1Q22 Earnings

Earnings Report:

May 17, 2022

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

Webcast: ri.espacolaser.com.br

[Escola]
[Título do curso]

1Q22 Release

São Paulo, May 16, 2022 – MPM Corpóreos S.A. (B3: ESPA3) (“Espaçolaser” or “Company”) is announcing today its earnings for the first quarter of 2022 (1Q22). Our financial information has been prepared based on consolidated figures in Brazilian Reais (R$), according to the Brazilian Corporate Law and accounting practices in place in Brazil (BRGAAP), already in compliance with the International Financial Reporting Standards (IFRS), except as indicated otherwise.

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

Highlights

Ticker: ESPA3

Quote: R$5.50

Total Shares: 244,235,566

Market Value: R$1.3bn

IR Contact:
dri@espacolaser.com.br

- We closed 1Q22 with **750 Espaçolaser stores in Brazil**, which represents a gross opening of **25 stores** in the quarter, 14 of which being owned, and 11 franchised.

- **8.8% growth in the chain stores’ sales, with a 12% retraction in same-store sales** as a result of the outbreak of the Omicron variant over the months of January and February.

- **The chain’s sales increased by 24% in March**, with same-store sales already displaying slight growth.

- **High customer satisfaction rates** maintained, with NPS for the quarter at **86.0 points** and a score on the *Reclame Aqui* consumer complaint website keeping an upward trend, reaching our historic high of **8.7 (Great)** against 8.3 at the end of 4Q21.

- Net revenues for the quarter amounted to **R$232.9 million**, a **31.7%** increase against 1Q21, with a boost from our **organic growth**.

- Adjusted EBITDA for 1Q22 amounted to **R$52.2 million** with a **22.4%** margin, representing a **12.4-p.p.** drop against 1Q21. This result primarily reflects the effects of our rapid expansion, combined with our promotional actions in 1Q22.

- **R$6.5 million** in adjusted net income for 1Q22, with a net margin of **2.8%**, despite the chain’s rapid expansion.

- **2.2x** growth in operating cash flow (R$45.8 million), in line with the 1-month decrease in financing periods offered to customers.

R$ thousands Except as indicated otherwise	1Q22	1Q21	Var.
Operational Highlights			
Number of Espaçolaser Stores	750	593	157
Number of Estudioface Stores	12	11	1
Number of International Stores	36	7	29
NPS Espaçolaser	86.0	81.2	4.8 p.p.
Espaçolaser System-Wide Sales[1]	301,199	276,919	8.8%
Same-Store Sales (SSS)[2] - YoY Basis	(12.1%)	9.4%	-21.5 p.p.
Espaçolaser Digital Sales	67.2%	36.8%	30.4 p.p.
Espaçolaser customers by gender - Women	89.8%	91.4%	(1.6 p.p.)
Espaçolaser customers by gender - Men	10.2%	8.6%	1.6 p.p.
Financial Highlights			
Net Revenues[3]	232,862	176,775	31.7%
Gross Profit[4]	104,510	90,267	15.8%
Gross Margin (%)	44.9%	51.1%	-6.2 p.p.
Adjusted EBITDA[5]	52,158	61,577	(15.3%)
Adjusted EBITDA Margin (%)	22.4%	34.8%	-12.4 p.p.
Adjusted Net Income[6]	6,544	31,653	(79.3%)
Adjusted Net Margin (%)	2.8%	17.9%	-15.1 p.p.
Adjusted Operating Cash Flow[7]	45,813	20,819	120.1%
Adjusted Operating Cash Flow/Adjusted EBITDA (%)	87.8%	33.8%	54.0 p.p.

[1] System-wide sales correspond to Espaçolaser units' total sales, as if we owned 100% of all Espaçolaser stores (including franchises).
[2] Same-Store Sales corresponds to sales at stores that were already open in the same period of the previous year, in order to track changes without the effect of stores added in the period.
[3] For comparison purposes, net revenues for the periods were adjusted to: (i) exclude the impact of the postponement of revenue recognition for the months in which stores were closed in 2020; and (ii) consolidate the figures of JVs merged.
[4] Gross profits adjusted for: (i) postponement of revenue recognition, as mentioned above; (ii) consolidation of figures for JVs merged; and (iii) elimination of effects related to IFRS-16.
[5] EBITDA adjusted for: (i) postponement of revenue recognition, as mentioned above; (ii) consolidation of figures of JVs merged; (iii) elimination of non-recurring expenses; (iv) elimination of effects of gains from a bargain purchase in 2020; and (v) elimination of effects related to IFRS-16.
[6] Net income adjusted for: (i) postponement of revenue recognition, as mentioned above; (ii) consolidation of figures of JVs merged; (iii) elimination of non-recurring expenses; (iii) elimination of effects of gains from a bargain purchase in 9M20, (iv) elimination of effects of gains from a bargain purchase in 2020; (v) elimination of effects related to IFRS 16; and (vi) elimination of accounting impact related to evolution of MtM of the call and put options we hold with non-controlling shareholders in certain subsidiaries.
[7] Adjusted Operating Cash Flow is calculated based on net cash flow from (used in) operating activities, net of the impact of financial result for the year.

Management's Message

Despite the challenging situation marked by the Omicron outbreak in the first two months of the year, we entered 2022 committed to reopening our stores for business, recovering our margins and generating operating cash with the goal of funding our accelerated growth plan.

On February 15 and 16, we held our Annual Sales Convention, where we took the opportunity to communicate our strategy for the year and reinforce the execution pillars for our chain of over 115 franchises and the top-ranking leaders of our sales team. In addition, during the first quarter, we did extensive hunting for our new managing partner project that started in March, bringing more senior market profiles to join our team of field managers. As a result, we can already see a positive impact on the month's performance, which tends to be even more relevant during the second quarter.

We developed new training programs and plans to ensure top-quality service, including the "Benchmark Physiotherapy" program we launched, where an experienced physiotherapist oversees and advises other physiotherapist on operating excellence, and the "Academy for Leaders", which strengthens and develops our leadership by providing full training for field managers.

In March, we launched our E-Lovers loyalty program, which will be a key booster of quality improvement in referrals, increase in sales conversion and extension of our customer relationship time. At the end of March, around 13% of digital leads from campaigns, on average, were captured through the program.

We kept the expansion of our chain at a strong pace, with 25 units opened, 11 of which were opened by franchisees in areas that are less densely populated and more restricted in terms of accessibility, thus speeding up the dissemination of our chain.

Lastly, we firmly carried on with our strict operating expense control and productivity agenda for stores as a way of ensuring we learn the lessons from a more restrictive macroeconomic environment and are able to add efficiencies to our Company.

