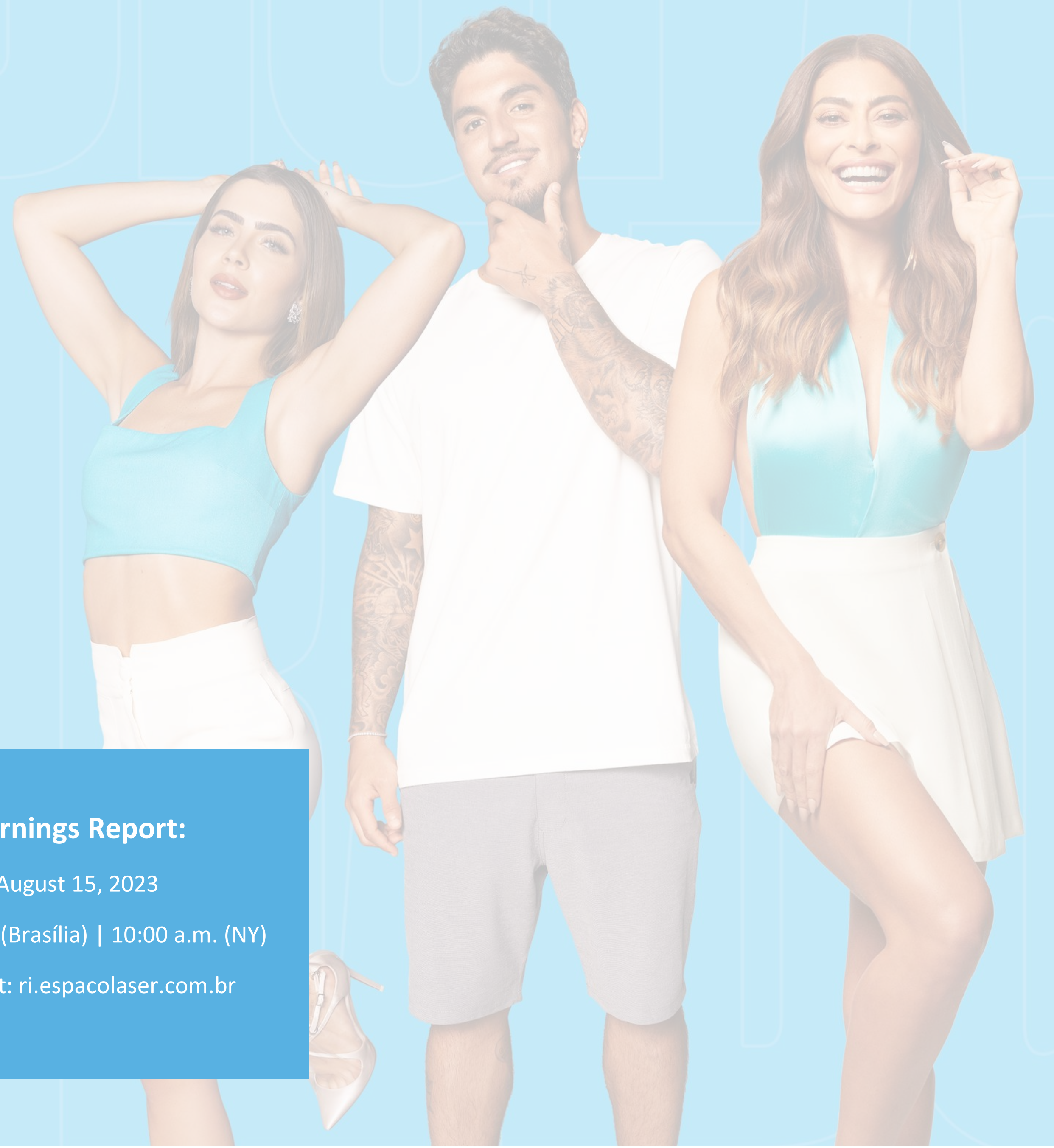
espaçolaser depilação

2Q23 Earnings



Earnings Report:

August 15, 2023

11:00 a.m. (Brasília) | 10:00 a.m. (NY)

Webcast: ri.espacolaser.com.br

São Paulo, August 14, 2023 – MPM Corpóreos S.A. (B3: ESPA3) - "Espaçolaser" or "Company" is announcing today its earnings for the second quarter of 2023 (2Q23). The Company's financial information is presented in *Reais* on a consolidated basis, according to the Brazilian Corporate Law and the accounting practices in place in Brazil (BRGAAP), already in accordance with the International Financial Report Standards (IFRS), except as indicated otherwise.

In order to ensure a better understanding of the Company's performance for the periods, certain non-recurring effects were excluded, in addition to impacts of IFRS 16. Reconciliation of the figures with the Financial Statements is provided in each section.

Operational and Financial Highlights

Ticker: ESPA3

Quote: R$1.37

Total Shares: 361,423,066

Market Value: R$0.5 bi

IR Contact:
dri@espacolaser.com.br

- We ended 2Q23 with **771 Espaçolaser stores in Brazil,** keeping up the **expansion of the operation** by opening franchises**.**
- With the ongoing expansion of international operations, we ended the quarter with 54 stores in Latin America, representing **32% growth** in the annual comparison.
- We recorded system-wide sales of R$336.0 million for the quarter, a **2% increase** in total gross sales. In 1H23, we posted system-wide sales of R$743.2, **up 12%** against 1H22.
- **Significant increase** in the **number of customers** in our units, as measured by the same-store tickets indicator, which **grew by 27%** in the quarter. We maintained **high rates of customer satisfaction,** with an NPS of 86.3 for the quarter, while our grade on "Reclame Aqui" consumer complaints portal reached 8.5 (Excellent) in June, with an RA1000 certificate.
- We posted net revenues of R$236.2 million for 2Q23, **up 10%** in the annual comparison, following the dynamics of revenue recognition, and a succession of quarters of record sales. For the first half of 2023, we recorded a **13%** increase in net revenues compared to 1H22.
- Gross profit amounted to **R$89.7 million** for the quarter, **up 30%** in the annual comparison, with gross margin of 38%, with an increase of 6.1 p.p. against 2Q22. For the half, we reported gross profit of **R$208.5 million,** a 22% increase compared to the same period of last year.
- Adjusted EBITDA amounted to R$56.5 million, **up 131%**, with a margin of 24%, **up 12.6 p.p.** against 2Q22, demonstrating the continued result of our operating costs and expenses optimization program. For 1H23, Adjusted EBITDA added up to **R$120.9 million**, with a **24%** margin.
- **Net income of R$2.3 million** for the quarter, with substantial **net margin gains** of 11.9 p.p. in the annual comparison. For 1H23, we recorded adjusted net income of **R$13.2 million**, against losses of R$17.1 million for 1H22.
- Finally, we maintained a robust operating cash generation that amounted to **R$69.7 million** for 2Q23, representing a cash conversion to EBITDA of **123%**. For the half year, adjusted operating cash flow amounted to **R$104.3 million**, representing a **cash conversion to EBITDA** of 86% for the period.

R$ thousands Except as indicated otherwise	2Q23	2Q22	Var.	1H23	1H22	Var.
Operational Highlights						
Number of Espaçolaser Stores	771	756	15	771	756	15
Number of Estudioface Stores	9	11	(2)	9	11	(2)
Number of International Stores	54	41	13	54	41	13
NPS Espaçolaser	86.3	86.7	(0.4 p.p.)	86.7	86.3	0.4 p.p.
Espaçolaser System-Wide Sales[1]	336,002	330,718	1.6%	743,190	662,698	12.1%
Same-Store Sales (SSS)[2] - YoY Basis	0.4%	0.7%	(0.3 p.p.)	9.6%	(1.9%)	11.5 p.p.
Espaçolaser Digital Sales	64.6%	69.4%	(4.8 p.p.)	54.8%	68.3%	(13.5 p.p.)
Espaçolaser customers by gender - Women	86.5%	88.8%	(2.3 p.p.)	86.3%	89.1%	(2.8 p.p.)
Espaçolaser customers by gender - Men	13.5%	11.2%	2.3 p.p.	13.7%	10.9%	2.8 p.p.
Financial Highlights						
Net Revenues[3]	236,232	215,679	9.5%	503,666	447,399	12.6%
Gross Profit[4]	89,708	68,767	30.5%	208,471	171,332	21.7%
Gross Margin (%)	38.0%	31.9%	6.1 p.p.	41.4%	38.3%	3.1 p.p.
Adjusted EBITDA[5]	56,494	24,423	131.3%	120,869	77,487	56.0%
Adjusted EBITDA Margin (%)	23.9%	11.3%	12.6 p.p.	24.0%	17.3%	6.7 p.p.
Adjusted Net Income[6]	2,296	(23,671)	n.a.	13,215	(17,127)	n.a.
Adjusted Net Margin (%)	1.0%	(11.0%)	11.9 p.p.	2.6%	(3.8%)	6.5 p.p.
Adjusted Operating Cash Flow[7]	69,647	63,807	9.2%	104,264	109,620	(4.9%)
Adjusted Operating Cash Flow/Adjusted EBITDA (%)	123.3%	261.3%	(138.0 p.p.)	86.3%	141.5%	(55.2 p.p.)

