locawebcompany

São Paulo, May 12, 2022: Locaweb Serviços de Internet S.A. (B3: LWSA3) informs its shareholders and other market participants on the results of the 1Q22

Highlights

Net Revenue of **R$ 248.8** million in 1Q22, growth of **54.6%** vs 1Q21

Commerce reached **R$ 144.2** million in net revenue, a growth of **120.6%** vs 1Q21

Commerce segment increased its share in the group's Net Revenue from 40.6% in 1Q21 to **58.0%** in 1Q22

Organic growth of net revenue from the Commerce segment in 1Q22 vs 1Q21 was **44%**, accelerating over the growth presented in 4Q21

Adjusted EBITDA of **R$ 32.9** million in 1Q22

Organic EBITDA margins maintained for three consecutive quarters

Growth in EBITDA margin of acquired companies compared to 4Q21

Platform subscriber base[1] grew **43.4%** in 1Q22, from **93.9 thousand** subscribers in 1Q21 to **134.7 thousand** in 1Q22

Continued pace of new platform subscriber additions[1] in 1Q22 compared to 4Q21 and 3Q21

TPV Intermediator Vindi (Sub acquirer)[2] grew **76.9%** in 1Q22 vs. 1Q21, **reaching R$1 billion**, as a result of capturing synergies in the ecosystem and, for the 2nd consecutive quarter, **higher growth in sales in our clients' own stores**

BeOnline / SaaS reached **R$ 104.6** million in net revenue, a **9.4%** growth vs 1Q21

Adjusted net income of **R$ 29.7** million, a growth of **229.3%** vs 1Q21

Conference Call (Simultaneous Translation) **May 13th, 2022, at 3:00 p.m (Brasília time)** https://tenmeetings.com.br/ten-events/#/webinar?evento=Locaweb-1T22_810	**Investor Relations** +55 11 3544-0479 ri.locaweb.com.br/en ri@locaweb.com.br	LWSA3 NOVO MERCADO BM&FBOVESPA

[1] Platform Subscribers: Considers the number of Tray, Bling, Dooca and Bagy subscribers in the two comparison periods
[2] TPV Intermediator Vindi refers to the former TPV Yapay, which was renamed Vindi in 2022

Message from Management

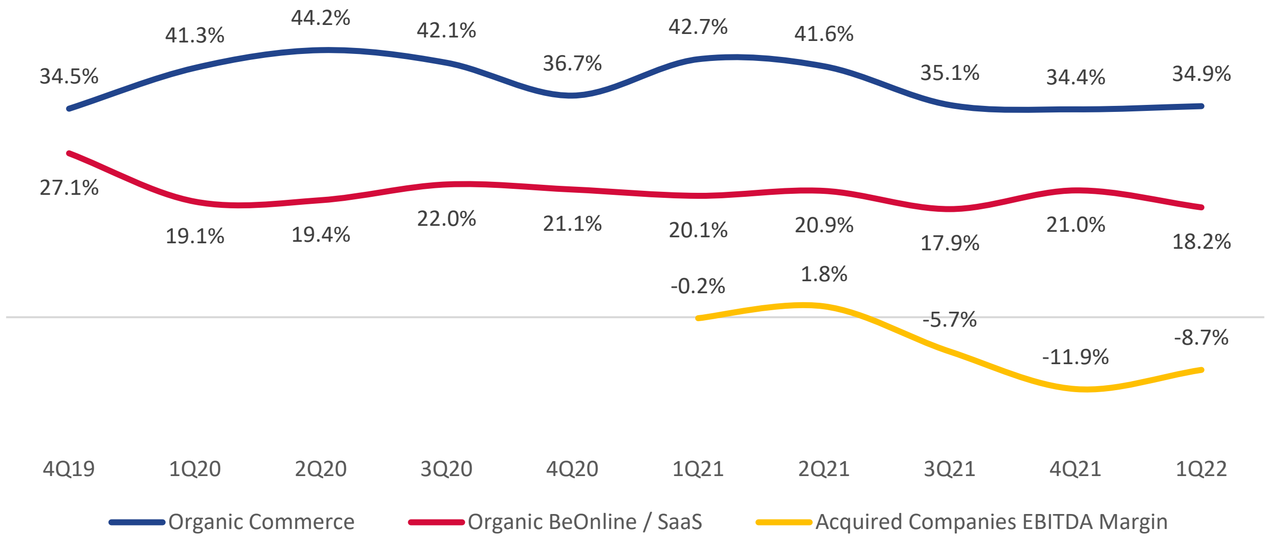
In this first quarter of the year, the Company's results are in line with the Company's budget plan built with the Board of Directors:

- Maintenance in the pace of new store additions;
- Platform subscriber base growing progressively;
- Payment solution (Vindi / Yapay) showing strong growth vis-a-vis 1Q21:
    - Sales growth in our customers' own stores accelerating quarter by quarter
    - Synergies with Vindi / Yapay advancing within the group
- Organic Commerce operation showing acceleration in its Net Revenue growth compared to the previous quarter:
    - The 4Q21 versus the 4Q20: + 42%
    - The 1Q22 versus the 1Q21: + 44%
- Acquired companies with a highly accelerated pace of Net Revenue growth:
    - Bling and Melhor Envio, which together represent ~50% of the acquired companies' revenue, showing growth of over 70% in the quarter
    - Squid presented growth superior to 40% in 1Q22 versus 1Q21

Regarding margins, the most discussed point in the last earnings conference call, as presented last quarter, the best way to understand the theme is to present it in three distinct dynamics: (i) the organic Commerce operation, which considers Tray, Tray Corp and Yapay; (ii) the BeOnline / SaaS operation and (iii) all the companies that were acquired after the IPO (inorganic operation).

This quarter, we observed the Commerce segment's organic margin in line with the 3Q21 and 4Q21 results and the BeOnline / SaaS segment, as expected, fluctuating close to 20%, which, given the mix of the segments, caused the consolidated margin to remain close to 26% in the quarter, similar to what was observed in 4Q21.

Additionally, as explained last quarter, all acquired companies are following their respective Business Plans agreed upon at the time of the acquisitions in which we prioritize growth in the first years of the acquisition. In 1Q22 we continue to observe a negative impact of the consolidated margin of the group brought by the acquired companies. however, mainly with the better performance of Squid in the quarter, whose incorporation in 4Q21 contributed to the drop in this indicator. The EBITDA margin of the acquired companies then showed an improvement of 3.2 p.p. in comparison with 4Q21, as can be seen in the chart below:



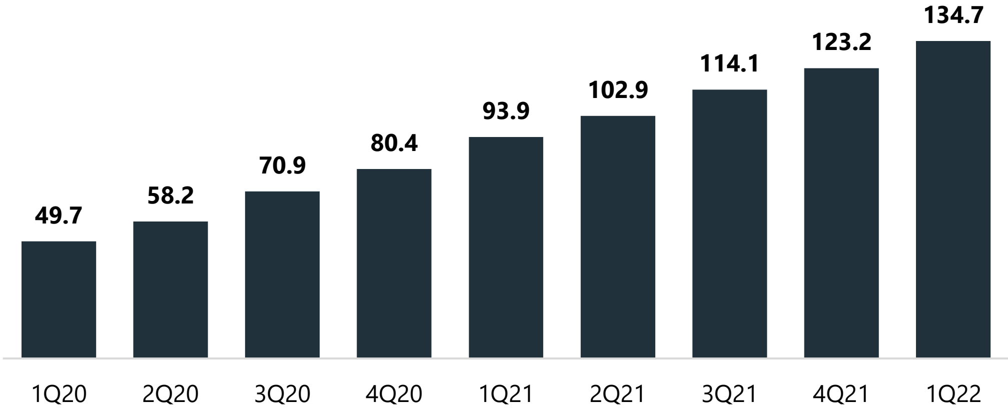
Since the reopening of the economy, we have continued with higher investments in marketing and R&D, which reduced our Commerce organic margin in 3Q21, but allowed us to maintain the pace of new store additions and customer base growth.

