 2Q22 hit R$68.8 million, with a 31.9% margin, which represents a retraction of 21.3 p.p. compared to 2Q21, impacted by (i) intensification of promotional activity in light of the challenging macroeconomic scenario; (ii) salary and rent adjustments; and (iii) a large number of stores that are still maturing, following our strong organic expansion in the period. Considering this point, our maturing stores generated an impact of 6.2 p.p. on our gross margin, following the expected curve.

In the first half of the year, gross profit amounted to R$173.3 million, with a margin of 38.6%, retraction of 13.6 p.p. in the annual comparison.

CONSOLIDATED COSTS (R$ MM)



CONSOLIDATED GROSS PROFIT (R$ MM)



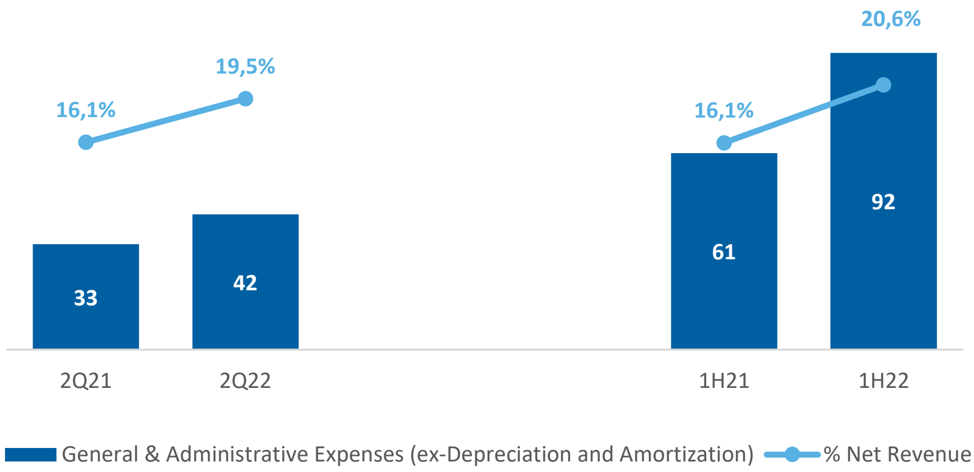
R$ thousands Except as indicated otherwise	2Q22	2Q21	Var.	1H22	1H21	Var.
Gross Profit (ex-Depreciation and Amortization)	**75,825**	**158,958**	**(52.3%)**	**194,771**	**284,057**	**(31.4%)**
(+/-) Revenue Postponement Impact (COVID 2020)	–	(11,686)	n.a.	–	(62,618)	n.a.
(+) Revenue Postponement Impact (COVID Mar 2021)	–	(28,338)	n.a.	–	–	n.a.
(+) JV Mergers Impact	6,448	–	n.a.	6,448	–	n.a.
(-) Credit Card Commissions Reallocated from G&A to Costs	(4,096)	(1,727)	137.1%	(6,381)	(4,843)	31.7%
(-) IFRS-16 Impact	(9,411)	(8,988)	4.7%	(21,563)	(18,110)	19.1%
Adjusted Gross Profit (ex-Depreciation and Amortization)	**68,767**	**108,218**	**(36.5%)**	**173,277**	**198,485**	**(12.7%)**
Adjusted Gross Margin	*31.9%*	*53.2%*	*(21.3 p.p.)*	*38.6%*	*52.2%*	*(13.6 p.p.)*

General and Administrative Expenses

General and administrative expenses in 2Q22 amounted to R$42.2 million, or 19.5% of net revenues for the period, a 3.4 p.p. increase compared to 2Q21. On an absolute basis, the increase of 28.4% in general and administrative expenses reflects the strengthening of the corporate structure to accommodate the rapid expansion of our network. It is worth noting that, throughout 2021, we expanded our own store base by 58%.

In 1H22, general and administrative expenses amounted to R$92.5 million, or 20.6% of net revenues, up by 4.5 p.p. in the annual comparison.

