

(Convenience Translation into English from the Original
Previously Issued in Portuguese)

Madero Indústria e Comércio S.A.

Individual and Consolidated
Interim Financial Information for the
Quarter Ended March 31, 2022 and
Report on Review of Interim Financial Information

Deloitte Touche Tohmatsu Auditores Independentes Ltda.

(Convenience Translation into English from the Original Previously Issued in Portuguese)

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Shareholders, Directors and Management of
Madero Indústria e Comércio S.A.

Introduction

We have reviewed the accompanying individual and consolidated interim financial information of Madero Indústria e Comércio S.A. ("Company"), identified as Parent and Consolidated, respectively, included in the Interim Financial Information Form - ITR, for the quarter ended March 31, 2022, which comprises the balance sheet as at March 31, 2022 and the related statements of profit and loss, of comprehensive income, of changes in equity and of cash flows for the three-month period then ended, including the explanatory notes.

Management is responsible for the preparation of the individual and consolidated interim financial information in accordance with technical pronouncement CPC 21 (R1) and international standard IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board - IASB, as well as for the presentation of such information in accordance with the standards issued by the Brazilian Securities and Exchange Commission - CVM, applicable to the preparation of Interim Financial Information - ITR. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with Brazilian and international standards on review of interim financial information (NBC TR 2410 and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the standards on auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion on the individual and consolidated interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual and consolidated interim financial information included in the interim financial information referred to above was not prepared, in all material respects, in accordance with technical pronouncement CPC 21 and international standard IAS 34, applicable to the preparation of ITR, and presented in accordance with the standards issued by the CVM.

Other matters

Statements of value added

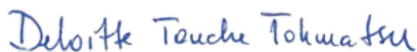
The interim financial information referred to above includes the individual and consolidated statements of value added - DVA for the three-month period ended March 31, 2022, prepared under the responsibility of the Company's Management and disclosed as supplemental information for purposes of the international standard IAS 34. These statements were subject to review procedures performed together with the review of the ITR to reach a conclusion on whether they were reconciled with the individual and consolidated interim financial information and accounting records, as applicable, and whether their form and content are in accordance with the criteria set out in technical pronouncement CPC 09 - Statement of Value Added. Based on our review, nothing has come to our attention that causes us to believe that these statements of value added were not appropriately prepared, in all material respects, in relation to the interim financial information taken as a whole.


Audit and review of the corresponding figures for the previous year

The review of the ITR for the quarter ended March 31, 2021 and the audit of the individual and consolidated financial statements for the year ended December 31, 2021 were conducted by another auditor, who issued unqualified review and audit reports dated July 31, 2021 and February 1, 2022, respectively.

The accompanying individual and consolidated interim financial information has been translated into English for the convenience of readers outside Brazil.

Curitiba, April 29, 2022


DELOITTE TOUCHE TOHMATSU
Auditores Independentes Ltda.


Fernando de Souza Leite
Engagement Partner

MADERO INDÚSTRIA E COMÉRCIO S.A. AND SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION

(All amounts in thousands of Brazilian reais)

| | Note | Parent | | Consolidated | |
|-------------------------------|------|------------------|------------------|------------------|------------------|
| | | 03/31/2022 | 12/31/2021 | 03/31/2022 | 12/31/2021 |
| <u>ASSETS</u> | | | | | |
| CURRENT ASSETS | | | | | |
| Cash and cash equivalents | 3 | 120,328 | 236,931 | 120,326 | 236,934 |
| Financial investments | 4 | 5,264 | 21,585 | 5,264 | 21,585 |
| Trade receivables | 5 | 59,253 | 79,368 | 59,352 | 79,437 |
| Inventories | 8 | 62,625 | 83,794 | 62,625 | 83,794 |
| Taxes recoverable | 9 | 17,181 | 18,165 | 17,182 | 18,165 |
| Other assets | 10 | 9,710 | 11,324 | 9,707 | 11,324 |
| Total current assets | | <u>274,361</u> | <u>451,167</u> | <u>274,457</u> | <u>451,239</u> |
| NON-CURRENT ASSETS | | | | | |
| Related parties | 6 | 25 | - | 25 | - |
| Financial investments | 4 | 5,827 | - | 5,827 | - |
| Taxes recoverable | | 6,694 | 6,099 | 6,694 | 6,099 |
| Other assets | 10 | 757 | 701 | 757 | 701 |
| Investments | 11 | 2,867 | 2,841 | - | - |
| Right-of-use assets | 12 | 664,539 | 633,335 | 664,539 | 631,335 |
| Property, plant and equipment | 13 | 1,350,184 | 1,319,948 | 1,352,963 | 1,322,726 |
| Intangible assets | 14 | 66,285 | 66,737 | 66,285 | 68,737 |
| Total non-current assets | | <u>2,097,178</u> | <u>2,029,661</u> | <u>2,097,090</u> | <u>2,029,598</u> |
| TOTAL ASSETS | | <u>2,371,539</u> | <u>2,480,828</u> | <u>2,371,547</u> | <u>2,480,837</u> |

The accompanying notes are an integral part of these financial statements.

MADERO INDÚSTRIA E COMÉRCIO S.A. AND SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION

(All amounts in thousands of Brazilian reais)

| <u>LIABILITIES AND EQUITY</u> | Note Note | Parent | | Consolidated | |
|--------------------------------|--------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | | <u>03/31/2022</u> | <u>12/31/2021</u> | <u>03/31/2022</u> | <u>12/31/2021</u> |
| CURRENT LIABILITIES | | | | | |
| Trade payables | 16 | 64,159 | 68,806 | 64,159 | 68,806 |
| Borrowings | 17 | 56,898 | 706,878 | 56,898 | 706,878 |
| Lease liabilities | 12 | 108,739 | 111,115 | 108,739 | 111,115 |
| Payroll charges | 18 | 77,076 | 79,363 | 77,076 | 79,363 |
| Tax liabilities | 19 | 32,535 | 34,857 | 32,541 | 34,864 |
| Deferred revenue | 20 | 2,284 | 4,613 | 2,284 | 4,613 |
| Other liabilities | 22 | 11,796 | 13,329 | 11,796 | 13,329 |
| Total current liabilities | | <u>353,487</u> | <u>1,018,961</u> | <u>353,493</u> | <u>1,018,968</u> |
| NON-CURRENT LIABILITIES | | | | | |
| Borrowings | 17 | 887,033 | 315,937 | 887,033 | 315,937 |
| Lease liabilities | 12 | 631,970 | 591,835 | 631,970 | 591,835 |
| Payroll charges | 18 | 14,692 | 15,137 | 14,692 | 15,137 |
| Tax liabilities | 19 | 35,543 | 38,930 | 35,543 | 38,930 |
| Deferred revenue | 20 | 36,423 | 34,619 | 36,423 | 34,619 |
| Provision for contingencies | 21 | 8,027 | 8,603 | 8,027 | 8,603 |
| Other liabilities | 22 | 19,332 | 18,336 | 19,332 | 18,336 |
| Total non-current liabilities | | <u>1,633,020</u> | <u>1,023,397</u> | <u>1,633,020</u> | <u>1,023,397</u> |
| EQUITY | | | | | |
| Share capital | 23 | 1,022,768 | 1,022,768 | 1,022,768 | 1,022,768 |
| Capital reserve | | 44,339 | 43,786 | 44,339 | 43,786 |
| Accumulated deficit | | (682,075) | (628,084) | (682,075) | (628,084) |
| Equity | | <u>385,032</u> | <u>438,470</u> | <u>385,032</u> | <u>438,470</u> |
| Non-controlling interests | | | | 2 | 2 |
| Total equity | | <u>385,032</u> | <u>438,470</u> | <u>385,034</u> | <u>438,472</u> |
| TOTAL LIABILITIES | | <u><u>2,371,539</u></u> | <u><u>2,480,828</u></u> | <u><u>2,371,547</u></u> | <u><u>2,480,837</u></u> |

The accompanying notes are an integral part of these financial statements.

MADERO INDÚSTRIA E COMÉRCIO S.A. AND SUBSIDIARIES

CONDENSED STATEMENT OF PROFIT OR LOSS

FOR THE QUARTERS ENDED MARCH 31

(All amounts in thousands of Brazilian reais)

| | Note | Parent | | Consolidated | |
|--|------|------------|------------|--------------|------------|
| | | 03/31/2022 | 03/31/2021 | 03/31/2022 | 03/31/2021 |
| Net operating revenue | 25 | 319,916 | 219,536 | 319,915 | 219,536 |
| Cost of products and goods sold | 26 | (108,468) | (76,554) | (108,468) | (76,554) |
| Gross profit | | 211,448 | 142,982 | 211,447 | 142,982 |
| Restaurant and selling expenses | 26 | (164,677) | (142,479) | (164,677) | (142,479) |
| General and administrative expenses | 26 | (27,926) | (26,603) | (27,897) | (26,739) |
| Equity in the results of subsidiaries | 11 | 26 | (138) | - | - |
| Other operating results | 27 | 1,083 | 2,415 | 1,083 | 2,415 |
| Operating profit/(loss) | | 19,954 | (23,823) | 19,956 | (23,821) |
| Finance income (costs) | 28 | (73,944) | (31,699) | (73,944) | (31,701) |
| Loss before income tax and social contribution | | (53,990) | (55,522) | (53,988) | (55,522) |
| Current taxes | | - | - | (2) | - |
| Deferred taxes | | - | - | - | - |
| Income Tax (IRPJ) and Social Contribution on Net Income (CSLL) | | - | - | (2) | - |
| Loss for the period | | (53,990) | (55,522) | (53,990) | (55,522) |
| Loss per common share | | | | | |
| Basic loss per share (R\$) | | (0.16) | (0.18) | | |
| Diluted loss per share - R\$ | | (0.16) | (0.18) | | |
| Weighted average number of common shares outstanding (in thousands) | | 346,361 | 317,246 | | |
| Number of common shares outstanding – adjusted for dilutive effects (in thousands) | | 346,361 | 317,246 | | |

The accompanying notes are an integral part of these financial statements.

MADERO INDÚSTRIA E COMÉRCIO S.A. AND SUBSIDIARIES

STATEMENT OF COMPREHENSIVE INCOME
(All amounts in thousands of Brazilian reais)

| | Parent | | Consolidated | |
|-----------------------------------|-------------------|-------------------|-------------------|-------------------|
| | <u>03/31/2022</u> | <u>03/31/2021</u> | <u>03/31/2022</u> | <u>03/31/2021</u> |
| Loss for the period | (53,990) | (55,522) | (53,990) | (55,522) |
| Other comprehensive income | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Comprehensive loss for the period | <u>(53,990)</u> | <u>(55,522)</u> | <u>(53,990)</u> | <u>(55,522)</u> |
| Attributable to: | | | | |
| Owners of the parent | | | <u>(53,990)</u> | <u>(55,522)</u> |

The accompanying notes are an integral part of these financial statements.

MADERO INDÚSTRIA E COMÉRCIO S.A. AND SUBSIDIARIES

STATEMENT OF CHANGES IN EQUITY

(All amounts in thousands of Brazilian reais)

| | Attributable to owners of the parent | | | | | Total |
|--|--------------------------------------|--------------------|---------------------|---------------------------------------|--|----------------|
| | Share capital | Revaluation budget | Accumulated deficit | Attributable to: owners of the parent | Attributable to: non-controlling interests | |
| AT JANUARY 1, 2021 | 722,964 | 40,688 | (506,720) | 256,931 | 2 | 256,933 |
| Arrangement with non-controlling interests (Note 24) | - | 766 | - | 766 | - | 766 |
| Profit (loss) for the period | - | - | (55,522) | (55,522) | - | (55,522) |
| AT March 31, 2021 | 722,964 | 41,454 | (562,242) | 202,175 | 2 | 202,177 |
| AT JANUARY 1, 2022 | 1,022,768 | 43,786 | (628,085) | 438,469 | 2 | 438,471 |
| Arrangement with non-controlling interests (Note 24) | - | 553 | - | 553 | - | 553 |
| Profit (loss) for the period | - | - | (53,990) | (53,990) | - | (53,990) |
| AT March 31, 2022 | <u>1,022,768</u> | <u>44,339</u> | <u>(682,075)</u> | <u>385,032</u> | <u>2</u> | <u>385,034</u> |

The accompanying notes are an integral part of these financial statements.

