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

Madero Indústria e Comércio S.A.

Individual and Consolidated Financial Statements for the Year Ended December 31, 2022 and Independent Auditor's Report

Deloitte Touche Tohmatsu Auditores Independentes Ltda.

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INDEPENDENT AUDITOR'S REPORT ON THE INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS

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

Opinion

We have audited the accompanying individual and consolidated financial statements of Madero Indústria e Comércio S.A. ("Company"), identified as Parent and Consolidated, respectively, which comprise the balance sheet as at December 31, 2022, and the related statements of profit and loss, of comprehensive income, of changes in equity and of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements referred to above present fairly, in all material respects, the individual and consolidated financial position of Madero Indústria e Comércio S.A. as at December 31, 2022, and its individual and consolidated financial performance and its individual and consolidated cash flows for the year then ended, in accordance with accounting practices adopted in Brazil and International Financial Reporting Standards - IFRS, issued by the International Accounting Standards Board - IASB.

Basis for opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the individual and consolidated financial statements" section of our report. We are independent of the Company and its subsidiaries in accordance with the relevant ethical requirements in the Code of Ethics for Professional Accountants and the professional standards issued by the Brazilian Federal Accounting Council ("CFC"), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.**Key audit matters**

Key audit matters ("KAMs") are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the individual and consolidated financial statements as a whole, and in forming our opinion thereon, and, therefore, we do not provide a separate opinion on these matters.

Revenue recognition

Why it is a KAM

As disclosed in note 25 to the individual and consolidated financial statements, the Company recognizes its revenue from the sale of products based on the billing and delivery of the orders to the customers at their restaurants. These transactions have a high transactional volume and are generated by proprietary operating systems that register all transactions sequentially and automatically after the order processing and delivery.

As regards prices, these are defined and approved by the Senior Management and included in the information system. Upon confirmation of the price adequacy in test environments, these prices start to be adopted for selling products. Once the transaction is completed, the system integrates the information with the financial systems for recording of the transactions.

This matter was considered a KAM due to the following aspects: (i) the amount of sales revenue represents a significant balance in the set of the individual and consolidated financial statements; (ii) the high volume of transactions processed in different locations; and (iii) the high dependence on systems and their internal controls.

How the matter was addressed in our audit

Our audit procedures related to revenue recognition included, without limitation: (i) obtaining an understanding of the flow of sales transactions considering the nature of the Company's different transactions; (ii) assessing the significant internal control activities related to the occurrence, completeness, accuracy and recognition of revenue over the proper accrual period; (iii) obtaining confirmation letters from the Company's main card companies and payment intermediaries; (iv) performing tests, on a sample basis, for product sales transactions, checking the financial information with the tax receipts and subsequent proceeds from the transactions; (v) involving our information technology specialists in assessing the automated systems that support the sales transactions; and (vi) assessing the disclosures made by Management in the individual and consolidated financial statements.

Our procedures described above and the audit evidence obtained that support our tests showed immaterial adjustments in profit or loss line items related to the revenue recognition that were not corrected by the Company, as well as certain internal control deficiencies in the revenue review processes that changed the extent and nature of our initially planned substantive procedures.

We consider that the revenue recognition criteria adopted by Management and the related disclosures in the notes to the individual and consolidated financial statements are acceptable in the context of the individual and consolidated financial statements taken as a whole.

Leases

Why it is a KAM

As disclosed in note 12 to the individual and consolidated financial statements, the Company is a party to restaurant and housing lease contracts recorded in accordance with technical pronouncement CPC 06 (R2)/IFRS 16 - Leases, resulting in the recognition of right-of-use assets and lease liabilities in the amounts of R$696,814 thousand and R$784,844 thousand, respectively, in the balance sheet.

Lease balances were considered a KAM due to their complexity and materiality, as they involve: (i) the analysis of a significant volume of lease contracts; (ii) the use of significant judgment by Management when defining assumptions, such as: the incremental borrowing rate and the determination of the lease terms, among others; (iii) the Company's control using electronic spreadsheets with strong dependence on manual controls; and (iv) the level of complexity underlying the disclosure of information in the individual and consolidated financial statements.

How the matter was addressed in our audit

Our audit procedures included, without limitation: (i) understanding the internal controls and processes implemented by Management to determine the amounts relating to technical pronouncement CPC 06 (R2)/IFRS 16 - Leases, as well as the practical expedients adopted as prescribed by the standard; (ii) selecting a sample of contracts for which we obtained the lease contracts and recalculated the amounts determined; (iii) assessing the main assumptions, including the incremental rate of lease terms, and estimates used by Management for measuring the lease liabilities and right-of-use assets, as well as the recognitions made, including quantitative and qualitative aspects; and (iv) assessing the disclosures made by Management in the individual and consolidated financial statements.

Our procedures described above and the audit evidence obtained that support our tests showed immaterial adjustments in lease assets and liabilities line items and the respective impacts on profit or loss that were not corrected by the Company, as well as certain internal control deficiencies in the lease contract review processes that changed the extent and nature of our initially planned substantive procedures.

We consider that the lease contract recognition criteria adopted by Management and the related disclosures in the notes to the individual and consolidated financial statements are acceptable in the context of the individual and consolidated financial statements taken as a whole.

Acquisition of restaurants

Why it is a KAM

As described in note 1 to the individual and consolidated financial statements, in November 2022, the Company completed the acquisition of control of Restaurante Madero Ltda. and Restaurante Jdurski Ltda., which were acquired from its controlling shareholder, which previously also was the controlling shareholder of these entities. When acquiring a business under common control, the Company must assess the impact of the amount paid above the carrying amount of the companies and assess its proper recognition, as the acquisitions between companies under same control are not within the scope of technical pronouncement CPC 15/IFRS 3 (R2) - Business Combinations.

This matter was considered a KAM as: (i) the amounts involved in the acquisition of the companies mentioned above were together material for the audit; (ii) the measurement and analysis of the accounting for the acquisition accounting records are unusual transactions that require a high level of judgment by Management; (iii) there was strong interaction with the Company's Management in assessing the matter; and (iv) the level of complexity underlying the disclosure of information in the individual and consolidated financial statements.

How the matter was addressed in our audit

Our audit procedures included, without limitation: (i) understanding the internal controls and processes implemented by Management when assessing unusual transactions; (ii) assessing contracts that formalized the combination of businesses under common control and analyzing the supporting documentation on the transactions; (iii) performing an in-depth analysis of the accounting standard that regulates this type of acquisition; (iv) assessing the accounting records arising from the acquisition transaction; and (v) assessing the disclosures made by Management in the individual and consolidated financial statements.

Our procedures described above and the audit evidence obtained that support our tests showed certain internal control deficiencies in the restaurant acquisition review processes that changed the extent and nature of our initially planned substantive procedures.

We consider that the restaurant acquisition recognition criteria adopted by Management and the related disclosures in the notes to the individual and consolidated financial statements are acceptable in the context of the individual and consolidated financial statements taken as a whole.

Borrowings and financing

Why it is a KAM

As disclosed in note 17 to the individual and consolidated financial statements, the Company is a party to borrowing and financing agreements totaling R$988,962, for which, during the year, the Company conducted renegotiations and reprofiling of the agreements with the banks, resulting in significant changes in the Company's debt profile.

Borrowings and financing were considered a KAM due to the following: (i) the amount of borrowings and financing represents a significant balance in the set of the individual and consolidated financial statements; (ii) the occurrence of significant changes in the Company's debt profile during the year and such change was subject to accelerated maturity clauses of the agreements; and (iii) the level of complexity underlying the disclosure of information in the individual and consolidated financial statements.

How the matter was addressed in our audit

Our audit procedures included, without limitation: (i) understanding the internal controls and processes implemented by Management for calculating borrowings and financing; (ii) obtaining external confirmation from all banks with which the Company has a relationship; (iii) reading and analyzing all borrowing agreements and recalculating the contractual interest; (iv) analyzing the compliance with the covenants in the agreements; and (v) assessing the disclosures made by Management in the individual and consolidated financial statements.