GENERAL AND ADMINISTRATIVE EXPENSES (R$ MM)



R$ thousands Except as indicated otherwise	2Q22	2Q21	Var.	1H22	1H21	Var.
General and Administrative Expenses (ex-Depreciation and Amortization)	**46,260**	**36,019**	**28.4%**	**98,866**	**80,833**	**22.3%**
(+) Credit Card Commissions Reallocated from G&A to Costs	4,096	1,727	137.1%	6,381	4,843	31.7%
(+) JV Mergers Impact	2	–	n.a.		–	n.a.
(+) Non-Recurring Expenses	–	1,461	n.a.	–	14,724	n.a.
Adjusted General and Administrative Expenses (ex-Depreciation and Amortization)	**42,163**	**32,831**	**28.4%**	**92,484**	**61,266**	**51.0%**

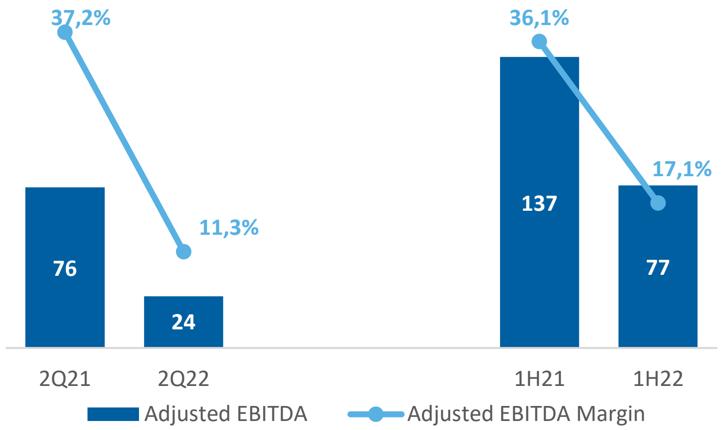
R$ thousands Except as indicated otherwise	2Q22	2Q21	Var.	1H22	1H21	Var.
Adjusted General and Administrative Expenses	**42,163**	**32,831**	**28.4%**	**92,484**	**61,266**	**51.0%**
% Net Revenues	**19.5%**	**16.1%**	**3.4 p,p.**	**20.6%**	**16.1%**	**4.5 p,p.**
General and Administrative Expenses	18,980	9,430	101.3%	34,107	18,840	81.0%
% Net Revenues	8.8%	4.6%	4.2 p,p.	7.6%	5.0%	2.6 p,p.
Personnel Expenses	19,801	12,358	60.2%	40,410	23,498	72.0%
% Net Revenues	9.2%	6.1%	3.1 p,p.	9.0%	6.2%	2.8 p,p.
Marketing	7,886	5,233	50.7%	15,960	10,253	55.7%
% Net Revenues	3.7%	2.6%	1.1 p,p.	3.6%	2.7%	0.9 p,p.
Provision for expected credit losses	(4,504)	5,810	(177.5%)	2,006	8,675	(76.9%)
% Net Revenues	-2.1%	2.9%	(4.9 p.p.)	0.4%	2.3%	(1.8 p.p.)

Adjusted EBITDA

In 2Q22, our Adjusted EBITDA reached R$24.4 million, with margin of 11.3%, or 25.9 p.p. below the margin recorded in 2Q21, reflecting the intensification of promotional activity, maturation effect of the stores opened in recent years and inflationary pressure on our costs and expenses. It is worth noting that there is a price increase scheduled for 3Q22.

Thus, in the first half of the year, our Adjusted EBITDA was R$76.6 million, with a 17.1% margin, down 19.0 p.p. in the annual comparison.

ADJUSTED EBITDA (R$ MM)



R$ thousands Except as indicated otherwise	2Q22	2Q21	Var.	1H22	1H21	Var.
Net Income	**(23,759)**	**73,546**	**n.a.**	**(16,302)**	**148,769**	**n.a.**
(+/-) Income Tax and Social Contribution	(5,523)	7,481	n.a.	(995)	38,701	n.a.
(+) Depreciation and Amortization	21,744	17,132	26.9%	42,872	33,066	29.7%
(+/-) Financial Result	42,697	25,027	70.6%	73,893	(17,320)	n.a.
EBITDA	**35,159**	**123,186**	**(71.5%)**	**99,468**	**203,216**	**(51.1%)**
(-) IFRS 16 Impact	(9,411)	(8,988)	4.7%	(21,563)	(18,110)	19.1%
(+/-) Revenue Postponement Impact (COVID), 2020	–	(11,686)	n.a.	–	(62,618)	n.a.
(+) Revenue Postponement Impact (COVID), March 2021	–	(28,338)	n.a.	–	–	n.a.
(+) JV Mergers Impact	(1,325)	–	n.a.	(1,325)	–	n.a.
(+) Non-Recurring Expenses	–	1,461	n.a.	–	14,724	n.a.
Adjusted EBITDA	**24,423**	**75,634**	**(67.7%)**	**76,581**	**137,211**	**(44.2%)**
Adjusted EBITDA Margin	*11.3%*	*37.2%*	*(25.9 p.p.)*	*17.1%*	*36.1%*	*(19.0 p.p.)*

Depreciation and Amortization

Our depreciation and amortization added up to R$14.5 million in 2Q22, a 61.9% increase in the annual comparison, reflecting the significant expansion of our store base, due to our organic expansion and the absorption of 100 franchises purchased in 2021.