MADERO INDÚSTRIA E COMÉRCIO S.A. AND SUBSIDIARIES

STATEMENT OF CASH FLOWS

(All amounts in thousands of Brazilian reais)

| | Note Note | Parent | | Consolidated | |
|--|--------------|------------------|------------------|------------------|------------------|
| | | 03/31/2022 | 03/31/2021 | 03/31/2022 | 03/31/2021 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Loss before income tax and social contribution | | (53,990) | (55,522) | (53,988) | (55,522) |
| Reconciliation of profit to cash provided by operating activities: | | | | | |
| Depreciation and amortization | 13 - 14 | 30,826 | 21,268 | 30,826 | 21,268 |
| Depreciation of right-of-use assets | 12 | 17,922 | 13,499 | 17,922 | 13,499 |
| Discounts of lease liabilities | | - | (5,187) | - | (5,187) |
| Increase (decrease) in the provision for contingencies | 21 | (576) | (1,256) | (576) | (1,256) |
| Equity in the results of subsidiaries | 11 | (9) | 138 | - | - |
| Allocation of deferred revenue | | (789) | - | (793) | - |
| Arrangement with non-controlling interests | 24 | 553 | 766 | 553 | 766 |
| Loss (gain) on disposal of property, plant and equipment | | (81) | 133 | (81) | 133 |
| Interest on borrowings | 28 | 60,873 | 18,674 | 60,873 | 18,674 |
| Interest on taxes payable in installments | | 1,511 | - | 1,511 | - |
| Charges on lease liabilities | 12 | 14,056 | 12,029 | 14,056 | 12,029 |
| | | <u>70,297</u> | <u>4,542</u> | <u>70,304</u> | <u>4,404</u> |
| (Increase) decrease in operating assets: | | | | | |
| Trade receivables | 5 | 20,115 | 13,196 | 20,085 | 13,196 |
| Inventories | 8 | 21,169 | (3,794) | 21,169 | (3,794) |
| Taxes recoverable | 9 | 387 | 10,652 | 387 | 10,652 |
| Other assets | 10 | 1,518 | 1,756 | 1,537 | 1,893 |
| Increase (decrease) in operating liabilities: | | | | | |
| Trade payables | 16 | (5,265) | (74,081) | (5,265) | (74,081) |
| Tax liabilities | 19 | (15,252) | (6,450) | (15,252) | (6,450) |
| Payroll charges | 18 | (1,197) | 925 | (1,197) | 925 |
| Deferred revenue | 20 | 263 | (2,414) | 263 | (2,414) |
| Other liabilities | 22 | (536) | (1,391) | (536) | (1,391) |
| Cash from operations | | <u>91,498</u> | <u>(57,059)</u> | <u>91,494</u> | <u>(57,060)</u> |
| Payment of interest | 12 and 17 | <u>(55,433)</u> | <u>(23,394)</u> | <u>(55,433)</u> | <u>(23,394)</u> |
| | | <u>(55,433)</u> | <u>(23,394)</u> | <u>(55,433)</u> | <u>(23,394)</u> |
| Net cash provided by (used in) operating activities | | <u>36,065</u> | <u>(80,453)</u> | <u>36,061</u> | <u>(80,454)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| Purchases of property and equipment | 13 | (57,698) | (81,172) | (57,698) | (81,172) |
| Proceeds from sale of property and equipment | 13 | 1,229 | 277 | 1,229 | 277 |
| Acquisition of right-of-use assets | | - | (1,999) | - | (1,999) |
| Acquisition of intangible assets | 14 | (3,444) | (5,075) | (3,444) | (5,075) |
| Financial investments | | 10,494 | (104,291) | 10,494 | (104,291) |
| Net cash used in investing activities | | <u>(49,419)</u> | <u>(192,260)</u> | <u>(49,419)</u> | <u>(192,260)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | |
| Proceeds from borrowings | 17 | 500,000 | 350,000 | 500,000 | 350,000 |
| Payment of transaction costs | | (56,882) | (12,872) | (56,882) | (12,872) |
| Repayment of borrowings | 17 | (541,498) | (50,000) | (541,498) | (50,000) |
| Payment of lease liabilities | | (11,367) | (4,165) | (11,367) | (4,165) |
| Taxes payable in installments | | 6,497 | (2,433) | 6,497 | (2,433) |
| Net cash provided by (used in) financing activities | | <u>(103,250)</u> | <u>280,530</u> | <u>(103,250)</u> | <u>280,530</u> |
| NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS | | <u>(116,604)</u> | <u>7,817</u> | <u>(116,608)</u> | <u>7,816</u> |
| Cash and cash equivalents at the end of the period | 3 | 236,931 | 37,504 | 236,934 | 37,504 |
| Cash and cash equivalents at the end of the period | 3 | 120,328 | 45,321 | 120,326 | 45,321 |

The accompanying notes are an integral part of these financial statements.

MADERO INDÚSTRIA E COMÉRCIO S.A. AND SUBSIDIARIES

**STATEMENT OF VALUE ADDED
FOR THE NINE-MONTH PERIODS ENDED MARCH 31
(All amounts in thousands of Brazilian reais)**

| | Parent | | Consolidated | |
|--|------------------|------------------|------------------|------------------|
| | 03/31/2022 | 03/31/2021 | 03/31/2022 | 03/31/2021 |
| REVENUES | | | | |
| Sales of goods and services, and other revenues | 368,759 | 249,397 | 368,759 | 249,397 |
| | <u>368,759</u> | <u>249,397</u> | <u>368,759</u> | <u>249,397</u> |
| INPUTS ACQUIRED FROM THIRD PARTIES | | | | |
| Raw materials and goods for resale | (100,941) | (70,700) | (100,941) | (70,700) |
| Materials, energy, outsourced services and other | (32,776) | (23,928) | (32,777) | (23,928) |
| | <u>(133,718)</u> | <u>(94,628)</u> | <u>(133,718)</u> | <u>(94,628)</u> |
| Gross value added | 235,041 | 154,769 | 235,040 | 154,769 |
| Depreciation and amortization | (48,749) | (33,639) | (48,749) | (33,639) |
| Net value added generated by the Company | <u>186,292</u> | <u>121,129</u> | <u>186,292</u> | <u>121,130</u> |
| VALUE ADDED RECEIVED THROUGH TRANSFER | | | | |
| Equity in the results of investees | 26 | (138) | (0) | (138) |
| Finance income | 2,663 | 341 | 2,663 | 341 |
| | <u>2,689</u> | <u>203</u> | <u>2,663</u> | <u>203</u> |
| TOTAL VALUE ADDED TO DISTRIBUTE (A) | <u>188,981</u> | <u>121,333</u> | <u>188,955</u> | <u>121,333</u> |
| DISTRIBUTION OF VALUE ADDED | | | | |
| Personnel | | | | |
| Direct compensation and benefits | (112,514) | (98,582) | (112,514) | (98,582) |
| Government Severance Indemnity Fund for Employees (FGTS) | (6,622) | (5,765) | (6,622) | (5,765) |
| TAXES | | | | |
| Federal | (28,445) | (19,821) | (28,449) | (19,821) |
| State | (13,057) | (10,074) | (13,057) | (10,074) |
| Municipal | (2,156) | (1,657) | (2,156) | (1,657) |
| FINANCIAL INSTITUTIONS AND SUPPLIERS | | | | |
| Finance costs | (76,607) | (31,782) | (76,607) | (31,783) |
| Payment of rentals and leases | (3,571) | (9,174) | (3,541) | (9,173) |
| SHAREHOLDERS | | | | |
| Accumulated deficit | 53,990 | 55,522 | 53,990 | 55,522 |
| TOTAL VALUE ADDED DISTRIBUTED (B) | <u>(188,981)</u> | <u>(121,333)</u> | <u>(188,955)</u> | <u>(121,333)</u> |

The accompanying notes are an integral part of these financial statements.

MADERO INDÚSTRIA E COMÉRCIO S.A. AND SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

AT MARCH 31, 2022

(All amounts in thousands of Brazilian reais, unless otherwise stated)

1. GENERAL INFORMATION

Madero Indústria e Comércio S.A. (“Madero Group” or “Company”) is a closely-held corporation headquartered in the city of Ponta Grossa, State of Paraná, mainly engaged in the sale of food products through its own restaurant chain, which currently comprises 262 multibrand restaurants (four of which are independent franchisees, and sixteen are franchisees owned or controlled by the major shareholder), distributed across eighteen Brazilian states and the Federal District.

The issue of these interim financial statements was authorized by the Board of Directors on April 29, 2022.

In March 2020, in view of the rapid spread of the disease caused by a new coronavirus (COVID-19), the World Health Organization (WHO) declared a global pandemic, with significant impacts on economic conditions in Brazil. The adverse effects intensified after March and April 2020, as the measures put in place by the federal, state, and local governments in response to the public health crisis gave rise to significant uncertainties for the global economy.

Revenues started to increase only in the third quarter of 2020, as full-time restaurant operations were resumed during weekdays and weekends. However, at the beginning of 2021, mainly from January to April, when a new wave of the pandemic led to lockdown decrees in some states and municipalities, with restrictions on restaurant opening hours, the sales dropped again.

Restrictions have been gradually lifted since April 2021, and in March 2022, same-store sales of restaurants aged 24 months and older, already reached 93.3% when compared to the same period in 2019, the last pre-pandemic year, which confirms that activities are gradually returning to normal levels. In the first quarter of 2022, all restaurants operated without service restrictions.

All the accounting effects regarding this issue are reflected in these interim financial statements.

1.1. Going concern

Management has concluded that there are no material reasons or uncertainties that would cast doubt on the Company's ability to continue as a going concern.

The Company's capital structure was completely reorganized with the implementation of measures such as: the capitalization of R\$ 300 million through the Madrid FIP fund on November 29, 2021, the rescheduling of debt, by lengthening the maturities to 5 and 6 years, with repayment of R\$ 100 million on February 21, 2022, the issue of Agribusiness Receivable Certificate (CRAs) of R\$ 500 million, and the refinancing of the main debts with Banco BTG S.A., Banco do Brasil S.A., Banco Bradesco S.A., and Banco Itaú S.A. in March 2022. As a result, the average term of the Company's debts increased from 1.4 years to 3.5 years at March 31, 2022.

The net cash provided by operating activities in the quarter was R\$36,061, reversing the negative result of -R\$80,454 recorded in March 31, 2021, and evidencing the Company's increased ability to generate cash in recent months.

Net operating revenue increased significantly when compared to the same period of last year, which reflects the resumption of operations with the easing of the pandemic effects.

At March 31, 2022, the Company and its subsidiaries (consolidated) presented negative net working capital of R\$ 79,036 (R\$ 567,728 at December 31, 2021). This situation is explained mainly by the characteristics of the Company's operations and the higher investments made in new restaurants. The Company's available liquidity, considering the additional generation of cash from operations projected for the next twelve months, is deemed sufficient to fully pay the short-term obligations up to March 31, 2023, either before or on the maturity date.

2. BASIS OF PREPARATION

These condensed interim financial statements have been prepared and are being presented in accordance with the Technical Pronouncement CPC 21(R1) - Interim Financial Statements, the International Standard IAS 34 - Interim Financial Reporting issued by the International Accounting Standards Board (IASB), and the standards issued by the Brazilian Securities Commission (CVM) applicable to the preparation of quarterly information, and disclose all the significant information related to interim financial statements, which is consistent with that utilized by management in the performance of its duties.

These condensed interim financial statements do not include all the explanatory notes usually presented in the annual financial statements. Accordingly, these condensed interim financial statements should be read in conjunction with the most recent annual financial statements (December 31, 2021)

The condensed interim financial statements have been prepared in a manner consistent with the accounting policies disclosed in the financial statements at December 31, 2021.

2.1. Significant accounting policies

There have been no significant changes in the Company's accounting policies in relation to those disclosed in the annual financial statements at December 31, 2021.