[1] System-wide sales correspond to Espaçolaser units' total gross sales, as if we owned 100% of all Espaçolaser stores (including franchises).
[2] Same-Store Sales correspond to gross 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 2Q22 were adjusted to consolidate the figures of JVs and franchises merged.
[4] Gross Income adjusted for: (i) consolidation of figures for JVs and franchises merged in 2Q22; (ii) exclusion of non-recurring costs; and (iii) exclusion of effects related to IFRS-16.
[5] EBITDA adjusted for: (i) consolidation of figures for JVs and franchises merged in 2Q22; (ii) elimination of non-recurring costs and expenses; and (iii) elimination of effects related to IFRS-16.
[6] Net Income adjusted for: (i) consolidation of figures for JVs and franchises merged in 2Q22; (ii) exclusion of non-recurring costs and expenses; and (iii) elimination of effects related to IFRS-16.
[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.

Management's Message

We ended the first half of 2023 keeping up the robustness of our key operational indicators, reflecting the effectiveness of our strategy of drawing new customers to our customer base by seizing the opportunities offered by a still very under-penetrated market. We know that once a customer experiences our service and the quality of our laser technology, they clearly understand it is a transformational change and stay with us on their journey for many years, which makes for a solid lifetime value. Espaçolaser chain's sales grew 12.1% for the first half, driven by a 9.6% increase in same-store sales, such indicator being based on volume, with a 31.9% increase in same-store tickets.

At the same time, part of our strategy was underpinned, particularly for the second quarter, by a search for balance between sales, promotional actions and payment methods, the latter including the average number of installment payments offered, as these three indicators play a key role in our operations and cash generation. Despite facing bigger challenges in the second quarter on our quest for the ideal balance between sales and installment payments, given the sensitivity of these indicators, we identified promising opportunities, and we are confident that we will continue on the right path to achieving the results we aim for through these strategies.

On the subject of expansion, we continued prioritizing growth through new franchises, following a trend towards preserving cash observed in the previous quarters and understanding that we have a lot of room to expand at both levels, with 15 net store openings compared to 2Q22. We should note that we already completed the optimization of our owned store portfolio in the first quarter of 2023.

On the customer journey front, we continued strongly focused on digitizing the journey. As part of our efforts to that end, we implemented automation in the evaluation and session scheduling, rescheduling and cancellation of sessions, aiming to provide a fluid, comfortable and autonomous experience to our leads and customers. The improvements have significantly contributed to the qualification and capture of leads, resulting in an increase in number of appointments concluded and, consequently, a higher conversion rate. We are constantly looking for ways to improve our processes, and we still have various initiatives in the pipeline.

The results of the initiatives we began implementing in 2022 continue to reflect in our results as well, with strong sales for the first quarter boosting our net revenues. For the second quarter, the Company's net revenues grew 10% compared to the previous year, and that increase also brought along major improvements in gross margin (up 6.1 p.p.) and EBITDA margin (up 11.9 p.p.).

Within our organizational structure, we were pleased to announce the hiring of Magali Leite as our CFO and Chief Investor Relations Officer. Magali boasts a multidisciplinary career as a finance executive, boasting vast experience in companies with different corporate and capital structures, at both the national and international levels. Her appointment further bolsters the financial expertise of our team and will be fundamental to advancing the optimization of our capital structure.

We remain committed to excellence in our services and the unique experience we provide to our customers, which reflects in high customer satisfaction levels and an uncontested leading position in the market. Our goal is to reward our stakeholders for the trust put in us by focusing on the operation, obtaining consistent results, and keeping our customers fully satisfied. We are convinced that we still have job to do, even as we remain in a scenario of uncertainties and instability. However, we have the capabilities, the talents and the tools that are indispensable for us to persist in effectively executing our strategy, while seeking a great balance between growth and profitability.

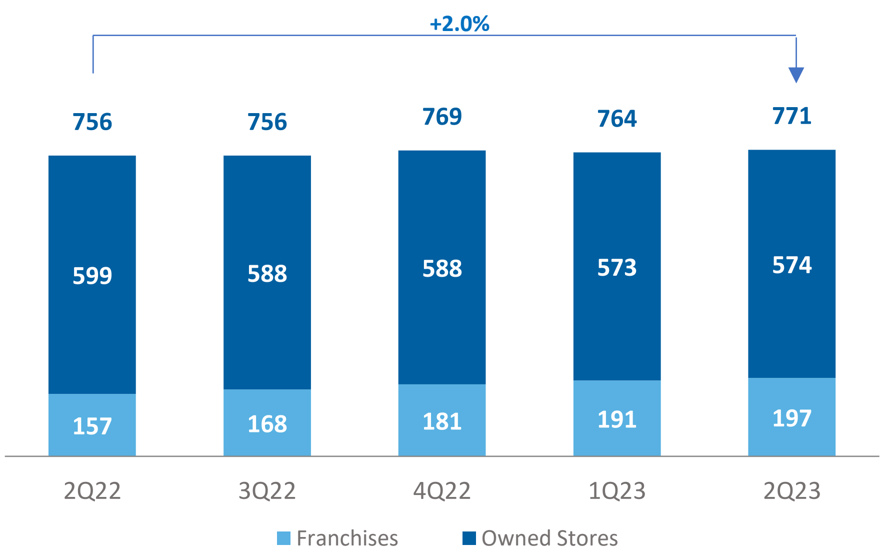
Operating Results

Espaçolaser

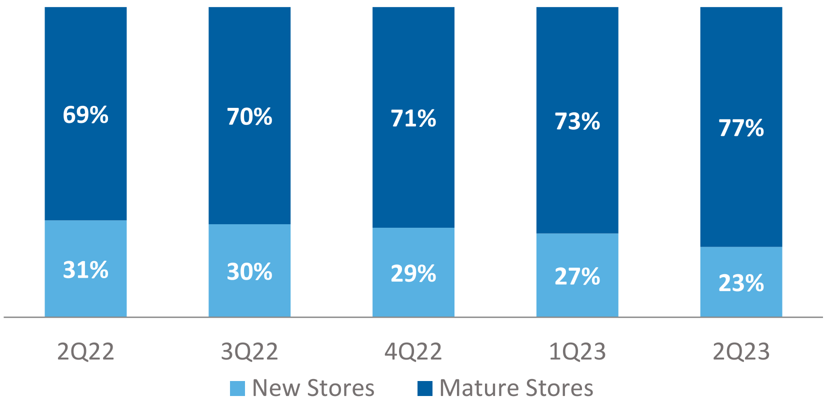
At the end of 2Q23, we had 771 Espaçolaser stores in Brazil, up by 2.0% compared to the second quarter of 2022. In 2Q23, we opened 6 new franchises and reopened 1 owned store that was previously closed for renovation. Over the course of the first half of 2023, we opened 16 new franchise stores and closed 15 owned stores, following the store portfolio adjustment process that we started in 2022 and that we now view as concluded.

Of the 771 Espaçolaser Brasil stores, 23% were in a maturing process, considering a curve of approximately two years.