Our procedures described above and the audit evidence obtained that support our tests showed certain internal control deficiencies in the borrowing and financing calculation review processes that changed the extent of our initially planned substantive procedures.

We consider that the borrowing and financing recognition criteria adopted by Management and the related disclosures in the notes to the individual and consolidated financial statements are acceptable in the context of the individual and consolidated financial statements taken as a whole.

Emphasis of matter

Restatement of the corresponding figures for the year ended December 31, 2021

As mentioned in note 2.23 to the individual and consolidated financial statements, the corresponding figures for the year ended December 31, 2021, presented for purposes of comparison, were adjusted and are being restated as set forth in technical pronouncement CPC 23 - Accounting Policies, Changes in Accounting Estimates and Errors. Our opinion is not modified in respect of this matter.

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Other matters

Statements of value added

The individual and consolidated statements of value added (“DVA”) for the year ended December 31, 2022, prepared under the responsibility of the Company’s Executive Board and presented as supplemental information for IFRS purposes, were subject to audit procedures performed together with the audit of the Company’s financial statements. In forming our opinion, we assess whether these individual and consolidated statements of value added are reconciled with the financial statements 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. In our opinion, these statements of value added were appropriately prepared, in all material respects, in accordance with the criteria set out in such technical pronouncement and are consistent in relation to the individual and consolidated financial statements taken as a whole.

Corresponding figures for the year ended December 31, 2021

The corresponding figures for the year ended December 31, 2021, presented for purposes of comparison in the financial statements for the current year, were adjusted in relation to the complete financial statements originally disclosed for the year then ended, which were audited by another independent auditor. The corresponding figures hereby adjusted as a result of the matters described in note 2.23 to the individual and consolidated financial statements were audited by another independent auditor, who issued an unmodified report dated March 28, 2023.

Other information accompanying the individual and consolidated financial statements and the independent auditor’s report

The Executive Board is responsible for the other information. Such other information comprises the Management Report.

Our opinion on the individual and consolidated financial statements does not cover the Management Report, and we do not express any form of audit conclusion thereon.

In connection with the audit of the individual and consolidated financial statements, our responsibility is to read the Management Report and, in doing so, consider whether this report is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement in the Management Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Executive Board and those charged with governance for the individual and consolidated financial statements

The Executive Board is responsible for the preparation and fair presentation of the individual and consolidated financial statements in accordance with accounting practices adopted in Brazil and IFRS, issued by the IASB, and for such internal control as the Executive Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the individual and consolidated financial statements, the Executive Board is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Executive Board either intends to liquidate the Company and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and its subsidiaries' financial reporting process.

Auditor's responsibilities for the audit of the individual and consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the individual and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Brazilian and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Brazilian and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the individual and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company and its subsidiaries.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Executive Board.

- Conclude on the appropriateness of the Executive Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company and its subsidiaries to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the individual and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and its subsidiaries to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the individual and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and, when applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The accompanying individual and consolidated financial statements have been translated into English for the convenience of readers outside Brazil.

Curitiba, March 28, 2023

Deloitte Touche Tohmatsu
DELOITTE TOUCHE TOHMATSU
Auditores Independentes Ltda.

Fernando de S. Leite
Fernando de Souza Leite
Engagement Partner

2023CB021403

MADERO INDÚSTRIA E COMÉRCIO S.A. AND SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED DECEMBER 31, 2022
(All amounts in thousands of Brazilian reais)

				Parent			Consolidated
	Note	12/31/2022	12/31/2021	01/01/2021	12/31/2022	12/31/2021	01/01/2021
ASSETS			Restated (Note 2.23)	Restated (Note 2.23)		Restated (Note 2.23)	Restated (Note 2.23)
CURRENT ASSETS							
Cash and cash equivalents	3	55,871	236,931	37,504	55,992	236,934	37,520
Financial investments	4	-	21,585	15,130	-	21,585	15,130
Trade receivables	5	104,552	79,368	41,859	104,602	79,437	41,892
Inventories	8	71,587	83,794	58,216	71,587	83,794	58,216
Taxes recoverable	9	12,888	18,165	27,552	12,888	18,165	27,552
Other assets	10	14,119	11,324	10,712	14,119	11,323	10,712
Total current assets		259,017	451,167	190,973	259,188	451,238	191,022
NON-CURRENT ASSETS							
Related parties	6	-	-	1,980	-	-	-
Financial investments	4	34,155	-	-	34,155	-	-
Taxes recoverable	9	15,884	6,099	-	15,884	6,099	-
Other assets	10	3,586	701	682	3,586	701	682
Investments	11	2,939	2,841	810	-	-	-
Right-of-use assets	12	696,814	694,400	537,882	696,814	694,400	537,882
Property, plant and equipment	13	1,391,405	1,319,948	1,107,329	1,394,183	1,322,726	1,110,107
Intangible assets	14	60,915	66,737	65,872	60,915	66,737	65,872
Total non-current assets		2,205,698	2,090,726	1,714,555	2,205,537	2,090,663	1,714,543
TOTAL ASSETS		2,464,715	2,541,893	1,905,528	2,464,725	2,541,901	1,905,565

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

MADERO INDÚSTRIA E COMÉRCIO S.A. AND SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED DECEMBER 31, 2022
(All amounts in thousands of Brazilian reais)

				Parent			Consolidated
LIABILITIES AND EQUITY	Note	12/31/2022	12/31/2021	01/01/2021	12/31/2022	12/31/2021	01/01/2021
			Restated	Restated		Restated	Restated
CURRENT LIABILITIES			(Note 2.23)	(Note 2.23)		(Note 2.23)	(Note 2.23)
Trade payables	16	64,773	68,806	138,744	64,773	68,806	138,775
Borrowings	17	84,667	706,878	349,136	84,667	706,878	349,136
Lease liabilities	12	116,924	107,236	77,290	116,924	107,236	77,290
Payroll charges	18	102,315	79,363	60,241	102,315	79,363	60,241
Tax liabilities	19	82,625	34,857	22,756	82,633	34,864	22,760
Deferred revenue	20	3,539	4,613	5,615	3,539	4,613	5,615
Other liabilities	22	31,122	13,329	36,180	31,122	13,329	36,180
Total current liabilities		485,965	1,015,082	689,962	485,973	1,015,089	689,997
NON-CURRENT LIABILITIES							
Borrowings	17	904,295	315,937	355,785	904,295	315,937	355,785
Lease liabilities	12	667,920	637,297	485,798	667,920	637,297	485,798
Payroll charges	18	17,460	15,137	16,036	17,460	15,137	16,036
Tax liabilities	19	46,131	38,930	36,400	46,131	38,930	36,400
Deferred revenue	20	44,018	34,619	18,058	44,018	34,619	18,058
Provision for contingencies	21	9,919	8,603	9,490	9,919	8,603	9,490
Other liabilities	22	36,347	18,336	17,871	36,347	18,336	17,871
Total non-current liabilities		1,726,090	1,068,859	939,438	1,726,090	1,068,859	939,438
EQUITY							
Share capital	23	1,022,768	1,022,768	722,964	1,022,768	1,022,768	722,964
Capital reserve		(14,714)	43,786	40,689	(14,714)	43,786	40,689
Accumulated deficit		(755,394)	(608,602)	(487,525)	(755,394)	(608,603)	(487,525)
Equity		252,660	457,952	276,128	252,660	457,951	276,128
Non-controlling interests			-	-	3	2	2
Total equity		252,660	457,952	276,128	252,663	457,953	276,130
TOTAL LIABILITIES		2,464,715	2,541,893	1,905,528	2,464,725	2,541,901	1,905,565