New accounting standards and interpretations have been published or are in the process of being amended to become effective within coming years; based on management's assessment, no material impact is expected from their adoption.

3. CASH AND CASH EQUIVALENTS

| | Parent | | Consolidated | |
|----------------------|----------------|----------------|----------------|----------------|
| | 03/31/2022 | 12/31/2021 | 03/31/2022 | 12/31/2021 |
| Cash | 1,860 | 1,886 | 1,860 | 1,886 |
| Bank balances | 15,195 | 7,953 | 15,193 | 7,956 |
| Cash equivalents (a) | 103,273 | 227,092 | 103,273 | 227,092 |
| | <u>120,328</u> | <u>236,931</u> | <u>120,326</u> | <u>236,934</u> |

- a) The balance of cash equivalents relates to financial investments in repurchase agreements, Bank Deposit Certificates (CDB) and funds V8 Cash FIRF (short term), which totaled R\$ 103,273 at March 31, 2022. At December 31, 2021, cash equivalents totaled R\$ 227,092 distributed in different types of investments, among which the CDB, NTN-B, XP Corporate and BTG CORP I. The balance of cash equivalents earns interest based on the CDI rate and has immediate liquidity.

4. FINANCIAL INVESTMENTS

| | Parent | | Consolidated | |
|-----------------------|-------------------|-------------------|-------------------|-------------------|
| | <u>03/31/2022</u> | <u>12/31/2021</u> | <u>03/31/2022</u> | <u>12/31/2021</u> |
| Financial investments | <u>11,091</u> | <u>21,585</u> | <u>11,091</u> | <u>21,585</u> |
| | <u>11,091</u> | <u>21,585</u> | <u>11,091</u> | <u>21,585</u> |
| Current | 5,264 | 21,585 | 5,264 | 21,585 |
| Non-current | 5,827 | - | 5,827 | - |
| | <u>11,091</u> | <u>21,585</u> | <u>11,091</u> | <u>21,585</u> |

The balance of financial investments at March 31, 2022 was comprised of R\$ 11,091 in CDBs (R\$ 21,585 at December 31, 2021) . The investments in CDB include guarantee clauses that require the Company to keep these amounts invested up to the maturity date of the agreements. The return on financial investments is based on the Interbank Deposit Certificate (CDI) rate.

5. ACCOUNTS RECEIVABLE

| | Parent | | Consolidated | |
|--|-------------------|-------------------|-------------------|-------------------|
| | <u>03/31/2022</u> | <u>12/31/2021</u> | <u>03/31/2022</u> | <u>12/31/2021</u> |
| Trade receivables | 57,575 | 77,622 | 57,674 | 77,691 |
| Receivables from related parties (Note 6) | <u>1,678</u> | <u>1,746</u> | <u>1,678</u> | <u>1,746</u> |
| | <u>59,253</u> | <u>79,368</u> | <u>59,352</u> | <u>79,437</u> |

The balance of receivables relates substantially to amounts receivable from debit and credit card operators for sales in the restaurants and marketplace platforms, with an average collection term from 1 to 30 days.

Management concluded that there was no need for recording a provision at March 31, 2022, due to the nature of the Company's business.

6. RELATED PARTIES

Breakdown of transactions between the Company and related parties:

| | Parent | | Consolidated | |
|---|-------------------|-------------------|-------------------|-------------------|
| | <u>03/31/2022</u> | <u>12/31/2021</u> | <u>03/31/2022</u> | <u>12/31/2021</u> |
| <u>Receivables from related parties</u> | | | | |
| Accounts receivable (a) | 1,678 | 1,746 | 1,678 | 1,746 |
| Intercompany receivables (b) | 25 | 5,666 | 25 | 5,666 |
| Total | <u>1,703</u> | <u>7,412</u> | <u>1,703</u> | <u>7,412</u> |
| <u>Payables to related parties</u> | | | | |
| Trade payables (c) | 493 | 352 | 493 | 352 |
| Total | <u>493</u> | <u>352</u> | <u>493</u> | <u>352</u> |

| | <u>03/31/2022</u> | <u>03/31/2021</u> | <u>03/31/2022</u> | <u>03/31/2021</u> |
|--|-------------------|-------------------|-------------------|-------------------|
| <u>Statement of profit or loss</u> | | | | |
| Revenue from sale and resale of products (d) | 6,073 | 6,054 | 6,073 | 6,054 |
| Royalties and advertising (e) | 2,933 | 2,533 | 2,933 | 2,533 |
| Share-based compensation (f) | (819) | (766) | (819) | (766) |
| Salaries and management fees (g) | (3,159) | (3,441) | (3,159) | (3,441) |
| Others | (305) | - | (305) | - |
| Total | <u>4,723</u> | <u>4,380</u> | <u>4,723</u> | <u>4,380</u> |

- (a) Relates to amounts receivable from the controlling shareholder in connection with royalties and sales of products to franchised restaurants.
- (b) Relates to the balance of amounts recorded in current accounts between the parent company and subsidiaries.
- (c) Relates to financial obligations undertaken by the Company regarding the controlling shareholder's franchised restaurants.
- (d) Sale of products and goods to franchised restaurants owned by the controlling shareholder.
- (e) Relates to royalties, advertising and administrative fees received by franchisees owned by the controlling shareholder, as provided for in contract.
- (f) The Company grants share-based compensation to its key officers and management members (Note 24).
- (g) Relates to salaries and benefits paid to management and employees who are treated as related parties.

A non-compete agreement effective for five years (from February 2, 2018 to February 27, 2023) was signed with a former administrative officer, who was treated as a related party until February 2, 2018 (Note 22).

7. KEY MANAGEMENT PERSONNEL COMPENSATION

Management is formed by officers, and members of the Board of Directors and the Audit Committee. Compensation paid to key management personnel for their services in the period ended March 31, 2022 totaled R\$4,282 (R\$3,848 at March 31, 2021).

8. INVENTORIES

| | <u>Parent</u> | | <u>Consolidated</u> | |
|---------------------|-------------------|-------------------|---------------------|-------------------|
| | <u>03/31/2022</u> | <u>12/31/2021</u> | <u>03/31/2022</u> | <u>12/31/2021</u> |
| Finished products | 49,346 | 47,632 | 49,346 | 47,632 |
| Products for resale | 5,820 | 22,408 | 5,820 | 22,408 |
| Raw materials | 6,288 | 12,096 | 6,288 | 12,096 |
| Work in progress | 1,171 | 1,658 | 1,171 | 1,658 |
| | <u>62,625</u> | <u>83,794</u> | <u>62,625</u> | <u>83,794</u> |

At March 31, 2022, the provision for inventory losses, in the amount of R\$ 4,947 (R\$2,344 at December 31, 2021) related to products not expected to be used or sold.

9. TAXES RECOVERABLE

| | Parent | | Consolidated | |
|---|---------------|---------------|---------------|---------------|
| | 03/31/2022 | 12/31/2021 | 03/31/2022 | 12/31/2021 |
| State Value-Added Tax (ICMS) (a) | 19,469 | 19,918 | 19,469 | 19,918 |
| Social Integration Program (PIS) and Social Contribution on Revenues (COFINS) | 2,147 | 2,339 | 2,147 | 2,339 |
| Income Tax (IRPJ) ANS Social Contribution on Net Income (CSLL) | 1,967 | 1,695 | 1,967 | 1,695 |
| Others | 292 | 312 | 293 | 312 |
| | <u>23,875</u> | <u>24,264</u> | <u>23,876</u> | <u>24,264</u> |
| Current assets | 17,181 | 18,165 | 17,182 | 18,165 |
| Non-current assets | 6,694 | 6,099 | 6,694 | 6,099 |
| Total | <u>23,875</u> | <u>24,264</u> | <u>23,876</u> | <u>24,264</u> |

(a) Relates mainly to the Control of ICMS Credits from Permanent Assets (CIAP). In 2021, the Company reviewed the control of credits of the current and previous periods and recognized the amount recoverable. These credits are offset against the balance of ICMS payable mainly on transfers from the Central Kitchen to the Restaurants.

10. OTHER ASSETS

| | Parent | | Consolidated | |
|-------------------------------------|---------------|---------------|---------------|---------------|
| | 03/31/2022 | 12/31/2021 | 03/31/2022 | 12/31/2021 |
| Advances to suppliers and employees | 5,353 | 7,515 | 5,353 | 7,515 |
| Insurance premium | 1,317 | 1,299 | 1,317 | 1,299 |
| Others | 3,797 | 3,210 | 3,795 | 3,200 |
| | <u>10,467</u> | <u>12,024</u> | <u>10,465</u> | <u>12,014</u> |
| Current | 9,710 | 11,323 | 9,708 | 11,316 |
| Non-current | 757 | 701 | 757 | 698 |
| | <u>10,467</u> | <u>12,024</u> | <u>10,465</u> | <u>12,014</u> |

11. INVESTMENTS

Changes in investments

| | 03/31/2022 | | 12/31/2021 | |
|--------------------------|------------|-------------------|------------|-------------------|
| | Equity | Investment amount | Equity | Investment amount |
| <u>Parent</u> | | | | |
| Mila Adm. de Imóveis | 2,870 | 2,867 | 2,844 | 2,841 |
| Total ownership interest | 2,870 | 2,867 | 2,844 | 2,842 |

| | <u>At</u> <u>03/31/2022</u> | <u>Equity in the</u> <u>results of</u> <u>subsidiaries</u> | <u>At</u> <u>12/31/2021</u> |
|-----------------------------------|--------------------------------|--|--------------------------------|
| Mila Adm. de Imóveis | 2,867 | 26 | 2,841 |
| Total investments in subsidiaries | <u>2,867</u> | <u>26</u> | <u>2,841</u> |

12. RIGHT-OF-USE ASSETS (PARENT AND CONSOLIDATED)

The Company leases properties (offices, restaurants, and employee housing) for an average period of 120 months (10 years), under lease agreements that provide for annual indexation based on IGPM, IPCA, INPC and IGP-DI.

Changes in the balance for the quarter ended March 31, 2022 were as follows:

| <u>Non-current assets</u> | <u>Parent and</u> <u>Consolidated</u> |
|---------------------------------------|--|
| At 12/31/2021 | 633,335 |
| (+) Additions | 1,473 |
| (+) Remeasurement | 47,653 |
| (-) Depreciation | <u>(17,922)</u> |
| At 03/31/2022 | <u>664,539</u> |
| <u>Lease liabilities</u> | |
| <u>Liabilities</u> | <u>Parent and</u> <u>Consolidated</u> |
| At 12/31/2021 | 702,950 |
| (+) Additions | 1,473 |
| (+) Remeasurement | 47,653 |
| (+) Financial charges | 14,056 |
| (-) Repayment of interest | (14,056) |
| (-) Repayment of the principal amount | <u>(11,367)</u> |
| At 03/31/2022 | <u>740,709</u> |
| Current liabilities | 108,739 |
| Non-current liabilities | <u>631,970</u> |
| | <u>740,709</u> |

The lease liability amounts are adjusted annually based on the following indexes:

| <u>Adjustment index</u> | <u>03/31/2022</u> | <u>12/31/2021</u> |
|---|-------------------|-------------------|
| General Market Price Index (IGPM) | 484,097 | 458,094 |
| Market Price Index – Internal Availability (IGP-DI) | 207,792 | 200,180 |
| National Consumer Price Index (INPC) | 21,695 | 19,365 |
| Amplified Consumer Price Index (IPCA) | 26,275 | 24,753 |
| Others | 849 | 558 |
| Total | <u>740,709</u> | <u>702,950</u> |

Impact on profit (loss) for the period

| <u>Parent and Consolidated</u> | <u>03/31/2022</u> | <u>03/31/2021</u> |
|-------------------------------------|-------------------|-------------------|
| Amortization of right-of-use assets | (17,922) | (13,499) |
| Charges on lease liabilities | (14,056) | (12,029) |
| Discounts obtained | - | 5,187 |
| | <u>(31,978)</u> | <u>(20,341)</u> |