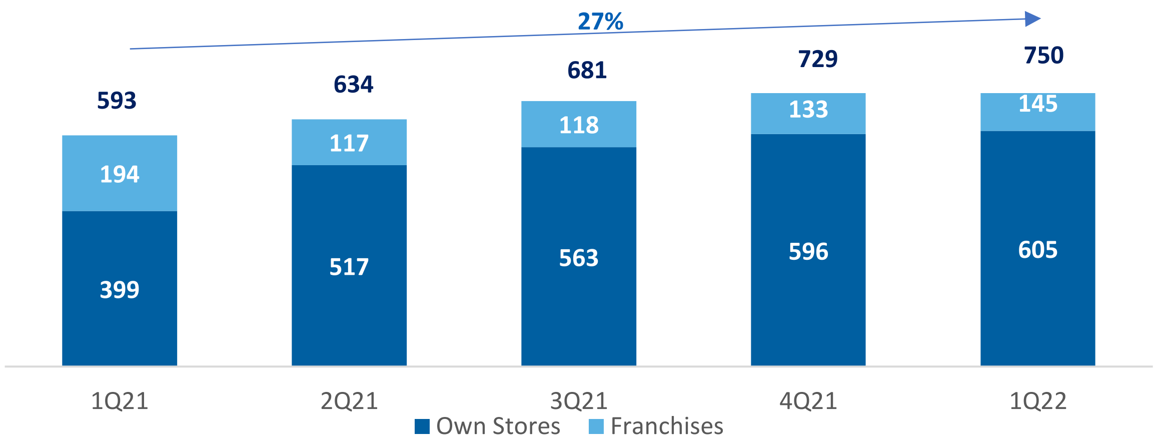
Operating Results

Espaçolaser

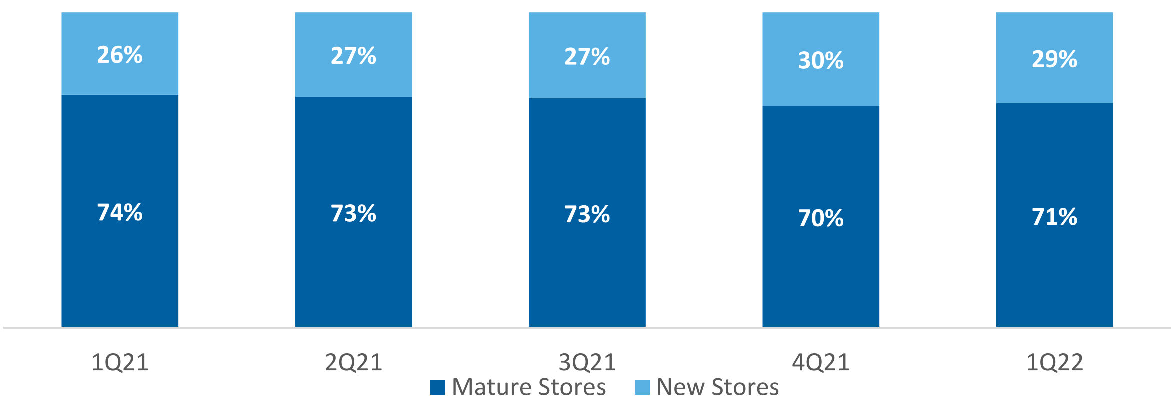
We ended the quarter with 750 stores, which corresponds to a gross opening of 25 new units and the closing of 4 stores in the quarter, a 26.5% increase against the first quarter of 2021. It is worth highlighting the North and Northeast regions, which represent 64% of openings in the quarter. These locations concentrated a large part of the acquired franchises and we saw great potential for expansion.

Out of all stores, 29% are still maturing (less than two years in operation), which indicates a potential for increase in sales over the next months.

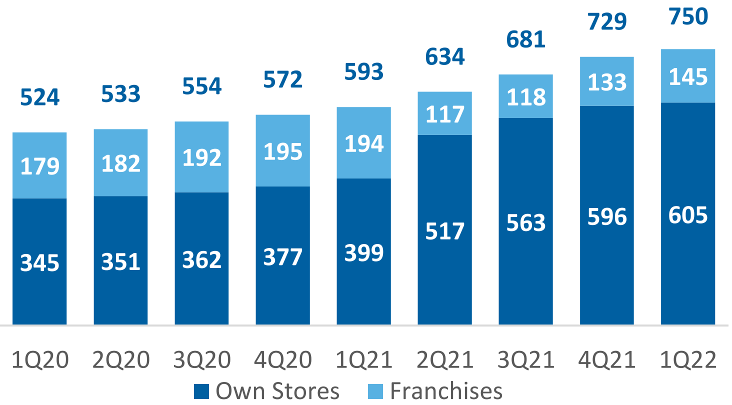
NUMBER OF ESPAÇOLASER STORES



NUMBER OF ESPAÇOLASER STORES



The trend towards stores being set up at shopping malls remains on the rise, with those stores now representing 39% of our total base, which usually translates into rents below the average of the chain.



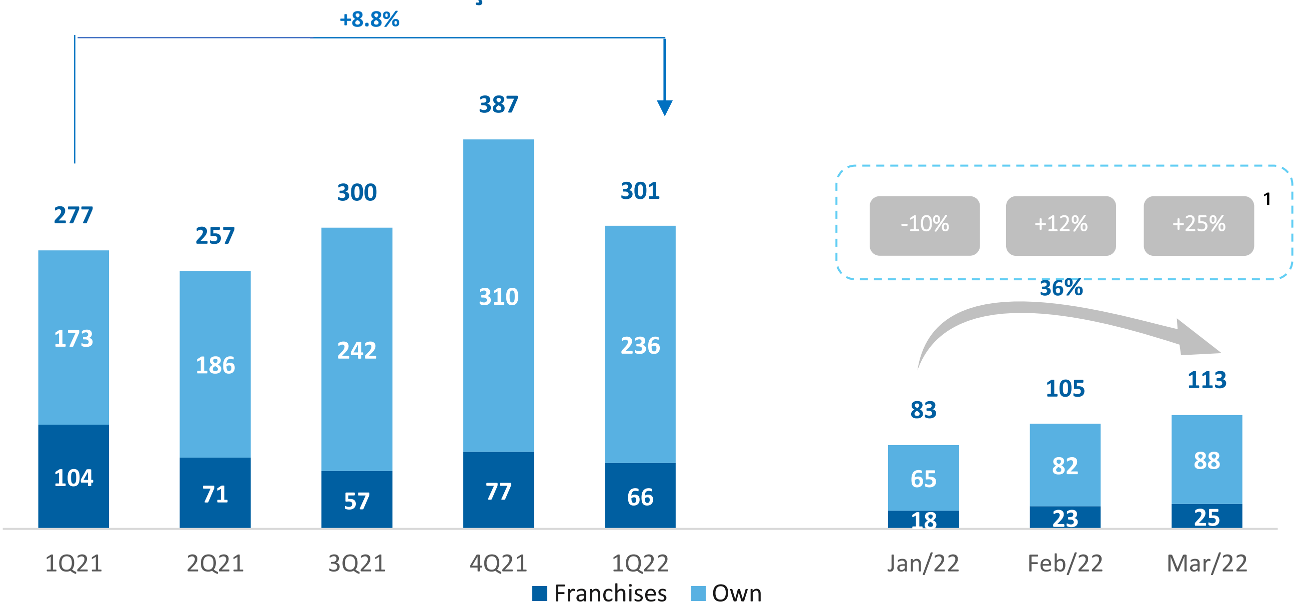
REGION	N	NE	MW	SE	S
4Q21	37	89	65	431	107
1Q22	42	100	68	431	109
% Var.	**13.5%**	**12.4%**	**4.6%**	**0.0%**	**1.9%**

Over the months of January and February, we saw a new peak in cases of COVID infection due to the outbreak of the Omicron variant, which began to slow down in March. While we kept our stores open for business, we were seriously impacted by a substantial decrease in customer traffic and by a large number of employees being unable to go to work due to contamination. In the course of January, we had approximately as many as 350 employees on medical leave due to COVID-19.