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

MADERO INDÚSTRIA E COMÉRCIO S.A. AND SUBSIDIARIES

STATEMENT OF PROFIT OR LOSS
FOR THE YEARS ENDED DECEMBER 31
(All amounts in thousands of Brazilian reais)

		Parent		Consolidated	
	Note	12/31/2022	12/31/2021	12/31/2022	12/31/2021
			Restated (Note 2.23)		Restated (Note 2.23)
Net operating revenue	25	1,482,813	1,146,206	1,482,928	1,146,236
Cost of products and goods sold	26	(483,053)	(379,255)	(483,053)	(379,255)
Gross profit		999,760	766,951	999,875	766,981
Restaurant and selling expenses	26	(719,233)	(609,546)	(719,241)	(609,546)
General and administrative expenses	26	(156,915)	(128,659)	(156,914)	(128,633)
Equity in the results of subsidiaries	11	97	(460)	-	-
Other operating results	27	13,842	16,942	13,842	16,434
Operating profit		137,551	45,228	137,562	45,236
Finance income (costs)	28	(284,203)	(166,307)	(284,204)	(166,310)
Loss before income tax and social contribution		(146,652)	(121,079)	(146,642)	(121,074)
Current taxes		(138)	-	(149)	(5)
Deferred taxes		-	-	-	-
Income tax and social contribution		(138)	-	(149)	(5)
Loss for the year		(146,792)	(121,079)	(146,791)	(121,079)
Loss per common share					
Basic and diluted loss per share (R$)		(0.42)	(0.38)		

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

MADERO INDÚSTRIA E COMÉRCIO S.A. AND SUBSIDIARIES

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31
(All amounts in thousands of Brazilian reais)

	Parent		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
		Restated (Note 2.23)		Restated (Note 2.23)
Loss for the year	(146,792)	(121,079)	(146,791)	(121,079)
Other comprehensive income	-	-	-	-
Comprehensive loss for the year	(146,792)	(121,079)	(146,791)	(121,079)
Attributable to:				
Owners of the parent			(146,791)	(121,079)

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		
	Share capital	Capital reserve	Accumulated deficit	Attributable to owners of the parent	Attributable to non-controlling interests	Total
AT DECEMBER 31, 2020 (originally presented)	722,964	40,689	(506,720)	256,933	2	256,935
Adjustments (Note 2.23)	-	-	19,195	19,195	-	19,195
AT JANUARY 1, 2021 (RESTATED)	722,964	40,689	(487,525)	276,128	2	276,130
Arrangement with non-controlling interests (Note 24)	-	3,097	-	3,097	-	3,097
Paid-up share capital (Note 23)	299,804	-	-	299,804	-	299,804
Loss for the year (restated - Note 2.23)	-	-	(121,079)	(121,079)	-	(121,079)
AT DECEMBER 31, 2021 (restated)	1,022,768	43,786	(608,602)	457,950	2	457,953
Arrangement with non-controlling interests (Note 24)	-	2,235	-	2,235	-	2,235
Loss for the year	-	-	(146,792)	(146,792)	1	(146,791)
Loss on acquisition of companies	-	(60,736)	-	(60,736)	-	(60,736)
AT DECEMBER 31, 2022	1,022,768	(14,714)	(755,394)	252,660	3	252,663

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

MADERO INDÚSTRIA E COMÉRCIO S.A. AND SUBSIDIARIES

STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31
(All amounts in thousands of Brazilian reais)

	Note	Parent 12/31/2022	Parent 12/31/2021 Restated (Note 2.23)	Consolidated 12/31/2022	Consolidated 12/31/2021 Restated (Note 2.23)
CASH FLOWS FROM OPERATING ACTIVITIES					
Loss before income tax and social contribution		(146,652)	(121,079)	(146,642)	(121,074)
Reconciliation of profit to cash provided by operating activities:					
Depreciation and amortization	13 - 14	128,565	94,605	128,565	94,605
Depreciation of right-of-use assets	12	90,278	78,833	90,278	78,833
Discounts of lease liabilities		(9,014)	(24,638)	(9,014)	(24,638)
Increase (decrease) in the provision for contingencies	21	670	(887)	670	(887)
Equity in the results of subsidiaries	11	(97)	460	-	-
Allocation of deferred revenue		846	(4,729)	846	(4,734)
Arrangement with non-controlling interests	24	2,235	3,097	2,235	3,097
Derecognition of right-of-use assets and lease liabilities		(597)	(856)	(597)	(856)
Loss (gain) on disposal of property, plant and equipment	27 - 14	1,604	(77)	1,604	(77)
Write-off of intangible assets	14	935	253	935	253
Interest on borrowings	28	186,207	112,393	186,207	112,393
Interest on taxes payable in installments		11,822	7,110	11,822	7,110
Charges on lease liabilities	12	67,733	55,893	67,733	55,893
		334,535	200,378	334,642	199,917
(Increase) decrease in operating assets:					
Trade receivables	5	(24,672)	(37,509)	(24,653)	(37,545)
Inventories	8	13,630	(25,578)	13,630	(25,578)
Taxes recoverable	9	3,135	3,288	3,135	3,288
Other assets	10	(4,198)	(1,139)	(4,199)	(628)
Increase (decrease) in operating liabilities:					
Trade payables	16	(23,567)	(24,593)	(23,567)	(24,624)

Tax liabilities	19	18,116	5,090	18,106	5,092
Payroll charges	18	17,357	19,756	17,357	19,756
Deferred revenue	20	7,479	1,315	7,479	1,315
Other liabilities		(6,634)	(22,389)	(6,631)	(22,387)
Cash from operations		335,181	118,619	335,296	118,606
Payment of interest on lease liabilities	12	(67,733)	(55,893)	(67,733)	(55,893)
Payment of interest on borrowings	17	(160,332)	(89,218)	(160,332)	(89,218)
Payment of interest		(228,065)	(145,111)	(228,065)	(145,111)
Net cash provided by (used in) operating activities		**107,116**	**(26,492)**	**107,231**	**(26,505)**
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchases of property, plant and equipment	13	(168,583)	(332,580)	(168,583)	(332,580)
Proceeds from sale of property and equipment	13	5,585	12,663	5,585	12,663
Acquisition of right-of-use assets		-	(2,000)	-	(2,000)
Acquisition of intangible assets	14	(11,011)	(14,720)	(11,011)	(14,720)
Acquisition of subsidiaries, net of cash received		3,936	-	3,936	-
Financial investments		(12,570)	(6,455)	(12,570)	(6,455)
Net cash used in investing activities		(182,643)	(343,092)	(182,643)	(343,092)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from borrowings	17	585,000	436,300	585,000	436,300
Payment of transaction costs		(47,118)	(28,259)	(47,118)	(28,259)
Capital increase		-	299,804	-	299,804
Repayment of borrowings	17	(597,611)	(113,322)	(597,611)	(113,322)
Others		-	898	-	897
Payment of lease liabilities	12	(45,804)	(26,411)	(45,804)	(26,411)
Net cash provided by (used in) financing activities		(105,533)	569,010	(105,533)	569,009
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS		(181,060)	199,427	(180,942)	199,414
Cash and cash equivalents at the beginning of the year	3	236,931	37,504	236,934	37,520
Cash and cash equivalents at the end of the year	3	55,871	236,931	55,992	236,934

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 YEARS ENDED DECEMBER 31
(All amounts in thousands of Brazilian reais)