In 1H22, depreciation and amortization amounted to R$26.5 million, up by 56.6% against 1H21.

Financial Result

We adjusted our financial result in order to exclude the impact of gains and losses the option to buy and sell non-controlling interests from the results recorded in 2021.

Our financial result in 2Q22 corresponded to expenses of R$37.9 million, compared to expenses of R$4.3 million in 2Q21. That increase was primarily due to the rise in our gross debt resulting from expansion investments, combined with a significant increase in the key interest rate used as a reference for our financing cost.

Accordingly, in the first half of the year, our financial result was an expense of R$66.9 million, compared to an expense of R$17.6 million in 1H21.

Income Tax and Social Contribution

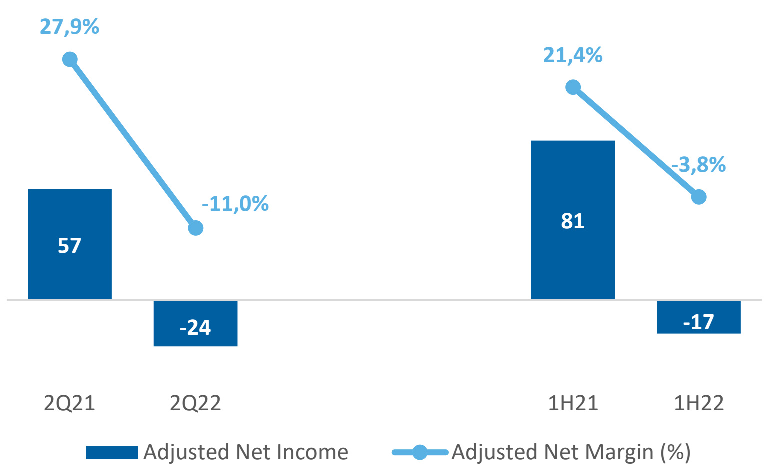
We adjusted our income tax and social contribution for the effects of net revenues, costs, general and administrative expenses and financial result set out in the relevant sections of the document.

Income tax and social contribution in 2Q22 added up to positive R$4.2 million, compared to negative R$5.8 million for the same period of the previous year. This line amounted to negative R$0.3 million in the six-month period, against negative R$21.2 million in 1H21.

Adjusted Net Income (Loss)

Our adjusted net loss for 2Q22 was R$23.7 million, compared to the adjusted net profit of R$56.7 million in 2Q21, as a result of the reasons discussed above. Thus, the adjusted net loss for the six-month period was R$17.1 million, compared to adjusted net income of R$81.4 million in 1H21.

NET INCOME (R$ MM)

