

Arcos Dorados Second Quarter 2025 Earnings Webcast

Dan Schleiniger

Hello and thank you for joining Arcos Dorados' 2Q 2025 earnings webcast. With us today are:

- Luis Raganato, Chief Executive Officer and
- Mariano Tannenbaum, Chief Financial Officer.

Today's webcast, which is being recorded, will consist of prepared remarks from our leadership team, which will be accompanied by a slide presentation, also available in the Investor section of our website, ir.arcosdorados.com. To better follow the presentation, please note that you can set your view to full screen on the webcast platform. Additionally, you can submit your questions at any time during the presentation, using the Q&A function on the bottom of the screen. After we conclude our opening remarks, we will answer your questions.

Today's call will contain forward-looking statements, and I refer you to the forward-looking statement section of our earnings release and recent filings with the SEC. We assume no obligation to update or revise any forward-looking statements to reflect new or changed events or circumstances.

In addition to reporting financial results in accordance with Generally Accepted Accounting Principles, we report certain non-GAAP financial results. Investors are encouraged to review the reconciliation of these non-GAAP financial results, as compared with GAAP results, which can be found in today's earnings press release and conference call presentation as well as the unaudited financial statements filed today with the SEC on Form 6-K.

I will now turn the call over to our CEO, Luis Raganato.

Luis Raganato

Thank you, Dan. Good morning everyone and thank you for joining us.

Before getting into the quarter's results, let me take a moment to thank our Executive Chairman, Woods Staton, and the entire Board of Directors for their confidence in appointing me CEO of Arcos Dorados. I am honored to continue the work of my predecessors, each of whom took the Company to new operational and customer experience heights by working collaboratively with all stakeholders of the Arcos Dorados and McDonald's systems.

I would also like to congratulate all members of the team who are taking on new roles as part of this management change. We always said that Arcos Dorados has a deep bench of talented executives. This includes Carlos Gonzalez, who is taking on the role of Chief Operating Officer, bringing very significant management experience and a demonstrated ability to bridge cultural and generational gaps to drive strong performance. I look forward to working with him and the entire team to exceed our guests' expectations and generate value for all stakeholders.

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Moving now to the key highlights of the quarter, we generated solid results in very dynamic macroeconomic and operating environments.

Total revenue reached \$1.1 billion. Constant currency revenue, remained solid, built on 12.1% higher systemwide comparable sales, which was above blended inflation for the period.

Comp sales growth was particularly strong in NOLAD and SLAD, growing well above blended inflation in each division. The same calendar effect that impacted NOLAD's results in the first quarter, helped boost the division's results in the second quarter.

Marketing and digital initiatives focused on value and Brand strength across sales channels and product categories. Additionally, the Loyalty Program continued to drive an increasing percentage of sales by bringing members back to our restaurants more often. These efforts helped support robust market share gains in many markets. More on that later.

We generated \$110.1 million in Adjusted EBITDA in the second quarter. Excluding last year's labor contingency reduction in Brazil, Adjusted EBITDA grew by more than 7.0% and margin expanded by about 40 basis points.

The growth plan for 2025 remains on target and we opened 20 new Experience of the Future restaurants in the second quarter. This brings total openings for the first half of the year to 32 sites, and the plan remains to deliver 90 to 100 this year.

In addition to adding new restaurants through openings, we are excited to announce that last month we added a twenty-first market to the Arcos Dorados family. We acquired three existing restaurants and the exclusive franchise rights to Saint Martin in the Caribbean. The choice of Arcos Dorados as the new operator in Saint Martin is a testament to our operational excellence and commitment to growth in the region.

Marketing and Digital campaigns drove strong comparable sales growth in NOLAD and SLAD during the quarter, while also helping to protect market share within a challenging consumer environment in Brazil.

The Digital ecosystem, that accounted for about 60% of sales in the quarter, supported campaigns designed to stay close to guests and adapt to changing consumer preferences. This included the Big Fest, which celebrated core favorites at a compelling value. The results were clear:

- Brand Preference rose to almost twice that of the nearest competitor across the region,
- Brand attributes related to value, taste and trust saw significantly higher favorable gaps versus the nearest competitor as well, and,
- App downloads and Loyalty Program membership increased strongly during the campaign.