Despite the challenging scenario, our system-wide sales increased by 8.8%, adding up to R$301.2 million in sales for the quarter at Espaçolaser Brazil. This growth was a result of a 26.5% expansion in our chain of stores and was partly offset by a drop in same-store sales.

We should point out that, over the quarter, we saw successive improvements in sales levels, with total growth of 24.5% at the end of March compared to March 2021, combined with slight growth in same-store sales.

ESPAÇOLASER SYSTEM-WIDE SALES



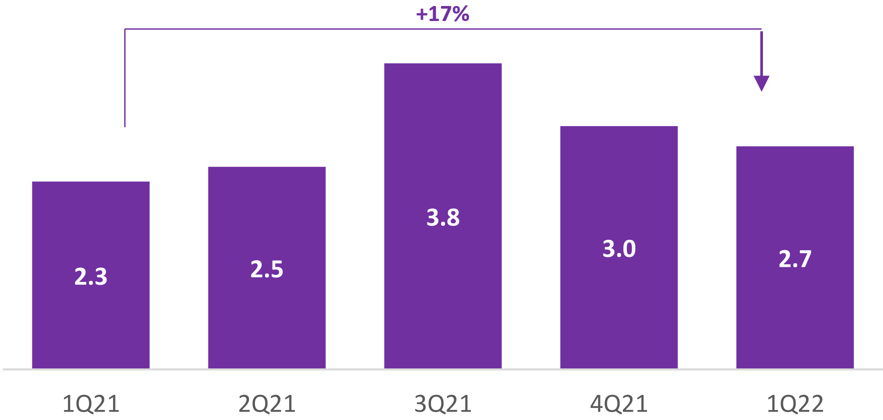
Estudioface

Created in 2017 in pursuit of the dream of democratizing facial aesthetics services as well, and seeking to benefit more and more from the strength of our brand, Estudioface is a company focused on rejuvenation and facial aesthetics whose portfolio includes products such as Botox, facial fillers and laser.

The year 2021 was a challenging period for Estudioface, too, as it had part of its stores closed during 1Q21 and 2Q21. In that year, important changes happened to the brand: seeking an increasingly careful engagement, we created a dedicated business operation and brought a balance to the portfolio by gaining more and more ground for laser, including the introduction of a new machine to reinforce our existing product portfolio that is used to treat Melasma, remove tattoos and prevent aging.

Despite the challenges posed by Omicron, the brands sales for 1Q22 amounted to R$2.7 million, which represents an 18.8% increase against the same period of the previous year.

ESTUDIOFACE SALES (R$ MM)



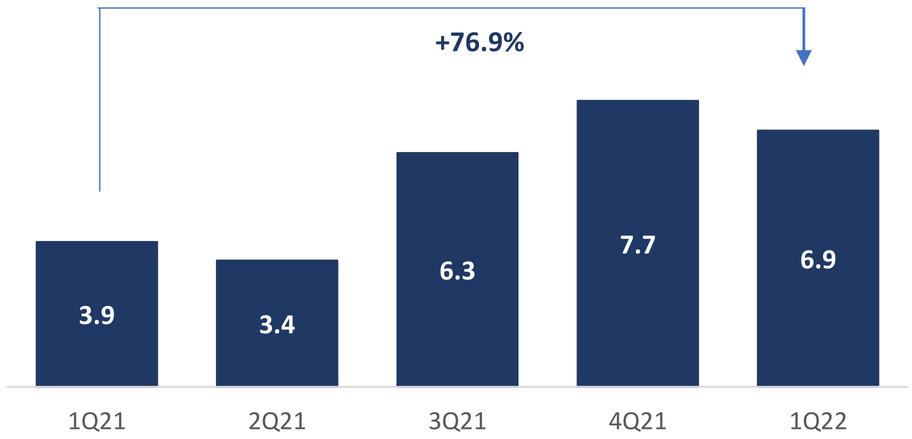
International Expansion

Argentina

Our international expansion began in 2018 in Argentina based on a joint venture model under the brand “Definit by Espaçolaser”. On October 2, 2020, we signed a capitalization agreement with Definit that resulted in our purchase of a 51% stake in the company. Accordingly, from that date on, revenues earned by this joint venture have been consolidated in the equity pick-up account of our statement of income.

We ended the quarter with 13 stores in Argentina, funded by cash from their own operations, a testament to the adaptability of our business model in other markets beyond the borders of Brazil. In 1Q22, we recorded 43,700 laser procedures in Argentina, up 74.3% against the number of procedures in 1Q21. Our sales added up to R$6.9 million, down 10.4% compared to the previous quarter and up 76.9% compared to 1Q21. We should mention that we started the franchising operation in Argentina and already had two units opened and three sold.

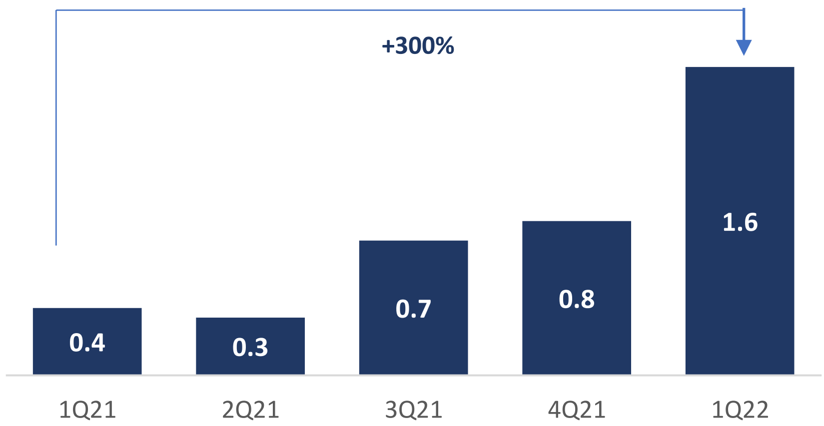
ARGENTINA SALES (R$ MM)



Colombia

In 2020, encouraged by the success of our operations in Argentina, we opened our first store in Colombia, where we currently have 7 stores. In Colombia, we performed 11,600 procedures in 1Q22, up 87.0% compared to the number of procedures performed in the previous quarter, which explains a sales volume of R$1.6 million in 1Q22, a 300% increase compared to 1Q21.