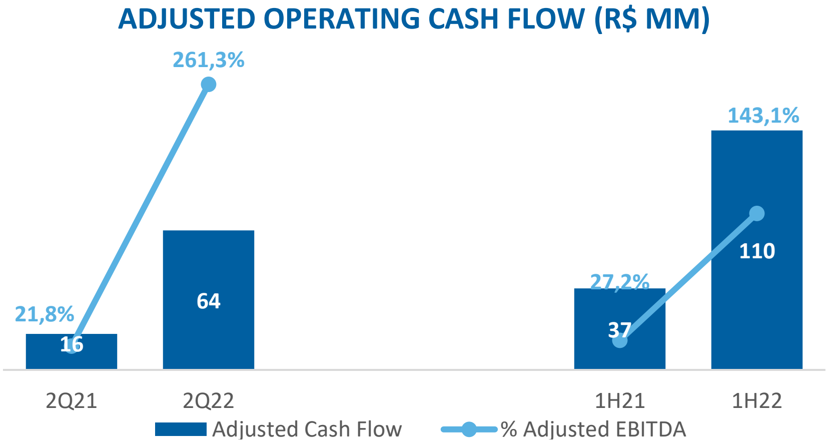


R$ thousands Except as indicated otherwise	2Q22	2Q21	Var.	1H22	1H21	Var.
Net Income	**(23,759)**	**73,546**	**n.a.**	**(16,302)**	**148,769**	**n.a.**
(+/-) Variation in Value of Call and Put Options	–	18,268	n.a.	–	(29,569)	n.a.
(-) IFRS 16 Impact	85	(137)	n.a.	(828)	292	n.a.
(+/-) Revenue Postponement Impact (COVID)	–	(36,328)	n.a.	–	(49,761)	n.a.
(+) Non-Recurring Expenses	–	1,326	n.a.	–	11,701	n.a.
Adjusted Net Income	**(23,671)**	**56,674**	**(141.8%)**	**(17,127)**	**81,432**	**n.a.**
Adjusted Net Margin	*(11.0%)*	*27.9%*	*(38.8 p.p.)*	*(3.8%)*	*21.4%*	*(25.2 p.p.)*

Operating Cash Flow

In 2Q22, our adjusted operating cash generation amounted to R$63.8 million, a significant increase considering the cash generation of R$16.5 million recorded in 2Q21. This increase was due to lower use of working capital in the period, primarily due to cash management initiatives such as the reduction in the average payment term for our customers.

Accordingly, in 1H22, the Company reported an adjusted operating cash generation of R$109.6 million, up by 194.1% against the cash generation of R$37.3 million in the first half of 2021, also following the reduction in the volume of openings of owned stores.

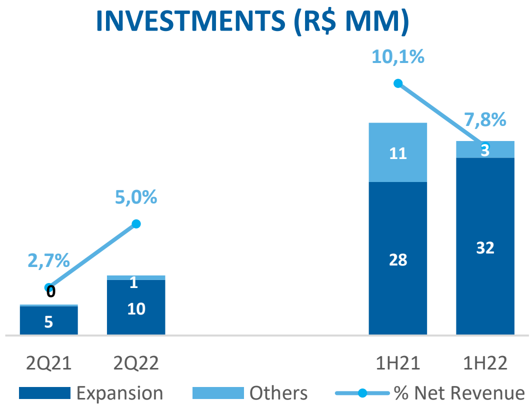


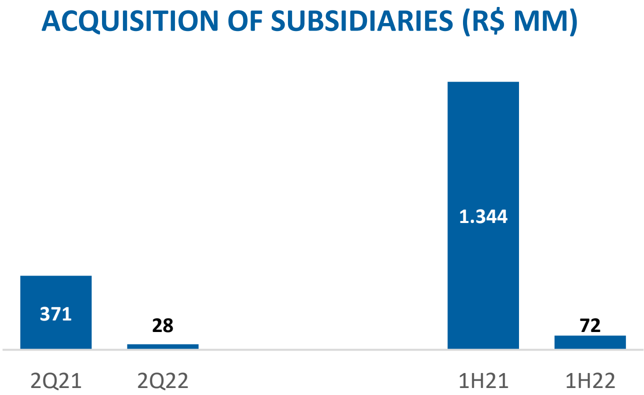
R$ thousand Except when indicated	2Q22	2Q21	Var.	1H22	1H21	Var.
Income (Loss) Before Income Tax and Social Contribution	**(29,282)**	**81,028**	**n.a.**	**(17,297)**	**187,471**	**n.a.**
(+) Adjustments to Income (Loss) Before Income Tax and Social Contribution	**49,296**	**43,156**	**14.2%**	**105,192**	**44,238**	**137.8%**
Depreciation and Amortization	23,049	21,707	6.2%	45,014	37,641	19.6%
Provision for expected credit losses	(4,794)	16,683	n.a.	1,716	20,371	(91.6%)
Others	31,041	4,766	551.3%	58,462	(13,774)	n.a.
(+) Working Capital Variations	**43,793**	**(107,733)**	**n.a.**	**21,725**	**(194,439)**	**n.a.**
Accounts Receivable	65,052	(40,743)	n.a.	74,955	(36,813)	n.a.
Deferred Revenue	(13,925)	(49,140)	(71.7%)	(49,671)	(125,285)	(60.4%)
Others	(7,334)	(17,850)	(58.9%)	(3,559)	(32,341)	(89.0%)
Adjusted Net Cash Generated by Operating Activities	**63,807**	**16,451**	**287.9%**	**109,620**	**37,270**	**194.1%**
Capex	(10,861)	(5,576)	94.8%	(35,112)	(38,427)	(8.6%)
Acquisition of Controlled Companies	(28,095)	(370,999)	(92.4%)	(71,808)	(1,344,410)	(94.7%)
Others	–	(1,532)	n.a.	–	(1,537)	n.a.
Net Cash Generated by Investment Activities	**(38,956)**	**(378,107)**	**(89.7%)**	**(106,920)**	**(1,384,374)**	**(92.3%)**
Net Cash Generated by Financing Activities	**2,260**	**253,749**	**(99.1%)**	**11,837**	**1,356,414**	**(99.1%)**
Net Cash Flow	**27,111**	**(107,907)**	**n.a.**	**14,537**	**9,310**	**56.1%**