The Digital Loyalty Program is now available in six countries with a seventh market currently in its pre-launch phase. The Program already covers two-thirds of the restaurant portfolio, and we expect it to be available in 90% of all restaurants by the end of this year. Loyalty Program members visit us at a much higher rate than non-loyalty guests, and they represented almost 23% of total sales in the six available markets during the second quarter.

In Brazil, where the consumer environment has been challenging this year, we took steps to remain close to guests. For example, the “Méqui do Dia” campaign, offered one menu favorite per day at a compelling value. Across the operating footprint, the Minecraft Happy Meal also strengthened ties with our guests. The game has significant crossover appeal to both kids and adults, which we optimized by offering a unique adult Happy Meal with chicken McNuggets.

We also used the regional Formula 1 sponsorship to strengthen ties with families and guests of all ages. Capitalizing on the appeal of Formula 1, The Movie, we introduced a limited-edition sandwich and collectible race car, exclusive to McDonald’s restaurants. The campaign was extremely successful, selling out in just a matter of days or weeks, depending on the market.

Finally, the dessert category has become increasingly competitive, so we kept the entry-level cone priced at an attractive price point. We also innovated by leveraging a favorite McDonald’s character with the Grimace Shake and by adding more local flavors to the McFlurry platform.

Over to you Mariano.

Mariano Tannenbaum

Thanks Luis, and good morning everyone.

Brazil’s total revenue in constant currency grew 2.0% in the second quarter, including positive comp sales, despite operating within a context of negative industry volumes. We were able to offset volume pressure with higher average check with a combination of targeted pricing and product mix. Importantly, market share remained steady versus the prior year and the brand attributes we track are as strong as we have ever seen. This undoubtedly positions us well for when consumer trends improve in the country.

More than 70% of systemwide sales were generated by Digital channels, and the “Meu Méqui” Loyalty Program surpassed 18 million members who accounted for 26% of the division’s total sales.

NOLAD’s total revenue rose 6.9% in constant currency. US dollar revenue growth was impacted mainly by the year-over-year depreciation of the Mexican peso. Comparable sales rose 1.8x blended inflation in the period. This included 12.4% comp sales growth in Mexico, much higher than all main competitor brands.

Digital sales penetration remained steady in NOLAD, where we offer the Loyalty Program in Costa Rica and we are in the test phase in Puerto Rico. We believe digital sales performance will ramp up in the division as we expand the Loyalty Program to additional markets by the end of this year.

SLAD’s revenue rose 37.8% in constant currency, with comparable sales up 1.4x blended inflation in the period. Market share expanded strongly in several markets, including Argentina and Chile.

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Argentina built on last year's market share gains to boost its continued rebound from 2024. Digital sales penetration in SLAD surpassed 60% and Loyalty generated 17% of total sales from the four SLAD markets currently offering the program.

Let's shift now to profitability and capital allocation during the second quarter.

Adjusted for last year's labor contingency reduction in Brazil, second quarter consolidated EBITDA grew very solidly in US dollars, despite currency headwinds. While Food and Paper remained pressured due to higher beef prices in Brazil, improvements in all other restaurant expense lines supported the solid EBITDA performance.

Similar to the first quarter, Brazil's margin contraction was mainly due to higher Food and Paper costs from rising beef prices in the market. As you already know, the Royalty Fee this year is higher in Brazil due to the normalization of the royalty rate across the three divisions. Excluding last year's labor contingency reduction, the net result of the remaining expense lines had a positive margin impact in Brazil.

NOLAD's margin included improved performance in all restaurant expense lines, except Food and Paper, which rose modestly versus last year as a percentage of revenue. Royalties were lower due to the normalization of rates across the three divisions and the result also included a gain from a sub-franchisee restaurant transaction in Mexico during the quarter. Margin performance was strong in nearly all the division's markets in the period.

SLAD delivered another strong quarter of margin expansion with lower costs and expenses in nearly all line items. Notably, last year's EBITDA included a positive impact from a sub-franchised restaurant transaction. Adjusting for that impact, SLAD's margin expanded by about 260 basis points versus the second quarter of 2024.

With these results, the Company's balance sheet remained strong, and we continued making investments in future cash flow growth.