We understand that, like the organic margins of the Commerce segment, we should see a gradual recovery in the margin of the acquired companies throughout 2022.

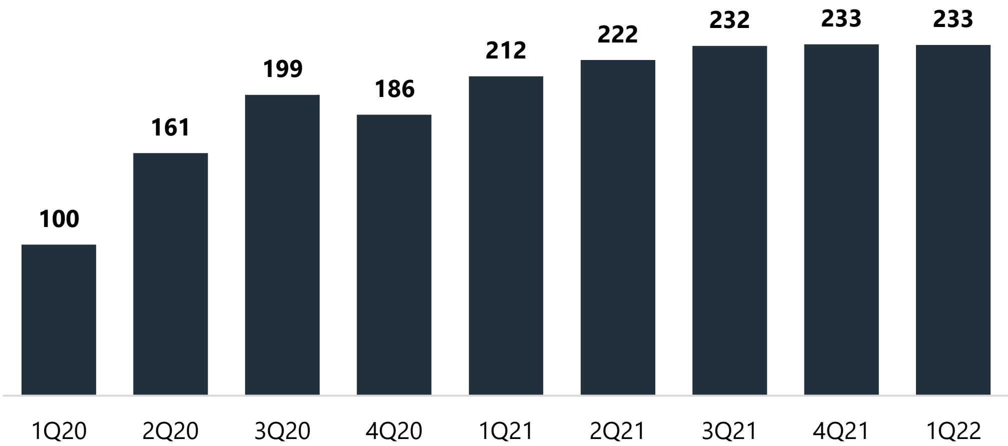
It is worth mentioning once again that the companies we have chosen for acquisition have products that complement our ecosystem, have high cross-sell potential and are in an accelerated growth stage. At the time the acquisition is made, a BOP is built together with the seller, so that we can guide the management of the acquired company after the M&A is completed. Given the stage of these companies, this business plan contemplates investments for growth acceleration and R&D for integration into the Locaweb ecosystem. Thus, in the first years, the acquisition strategy does not prioritize profitability. With the growth of the operations and consequent operational gains by scale, these operations tend to operate with positive EBITDA margins within their segments. On average, the business plans contemplate that this level of profitability, close to organic margins, occurs between 3 and 4 years after the acquisition.

Operational Performance

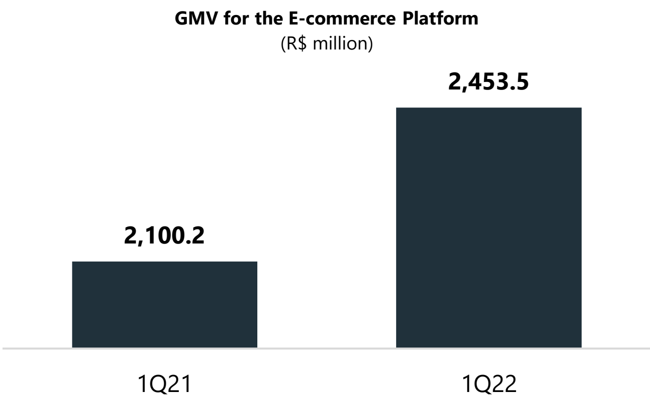
Currently our e-commerce paying subscriber base, i.e. the customer base of Tray, Bling, Dooca and Bagy, exceeds 134.7 thousand customers, a proforma growth of 43.4% in 1Q22 vs 1Q21.



If we consider the same proforma base as that of 1Q20, we observe a stability in the addition of new e-commerce subscribers in the first quarter of the year when compared to the last two quarters of 2021, which shows the effectiveness of the Company's increased marketing efforts as of the 3Q21. The chart below, on a 100 in 1Q20 basis, shows the evolution of customer additions by quarter.



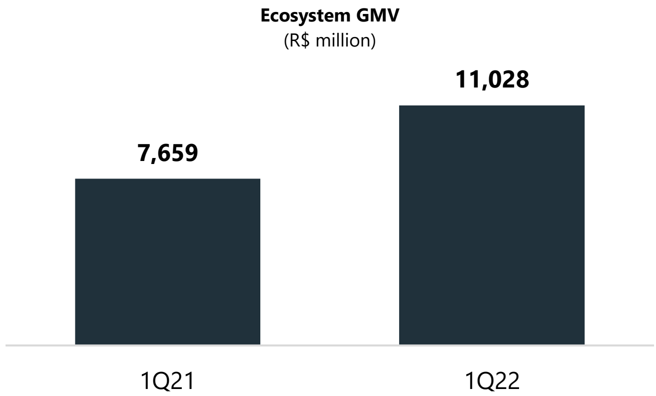
The GMV of the E-commerce Platform, which considers Tray, Tray Corp and Dooca, mainly due to the acceleration of sales in our clients' own stores, grew **17%** in 1Q22, as shown in the graph below:



It is important to highlight that in 1Q22, similar to the 4Q21, the growth of sales in our clients' own stores was much higher (+26% vs. 1Q21) than the growth of sales made in marketplaces compared to the same period in 2021.

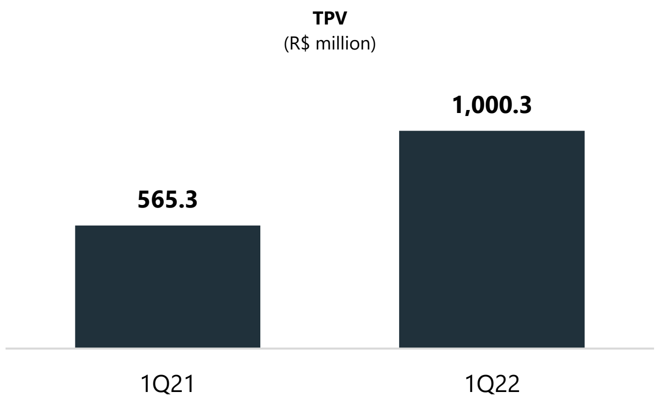
The highest growth in sales in our clients' own stores is due to the Locaweb ecosystem, which allows the merchant to carry out efforts in other media on his own using the tools available in the control panel (example: email marketing, integration with social networks such as WhatsApp, Instagram and Facebook), all supported by our e-learning ecosystem, which aims to empower the merchant over marketing efforts.