Additional disclosures required by CVM

In compliance with Circular Letter/CVM/SNC/SEP/02/2019, the Company presents the comparative balances of lease liabilities, right-of-use assets, finance costs and depreciation expenses, considering the effects of projected future inflation on cash flows from lease agreements, discounted at the nominal rate:

| <u>Right-of-use assets, net - closing balance</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> | <u>2025</u> | <u>2025 onwards</u> |
|---|-------------|-------------|-------------|-------------|---------------------|
| As per IFRS 16/CPC 06 (R2)) | 664,552 | 606,059 | 532,249 | 460,315 | 390,938 |
| Cash flow with projected inflation | 1,275,760 | 1,181,837 | 1,060,644 | 941,334 | 824,167 |
| Variation | 92% | 95% | 99% | 104% | 111% |
| <u>Depreciation expense</u> | | | | | |
| As per IFRS 16/CPC 06 (R2)) | 73,299 | 71,934 | 69,394 | 64,642 | 335,473 |
| Cash flow with projected inflation | 118,291 | 117,835 | 114,949 | 108,708 | 680,426 |
| Variation | 61% | 64% | 66% | 68% | 103% |
| <u>Lease liabilities</u> | | | | | |
| As per IFRS 16/CPC 06 (R2)) | 740,415 | 644,128 | 588,415 | 527,216 | 462,754 |
| Cash flow with projected inflation | 1,374,358 | 1,341,120 | 1,338,248 | 1,326,013 | 1,300,848 |
| Variation | 86% | 108% | 127% | 152% | 181% |
| <u>Finance cost</u> | | | | | |
| As per IFRS 16/CPC 06 (R2)) | 55,625 | 51,776 | 47,510 | 42,845 | 291,157 |
| Cash flow with projected inflation | 104,353 | 104,482 | 104,390 | 103,715 | 1,437,142 |
| Variation | 88% | 102% | 120% | 142% | 394% |

Maturity of the lease agreements

| <u>Installment maturity dates</u> | <u>3/31/22</u> | <u>12/31/2021</u> |
|-----------------------------------|-----------------------|-----------------------|
| Less than 1 year | 119,047 | 114,990 |
| From 1 to 2 years | 115,029 | 111,679 |
| Between 2 and 3 years | 110,269 | 107,479 |
| From 3 to 4 years | 102,347 | 100,537 |
| Over 4 years | <u>570,301</u> | <u>575,270</u> |
| Undiscounted amounts | 1,016,992 | 1,009,955 |
| Built-in interest | <u>(276,283)</u> | <u>(307,005)</u> |
| Total | <u><u>740,709</u></u> | <u><u>702,950</u></u> |

The following table shows the potentially recoverable PIS/COFINS credits embedded in the lease payments, according to the expected payment schedule:

| <u>Cash flow</u> | <u>Nominal</u> | <u>Adjusted to present value</u> |
|------------------------------|----------------|----------------------------------|
| Lease payment | 1,016,992 | 740,709 |
| Potential PIS/COFINS (9.25%) | 94,072 | 68,516 |

13. PROPERTY , PLANT AND EQUIPMENT

The Company reviews annually the useful life of its property and equipment items at the rates shown below:

| <u>Depreciation</u> | <u>Rate</u> | <u>Useful life (in years)</u> |
|-------------------------|----------------|-------------------------------|
| Buildings | 1.70% | 59 |
| Leasehold improvements | 6.84% | 15 |
| Machinery and equipment | 8.55% | 12 |
| IT equipment | 20.24% | 5 |
| Furniture and fixtures | 9.45% | 11 |
| Vehicles | 8.13% - 20.20% | 5 - 12 |

Breakdown of property, plant and equipment:

| <u>Parent</u> | | | <u>03/31/2022</u> | <u>12/31/2021</u> |
|------------------------------|-------------------------|---------------------------------|-------------------------|-------------------------|
| <u>Item</u> | <u>Cost</u> | <u>Accumulated depreciation</u> | <u>Net</u> | <u>Net</u> |
| Land | 42,311 | - | 42,311 | 42,311 |
| Buildings | 259,272 | (4,764) | 254,508 | 250,969 |
| Machinery and equipment | 305,836 | (51,587) | 254,249 | 257,769 |
| IT equipment | 106,742 | (34,070) | 72,672 | 70,130 |
| Furniture and fixtures | 66,813 | (12,066) | 54,747 | 54,699 |
| Vehicles (a) | 56,593 | (20,620) | 35,973 | 37,677 |
| Leasehold improvements (b) | 753,871 | (155,701) | 598,170 | 591,638 |
| Construction in progress (c) | 37,554 | - | 37,554 | 14,755 |
| Total | <u>1,628,992</u> | <u>(278,808)</u> | <u>1,350,184</u> | <u>1,319,948</u> |

| <u>Consolidated</u> | | | <u>03/31/2022</u> | <u>12/31/2021</u> |
|------------------------------|-------------------------|---------------------------------|-------------------------|-------------------------|
| <u>Item</u> | <u>Cost</u> | <u>Accumulated depreciation</u> | <u>Net</u> | <u>Net</u> |
| Land | 42,584 | - | 42,584 | 42,584 |
| Buildings | 261,777 | (4,764) | 257,013 | 253,474 |
| Machinery and equipment | 305,836 | (51,587) | 254,249 | 257,769 |
| IT equipment | 106,742 | (34,070) | 72,672 | 70,130 |
| Furniture and fixtures | 66,813 | (12,066) | 54,747 | 54,699 |
| Vehicles (a) | 56,593 | (20,620) | 35,973 | 37,677 |
| Leasehold improvements (b) | 753,871 | (155,701) | 598,170 | 591,638 |
| Construction in progress (c) | 37,555 | - | 37,555 | 14,755 |
| Total | <u>1,631,771</u> | <u>(278,808)</u> | <u>1,352,963</u> | <u>1,322,726</u> |

(a) Relates mainly to the fleet of trucks and light-duty vehicles.

(b) Relates to restaurant facilities;

(c) Relates to purchases of machinery and equipment for the manufacturing plant and construction in progress for new restaurants.

Financial charges incurred during the construction of property, plant and equipment, amounting to R\$ 582 were capitalized at the rate of 9.96% p.a. at March 31, 2022.

Changes in property, plant and equipment in the periods ended March 31, 2022 and 2021 were as follows:

| Parent | 12/31/ 2021 | | | | 03/31/2022 | |
|--------------------------|-----------------------|---------------|----------------|-----------------|------------|-----------------------|
| | (Net of depreciation) | Purchases | Write-offs | Depreciation | Transfers | (Net of depreciation) |
| Land | 42,311 | - | - | - | - | 42,311 |
| Buildings | 250,969 | 4,519 | - | (1,034) | 54 | 254,508 |
| Machinery and equipment | 257,769 | 2,570 | (366) | (5,970) | 246 | 254,249 |
| IT equipment | 70,130 | 7,195 | (595) | (4,058) | - | 72,672 |
| Furniture and fixtures | 54,699 | 1,596 | (1) | (1,639) | 92 | 54,747 |
| Vehicles | 37,677 | 164 | (168) | (1,700) | - | 35,973 |
| Leasehold improvements | 591,638 | 14,507 | (18) | (12,529) | 4,572 | 598,170 |
| Construction in progress | 14,755 | 27,763 | - | - | (4,964) | 37,554 |
| Total | 1,319,948 | 58,314 | (1,148) | (26,930) | - | 1,350,184 |

| Consolidated | 12/31/2021 | | | | 03/31/2022 | |
|--------------------------|-----------------------|---------------|----------------|-----------------|------------|-----------------------|
| | (Net of depreciation) | Purchases | Write-offs | Depreciation | Transfers | (Net of depreciation) |
| Land | 42,584 | - | - | - | - | 42,584 |
| Buildings | 253,474 | 4,519 | - | (1,034) | 54 | 257,013 |
| Machinery and equipment | 257,769 | 2,570 | (366) | (5,970) | 246 | 254,249 |
| IT equipment | 70,130 | 7,195 | (595) | (4,058) | - | 72,672 |
| Furniture and fixtures | 54,699 | 1,596 | (1) | (1,639) | 92 | 54,747 |
| Vehicles | 37,677 | 164 | (168) | (1,700) | - | 35,973 |
| Leasehold improvements | 591,638 | 14,507 | (18) | (12,529) | 4,572 | 598,170 |
| Construction in progress | 14,755 | 27,763 | - | - | (4,964) | 37,555 |
| Total | 1,322,726 | 58,314 | (1,148) | (26,930) | - | 1,352,963 |

| Parent | 12/31/2020 | Purchases | Write-offs | Depreciation | Transfers | 03/31/2021 |
|--------------------------|-----------------------|----------------|--------------|-----------------|-----------|-----------------------|
| | (Net of depreciation) | | | | | (Net of depreciation) |
| Land | 23,339 | 18,972 | | | | 42,311 |
| Buildings | 221,318 | 2,018 | - | (594) | - | 222,742 |
| Machinery and equipment | 201,552 | 11,717 | (410) | (5,402) | 1,912 | 209,369 |
| IT equipment | 51,763 | 2,828 | - | (3,499) | 309 | 51,401 |
| Furniture and fixtures | 40,365 | 1,395 | - | (1,085) | 906 | 41,581 |
| Vehicles | 48,221 | 325 | - | (1,081) | - | 47,465 |
| Leasehold improvements | 418,910 | 24,658 | - | (6,088) | 6,828 | 444,308 |
| Construction in progress | 101,861 | 38,157 | - | - | (9,955) | 130,063 |
| Total | <u>1,107,329</u> | <u>100,070</u> | <u>(410)</u> | <u>(17,749)</u> | <u>-</u> | <u>1,189,240</u> |

| Consolidated | 12/31/2020 | Purchases | Write-offs | Depreciation | Transfers | 03/31/2021 |
|--------------------------|-----------------------|----------------|--------------|-----------------|-----------|-----------------------|
| | (Net of depreciation) | | | | | (Net of depreciation) |
| Land | 23,612 | 18,972 | - | - | - | 42,584 |
| Buildings | 223,823 | 2,018 | - | (594) | - | 225,247 |
| Machinery and equipment | 201,552 | 11,717 | (410) | (5,402) | 1,912 | 209,369 |
| IT equipment | 51,763 | 2,828 | - | (3,499) | 309 | 51,401 |
| Furniture and fixtures | 40,365 | 1,395 | - | (1,085) | 906 | 41,581 |
| Vehicles | 48,221 | 325 | - | (1,081) | - | 47,465 |
| Leasehold improvements | 418,910 | 24,658 | - | (6,088) | 6,828 | 444,308 |
| Construction in progress | 101,861 | 38,157 | - | - | (9,955) | 130,063 |
| Total | <u>1,110,107</u> | <u>100,070</u> | <u>(410)</u> | <u>(17,749)</u> | <u>-</u> | <u>1,192,018</u> |

14. INTANGIBLE ASSETS

Changes in intangible assets in the quarters ended March 31, 2022 and 2021 were as follows:

| <u>Parent and Consolidated</u> | <u>Rate (%)</u> | <u>12/31/2021</u> | <u>Additions</u> | <u>Amortization</u> | <u>03/31/2022</u> |
|--|-----------------|-------------------|------------------|---------------------|-------------------|
| o | 10 | 1,945 | - | (209) | 1,736 |
| Software and systems (b) | 20 | 34,262 | 3,444 | (1,770) | 35,936 |
| Non-compete agreement (d) | 20 | 8,358 | - | (1,475) | 6,883 |
| Fair value of franchise agreements (e) | | 5,025 | - | (442) | 4,583 |
| Goodwill on acquisition of franchises | | <u>17,147</u> | <u>-</u> | <u>-</u> | <u>17,147</u> |
| Total | | <u>66,737</u> | <u>3,444</u> | <u>(3,896)</u> | <u>66,285</u> |

| <u>Parent and Consolidated</u> | <u>Rate (%)</u> | <u>12/31/2021</u> | <u>Additions</u> | <u>Amortization</u> | <u>03/31/2021</u> |
|--|-----------------|-------------------|------------------|---------------------|-------------------|
| Goodwill (a) | 10 | 2,988 | - | (417) | 2,571 |
| Software and systems (b) | 20 | 10,015 | 4,961 | (668) | 14,308 |
| Software under development (c) | | 14,239 | 114 | - | 14,353 |
| Non-compete agreement (d) | 20 | 14,258 | - | (1,475) | 12,783 |
| Fair value of franchise agreements (e) | | 7,225 | - | (885) | 6,340 |
| Goodwill on acquisition of restaurants | | <u>17,147</u> | <u>-</u> | <u>-</u> | <u>17,147</u> |
| Total | | <u>65,872</u> | <u>5,075</u> | <u>(3,445)</u> | <u>67,502</u> |

- (a) Right to use the commercial location of restaurants;
- (b) Right to use software licenses;
- (c) ERP Protheus implementation costs;
- (d) (d) Non-compete agreement effective for five years (from February 2018 to February 2023) entered into with a former officer (treated as a related party up to February 2018).
- (e) Relates to rights reacquired through acquisitions of franchised restaurants.