NUMBER OF ESPAÇOLASER STORES

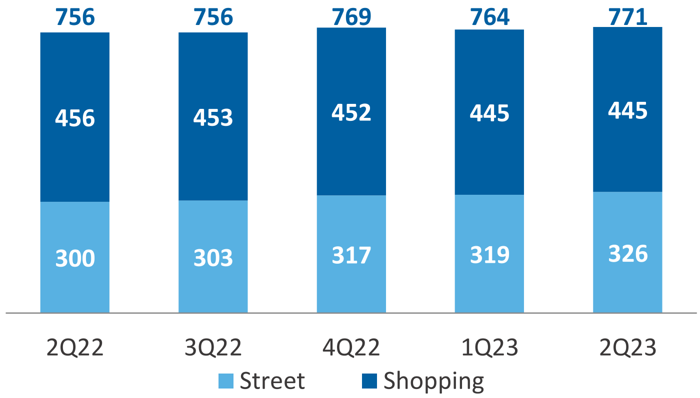


PROFILE OF ESPAÇOLASER STORES



Compared to 2Q22, we increased our presence in the North, Northeast and Midwest regions, besides once again increasing the representativity of street stores, currently representing 43% of the Espaçolaser store base in Brazil, against 40% in the previous year.

LOCATION OF ESPAÇOLASER STORES



REGION	North	Northeast	Midwest	Southeast	South
2Q22	46	104	71	426	109
2Q23	50	110	76	433	102
% Var.	**8.7%**	**5.8%**	**7.0%**	**1.6%**	**(6.4%)**

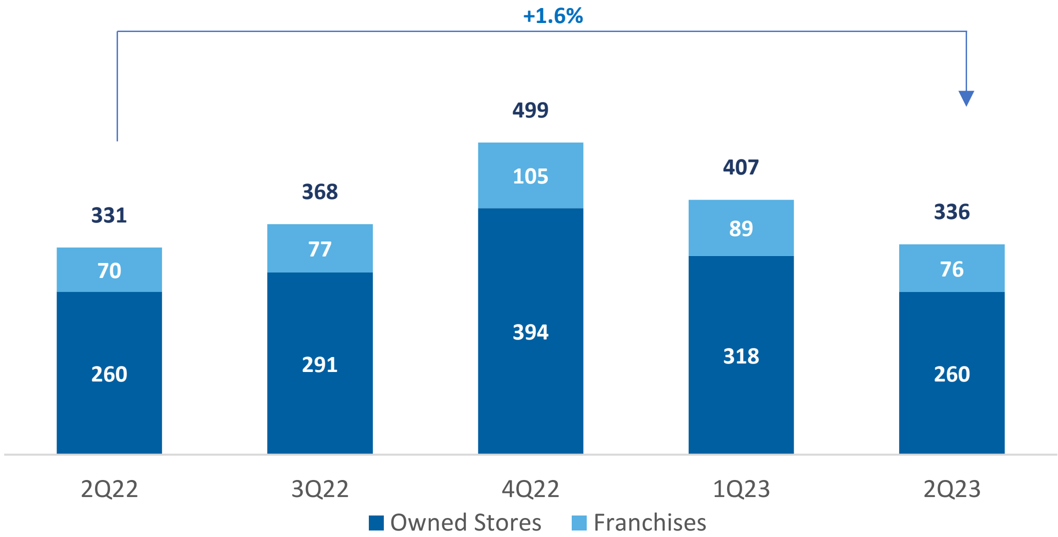
System-Wide Sales

With the purpose of increasing transparency and making our Company's results easier to understand, since the first quarter of 2023, we have been reporting our gross sales (before cancellations), which provide a better correlation with the gross revenues line of the Income Statement.

Espaçolaser chain's gross sales (system-wide sales) reached R$336.0 million in 2Q23, up by 1.6% against the same quarter of the previous year. Over the quarter, part of our sales approach consisted of seeking balance between sales, payment methods and average number of installment payments, reflecting our intention to more accurately utilize our sales strategies through a more refined targeting of our customer base. For the second quarter, our same-store-sales indicator displayed growth of 0.4% against the previous quarter and of 9.6% for the first half.

During the first half, we experienced 12.1% growth in system-wide sales, mostly based on volume, with a 31.9% increase in same-store tickets for the period. We continue pursuing our strategy of trying to keep our funnel always complete with new customers, who rapidly carry out the upsell for other services and develop long-lasting loyalty to our brand over the years.

ESPAÇOLASER SYSTEM-WIDE SALES (GROSS SALES IN R$ MM)

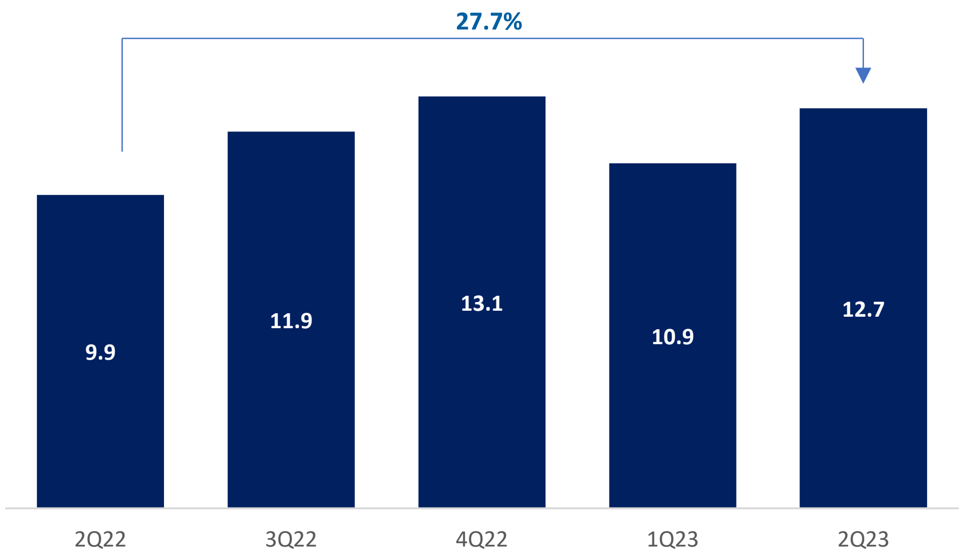


International Operations

Argentina

We are present in Argentina, our first country of operation outside Brazil, since 2018, through a joint venture model. In 2Q23, we opened one more store in Argentina, making up 20 units in the country, of which 15 are owned stores. Sales totaled R$12.7 million in the quarter, an increase of 27.7% compared to the previous year.

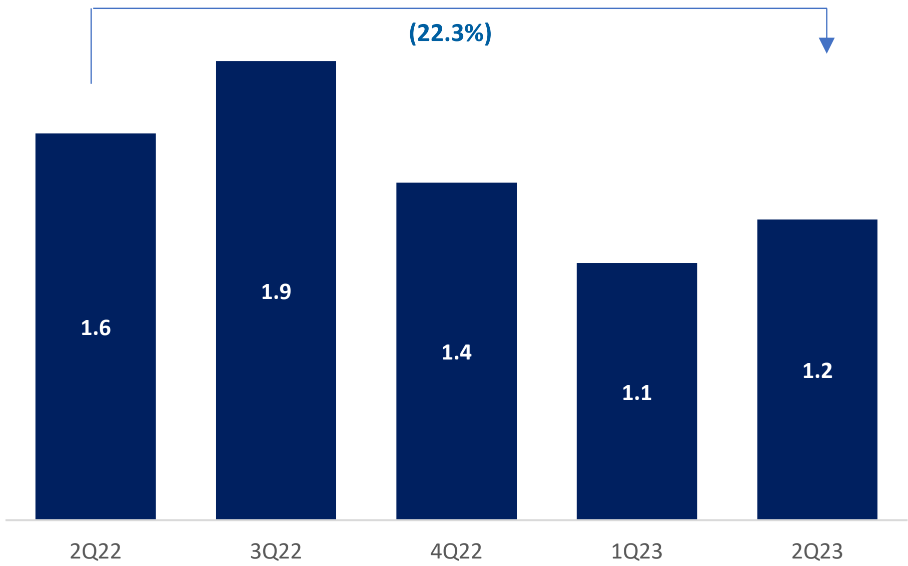
ARGENTINA SALES (R$ MM)



Colombia

In 2020, we opened our first store in Colombia through a 100% greenfield operation. At the end of 2Q23, we had 9 owned stores in the country. Sales reached R$1.2 million in the quarter, a decrease of 22.3% compared to 2Q22.