	Parent		Consolidated	
	12/31/2022	12/31/2021 Restated (Note 2.23)	12/31/2022	12/31/2021 Restated (Note 2.23)
Revenues				
Sales of goods and services, and other revenue	1,702,453	1,326,214	1,702,573	1,326,247
	1,702,453	1,326,214	1,702,573	1,326,247
Inputs acquired from third parties				
Raw materials and goods for resale	(474,974)	(354,881)	(474,974)	(354,881)
Materials, energy, outsourced services and other	(149,590)	(154,735)	(149,596)	(154,742)
	(624,564)	(509,616)	(624,570)	(509,624)
Gross value added	1,077,889	816,598	1,078,002	816,623
Depreciation and amortization	(217,614)	(173,425)	(217,614)	(173,430)
Net value added generated by the Company	860,275	643,173	860,388	643,193
Value added received through transfer				
Equity in the results of investees	97	(460)	-	(508)
Finance income	6,534	2,572	6,534	2,572
	6,631	2,112	6,534	2,064
Total value added to distribute (A)	866,906	645,286	866,921	645,257
Distribution of value added				
Personnel				
Direct compensation and benefits	(496,196)	(417,464)	(496,197)	(417,464)
Government Severance Indemnity Fund for Employees (FGTS)	(25,492)	(23,056)	(25,492)	(23,056)
Taxes				
Federal	(129,894)	(101,574)	(129,909)	(101,577)
State	(56,483)	(50,313)	(56,483)	(50,313)
Municipal	(10,406)	(8,663)	(10,406)	(8,663)
Financial institutions and suppliers				
Finance costs	(290,737)	(168,879)	(290,737)	(168,882)
Payment of (variable) rentals and leases	(4,488)	3,585	(4,488)	3,618
Shareholders				
Losses incurred	146,792	121,079	146,791	121,079
Total value added distributed (B)	(866,906)	(645,286)	(866,921)	(645,257)

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

MADERO INDÚSTRIA E COMÉRCIO S.A. AND SUBSIDIARIES

NOTES TO THE INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS
AT DECEMBER 31, 2022
(All amounts in thousands of Brazilian reais, unless otherwise stated)

1. GENERAL INFORMATION

Madero Indústria e Comércio S.A. ("Group" or "Company") is a closely-held corporation registered with the Brazilian Securities Commission (CVM) and 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 275 multibrand restaurants (four of which are independent franchisees, and two are franchisees owned or controlled by the major shareholder), distributed across eighteen Brazilian states and the Federal District.

From March 2020, when the World Health Organization declared the COVID-19 a pandemic, the economic conditions in Brazil and, consequently, the Company's operations were significantly affected by the restrictions imposed on people's movement and business activities.

The restrictions have been eased since April 2021, and were fully lifted in 2022. In December, same-store sales of restaurants aged 12 months or older at December 31, 2019, had already reached 99.9% of the volume recorded for the last pre-pandemic year, which confirms that the activities are gradually resuming their usual levels. In 2022, all the Group restaurants operated without service restrictions.

The issue of these financial statements was authorized by the Company's management on March 28, 2023.

Acquisition of restaurants under common control

On November 1, 2022, the Company entered into a purchase and sale agreement with its controlling shareholder, through which it acquired the totality of the capital quotas of RESTAURANTE MADERO LTDA and its subsidiary RESTAURANTE JDURSKI LTDA. The control over the company was obtained on the date the contract was signed.

As the Company concluded that the provisions of IFRS 3/CPC23 IFRS 3/CPC 15 (R1) would not be applicable to the acquisition of companies under common control, the IAS 8/CPC23 and CVM Circular Letter/CVM/SNC/SEP/n.01/2019 was used instead as the base for all the accounting records related to the transaction.

The acquisition was accounted for as follows: R$ 39,654, was credited to payables to the seller, and R$ 60,736 debited from equity, with absorption of R$ 21,082 relating to the net capital deficiency of the acquired companies.

Though this process, the Company acquired a total of 14 restaurants, among which 12 in the state of Paraná: Restaurante Madero Champagnat, Restaurante Madero Shopping Estação, Restaurante Madero Jardim Social, Restaurante Madero Shopping Curitiba, Restaurante Madero Shopping Muller, Restaurante Madero Shopping Pátio Batel, Jeronimo Praça da Espanha, Restaurante Madero Jardim das Américas, Restaurante Madero Batel, Restaurante Madero Comendador, Restaurante Madero Shopping Palladium, Restaurante Madero Cabral; one restaurant in the State of Goiás: Restaurante Madero Shopping Goiânia; and one restaurant in the State of Santa Catarina: Restaurante Madero Shopping Muller Joinville.

The acquisition, carried out on November 1, 2022, was approved by the majority of votes of the Company's Board of Directors.

At December 31, 2022, the total amount payable for the companies merged into the Company was calculated at R$ 40,379, of which R$ 16,152 was recorded in the short term and R$ 24,227, in the long term. The amount will be paid in 30 installments, indexed by the General Market Price Index (IGPM).

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

The acquisition balance is as follows:

MADERO LTDA - JDURSKI

STATEMENT OF FINANCIAL POSITION

(All amounts in thousands of Brazilian reais)

	10/31/2022		10/31/2022
ASSETS		**LIABILITIES**	
CURRENT ASSETS		**CURRENT LIABILITIES**	
Cash and cash equivalents	3,936	Trade payables	3,915
Trade receivables	512	Payroll charges	4,864
Inventories	1,423	Tax liabilities	6,316
Taxes recoverable	148	Other liabilities	2,490
Other assets	1,482	Lease liabilities	6,326
Total current assets	**7,501**	**Total current liabilities**	**23,911**
NON-CURRENT ASSETS		**NON-CURRENT LIABILITIES**	
Related parties	-	Tax liabilities	18,577
Investments	-	Other liabilities	295
Right-of-use assets	9,211	Payroll charges	3,054
Property, plant and equipment	14,089	Provision for contingencies	646
Intangible assets	518	Lease liabilities	5,919
Total non-current assets	**23,818**	**Total non-current liabilities**	**28,491**
		EQUITY	
		Accumulated deficit	(21,082)
		Total equity	**(21,082)**
TOTAL ASSETS	**31,320**	**TOTAL LIABILITIES**	**31,320**

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 (Note 17), by lengthening the maturities to 5 and 6 years, and 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 2.9 years at December 31, 2022.

The net cash provided by operating activities totaled R$ 107,231 at December 31, 2022, reversing the negative cash flow of R$ 26,505 at December 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, confirming the resumption of operations, as the pandemic's effects wane.

At December 31, 2022, the Company and its subsidiaries (consolidated) presented a loss of R$ 146,791 (R$ 121,079 at December 31, 2021), as well as negative working capital of R$ 226,785 (R$ 563,851 at December 31, 2021 and R$ 498,975 at January 1, 2021). The negative working capital resulted mainly from 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 December 31, 2023, either before or on the maturity date.

Throughout the year, the Company has adopted even stricter policies for the management of resources, as well as for investments. Management believes that the trends observed in 2022 will persist, favoring the effective cash generation.

For the next periods, the Company will continue to improve its fund management procedures, including the adoption of strict criteria for investment approval, subject to cash availability. Additionally, the Company expects that the cash generation will remain at levels compatible with or even higher than in 2022. If necessary, the Company will evaluate the different funding sources available.

Management's analysis has concluded that the Company is able to continue as a going concern. Accordingly, these financial statements were prepared on a going concern basis.

2. BASIS OF PREPARATION

The individual and consolidated financial statements have been prepared and are being presented in accordance with the accounting practices adopted in Brazil, including the pronouncements issued by the Brazilian Accounting Pronouncements Committee (CPC), the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), as well as the CVM standards and requirements, and disclose all the information of significance to the financial statements, which is consistent with the information utilized by management in the performance of its duties.

The financial statements have been prepared under the historical cost convention, as modified by financial assets at amortized cost, and other financial assets and liabilities measured at fair value.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 2.21.

Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest thousand reais, unless otherwise stated.

Summary of significant accounting policies

The main accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied in the years presented, unless otherwise stated.

2.1 CONSOLIDATION AND FOREIGN CURRENCY TRANSLATION

Consolidation

The Company consolidates all entities that it controls, i.e., when it is exposed or has rights to variable returns from its involvement with the investee, and has the ability to direct the investee’s relevant activities.

