

3Q23

EARNINGS



Earnings Report:

November 14, 2023 | 11:00 a.m. (Brasília) | 9:00 a.m. (NY) |

Webcast: ri.espacolaser.com.br

São Paulo, November 13, 2023 – MPM Corpóreos S.A. (B3: ESPA3) - “Espaçolaser” or the “Company” is announcing today its earnings for the third quarter of 2023 (3Q23). The Company's financial information is presented in *Reais* on a consolidated basis, according the Brazilian Corporate Law and the accounting practices in place in Brazil (BRGAAP), already in compliance with International Financial Reporting 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.

3Q23 Highlights

- We ended 3Q23 with **783 Espaçolaser stores in Brazil**, keeping up the **acceleration of operations** with **13 new** franchises opened in the quarter.
- In our international operations, we ended the quarter with 54 stores in Latin America, **growth of 22.7%** year-on-year.
- We recorded system-wide sales of R\$392.0 million for the quarter, **growth of 6.6%** in total gross sales compared to 3Q22. For 9M23, system-wide sales totaled **R\$1.1 billion**, an **increase of 10.1%** compared to the same period of the previous year.
- Our **customer satisfaction** rates continue **skyrocketing**, making us a **benchmark** for the industry, **with new growth for the period reaching 87.0 points** and our score on the Reclame Aqui consumer complaints portal reaching **8.7 (Excellent)** for September, with an **RA1000 certificate**.
- We posted net revenues of **R\$234.3 million** for 3Q23, **with growth of 2.9%** in the annual comparison. For the first nine months of 2023, we recorded a **9.3% increase** in net revenues compared to 9M22, totaling **R\$738.0 million**.
- Our gross profit was **R\$92.0 million** for the quarter, down 1.4%, with a gross margin of **39.3%**. Year-to-date, we reported gross profit of **R\$300.5 million**, with growth of **13.5%** compared to the same period of the previous year, and a gross margin of **40.7%**, with an increase of 1.5 p.p.
- The Company's Adjusted EBITDA totaled **R\$48.3 million** for the quarter, **an increase of 15.2%**, with a margin of 20.6%, **up 2.2 p.p.** compared to 3Q22. For 9M23, Adjusted EBITDA was **R\$169.2 million**, recording a **41.7% increase** for the period, with a **margin of 22.9%**, **up 5.2 p.p.**
- The Company has recorded **loss reversal for the third consecutive quarter**, with adjusted net income of **R\$0.8 million** for the quarter, compared to a **loss of R\$16.9 million** for 3Q22, with a **significant rise in net margin of 7.8 p.p.** year over year. Year-to-date, we recorded adjusted net income of **R\$14.0 million**, compared to a loss of R\$34.1 million recorded for 9M22.
- Finally, we maintained a **robust operating cash generation**, which totaled **R\$58.2 million** for 3Q23, reversing the cash use recorded for 3Q22, representing an EBITDA-to-cash conversion of **120.4%**. Year to date, adjusted operating cash flow was **R\$162.5 million**, with **67.3% growth** for the period and **96.0% cash conversion**.

Ticker: ESPA3

Quote: R\$1.34

Total Shares:
361,423,066

Market Value: R\$0.5bn

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dri@espacolaser.com.br

R\$ thousands Except as indicated otherwise	3Q23	3Q22	Var.	9M23	9M22	Var.
Operational Highlights						
Number of Espaçolaser Stores	783	756	27	783	756	27
Number of Estudioface Stores	6	10	(4)	6	10	(4)
Number of International Stores	54	44	10	54	44	10
NPS Espaçolaser	87.0	86.0	1.0 p.p.	86.8	86.4	0.4 p.p.
System-Wide Sales Espaçolaser ¹	392,032	367,927	6.6%	1,135,222	1,030,626	10.1%
Same-store sales (SSS) ² - YoY Evolution	5.3%	1.9%	3.5 p.p.	8.1%	(0.6%)	8.7 p.p.
Espaçolaser Digital Sales	65.5%	66.3%	(0.7 p.p.)	62.4%	67.6%	(5.2 p.p.)
Espaçolaser customers by gender - Women	87.0%	86.7%	0.4 p.p.	86.4%	88.8%	(2.4 p.p.)
Espaçolaser customers by gender - Men	13.0%	13.3%	(0.4 p.p.)	13.6%	11.2%	2.4 p.p.
Financial Highlights						
Net Revenues ³	234,290	227,765	2.9%	737,956	675,164	9.3%
Gross Profit ⁴	92,037	93,377	(1.4%)	300,509	264,708	13.5%
Gross Margin (%)	39.3%	41.0%	(1.7 p.p.)	40.7%	39.2%	1.5 p.p.
Adjusted EBITDA ⁵	48,348	41,973	15.2%	169,217	119,458	41.7%
Adjusted EBITDA Margin (%)	20.6%	18.4%	2.2 p.p.	22.9%	17.7%	5.2 p.p.
Adjusted Net Income ⁶	815	(16,934)	n.a.	14,030	(34,061)	n.a.
Adjusted Net Margin (%)	0.3%	(7.4%)	7.8 p.p.	1.9%	(5.0%)	6.9 p.p.
Adjusted Operating Cash Flow ⁷	58,188	(12,540)	n.a.	162,452	97,080	67.3%
Adjusted Operating Cash Flow/Adjusted EBITDA (%)	120.4%	(29.9%)	150.2 p.p.	96.0%	81.3%	14.7 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, 3Q22 net revenues for 3Q22 were adjusted to consolidate the figures of JVs and franchises merged.

⁴ Gross Profit adjusted for: (i) consolidation of figures for JVs and franchises merged in 3Q22; (ii) elimination of non-recurring costs and expenses; and (iii) elimination of effects related to IFRS-16.

⁵ EBITDA Adjusted for: (i) consolidation of figures for JVs and franchises merged in 3Q22; (ii) elimination of non-recurring costs and expenses; and (iii) elimination of effects related to IFRS-16.

⁶ Adjusted Net Profit due to: (i) consolidation of figures for JVs and franchises merged in 3Q22; (ii) elimination 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

Espaçolaser's earnings for the third quarter of 2023 once again demonstrate the consistency and robustness with which we have executed our strategy, with results reflecting the resilience and commitment of our teams even in the midst of a still challenging scenario, from both a macroeconomic and economic point of view, especially in the retail sector. Despite the difficulties faced in the sector in recent months, our target audience and the type of service we provide, combined with a skilled management of the business, strengthened our growth and earnings for the third quarter.

We remain focused on our sustainable growth strategy, which continues reflecting in the improvement of key indicators, with sales of the Espaçolaser chain in Brazil recording a 6.6% increase for 3Q23 and a 10.1% increase for 9M23, driven by a rise of 5.3% in the same-store sales indicator for the quarter, and 8.1% for the year, which in turn was based on continuous commercial efforts that reflected mainly in the increase in our average ticket in the period, making this the sixth consecutive quarter of growth in same-store-sales.

In addition, we continue to seek efficiency gains in costs and expenses, with initiatives that still generate operational leverage, resulting in 15.2% growth in EBITDA for the quarter, which reached R\$48.3 million, and an EBITDA margin of 20.6%, representing an increase of 2.2 percentage points compared to the same period of the previous year. Year-to-date, EBITDA grew 41.7%, with a relevant rise in margin of 5.2 p.p., signaling continued progress in our operational efficiency.

Regarding our expansion, we kept our focus on opening new franchises, which reflects in the continuity of our growth strategy in areas with an under-tapped laser market, and with a vision of the great potential for expansion of franchised stores, with 13 of them opened in the quarter, totaling 783 stores in Brazil and 843 in the group at the end of the period. We are determined to continue accelerating our expansion strategy, considering the market potential and demonstrating our commitment to expanding and strengthening our presence in Brazil.