15. IMPAIRMENT

For the year ended December 31, 2021, the Company performed impairment testing on its intangible assets - goodwill of cash-generating units (CGUs), which are identified at the operating segment level to which goodwill and long-lived assets are allocated. The test performed did not identify any impairment losses on the goodwill recognized by the Company. For the period ended March 31, 2022, no impairment losses on goodwill were identified either.

- i) Main assumptions used in the impairment test

Management has determined the gross margin based on its expectations of market development, projections and conditions for each CGU. The Company manages the CGUs and monitors their performance based on three segments: Madero, Jeronimo, and Others.

The revenue growth rate is based on management's expectations of market development, which consider the pandemic environment and its impact on the Company's revenue for 2021.

The long-term growth rate, which is comprised primarily of the forecast inflation rate, does not exceed the long-term average growth rate for the food industry in which the CGU operates. The study considered a five-year timeframe in the projection.

The weighted average growth rates used are consistent with forecasts included in industry reports, as well as in the Company's strategic plan approved by the Board of Directors, and consider an inflation rate of 4% p.a. for the Madero segment, and 5% for Jeronimo and Others.

The estimated future cash flows were discounted at the weighted average cost of capital (WACC) rate of 13.57% p.a., adjusted by the estimated pre-tax discount rate of 17.7% p.a. for Madero, 18.1% p.a. for Jeronimo, and 22.8% p.a. for Others at December 31, 2021, reflecting the rate of return expected by market participants.

ii) Sensitivity analysis

The Company also performed sensitivity analyses for other relevant assumptions, such as net revenue, and concluded that a 10% reduction in revenue foreseen for each CGU would not have resulted in the recognition of an impairment loss.

16. TRADE PAYABLES

| | Parent | | Consolidated | |
|----------------------------------|-------------------|-------------------|-------------------|-------------------|
| | <u>03/31/2022</u> | <u>12/31/2021</u> | <u>03/31/2022</u> | <u>12/31/2021</u> |
| Trade payables - local suppliers | 64,159 | 68,806 | 64,159 | 68,806 |
| | <u>64,159</u> | <u>68,806</u> | <u>64,159</u> | <u>68,806</u> |

Trade payables relate to the purchases of materials for the manufacture of products, goods for resale, equipment for new restaurants, and payables to service providers.

17. BORROWINGS (PARENT AND CONSOLIDATED)

Changes in borrowings in the periods ended March 31, 2022 and 2021 were as follows:

| | Annual average rate - % | 12/31/2021 | New borrowings | Debt rescheduling | Transaction costs | (-) Repayment of the principal amount | (-) Repayment of interest | Accrued interest | March 31, 2022 |
|--|-------------------------------|------------------|-------------------|----------------------|----------------------|---|------------------------------|---------------------|-------------------|
| Working capital, CCB and CDCA | 6.94 | 772,717 | - | (327,128) | - | (404,749) | (31,056) | 44,216 | 44,216 |
| Rescheduling of Working capital, Direct Consumer Credit (CCB), and Agribusiness Credit Rights Certificate (CDCA) | CDI +7.18 | - | - | 327,128 | (5,856) | - | - | 1,862 | 1,862 |
| Agribusiness Receivable Certificate (CRA) - 1st series | IPCA + 9.17 | - | 200,888 | - | (22,616) | - | - | 2,160 | 2,160 |
| CRA 2nd series | CDI +3.5 | - | 299,112 | - | (27,306) | - | - | 2,310 | 2,310 |
| Debentures | 7.13 | 160,925 | - | (110,409) | - | (51,763) | (5,348) | 6,595 | 6,595 |
| Debentures and rescheduling | CDI +7.18 | - | - | 110,409 | (1,104) | - | - | 634 | 634 |
| Promissory Note | 7.34 | 81,748 | - | - | - | (80,000) | (4,563) | 2,815 | 2,815 |
| Finame/BNDES | 7.06 | 3,726 | - | - | - | (3,368) | (216) | 202 | 202 |
| Others | 13.49 | 3,699 | - | - | - | (1,618) | (194) | 79 | 1,966 |
| | | <u>1,022,815</u> | <u>500,000</u> | <u>-</u> | <u>(56,882)</u> | <u>(541,498)</u> | <u>(41,377)</u> | <u>60,873</u> | <u>943,931</u> |
| Current liabilities | | 706,878 | | | | | | | 56,898 |
| Non-current liabilities | | 315,937 | | | | | | | 887,033 |

| | Annual average rate - % | 12/31/2020 | New borrowings | Transaction costs | (-) Repayment of the principal amount | (-) Repayment of interest | Accrued interest | 3/31/2021 |
|---|-------------------------------|----------------|-------------------|----------------------|---|------------------------------|---------------------|----------------|
| Working capital, CDC, CDCA, and 4131 | 6.40 | 450,219 | 350,000 | (12,872) | (50,000) | (8,771) | 15,175 | 743,751 |
| Debentures | 5.52 | 158,544 | - | - | - | - | 1,909 | 160,453 |
| Promissory Note | 5.52 | 80,129 | - | - | - | - | - | 80,129 |
| Finame/Proger/BNDES | 8.30 | 5,545 | - | - | - | (708) | 246 | 5,083 |
| Others | 13.49 | 10,484 | - | - | - | (1,886) | 179 | 8,777 |
| | | <u>704,921</u> | <u>350,000</u> | <u>(12,872)</u> | <u>(50,000)</u> | <u>(11,365)</u> | <u>17,509</u> | <u>998,193</u> |
| Current liabilities | | 349,136 | | | | | | 459,185 |
| Non-current liabilities | | 355,785 | | | | | | 539,001 |

As part of its debt rescheduling strategy, in March 2022, the Company issued CRAs in the amount of R\$ 500 million backed by debentures of the Madero Group, and signed contractual amendments with its main financial partners extending the debt maturities to 5 and 6 years, as described below:

i) Renegotiation:

a. Payments:

- i. As a result of the contractual amendments, the Company settled, in part or in full, the debts previously contracted, in the amount of R\$ 536,512 related to Debentures and Promissory Notes with Banco Itaú S.A., CCBs with Banco do Brasil S.A., CCBs with Banco BTG Pactual S.A. and CDCAs with Banco Bradesco S.A.

b. Debt rescheduling

- i. On March 21, 2022, the Company signed an amendment relating to the CDCAs with Banco Bradesco S.A.
- ii. On March 21, 2022, the Company signed an amendment relating to the CCBs with Banco do Brasil S.A.
- iii. On March 21, 2022, the Company signed an amendment relating to its 4th issue of Debentures, currently held by Banco Itaú S.A.
- iv. On March 21, 2022, the Company signed an amendment relating to the CCBs with Banco BTG Pactual S.A.

The maturities of the debts listed above were extended to 60 months, with an 18-month grace period for the principal. Interest on debt was revised to CDI plus 7.18% p.a. Furthermore, these debts are secured by a shared guarantee, corresponding to the assignment of receivables equivalent to 10% of the outstanding balance, and Banco do Brasil has an additional guarantee in the form of a reserve account equivalent to 5% of the outstanding balance.

c. Issue of debentures (Agribusiness Receivable Certificate - CRA):

- i. On March 15, 2022, through ECO Securitizadora de Direitos Creditórios do Agronegócio S.A., the Company issued two series of non-convertible debentures in the total amount of R\$500,000, secured by receivables corresponding to 8% of the outstanding balance and a reserve account for the next 6 installments, with a maximum limit of R\$50 million:
 1. First series of R\$200,888, maturing in 72 months, with an 18-month grace period of the principal. Interest on debentures will be calculated based on the IPCA + 9.1718% p.a.
 2. Second series of R\$299,112, maturing in 60 months with an 18-month grace period for the principal. Interest on debentures will be calculated based on the CDI + 3.5% p.a.

17.1. Collateral

At March 31, 2022, equipment in the amount of R\$ 2,312 (R\$ 17,245 on December 31, 2021) and investments in the amount of R\$ 11,091 (R\$ 21,585 on December 31, 2021) were pledged as collateral. During the quarter, no receivables were pledged as collateral (R\$ 61,317 at December 31, 2021) since the Company included a condition precedent clause regarding the guarantees defined in the assignment agreements for the period.

17.2. Covenants

The Company's borrowing agreements include covenants that may require the early repayment or restructuring of debts in the event of noncompliance.

- a) The financial ratio resulting from the division of the Company's Net Debt by the Company's annualized Ebitda must be equal to or less than 3 times for 2022 and 2.5 times the last 12M Ebitda from March 31, 2023.
- b) The maximum gross debt must be equal to or less than R\$1,000,000 (one billion reais). Providing that the Company has complied with the requirements of the previous item, the financial covenant set forth in this item will not be required after March 31, 2023.

At March 31, 2022 the Company had complied with both covenant clauses, as shown below:

| Covenant | Gross debt | Net debt | Annualized EBITDA (a) | Net debt / annualized EBITDA | Compliance with the covenant |
|----------|------------|----------|-----------------------|------------------------------|------------------------------|
| Clause A | 943,931 | 812,514 | 274,496 | 2.96 | Yes |
| Clause B | 943,931 | 812,514 | - | - | Yes |

- (a) The calculation considers the EBITDA for the first quarter of 2022 multiplied by 4, as provided for in the borrowing contracts.

18. PAYROLL CHARGES (PARENT AND CONSOLIDATED)

| | Parent | | Consolidated | |
|---|---------------|---------------|---------------|---------------|
| | 03/31/2022 | 12/31/2021 | 03/31/2022 | 12/31/2021 |
| Salaries and payroll charges | 26,576 | 32,171 | 26,576 | 32,171 |
| Provision for vacation pay and 13th. month salary | 47,912 | 45,337 | 47,912 | 45,337 |
| Social security installments (a) | 16,325 | 16,498 | 16,325 | 16,498 |
| Others | 955 | 494 | 955 | 494 |
| | <u>91,768</u> | <u>94,500</u> | <u>91,768</u> | <u>94,500</u> |
| Current liabilities | 77,076 | 79,363 | 77,076 | 79,363 |
| Non-current liabilities | 14,692 | 15,137 | 14,692 | 15,137 |
| | <u>91,768</u> | <u>94,500</u> | <u>91,768</u> | <u>94,500</u> |

- (a) The Company elected to enroll in the Special Program for Tax Regularization (PERT) to settle a social security debt of R\$ 26,816, in 145 monthly installments up to December 2030. The remaining balance of R\$ 16,326 at March 31, 2022 (R\$ 16,497 at December 31, 2021) bears interest based on the SELIC rate (the Central Bank's benchmark interest rate).