COLOMBIA SALES (R$ MM)

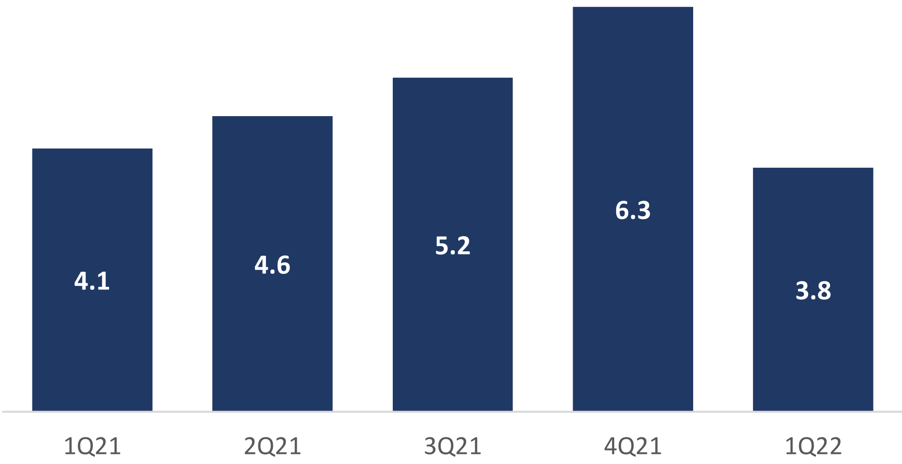


Chile

In May 2021 we completed the purchase of control in Chile's Cela group, a brand with 12 stores that displays similarities to Espaçolaser in services, technology and culture. We have implemented a series of improvements in our sales model, including: (i) implementation of a "refer-a-friend" model, which is key to generating new leads and relies on word-of-mouth marketing; (ii) implementation of 3 complimentary sessions for armpits and beards, helping potential customers test the service and see the results from the first session, thus increasing potential conversions; (iii) restructuring and reorganization of our stores, with management of spaces and schedules for evaluations and procedures; and (iv) implementation of our retail culture for all store employees, from consultants to physiotherapists.

Our decision to stop selling facial procedures, which accounted for 5% of the operation, in order to make the operation profitable, combined with the peak in COVID-19 cases, ended up impacting our 1Q22 sales. We ended the quarter with 37,200 procedures performed and sales amounting to R$3.8 million.

CHILE SALES (R$ MM)



ESG

In February we kicked of a project that provides laser hair removal free of charge to people who cannot afford the treatment. We conducted 6 of these procedures in February, which increased to 16 procedures in March.

In addition, we extended our solidarity to as many as 143 families in Petrópolis, Rio de Janeiro, who were victims of the tragedy in the city caused by heavy storms in January. Our donations consisted of baskets containing food, water and personal hygiene kits, totaling more than 1 ton in donated supplies.

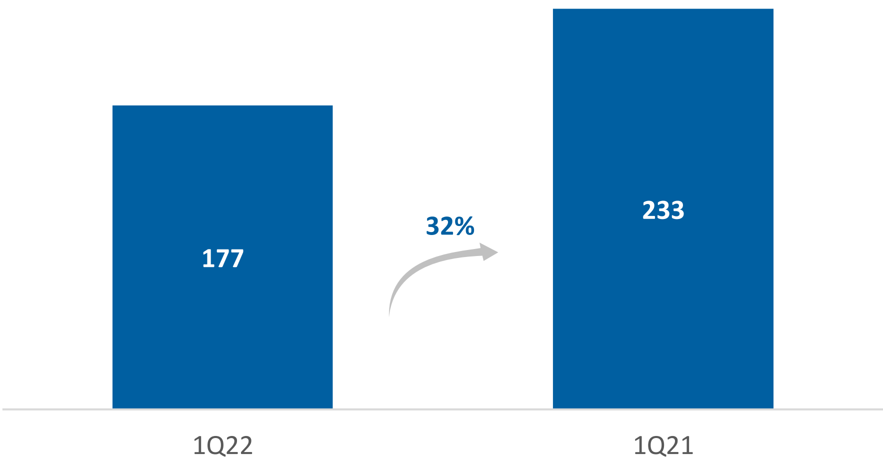
Financial Results

Net Revenues

For the sake of comparison, we added the results from JVs merged in the quarter. Under articles 226 and 227, and paragraphs, of Law No. 6.404/1976, merged JVs are absorbed by the Company, with their results for the year transferred to the shareholders' equity of the Company, the surviving entity.

Our net revenues for 1Q22 amounted to R$232.9 million, up 32% against 1Q21, especially thanks to our organic growth, as we opened 157 new stores in 2021, and 100 franchise purchases were concluded in 3Q21. We should point out that net revenues for each quarter are mostly from system-wide sales at owned stores in the current quarter and in the previous quarter.

CONSOLIDATED NET REVENUES (R$ MM)

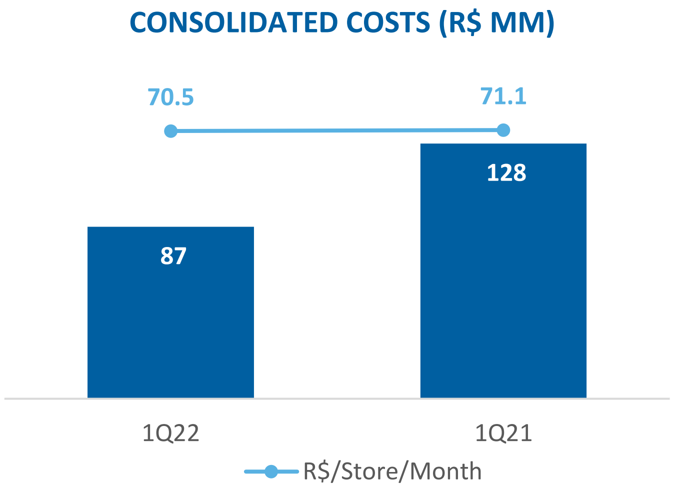


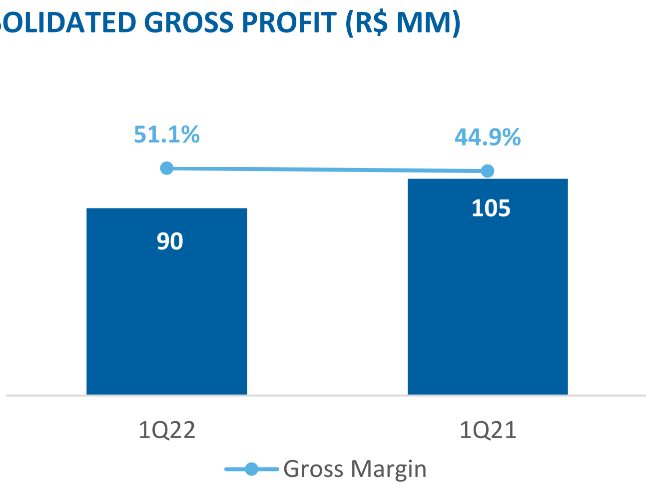
Gross Profit

Our gross profit is adjusted to exclude the effects of the postponement of revenue recognition and to consolidate amounts for JVs merged in 4Q21 and 1Q22.