Considering all the GMV transacted in the Locaweb ecosystem, that is, the Platform GMV (presented above) and the GMV transacted in marketplaces by our ERP operations and marketplace integrators, we reached a volume of R$11.0 billion in 1Q22, a volume **44%** higher than 1Q21, as presented in the chart below:

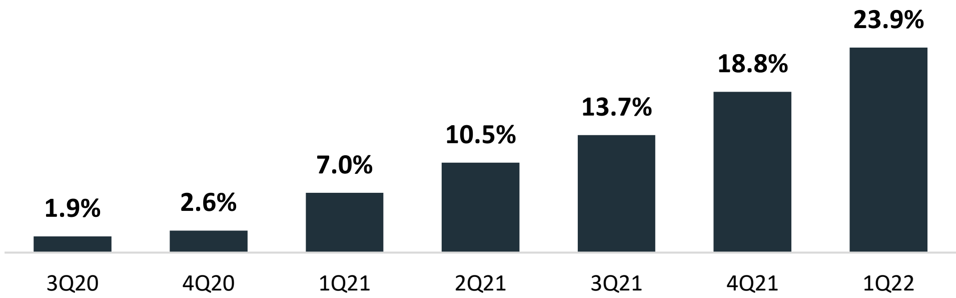


With this, Locaweb Commerce has become consolidated as one of the main players in Brazilian e-commerce.

The TPV Intermediator Vindi (new nomenclature for TPV Yapay) grew **76.9%** in 1Q22 when compared to 1Q21, as a result of the faster growth of sales in our clients' own stores, as mentioned above, as well as the acceleration of the capture of synergies between the acquired companies and our payment solution.



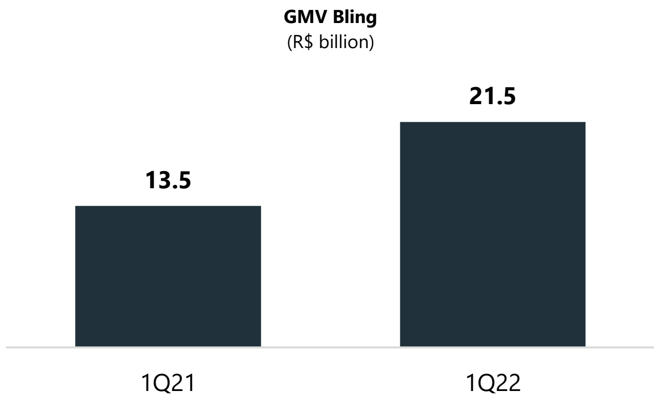
As we have mentioned in other earnings releases, a quick synergy we were able to capture after the acquisitions is in the integration of our payments´ solution with the acquired companies. This TPV captured exclusively via synergies continues to show relevant growth, as shown in the chart below:



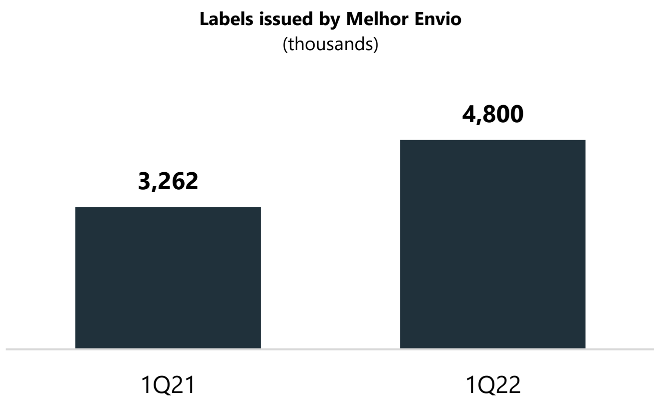
Disregarding the TPV from synergies, TPV growth was 44.8% in 1Q22 vs 1Q21, a higher growth than GMV growth, thus indicating greater penetration of Vindi/Yapay in the platforms' base.

Operating Performance of the Acquired Companies

In Bling, we observed a **59.2%** growth in the GMV of Invoices (online and offline) in 1Q22, reaching R$21.5 billion in the quarter, as can be seen in the chart below:



The number of Labels issued by Melhor Envio grew by **47.2%** in 1Q22 when compared to the same period the previous year.



At Squid, we noticed a new thrust of the digital influencer market with the operation growing in Net Revenue by over 40% compared to 1Q21.

Operation Evolution

As we highlighted last quarter, the e-commerce environment is becoming ever more complex year after year and our mission is to provide conditions for our customers to have access to the same tools used by large retailers in an integrated environment.

Recently a survey was released with marketing agencies and more than 100 online retailers[1] asking what the main reasons were for these retailers to shut down their operations. Results confirmed exactly what we, as a complete e-commerce **ecosystem**, know and address through our strategy.

About 35% of the retailers who answered the question, stated that the main reason for them to shut down their operations is related to the fact the technology platform does not help them, already ~27% said that the sales they were making were not sufficient, ~10% referred to problems with logistics, ~5% answered too much effort required and another ~5% pointed out that lack of knowledge on the subject could lead them to close down their virtual presence.

All the points mentioned in the survey are being addressed in our **ECOSYSTEM**! We have a complete platform with more than 600 integrations, we offer marketing solutions integrated into the platform, solutions that help customers generate and capture leads (integrations with Google, WhatsApp, TikTok, for example), we offer a tool for better quotation and efficiency of logistics services (Melhor Envio) and, knowing the profile of our customer, which is small and needs ease of work, we offer unified solutions on the platform itself.

We emphasize that a major differential of our ecosystem compared to the competition is to make the customer accelerate their sales after hiring the solution. Over the last few months, we have delivered solutions and integrations with Big Techs that together are unique in the entire market where we operate. Last quarter we mentioned integrations with Facebook, Instagram, WhatsApp, Dropshipping, with AliExpress and Google Shopping, and in the first quarter of 2022, we advanced in integrations and delivered to our clients:

TikTok: As a way to further enhance the sales of our customers, expanding the range of solutions in sales channels, we have performed an integration with TikTok. With it, retailers can create TikTok campaigns for traffic acquisition, all directly from Tray's administrative panel. The integration works on the creation of the account and necessary settings to send information to TikTok by pixel - users, purchases, additions to the cart, among others. A solution that aims to provide another opportunity to foster business, improving sales performance and strengthening brands in one of the fastest growing social networks in the world.

Google PMax: We were the pioneer solution in the world to integrate with Google PMax, or Google's Best Performance Campaign. PMax is 100% focused on conversion and aims to encourage sales in online stores. In this campaign, the ads created are made available to the final customer in a smarter way, for all the Google Ads networks, such as Display Network, YouTube videos, Search Network, and more. In addition, the integration performs the configuration of the Google account and installation of the necessary scripts enabling the shopkeeper to create his campaigns from the Tray Panel. It is worth mentioning that this version