19. TAX OBLIGATIONS

| | Parent | | Consolidated | |
|-----------------------------------|-------------------|-------------------|-------------------|-------------------|
| | <u>03/31/2022</u> | <u>12/31/2021</u> | <u>03/31/2022</u> | <u>12/31/2021</u> |
| Federal taxes payable (a) | 11,381 | 12,633 | 11,381 | 12,633 |
| State taxes payable | 25,066 | 28,619 | 25,066 | 28,619 |
| Municipal taxes payable (b) | 144 | 148 | 150 | 154 |
| Taxes payable in installments (c) | 31,487 | 32,387 | 31,487 | 32,388 |
| | <u>68,078</u> | <u>73,787</u> | <u>68,084</u> | <u>73,794</u> |
| Current liabilities | 32,535 | 34,857 | 32,541 | 34,864 |
| Non-current liabilities | 35,543 | 38,930 | 35,543 | 38,930 |
| | <u>68,078</u> | <u>73,787</u> | <u>68,084</u> | <u>73,794</u> |

- (a) Relates mainly to Social Integration Program (PIS) and Social Contribution on Revenues (COFINS).
- (b) Relates to the State Value Added Tax on Sales and Services (ICMS), which is segregated between short and long term thanks to the tax benefit granted by the State Government (Paraná Competitive Program) extending the payment term.
- (c) The Company enrolled in the Special Program for Tax Regularization (PERT) to settle tax debts at the federal and municipal levels, totaling R\$ 34,783, to be paid in 145 monthly installments up to December, 2030. The remaining balance of R\$ 16,568 at March 31, 2022 (R\$ 16,792 at December 31, 2021) bears interest based on the SELIC rate (the Central Bank's benchmark interest rate).

20. DEFERRED REVENUE (PARENT AND CONSOLIDATED)

| | Parent | | Consolidated | |
|-------------------------|-------------------|-------------------|-------------------|-------------------|
| | <u>03/31/2022</u> | <u>12/31/2021</u> | <u>03/31/2022</u> | <u>12/31/2021</u> |
| Upfront revenue (a) | 2,641 | 2,928 | 2,641 | 2,928 |
| Government grants (c) | 36,066 | 36,304 | 36,066 | 36,304 |
| | <u>38,707</u> | <u>39,232</u> | <u>38,707</u> | <u>39,232</u> |
| Current liabilities | 2,284 | 4,613 | 2,284 | 4,613 |
| Non-current liabilities | 36,423 | 34,619 | 36,423 | 34,619 |
| | <u>38,707</u> | <u>39,232</u> | <u>38,707</u> | <u>39,232</u> |

- a) Exclusivity fee paid by some suppliers for the Madero Group to give preference to their products over those of other suppliers. This revenue is deferred and recognized over the contract term, usually of four years.

- b) These are government grants for land acquisition, upon compliance with the required investment obligations. In the first quarter of 2021, the municipal government of Ponta Grossa granted an additional piece of land to the Company for it to continue the expansion of the manufacturing plant. These grants are recognized as expenses over the useful life of the constructed asset (plant) to be settled over 56 years.

21. PROVISIONS FOR CONTINGENCIES

Based on the assessment of probable risks arising from tax and labor lawsuits, the Company recorded a provision of R\$8,027 at March 31, 2022 (R\$8,603 at December 31, 2021), as follows:

| <u>Parent and Consolidated</u> | <u>12/31/2021</u> | <u>Additions</u> | <u>Write-offs</u> | <u>03/31/2022</u> |
|--------------------------------|-------------------|------------------|-------------------|-------------------|
| Tax contingencies (a) | 5,143 | - | (51) | 5,092 |
| Labor contingencies | 3,332 | - | (489) | 2,843 |
| Civil contingencies | 128 | - | (36) | 92 |
| Total | <u>8,603</u> | <u>-</u> | <u>(576)</u> | <u>8,027</u> |
| <u>Parent and Consolidated</u> | <u>12/31/2020</u> | <u>Additions</u> | <u>Write-offs</u> | <u>12/31/2021</u> |
| Tax contingencies (a) | 6,706 | 109 | (765) | 5,143 |
| Labor contingencies | 2,659 | 1,661 | (988) | 3,332 |
| Civil contingencies | 125 | 277 | (274) | 128 |
| Total | <u>9,490</u> | <u>2,047</u> | <u>(2,027)</u> | <u>8,603</u> |

- (a) These are provisions for contingencies related to federal taxes, especially the Tax on Financial Transactions (IOF) levied on operations between Group companies.

Lawsuits with likelihood of possible loss

Based on information from its legal advisors, management estimated the amounts of the contingencies classified as involving possible loss:

| | <u>03/31/2022</u> | <u>12/31/2021</u> |
|-----------------------|-------------------|-------------------|
| Tax contingencies (a) | 65,091 | 64,165 |
| Labor (b) | 18,114 | 38,289 |
| Civil contingencies | 1,586 | 1,513 |
| Total | <u>84,791</u> | <u>103,967</u> |

- (a) Relates mainly to taxes and contributions levied on prior periods' operations, in connection with the Company's corporate structure. Although the operations have been carried in compliance with the legislation, different interpretations regarding the tax and social security treatment applied may arise, which caused this contingency to be classified as involving possible risk of loss.
- (b) The Company and its subsidiaries are parties to labor lawsuits estimated, by their legal advisors, as involving a possible loss of R\$18,154.

22. OTHER LIABILITIES

| | Parent | | Consolidated | |
|----------------------------------|---------------|---------------|---------------|---------------|
| | 03/31/2022 | 12/31/2021 | 03/31/2022 | 12/31/2021 |
| Acquisition of units (a) | 4,556 | 4,435 | 4,556 | 4,435 |
| Provisions (b) | 16,370 | 15,822 | 16,370 | 15,822 |
| <i>Non-Compete agreement (c)</i> | 8,720 | 8,555 | 8,720 | 8,555 |
| Others | 1,482 | 2,853 | 1,482 | 2,853 |
| | <u>31,128</u> | <u>31,665</u> | <u>31,128</u> | <u>31,665</u> |
| Current liabilities | 11,796 | 13,329 | 11,796 | 13,329 |
| Non-current liabilities | 19,332 | 18,336 | 19,332 | 18,336 |
| | <u>31,128</u> | <u>31,665</u> | <u>31,128</u> | <u>31,665</u> |

- (a) Relates to the deferred consideration payable for acquisition of franchises in 2019, and acquisitions made prior to 2017. The amounts will be paid by January 16, 2023.
- (b) Relates mainly to the provision for indemnity under the share option benefit plan and expenses incurred but not yet charged.
- (c) Non-compete agreement effective for five years (from February 2018 to February 2023) entered into with a former officer (treated as a related party up to February 2018).

23. EQUITY

Share capital

Authorized share capital is divided into 450,000 common shares. At March 31, 2022, subscribed and paid-up share capital amounted to R\$ 1,022,768, represented by 346,361 shares.

| | Number of shares (in thousands) | Share capital |
|---|---------------------------------------|------------------|
| At December 31, 2020 | 317,246 | 722,964 |
| Additional equity interest - Madrid (a) | 29,115 | 299,804 |
| At December 31, 2021 | <u>346,361</u> | <u>1,022,768</u> |
| At March 31, 2022 | <u>346,361</u> | <u>1,022,768</u> |

All the shares issued were fully paid up at March 31, 2022. The Company has 314,820 common shares and 31,541 preferred shares.

- a) On November 29, 2021, the Company issued 29,115 new shares to Madrid Fundo de Investimento em Participações Multiestratégia (“Madrid”) for the amount of R\$299,804.

The investment made by the Madrid Fund includes certain guarantees for nonperformance of contractual obligations or conflicts in relation to the Shareholders’ Agreement, relating to the investigation initiated by the Brazilian Federal Police against the Company’s controlling shareholder in the city of Curitiba in 2016. Among these guarantees is the Fund’s right to receive a bonus corresponding to up to 10% of Madero’s outstanding shares held by the controlling shareholder.

Management believes that the probability of the mentioned controlling shareholder being held criminally liable is remote.

23.1. Loss per share

a) Basic loss per share

Basic earnings (loss) per share are calculated by dividing the profit attributable to the shareholders of the Company by the number of common shares outstanding during the quarters ended March 31:

| | <u>03/31/2022</u> | <u>03/31/2021</u> |
|---|-------------------|-------------------|
| <u>Numerator</u> | | |
| Loss for the year attributable to shareholders | (53,990) | (55,522) |
| <u>Denominator</u> | | |
| Weighted average number of common shares outstanding (in thousands) | 346,361 | 317,246 |
| Basic loss per share (in reais) | (0.16) | (0.18) |

b) Diluted loss per share

Diluted earnings (loss) per share are calculated by adjusting the weighted average number of common shares outstanding to assume the conversion of all potentially dilutive common shares. The shares granted under the stock option program (Note 24) are the Company's only potentially dilutive common shares. However, they were not considered in the calculation of diluted earnings per share due to their anti-dilutive effect.

| | <u>03/31/2022</u> | <u>03/31/2021</u> |
|--|-------------------|-------------------|
| <u>Numerator</u> | | |
| Profit (loss) attributable to owners of the Parent | (53,990) | (55,522) |
| <u>Denominator</u> | | |
| Weighted average number of common shares outstanding (in thousands) | 346,361 | 317,246 |
| <u>Dilutive effects</u> | | |
| Number of common shares outstanding adjusted for dilutive effects (in thousands) | 346,361 | 317,246 |
| Diluted earnings (loss) per share (in reais) | (0.16) | (0.18) |

The following table presents the weighted average potential shares that were excluded from the calculation of diluted earnings (loss) per common share for the periods presented because of their anti-dilutive effect:

| | <u>03/31/2022</u> | <u>03/31/2021</u> |
|---|-------------------|-------------------|
| <u>Denominator (In thousands of shares)</u> | | |
| Stock options | 6,980 | 5,660 |
| Weighted average number of common shares for diluted earnings per share (thousands) | 6,980 | 5,660 |

24. SHARE-BASED COMPENSATION

24.1. Restricted shares

2017 Executive Bonus

On September 29, 2017, the Company issued 1,951,965 shares (equivalent to an 8.5% equity interest), for an aggregate cash amount of R\$ 1,952 (R\$1.00 per share), in favor of some of its executive officers ("2017 Executive Bonus"). In connection with this bonus, each executive officer entered into an agreement with the Company's controlling shareholder, which established mainly the following: (i) part of the restricted shares (50%) vests immediately after the completion of the Company's initial public offering ("IPO"), and the remainder, in tranches (10%) on each anniversary of the IPO, and (ii) the agreement provided for certain purchase and sale rights between the Company's controlling shareholder and the officers, based on the value of the shares estimated using an EBITDA multiple, which is applied to equal tranches annually over a ten-year period.

At the grant date, the estimated fair value of 2017 Executive Bonus was approximately R\$36.7 million. The expense is being recognized on a gradual basis over the 10-year vesting schedule. In the quarters ended March 31, 2022 and 2021, the compensation expense incurred amounted to approximately R\$ 553 and R\$ 766, respectively. At March 31, 2022, the balance to be appropriated was R\$4.6 million.

24.2. Stock options

On October 17, 2019, the Company created a stock option plan intended to attract and retain qualified professionals, who will contribute to improve the Company's performance. The plan provides for three types of share-based compensation and the estimated fair value of each of them (determined using the Black & Scholes model), as summarized below: Key information on each plan is shown below:

All amounts in thousands of reais

| | Plan 1 | Plan 2 | Plan 3 |
|---|--|--|--|
| Exercise price | R\$0.10 | R\$0.10 | R\$9.84 |
| Estimated fair value of the shares (at the grant date) | R\$8.16 | R\$8.16 | R\$9.84 |
| Initial vesting date | At the IPO | At the IPO | At the IPO |
| Vesting period rules | 25% during the IPO (*), and 25% on each anniversary. The beneficiaries are entitled to an indemnity in the event they leave the Company before the IPO. (**) | 25% during the IPO (*), and 25% on each anniversary. | 20% during the IPO (*), and 20% on each anniversary. |
| Cash settlement | | Not applicable. | Not applicable. |
| Estimated fair value of the options (at the grant date) | R\$8.09 | R\$8.09 | R\$12.92 |
| Options granted | 3,744,200 | 1,168,240 | 2,060,350 |
| Estimated fair value of the plans (at the grant date) | R\$30,278,000 | R\$9,447,000 | R\$26,613,000 |

(*) The shares vested may only be sold six months after the IPO;

(**) The termination indemnity is calculated using an EBITDA multiple and vested in tranches on the first nine anniversaries of the grant date. The cash settlement feature expires after the consummation of an IPO.