As of the end of the second quarter, our debt was concentrated in two long-term bonds. The 2029 and 2032 Notes with an average US dollar cost of 6.28% and an average duration of almost 6 years. After receiving an upgrade to investment grade from Fitch in January, last month S&P assigned an initial rating of Triple-B Minus to our debt. As a result, Arcos Dorados debt is now considered to be Full Investment Grade, which should help support future capital market transactions.

At the end of the second quarter, Net Debt to Adjusted EBITDA ratio was a comfortable 1.4 times and we expect it to remain near this level for the remainder of the year.

Our growth strategy remains intact and during the second quarter we added 20 EOTF restaurants to the portfolio. As has been the case for the last 5 years, most openings were free-standing units and the majority were opened in Brazil.

We invested \$55.3 million in capital expenditures, including more than \$26.8 million in growth capex associated with new restaurant builds.

We expect to continue making prudent investments in growth as we remain convinced this is the best way to increase free cash flow generation in the long term.

As Luis already mentioned, after the quarter ended, we acquired the 3 existing restaurants in Saint Martin and the exclusive franchise rights for that market, which will be subject to the same terms as our existing Master Franchise Agreement with McDonald's. Saint Martin will be managed by NOLAD and will be included in the division's results beginning in the third quarter of 2025. We do not expect a material change in consolidated results from this acquisition.

Back to you Luis.

Luis Raganato

I would now like to touch on a topic that remains at the core of everything we do at Arcos Dorados.

We recently published the 2024 Social Impact and Sustainable Development Report for Arcos Dorados. In it, you can learn more about the initiatives we advanced within the Recipe for the Future framework. This ESG platform is built on Six Pillars:

1. Climate Change, which saw us reach 50% renewable energy, allowing us to reduce energy costs while also meeting our targeted Scope 1 and 2 emissions reduction.
2. Circular Economy, which includes recycling of both packaging and used cooking oil.
3. Sustainable Sourcing, which supports local economies through local sourcing.
4. Youth Opportunity, which includes over 60 thousand employees younger than 24 years.
5. Family and Wellbeing, which supports young people in partnership with local NGOs, and,
6. Diversity and Inclusion, which ensures a welcoming work environment and restaurant experience for collaborators and guests from all backgrounds.

You can access the full report at recipeforthefuture.com.

Before we open the call up for questions, let me tell you about my priorities as CEO.

To begin with, I helped design and implement the current strategy, so I do not expect to change the big picture.

With that in mind, I would say that I have three main strategic priorities or Pillars of focus:

1. First, Today's Business. The organic business.
 - a. In other words, everything that goes into exceeding customer expectations today.
 - b. That means the experience we offer through menu, quality, service and cleanliness inside our restaurants, in customers' homes and in the digital ecosystem.
2. Second, Growing the Business. Our development strategy.
 - a. I am challenging the entire team to revisit every element of our development process, to further modernize and improve the way we grow.
 - b. To increase our cash flow generation and create more value for our shareholders, we need to ensure that every dollar invested brings the best possible return,

3. and Third, Tomorrow's Business. We will work to answer the question of where Arcos Dorados will be in 10 years.
 - a. We need to begin preparing now, to meet future customer expectations.
 - b. And we'll do whatever it takes to maintain our leadership position beyond 2035.

Needless to say, this will be a collaborative effort within Arcos Dorados, with McDonald's, with our suppliers and with our sub-franchisees. As we often say, there's nothing we can't accomplish if we work together.

I look forward to speaking with all of you over the coming months and years as I am certain the best is yet to come for Arcos Dorados!

Thank you for joining today's call. Dan, back to you.

QUESTIONS AND ANSWERS

Dan Schleiniger

Thanks Luis. We will now begin the Q&A session. You can submit your questions using the Q&A function on the bottom of the screen. Please limit yourself to one or two questions so that I can read, understand and convey them to our speakers. We will now pause briefly to compile your questions.

Thiago Bortoluci, Goldman Sachs (via webcast):

Good morning, everyone. Thank you for taking our questions. It's always a pleasure to engage with the team. Before we begin, we would like to once again express our gratitude to Marcelo for his openness and constructive dialogue during his tenure, and we wish Luis, Francisco, and Carlos continued success in their extended responsibilities.