Investments

Our Capex in 2Q22 amounted to R$10.9 million, mainly invested in organic expansion, represented by 6 stores in the quarter and 19 stores in the six-month period. It is important to highlight that in 2Q21 the expansion of our network was mainly due to the purchase of franchises, with total investment of R$371.0 million in the period.

In 1H22, our Capex amounted to R$35.1 million, down 8.6% against 1H21, reflecting a slower pace in the opening of owned stores, with the purpose of preserving the Company's cash. The amount of R$71.8 million was paid regarding the installments of franchises purchased in 2021.





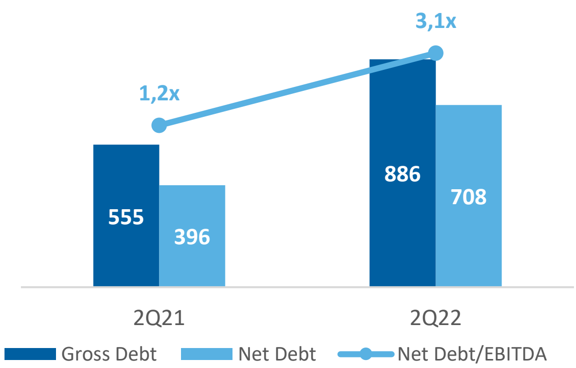
Indebtedness

We ended 2Q22 with net debt of R$708.0 million, a R$311.7 million increase compared to 2Q21, reflecting the disbursements made between these two periods, with highlight on the acquisition of 100 franchises and purchase of the remaining stake in our subsidiaries in 2021, in addition to the acceleration of our organic expansion plan, given that stores require larger amounts of working capital at the earlier stages of their lives.

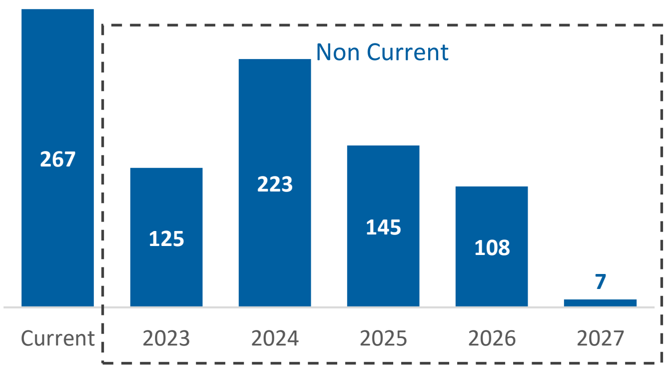
Our leverage level, measured as the net debt-to-EBITDA ratio, was 3.1x, excluding the accounting effects of merged companies, also impacted by recent margin compression.

Out of the total gross debt, 69% is allocated in the long-term.

INDEBTEDNESS (R$ MM)



REPAYMENT PROFILE (R$ MM)



APPENDICES

IFRS-16 Reconciliation

R$ thousands Except as indicated otherwise	2Q22			1H22		
	IAS17	IFRS16	Var.	IAS17	IFRS16	Var.
Net Revenues	**207,360**	**207,360**	**–**	**440,222**	**440,222**	**–**
Costs	(140,946)	(131,535)	(9,411)	(267,014)	(245,451)	(21,563)
Gross Profit	**66,414**	**75,825**	**(9,411)**	**173,207**	**194,771**	**(21,563)**
General and Administrative Expenses	(40,666)	(40,666)	–	(95,304)	(95,304)	–
Adjusted EBITDA	**25,748**	**35,159**	**(9,411)**	**77,904**	**99,467**	**(21,563)**
Depreciation and Amortization	(13,783)	(21,744)	7,962	(25,869)	(42,870)	17,001
Financial Result	(41,163)	(42,697)	1,534	(70,160)	(73,893)	3,733
Income Tax and Social Contribution	5,523	5,523	–	995	995	–
Net Income	**(23,675)**	**(23,759)**	**85**	**(17,131)**	**(16,302)**	**(828)**