Our cost per store in the quarter amounted to R$71,000 per month, a 1% increase compared to 1Q21, because the impact of rent and salary adjustments was offset by a rationalization of store inventories.

Gross profit for 1Q22 hit R$104.5 million with a 44.9% margin, which represents a loss of 6.2 p.p. compared to 1Q21. The large number of store openings both in 2021 and in the quarter ended up by impacting our gross margin by 5.3 p.p.





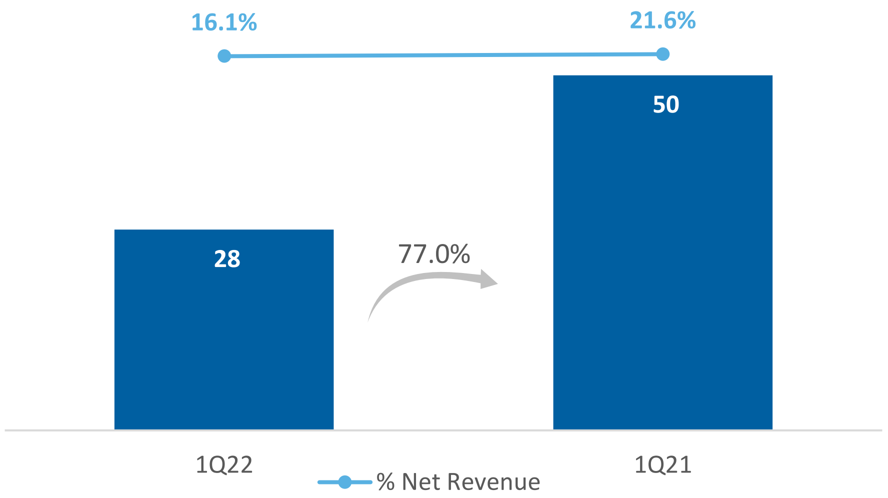
R$ thousands Except as indicated otherwise	1Q22	1Q21	Var.
Gross Profit (ex-Depreciation and Amortization)	**118,946**	**125,099**	**(4.9%)**
(+/-) Revenue Postponement Impact (COVID 2020)	–	(50,932)	(100.0%)
(+) Revenue Postponement Impact (COVID Mar 2021)	–	28,338	(100.0%)
(+) JV Mergers Impact	–	–	n.a.
(-) Credit Card Commissions Reallocated from G&A to Costs	(2,285)	(3,116)	(26.7%)
(-) IFRS-16 Impact	(12,152)	(9,122)	33.2%
Adjusted Gross Profit (ex-Depreciation and Amortization)	**104,510**	**90,267**	**15.8%**
Adjusted Gross Margin	*44.9%*	*51.1%*	*(6.2 p.p.)*

Operating Expenses

Operating expenses in 1Q22 amounted to R$50.3 million, or 21.6% of net revenues for the period, a 5.5-p.p. increase compared to 1Q21. On an absolute basis, the increase in operating expenses reflects the strengthening of the corporate structure to accommodate the rapid expansion of our chain. Operating expenses were also impacted by an increase in the provision for doubtful debts, given a decrease in our customers' disposable income, as a result of which they ended up unable to conclude their laser hair removal sessions.

Expenses per store in the quarter averaged R$27,900 per month. By comparison to 1Q21, this represented a 20.3% increase, which already reflects the adjustments we made to our corporate structure to accommodate the chain's expansion.

OPERATING EXPENSES (R$ MM)



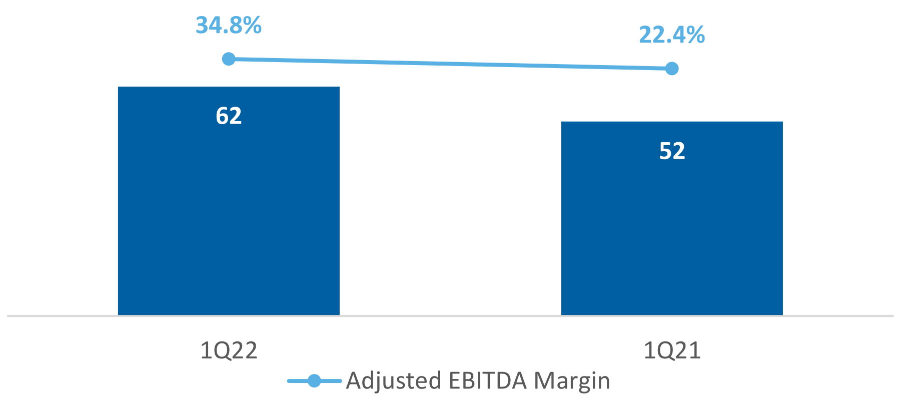
R$ thousands Except as indicated otherwise	1Q22	1Q21	Var.
Operating Expenses (ex-Depreciation and Amortization)	**52,606**	**44,814**	**17.4%**
(+) Credit Card Commissions Reallocated from G&A to Costs	2,285	3,116	(26.7%)
(+) SOP Early Settlement	–	3,041	(100.0%)
(+) IPO Advisory Expenses	–	4,543	(100.0%)
(+) Franchise Acquisition Advisory Expenses	–	3,780	(100.0%)
(+) Health Care Plan Change Penalty	–	1,900	(100.0%)
(+) JV Mergers Impact	–	–	n.a.
(-) Gains from Bargain Purchase	–	–	n.a.
(+) Non-Recurring Expenses	–	–	n.a.
(-) Provisioning policy change	–	–	n.a.
Adjusted Operating Expenses (ex-Depreciation and Amortization)	**50,321**	**28,435**	**77.0%**

R$ thousands Except as indicated otherwise	1Q22	1Q21	Var.
Operating Expenses (ex-Depreciation and Amortization)	**50,321**	**28,435**	**77.0%**
% Net Revenues	**21.6%**	**16.1%**	**5.5 p,p.**
General and Administrative Expenses	15,128	9,410	60.8%
% Net Revenues	6.5%	5.3%	1.2 p,p.
Personnel Expenses	20,609	11,139	85.0%
% Net Revenues	8.9%	6.3%	2.5 p,p.
Marketing	8,075	5,020	60.8%
% Net Revenues	3.5%	2.8%	0.6 p,p.
Provision for expected credit losses	6,510	2,865	127.2%
% Net Revenues	2.8%	1.6%	1.2 p,p.

Adjusted EBITDA

Adjusted EBITDA for 1Q22 amounted to R$52.2 million, with a 12.4-p.p. margin dilution primarily related to the expansion of the chain and the increase in corporate staff to support growth.