How do you assess the balance between foot traffic, pricing, product mix, and profitability in Brazil? Additionally, what internal initiatives should we anticipate from you to potentially reignite same-store sales growth in the back end of the year? Do you have any preliminary insights on demand trends in July for Brazil and Mexico?

Eric Huang, Santander (via webcast):

Brazil's sales remained quite subdued in the 2Q25. How is the Company perceiving the consumer environment as we turn into the 2H25? And how are the revenue management initiatives expected to help in sales momentum ahead?

Melissa & Robert Ford, Bank of America (via webcast):

Can you discuss consumption dynamics during the 2Q and in July/August? Was weather a factor in the 2Q deceleration?

Luis Raganato:

Thank you, David, Eric, and Melissa. I will try to cover everything. First, about the context, the market continues to face a challenging macroeconomic environment, uncertainty,

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and weakening consumer confidence. But given this context, even though various sources point to a drop in the flow of visits in the QSR market, we managed to deliver positive comp sales.

We offset a drop in traffic with a combination of targeted price increases and product mix. So the contribution to sales came more from average check than volume. What we are trying to do here is to balance between the sales growth and profitability. We are trying to increase our margins.

And regarding channels, Melissa, the impact of weather was mainly in the dessert center. And we do have a more aggressive competition mainly in Brazil. We are addressing that with the plan. But the good news is that the strongest performance was through our front counter. And this is very good news for us because it is a proof that our brand and our on-premise is aspirational, and that on-premise experience is going to be very important.

About the most important marketing actions that we had in the market was, first, Mequi do Dia, it is a value campaign and the Mequi Fest digital campaign. Those were very successful and helped increase visit frequency and drive a 15% increase in identified sales.

You know that for us, identified sales are very important. We had 26% in the region, but in Brazil, in particular, 32%, which is that share in June specifically. So even though we are trying to shield our market share by being prudent with pricing, we do have a comprehensive plan, which includes those short-term initiatives more transactional, but we complement that with long-term focus because we want to build on the brand's aspirational aspect.

And that's why we have, for example, the license of Minecraft in the Happy Meal or for example, the launch of the Grimace Shake or even the Formula 1 action that reaches all socioeconomic groups and builds on the coolness of the brand. As a result and very important, our market share in the market remains steady. We are leading our nearest competitor by a factor of 2.2 and attributes like favorite brand and brand awareness are at the highest scores according to internal research. So we are today in a position of strength.

And despite we see that the challenging macroeconomic environment will remain during the 3Q and maybe during the second semester, we are confident because we have a solid marketing plan. We are going to keep on working with our affordability platform to drive traffic, to shield our market share, like I said, and we remain close to our customers, building on the love of the brand because we are going to be having cool launches, too.

Regarding Mexico, Mexico had a very strong quarter with plus 12% in sales. And it was the highest in the market. And not only the market, the QSR and the entire industry. The good news is that it was driven by dessert centers, by delivery and from counter. We are seeing a similar trend in the beginning of the 3Q.

Thiago Bortoluci, Goldman Sachs (via webcast):

Could you elaborate on which regions and specific actions contributed most significantly to top line and margin performance in NOLAD?

Froylan Mendez, JPMorgan (via webcast):

How much of the 12% same-store sales growth in Mexico was driven by positive calendar effect? How sustainable is this going into the 2H?

Melissa & Robert Ford, Bank of America (via webcast):

Can you comment on the underlying sales and margin performance of Mexico, specifically excluding the Holy Week impact?

Mariano Tannenbaum:

Good morning, everyone, and thanks, Thiago, Melissa, and Froylan for the question. We are very pleased with the performance of NOLAD during the 2Q25 and, of course, on the 1H25. First, we have seen in NOLAD, sales increasing at 1.8x inflation.

And as Luis already mentioned, Mexico stands out in this performance. So it is true, and we mentioned in the 1Q that Holy Week has an impact in Mexico, strong impact and that we were expecting good results for the 2Q. But if you consider the 1H25, Mexico is performing much better and is growing above inflation compared with the 1H24.

In terms of impacts in margins, NOLAD is showing in this quarter an improvement of 450 bps compared to the same quarter of last year. And the good news here is that this is due, first, despite a deterioration of the FX because the Mexican peso in the quarter averaged this quarter 19.5 versus 17.3 last year. So despite the devaluation of the Mexican peso, we are seeing a much better margin in Mexico and in the division.