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Company has control. Subsidiaries are fully consolidated from the date on which control is transferred to the Company and deconsolidated from the date that control ceases.

Identifiable assets acquired and liabilities and contingent liabilities assumed in the acquisition of subsidiaries in a business combination are measured initially at their fair values at the acquisition date. The Company recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the fair value of the acquiree's identifiable net assets. Acquisition-related costs are expensed in profit or loss for the year as incurred.

Transactions, balances and unrealized gains on intercompany transactions are eliminated. Unrealized losses are also eliminated, unless the transaction provides evidence of impairment of the asset transferred. The accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(b) Transactions with non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases of non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of the subsidiary's net assets is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded directly in equity, within "Capital reserve".

(c) Loss of control of subsidiaries

When the Group ceases to have control, any interest in the entity is remeasured to its fair value, with the change in the carrying amount recognized in profit or loss. The amounts previously recognized in other comprehensive income (loss) are reclassified to profit or loss.

Foreign currency translation - Functional and presentation currency

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency").

The individual and consolidated financial statements are presented in Brazilian reais (R$), which is also the functional currency of the Company and its subsidiaries.

Significant accounting policies

2.2 CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, bank deposits, and other short-term highly liquid investments with original maturities of three months or less, and immaterial risk of change in value.

2.3 FINANCIAL INSTRUMENTS

2.3.1. Recognition and initial measurement

Trade receivables and debt securities issued are initially recognized on the date they are originated. All other financial assets and liabilities are recognized initially when the Company becomes a party to the contractual provisions of the instrument. A financial asset (except trade receivables) or financial liability is initially measured at fair value, plus transaction costs (for an item that is not measured at fair value through profit or loss) directly attributable to their acquisition or issue. Trade receivables are initially recognized at the transaction price.

2.3.2. Classification and measurement

(I) Financial assets - The Company classifies its financial assets, upon initial recognition, in the following categories:

(i) at fair value through profit or loss,

(ii) at fair value through other comprehensive income, and

(iii) at amortized cost.

The classification depends on the purpose for which the financial assets were acquired. The Company determines the classification of its financial assets at the time of their initial recognition, when it becomes a party to the contractual provisions of the instrument.

Financial assets are recognized initially at fair value plus transaction costs that are directly attributable to their acquisition in the case of investments that are not measured at fair value through profit or loss.

(II) Financial liabilities - All financial liabilities are measured at amortized cost, except for financial liabilities at fair value through profit or loss. Reclassifications of financial liabilities between categories are not permitted following their initial recognition.

(III) Recognition and derecognition – IFRS 9/CPC 48 – Financial Instruments determines that an entity should recognize a financial asset or financial liability in its statement of financial position only when it becomes a party to the contractual provisions of the instrument.

Purchases or sales of financial assets should be recognized and/or derecognized, when applicable, on the trade date or the settlement date.

An entity should derecognize a financial asset if and only if:

- the contractual rights to receive cash flows from the financial asset have expired; or
- the financial asset has been transferred, and the entity has not retained control over it.

An entity should derecognize a financial liability only when:

- it is extinguished, that is, the obligation specified in the contract is settled, canceled, or expires.

Impairment - The Company assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortized cost and at fair value through other comprehensive income. The impairment methodology adopted depends on whether there has been a significant increase in credit risk. For trade receivables, the Company adopted the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

(IV) Offsetting of financial instruments - Financial assets and liabilities are offset and the net amount presented in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and an intention to settle them on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

(V) Amortized cost of financial assets after initial recognition - Subsequent to initial recognition, these financial assets are carried at amortized cost using the effective interest rate method, less any impairment losses. The amortized cost is calculated by considering any discount on acquisition and fees or costs incurred.

The amortization of the effective interest rate is recognized within finance income in the statement of profit or loss. Impairment losses are recognized as "Finance costs" in the consolidated statement of profit or loss.

They are included in current assets, except for maturities greater than 12 months after the end of the reporting period, which are classified as non-current assets.

(VI) Fair value of financial assets - For assets measured at fair value, the change in fair value must be recognized in profit or loss or other comprehensive income, as appropriate. The trade date should be considered the date of initial recognition for the purposes of applying the impairment requirements.

2.4 TRADE RECEIVABLES

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of the Group's business. The Group holds the trade receivables with the objective of receiving the contractual cash flows, and therefore measures them initially at fair value and subsequently at amortized cost using the effective interest rate method, less provision for impairment. If receipt is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

2.5 RELATED-PARTY TRANSACTIONS

The Company's related parties are its controlling shareholder, any non-controlling shareholder that holds more than 5% of shares, associated companies, all executive officers, as well as any immediate family members of any of the aforementioned related parties.

Related-party transactions consist of purchases of restaurants, products, contracting of services, and payment of salaries and royalties agreed upon with individuals or legal entities. These transactions are carried out under usual market conditions and do not give rise to any unusual default risks.

2.6 INVENTORIES

Inventories are comprised of raw materials and items intended for the manufacture or resale of the products sold in the Group's restaurants, and are stated at acquisition cost. Inventories are stated at the lower of cost and net realizable value. Their cost is determined using the weighted average method. The net realizable value is the estimated selling price in the ordinary course of business less estimated selling expenses.

2.7 INVESTMENTS

In the individual financial statements, investments in subsidiaries are valued based on the equity method of accounting,

2.8 INTANGIBLE ASSETS

2.8.1. Goodwill

Goodwill arises on the repurchase of franchises and represents the excess of (i) the consideration transferred; (ii) the amount of any non-controlling interest in the acquiree; and (iii) the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired. If the total of the consideration transferred, non-controlling interest recognized, and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary acquired, in the case of a bargain purchase, the difference is recognized directly in the statement of profit or loss.

2.8.2. Software

Computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over the estimated useful life of the software (five years).

Costs associated with maintaining computer software programs are expensed as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognized as intangible assets.

Directly attributable costs that are capitalized as part of the software product include the software development employee costs and an appropriate portion of applicable overheads. Costs also include finance costs related to the development of the software product.

Other development expenditures that do not meet these criteria are recognized as an expense as incurred. Development costs previously recorded as an expense are not recognized as an asset in a subsequent period.

Computer software development costs recognized as assets are amortized over the software estimated useful life, which does not exceed five years.

2.8.3. Intangible assets in progress

Intangible assets in progress is an account in non-current assets under which the costs incurred with the development of intangible assets are recognized. The amount is presented under intangible assets in the statement of financial position.

The related development costs are recorded within intangible assets in progress until the asset becomes available for use and starts to generate future economic benefits. Amortization begins when the asset is put into service.

2.8.4. Non-compete agreements

Non-compete agreements are measured at fair value on the date of acquisition. These agreements have a finite useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method over the useful life of each agreement.

2.8.5. Impairment of non-financial assets

Assets with indefinite useful lives, such as goodwill, are not subject to amortization and are tested for impairment annually. Goodwill is reviewed for impairment annually, or whenever events or circumstances indicate that the carrying amount may not be recoverable.

Assets subject to depreciation or amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is the higher of an asset’s fair value less cost to sell and its value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (Cash-generating units (CGUs)). For the purpose of impairment testing, goodwill is allocated to each of the CGUs (or groups of CGUs) expected to benefit from the synergies of the combination, identified at the operating segment level. The three segments are: Madero, Jeronimo, and Others.

2.9 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are measured at historical cost, less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the assets.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with these costs will flow to the Group, and these costs can be measured reliably. The carrying amount of the replaced items or parts is derecognized. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

Depreciation is recognized on the straight-line basis over the estimated useful life of each asset, to fully amortize the cost less the residual value of each asset over its expected useful life. The useful lives and annual depreciation rates applied are presented below:

Depreciation	Rate	Useful life (in years)
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%	5

The estimated useful lives, residual values, and depreciation methods are reviewed at the reporting date, and the effects of any changes in estimates are accounted for on a forward-looking basis. Property, plant and equipment items are derecognized upon disposal or when no future benefits are expected from the continuous use of the asset. Any gains or losses on disposal are determined by comparing the proceeds received from the sale with the carrying amount of the asset, and are recognized in profit or loss.