[1] Source: AlphaWise and Morgan Stanley Research

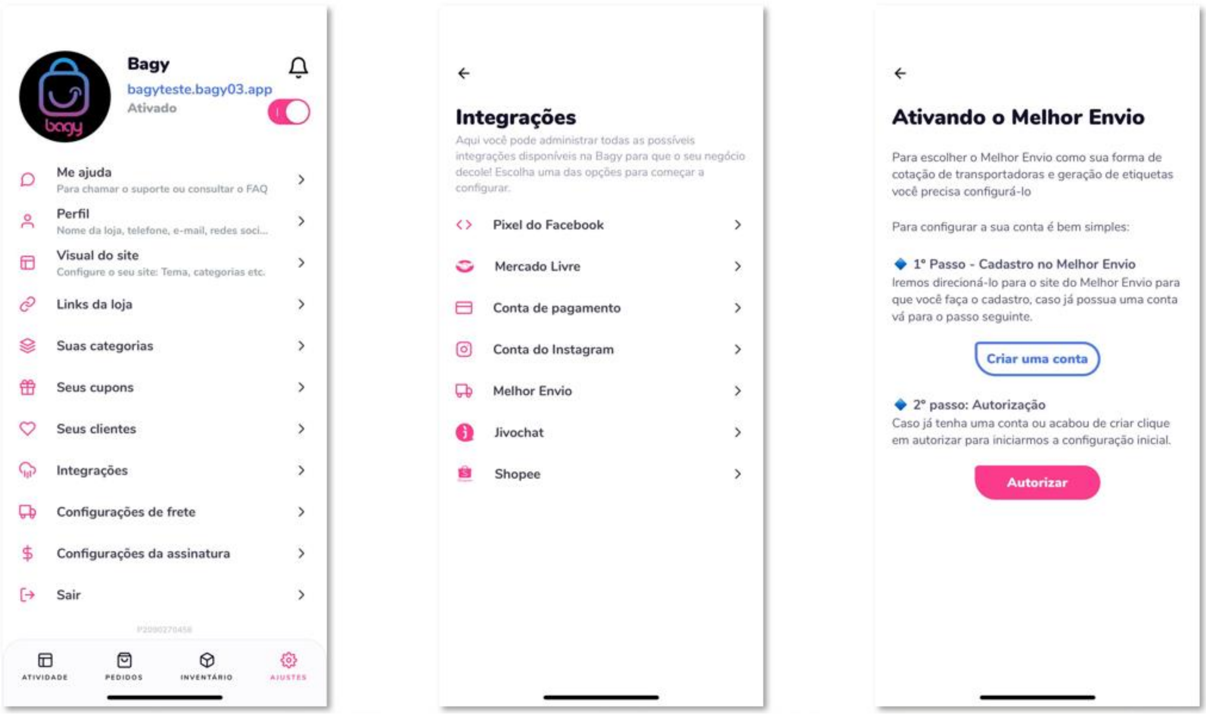
of Google Pmax is even smarter than the previous one (Google Shopping) and will offer more advantages to the shopkeepers.

Status of integrations

Within the entire Locaweb ecosystem, we have mapped numerous possibilities for synergies between the companies of the group. Of this total, more than 40% are already in production and bringing results as in the synergies with Vindi / Yapay and another 40% of synergies are in the discovery and development phase, with the rest being cross-media synergies, for integrated product offerings.

Within the total integrations that are already under production, we highlight the integrations with **Vindi / Yapay**, where the capture of financial synergies happens faster and the results are already being used by the Company (chart in the Operational Performance chapter).

Another recently delivered integration is between **Bagy and Melhor Envio**, providing Bagy's merchants with the entire logistics offer available within the user's control panel, as shown in the image below:



About the integrations under development, we highlight the following:

Credisfera with Tray and with Bling: The Credit feature has concluded its test period and will be made available to the entire base. This is a way to meet our customers' loan needs from the control panel itself.

Click here to access the demo video of this integration.

Social Miner with Tray: Social Miner's digital marketing resources will be made available natively to all customers of the platform during the second half of the year. The feature meets marketing demands, since the Tray shopkeeper will be able to create personalized emails for birthdays, abandoned carts, frequent visitors, occasional emails, and more. The integration also allows for the creation of retention pop-ups, offering benefits, as well as email captures.

Octadesk with Tray: The product developed aims to facilitate communication between the shopkeeper and his/her clients, providing through the client's control panel an Online Chat menu and multiplatform Chatbot (Facebook, WhatsApp, Instagram...).

CPlug with Tray: The development of the Invoice Issuance feature, performed in a unified way with CPlug, is presently in the testing phase and is expected to be launched during the second quarter.

BlingUp

We launched in 1Q22 a management application for self-employed and individual micro-entrepreneurs with integrated digital accounts, the BlingUp.

The application offers free sales management (registration and history), registration of products and customers, an integrated digital account, and payment/billing methods to help the daily routine of this audience, which seeks a certain level of control over their business, as well as greater ease in financial services (payments and receipts).

The application is offered free of charge and the business model is based on cross-selling with other tools of the ecosystem, as well as up-selling to other Bling products.

Partnership with Rede

In April 2022, we formalized a partnership with Rede, the payment means company belonging to Itaú Unibanco, to accelerate the digitization of SMEs through the creation of Virtual Stores.

The initiative happens in partnership with Dooca Commerce, a company from the Locaweb Company's Commerce ecosystem, and offers a complete and customizable platform, with an integrated Rede payment system.

As part of the robust ecosystem of Locaweb Commerce, the solution offered will have connection with the largest marketplaces in the country, ERPs, marketing solutions and logistics, which will contribute to the customer's success in their digital journey.

New Brand: LOCAWEB COMPANY

The Locaweb brand is currently used mainly for BeOnline / SaaS products. With the growth of the Commerce segment, several other brands were created and acquired.

Thus, the group lacked an institutional brand, one that consolidated all the brands. Through a thorough study using a third-party company, it was concluded that the Locaweb brand had strong attributes that could be used with this function and thus the **Locaweb Company** was born.

This is a subtle change in the corporate name to reflect the transformation from a hosting and e-mail company to a more complex company that operates with a complete ecosystem, one offering products such as E-commerce Platform, ERP, marketplace integration, POS, recurrence, lead generation, credit and logistics.

In conjunction with this name change, Locaweb has begun a process to integrate some of its portfolio brands under a single umbrella. Yapay, for example, which operates in payments, is now part of Vindi, as already reported last quarter. Social Miner, which was the first post-IPO acquisition, will be incorporated by All iN, a digital marketing company acquired in 2013.

Of all the brands of the Locaweb Company, some will use the term Locaweb (what we call a sub-brand), others will be endorsed by the Locaweb Company, and yet others will remain independent and will not have any information that they belong to the group in their visual communication, such as KingHost, Bling and Melhor Envio, brands that operate broadly and are broadly recognized by their customers.

This brand architecture and structuring process is dynamic and allows us to plan future brand consolidations.

ESG - Inclusion and Diversity Census

Conducted annually, this survey helps us get to know each of our employees better and collect data so that we can draw up plans and bring more discussions, content, and information about each of our pillars (Women, People with Disabilities, LGBTQIAP+, Generations, Culture & Origins, Body Positivity, Masculinities). For this year's survey the results were:

- An increase in the amount of LGBTQIAP+ by 5 p.p. compared to 2021, reaching 23% of people who feel comfortable coming out about their sexuality and gender identity. The result shows that we have encouraged the participation of minority groups in our screening processes and that the awareness and content about the theme has made people increasingly confident about exposing this information in the company.

- An increase in the representation of women: based on the 2022 asset base, we reached 41% women in the company. Considering the growth from 2020 onwards, we have achieved 11 p.p. of increase in representativity. Furthermore, it is worth noting that 35% of management positions are currently occupied by women.

Rule of 40

A metric widely used by the market to measure the dynamics between growth and profitability that results in a sum greater than 40 percentage points.

When we consider all our organic operations (BeOnline / SaaS and Commerce) this number reaches **45.6%** in 1Q22 (21.1% growth in Net Revenue with 24.5% EBITDA margin). In the analysis of the Organic Commerce segment (Tray + Tray Corp + Yapay), the number reaches **78.7%** (43.7% Net Revenue growth with 34.9% EBITDA margin).