And this is due to a better payroll, a better service fee, as we already explained, the new MFA, better occupancy, and other expenses with better margins in delivery. And in this particular quarter, we are seeing as well a better other operating income given the transaction on the restaurants acquired in Mexico.

So all that together is improving the margin in NOLAD in 450 bps. Of course, when we see sales in the division growing at almost 2x inflation, we see leverage in all the fixed cost lines, and that's also reflecting, of course, in the results.

Froylan Mendes, JPMorgan (via webcast):

Can you give us view about traffic trends on a regional basis?

Luis Raganato:

Thank you, Froylan, for the question. In general, what we saw in the region was volatility and challenging marketing conditions. But despite that, we believe we have the best position to face this current situation or any that may arise. The sales performance was solid in local currency and consolidated comparable sales were in line with the Company's blended inflation within the context of each division.

You know that our comps were up 1.8x blended inflation with a low single-digit contribution from traffic. So the contribution to sales, if you do the math, were 2/3 from average check.

Like I said, Mexico stood out and is keeping that performance in this 3Q. And by channel, in NOLAD, the sales strength was driven by front counter, dessert centers, and delivery in local currency with positive volume growth in all 3 segments.

In SLAD, comps were up 1.4x inflation with a mid-single-digit contribution from traffic and average check in line with inflation. So in general, all markets had a very good quarter, and we are seeing a similar performance in the beginning of this third one. By channel, the sales growth was strong across all the channels in the quarter.

For the remainder of the year, we are going to keep on focusing on the factors that we control, of course, the brand, the 4G strategy and taking advantage of the footprint and geographic diversification.

Froylan, JPMorgan (via webcast):

Can you please give us color as to the beef trend in Brazil?

Eric Huang, Santander (via webcast):

Could you please elaborate on your expectations for margins, especially in Brazil? And how are you seeing beef prices impacting margins in the upcoming quarters?

Alvaro Garcia, BTG Pactual (via webcast):

How does management see beef prices evolving in the 2H25 in Brazil?

Jerónimo de Guzman, INCA Investments (via webcast):

Can you comment more on the beef cost pressures you are seeing in Brazil? Are you seeing any changes? And do you still think you can maintain margins stable ex one-offs on a consolidated basis for full year 2025?

Mariano Tannenbaum:

Thanks, everybody, for the question related to the beef prices in Brazil. Beef prices in Brazil, as I mentioned, impacted our results during the 1H25. We have seen price increases of around 30% in the last 12 months.

Here, we have good news, and that is that we do not expect further significant cost pressures versus current levels in the 2H25. On top of that, for the other items in the food and paper line in Brazil, we have seen so far a devaluation of the BRL that, of course, impacted the costs on imported goods.

What we are expecting now, in July we have seen an appreciation of the BRL to below R\$5.4 to the USD. Actually, today, last time I checked was at R\$5.39. And this could have, if this FX trend persists, a positive impact on the gross margin for the rest of the year. So of course, the outlook and what we know so far is that we are not expecting significant cost pressures from beef from the current levels.

Jack Gater, JO Hambro (via webcast):

Can you expand on the changing competitive landscape in desserts? What's the margin of dessert centers and what percentage of sales does this contribute to the total?

Luis Raganato:

Thank you for the question. Dessert centers as of the end of 2024 represented almost 10% of total sales. The segment has significantly higher margins in percentage, in relative numbers. And what we are seeing in the landscape is an increasing competition in general in the region, mainly in Brazil. But we have already implemented a solid plan regarding aggressive pricing and with innovations like, for example, as I said, the Grimace Shake.

Melissa, Bank of America (via webcast):

How are you thinking about pricing and your ability to offset higher costs in the context of softer demand?

Jeronimo de Guzman, INCA Investments (via webcast):

Given your focus on affordability and prudent pricing to drive traffic and protect market share, what does this mean for margins? And do you still think you can maintain margins stable ex one-offs on a consolidated basis?