ADJUSTED EBITDA (R$ MM)



R$ thousands Except as indicated otherwise	1Q22	1Q21	Var.
Net Income	**7,457**	**75,223**	**n.a.**
(+) Income Tax and Social Contribution	4,528	31,220	n.a.
(+) Depreciation and Amortization	21,128	15,934	32.6%
(+/-) Financial Result	31,196	(42,347)	-173.7%
EBITDA	**64,309**	**80,030**	**-19.6%**
(-) IFRS 16 Impact	(12,152)	(9,122)	33.2%
(+/-) Revenue Postponement Impact (COVID), 2020	–	(50,932)	(100.0%)
(+) Revenue Postponement Impact (COVID), March 2021	–	28,338	(100.0%)
(+) SOP Early Settlement	–	3,041	(100.0%)
(+) IPO Advisory Expenses	–	4,543	(100.0%)
(+) Franchise Purchase Advisory Expenses	–	3,780	(100.0%)
(+) Health Care Plan Change Penalty	–	1,900	(100.0%)
(+) JV Mergers Impact	–	–	n.a.
(-) Gains from Bargain Purchase	–	–	n.a.
(+) Non-Recurring Expenses	–	–	n.a.
Adjusted EBITDA	**52,158**	**61,577**	**-15.3%**
Adjusted EBITDA Margin	*22.4%*	*34.8%*	*(12.4 p.p.)*

Depreciation and Amortization

Our depreciation and amortization added up to R$12.1 million in 1Q22, a 50.8% increase compared to 1Q21, especially as a result of the expansion of our store base.

Financial Result

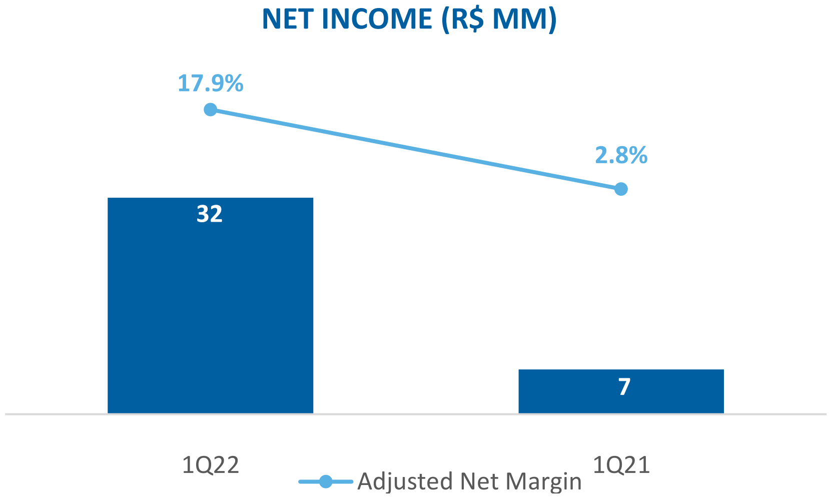
Our financial result in 1Q22 corresponded to expenses of R$29 million, compared to expenses of R$13.4 million in 1Q21. That increase was primarily due to a 79% rise in our gross debt resulting from expansion investments and extension of customer payment terms, combined with a significant increase in the key interest rate used as a reference for our financing cost.

Income Tax and Social Contribution

We adjusted our income tax and social contribution for the effects of net revenues, costs, operating expenses and changes in call and put options on non-controlling stakes, as set out in the relevant sections of the document. Income tax and social contribution in 1Q22 added up to negative R$4.5 million, compared to negative R$8.6 million for the same period of the previous year, consistent with the decline in income for the period.

Adjusted Net Income

Our adjusted net income for 1Q22 hit R$6.5 million with a 2.8% margin. In 1Q21, we reported adjusted net income of R$31.7 million.

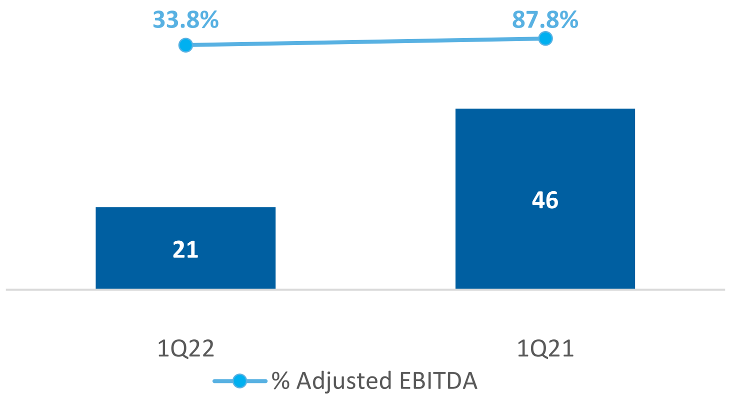


R$ thousands Except as indicated otherwise	1Q22	1Q21	Var.
Net Income	**7,457**	**75,223**	**n.a.**
(+/-) Variation in Value of Call and Put Options	–	(37,840)	(100.0%)
(-) IFRS 16 Impact	(913)	429	(313.0%)
(+/-) Revenue Postponement Impact (COVID)	–	(14,912)	(100.0%)
(+) JV Mergers Impact	–	–	n.a.
(-) Gains from Bargain Purchase	–	–	n.a.
(+) Non-Recurring Expenses	–	–	n.a.
(+) SOP Early Settlement	–	2,007	n.a.
(+) IPO Advisory Expenses	–	2,998	n.a.
(+) Franchise Purchase Advisory Expenses	–	2,495	n.a.
(+) Health Care Plan Change Penalty	–	1,254	n.a.
(+) Write-off of Receivables Overdue for More than 90 Days	–	–	n.a.
Adjusted Net Income	**6,544**	**31,653**	**(79.3%)**
Adjusted Net Margin	*2.8%*	*17.9%*	*(15.1 p.p.)*

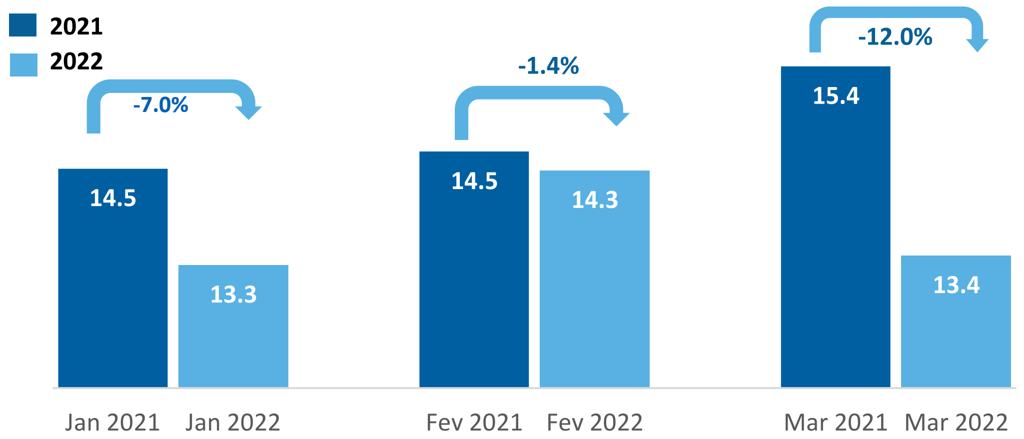
Operating Cash Flow

In 1Q22, our adjusted operating cash generation amounted to R$45.8 million, compared to R$20.8 million in cash generated in the same period of the previous year, reflecting a lower use of working capital primarily due to shorter receipt terms and a smaller number of owned stores opened.