We ended the quarter with robust operating cash generation, totaling R\$58.2 million, with an EBITDA-to-cash conversion of 120.4%. Additionally, we continued seeking to optimize our capital structure, with our leverage indicator showing a further decrease to 2.5x compared to 3.4x for the same period of 2022. We continued carrying out initiatives aimed at optimizing the Company's capital structure, which has brought improvements in cash position and reduced leverage. These initiatives represent crucial steps for us to continue executing our growth strategy in a solid and sustainable manner.

We would also like to highlight the continuous advancements in our digital strategy, with significant improvements in the customer journey, especially in the scheduling process on our app. As a result, we can see a significant increase in our customers' use of the Espaçolaser app, which now reaches approximately 60% of our base, as well as a significant improvement in our ratings in the leading app stores.

On our ESG front, in addition to the already announced renewal of our Great Place to Work Certification for the 4th consecutive year in 2Q23, we were also certified as one of the Best Companies to Work for in the GPTW Health 2023 Ranking, in the Industries and Services category. This recognition reflects employees' perception of our work environment, but especially all of our efforts to build an increasingly better organizational environment. In line with our commitment to Diversity, Equity and Inclusion, we received the Impact-Promoting and Digital Inclusion-Friendly Company seal from Equalweb, and since August, we have been included in B3's IDIVERSA, the first index on the Brazilian stock exchange focused on diversity.

We appreciate the trust and continued support of each of our customers, employees and shareholders. We are reflecting in our performance the right strategy that keeps us on the right path to achieving our objectives and successfully taking on any challenges that may arise in the future.

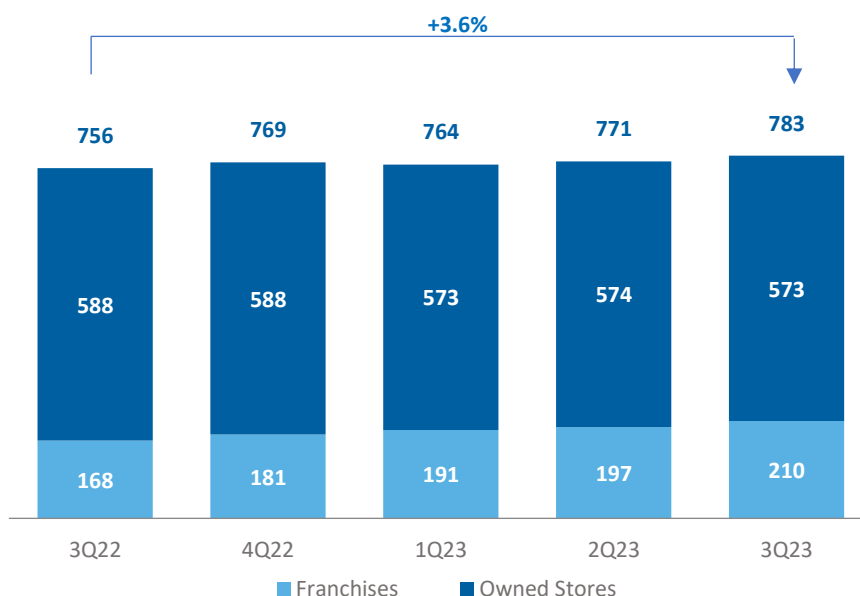
Operating Results

Espaçolaser

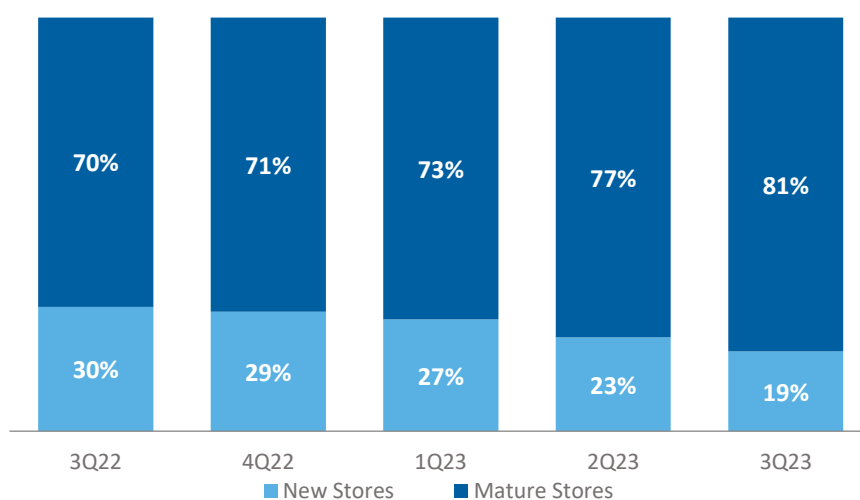
We ended the third quarter of 2023 with a total of 783 Espaçolaser stores in Brazil, representing an increase of 3.6% compared to the third quarter of 2022. During 3Q23, we recorded net opening of 13 franchises, in line with our store portfolio optimization strategy and our emphasis on expansion through franchises. During the nine months of 2023, net franchise openings totaled 29 units.

At the end of 3Q23, 19% of the 783 Espaçolaser Brasil stores were in maturation process, considering a curve of approximately two years.

NUMBER OF ESPAÇOLASER STORES



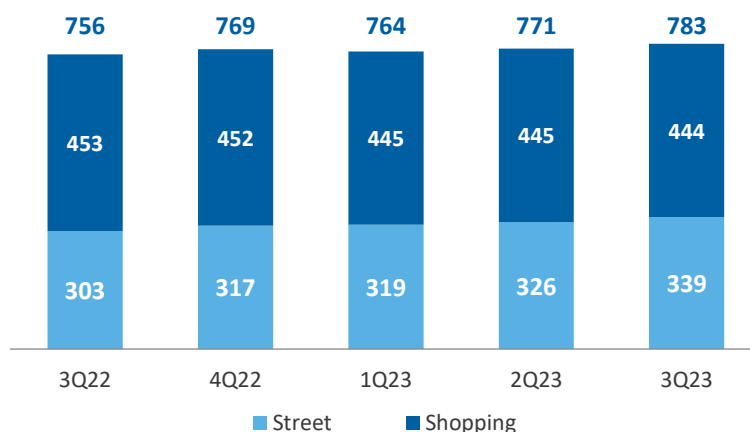
ESPAÇOLASER STORES PROFILE



Compared to the third quarter of 2022, we expanded our operations in the North, Northeast and Midwest regions of Brazil, while at the same time increasing our reach of street stores and shopping malls, which represented, at the end of 3Q23, 43% of the Espaçolaser store base in Brazil, compared to 40% for the previous year.



LOCATION OF ESPAÇOLASER STORES



REGION	N	NE	MW	SE	S
3Q22	46	106	75	424	105
3Q23	51	115	79	435	103
%Var.	10.9%	8.5%	5.3%	2.6%	(1.9%)

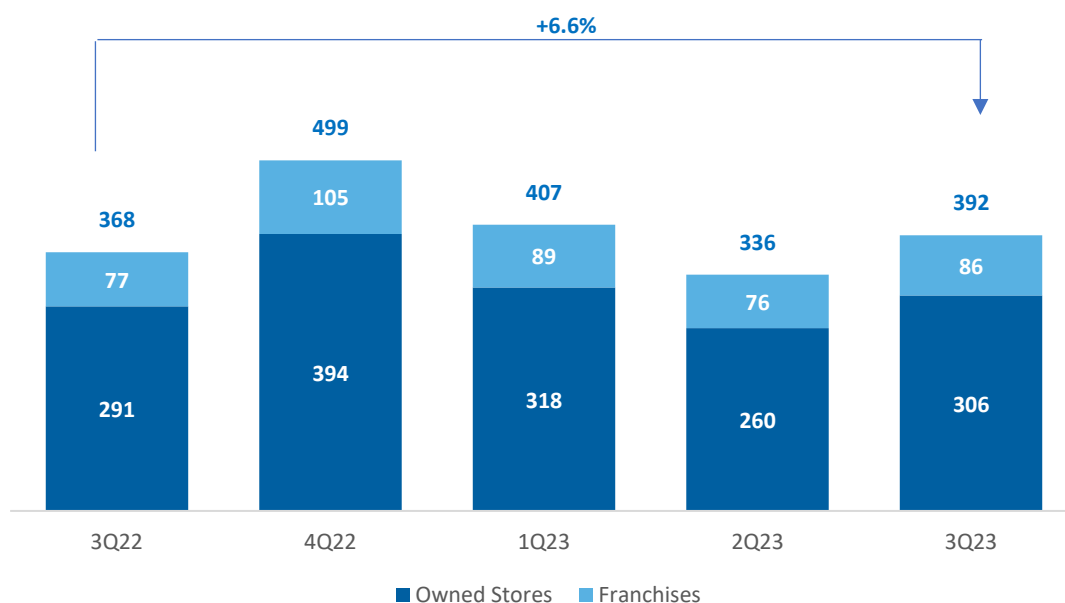
System-Wide Sales and Same-Store-Sales

The Espaçolaser chain's gross sales (system-wide sales) reached R\$392.0 million in 3Q23, up 6.6% compared to the same quarter of the previous year, reflecting the promotional strategies we implemented, as well as an increase in average tickets compared to 2Q23, due to an adjustment of the price list in the quarter.