Management Income Statement (excluding IFRS-16 and other impacts set out in the document)

R$ thousands Except as indicated otherwise	2Q22	2Q21	Var.	1H22	1H21	Var.
Net Revenues	**215,679**	**203,384**	**6.0%**	**448,541**	**380,159**	**18.0%**
Costs	**(146,912)**	**(95,167)**	**54.4%**	**(275,264)**	**(181,675)**	**51.5%**
Personnel	(95,450)	(65,865)	44.9%	(179,249)	(121,115)	48.0%
Rent	(27,231)	(16,726)	62.8%	(51,961)	(35,272)	47.3%
Direct Costs	(19,873)	(10,848)	83.2%	(37,410)	(20,444)	83.0%
Credit Card Commissions	(4,359)	(1,727)	152.4%	(6,644)	(4,843)	37.2%
Gross Profit	**68,767**	**108,218**	**(36.5%)**	**173,277**	**198,485**	**(12.7%)**
% Gross Margin	31.9%	53.2%	(21.3 p.p.)	38.6%	52.2%	(13.6 p.p.)
General and Administrative Expenses	**(42,163)**	**(32,831)**	**28.4%**	**(92,484)**	**(61,266)**	**51.0%**
Personnel	(19,801)	(12,358)	60.2%	(40,410)	(23,498)	72.0%
General and Administrative	(18,980)	(9,430)	101.3%	(34,107)	(18,840)	81.0%
Marketing Expenses	(7,886)	(5,233)	50.7%	(15,960)	(10,253)	55.7%
Provision for doubtful debts	4,504	(5,810)	n.a.	(2,006)	(8,675)	-76.9%
Equity pick-up	**(2,181)**	**247**	**n.a.**	**(4,212)**	**(8)**	**n.a.**
EBITDA	**24,423**	**75,634**	**(67.7%)**	**76,581**	**137,211**	**(44.2%)**
% EBITDA Margin	11.3%	37.2%	(25.9 p.p.)	17.1%	36.1%	(19.0 p.p.)
Depreciation and Amortization	(14,453)	(8,928)	61.9%	(26,542)	(16,945)	56.6%
Financial Result	(37,864)	(4,254)	790.1%	(66,861)	(17,607)	279.7%
Income Tax and Social Contribution	4,223	(5,778)	(173.1%)	(304)	(21,228)	(98.6%)
Net Income	**(23,671)**	**56,674**	**n.a.**	**(17,127)**	**81,432**	**n.a.**
% Net Margin	*(11.0%)*	*27.9%*	(38.8 p.p.)	*(3.8%)*	*21.4%*	(25.2 p.p.)

Corporate Statement Income (including IFRS-16)

R$ thousands Except as indicated otherwise	2Q22	2Q21	Var.	1H22	1H21	Var.
Gross Revenues	**264,551**	**273,617**	**(3.3%)**	**562,458**	**501,482**	**12.2%**
Taxes on sales	(33,678)	(26,782)	25.7%	(72,742)	(52,305)	39.1%
Cancellations	(23,513)	(3,426)	586.4%	(49,494)	(6,399)	673.5%
Net Revenues	**207,360**	**243,408**	**(14.8%)**	**440,222**	**442,777**	**(0.6%)**
Costs	**(131,535)**	**(84,451)**	**55.8%**	**(245,451)**	**(158,721)**	**54.6%**
Personnel	(95,424)	(65,865)	44.9%	(179,225)	(121,115)	48.0%
Rent	(16,541)	(7,738)	113.8%	(29,119)	(17,162)	69.7%
Direct Costs	(19,570)	(10,848)	80.4%	(37,107)	(20,444)	81.5%
Gross Profit	**75,825**	**158,958**	**(52.3%)**	**194,771**	**284,057**	**(31.4%)**
% Gross Margin	36.6%	65.3%	(28.7 p.p.)	44.2%	64.2%	(19.9 p.p.)
General and Administrative Expenses	**(46,260)**	**(36,019)**	**28.4%**	**(98,866)**	**(80,833)**	**22.3%**
Selling Expenses	(12,979)	(5,233)	148.0%	(23,338)	(10,253)	127.6%
General and Administrative	(33,281)	(30,786)	8.1%	(75,528)	(70,580)	7.0%
Equity Pick-up	**5,594**	**247**	**2162.1%**	**3,563**	**(8)**	**n.a.**
EBITDA	**35,159**	**123,186**	**(71.5%)**	**99,468**	**203,216**	**(51.1%)**
% EBITDA Margin	17.0%	50.6%	(33.7 p.p.)	22.6%	45.9%	(23.3 p.p.)
Depreciation and Amortization	(21,744)	(17,132)	26.9%	(42,872)	(33,066)	29.7%
Financial Result	(42,697)	(25,027)	70.6%	(73,893)	17,320	n.a.
Call and Put Options on non-controlling stakes	–	(20,126)	n.a.	–	37,208	n.a.
Income Tax and Social Contribution	5,523	(7,481)	n.a.	995	(38,701)	n.a.
Net Income	**(23,759)**	**73,546**	**n.a.**	**(16,302)**	**148,769**	**n.a.**
% Net Margin	*(11.5%)*	*30.2%*	(41.7 p.p.)	*(3.7%)*	*33.6%*	(37.3 p.p.)