Mariano Tannenbaum:

Thanks, Melissa and Jeronimo, for the question. Related to pricing to offset costs, we have seen in the 1H25, a deterioration of margins in Brazil. In fact, we will continue with our strategy to increase prices in line with inflation. We are not going, in order to pursue a quick gains in margin gains, to increase prices well above inflation because this will be maybe something that will have a positive impact in the short-term, but it's not going to be sustainable in the mid to long-term.

As an example, we have done that in Argentina last year. Argentina in 2024 experienced an important devaluation of the currency and impact in the whole economy. We have been very prudent with pricing in Argentina, and we are seeing the results this year with very, very good results in terms of sales, traffic, and margin recovery. And Argentina is going to be one of the key contributors to EBITDA growth during 2025.

In Brazil, we are not expecting to do anything different from our strategy. We will continue increasing prices in line with inflation. And when the consumer environment starts recovering, we are confident that our margins will start recovering, and we will see much better margins than what we have seen in the 1H25.

And going to the second part of Jeronimo's question and how do we see the EBITDA margin for this year, excluding one-offs? First, during this quarter, we are very pleased with the EBITDA margin. We have seen that excluding labor contingencies from last year, we increased EBITDA margin by 40 basis points during the quarter compared, of course, to the same quarter of last year. For the full year 2025, we expect to have an EBITDA margin close to 2024, excluding, of course, the one-offs related to labor contingencies in Brazil.

As I explained, we are not expecting further deterioration on the gross margin line. And for example, during this quarter, we have seen gains in the payroll line with excluding one-off, 50 bps better than last year. We have also seen improvements in the occupancy and other expense line of 70 bps during this quarter. And if we continue focusing on cost

efficiencies and trying to look at all the cost structure and trying to minimize those increases, we are confident that we will be able to maintain or to be very close to the EBITDA margin that we achieved in 2024, that was record for the Company.

Alvaro Garcia, BTG Pactual (via webcast):

Can you talk about Argentina traffic trends in the quarter relative to the 2023 baseline?

Luis Raganato:

Thank you, Alvaro, for the question. What is happening in Argentina this year, since the second semester of last year is that it is showing a more stabilized macroeconomic environment. The inflation is dropping and the recovery of the economy is happening, but showing mixed behavior across different sectors.

If we compare with 2023, we are mostly in line with that performance. But what I want to highlight here is that in this context, in the context of that recuperation of the economy, our business is very solid with a strong evolution.

And we have a local team that is doing a great job harvesting the investments that they did last year. Last year, they stayed close to the customers, the increased market share, and those gains that we had during 2024 are driving strong results this year. That's why it's so important that we keep and we are focusing on keeping that strategy in another market that have this similar challenging environment.

And so in Argentina, today, we continue to be very prudent with pricing. We are trying to take like across the region, all the opportunities possible to improve margins. And we have, for example, the Tasty Feat Cuarto as a highlight of marketing action or the Formula 1 action that is important in the market too. According to internal research, these actions helped us further increase our market share.

We are outgaining all players in the market. And in Argentina, the difference is of 3x the size when we compare with our main competitors. And another great news is that we are improving strongly the brand attributes. And we are seeing a similar trend now in the 3Q25.

Julia Rizzo, Morgan Stanley:

CAPEX was well below expectations. Could the Company end the year with CAPEX below initial expectations? What are the gains and improvements we are noticing, if any?

Mariano Tannenbaum:

Thanks, Julia, for the question. We actually maintained our 2025 openings guidance of between 90 to 100 EOTF restaurants with a CAPEX guidance of between US\$300 million to US\$350 million. The CAPEX this year, as usual, is a bit more back-ended. So we expect for the full year to keep on, and we maintain our guidance.

In terms of improvement, we are always looking at improvements and ways to reduce the cost of each opening, and we are doing that all the time. We are looking at efficiencies. We are looking at reducing costs, localizing the core packages to reduce the impact of currency movements. So my team and the development team is continuing

focusing on these improvements and cost reductions to make our investments more profitable.

Max Joseph (via webcast):

Congratulations on the promotions and the strong results. Luis, could you share more about how you are challenging the team to ensure that every USD in growth generates the best possible return? Where do you see the biggest opportunities to further maximize those results?