Summary of Indicators

Consolidated

(R$ million)

locawebcompany	1Q22	1Q21	vs 1Q21
Net Revenue	248.8	160.9	54.6%
Gross Profit	108.9	69.3	57.2%
Gross Margin (%)	43.8%	43.0%	0.7 p.p.
EBITDA	29.5	16.8	75.1%
EBITDA Margin (%)	11.8%	10.5%	1.4 p.p.
Adjusted EBITDA [1]	32.9	36.6	-9.9%
Adjusted EBITDA Margin (%)	13.2%	22.7%	-9.5 p.p.
Net Income	4.5	(8.4)	154.1%
Adjusted Net Income [2]	29.7	9.0	229.3%
Adjusted Net Income Margin (%)	11.9%	5.6%	6.3 p.p.
Cash Generation [3]	9.8	14.6	-33.1%
Cash Conversion (%) [3]	29.7%	40.0%	-10.3 p.p.
Net Debt (Cash) [4]	(1,537.8)	(2,366.5)	-35.0%

[1] Adjusted EBITDA refers to net income (loss) adjusted by the financial result, income tax and social contribution on profit, depreciation and amortization costs and expenses, stock option plan expenses, and extraordinary expenses related to the IPO and Follow-on. The EBITDA Margin is calculated by dividing EBITDA by Net Operating Revenue. The Adjusted EBIDTA Margin is calculated by dividing the Adjusted EBITDA by Net Operating Revenue.
[2] Adjusted Net Income is calculated from net income (loss) excluding: (i) stock option plan expenses; (ii) amortization expenses of intangibles arising from business acquisitions; (iii) adjustments related to CPC 06 (refers to the sum of interest expense due to the updating of the lease liability and the depreciation expense of the right-of-use asset less the lease liability payments made); (iv) mark-to-market of derivative financial instruments; (v) deferred income tax and social contribution; (vi) extraordinary expenses related to the IPO and the Follow-on; and (vii) Present Value Adjustment related to the Earnout of the acquisitions.
[3] Cash Generation is measured by "Adjusted EBITDA - Capex" and Cash Conversion is composed by dividing "Adjusted EBITDA - Capex" by "Adjusted EBITDA".
[4] Corresponds to loans and financing less derivatives balance (currency swap), less cash and cash equivalents (does not consider lease liabilities related to IFRS 16).

Commerce
(R$ million)

Commerce	1Q22	1Q21	vs 1Q21
Platform GMV [1]	2,453.5	2,100.2	16.8%
Invoices GMV on Bling (R$ mm) [2]	21,543.4	13,532.0	59.2%
TPV	1,000.3	565.3	76.9%
Platform Subscribers (thousand) [3]	134.7	93.9	43.4%
Labels issued by Melhor Envio (thousand)	4,800	3,262	47.2%
Gross revenue, net of rebate	160.0	73.2	118.5%
Net Revenue	144.2	65.4	120.6%
Platform Subscription Net Revenue	63.0	25.2	150.2%
Ecosystem Net Revenue	81.1	40.2	102.1%
Gross Profit	73.0	40.8	78.9%
Gross Margin (%)	50.6%	62.4%	-11.8 p.p.
EBITDA	14.0	14.3	-2.5%
EBITDA Margin (%)	9.7%	21.9%	-12.2 p.p.
Adjusted EBITDA	14.5	17.5	-17.4%
Adjusted EBITDA Margin (%)	10.0%	26.8%	-16.8 p.p.

[1] Platform GMV: Sum of the GMVs of Tray and Dooca, our 2 main e-commerce platforms
[2] GMV of Invoices issued by Bling considers online and offline amounts. Data measurement started in 4Q20, so we do not have 2020 data consolidation
[3] Platform Subscribers: Considers the number of subscribers to Tray, Bling, Dooca and Bagy in the two comparison periods.

BeOnline / SaaS
(R$ million)

BeOnline / SaaS	1Q22	1Q21	vs 1Q21
Clients EoP - BeOnline / SaaS	397.6	394.8	0.7%
Gross revenue, net of rebate	114.9	104.7	9.7%
Net Revenue	104.6	95.6	9.4%
Gross Profit	35.9	28.5	26.1%
Gross Margin (%)	34.3%	29.8%	4.5 p.p.
EBITDA	15.5	2.5	518.7%
EBITDA Margin (%)	14.8%	2.6%	12.2 p.p.
Adjusted EBITDA [1]	18.5	19.1	-3.0%
Adjusted EBITDA Margin (%)	17.7%	19.9%	-2.3 p.p.

[1] Adjusted EBITDA concept is the same as the consolidated table

Net Operating Revenues
(R$ million)

locawebcompany	1Q22	1Q21	vs 1Q21
Commerce	144.2	65.4	120.6%
Segment share in the consolidated	*58.0%*	*40.6%*	*17.3 p.p.*
BeOnline / SaaS	104.6	95.6	9.4%
Segment share in the consolidated	*42.0%*	*59.4%*	*-17.3 p.p.*
Net Revenue - Consolidated	**248.8**	**160.9**	**54.6%**

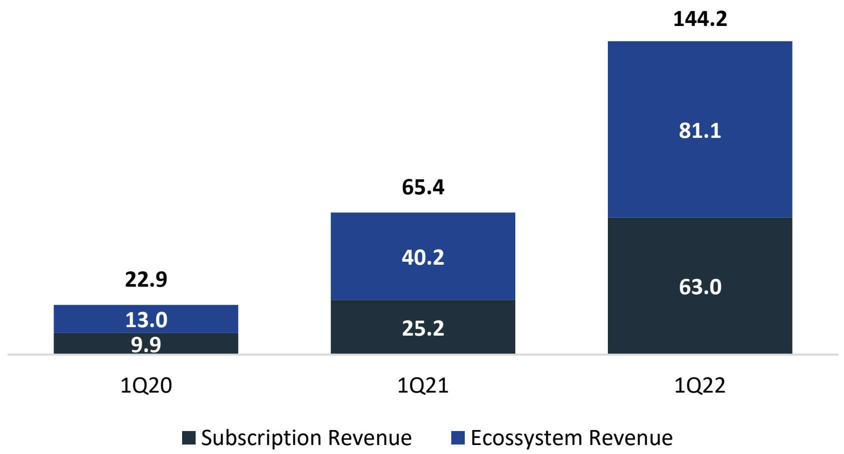
Locaweb's net revenue totaled R$ 248.8 million in 1Q22, an increase of 54.6% over 1Q21.

The share of the Commerce segment, which considers revenues from Tray, Tray Corp, Melhor Envio, Vindi, Ideris, Samurai, Dooca, Credisfera, Bling, Bagy, Octadesk and Squid, increased from 40.6% in 1Q21 to 58.0% in the 1Q22.

In the Commerce segment, the net operating revenue in 1Q22 grew 120.6%, from R$65.4 million in 1Q21 to R$144.2 million in the 1Q22.

This growth is the result of the increase in the two revenue sources of the Commerce segment, Platform Signature Revenue, which grew 150.2% in the 1Q22 and Ecosystem Revenue, which grew 102.1% in the quarter compared to the 1Q21.

The graph below shows the evolution of the two revenue sources in 1Q20, 1Q21 and 1Q22:



In the 1Q22 we had an acceleration in organic Net Revenue growth from the Commerce segment, compared to the 3Q21 and the 4Q21, when growth was around 34% and 42%, respectively. Organic growth in 1Q22 vs 1Q21 was **44%**.

Among the acquired companies in the Commerce segment, we highlight the strong **71%** proforma growth of Bling and Melhor Envio in 1Q22 vs 1Q21. It is worth noting that these companies represent about 50% of the total net revenue of the acquired companies.