2.10 TRADE PAYABLES

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business. They are classified as current liabilities if payment is due in one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method.

2.11 BORROWINGS

Borrowings are recognized initially at fair value, net of transaction costs incurred, and are subsequently carried at amortized cost. Any difference between the proceeds (net of transaction costs) and the total amount payable is recognized in the statement of profit or loss over the period of the borrowing, using the effective interest rate method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

2.12 PROVISIONS FOR CONTINGENCIES

A provision is recognized when: (i) the Group has a present legal or constructive obligation as a result of past events; (ii) it is probable that an outflow of resources will be required to settle the obligation; and (iii) the amount can be reliably estimated.

The Company recognizes a provision based on its best estimate of probable loss related to tax, civil and labor lawsuits. The assessment of the likelihood of an unfavorable outcome in these proceedings includes the analysis of existing evidence, hierarchy of the laws, available case law, most recent court decisions and their relevance to the legal system, as well as the opinion of the external legal counsel. Provisions are reviewed and adjusted to consider changes in circumstances, such as the applicable statute of limitations, conclusions of tax audits or additional exposures identified based on new matters or court rulings.

2.13 LEASE LIABILITIES

The Company defines whether a contract is or contains a lease at its inception. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. In order to assess whether a contract conveys the right to control an identified asset, the Company uses the definition of lease provided for in IFRS 16 (CPC 06).

This policy is applied to contracts signed on or after January 1, 2019.

At inception or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price. However, for leases of properties, the Company has elected not to separate non-lease components, and account for the lease and non-lease components as a single lease component.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the lease commencement date, plus any initial direct costs incurred and an estimate of the costs to dismantle and remove the underlying asset, or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date until the end of the lease term, unless the lease transfers the ownership of the underlying asset to the Company by the end of the lease term, or the cost of the right-of-use asset indicates that the Company will exercise a purchase option. In this case, the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as that of the property, plant and equipment item. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company’s incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from a number of external financing sources, and makes certain adjustments to reflect the term of the lease and the type of asset leased.

The lease payments included in the measurement of lease liabilities contain the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- Amounts expected to be payable by the lessee under residual value guarantees; and
- The exercise prices under a purchase price option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is subsequently measured at amortized cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company’s estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option, or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset or in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Right-of-use assets that do not meet the definition of investment property are recognized in property, plant and equipment, and lease liabilities are recorded under borrowings in the statement of financial position.

2.13.1 Short-term and low-value leases

The Company elected not to recognize right-of-use assets and lease liabilities for short-term and low-value leases, including leases of IT equipment. The Company recognizes the payments associated with these leases as expenses on a straight-line basis, over the lease term.

2.14 OTHER CURRENT AND NON-CURRENT ASSETS AND LIABILITIES

An asset is recognized in the statement of financial position when it is probable that its future economic benefits will flow to the Company, and its cost or value can be measured reliably. A liability is recognized in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of funds will be required to settle it. When applicable, the assets and liabilities include the related charges and monetary or foreign exchange variations incurred. The provisions are recorded based on the best estimates of the risk involved.

Assets and liabilities are classified as current when it is probable that their realization or settlement will occur within the next twelve-month period. Otherwise, they are recognized as non-current.

2.15 INCOME TAX AND SOCIAL CONTRIBUTION

Previously, the Company and its subsidiaries calculated and recognized income tax and social contribution under different taxation regimes. Some subsidiaries applied the deemed profit regime, recognizing taxes based on revenue, while others calculated income tax and social contribution under the taxable profit regime. Both taxation regimes were applied in compliance with the Brazilian tax legislation. As at December 31, 2019, all the subsidiaries were merged into the Company, except for Mila Adm. de Imóveis, they are currently subject to the same taxation regime as the Company (taxable profit regime).

The provision for income tax and social contribution is based on the profit regime for the period. Deferred income tax and social contribution are recognized, at the end of each period, on temporary differences between asset and liability balances recognized in the financial statements and the corresponding tax bases used to determine taxable profit, including the balance of tax losses, where applicable.

The recoverability of deferred tax assets is reviewed at each reporting period and when it is no longer probable that future taxable profit will be available to enable the full or partial recovery of these assets. Management’s assessment is supported by technical feasibility studies that evidence the taxable profit projections. In addition, the estimated realization of deferred income tax and social contribution involves uncertainties related to the other estimates.

Current and deferred taxes are recognized in profit or loss, except when related to items recognized within "Other comprehensive income", in equity.

2.16 SHARE CAPITAL

Common shares are classified in equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.17 SHARE-BASED PAYMENTS

The Company provides share-based payments to its key executives and managers. The Company measures the cost of share-based payments to employees based on the fair value of the equity instruments on the grant date.

The estimate of the fair value of the share-based compensation requires the determination of the most appropriate valuation model for granting equity instruments, which depends on the terms and conditions of the grant. It also requires the determination of the most appropriate data for the valuation model, including the expected life of the option, future events, volatility and yield of the dividends and corresponding assumptions. The assumptions and models used to estimate the fair value of the shared-based payments are disclosed in Note 24. The expenses incurred with these transactions are recognized in the statement of profit or loss within “General and administrative expenses” during the vesting period, with a corresponding entry to the “Reserve for share-based compensation”, in equity.

2.18 REVENUE RECOGNITION

Revenue is recognized to the extent it is probable that economic benefits will be generated and flow to the Company and when it can be measured reliably. Revenue is measured based on the fair value of the consideration received, less any discounts, rebates, and taxes or charges on sales.

The Company assesses its revenue transactions based on specific criteria to determine whether it is acting as an agent or a principal, and has ultimately concluded that it is acting as a principal in all its revenue arrangements.

The following criteria must also be complied with before revenue recognition:

(a) Sale of goods

Revenue from sale of products is recognized when the significant risks and rewards of ownership of the products are transferred to the buyer, which generally occurs upon delivery.

(a.1) Sales contract to end consumer

The Company identified the delivery of the product to the end customer as the sole performance obligation.

(a.2) Sale of goods to franchisees

The Company identified the delivery of the products as the sole performance obligation.

(b) Provision of services

Revenue from the provision of management and advisory services to franchisees is recognized only when the services are effectively provided and when the benefits are transferred to the franchisees, through the application of percentages on monthly sales.

The Company provides the following services to franchisees:

- Granting of the right to use the brand;
- Publicity services;
- Administrative services.

Revenue is recognized when the performance obligation is fulfilled, that is, upon acceptance of the contract or transfer of the assets.

2.19 INTEREST INCOME

Interest income is recognized on the accrual basis, using the effective interest rate method.

2.20 REVENUE FROM GOVERNMENT GRANTS

A government grant is recognized when it is reasonably certain that the (i) Company will comply with all the conditions associated to the grant and that the (ii) grant will be received.

The grant is recognized as revenue over the period necessary to match it with the related costs it is intended to compensate. Non-monetary grants, such as land or other resources, are recognized at fair value (with a corresponding entry to deferred revenue), with revenue subsequently recognized within “Other operating income (expenses), net” in the consolidated statement of profit or loss, in proportion to the depreciation of the non-monetary asset, where applicable.

2.21 USE OF JUDGMENTS AND ESTIMATES

In the preparation of these consolidated financial statements, management made judgments and estimates that affect the application of the Company's accounting policies, and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized on a forward-looking basis.

2.21.1 Classification of costs of products and goods sold, and restaurant and selling expenses

The Company recognizes as cost of products and goods sold all costs related to the preparation, handling and transportation of products to the restaurants and points of sale, including costs incurred with the “Central Kitchen” production unit. Expenses related to customer service, delivery, and other restaurant costs are recognized as restaurant and selling expenses.