Our same-store sales indicator displayed growth of 5.3% for the period, making 3Q23 the sixth consecutive quarter with this positive indicator.

Year-to-date 2023, system-wide sales displayed growth of 10.1%, totaling R\$1.1 billion, with same-store sales increasing 8.1% in the period.

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



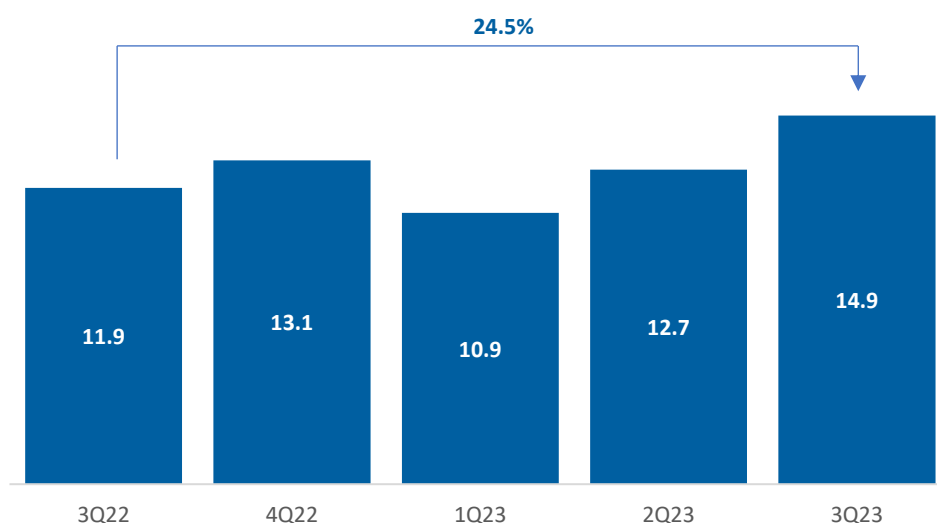
International Operation

Argentina

We have been present in Argentina since 2018, our first country of operation outside Brazil, through a joint-venture business model. We ended 3Q23 with 20 units in this country, 15 of which were owned. Sales reached R\$14.9 million for the quarter, an increase of 24.5% year-on-year.

Throughout the quarter, we performed 82,400 procedures in Argentina, an 18% increase compared to the number of procedures performed in the same period of the previous year. During the period, there was a significant increase in new customers added to our base, reflecting our capture of leads in the period with a material reversal.

ARGENTINA SALES (R\$ MM)

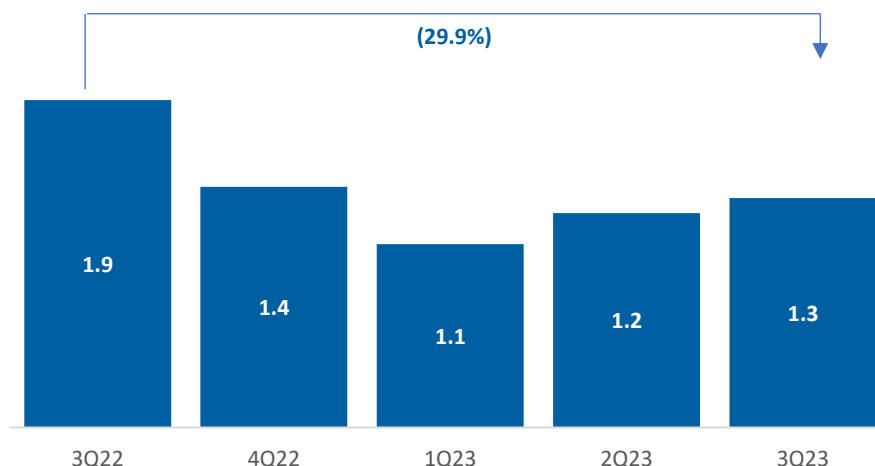


Colombia

In 2020, we opened our first store in Colombia as a 100% greenfield project. At the end of 3Q23, we had 9 owned stores in this country. Sales amounted to R\$1.3 million for the quarter, a drop of 29.9% compared to the R\$1.9 million reported for 3Q22.

In 4Q22, our operation in Colombia was subject to adjustment, as requested by the local health ministry. As a result, we had to bring in doctors into our stores, while changing our internal protocols for monitoring customers. During this period, we were unable to carry out procedures, which resulted in a negative impact on sales from 1Q23 onwards. After that adjustment was made, inspections were carried out in all stores, which led to resumption of our permission to perform the procedures, reflecting in the recovery seen in sales for the subsequent quarters, as they are still being also impacted by the greater restrictions of the country's general data protection law, which resulted in greater difficulty in generating new leads and attracting customers, leading to a longer maturation time for the historical level of revenues.

COLOMBIA SALES (R\$ MM)

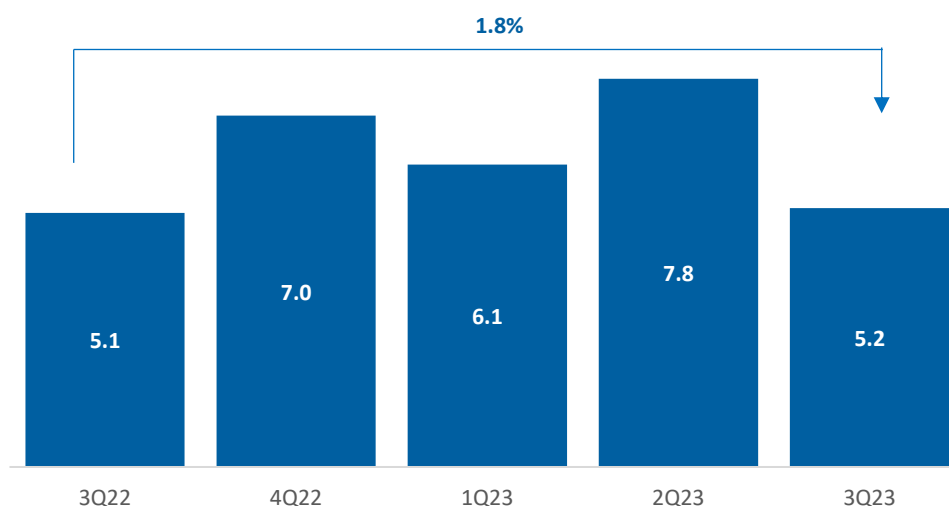


Chile

We began our operations in Chile in 2021, with the acquisition of control of the Cela group, a brand that has similarities with Espaçolaser's service, technology and culture. We maintained the same number of stores in the third quarter, ending 3Q23 with 24 stores in the country, 20 of which are our own.

For 3Q23, our sales in Chile totaled R\$5.2 million, growth of 1.8% compared to 3Q22. It should be noted that, in line with our initiatives to improve customer experience, we implemented the customer management operating system known as ELOS (Espaçolaser Operating System) in Chile from August onwards, while implementing e-commerce in Cela as well, with the release of the application for making appointments more efficiently.