If we consider the four largest acquired companies, which together represent about 75% of the total net revenue of the acquisitions (Bling, Melhor Envio, Squid and Octadesk), the proforma growth in the 1Q22 was **62%**.

In the BeOnline/SaaS segment, the number of customers (end of period), grew 0.7% between 1Q21 and 1Q22.

BeOnline/SaaS net operating revenue grew 9.4%, from R$95.6 million in the 1Q21 to R$104.6 million in the 1Q22.

We continue to observe the gradual change in revenue mix within the segment, since the growth of SaaS products is faster than the growth presented in the BeOnline segment, currently the revenue from SaaS products already represents 40% of the segment's revenue.

Operating Costs and Expenses
(R$ million)

locawebcompany	1Q22	1Q21	vs 1Q21
Cost of Services	139.9	91.7	52.7%
% Net Revenue	*56.2%*	*57.0%*	*-0.7 p.p.*
Selling Expenses	56.6	27.2	108.1%
% Net Revenue	*22.8%*	*16.9%*	*5.9 p.p.*
General and Administrative Expenses	47.6	44.3	7.4%
% Net Revenue	*19.1%*	*27.5%*	*-8.4 p.p.*
Other Operating (Revenues) Expenses	(0.3)	(0.5)	-37.5%
% Net Revenue	*-0.1%*	*-0.3%*	*0.2 p.p.*
Total Operating Cost and Expenses	**243.8**	**162.6**	**49.9%**
% Net Revenue	*98.0%*	*101.0%*	*-3.1 p.p.*

Locaweb's total operating costs and expenses grew by 49.9% in 1Q22 when compared to the same period last year.

Cost of Services
The cost of services in the 1Q22 was R$ 139.9 million and R$ 91.7 million in the same period of 2021, an increase of 52.7% when we compare the two periods, which represented 56.2% of net revenue in the 1Q22 and 57.0% in the 1Q21, a reduction of 0.7 p.p.

It is worth underscoring that the Cost of Services Rendered of the acquired companies totaled R$ 45.7 million, thus contributing to practically all the growth posted in the quarter.

Sales Expenses

Selling expenses, which comprise the marketing and sales teams, as well as the services contracted of this same nature, in the 1Q22 was R$56.6 million, an increase of 108.1% when compared to the 1Q21.

As presented in the previous quarters, the Company increased the marketing efforts at Tray, as mentioned at the beginning of this report, aiming to solidify the brand as the leader in the digitization segment for SMBs in Brazil as well as maintain the pace of growth in the segment, which represented a large part of the growth observed in sales expenses in the Commerce segment.

The table below shows the representativeness of the sales expenses over the revenue of the segments and consolidated:

locawebcompany	1Q21	4Q21	1Q22
Commerce			
Selling Expenses	12.6	34.9	38.1
% Net Revenue	*19.3%*	*24.7%*	*26.5%*
BeOnline / SaaS			
Selling Expenses	14.6	20.2	18.5
% Net Revenue	*15.3%*	*19.3%*	*17.7%*
Consolidated			
Selling Expenses	27.2	55.1	56.6
% Net Revenue	*16.9%*	*22.4%*	*22.8%*

It is worth emphasizing that these expenses also consolidate the expenses of the acquired companies, which have a customer acquisition structure/process that is still different from that of the Company. Organically, the selling expenses in the Commerce segment represented 15.2% of the organic net revenue of the segment in the period, while in the 1Q21 was 14.4%.

General and Administrative Expenses

General and administrative expenses, which comprise the staff of administrative areas such as finance, HR, accounting and taxes, outsourced expenses and services related to these areas, as well as depreciation and amortization of IFRS 16 and PPA assets, in 1Q22 was R$ 47.6 million and R$ 44.3 million in the same period of 2021, representing a growth of 7.4%.

Gross Profit
(R$ million)

locawebcompany	1Q22	1Q21	vs 1Q21
Commerce	73.0	40.8	78.9%
Margin (%)	*50.6%*	*62.4%*	*-11.8 p.p.*
BeOnline / SaaS	35.9	28.5	26.1%
Margin (%)	*34.3%*	*29.8%*	*4.5 p.p.*
Gross Profit	**108.9**	**69.3**	**57.2%**
Gross Margin (%)	*43.8%*	*43.0%*	*0.7 p.p.*

Consolidated gross profit increased 57.2% in the 1Q22 when compared to the 1Q21, reaching R$ 108.9 million. In the 1Q22, there was a 0.7 p.p. increase in Gross Margin when compared to the 1Q21, reflecting the recovery in the BeOnline / SaaS margin.

The 11.8 p.p. drop observed in the Commerce segment is directly related to the acquisition of companies in an advanced growth stage, and the consequent structuring of processes to support growth.

EBITDA and Adjusted EBITDA
(R$ million)

locawebcompany	1Q22	1Q21	vs 1Q21
Net Income (Loss)	**4.5**	**(8.4)**	**154.1%**
(+) Net Financial Income	(11.3)	4.1	-373.1%
(+) Current Income Tax and Social Contribution	11.7	2.6	356.8%
(+) Depreciation and Amortization	24.5	18.5	32.2%
EBITDA	**29.5**	**16.8**	**75.1%**
(+) Stock Options Plan and Restricted Shares Plan	2.3	3.2	-27.7%
(+) M&A Expenses	1.1	8.8	-87.2%
(+) IPO and Follow-on Extraordinary Expenses	0.0	7.7	-100.0%
Adjusted EBITDA	**32.9**	**36.6**	**-9.9%**
Adjusted EBITDA Margin (%)	*13.2%*	*22.7%*	*-9.5 p.p.*

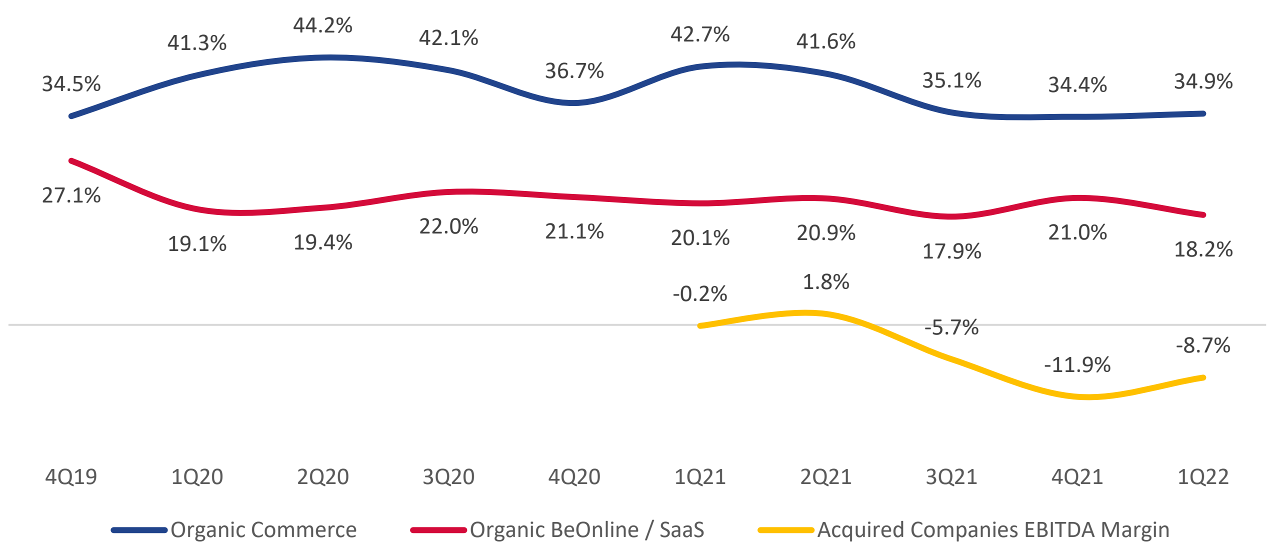
As a result of the numbers presented above, Locaweb's Adjusted EBITDA in 1Q22 was R$32.9 million, down 9.9% compared to 1Q21, with the Adjusted EBITDA Margin dropping 9.5 p.p. in the same period, mainly due to the consolidation of the results of the acquired companies.