COLOMBIA SALES (R$ MM)

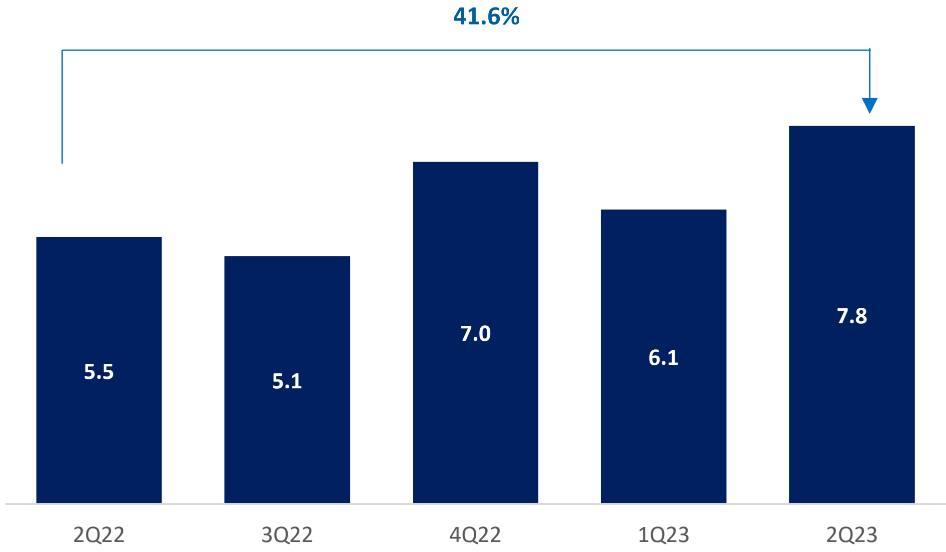


Chile

We arrived in Chile in 2021, through the purchase of control in the Cela group, a brand that displays similarities to Espaçolaser in services, technology and culture. We did not open any store during the second quarter, thereby ending 2Q23 with 24 stores in the country, of which 20 are owned stores.

For 2Q23, our sales in Chile totaled R$7.8 million, a 41.6% increase compared to 2Q22, reflecting the strong results of the Cyber Day action we carried out in the country in May.

CHILE SALES (R$ MM)



Financial Results

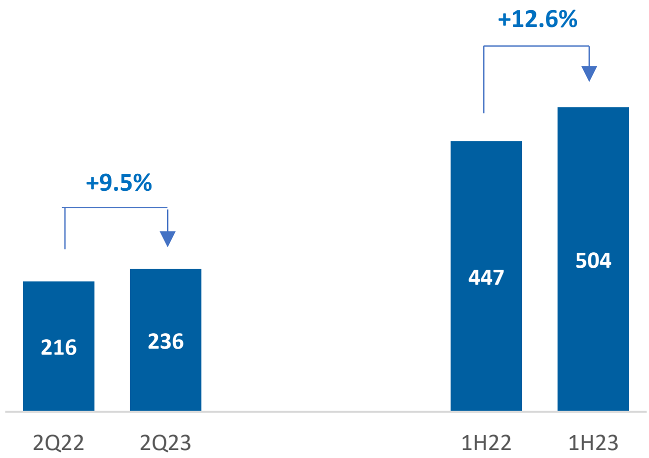
Adjusted Net Revenues

For comparison purposes, we added the results from JVs and franchises merged to the results for the periods from 3Q21 to 3Q22. Since the 4Q22 earnings, that adjustment has no longer been required, as we completed the corporate consolidation process in 3Q22. Pursuant to articles 226 and 227 and paragraphs of Law No. 6.404/76, the JVs and franchises merged are absorbed by the Company, and their results were transferred to the Shareholders' Equity of the Company, the surviving entity.

In 2Q23, the Company's net revenues amounted to R$236.2 million, up by 9.5% against the previous year. Both figures reflect the seasonality of the revenue recognition system, as well as the impact on 1Q23, with sales significantly above historical records. These, in turn, reflect the success of our sales campaigns and the customer acquisition strategies implemented.

R$ thousands Except as indicated otherwise	2Q23	2Q22	Var.	1H23	1H22	Var.
Net Revenues	**236,232**	**207,360**	**13.9%**	**503,666**	**440,222**	**14.4%**
(+) JV merger impact	–	8,319	n.a.	–	7,178	n.a.
Adjusted Net Revenues	**236,232**	**215,679**	**9.5%**	**503,666**	**447,399**	**12.6%**

CONSOLIDATED NET REVENUES (R$ MM)

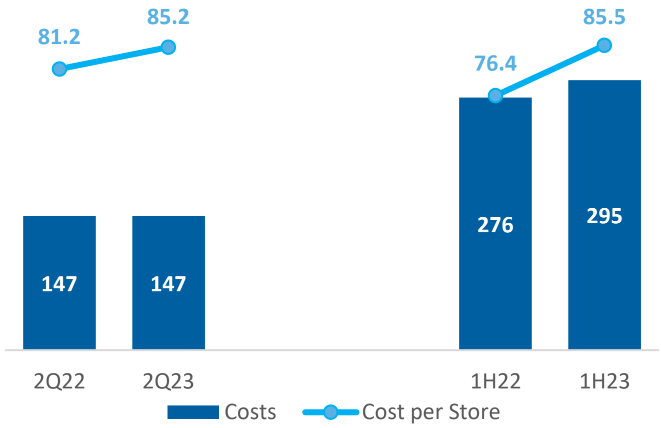


Cost of Services Provided and Adjusted Gross Profit

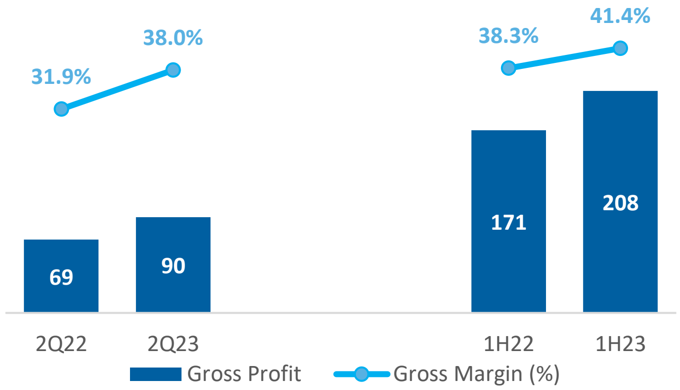
Cost per store was R$85.2 thousand/month in 2Q23, compared to R$81.2 thousand/month in 2Q22, a 4.9% increase, keeping pace with inflation for the period. It is worth pointing out that, during the quarter, we kicked off significant efforts towards optimizing our headcount per store, as well as a lease renegotiation program, having thus attained efficiency improvements in those costs. For the first half, our cost per store amounted to R$85.5 thousand/month, up 12.0% against 1H22, which was particularly favored by the fact that the Company had stored cryogen in 4Q21. In addition, we implemented an important reclassification in our infrastructure and technology allocation systems, which were previously allocated to general and administrative expenses.

As a result, our gross profit reached R$89.7 million in 2Q23, up by 30.5%, with gross margin of 38.0%, a 6.1-p.p. increase in the annual comparison. During the first half, gross profit increased by 21.7%, with an increase of 3.1 p.p. in the gross margin, driven by strong sales in two consecutive quarters, and following the Company's revenue recognition dynamics, as well as the aforementioned efficiency improvements.