CHILE SALES (R\$ MM)



Financial Performance

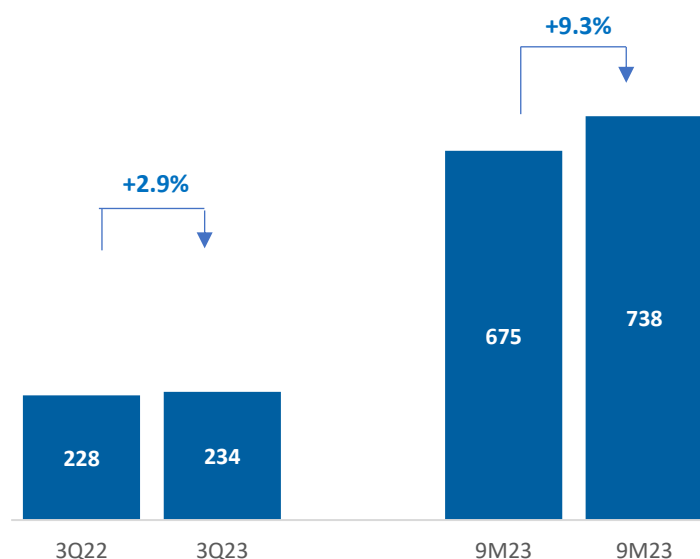
Adjusted Net Revenues

For comparability purposes, we added the results of Joint Ventures (JVs) and franchises merged to the results for 3Q21 to 3Q22. Starting from 4Q22 earnings, that adjustment is no longer necessary, given the completion of the corporate consolidation process in 3Q22. According to articles 226 and 227 (and paragraphs) of Law No. 6.404/1976, the merged JVs and franchises are absorbed by the Company, with the results of these JVs and franchises for the year transferred to the Company's Shareholders' Equity, as we are the surviving company.

For 3Q23, the Company recorded net revenues of R\$234.3 million, growth of 2.9% compared to the previous year. During 9M23, adjusted net revenues totaled R\$738.0 million, up by 9.3% compared to the same period in 2022.

R\$ thousands Except as indicated otherwise	3Q23	3Q22	Var.	9M23	9M22	Var.
Net Revenues	234,290	209,996	11.6%	737,956	650,218	13.5%
(+) Impact of JV Mergers	—	17,769	n.a.	—	24,946	n.a.
Adjusted Net Revenues	234,290	227,765	2.9%	737,956	675,164	9.3%

CONSOLIDATED NET REVENUES (R\$ MM)



Costs of Services Provided and Adjusted Gross Profit

Our cost per store reached R\$82.9 thousand per month in 3Q23, compared to R\$75.6 thousand per month as recorded for 3Q22, an increase of 9.7% in the period. Year-to-date, our cost per store reached R\$84.7 thousand per month, rising 11.2% compared to 9M22. This increase is mainly due to higher personnel and lease costs for the period, as well as the closure of company-owned stores between quarters, with less dilution of the costs in question. In relation to 2Q23, cost per store decreased by 2.6%. It is worth noting that in 9M23, cost per store as a percentage of net revenues per store decreased by 1.5 p.p. compared to the same period in 2022.

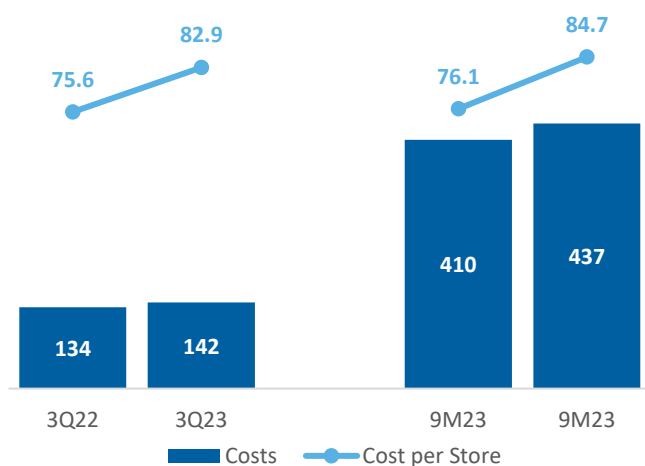
Personnel costs grew 4.5% compared to the same quarter of the previous year, mainly impacted by the effect of an adjustment under the annual collective bargaining agreement of our employees, which takes place in the most representative locations in Brazil and has an effect throughout the quarter, as well as the bonuses that were paid in the period, reflecting implemented promotional campaigns that boosted sales.

Concerning lease costs, it is worth noting that, during the quarter, we continued our program of renegotiating store lease agreements, which resulted in a 5.1% decrease in occupancy costs compared to the second quarter of 2023.

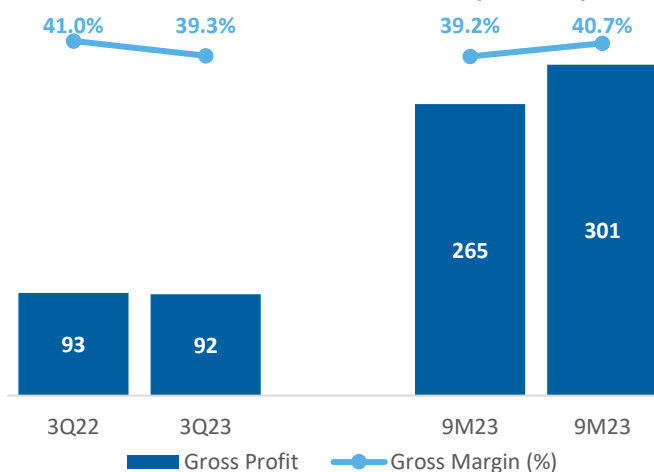
It is worth noting that we remain focused on the efficient management of costs and expenses, with the aim of minimizing inflationary effects on our operations. Actions aimed at reducing personnel expenses and renegotiating lease agreements, initiatives to improve operational efficiency and contract reviews that have been taking place since the beginning of 2023 should continue to generate efficiency gains, further strengthening the solid management of the Company's costs.

As a result, the Company's gross profit totaled R\$92.0 million in 3Q23, a 1.4% decrease compared to 3Q22, with gross margin of 39.3%. For 2023, income amounted R\$300.5 million, with growth of 13.5% and a rise in gross margin of 1.5 p.p. to 40.7%, demonstrating the continuity of efficiency gains related to cost optimization that has been carried out throughout 2023.

CONSOLIDATED COSTS (R\$ MM)



CONSOLIDATED GROSS PROFIT (R\$ MM)



R\$ thousands

Except as indicated otherwise

Gross Profit (ex-Depreciation and Amortization)

	3Q23	3Q22	Var.	9M23	9M22	Var.
(+) Impact of JV Mergers	–	13,912	n.a.	–	18,416	n.a.
(-) Reallocation G&A Credit Card Commissions Costs	(4,963)	(1,989)	149.5%	(11,677)	(8,370)	39.5%
(-) Impact of IFRS-16	(8,753)	(8,725)	0.3%	(26,862)	(30,288)	(11.3%)
(+) Non-Recurring Expenses	–	808	n.a.	2,587	808	n.a.
Adjusted Gross Profit (ex-Depreciation and Amortization)	92,037	93,377	(1.4%)	300,509	264,708	13.5%
<i>Adjusted Gross Margin</i>	<i>39.3%</i>	<i>41.0%</i>	<i>(1.7 p.p.)</i>	<i>40.7%</i>	<i>39.2%</i>	<i>1.5 p.p.</i>

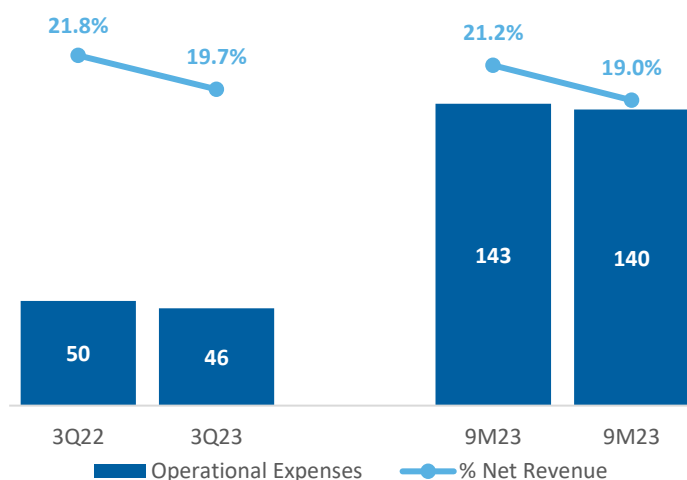
Adjusted Operating Expenses

General and administrative expenses reached R\$46.1 million in 3Q23, a drop of 7.1% in the annual comparison, which is equivalent to 19.7% of the quarter's net revenues, down 2.1 p.p. below year-on-year, reflecting the continuity of headcount optimization efforts in our back-office, as well as the reversal of provisions for doubtful debts.