ADJUSTED OPERATING CASH FLOW (R$ MM)



AVERAGE PAYMENT PLAN (MONTHS)

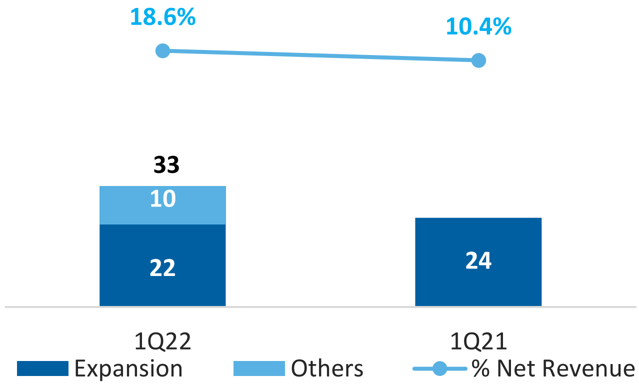


R$ thousands Except as indicated otherwise	1Q22	1Q21	Var.
Income (Loss) before Income Tax and Social Contribution	**11,985**	**106,443**	**(88.7%)**
(+) Adjustments to Income (Loss) before Income Tax and Social Contribution	**55,896**	**1,082**	**n.a.**
Depreciation and Amortization	21,965	15,934	37.8%
Provision for doubtful debts	6,510	3,688	76.5%
Other	27,421	(18,540)	n.a.
(+) Changes in Working Capital	**(22,068)**	**(86,706)**	**(74.5%)**
Accounts Receivable	9,903	3,930	152.0%
Deferred Revenues	(35,746)	(76,145)	(53.1%)
Other	3,775	(14,491)	(126.1%)
Adjusted Net Cash from operating activities	**45,813**	**20,819**	**120.1%**
Capex	(24,251)	(32,851)	(26.2%)
Acquisition of Subsidiaries	(43,713)	(973,411)	(96%)
Other	–	–	n.a.
Net Cash from investing activities	**(67,964)**	**(1,006,262)**	**(93.2%)**
Net Cash from financing activities	**9,577**	**1,102,665**	**(99.1%)**
Net Cash Flow	**(12,574)**	**117,222**	**(110.7%)**

Investments

Our Capex in 1Q22 amounted to R$24.0 million, down 26.2% by comparison, and 100% of that amount was invested in expansion.

INVESTMENTS (R$ MM)

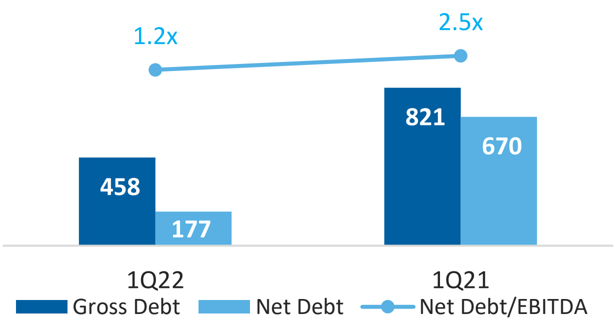


ACQUISITION OF SUBSIDIARIES (R$ MM)

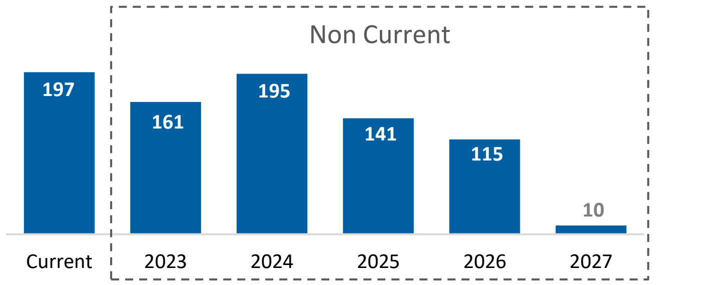
Indebtedness

We ended 1Q22 with net debt of R$670 million, a R$493.3 million increase compared to 1Q22, reflecting the acquisition of 100 franchises, the acquisition of the remaining stake in our subsidiaries and the acceleration of our expansion plan, given that stores require larger amounts of working capital at the earlier stages of their lives. Our leverage level, measured as the net debt-to-EBITDA ratio, was 2.2x, excluding the accounting effects of merged companies. Out of the total gross debt, 76% is long-term, with funds from the 1st issue of debentures contributing to improving our debt maturity profile.

INDEBTEDNESS (R$ MM)



REPAYMENT PROFILE (R$ MM)



APPENDICES

IFRS-16 Reconciliation

R$ thousands Except as indicated otherwise	1Q22 IAS17	 IFRS16	 Var.
Net Revenues	**232,862**	**232,862**	**–**
Costs	(126,068)	(113,916)	(12,152)
Gross Profit	**106,794**	**118,946**	**(12,152)**
General and Administrative Expenses	(54,637)	(54,637)	–
Adjusted EBITDA	**52,157**	**64,309**	**(12,152)**
Depreciation and Amortization	(12,088)	(21,128)	9,040
Financial Result	(28,997)	(31,196)	2,199
Income Tax and Social Contribution	(4,528)	(4,528)	–
Net Income	**6,544**	**7,457**	**(913)**

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

R$ thousands Except as indicated otherwise	1Q22	1Q21	Var.
Net Revenues	**232,862**	**176,775**	**31.7%**
Costs	**(128,352)**	**(86,508)**	48.4%
Personnel	(83,800)	(55,250)	51.7%
Rent	(24,730)	(18,546)	33.3%
Direct Costs	(17,537)	(9,596)	82.8%
Credit Card Commissions	(2,285)	(3,116)	(26.7%)
Other	–	–	n.a.
Gross Profit	**104,510**	**90,267**	**15.8%**
% Gross Margin	44.9%	51.1%	*(6.2 p.p.)*
General and Administrative Expenses	**(53,949)**	**(28,435)**	**89.7%**
Personnel	(20,609)	(11,139)	85.0%
Indirect Costs	–	–	n.a.
General and Administrative	(18,755)	(9,410)	99.3%
Marketing Expenses	(8,075)	(5,020)	60.8%
Provision for doubtful debts	(6,510)	(2,865)	127.2%
Non-operating income	–	–	n.a.
Equity pick-up	**1,597**	**(255)**	**n.a.**
EBITDA	**52,158**	**61,577**	**(15.3%)**
% EBITDA Margin	22.4%	34.8%	*(12.4 p.p.)*
Depreciation and Amortization	(12,089)	(8,017)	50.8%
Financial Result	(28,997)	(13,353)	117.2%
Income Tax and Social Contribution	(4,528)	(8,554)	(47.1%)
Net Income	**6,544**	**31,653**	**(79.3%)**
% Net Margin	*2.8%*	*17.9%*	*(15.1 p.p.)*

Statement of Corporate Income (including IFRS-16)