CONSOLIDATED COSTS (R$ MM)



CONSOLIDATED GROSS PROFIT (R$ MM)



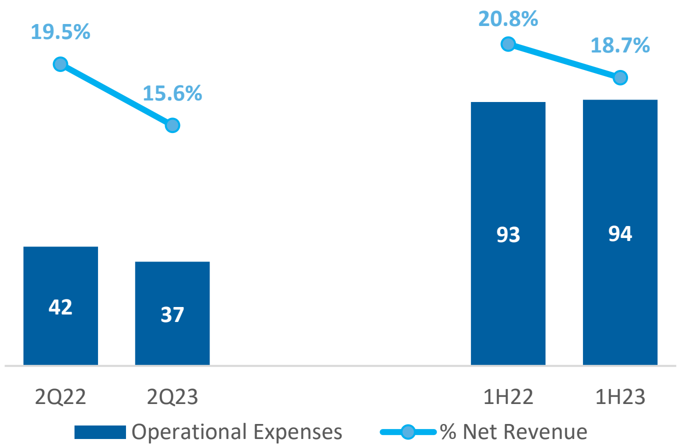
R$ thousands Except as indicated otherwise	2Q23	2Q22	Var.	1H23	1H22	Var.
Gross Profit (ex-Depreciation and Amortization)	**104,177**	**75,825**	**37.4%**	**230,707**	**194,771**	**18.5%**
(+) JV merger impact	–	6,448	n.a.	–	4,503	n.a.
(-) Credit Card Commissions Reallocated from G&A to Costs	(4,705)	(4,096)	14.9%	(6,714)	(6,381)	5.2%
(-) IFRS-16 Impact	(10,490)	(9,411)	11.5%	(18,109)	(21,563)	(16.0%)
(+) Non-Recurring Expenses	725	–	n.a.	2,587	–	n.a.
Adjusted Gross Profit (ex-Depreciation and Amortization)	**89,708**	**68,767**	**30.5%**	**208,471**	**171,330**	**21.7%**
Adjusted Gross Margin	*38.0%*	*31.9%*	*6.1 p.p.*	*41.4%*	*38.3%*	*3.1 p.p.*

Adjusted Operating Expenses

We adjusted our operating expenses to exclude non-recurring amounts in connection with the demobilization involved in store closings over the year, various advisory services, taxes and fees of companies already absorbed. In addition, we adjusted expenses during the quarter to reflect the total provisions for royalties, which previously were subject to a gradual provisioning process, lining up our accounting records with the reality that there no longer are any prospects for receiving the amounts. As a result of royalties related to stored purchased in previous periods being written off, we recognized a reversal of the corresponding provision and set up the effective loss, in accordance with the applicable accounting rules.

Operating expenses amounted to R$36.8 million in 2Q23, representing 15.6% of net revenues for the period, an increase of 4.0 p.p. compared to the previous year, following the initiatives for achieving greater efficiency in our back office, stressing that the completion of the consolidation process also enabled us to add efficiency to the operation as whole, as well as savings due to the reversal of the provision for doubtful debts. As previously mentioned, we reclassified the allocation of infrastructure and technology systems, which were previously allocated to general and administrative expenses. The increase in marketing expenses is consistent with the decision to strengthen the Company's brand and leadership, with a view to engaging different audiences.

OPERATING EXPENSES (R$ MM)



R$ thousands Except as indicated otherwise	2Q23	2Q22	Var.	1H23	1H22	Var.
Operating Expenses (ex-Depreciation and Amortization)	**57,697**	**46,260**	**24.7%**	**120,257**	**98,866**	**21.6%**
(+) Credit Card Commissions Reallocated from G&A to Costs	4,705	4,096	14.9%	6,714	6,381	5.2%
(+) JV merger impact	–	2	n.a.	–	(774)	n.a.
(+) Non-Recurring Expenses	16,192	–	n.a.	19,494	–	n.a.
Adjusted Operating Expenses (ex-Depreciation and Amortization)	**36,800**	**42,163**	**(12.7%)**	**94,049**	**93,259**	**0.8%**

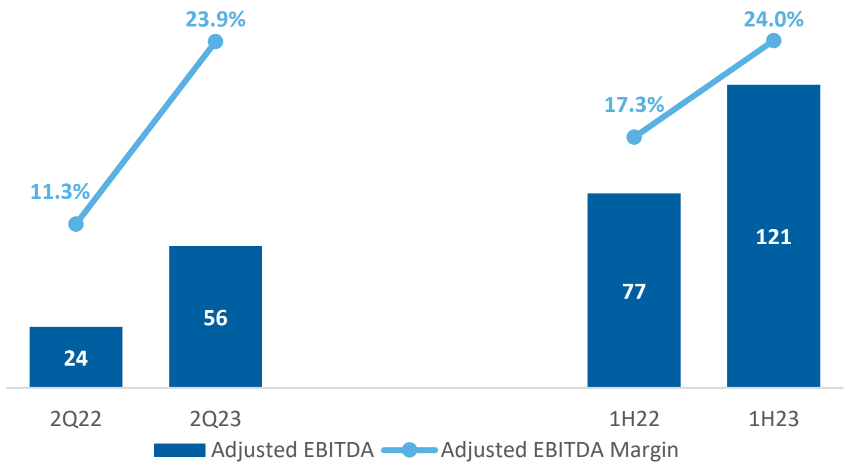
R$ thousands Except as indicated otherwise	2Q23	2Q22	Var.	1H23	1H22	Var.
Operating Expenses (ex-Depreciation and Amortization)	**36,800**	**42,163**	**(12.7%)**	**94,049**	**93,259**	**0.8%**
Net Revenues %	**15.6%**	**19.5%**	**(4.0 p.p.)**	**18.7%**	**20.8%**	**(2.2 p.p.)**
General and Administrative Expenses	13,093	21,732	(39.8%)	30,119	39,790	(24.3%)
Net Revenues %	**5.5%**	**10.1%**	**(4.5 p.p.)**	**6.0%**	**8.9%**	**(2.9 p.p.)**
Other Operating Revenues and Expenses	(5,550)	(2,752)	101.7%	(7,651)	(5,509)	38.9%
Net Revenues %	**(2.3%)**	**(1.3%)**	**(1.1 p.p.)**	**(1.5%)**	**(1.2%)**	**(0.3 p.p.)**
Personnel Expenses	18,981	19,801	(4.1%)	41,034	40,437	1.5%
Net Revenues %	**8.0%**	**9.2%**	**(1.1 p.p.)**	**8.1%**	**9.0%**	**(0.9 p.p.)**
Marketing Expenses	12,060	7,886	52.9%	25,032	16,099	55.5%
Net Revenues %	**5.1%**	**3.7%**	**1.4 p.p.**	**5.0%**	**3.6%**	**1.4 p.p.**
Provision for expected credit losses	(1,785)	(4,504)	(60.4%)	5,515	2,442	125.8%
Net Revenues %	**(0.8%)**	**(2.1%)**	**1.3 p.p.**	**1.1%**	**0.5%**	**0.5 p.p.**

Adjusted EBITDA

For the second quarter of 2023, our Company posted solid financial results, with Adjusted EBITDA of R$56.5 million and EBITDA margin of 23.9%, an increase of 12.6 p.p. compared to 2Q22. These figures represent a substantial 131.3% increase compared to the same period of the previous year, reflecting ongoing efforts to boost operational performance. Those results bolster the strength of our roadmap of priority initiatives, focused on increasing revenues and cutting costs, with a view to improving the efficiency of our operations as well as customer experience.

Year-to-date in the first half, our Adjusted EBITDA reached R$120.9 million, a 56.0% increase against the same period of the previous year, with a 24.0% gross margin, up 6.7 p.p. against the first half of 2022.

ADJUSTED EBITDA (R$ MM)



R$ thousands Except as indicated otherwise	2Q23	2Q22	Var.	1H23	1H22	Var.
Net Income	**(11,044)**	**(23,759)**	**(53.5%)**	**(5,045)**	**(16,302)**	**n.a.**
(+/-) Income Tax and Social Contribution	8,591	(5,523)	(255.5%)	19,250	(995)	n.a.
(+) Depreciation and Amortization	22,727	21,744	4.5%	42,222	42,872	(1.5%)
(+/-) Financial Result	29,791	42,697	(30.2%)	60,467	73,893	(18.2%)
EBITDA	**50,065**	**35,159**	**42.4%**	**116,894**	**99,468**	**17.5%**
(-) IFRS 16 Impact	(10,490)	(9,411)	11.5%	(18,109)	(21,563)	(16.0%)
(+) JV merger impact	–	(1,325)	n.a.	–	(419)	n.a.
(+) Non-Recurring expenses	16,918	–	n.a.	22,081	–	n.a.
Adjusted EBITDA	**56,494**	**24,423**	**131.3%**	**120,869**	**77,486**	**56.0%**
Adjusted EBITDA Margin	*23.9%*	*11.3%*	*12.6 p.p.*	*24.0%*	*17.3%*	*6.7 p.p.*

Depreciation and Amortization

In 2Q23, depreciation and amortization totaled R$12.7 million, an 11.9% drop in the annual comparison. For 1H23, depreciation and amortization amounted to R$25.1 million, down 6.4% against the first half of 2022.