The compensation expenses for all plans will be recognized on a gradual basis over the vesting schedule, contingent on the completion of the IPO, and including a single adjustment at the date on which the IPO is determined to be probable.

With regard to Plan 1, the Company recorded a provision (and compensation expense) based on the contractual obligation estimated for termination payments at the balance sheet date, which amounted to approximately R\$9,767 at March 31, 2022.

In April 2021, a new member enrolled in Plan 3 and was granted 110,000 stock options at an exercise price of R\$9.84, and weighted average share price of R\$31.95. On July 31, 2021, the Company granted options under Plan 3 to 65 employees who received 1,520,000 options at an exercise price of R\$9.84 and a weighted average share price of R\$15.76 which resulted in a weighted average fair value of options granted of R\$9.26, and R\$ 14.1 million of unvested stock options at March 31, 2022.

The changes in the number of unvested stock options and their weighted average prices were as follows (there were no changes under Plan 1):

| | Plan 2 | | Plan 3 | |
|----------------------|--|------------------|--|------------------|
| | Average exercise price (R\$ per share) | Options | Average exercise price (R\$ per share) | Options |
| At December 31, 2019 | 0.10 | 1,317,990 | 9.84 | 599,070 |
| Granted | | | 9.84 | 529,350 |
| Forfeited | 0.10 | (131,050) | - | - |
| At December 31, 2020 | <u>0.10</u> | <u>1,186,940</u> | <u>9.84</u> | <u>1,128,420</u> |
| Forfeited | - | (18,720) | 9.84 | (698,070) |
| Granted | - | - | 9.84 | 1,630,000 |
| At December 31, 2021 | <u>0.10</u> | <u>1,168,220</u> | <u>9.84</u> | <u>2,060,350</u> |
| At March 31, 2022 | <u>0.10</u> | <u>1,168,220</u> | <u>9.84</u> | <u>2,060,350</u> |

At March 31, 2022, the balance to be appropriated relating to the cost of options granted was R\$56.9 million. If the consummation of an IPO was considered as probable at March 31, 2022, approximately R\$ 5.2 million would have been immediately recognized as a compensation expense, and approximately R\$ 21.9 million, R\$ 18.0 million, R\$8,6 million, R\$ 2.8 million, and R\$ 0.4 million would have been recognized, respectively, for each of the years ended December 2022, 2023, 2024, 2025 and 2026.

25. Net operating revenue

The reconciliation between gross and net revenue is as follows:

| | Parent | | Consolidated | |
|--------------------------------|-------------------|-------------------|-------------------|-------------------|
| | <u>03/31/2022</u> | <u>03/31/2021</u> | <u>03/31/2022</u> | <u>03/31/2022</u> |
| Revenue from sales | 364,823 | 251,767 | 364,823 | 251,767 |
| Revenue from services rendered | <u>3,936</u> | <u>2,891</u> | <u>3,936</u> | <u>2,891</u> |
| Gross operating revenue | <u>368,759</u> | <u>254,658</u> | <u>368,759</u> | <u>254,658</u> |
| Taxes and contributions | (41,614) | (29,861) | (41,615) | (29,861) |
| Returns and rebates | <u>(7,229)</u> | <u>(5,261)</u> | <u>(7,229)</u> | <u>(5,261)</u> |
| | <u>319,916</u> | <u>219,536</u> | <u>319,915</u> | <u>219,536</u> |

25.1. Sales revenue

This relates to revenue arising from sales of goods to franchisees and end consumers, which is recognized to the extent that the Company meets the performance obligation.

25.2. Revenue from services

This relates to revenue arising from royalties, administrative fees, and advertising fees received from franchisees, which are set as a percentage of billings, as provided for in the contract.

- (a) Royalties: 6% of billings.
- (b) Advertising: 4% of billings.
- (c) Management fee: 5% of billings.

25.3. Taxes and contributions/returns and rebates

These relate to tax deductions from sales and services rendered, as well as to all returns and discounts incurred in the period.

26. COSTS AND EXPENSES BY NATURE

| | Parent | | Consolidated | |
|------------------------------------|-------------------|-------------------|-------------------|-------------------|
| | <u>03/31/2022</u> | <u>03/31/2021</u> | <u>03/31/2022</u> | <u>03/31/2021</u> |
| Raw materials and goods for resale | (94,035) | (67,240) | (94,035) | (67,240) |
| Labor | (4,304) | (3,795) | (4,304) | (3,795) |
| Electricity | (2,363) | (1,273) | (2,363) | (1,273) |
| Other costs | (3,124) | (1,433) | (3,124) | (1,433) |
| Depreciation and amortization | <u>(4,642)</u> | <u>(2,813)</u> | <u>(4,642)</u> | <u>(2,813)</u> |
| Cost of products and goods sold | <u>(108,468)</u> | <u>(76,554)</u> | <u>(108,468)</u> | <u>(76,554)</u> |

| | Parent | | Consolidated | |
|-------------------------------------|------------------|------------------|------------------|------------------|
| | 03/31/2022 | 03/31/2021 | 03/31/2022 | 03/31/2021 |
| Marketing | (13,440) | (7,198) | (13,440) | (7,198) |
| Labor | (60,929) | (56,179) | (60,929) | (56,179) |
| Delivery costs | (10,607) | (14,803) | (10,607) | (14,803) |
| Occupancy | (9,305) | (4,927) | (9,305) | (4,927) |
| Utilities | (16,885) | (12,509) | (16,885) | (12,509) |
| Cleaning tools and materials | (5,734) | (5,456) | (5,734) | (5,456) |
| Other expenditures | (6,522) | (12,294) | (6,522) | (12,294) |
| Depreciation and amortization | (37,767) | (26,380) | (37,767) | (26,380) |
| Pre-operating expenses (a) | (3,489) | (2,733) | (3,489) | (2,733) |
| Restaurant and selling expenses | <u>(164,677)</u> | <u>(142,479)</u> | <u>(164,677)</u> | <u>(142,479)</u> |
| Personnel | (15,199) | (16,765) | (15,199) | (16,765) |
| Occupancy and utilities | (794) | 262 | (764) | 264 |
| General and administrative expenses | (2,108) | (3,013) | (2,109) | (3,013) |
| Other expenditures | (3,485) | (3,291) | (3,486) | (3,429) |
| Depreciation and amortization | (6,340) | (3,796) | (6,340) | (3,796) |
| General and administrative expenses | <u>(27,926)</u> | <u>(26,603)</u> | <u>(27,897)</u> | <u>(26,739)</u> |

(a) Pre-operating restaurant expenses are mainly represented by costs with staff salaries and charges, outsourced services, and other expenses generated before the opening of the restaurants.

27. OTHER OPERATING RESULTS

| | Parent | | Consolidated | |
|---|----------------|--------------|----------------|--------------|
| | 03/31/2022 | 03/31/2021 | 03/31/2022 | 03/31/2021 |
| <u>Other operating expenses</u> | | | | |
| Cost of disposal of property, plant and equipment | (1,148) | (203) | (1,148) | (203) |
| Others | (371) | (471) | (371) | (471) |
| | <u>(1,519)</u> | <u>(674)</u> | <u>(1,519)</u> | <u>(674)</u> |
| <u>Other operating revenue</u> | | | | |
| Proceeds from sale of property, plant and equipment | 1,229 | 410 | 1,229 | 410 |
| Recognition of deferred revenue | 789 | 2,502 | 789 | 2,502 |
| Sale of electricity surpluses | 140 | - | 140 | - |
| Others | 444 | 177 | 444 | 177 |
| | <u>2,602</u> | <u>3,089</u> | <u>2,602</u> | <u>3,089</u> |
| Other operating income (expenses) net | <u>1,083</u> | <u>2,415</u> | <u>1,083</u> | <u>2,415</u> |

28. FINANCE RESULT

| | Parent | | Consolidated | |
|-----------------------------------|------------|------------|--------------|------------|
| | 03/31/2022 | 03/31/2021 | 03/31/2022 | 03/31/2021 |
| Finance costs | | | | |
| Interest on financing | (44,348) | (14,208) | (44,348) | (14,208) |
| (+) capitalized financial charges | 582 | - | 582 | - |
| Net of interest on financing | (43,766) | (14,208) | (43,766) | (14,208) |
| Structuring costs | (16,525) | (3,301) | (16,525) | (3,301) |
| Inflation adjustment of taxes | (1,511) | (1,165) | (1,511) | (1,165) |
| Cost of factoring receivables | (324) | (72) | (324) | (72) |
| Charges on lease liabilities | (14,053) | (12,029) | (14,053) | (12,029) |
| Other expenses | (425) | (1,336) | (425) | (1,338) |
| | (76,607) | (32,111) | (76,607) | (32,113) |
| Finance income | | | | |
| Discounts and bonuses obtained | - | 5 | - | 5 |
| Income from financial investments | 2,663 | 407 | 2,663 | 407 |
| | 2,663 | 412 | 2,663 | 412 |
| Finance income (costs) net | (73,944) | (31,699) | (73,944) | (31,701) |

29. INCOME TAX AND SOCIAL CONTRIBUTION

29.1. Deferred

Unrecognized deferred tax assets are shown below:

| Parent and Consolidated | 03/31/2022 | 03/31/2021 |
|--|------------|------------|
| Description | | |
| Assets | | |
| Tax loss carryforwards | 484,977 | 384,858 |
| Provision for losses on inventories | 10,640 | 7,052 |
| Provision for labor contingencies | 4,917 | 8,234 |
| Provision for indemnities - Group 1/SOP | 5,865 | 6,645 |
| Provision for effects of right-of-use assets and lease liabilities | 58,123 | 68,858 |
| Other provisions | 5,558 | 1,025 |
| Total tax credits, net | 570,080 | 476,672 |
| Deferred tax assets | 193,827 | 162,069 |

29.2. Current

Current income tax and social contribution are calculated based on the taxable profit regime, as shown below:

| Consolidated | 03/31/2022 | 03/31/2021 |
|--|-----------------|-----------------|
| Profit (loss) before income tax and social contribution | (53,988) | (55,522) |
| Income tax and social contribution expenses at the standard federal tax rate in Brazil - 34% | 18,356 | 18,877 |
| Revenue (expenses) not deductible for tax purposes | (8,282) | 781 |
| Transfers of tax losses (unrecognized tax losses) | (10,074) | (19,658) |
| | <u>(18,356)</u> | <u>(18,877)</u> |
| Reconciliation of the income tax and social contribution benefit (expense) | (2) | - |
| Effective rate | 0.0% | 0.0% |
| Current income tax and social contribution | (2) | - |
| Deferred income tax and social contribution | - | - |

30. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

Financial instruments by category

| | 03/31/2022 Amortized cost | 12/31/2021 Amortized cost | 03/31/2022 Amortized cost | 12/31/2021 Amortized cost |
|---------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| <u>Assets</u> | | | | |
| Cash and cash equivalents | 120,328 | 236,931 | 120,326 | 236,934 |
| Trade receivables | 59,253 | 79,368 | 59,352 | 79,437 |
| | Fair value through profit or loss | Fair value through profit or loss | Fair value through profit or loss | Fair value through profit or loss |
| Financial investments | 11,091 | 21,585 | 11,091 | 21,585 |
| | <u>190,672</u> | <u>337,884</u> | <u>190,769</u> | <u>337,956</u> |
| | Amortized cost | Amortized cost | Amortized cost | Amortized cost |
| <u>Liabilities</u> | | | | |
| Trade payables | (64,159) | (68,806) | (64,159) | (68,806) |
| Borrowings | (943,931) | (1,022,815) | (943,931) | (1,022,815) |
| Leases | (740,709) | (702,950) | (740,709) | (702,950) |
| Social security liabilities (a) | (16,326) | (17,006) | (16,326) | (17,006) |
| Tax liabilities (a) | (36,854) | (40,890) | (36,854) | (40,890) |
| Other liabilities (b) | (13,276) | (14,413) | (13,276) | (14,413) |
| | <u>(1,815,255)</u> | <u>(1,866,880)</u> | <u>(1,815,255)</u> | <u>(1,866,880)</u> |

- (a) Comprise the amount of taxes payable in installments.
- (b) Relates to the acquisition value of assets and new units, and the Non-compete Agreement.