Balance Sheet

R$ thousands Except as indicated otherwise	2Q22	2Q21	Var.
Total Assets	**2,172,259**	**1,941,574**	**11.9%**
Current Assets	**771,261**	**765,378**	**0.8%**
Cash and Cash Equivalents	157,983	158,261	(0.2%)
Trade Accounts Receivable	550,869	502,576	9.6%
Call options on non-controlling stakes	–	48,621	n.a.
Advance to Suppliers	20,917	10,030	108.5%
Other Assets	41,492	24,128	72.0%
Taxes Recoverable	–	21,762	n.a.
Non-Current Assets	**1,400,998**	**1,176,196**	**19.1%**
Trade accounts receivable	70,781	20,481	245.6%
Accounts receivable - related parties	20,896	–	n.a.
Derivative financial instruments	–	7,791	n.a.
Other assets	5,922	5,957	(0.6%)
Securities	20,121	20,119	0.0%
Deferred income tax and social contribution	48,391	–	n.a.
Investments	2,599	1,633	59.2%
Property and equipment	322,909	235,956	36.9%
Intangible assets	841,759	820,024	2.7%
Right-of-use assets	67,620	64,235	5.3%
Liabilities and Shareholders' Equity	**2,172,259**	**1,941,574**	**11.9%**
Current Liabilities	**709,353**	**722,479**	**(1.8%)**
Loans and financing	253,459	209,554	21.0%
Debentures	13,647	–	n.a.
Lease liabilities	30,441	21,204	43.6%
Trade accounts payable	24,352	23,730	2.6%
Onerous contract	8,243	11,736	(29.8%)
Deferred revenues	237,810	206,393	15.2%
Salaries and payroll charges	62,765	38,467	63.2%
Taxes and contributions payable	57,431	52,499	9.4%
Tax installments	3,172	3,353	(5.4%)
Accounts payable	10,651	150,420	(92.9%)
Other accounts payable	7,382	5,123	44.1%
Non-Current Liabilities	**757,956**	**512,724**	**47.8%**
Onerous contract	61,135	65,885	(7.2%)
Loans and financing	359,822	345,013	4.3%
Debentures	248,166	–	n.a.
Lease liabilities	39,916	47,320	(15.6%)
Derivative financial instruments	11,003	–	n.a.
Taxes and contributions payable	6,366	4,587	38.8%
Deferred income tax and social contribution	–	8,759	n.a.
Accounts payable	10,952	14,184	(22.8%)
Tax installments	3,248	5,296	(38.7%)
Provisions for dismantling assets	3,519	–	n.a.
Provisions for lawsuits	12,468	19,772	(36.9%)
Accounts payable - related parties	–	1,908	n.a.
Other accounts payable	1,361	–	n.a.
Shareholders' Equity	**704,950**	**706,371**	**(0.2%)**