Luis Raganato:

Thank you very much for the message, Max, and for the question. As I said, I am going to have those 3 priorities, today's business, tomorrow's business, and the development strategy. As I said in the opening remarks, what we are doing is revisiting the whole process, starting with people, the teams, and how we look in the field for the sites and how we build the sites and working as a team with Mariano, how we measure those returns.

I would say that we would like to focus on the modernization of the process and implementing innovative and more sophisticated tools like artificial intelligence. So we better estimate our sales. We better manage the whole construction and measuring the process afterwards with finance when we already have the outcome of the performance.

I do not know, Mariano, if you want to add.

Mariano Tannenbaum:

What Luis just mentioned, and I also mentioned in the previous question from Julia. Return on investments is one of our top priorities, and we are, as a team, looking at ways always to reduce costs and make our investments more profitable, driving a better and a higher shareholder return in terms of investments. So we are focused. This is one of our top priorities. That would be my add to this answer.

Lorena Reich, Lucror Analytics (via webcast):

Why did you stop releasing detail by region?

Daniel Schleiniger:

Actually, Lorena, I think if you take a look at our earnings release, what you will find is that what we eliminated was redundancies from the previous version. The information by region or by division is still in the release. Toward the end, you will find all of the sales, EBITDA, operating income, same-store sales information that has always been in the release. What we did is just eliminate that redundancy that was in the document previously.

And our discussion of both sales growth as well as EBITDA performance at the consolidated level includes commentary on the divisional performance. And as I am sure you saw in today's presentation, we further explained some of those details. So I think that the information is still there. It's just in a little bit different format.

Lorena Reich (via webcast):

What's the amount paid for Saint Martin acquisition?

Mariano Tannenbaum:

Thanks, Lorena, for the question. The cash payment for the rights to Saint Martin was not a material sum within the context of our consolidated cash flow, and this payment will be reflected within the investing activities in our statement of cash flows by the end of September 2025.

Lorena Reich (via webcast):

Can you provide more detail on the acquisition of short-term investments of US\$106 million in the investment cash flow?

Mariano Tannenbaum:

This is simply time deposits executed with relationship to top-tier banks and was done in order to minimize the current cost of the new money funds raised on our latest bond issuance in January of this year.

Jeronimo de Guzman, INCA Investments (via webcast):

Can you please give us an update on the competitive environment in Brazil? Are you seeing any significant changes given the softer consumer environment?

Luis Raganato:

Thank you, Jeronimo, for the question. What we are seeing in Brazil is that there is reducing guest traffic in the sector. We saw that in the 2Q. For this reason is that for us, it's very important to remain focused on offering a compelling value proposition with competitive pricing and delivering a great experience through all the channels.

In general, in the industry, the competition continued to focus on promotional activities. We have a comprehensive plan that complements actions targeted to increase traffic and gain or shield our market share like Combo del Dia with aspirational aspects like Minecraft and the Formula 1 menu.

So that's why you are seeing as a result of that regarding to CREST, we are being able to maintain our market share and keeping the distance that we have in market share when we compare it with our nearest competitor, that difference of 2.2x.

So what we are trying to do is combine that healthy comp sales, new restaurant openings with a much healthier margin. And we are convinced that we are in a position of strength here in Brazil to face the current situation and any situation that may arise.

Alvaro Garcia, BTG Pactual (via webcast):

I would like to ask about Francisco Staton's new role as Chief Strategy Officer. What's the nature of his new role?

Luis Raganato:

Thank you, Alvaro, for the question. Francis has been with us for more than 10 years now, in increasingly senior leadership positions. We believe he's uniquely qualified to help develop a long-term strategy for every aspect of the business.

He has supported brand building and sales generation in Brazil and Mexico, and he gained experience leading operations in Colombia as Managing Director; not only in Colombia, but Colombia, Curacao, Aruba, and Trinidad at the time. And he gained experience as Divisional President for SLAD also.

So I can tell you that I am already working with Francis very close especially in the pillar of tomorrow's business.

Daniel Schleiniger:

Thanks, Luis, and thanks, everyone, for participating today, a longer than usual Q&A session, but very happy to see all the engagement. This is the end of the Q&A session. And I would like to thank you for your interest for joining the call today. We look forward to speaking with you again in the middle of November on our 3Q25 earnings webcast. Until then, stay safe, and have a great day.