Financial Result

In 2Q23, our financial result was an expense of R$27.1 million, 28.4% below the expense of R$37.8 million recorded in 2Q22, driven by the capital increase completed in 4Q22 and income from on financial investments made over the year.

Accordingly, for the first half, our financial result was an expense of R$55.8 million, compared to an expense of R$66.8 million for 1H22.

Adjusted Income Tax and Social Contribution

We adjusted Income Tax and Social Contribution to reflect the non-recurring costs and expenses detailed in the corresponding sections of this document.

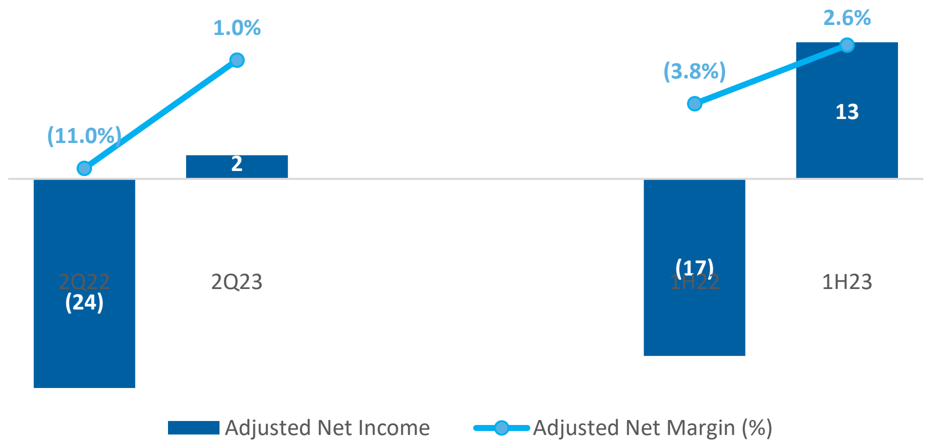
In 2Q23, we recorded an expense of R$14.3 million in Income Tax and Social Contribution, against a positive amount of R$4.2 million in the previous year. For the first half, that item was negative by R$26.8 million, against negative R$1.0 million for 1H22.

Adjusted Net Income (Loss)

Reflecting the effects described above, the Company reported adjusted net income of R$2.3 million in 2Q23, compared to adjusted net losses of R$23.7 for 2Q22, with an increase of 11.9 p.p. in net margin.

As a result, adjusted net income for the first half reached R$13.2 million, compared to adjusted net losses of R$17.1 million for 1H22, with an increase of 6.5 p.p. in net margin.

NET INCOME ADJUSTED (R$ MM)



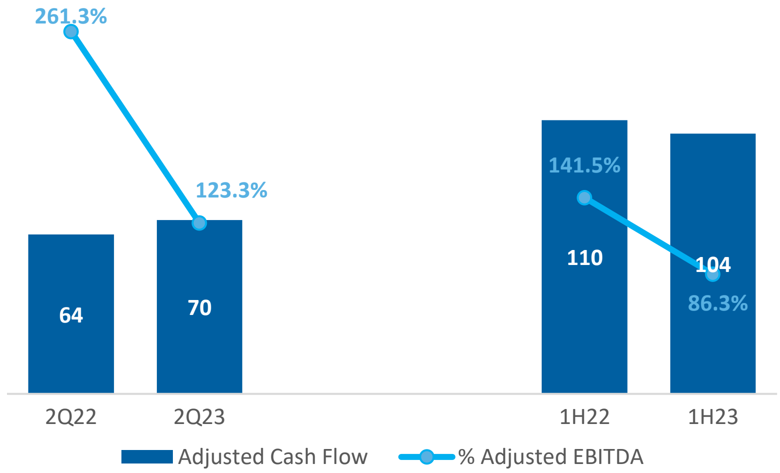
R$ thousands Except as indicated otherwise	2Q23	2Q22	Var.	1H23	1H22	Var.
Net Income	**(11,044)**	**(23,759)**	**(53.5%)**	**(5,045)**	**(16,302)**	**n.a.**
(-) IFRS 16 Impact	2,174	85	n.a.	3,685	(828)	n.a.
(+) Non-Recurring costs and expenses (adjusted at a rate of 34%)	11,166	–	n.a.	14,574	–	n.a.
Adjusted Net Income	**2,296**	**(23,671)**	**(109.7%)**	**13,215**	**(17,127)**	**n.a.**
Adjusted Net Margin	*1.0%*	*(11.0%)*	*11.9 p.p.*	*2.6%*	*(3.8%)*	*6.5 p.p.*

Operating Cash Flow

In 2Q23, we recorded adjusted operating cash generation of R$69.7 million, compared to cash generation of R$63.8 million recorded in 2Q22. That improvement is due to a decreased use of working capital for the period, especially thanks to cash management initiatives like reducing the average terms of accounts receivable from customers.

Accordingly, for 1H23, the Company boasted adjusted operating cash generation of R$104.3 million, representing a cash conversion to EBITDA of 86% for the period.

ADJUSTED OPERATING CASH FLOW (R$ MM)



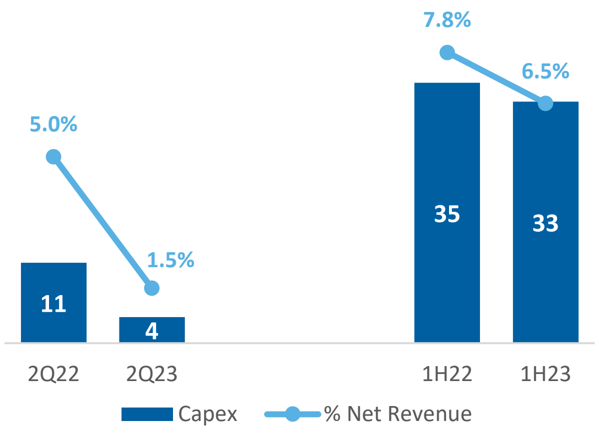
R$ thousands Except as indicated otherwise	2Q23	2Q22	Var.	1H23	1H22	Var.
Income (Loss) before Income Tax and Social Contribution	**(2,453)**	**(29,282)**	**(91.6%)**	**14,205**	**(17,297)**	**n.a.**
(+) Adjustments to Income (Loss) before Income Tax and Social Contribution	**67,081**	**49,296**	**36.1%**	**131,517**	**105,192**	**25.0%**
Depreciation and Amortization	26,868	23,049	16.6%	47,727	42,953	11.1%
Provision for doubtful debts	(1,785)	(4,794)	(62.8%)	5,515	1,716	221.4%
Other	41,998	31,041	35.3%	78,275	60,523	29.3%
(+) Changes in Working Capital	**5,019**	**43,793**	**(88.5%)**	**(41,458)**	**21,725**	**n.a.**
Accounts receivable	33,516	65,052	(48.5%)	13,331	74,955	(82.2%)
Deferred revenues	(43,386)	(13,925)	211.6%	(70,597)	(49,671)	42.1%
Other	14,889	(7,334)	n.a.	15,808	(3,559)	n.a.
Adjusted Net Cash from operating activities	**69,647**	**63,807**	**9.2%**	**104,264**	**109,620**	**(4.9%)**
Capex	(3,282)	(10,487)	(68.7%)	(31,796)	(34,303)	(7.3%)
Acquisition of Subsidiaries	(444)	(28,095)	n.a.	(1,264)	(71,808)	(98.2%)
Other	(230)	(374)	(38.5%)	(792)	(809)	(2.1%)
Net Cash from investing activities	**(3,956)**	**(38,956)**	**(89.8%)**	**(33,852)**	**(106,920)**	**(68.3%)**
Net Cash from financing activities	**(53,413)**	**2,260**	**n.a.**	**(100,453)**	**11,837**	**n.a.**
Net Cash Flow	**12,278**	**27,111**	**(54.7%)**	**(30,041)**	**14,537**	**n.a.**

Investments

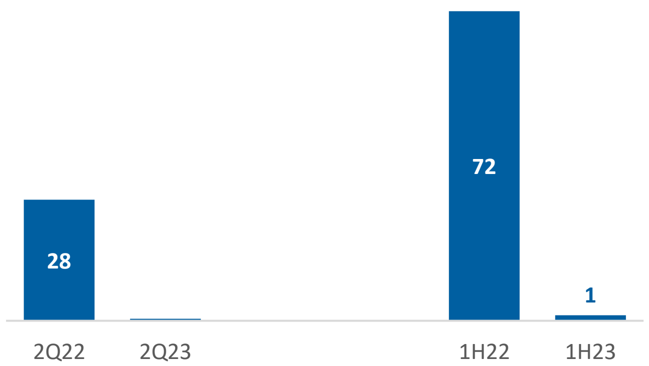
During 2Q23, we carried on with our strategy to concentrate efforts in expansion through franchises, without opening any owned stores in the period, which represents a 68.7% fall compared to the same period of the previous year. For 1H22, our capex amounted to R$31.8 million, a 7.3% decrease against 1H22. That increase reflects the slowdown in our opening of owned stores, with most of the investments for the first half channeled into purchase of machines equipped with the Alexandrite and ND YAG laser technologies, particularly in 1Q23.