Our increase in marketing expenses is in line with the Company's strategy of reinforcing investment in advertising, aiming to capture new customers, and the consolidation of the brand as synonymous with class.

For 9M23, we recorded operating expenses of R\$140.1 million, a 1.9% decrease compared to the same period of the previous year, and a 2.2-p.p. drop as a percentage of net revenue.

EXPENSES (R\$ MM)



R\$ thousands Except as indicated otherwise	3Q23	3Q22	Var.	9M23	9M22	Var.
Operating Expenses (ex-Depreciation and Amortization)	51,279	50,464	1.6%	171,536	149,332	14.9%
(+) Reallocation of G&A Credit Card Commissions to Costs	4,963	1989	149.5%	11,677	8,370	39.5%
(+) Impact of JV Mergers	–	(2,144)	n.a.	–	(2,918)	n.a.
(+) Non-recurring expenses	261	1,039	(74.9%)	19,755	1,039	1802%
Adjusted Operating Expenses (ex-Depreciation and Amortization)	46,055	49,580	(7.1%)	140,104	142,841	(1.9%)

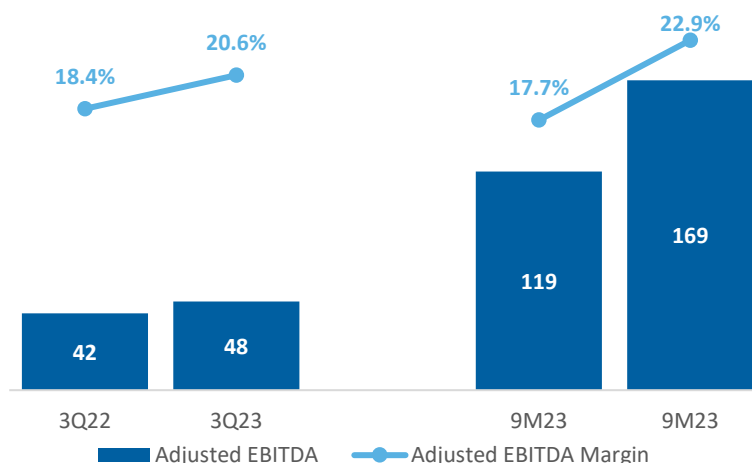
R\$ thousands Except as indicated otherwise	3Q23	3Q22	Var.	9M23	9M22	Var.
Operating Expenses (ex-Depreciation and Amortization)	46,055	49,580	(7.1%)	140,104	142,842	(1.9%)
% Net Revenues	19.7%	21.8%	(2.1 p.p.)	19.0%	21.2%	(2.2 p.p.)
General and Administrative Expenses	14,365	17,925	(19.9%)	44,484	57,718	(22.9%)
% Net Revenues	6.1%	7.9%	(1.7 p.p.)	6.0%	8.5%	(2.5 p.p.)
Other Operating Revenue and Expenses	(1,280)	387	n.a.	(8,931)	(5,122)	74.4%
% Net Revenues	(0.5%)	0.2%	(0.7 p.p.)	(1.2%)	(0.8%)	(0.5 p.p.)
Personnel expenses	21,075	18,702	12.7%	62,109	59,139	5.0%
% Net Revenues	9.0%	8.2%	0.8 p.p.	8.4%	8.8%	(0.3 p.p.)
Marketing expenses	12,341	9,523	29.6%	37,373	25,622	45.9%
% Net Revenues	5.3%	4.2%	1.1 p.p.	5.1%	3.8%	1.3 p.p.
Provision for expected credit losses	(446)	3,043	n.a.	5,069	5,485	(7.6%)
% Net Revenues	(0.2%)	1.3%	(1.5 p.p.)	0.7%	0.8%	(0.1 p.p.)

Adjusted EBITDA

For the third quarter of 2023 and throughout this year, our Company has achieved solid financial results, with Adjusted EBITDA of R\$48.3 million, growth of 15.2% compared to 3Q22, and Adjusted EBITDA Margin of 20.6%, up by 2.2 p.p. compared to the same period of the previous year.

For 9M23, the EBITDA indicators showed a significant growth of 41.7% compared to the same period of the previous year, with adjusted EBITDA margin of 22.9%, representing a rise of 5.2 p.p. and reflecting ongoing efforts to boost operational performance. These results reinforce the robustness of our plan of priority initiatives, focused on increasing revenues and decreasing costs, aiming to improve the efficiency of our operations and customer experience.

ADJUSTED EBITDA (R\$ MM)



R\$ thousands Except as indicated otherwise	3Q23	3Q22	Var.	9M23	9M22	Var.
Net income	(1,469)	(19,005)	(92.3%)	(6,514)	(35,309)	(81.6%)
(+/-) Income Tax and Social Contribution	4,523	3,851	17.5%	23,773	2,856	732.4%
(+) Depreciation and Amortization	21,514	16,299	32.0%	63,736	59,171	7.7%
(+/-) Financial Result	32,273	42,613	(24.3%)	92,740	116,506	(20.4%)
EBITDA	56,841	43,758	29.9%	173,735	143,225	21.3%
(-) Impact of IFRS 16	(8,753)	(8,725)	0.3%	(26,862)	(30,288)	(11.3%)
(+) Impact of JV Mergers	–	5,093	n.a.	–	4,674	n.a.
(+) Non-recurring expenses	261	1,847	(85.9%)	22,342	1,847	1109.6%
Adjusted EBITDA	48,348	41,973	15.2%	169,217	119,458	41.7%
<i>Adjusted EBITDA Margin</i>	<i>20.6%</i>	<i>18.4%</i>	<i>2.2 p.p.</i>	<i>22.9%</i>	<i>17.7%</i>	<i>5.2 p.p.</i>

Depreciation and amortization

For 3Q23, depreciation and amortization amounted R\$12.9 million, an increase of 6.9% in the annual comparison. For 9M23, depreciation and amortization totaled R\$38.0 million, a 2.3% decrease compared to the first nine months of 2022.

Financial result

For 3Q23, our financial result was an expense of R\$30.1 million, 29.0% below the expense of R\$42.3 million reported for 3Q22, benefiting from revenues from the financial investments made in the year, and also from a lower payment of interest for the period.

Accordingly, our financial result for 9M23 was an expense of R\$85.8 million, compared to an expense of R\$109.1 million in 9M22, representing a drop of 21.3% between the periods.