What is worth of note is that in the comparison with the immediately preceding quarter we observed a slight improvement in the group's consolidated margins, from 12.9% in the 4Q21 to 13.2% in the 1Q22.

EBITDA and Adjusted EBITDA per segment
(R$ million)

locawebcompany	1Q22	1Q21	vs 1Q21
Commerce			
Adjusted EBITDA	14.5	17.5	-17.4%
Adjusted EBITDA Margin (%)	*10.0%*	*26.8%*	*-16.8 p.p.*
BeOnline / SaaS			
Adjusted EBITDA	18.5	19.1	-3.0%
Adjusted EBITDA Margin (%)	*17.7%*	*19.9%*	*-2.3 p.p.*
Consolidated			
Adjusted EBITDA	**32.9**	**36.6**	**-9.9%**
Adjusted EBITDA Margin (%)	*13.2%*	*22.7%*	*-9.5 p.p.*

Commerce's Adjusted EBITDA fell 17.4% in the 1Q22, reaching R$14.5 million with a reduction of 16.8 p.p. in the EBITDA margin, which stood at 10.0% in the quarter, mainly related to the results of the acquired companies in the segment results.
The chart below shows the inorganic impact brought by the acquired companies on segment margins:



It is worth mentioning again that the companies we chose for acquisition have products that complement our ecosystem, have high cross-sell potential, and are at a stage of accelerated growth. At the time the acquisition is made, a BP is built together with the seller, so that we can guide the management of the acquired company after the completion of the M&A. Given the stage of these companies, this business plan contemplates investments for growth acceleration and R&D for integration into the Locaweb ecosystem. Thus, in the first years, the acquisition strategy does not prioritize profitability. With the growth of the operations and consequent operational gains by scale, these operations tend to operate with positive

EBITDA margins within their segments. On average, the business plans contemplate that this level of profitability, close to organic margins, occurs between 3 and 4 years after the acquisition.

Financial Results

(R$ million)

locawebcompany	1Q22	1Q21	vs 1Q21
Financial revenues	42.5	9.2	363.9%
Financial expenses	(31.2)	(13.3)	135.0%
Net financial income (expenses)	**11.3**	**(4.1)**	**373.1%**

The net financial result in the 1Q22 was a net financial revenue of R$ 11.3 million, representing an improvement of 373.1% when compared to the 1Q21, this increase is directly related to (i) the financial revenue related to the cash raised in the Follow-on in mid-February 2021, which, with the increase in interest rates, generating higher financial revenue and (ii) lower interest expenses due to the decrease in bank indebtedness.

It is important to highlight that, despite the improvement in the financial result, the financial expense was highly impacted by the effect of the Adjustment to Present Value of the Earnouts of recent acquisitions, which in the quarter amounted to R$ 19.6 million compared to R$ 6.7 million in the 1Q21.

Net Income and Adjusted Net Income

(R$ million)

locawebcompany	1Q22	1Q21	vs 1Q21
Net income	**4.5**	**(8.4)**	**154.1%**
(+) Stock Options Plan and Restricted Shares Plan	2.3	3.2	-27.7%
(+) Intangible amortization	10.0	4.5	121.4%
(+) Adjustment to present value of Acquisition Earnout	19.6	6.7	191.1%
(+) Deferred income tax and social contribution	(7.0)	(3.2)	119.4%
(+) CPC 06 adjustment	0.2	0.7	-66.4%
(+) MtM	0.0	0.4	-100.0%
(+) IPO and Follow-on Expenses	0.0	5.1	-100.0%
Adjusted net income	**29.7**	**9.0**	**229.3%**
Adjusted net income margin (%)	*11.9%*	*5.6%*	*6.3 p.p.*

Based on the numbers presented above, Locaweb's Adjusted Net Income in 1Q22 was R$ 29.7 million, 229.3% higher than in the 1Q21.

Indebtedness / Cash position

(R$ million)

locawebcompany	1Q22	4Q21	3Q21	2Q21	1Q21
(+) Loan and financing	10.4	29.0	33.1	48.6	64.1
(-) Derivatives Result (FX swap) [1]	(1.8)	(8.7)	(9.7)	(10.2)	(17.7)
Bank Gross Debt	**8.6**	**20.3**	**23.3**	**38.4**	**46.4**
(-) Cash and cash equivalents [2]	(1,546.4)	(1,586.1)	(1,803.6)	(1,896.0)	(2,412.9)
Net debt (cash) (ex lease liability)	**(1,537.8)**	**(1,565.8)**	**(1,780.3)**	**(1,857.6)**	**(2,366.5)**
(+) Lease liability [3]	74.7	76.8	74.7	76.7	74.5
Net debt (cash)	**(1,463.1)**	**(1,488.9)**	**(1,705.6)**	**(1,780.9)**	**(2,292.0)**

[1] Balance of Derivative Financial Instruments in the Balance Sheet
[2] Considers the restricted cash of the short and long term arising from guarantees provided in financial funding
[3] Lease liabilities refer to the adoption of CPC 06(R2)/IFRS 16 as of January 1, 2019

With the funds raised in February in the follow-on offering, and the outflows resulting from the payment of part of the price of the acquisitions of companies over 2021, the Company had a net cash balance of R$ 1,537.8 million in the 1Q22. Excluding the effects of IFRS 16 adoption, the net cash balance is R$ 1,463.1 million.

We also highlight the potential earnouts payable arising from acquisitions, which totaled R$ 922.8 million. The chart below shows the distribution of earnouts by acquired company:

Cash Flow

(R$ million)

locawebcompany	1Q22	1Q21	vs 1Q21
Income (loss) before income taxes	**16.3**	**(5.8)**	**-379.7%**
Items that do not affect cash	48.0	30.2	59.2%
Variations in working capital	(63.5)	(5.4)	-1067.1%
Net cash provided by operating activities (A)	**0.8**	**18.9**	**-95.7%**
Capex for permanent assets	(9.8)	(15.0)	-34.6%
Capex for development	(13.3)	(6.9)	92.8%
Free Cash Flow - After Capex	**(22.3)**	**(3.0)**	**643.1%**
Acquisition	(1.1)	(239.9)	-99.6%
Net cash provided by investment activities (B)	**(24.2)**	**(261.8)**	**-90.8%**
Subscription of capital stock	0.0	2,273.3	-100.0%
Loan and financing	(12.1)	(26.3)	-54.1%
Commercial lease	(4.1)	(2.9)	41.1%
Dividends and interest on equity	0.0	0.0	n/a
Others	0.0	(0.0)	-100.0%
Net cash provided by financing activities (C)	**(16.2)**	**2,244.0**	**-100.7%**
Net increase (decrease) in cash and cash equivalents (A + B + C)	**(39.6)**	**2,001.1**	**-102.0%**

Net cash from operating activities totaled R$ 0.8 million in the 1Q22 compared to R$ 18.9 million in the 1Q21. The decrease is directly related to the increase in the Company's Accounts Receivable, whose growth follows the strong growth of the Company's payments operation, Vindi / Yapay, as already explained in this report.