The main focus of expansion through this franchise model is concentrated in cities with a population of more than 50,000, as our operations are already well established and spread in capital cities. In more remote locations, being present through franchisees plays a critical role in the operation since a local franchisee has in-depth knowledge of local usage and customs, with customer relationships having a significant weight, which gives rise to a more assertive approach than resorting exclusively to our employees and internal infrastructure.

INVESTMENTS (R$ MM)



ACQUISITION OF FRANCHISES & SUBSIDIARIES (R$ MM)

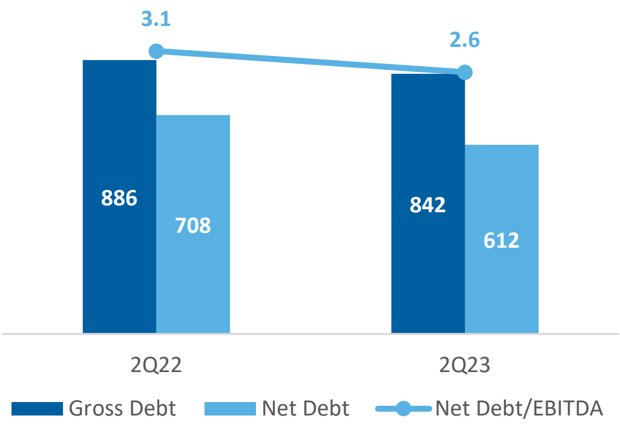


Indebtedness

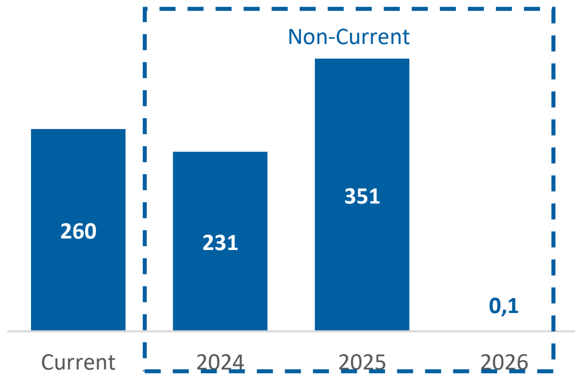
At the end of 2Q23, our net debt of R$611.9 million, a reduction of R$96.1 million in comparison to the previous year, which led to a leverage level of 2.6x in 2Q23, considering the net debt/Accounting EBITDA ratio, excluding the accounting effect of companies merged and non-recurring costs and expenses, which is below the leverage of 3.5x of covenants of the 2nd issue of debentures.

It is important to mention that, when it comes to the Company's capital structure, we are always considering the most efficient funding options for our investment plans.

INDEBTEDNESS (R$ MM)



AMORTIZATION PROFILE (R$ MM)



APPENDICES

IFRS-16 Reconciliation

R$ thousands Except as indicated otherwise	2Q23 IAS17	2Q23 IFRS16	2Q23 Var.	1H23 IAS17	1H23 IFRS16	1H23 Var.
Net Revenues	**236,232**	**236,232**	**–**	**503,666**	**503,666**	**–**
Costs	(142,545)	(132,055)	(10,490)	(291,068)	(272,959)	(18,109)
Gross Profit	**93,687**	**104,177**	**(10,490)**	**212,598**	**230,707**	**(18,109)**
General and Administrative Expenses	(54,112)	(54,112)	–	(113,812)	(113,812)	–
Adjusted EBITDA	**39,575**	**50,065**	**(10,490)**	**98,786**	**116,895**	**(18,109)**
Depreciation and Amortization	(12,732)	(22,727)	9,995	(25,123)	(42,222)	17,099
Financial Result	(27,123)	(29,791)	2,668	(55,772)	(60,467)	4,695
Income Tax and Social Contribution	(8,591)	(8,591)	–	(19,250)	(19,250)	–
Net Income	**(8,871)**	**(11,044)**	**2,173**	**(1,359)**	**(5,045)**	**3,686**

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

R$ thousands Except as indicated otherwise	2Q23	2Q22	Var.	1H23	1H22	Var.
Net Revenues	**236,232**	**215,679**	**9.5%**	**503,666**	**447,399**	**12.6%**
Costs	**(146,525)**	**(146,912)**	**(0.3%)**	**(295,195)**	**(276,068)**	**6.9%**
Personnel	(88,987)	(95,450)	(6.8%)	(184,667)	(179,190)	3.1%
Rent	(26,756)	(27,231)	(1.7%)	(50,989)	(52,451)	(2.8%)
Direct Costs	(26,077)	(19,873)	31.2%	(52,825)	(37,702)	40.1%
Credit Card Commissions	(4,705)	(4,359)	7.9%	(6,714)	(6,725)	(0.2%)
Gross Profit	**89,708**	**68,767**	**30.5%**	**208,471**	**171,332**	**21.7%**
% Gross Margin	*38.0%*	*31.9%*	6.1 p.p.	*41.4%*	*38.3%*	3.1 p.p.
General and Administrative Expenses	**(36,800)**	**(42,163)**	**(12.7%)**	**(94,049)**	**(93,259)**	**0.8%**
Personnel	(18,981)	(19,801)	(4.1%)	(41,034)	(40,437)	1.5%
General and Administrative	(13,093)	(21,732)	(39.8%)	(30,119)	(39,790)	(24.3%)
Other Operating Revenues and Expenses	5,550	2,752	101.7%	7,651	5,509	38.9%
Marketing Expenses	(12,060)	(7,886)	52.9%	(25,032)	(16,099)	55.5%
Provision for doubtful debts	1,785	4,504	(60.4%)	(5,515)	(2,442)	125.8%
Equity Pick-up	**3,585**	**(2,181)**	n.a.	**6,445**	**(585)**	n.a.
EBITDA	**56,494**	**24,423**	**131.3%**	**120,869**	**77,487**	**56.0%**
% EBITDA Margin	*23.9%*	*11.3%*	12.6 p.p.	*24.0%*	*17.3%*	6.7 p.p.
Depreciation and Amortization	(12,732)	(14,453)	(11.9%)	(25,124)	(26,839)	(6.4%)
Financial Result	(27,123)	(37,864)	(28.4%)	(55,772)	(66,727)	(16.4%)
Income Tax and Social Contribution	(14,343)	4,223	n.a.	(26,758)	(1,048)	2453.1%
Net Income	**2,296**	**(23,671)**	**n.a.**	**13,215**	**(17,127)**	**n.a.**
% Net Margin	*1.0%*	*(11.0%)*	11.9 p.p.	*2.6%*	*(3.8%)*	6.5 p.p.