Adjusted Income Tax and Social Contribution

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

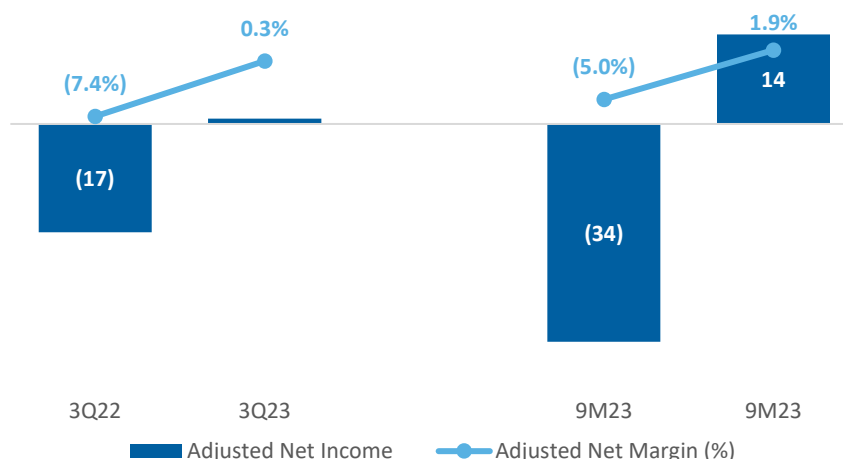
For 3Q23, we recorded an expense of R\$4.6 million in Income Tax and Social Contribution, compared to an expense of R\$4.5 million for the previous year. Year-to-date, this item was negative by R\$31.4 million, compared to negative by R\$5.6 million for 9M22.

Adjusted Net Income (Loss)

Reflecting the effects described above, the Company posted loss reversal for the period, recording adjusted net income of R\$0.8 million for 3Q23, compared to adjusted net loss of R\$16.9 million for 3Q22, with a significant rise in net margin of 7.8 p.p. in the annual comparison.

Year-to-date, adjusted net income reached R\$14.0 million, reversing the adjusted net loss of R\$34.1 million for 9M22, with an increase of 6.9 p.p. in net margin.

ADJUSTED NET INCOME (R\$ MM) AND NET MARGIN (%)



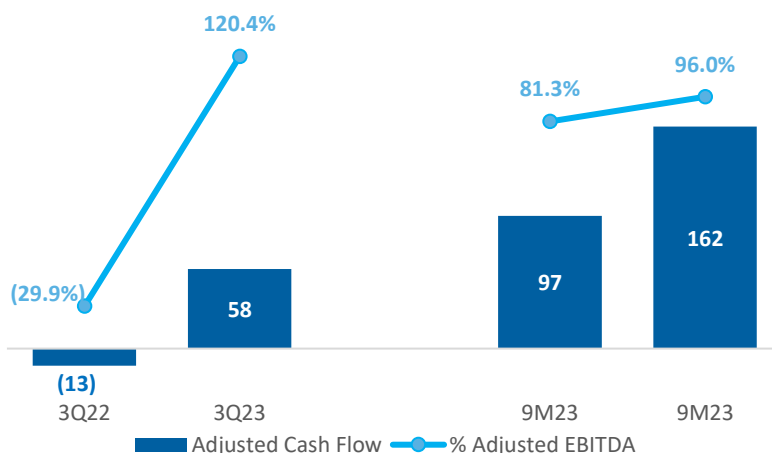
R\$ thousands Except as indicated otherwise	3Q23	3Q22	Var.	9M23	9M22	Var.
Net income	(1,469)	(19,005)	(92.3%)	(6,514)	(35,309)	n.a.
(-) Impact of IFRS 16	2,112	225	838.7%	5,797	(603)	n.a.
(+) Impact of JV Mergers	–	–	n.a.	–	4	n.a.
(+) Non-recurring costs and expenses (adjusted at a rate of 34%)	172	1,847	(90.7%)	14,746	1,847	698.4%
Adjusted Net Income	815	(16,934)	(104.8%)	14,030	(34,061)	n.a.
<i>Adjusted Net Margin</i>	<i>0.3%</i>	<i>(7.4%)</i>	<i>7.8 p.p.</i>	<i>1.9%</i>	<i>(5.0%)</i>	<i>6.9 p.p.</i>

Operating Cash Flow

For 3Q23, we posted adjusted operating cash generation of R\$58.2 million, compared to R\$12.7 million in cash used posted for 3Q22. This improvement is due to the lower working capital recorded for the period, especially thanks to the Company's cash management optimization initiatives.

Accordingly, for 9M23, the Company posted adjusted operating cash generation of R\$162.5 million, representing an EBITDA-to-cash conversion of 96.0% for the period and an increase of 67.3% relative to the same period of last year.

ADJUSTED OPERATING CASH FLOW (R\$ MM)



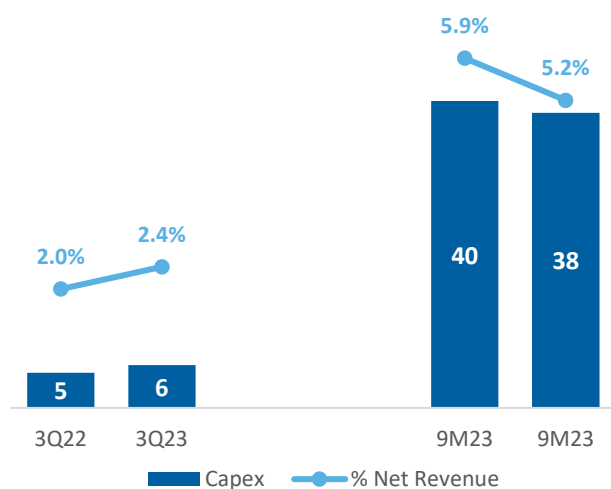
R\$ thousands Except as indicated otherwise	3Q23	3Q22	Var.	9M23	9M22	Var.
Income (Loss) before Income Tax and Social Contribution	3,054	(15,154)	n.a.	17,259	(32,451)	n.a.
(+) Adjustments to Income (Loss) before Income Tax and Social Contribution	46,992	53,032	(11.4%)	178,508	158,224	12.8%
Depreciation and amortization	22,870	21,282	7.5%	70,596	64,235	9.9%
Provision for doubtful debts	(446)	8,910	n.a.	5,069	10,626	(52.3%)
Other	24,568	22,840	7.6%	102,843	83,363	23.4%
(+) Changes in Working Capital	8,142	(50,418)	n.a.	(33,316)	(28,693)	16.1%
Accounts receivable	(6,488)	(32,297)	(79.9%)	6,843	42,658	(84.0%)
Deferred Revenues	11,713	1,428	720.2%	(58,884)	(48,243)	22.1%
Other	2,917	(19,549)	n.a.	18,725	(23,108)	n.a.
Adjusted Net Cash from operating activities	58,188	(12,540)	n.a.	162,451	97,079	67.3%
Capex	(4,735)	(4,163)	13.7%	(36,531)	(38,466)	(5.0%)
Acquisition of Subsidiaries	(104)	(19,107)	(99.5%)	(1,368)	(90,915)	(98.5%)
Other	(817)	(384)	112.8%	(1,609)	(1,193)	34.9%
Sale of Fixed Assets	5,796	—	n.a.	5,796	—	n.a.
Net Cash from investing activities	140	(23,654)	n.a.	(33,712)	(130,574)	(74.2%)
Net Cash from financing activities	(44,357)	(47,302)	(6.2%)	(144,810)	(35,465)	308.3%
Net Cash Flow	13,971	(83,496)	n.a.	(16,070)	(68,960)	(76.7%)

Investments

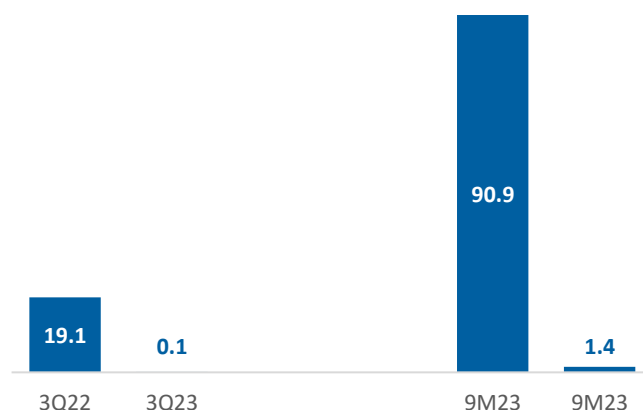
During 3Q23, we maintained our strategy of concentrating our efforts on expanding through franchises, without opening any stores of our own in the period, which led to a 74.2% decrease in investing activities compared to the same period of the previous year.