Cash Generation (Adjusted EBITDA – Capex)

(R$ million)

locawebcompany	1Q22	1Q21	vs 1Q21
Adjusted EBITDA	32.9	36.6	-9.9%
Capex	23.1	21.9	5.5%
Cash Generation (R$ M)	**9.8**	**14.6**	**-33.1%**
Cash conversion (%)	29.7%	40.0%	-10 p.p.

The Company's cash generation, as measured by Adjusted EBITDA minus Capex, was impacted by lower cash conversion (Adjusted EBITDA) as explained in this report and the maintenance of the pace of the Company's investments in the development of its products. Total Capex grew by 5.5% in comparison with the 1Q21 and represents exactly 25% of the total capital budget approved by the General Shareholders' Meeting. Capex for intangibles was in line with that presented in the 3Q21 and the 4Q21.

// ATTACHMENT I – INCOME STATEMENT

Income Statement (in R$ million)	1Q21	1Q22
NET REVENUE	**160.9**	**248.8**
Cost of Services	(91.7)	(139.9)
GROSS PROFIT	**69.3**	**108.9**
Operating income (expenses)	**(70.9)**	**(103.9)**
Selling expenses	(27.2)	(56.6)
General and administrative expenses	(44.3)	(47.6)
Other operating income (expenses), net	0.5	0.3
Income before financial results and income taxes	**(1.7)**	**5.0**
FINANCIAL RESULT	**(4.1)**	**11.3**
Financial income	9.2	42.5
Financial expenses	(13.3)	(31.2)
Income (loss) before income taxes	**(5.8)**	**16.3**
Income Taxes	**(2.6)**	**(11.7)**
Current income taxes	(5.8)	(18.7)
Deferred income taxes	3.2	7.0
Net income (loss)	**(8.4)**	**4.5**

* Selling Expenses also considers the value of the "impairment loss", which is open in the Income Statement (DRE).

// ATTACHMENT II – INCOME STATEMENT B Online / SaaS

Income Statement (in R$ million)	1Q21	1Q22
GROSS REVEVENUE, net of rebate	**104.7**	**114.9**
Taxes and rebates	(9.2)	(10.3)
NET REVENUE	**95.6**	**104.6**
Cost of Services	(67.1)	(68.7)
GROSS PROFIT	**28.5**	**35.9**
Operating income (expenses)	**(40.7)**	**(38.4)**
Selling expenses	(14.6)	(18.5)
General and administrative expenses	(26.1)	(20.0)
Other operating income (expenses), net	(0.0)	0.1
Income before financial results and income taxes	**(12.3)**	**(2.5)**
Depreciation and amortization	14.8	18.0
EBITDA	**2.5**	**15.5**

* Selling Expenses also considers the value of the "impairment loss", which is open in the Income Statement (DRE).

// ATTACHMENT III – Income Statement Commerce

Income Statement (in R$ million)	1Q21	1Q22
GROSS REVEVENUE, net of rebate	**73.2**	**160.0**
Taxes and rebates	(7.9)	(15.8)
NET REVENUE	**65.4**	**144.2**
Cost of Services	(24.6)	(71.2)
GROSS PROFIT	**40.8**	**73.0**
Operating income (expenses)	**(30.2)**	**(65.5)**
Selling expenses	(12.6)	(38.1)
General and administrative expenses	(18.2)	(27.5)
Other operating income (expenses), net	0.6	0.2
Income before financial results and income taxes	**10.6**	**7.5**
Depreciation and amortization	3.7	6.5
EBITDA	**14.3**	**14.0**

* Selling Expenses also considers the value of the "impairment loss", which is open in the Income Statement (DRE).

locaweb company

ATTACHMENT V – Consolidated Balance Sheet

Assets (R$ million)	Mar, 2022	Dec, 2021
Current Assets		
Cash and cash equivalents	1,544.8	1,584.4
Restricted cash	1.6	1.7
Accounts receivable	580.4	503.6
Taxes recoverable	13.0	6.2
Income tax and social contribution to be recovered	23.3	25.3
Derivatives	1.8	8.7
Other assets	26.8	22.0
Total current assets	**2,191.7**	**2,151.9**
Non-current assets		
Restricted cash	-	-
Judicial deposits	0.5	0.5
Other assets	4.1	4.3
Deferred income taxes	48.9	42.0
Investments	92.8	88.7
Porperty and equipment	67.4	69.6
Intangible assets	2,218.3	2,218.8
Total non-current assets	**2,432.0**	**2,423.9**
Total assets	**4,623.7**	**4,575.9**

Liabilities and Equity (R$ mln)	Mar, 2022	Dec, 2021
Current liabilities		
Suppliers	40.9	42.1
Loans and financing	10.3	28.7
Lease liability	9.8	9.3
Salaries and related charges	78.9	71.7
Income tax and social contribution payable	5.3	1.0
Other taxes payable	10.4	9.4
Deferred revenue	59.5	58.2
Payables to clients	444.5	414.8
Interest on shareholders' equity and dividends payable	0.0	0.0
Taxes in installments	2.9	2.9
Accounts payable to former shareholders	132.9	36.1
Other liabilities	3.0	2.7
Total current liabilities	**798.3**	**677.0**
Non-current liabilities		
Loans and financing	0.2	0.3
Deferred revenue	1.9	1.1
Provision for legal proceedings	3.1	2.7
Accounts payable to former shareholders	789.9	868.1
Lease liability	64.9	67.6
Taxes in installments	16.9	17.3
Deferred income tax and social contribution	1.3	1.4
Other liabilities	5.8	5.2
Total non-current liabilities	**884.0**	**963.8**
EQUITY		
Capital Stock	2,926.8	2,926.8
Shares held in Treasury	(45.8)	(45.8)
Capital reserves	51.5	49.6
Earning reserves	4.4	4.4
Earnings of the period	4.5	-
Total EQUITY	**2,941.5**	**2,935.1**
Total liabilities and equity	**4,623.7**	**4,575.9**

ATTACHMENT V – Cash Flow

Cash Flow (R$ mln)	1Q22	1Q21
Net Cash provided by operating activities		
Income (loss) before income taxes	**16.3**	**(5.8)**
Items that do not affect cash	**48.0**	**30.2**
Variations in working capital	**(63.5)**	**(5.4)**
Net cash provided by operating activities	**0.8**	**18.9**
Net cash provided by investment activities		
Purchase of property and equipment	(9.8)	(15.0)
Accounts payable for acquisition of equity interest	(1.1)	(1.1)
Restricted Financial Application	-	-
Acquisition of subsidiaries, net of cash acquired	-	(238.9)
Acquisition and development of intangible assets	(13.3)	(6.9)
Net cash provided by investment activities	**(24.2)**	**(261.8)**
Net cash provided by financing activities	**(16.2)**	**2,244.0**
Net increase (decrease) in cash and cash equivalents	**(39.6)**	**2,001.1**
Cash and cash equivalents at beginning of the year	1,584.4	404.6
Cash and cash equivalents at end of the year	1,544.8	2,405.7
Net increase (decrease) in cash and cash equivalents	**(39.6)**	**2,001.1**

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