R$ thousands Except as indicated otherwise	1Q22	1Q21	Var.
Gross Revenues	**297,907**	**227,865**	**30.7%**
Taxes on sales	(39,064)	(25,523)	53.1%
Cancellations	(25,981)	(2,973)	773.9%
Net Revenues	**232,862**	**199,369**	**16.8%**
Costs	**(113,916)**	**(74,270)**	53.4%
Personnel	(83,801)	(55,250)	51.7%
Rent	(12,578)	(9,424)	33.5%
Direct Costs	(17,537)	(9,596)	82.8%
Other	–	–	–
Gross Profit	**118,946**	**125,099**	**(4.9%)**
% Gross Margin	51.1%	62.7%	*(11.7 p.p.)*
General and Administrative Expenses	**(52,606)**	**(44,814)**	**17.4%**
Selling Expenses	(10,359)	(5,020)	106.4%
General and Administrative	(42,247)	(39,794)	6.2%
Equity Pick-up	**(2,031)**	**(255)**	**n.a.**
EBITDA	**64,309**	**80,030**	**(19.6%)**
% EBITDA Margin	27.6%	40.1%	*(12.5 p.p.)*
Depreciation and Amortization	(21,128)	(15,934)	32.6%
Financial Result	(31,196)	42,347	(173.7%)
Call and Put Options on non-controlling stakes	–	57,334	(100.0%)
Income Tax and Social Contribution	(4,528)	(31,220)	(85.5%)
Net Income	**7,457**	**75,223**	**(90.1%)**
% Net Margin	*3.2%*	*37.7%*	*(34.5 p.p.)*

Balance Sheet

R$ thousands Except as indicated otherwise	1Q22	1Q21	Var.
Total Assets	**2,192,501**	**1,630,699**	**34.5%**
Current Assets	**840,861**	**965,174**	**(12.9%)**
Cash and Cash Equivalents	130,872	266,168	(50.8%)
Financial Investments	–	15,131	(100.0%)
Trade Accounts Receivable	659,996	419,192	57.4%
Call options on non-controlling stakes	–	221,894	(100.0%)
Advance to Suppliers	26,186	4,120	535.6%
Other Assets	23,807	38,669	(38.4%)
Non-Current Assets	**1,351,640**	**665,525**	103.1%
Trade accounts receivable	28,473	17,736	60.5%
Accounts receivable - related parties	11,272	–	n.a.
Derivative financial instruments	–	37,066	(100.0%)
Other assets	6,882	5,892	16.8%
Securities	20,121	–	n.a.
Deferred income tax and social contribution	50,744	–	n.a.
Investments	4,719	1,386	240.5%
Property and equipment	315,547	197,822	59.5%
Intangible assets	847,764	352,432	140.5%
Right-of-use assets	66,118	53,191	24.3%
Liabilities and Shareholders' Equity	**2,192,501**	**1,630,699**	**34.5%**
Current Liabilities	**656,113**	**551,353**	**19.0%**
Loans and financing	192,795	197,396	(2.3%)
Debentures	4,628	–	n.a.
Lease liabilities	26,837	18,983	41.4%
Trade accounts payable	22,157	20,063	10.4%
Onerous contract	8,243	8,243	–
Deferred revenues	251,735	207,455	21.3%
Salaries and payroll charges	53,064	28,321	87.4%
Taxes and contributions payable	61,838	43,501	42.2%
Tax installments	3,131	3,304	(5.2%)
Accounts payable	27,606	22,865	20.7%
Call and put options on non-controlling stakes	–	–	n.a.
Other accounts payable	4,079	1,222	233.8%
Non-Current Liabilities	**809,664**	**435,524**	**85.9%**
Onerous contract	63,195	72,125	(12.4%)
Loans and financing	375,584	260,657	44.1%
Debentures	248,017	–	n.a.
Lease liabilities	43,700	32,512	34.4%
Derivative financial instruments	24,795	–	n.a.
Taxes and contributions payable	7,725	4,479	72.5%
Deferred income tax and social contribution	–	22,564	(100.0%)
Accounts payable	22,092	11,754	88.0%
Tax installments	3,497	6,083	(42.5%)
Provisions for dismantling assets	3,269	6,736	(51.5%)
Provisions for lawsuits	13,704	18,614	(26.4%)
Accounts payable - related parties	–	–	n.a.
Other accounts payable	4,086	–	n.a.
Shareholders' Equity	**726,724**	**643,822**	**12.9%**

Cash Flow

R$ thousands Except as indicated otherwise	1Q22	1Q21	Var.
Income (Loss) before Income Tax and Social Contribution	**11,985**	**106,443**	**n.a.**
Adjustments to reconcile income or loss with cash from operating activities	**55,896**	**1,082**	**n.a.**
Depreciation and Amortization	21,965	15,934	37.8%
Interest on loans, leases and tax installments	17,633	23,868	(26.1%)
Provision for doubtful debts	6,510	3,688	n.a.
Income from financial instruments	50,304	(57,334)	n.a.
Other	1,081	14,926	n.a.
Exchange Rate Variation	(41,597)	–	n.a.
Decrease (increase) in assets	**6,384**	**(1,945)**	**(428.2%)**
Accounts receivable	9,903	3,930	152.0%
Advance to suppliers	(4,119)	701	n.a.
Other assets	5,022	(3,692)	n.a.
Accounts receivable - related parties	(4,422)	(2,884)	n.a.
Increase (decrease) in liabilities	**(45,625)**	**(95,201)**	**(52.1%)**
Deferred revenues	(35,746)	(76,145)	(53.1%)
Loans and financing paid - interest	(17,173)	(10,440)	n.a.
Interest paid - leases	(2,274)	(5,360)	n.a.
Trade accounts payable	(3,283)	6,593	n.a.
Income tax and social contribution payable	14,379	(16,473)	n.a.
Income tax and social contribution	(7,996)	–	n.a.
Other	6,468	6,624	(2.4%)
Net Cash from operating activities	**28,640**	**10,379**	**175.9%**
Capex	(24,251)	(32,851)	(26.2%)
Financial investments	–	–	n.a.
Acquisition of Subsidiaries	(43,713)	(973,411)	(95.5%)
Other	–	(5)	n.a.
Net Cash from investing activities	**(67,964)**	**(1,006,267)**	**(93.2%)**
Capital increase - initial public offering (IPO)	–	1,200,000	n.a.
IPO transaction costs	–	(51,145)	n.a.
Financial investments	–	–	n.a.
Received from shareholders	–	–	n.a.
Call and put options	–	–	n.a.
Loans and financing contracted	105,650	20,788	n.a.
Debentures issued	–	–	n.a.
Loans and financing paid - principal	(67,773)	(43,611)	55.4%
Capital contribution from shareholders	–	4,958	n.a.
Debenture payment - principal	–	–	n.a.
Lease payments	(11,127)	(5,550)	100.5%
Derivative financial instruments settled	–	(12,335)	n.a.
Dividends paid	–	–	n.a.
Net Cash from financing activities	**26,750**	**1,113,105**	**(97.6%)**
Net Cash Flow	**(12,574)**	**117,217**	**(110.7%)**

Legal Notice

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

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

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