For 9M23, our capex totaled R\$36.5 million, a 5.0% decrease compared to 9M22. In total, the largest portion of investments was used towards renewing our technology park, particularly for 1Q23.

INVESTMENTS (R\$ MM)



ACQUISITION OF FRANCHISES & SUBSIDIARIES (R\$ MM)

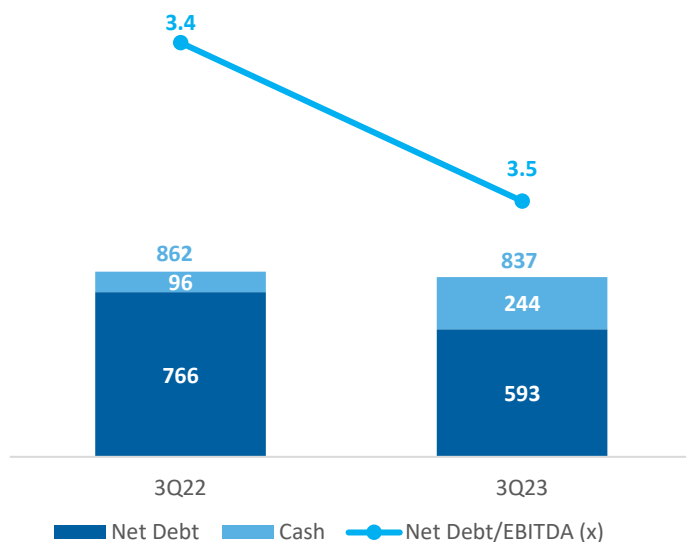


Indebtedness

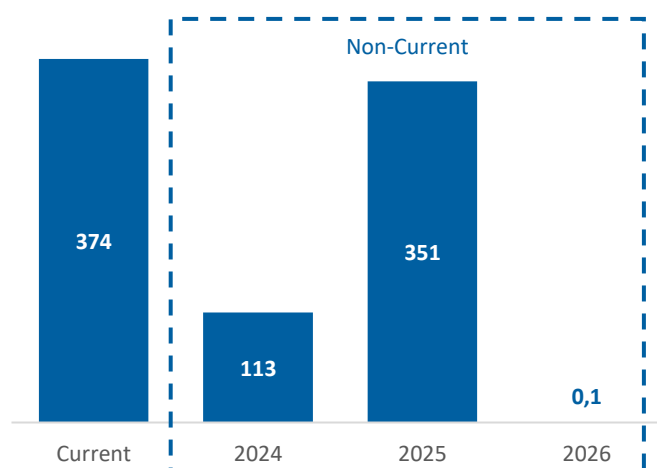
At the end of 3Q23, the Company had a net of R\$593.1 million, a R\$173.1 million decrease year-on-year, resulting in a leverage level of 2.49x for 3Q23, considering the net debt/ Accounting EBITDA ratio excluding the accounting effect of merged companies and non-recurring costs and expenses, a level below the covenants of the 2nd debenture issue of 3.0x and with a considerable decrease of 0.9 p.p. in the indicator relative to the same period of the previous year.

It is important to mention that, in relation to the Company's capital structure, we are always evaluating the most efficient options to finance our investment plans.

INDEBTEDNESS (R\$ MM)



AMORTIZATION PROFILE (R\$ MM)



APPENDICES

IFRS-16 Reconciliation

R\$ thousands Except as indicated otherwise	3Q23			9M23		
	IAS17	IFRS16	Var.	IAS17	IFRS16	Var.
Net Revenues	234,290	234,290	–	737,956	737,956	–
Costs	(137,289)	(128,536)	(8,753)	(428,357)	(401,495)	(26,862)
Gross profit	97,000	105,754	(8,753)	309,599	336,461	(26,862)
General and Administrative Expenses	(48,913)	(48,913)	–	(162,725)	(162,725)	–
Adjusted EBITDA	48,087	56,841	(8,753)	146,874	173,735	(26,862)
Depreciation and amortization	(12,859)	(21,514)	8,655	(37,983)	(63,737)	25,754
Financial result	(30,063)	(32,273)	2,210	(85,834)	(92,739)	6,905
Income Tax and Social Contribution	(4,523)	(4,523)	–	(23,774)	(23,774)	–
Net Income	643	(1,469)	2,112	(717)	(6,514)	5,796

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

R\$ thousands Except as indicated otherwise	3Q23	3Q22	Var.	9M23	9M22	Var.
Net Revenues	234,290	227,765	2.9%	737,956	675,164	9.3%
Costs	(142,252)	(134,388)	5.9%	(437,447)	(410,456)	6.6%
Personnel	(91,778)	(87,819)	4.5%	(276,445)	(267,009)	3.5%
Rent	(25,383)	(23,802)	6.6%	(76,372)	(76,253)	0.2%
Direct Costs	(20,128)	(20,138)	(0.0%)	(72,953)	(57,840)	26.1%
Credit card commissions	(4,963)	(2,630)	88.7%	(11,677)	(9,354)	24.8%
Gross profit	92,037	93,377	(1.4%)	300,509	264,708	13.5%
<i>% Gross Margin</i>	39.3%	41.0%	(1.7 p.p.)	40.7%	39.2%	1.5 p.p.
General and Administrative Expenses	(46,055)	(49,580)	(7.1%)	(140,104)	(142,842)	(1.9%)
Personnel	(21,075)	(18,702)	12.7%	(62,109)	(59,139)	5.0%
General and Administrative	(14,365)	(17,925)	(19.9%)	(44,484)	(57,718)	(22.9%)
Other Operating Revenues and Expenses	1,280	(387)	n.a.	8,931	5,122	74.4%
Marketing expenses	(12,341)	(9,523)	29.6%	(37,373)	(25,622)	45.9%
Provision for doubtful debts	446	(3,043)	n.a.	(5,069)	(5,485)	(7.6%)
Equity pick-up	2,366	(1,823)	n.a.	8,811	(2,407)	n.a.
EBITDA	48,348	41,973	15.2%	169,217	119,458	41.7%
<i>% EBITDA Margin</i>	20.6%	18.4%	2.2 p.p.	22.9%	17.7%	5.2 p.p.
Depreciation and amortization	(12,859)	(12,024)	6.9%	(37,983)	(38,863)	(2.3%)
Financial result	(30,063)	(42,332)	(29.0%)	(85,835)	(109,059)	(21.3%)
Income Tax and Social Contribution	(4,612)	(4,551)	1.3%	(31,369)	(5,599)	460.3%
Net income	815	(16,934)	n.a.	14,030	(34,061)	n.a.
<i>% Net Margin</i>	0.3%	(7.4%)	7.8 p.p.	1.9%	(5.0%)	6.9 p.p.

Statement of Corporate Income (including IFRS-16)

R\$ thousands Except as indicated otherwise	3Q23	3Q22	Var.	9M23	9M22	Var.
Gross Revenues	317,387	264,036	20.2%	995,687	826,494	20.5%
Taxes on sales	(40,397)	(35,429)	14.0%	(130,792)	(108,171)	20.9%
Cancellations	(42,761)	(18,611)	129.8%	(125,942)	(68,105)	84.9%
Discounts given	60	—	n.a.	(997)	—	n.a.
Net Revenues	234,290	209,996	11.6%	737,956	650,218	13.5%
Costs	(128,536)	(120,626)	6.6%	(401,495)	(366,076)	9.7%
Personnel	(91,778)	(88,148)	4.1%	(278,307)	(267,373)	4.1%
Rent	(16,630)	(12,924)	28.7%	(49,510)	(42,043)	17.8%
Direct Costs	(20,128)	(19,554)	2.9%	(73,678)	(56,661)	30.0%
Gross Profit	105,754	89,370	18.3%	336,461	284,141	18.4%
% Gross Margin	45.1%	42.6%	2.6 p.p.	45.6%	43.7%	1.9 p.p.
General and Administrative Expenses	(51,279)	(50,464)	1.6%	(171,536)	(149,332)	14.9%
Selling Expenses	(17,304)	(10,927)	58.4%	(49,050)	(34,265)	43.1%
General and Administrative	(33,975)	(39,537)	(14.1%)	(122,486)	(115,067)	6.4%
Equity pick-up	2,366	4,852	(51.2%)	8,811	8,415	4.7%
EBITDA	56,841	43,758	29.9%	173,735	143,224	21.3%
% EBITDA Margin	24.3%	20.8%	3.4 p.p.	23.5%	22.0%	1.5 p.p.
Depreciation and Amortization	(21,514)	(16,299)	32.0%	(63,736)	(59,171)	7.7%
Financial Result	(32,273)	(42,613)	(24.3%)	(92,740)	(116,506)	(20.4%)
Income Before Income Tax	3,054	(15,154)	n.a.	17,259	(32,454)	n.a.
Income Tax and Social Contribution	(4,523)	(3,851)	17.5%	(23,773)	(2,856)	732.4%
Net Income	(1,469)	(19,005)	(92.3%)	(6,514)	(35,309)	(81.6%)
% Net Margin	(0.6%)	(9.1%)	8.4 p.p.	(0.9%)	(5.4%)	4.5 p.p.