2.21.2 Judgments and significant estimates

Information on assumptions and estimate uncertainties at December 31, 2022 that present a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are included in the following notes:

• Note 2.15. - Lease term: assessment of whether it is reasonably certain that the Company will exercise extension options.

• Notes 13 and 14 – recoverable amount of property, plant and equipment and intangible assets - main assumptions on future results and recoverability of these assets;

• Note 21 - recognition and measurement of provisions and contingencies: key assumptions on the likelihood and magnitude of an outflow of resources;

• Note 24 - share-based payment plan: main assumptions about the recognition and measurement of the provision (and compensation expenses), based on the estimated contractual obligation due to shareholders in the event of termination;

• Note 29 - recognition of deferred tax assets: availability of future taxable profit against which deductible temporary differences and reportable tax losses may be offset.

2.21.3 Fair value measurement

A number of the Company’s accounting policies and disclosures require fair value measurement, for both financial and non-financial assets and liabilities.

The Company regularly reviews non-observable inputs and carrying value adjustments.

If third-party information, such as quotes from brokers or pricing services, are used to measure fair value, the Company assesses the evidence obtained from third parties to support the conclusion that these valuations comply with the requirements of the applicable standards, including the fair value hierarchy level in which the valuations should be classified.

When measuring the fair value of an asset or liability, the Company uses observable market inputs as much as possible. Fair values are classified into different levels in a fair value hierarchy based on the inputs used in the valuation techniques, as follows:

• Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

• Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

• Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy based on the lowest level input that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change occurred.

Additional information on the assumptions used in fair value measurement is included in the following notes:

• Note 24 - Shared-based compensation;

• Note 30 - Risk management and financial instruments

2.22 NEW ACCOUNTING STANDARDS

Amendments to IFRS with mandatory adoption for annual periods beginning on or after January 1, 2022:

• IFRS 3/CPC 15 – Business Combination: replaces the references of the former version of the conceptual framework with the most recent version (issued in 2018).

• IAS 16/CPC 27 – Property, Plant and Equipment: the amendment prevents the entity from recognizing as part of the cost of a PP&E item any proceeds received from selling items produced while the asset is being prepared for its intended use. The related proceeds and costs should be recognized in the profit or loss for the year.

• IAS 37/CPC 25 – Provisions, Contingent Liabilities and Contingent Assets: the amendment clarifies that, for the purpose of assessing whether a contract is onerous, the cost of fulfilling the contract includes the incremental costs of fulfilling the contract and an allocation of other costs directly related to its fulfillment.

• Annual Improvements – 2018-2020 cycle:

(i) IFRS 1/CPC 37 – First-time Adoption of International Financial Reporting Standards: the amendment simplifies the application of the standard by a subsidiary that becomes a first-time adopter of IFRS in relation to the measurement of cumulative translation differences;

(ii) IFRS 9/CPC 48 – Financial Instruments: the amendment clarifies which fees should be included in the 10% test for derecognition of financial liabilities;

(iii) IFRS 16/CPC 06 (R2) – Leases: the amendment excludes the concept of reimbursement of leasehold improvements.

Management's assessment of the amendments did not identify any impacts on the Company's individual and consolidated financial statements.

The Company has not adopted the following new and revised IFRS, which have already been issued but are not applicable for the year ended December 31, 2022:

• Amendments to IFRS 10/CPC 36 (R3) and IAS 28/CPC 18 (R2) – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture;

• Amendments to IAS 1/CPC 26 (R1) - Classification of Liabilities as Current or Non-current;

• Amendments to IAS 1/CPC 26 (R1) - Disclosure of Accounting Policies;

• Amendments to IAS 8/CPC 23 - Definition of Accounting Estimates;

- Amendments to IAS 12/ CPC 32 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction.

Management has been monitoring the new pronouncements issued that will be effective as from January 1, 2023, and concluded that they will not result in significant impacts on the Company's individual and consolidated financial statements.

2.23 RESTATEMENT OF CORRESPONDING FIGURES

During 2022, the Company identified certain deficiencies in internal controls that affected the calculation arising from the adoption of IFRS 16/CPC 06 – Leases, and required adjustments to the comparative information that is being restated considering IAS 8/CPC 23 - Accounting Policies, Changes in Accounting Estimates and Errors.

Effects of the restatement

STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED DECEMBER 31, 2021

	Parent			Consolidated		
ASSETS	12/31/2021 Originally presented	Adjustments and reclassifications	12/31/2021 Restated	12/31/2021 Originally presented	Adjustments and reclassifications	12/31/2021 Restated
NON-CURRENT ASSETS						
Right-of-use assets	633,335	61,065	694,400	633,335	61,065	694,400
Total non-current assets	2,029,661	61,065	2,090,726	2,029,598	61,065	2,090,663
TOTAL ASSETS	2,480,828	61,065	2,541,893	2,480,836	61,065	2,541,901

	Parent			Consolidated		
LIABILITIES AND EQUITY	12/31/2021 Originally presented	Adjustments and reclassifications	12/31/2021 Restated	12/31/2021 Originally presented	Adjustments and reclassifications	12/31/2021 Restated
CURRENT LIABILITIES						
Lease liabilities	111,115	(3,879)	107,236	111,115	(3,879)	107,236
Total current liabilities	1,018,962	(3,879)	1,015,082	1,018,968	(3,879)	1,015,089
NON-CURRENT LIABILITIES						
Lease liabilities	591,835	45,462	637,297	591,835	45,462	637,297
Total non-current liabilities	1,023,397	45,462	1,068,859	1,023,397	45,462	1,068,859
EQUITY						
Accumulated deficit	(628,085)	19,482	(608,602)	(628,085)	19,482	(608,603)
Equity	438,469	19,482	457,952	438,469	19,482	457,951
Non-controlling interests	-	-	-	2	-	2
Total equity	438,469	19,482	457,952	438,471	19,482	457,953
TOTAL LIABILITIES	2,480,828	61,065	2,541,893	2,480,836	61,065	2,541,901

STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED December 31, 2021

	Parent			Consolidated		
	12/31/2021	Adjustments and reclassifications	12/31/2021	12/31/2021	Adjustments and reclassifications	12/31/2021
	Originally presented		Restated	Originally presented		Restated
Gross profit	766,951	-	766,951	766,981	-	766,981
Restaurant and selling expenses	(617,097)	7,551	(609,546)	(617,097)	7,551	(609,546)
Operating profit	37,677	7,551	45,228	37,685	7,551	45,236
Finance income (costs)	(159,043)	(7,265)	(166,307)	(159,046)	(7,265)	(166,310)
Loss before income tax and social contribution	(121,365)	286	(121,079)	(121,360)	286	(121,074)
Loss for the year	(121,365)	286	(121,079)	(121,365)	286	(121,079)
Loss per common share						
Basic and diluted loss per share (R$)	(0.38)		(0.38)			

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2021

	Parent			Consolidated		
	12/31/2021	Adjustments	12/31/2021	12/31/2021	Adjustments	12/31/2021
	Originally presented		Restated	Originally presented		Restated
Loss for the year	(121,365)	286	(121,079)	(121,365)	286	(121,079)
Other comprehensive income	-		-	-		-
Comprehensive loss (income) for the year	(121,365)	286	(121,079)	(121,365)	286	(121,079)
Attributable to:						
Owners of the parent				(121,365)		(121,079)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021