Cash Flow

R$ thousands Except as indicated otherwise	2Q22	2Q21	Var.	1H22	1H21	Var.
Income (Loss) before Income Tax and Social Contribution	**(29,282)**	**81,028**	**n.a.**	**(17,297)**	**187,471**	**n.a.**
Adjustments to reconcile income or loss with cash from operating activities	**49,296**	**43,156**	**0.1%**	**105,192**	**44,238**	**1.4%**
Depreciation and Amortization	23,049	21,707	6.2%	45,014	37,641	19.6%
Interest on loans, leases and tax installments	24,400	(3,113)	(883.8%)	42,033	20,755	102.5%
Provision for doubtful debts	(4,794)	16,683	n.a.	1,716	20,371	(91.6%)
Income from financial instruments	(13,742)	74,274	n.a.	36,562	16,940	115.8%
Other	465	(66,395)	n.a.	1,546	(51,469)	n.a.
Exchange Rate Variation	19,918	–	n.a.	(21,679)	–	n.a.
Decrease (increase) in assets	**61,284**	**(19,375)**	**n.a.**	**67,668**	**(21,320)**	**n.a.**
Accounts receivable	65,052	(40,743)	n.a.	74,955	(36,813)	(303.6%)
Advance to suppliers	5,269	(5,910)	n.a.	1,150	(5,209)	n.a.
Other assets	587	21,827	n.a.	5,609	18,135	(69.1%)
Accounts receivable - related parties	(9,624)	5,451	n.a.	(14,046)	2,567	n.a.
Increase (decrease) in liabilities	**(31,860)**	**(93,746)**	**(66.0%)**	**(77,485)**	**(188,947)**	**(59.0%)**
Deferred revenues	(13,925)	(49,140)	(71.7%)	(49,671)	(125,285)	(60.4%)
Loans and financing paid - interest	(14,369)	(5,388)	166.7%	(31,542)	(15,828)	99.3%
Interest paid - leases	(1,731)	1,566	n.a.	(4,005)	(3,794)	5.6%
Trade accounts payable	2,195	3,667	(40.1%)	(1,088)	10,260	n.a.
Income tax and social contribution payable	(5,886)	(34,842)	(83.1%)	8,493	(51,315)	n.a.
Income tax and social contribution	(3,466)	–	n.a.	(11,462)	–	n.a.
Other	5,322	(9,154)	n.a.	11,790	(2,530)	n.a.
Net Cash from operating activities	**49,438**	**11,063**	**346.9%**	**78,078**	**21,442**	**264.1%**
Capex	(10,861)	(5,576)	94.8%	(35,112)	(38,427)	(8.6%)
Financial investments	–	–	n.a.	–	–	n.a.
Acquisition of Subsidiaries	(28,095)	(370,999)	(92.4%)	(71,808)	(1,344,410)	4572.0%
Other	–	(1,532)	n.a.	–	(1,537)	n.a.
Net Cash from investing activities	**(38,956)**	**(378,107)**	**(89.7%)**	**(106,920)**	**(1,384,374)**	**(92.3%)**
Capital increase - initial public offering (IPO)	–	–	n.a.	–	1,200,000	n.a.
IPO transaction costs	–	1	n.a.	–	(51,144)	n.a.
Financial investments	–	(3,472)	n.a.	–	(3,472)	n.a.
Received from shareholders	–	–	n.a.	–	4,958	n.a.
Call and put options	–	156,991	n.a.	–	156,991	n.a.
Loans and financing contracted	51,488	153,417	(66.4%)	157,138	174,205	(9.8%)
Loans and financing paid - principal	(25,638)	(36,274)	(29.3%)	(93,411)	(79,885)	16.9%
Lease payments	(9,221)	(9,120)	1.1%	(20,348)	(14,670)	38.7%
Derivative financial instruments settled	–	12,335	n.a.	–	–	n.a.
Dividends paid	–	(14,741)	n.a.	–	(14,741)	n.a.
Net Cash from financing activities	**16,629**	**259,137**	**(93.6%)**	**43,379**	**1,372,242**	**(96.8%)**
	–	–				
Net Cash Flow	**27,111**	**(107,907)**	**n.a.**	**14,537**	**9,310**	**56.1%**

Legal Notice

Statements in this document concerning Espaçolaser's business prospects, operating and financial projections and growth prospects are merely projections and, as such, are based solely on the expectations of our Executive Board on the future of our business. These expectations largely depend on market conditions and on the performance of the Brazilian economy, our sector and international markets, and are thus subject to change without prior notice. All variations shown herein were calculated based on rounded numbers in thousands of *Reais*.

This performance report includes accounting and non-accounting data such as operating figures, pro-forma financial data, and projections based on Management's expectations. Non-accounting data have not been reviewed by our independent auditors.