Balance Sheet

R\$ thousands Except as indicated otherwise	3Q23	3Q22	Var.
Total Assets	2,284,958	2,082,390	9.7%
Current Assets	958,676	738,543	29.8%
Cash and cash equivalents	222,324	74,486	198.5%
Trade accounts receivable	681,060	601,038	13.3%
Derivative financial instruments	1,765	—	n.a.
Advances to suppliers	1,640	14,584	(88.8%)
Other Assets	51,887	48,435	7.1%
Non-Current Assets	1,326,282	1,343,847	(1.3%)
Trade accounts receivable	41,978	52,192	(19.6%)
Related-party receivables	15,004	20,765	(27.7%)
Derivative financial instruments	—	1,331	n.a.
Other assets	6,156	5,608	9.8%
Securities	20,000	20,121	(0.6%)
Deferred income tax and social contribution	37,153	42,383	(12.3%)
Investments	6,898	784	779.8%
Property and equipment	320,404	314,717	1.8%
Intangible assets	807,883	825,005	(2.1%)
Right-of-use assets	70,806	60,941	16.2%
Liabilities and Shareholders' Equity	2,284,958	2,082,390	9.7%
Current Liabilities	825,597	448,299	84.2%
Loans and financing	127,221	35,763	255.7%
Debentures	246,303	—	n.a.
Lease liabilities	25,297	22,088	14.5%
Trade accounts payable	26,234	22,384	17.2%
Onerous contract	8,243	8,243	n.a.
Deferred revenues	244,765	243,845	0.4%
Salaries and payroll charges	71,593	58,112	23.2%
Taxes and contributions payable	66,023	44,657	47.8%
Tax installments	2,717	3,464	(21.6%)
Accounts payable	—	2,464	n.a.
Other accounts payable	6,354	7,279	(12.7%)
Related-party payables	847	—	n.a.
Non-Current Liabilities	579,360	942,895	(38.6%)
Onerous contract	50,831	59,074	(14.0%)
Loans and financing	98,194	219,746	(55.3%)
Debentures	365,512	606,659	(39.8%)
Lease liabilities	50,009	35,608	40.4%
Taxes and contributions payable	5,252	4,865	8.0%
Accounts payable	—	32	n.a.
Tax installments	3,673	5,514	(33.4%)
Provisions for dismantling assets	—	3,758	n.a.
Provisions for lawsuits	3,368	6,838	(50.7%)
Other accounts payable	2,521	801	214.7%
Shareholders' Equity	880,001	691,196	27.3%

Cash Flow

R\$ thousand Except when indicated	3Q23	3Q22	Var.	9M23	9M23	Var.
Income (Loss) Before Income Tax and Social Contribution	3,054	(15,154)	n.a.	17,259	(32,451)	n.a.
(+) Adjustments to Income (Loss) Before Income Tax and Social Contribution	46,992	53,032	(11.4%)	178,508	158,224	12.8%
Depreciation and Amortization	22,870	21,282	7.5%	70,596	64,235	9.9%
Interest on loans, leasings and fiscal installments	31,761	28,647	10.9%	102,271	70,680	44.7%
Provision for expected credit losses	(446)	8,910	n.a.	5,069	10,626	(52.3%)
Result of financial instruments	3,364	(12,334)	n.a.	3,364	24,228	(86.1%)
Others	(7,174)	11,582	n.a.	1,630	15,189	(89.3%)
Exchange Rate Variation	(3,383)	(5,055)	(33.1%)	(4,422)	(26,734)	(83.5%)
Reduction (increase) in assets	(17,854)	(34,709)	(48.6%)	(401)	37,078	n.a.
Accounts Receivable	(6,488)	(32,297)	(79.9%)	6,843	42,658	(84.0%)
Advancements to suppliers	–	(1,150)	n.a.	–	4,119	n.a.
Other assets	(14,559)	(1,393)	945.2%	(10,698)	4,216	n.a.
Accounts Receivable - related parties	3,193	131	2337.4%	3,454	(13,915)	n.a.
Increase (reduction) in liabilities	(6,773)	(57,827)	(88.3%)	(129,505)	(139,431)	(7.1%)
Deferred Revenue	11,713	1,428	720.2%	(58,884)	(48,243)	22.1%
Payment of loans and financing – interest	(32,769)	(42,118)	(22.2%)	(96,590)	(73,660)	31.1%
Interest paid - leasings	–	(1,364)	n.a.	–	(3,095)	n.a.
Suppliers	(5,513)	5,515	n.a.	7,816	308	2438%
Income Tax and Social Contribution payable	8,975	(9,971)	n.a.	9,365	(1,478)	n.a.
Income Tax and Social Contribution	(5,726)	(6,363)	(10.0%)	(24,165)	(20,945)	15.4%
Others	16,547	(4,954)	n.a.	32,953	7,682	329.0%
Net Cash Generated by Operating Activities	25,419	(54,658)	(146.5%)	65,862	23,419	181.2%
Capex	(4,735)	(4,163)	13.7%	(36,531)	(38,466)	(5.0%)
Acquisition of Controlled Companies	(104)	(19,107)	(99.5%)	(1,368)	(90,915)	(98.5%)
Sale of Fixed Assets	5,796	–	n.a.	5,796	–	n.a.
Intangível	(817)	(384)	112.8%	(1,609)	(1,193)	34.9%
Net Cash Generated by Investment Activities	140	(23,654)	n.a.	(33,712)	(130,574)	(74.2%)
Cost of issuing financing and debentures	2,789	(11,173)	n.a.	2,789	(11,173)	n.a.
Loans and Financing	2,106	192,850	(98.9%)	3,489	349,988	(99.0%)
Debentures issued	–	615,000	n.a.	–	615,000	n.a.
Payment of loans and financing - principal	(7,578)	(539,713)	(98.6%)	(23,560)	(633,124)	(96.3%)
Receipt of Shareholders	–	1,364	n.a.	–	1,364	n.a.
Debenture payment - principal	–	(250,000)	n.a.	–	(250,000)	n.a.
Lease consideration	(8,905)	(13,512)	(34.1%)	(30,938)	(33,860)	(8.6%)
Net Cash Generated by Financing Activities	(11,588)	(5,184)	n.a.	(48,220)	38,195	n.a.
Net Cash Flow	13,971	(83,496)	n.a.	(16,070)	(68,960)	(76.7%)

EARNINGS CONFERENCE CALL

NOVEMBER 14, 2023 (TUESDAY)

IN PORTUGUESE

11:00 a.m. – Brasília Time (BRT)

WEBCAST IN PORTUGUESE, [CLICK HERE](#)

IN ENGLISH (SIMULTANEOUS TRANSLATION)

09:00 a.m. – New York Time (EST)

WEBCAST IN ENGLISH, [CLICK HERE](#)

INVESTOR RELATIONS

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Statements in this document concerning Espaço Laser'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 the Company's independent auditors.