Statement of Corporate Income (including IFRS-16)

R$ thousands Except as indicated otherwise	2Q23	2Q22	Var.	1H23	1H22	Var.
Gross Revenues	**321,752**	**264,551**	**21.6%**	**678,300**	**562,458**	**20.6%**
Taxes on sales	(43,497)	(33,678)	29.2%	(90,395)	(72,742)	24.3%
Cancellations	(41,335)	(23,513)	75.8%	(83,181)	(49,494)	68.1%
Discounts granted	(687)	–	n.a.	(1,057)	–	n.a.
Net Revenues	**236,232**	**207,360**	**13.9%**	**503,666**	**440,222**	**14.4%**
Costs	**(132,055)**	**(131,535)**	**0.4%**	**(272,959)**	**(245,452)**	**11.2%**
Personnel	(88,987)	(95,424)	(6.7%)	(186,529)	(179,225)	4.1%
Rent	(16,266)	(16,541)	(1.7%)	(32,880)	(29,119)	12.9%
Direct Costs	(26,802)	(19,570)	37.0%	(53,550)	(37,107)	44.3%
Gross Profit	**104,177**	**75,825**	**37.4%**	**230,707**	**194,771**	**18.5%**
% Gross Margin	44.1%	36.6%	7.5 p.p.	45.8%	44.2%	1.6 p.p.
General and Administrative Expenses	**(57,697)**	**(46,260)**	**24.7%**	**(120,257)**	**(98,866)**	**21.6%**
Selling Expenses	(16,765)	(12,979)	29.2%	(31,746)	(23,338)	36.0%
General and Administrative	(40,932)	(33,281)	23.0%	(88,511)	(75,528)	17.2%
Equity Pick-up	**3,585**	**5,594**	**(35.9%)**	**6,445**	**3,563**	**80.9%**
EBITDA	**50,065**	**35,159**	**42.4%**	**116,894**	**99,468**	**17.5%**
% EBITDA Margin	21.2%	17.0%	4.2 p.p.	23.2%	22.6%	0.6 p.p.
Depreciation and Amortization	(22,727)	(21,744)	4.5%	(42,222)	(42,870)	(1.5%)
Financial Result	(29,791)	(42,697)	(30.2%)	(60,467)	(73,893)	(18.2%)
Income Tax and Social Contribution	(8,591)	5,523	n.a.	(19,250)	995	n.a.
Net Income	**(11,044)**	**(23,759)**	**(53.5%)**	**(5,045)**	**(16,302)**	**(69.1%)**
% Net Margin	*(4.7%)*	*(11.5%)*	6.8 p.p.	*(1.0%)*	*(3.7%)*	2.7 p.p.

Balance Sheet

R$ thousands Except as indicated otherwise	2Q23	2Q22	Var.
Total Assets	**2,283,182**	**2,172,259**	**5.1%**
Current Assets	**946,552**	**771,261**	**22.7%**
Cash and Cash Equivalents	208,353	157,983	31.9%
Trade accounts receivable	683,834	550,869	24.1%
Derivative financial instruments	1,565	–	n.a.
Advance to suppliers	1,782	20,917	(91.5%)
Other assets	51,018	41,492	23.0%
Non-Current Assets	**1,336,630**	**1,400,998**	**(4.6%)**
Trade accounts receivable	32,678	70,781	(53.8%)
Accounts receivable - related parties	18,197	20,896	(12.9%)
Other assets	5,953	5,922	0.5%
Securities	20,000	20,121	(0.6%)
Deferred income tax and social contribution	38,881	48,391	(19.7%)
Investments	4,532	2,599	74.4%
Property and equipment	328,347	322,909	1.7%
Intangible assets	811,971	841,759	(3.5%)
Right-of-use assets	76,071	67,620	12.5%
Liabilities and Shareholders' Equity	**2,283,183**	**2,172,259**	**5.1%**
Current Liabilities	**702,675**	**709,353**	**(0.9%)**
Loans and financing	90,419	253,459	(64.3%)
Debentures	169,888	13,647	1144.9%
Lease liabilities	35,912	30,441	18.0%
Trade accounts payable	31,843	24,352	30.8%
Onerous contract	8,243	8,243	n.a.
Deferred revenues	233,052	237,810	(2.0%)
Salaries and payroll charges	55,996	62,765	(10.8%)
Taxes and contributions payable	65,303	57,431	13.7%
Tax installments	3,261	3,172	2.8%
Accounts payable	138	10,651	(98.7%)
Other accounts payable	7,299	7,382	(1.1%)
Accounts payable - related parties	1,321	–	n.a.
Non-Current Liabilities	**698,079**	**757,956**	**(7.9%)**
Onerous contract	52,892	61,135	(13.5%)
Loans and financing	140,232	359,822	(61.0%)
Debentures	441,239	248,166	77.8%
Lease liabilities	44,057	39,916	10.4%
Derivative financial instruments	–	11,003	n.a.
Taxes and contributions payable	5,223	6,366	(18.0%)
Accounts payable	–	10,952	n.a.
Tax installments	4,189	3,248	29.0%
Provisions for dismantling assets	5,337	3,519	51.7%
Provisions for lawsuits	3,029	12,468	(75.7%)
Other accounts payable	1,881	1,361	38.2%
Shareholders' Equity	**882,428**	**704,950**	**25.2%**

Cash Flow

R$ thousands Except as indicated otherwise	2Q23	2Q22	Var.	1H23	1H22	Var.
Income (Loss) before Income Tax and Social Contribution	**(2,453)**	**(29,282)**	**(91.6%)**	**14,205**	**(17,297)**	**n.a.**
Adjustments to reconcile income or loss with cash from operating activities	**67,081**	**49,296**	**0.4%**	**131,517**	**105,192**	**0.3%**
Depreciation and Amortization	26,868	23,049	16.6%	47,727	42,953	11.1%
Interest on loans, leases and tax installments	35,809	24,400	46.8%	70,510	42,033	67.7%
Provision for doubtful debts	(1,785)	(4,794)	(62.8%)	5,515	1,716	221.4%
Income from financial instruments	–	(13,742)	n.a.	–	36,562	n.a.
Other	7,094	465	1425.6%	8,804	3,607	144.1%
Exchange Rate Variation	(905)	19,918	n.a.	(1,039)	(21,679)	(95.2%)
Decrease (increase) in assets	**38,524**	**61,284**	**(37.1%)**	**17,453**	**71,787**	**(0.8%)**
Accounts receivable	33,516	65,052	(48.5%)	13,331	74,955	(82.2%)
Advances to suppliers	–	5,269	n.a.	–	5,269	n.a.
Other assets	5,651	587	862.7%	3,861	5,609	(31.2%)
Accounts receivable - related parties	(643)	(9,624)	(93.3%)	261	(14,046)	n.a.
Increase (decrease) in liabilities	**(65,304)**	**(31,860)**	**105.0%**	**(122,731)**	**(81,604)**	**50.4%**
Deferred revenues	(43,386)	(13,925)	211.6%	(70,597)	(49,671)	42.1%
Loans and financing paid – interest	(31,799)	(14,369)	121.3%	(63,820)	(31,542)	102.3%
Interest paid – leases	–	(1,731)	n.a.	–	(1,731)	n.a.
Trade accounts payable	12,903	2,195	487.8%	13,329	(5,207)	n.a.
Income tax and social contribution payable	858	(5,886)	n.a.	390	8,493	(95.4%)
Income tax and social contribution	(9,415)	(3,466)	171.6%	(18,439)	(14,582)	26.5%
Other	5,535	5,322	4.0%	16,406	12,636	29.8%
Net Cash from operating activities	**37,848**	**49,438**	**(23.4%)**	**40,444**	**78,078**	**(48.2%)**
Capex	(3,282)	(10,487)	(68.7%)	(31,796)	(34,303)	(7.3%)
Acquisition of Subsidiaries	(444)	(28,095)	(98.4%)	(1,264)	(71,808)	(98.2%)
Intangible assets	(230)	(374)	(38.5%)	(792)	(809)	(2,1%)
Net Cash from investing activities	**(3,956)**	**(38,956)**	**(89.8%)**	**(33,852)**	**(106,920)**	**(68.3%)**
Loans and financing contracted	(834)	51,488	n.a.	1,382	157,138	(99.1%)
Loans and financing paid - principal	(7,775)	(25,638)	(69.7%)	(15,982)	(93,411)	(82.9%)
Lease payments	(13,005)	(9,221)	41.0%	(22,033)	(20,348)	8.3%
Net Cash from financing activities	**(21,614)**	**16,629**	**n.a.**	**(36,633)**	**43,379**	**n.a.**
Net Cash Flow	**12,278**	**27,111**	**(54.7%)**	**(30,041)**	**14,537**	**n.a.**

EARNINGS CONFERENCE CALL

AUGUST 15, 2023 (TUESDAY)

IN PORTUGUESE	IN ENGLISH (SIMULTANEOUS TRANSLATION)
11:00 a.m. – Brasília Time (BRT)	10:00 a.m. – New York Time (EST)
CLICK HERE FOR WEBCAST IN PORTUGUESE	CLICK HERE FOR WEBCAST IN ENGLISH

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