The financial instruments are recognized in these interim financial statements at amortized cost, which is substantially similar to their fair value. However, since there is no active market for these financial instruments, variations may occur if the Company decides to settle or realize them before their maturity date.

30.1. Risk management

For the purpose of meeting its operating needs, as well as reducing its exposure to financial risks arising from the nature of its business and operating structure, the Company carries out transactions with financial instruments, which are all recorded in balance sheet accounts.

These risks are managed through the definition of strategies prepared and approved by the Company's management, and linked to the establishment of control systems and determination of position limits. The Company does not enter into derivative financial instruments for speculative purposes.

The risks to which the Company is exposed are described below:

(i) Market risk

This risk results from the possibility of fluctuations in the market prices of the inputs used in the production process, mainly meat. These price fluctuations may substantially increase operating costs, making it impossible for the Company to pass them on, whether in full or in part, to the selling prices of its products. In order to mitigate these risks, the Company manages inventories by building up buffer stocks of these raw materials and entering into annual supply agreements for the main products.

(ii) Operational risk

This is the risk of direct or indirect losses arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and external factors, such as market and liquidity risks, including those arising from legal and regulatory requirements, and generally accepted standards of corporate behavior. All the Company's operations are exposed to operational risks.

The Company's objective when managing such risks is to avoid the occurrence of financial losses and damages to its reputation, while seeking cost efficiency without the use of control procedures that may restrict initiative and creativity.

Senior Management is primarily responsible for developing and implementing controls to address operational risks. This responsibility is supported by the development of the Company's general standards for operational risk management.

(iii) Liquidity risk

Management has overall responsibility for managing liquidity risk, by considering the need for short-, medium- and long-term funding. The Company manages liquidity risk by maintaining adequate reserves, contracting bank borrowings and other sources of financing, monitoring forecast and actual cash flows, and matching the maturity profiles of financial assets and liabilities.

30.2. Liquidity risk tables

The tables below detail the remaining contractual maturity of the Company's liabilities and the amortization periods provided for in the contracts. They have been prepared using the undiscounted cash flow method for financial liabilities, based on the closest date on which the Company is required to settle the respective obligations, and include interest and principal cash flows.

| At 3/31/2022 | Up to 1 year | From 1 to 2 years | From 2 to 3 years | From 3 to 4 years | More than 4 years | Total |
|---------------------|--------------------|----------------------|----------------------|----------------------|----------------------|--------------------|
| Trade payables | (64,159) | - | - | - | - | (64,159) |
| Loans and financing | (169,631) | (296,268) | (364,818) | (324,430) | (342,148) | (1,497,295) |
| Payroll charges | (2,646) | (2,794) | (3,343) | (3,758) | (19,257) | (31,798) |
| Tax liabilities | (19,580) | (17,339) | (10,627) | (10,405) | (31,550) | (89,501) |
| Lease liabilities | (119,046) | (115,029) | (110,269) | (102,347) | (570,300) | (1,016,991) |
| Other liabilities | (3,983) | (10,716) | - | - | - | (14,699) |
| | <u>(379,045)</u> | <u>(442,146)</u> | <u>(489,057)</u> | <u>(440,940)</u> | <u>(963,255)</u> | <u>(2,714,443)</u> |
| At 12/31/2021 | Up to 1 year | From 1 to 2 years | From 2 to 3 years | From 3 to 4 years | More than 4 years | Total |
| Trade payables | (68,806) | - | - | - | - | (68,806) |
| Loans and financing | (803,911) | (252,819) | (130,314) | (31,980) | - | (1,219,024) |
| Payroll charges | (2,583) | (2,720) | (2,868) | (3,023) | (14,898) | (26,092) |
| Tax liabilities | (13,537) | (13,815) | (9,308) | (4,272) | (20,721) | (61,653) |
| Lease liabilities | (114,990) | (111,679) | (107,479) | (100,537) | (575,270) | (1,009,955) |
| Other liabilities | (14,660) | - | - | - | - | (14,660) |
| | <u>(1,018,487)</u> | <u>(381,033)</u> | <u>(249,969)</u> | <u>(139,812)</u> | <u>(610,889)</u> | <u>(2,400,190)</u> |

(a) The undiscounted amount was calculated based on the forward yield curve of the benchmark rates to which the borrowings are linked, weighted through the maturity of each installment.

(i) Interest rate risk

This is the risk that changes in market prices, such as interest rates, will affect the Company's revenue or the value of its financial instruments. The Company's policy is to minimize its exposure to market risk by seeking to diversify the investment of funds in terms of floating rates.

The Company's borrowings, which are mainly represented by CCBs, CDCAs, Debentures, and Promissory Notes, are subject to financial charges consistent with those practiced in the market.

(ii) Credit risk

This is the risk of financial loss resulting from the failure of a customer or counterparty to a financial instrument to honor its contractual obligations to the Company, and arises mainly from trade receivables. The carrying amounts of financial and contract assets represent the maximum credit exposure. Sales to retail customers must be settled in cash or using the major credit cards, which reduces credit risk. There is no significant credit risk concentration arising from exposure to specific individual customers, industry segments and/or regions.

(iii) Sensitivity analysis

Below we present potential impacts arising from a variation in the interest rate linked to the Group's financial assets and liabilities, considering a twelve-month projection period. Management believes that the probable scenario consists of a 15% variation in the Interbank Deposit Certificate (CDI) rate, and a 15% variation in the General Market Price Index (IGPM). The other risk factors were considered immaterial to the result of financial instruments.

| | <u>Risk factor</u> | <u>3/31/2022</u> | <u>Rate</u> | <u>Probable</u> +15% | <u>Possible</u> +25% | <u>Remote</u> +50% |
|-----------------------|--------------------------|------------------|-------------|-------------------------|-------------------------|-----------------------|
| Financial investments | Increase in the CDI rate | 114,364 | 6.86% | 9,022 | 9,807 | 11,768 |
| Borrowings | Increase in the CDI rate | (943,931) | 6.86% | (74,467) | (80,942) | (97,130) |
| Lease liability | Increase in IGP-M | (740,709) | 6.03% | (51,364) | (55,831) | (66,997) |

(iv) Capital management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, in addition to providing the best cash management so as to obtain the lowest funding costs in the combination of own or third-party capital.

The Company monitors capital based on the gearing ratio, which corresponds to net debt divided by equity (deficit). Net debt is calculated as total borrowings and lease liabilities less cash and cash equivalents and financial investments.

The gearing ratios at March 31, 2022 and December 31, 2021 were as follows:

| | <u>Parent</u> | | <u>Consolidated</u> | |
|---------------------------------|-------------------|-------------------|---------------------|-------------------|
| | <u>03/31/2022</u> | <u>12/31/2021</u> | <u>03/31/2022</u> | <u>12/31/2021</u> |
| Borrowings | 943,931 | 1,022,815 | 943,931 | 1,022,815 |
| Lease liabilities | 740,709 | 702,950 | 740,709 | 702,950 |
| Less: cash and cash equivalents | (120,328) | (236,931) | (120,326) | (236,934) |
| Less: financial investments | (11,091) | (21,585) | (11,091) | (21,585) |
| Net debt | <u>1,553,221</u> | <u>1,467,249</u> | <u>1,553,223</u> | <u>1,467,246</u> |
| Equity | 385,032 | 438,470 | 385,034 | 438,472 |
| Net debt/equity ratio | 4.03 | 3.35 | 4.03 | 3.35 |

31. INSURANCE (NOT REVIEWED)

The Company insures assets against risks at amounts considered sufficient by management to cover any losses, considering the nature of its activities. The Company has a risk management program in place, which aims at limiting risks, and obtaining, in the market, coverage compatible with its size and operations. The insurance coverage is consistent with that of other companies of a similar size operating in the industry.

The risk assumptions adopted, because of their nature, are not part of the scope of a review of interim financial statements. Consequently, these assumptions have not been reviewed by the independent auditor.

The Company's insurance coverage is presented below:

| | <u>03/31/2022</u> |
|--------------------|-------------------|
| Property insurance | 1,669,357 |
| Loss of profits | 136,500 |
| Civil liability | 23,638 |
| | <u>1,829,495</u> |

32. NON-CASH TRANSACTIONS

| <u>Non-cash financing and investment transactions</u> | <u>03/31/2022</u> | <u>03/31/2021</u> |
|---|-------------------|-------------------|
| Government grant for property acquisition purposes | - | 18,972 |
| Additions to property, plant and equipment through the trade payables account | 616 | - |
| Additions and remeasurements - IFRS 16 (Note 11) | 49,126 | 176,697 |
| | <u>49,742</u> | <u>195,669</u> |

33. SEGMENT REPORTING

The operating segments are consistent with the internal report provided to the chief operating decision maker. The Board of Directors is the chief operating decision-maker, responsible for allocating resources and assessing the performance of the operating segments, as well as for making the Company's strategic decisions,

The chief operating decision maker analyzed the business of Madero, Jeronimo, and Others, as previously described:

- i) Madero: with two concepts, the main of which is casual dining, with full table service in a spacious location, featuring a menu of meats, hamburgers, and a variety of traditional Brazilian dishes in a laid-back setting, suitable for families and company events. The second concept is fast casual dining, which offers a reduced menu in a smaller location, with a focus on hamburgers;
- ii) Jeronimo: a fast-casual and technology-centered dining concept, with a menu focused on hamburgers, in a less spacious but vibrant setting that values convenience.
- iii) Other: These relate mainly to sales to franchises, and the "Ecoparada Madero" operation.

Corporate information (disclosed in the “Unallocated” column) comprises items that cannot be attributed to the other segments, namely those related to financial corporate management.

Accounting policy

Segment performance is measured based on operating income (loss), which is defined as profit (loss) before income tax adjusted for depreciation and amortization.

As cash and other assets and liabilities are managed on a centralized basis, finance costs, net taxes and income taxes are managed at the corporate level and not at the operating segment level.

Segment results and their reconciliation to profit (loss) before income tax in the consolidated statement of profit or loss are as follows:

| At March 31, 2022 | Madero | Jeronimo | Others | Total segment | Unallocated | Total |
|-------------------------------|---------------|----------------|--------------|---------------|-----------------|-----------------|
| Segment revenue | 217,345 | 83,024 | 19,547 | 319,915 | - | 319,915 |
| Costs | (63,032) | (29,738) | (10,417) | (103,187) | - | (103,187) |
| Personnel costs and expenses | (42,607) | (16,599) | (2,055) | (61,261) | (15,199) | (76,459) |
| Occupancy and other expenses | (33,625) | (14,472) | (1,481) | (49,578) | (21,986) | (71,564) |
| Depreciation and amortization | (23,151) | (12,805) | (6,448) | (42,404) | (6,345) | (48,749) |
| Operating profit (loss) | <u>54,930</u> | <u>9,410</u> | <u>(854)</u> | <u>63,486</u> | <u>(43,530)</u> | <u>19,956</u> |
| (-) Segment IFRS 16 | (15,503) | (8,058) | (982) | (24,544) | - | (24,544) |
| | | | | | | |
| At March 31, 2021 | Madero | Jeronimo | Others | Total segment | Unallocated | Total |
| Segment revenue | 151,203 | 52,984 | 15,348 | 219,536 | - | 219,536 |
| Costs | (44,426) | (20,377) | (6,608) | (71,411) | - | (71,411) |
| Personnel costs and expenses | (40,764) | (13,505) | (2,255) | (56,524) | (19,477) | (76,001) |
| Occupancy and other expenses | (31,299) | (14,483) | (2,765) | (48,547) | (19,593) | (68,140) |
| Depreciation and amortization | (18,751) | (6,731) | (3,733) | (29,215) | (3,703) | (32,918) |
| Operating profit (loss) | <u>15,963</u> | <u>(2,111)</u> | <u>(14)</u> | <u>13,839</u> | <u>(42,773)</u> | <u>(28,934)</u> |
| (-) Segment IFRS 16 | (9,987) | (3,454) | (648) | (14,090) | - | (14,090) |