			Parent			Consolidated
	12/31/2021	Adjustments	12/31/2021	12/31/2021	Adjustments	12/31/2021
CASH FLOWS FROM OPERATING ACTIVITIES	Originally presented		Restated	Originally presented		Restated
Profit (loss) before income tax	(121,365)	286	(121,079)	(121,360)	286	(121,074)
Reconciliation of profit to cash provided by operating activities:						
Depreciation of right-of-use assets	73,883	4,950	78,833	73,883	4,950	78,833
Discounts of lease liabilities	(12,138)	(12,500)	(24,638)	(12,138)	(12,500)	(24,638)
Charges on lease liabilities	48,629	7,264	55,893	48,629	7,264	55,893
	200,378	-	200,378	199,919	-	199,918
Payment of interest on lease liabilities	(48,629)	(7,264)	(55,893)	(48,629)	(7,264)	(55,893)
Payment of interest	(137,847)	(7,264)	(145,111)	(137,847)	(7,264)	(145,111)
Net cash provided by (used in) operating activities	**(19,228)**	**(7,264)**	**(26,492)**	**(19,239)**	**(7,264)**	**(26,505)**
CASH FLOWS FROM FINANCING ACTIVITIES						
Payment of lease liabilities	(33,675)	7,264	(26,411)	(33,675)	7,264	(26,411)
Net cash provided by (used in) financing activities	561,746	7,264	569,010	561,745	7,264	569,009
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS	199,427	-	199,427	199,415	-	199,415
Cash and cash equivalents at the beginning of the year	37,504		37,504	37,520		37,520
Cash and cash equivalents at the end of the year	236,931		236,931	236,934		236,934

STATEMENT OF VALUE ADDED
FOR THE YEAR ENDED DECEMBER 31, 2021

	Parent 12/31/2021 Originally presented	Adjustments	Parent 12/31/2021 Restated	Consolidated 12/31/2021 Originally presented	Adjustments	Consolidated 12/31/2021 Restated
Materials, energy, outsourced services and other	(167,235)	12,500	(154,735)	(167,242)	12,500	(154,742)
	(522,116)	12,500	(509,616)	(522,123)	12,500	(509,624)
Gross value added	804,098	12,500	816,598	804,124	12,500	816,624
Depreciation and amortization	(168,487)	(4,938)	(173,425)	(168,487)	(4,938)	(173,430)
Net value added generated by the Company	635,611	7,562	643,173	635,636	7,562	643,193
Total value added to distribute (A)	637,723	8,352	645,286	637,701	8,352	645,257
Distribution of value added		-			-	
Financial institutions and suppliers						
Finance costs	(161,602)	(8,066)	(168,879)	(161,605)	(8,066)	(168,882)
Shareholders						
Losses incurred	121,364	(285)	121,079	121,364	(285)	121,079
Total value added distributed (B)	(637,723)	(8,352)	(645,286)	(637,700)	(8,352)	(645,287)

STATEMENT OF FINANCIAL POSITION AT JANUARY 1, 2021

	Parent 12/31/2020	Parent Adjustments and reclassifications	Parent 01/01/2021	Consolidated 12/31/2020	Consolidated Adjustments and reclassifications	Consolidated 01/01/2021
ASSETS	Originally presented		Restated	Originally presented		Restated
NON-CURRENT ASSETS						
Right-of-use assets	530,316	7,566	537,882	530,316	7,566	537,882
Total non-current assets	1,706,989	7,566	1,714,555	1,706,977	7,566	1,714,543
TOTAL ASSETS	1,897,962	7,566	1,905,528	1,897,999	7,566	1,905,565

			Parent			Consolidated
LIABILITIES AND EQUITY	12/31/2020	Adjustments and reclassifications	01/01/2021	12/31/2020	Adjustments and reclassifications	01/01/2021
	Originally		Restated	Originally		Restated
CURRENT LIABILITIES	presented			presented		
Lease liabilities	71,209	6,081	77,290	71,209	6,081	77,290
Total current liabilities	683,881	6,081	689,962	683,916	6,081	689,997
		-				
NON-CURRENT LIABILITIES						
Lease liabilities	503,508	(17,710)	485,798	503,508	(17,710)	485,798
Total non-current liabilities	957,148	(17,710)	939,438	957,148	(17,710)	939,438
EQUITY						
Accumulated deficit	(506,720)	19,195	(487,525)	(506,720)	19,195	(487,525)
Equity	256,933	19,195	276,128	256,933	19,195	276,128
Non-controlling interests	-	-	-	2	-	2
Total equity	256,933	19,195	276,128	256,935	19,195	276,130
TOTAL LIABILITIES	1,897,962	7,566	1,905,528	1,897,999	7,566	1,905,565

3. CASH AND CASH EQUIVALENTS

		Parent		Consolidated
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Cash	906	1,886	906	1,886
Bank balances	10,867	7,953	10,988	7,956
Cash equivalents (a)	44,098	227,092	44,098	227,092
	55,871	236,931	55,992	236,934

(a) The balance of cash equivalents relates to financial investments in repurchase agreements and Bank Deposit Certificates (CDBs), which totaled R$ 44,098 at December 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. These investments earn interest based on the CDI rate and have immediate liquidity.

4. FINANCIAL INVESTMENTS

		Parent		Consolidated
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Financial investments	34,155	21,585	34,155	21,585
	34,155	21,585	34,155	21,585
Current	-	21,585	-	21,585
Non-current	34,155	-	34,155	-

The balance of financial investments relate to investments in CDBs. These investments include guarantee clauses that require the Company to keep the amounts invested up to the maturity date of the borrowing contracts. The return on financial investments is linked to the Interbank Deposit Certificate (CDI) rate.

5. ACCOUNTS RECEIVABLE

	Parent		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Trade receivables	104,354	77,622	104,404	77,691
Receivables from related parties (Note 6)	198	1,746	198	1,746
	104,552	79,368	104,602	79,437

The balance of trade receivables relates substantially to amounts receivable from 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 December 31, 2022, since there were no balances overdue, considering the nature of the Company's receivables.

At December 31, 2022, had received R$ 8,169 of advances on receivables.

6. RELATED PARTIES

Breakdown of related-party transactions:

	Parent		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Receivables from related parties				
Accounts receivable (a)	198	1,746	198	1,746
Total	198	1,746	198	1,746
Payables to related parties				
Trade payables (b)	15	352	15	352
Advances from customers (c)	116	-	116	-
Acquisition of restaurants (d)	40,379	-	40,379	-
Total	40,510	352	40,510	352

	Parent		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Statement of profit or loss				
Revenue from sale and resale of products (e)	21,670	26,442	21,670	26,442
Royalties and publicity (f)	12,347	12,160	12,347	12,160
Share-based compensation (g)	(2,235)	(3,097)	(2,235)	(3,097)
Salaries and management fees (h)	(14,483)	(11,046)	(14,483)	(11,046)
Aircraft sharing (i)	(1,080)	-	(1,080)	-
Other (j)	(1,180)	(1,244)	(1,180)	(1,244)
Total	15,039	23,215	15,039	23,215

(a) Relates to amounts receivable from franchised restaurants owned by the controlling shareholder in connection with royalties and sales of products. The receivables decreased due to the acquisition of 14 restaurants by the Company.

(b) Relates to normal purchase transactions, mostly of equipment, from the franchised restaurants owned by the controlling shareholder.

(c) Relates to advances on receivables;

(d) In 2022, the Company acquired 14 restaurants owned by the controlling shareholder (Note 1). The amount of R$ 40,379 is divided into R$ 16,152 in the short term and R$ 24,227 in the long term, and will be paid in 30 installments indexed by the General Market Price Index (IGPM).

(e) Sale of products and goods to franchised restaurants owned by the controlling shareholder.

(f) Relates to royalties, advertising and administrative fees received from franchised restaurants owned by the controlling shareholder, as provided for in contract.

(g) The Company grants share-based compensation to its key officers and management members (Note 24).

(h) Relates to salaries and benefits paid to management and employees who are treated as related parties.

(i) In November 2022, the Company signed a contract for the shared use of an aircraft owned by TAZZA ADMINISTRADORA DE BENS LTDA, controlled by VINO PARTICIPAÇÕES LTDA (a company with controlling interest of related parties, primarily of the controlling shareholder). At December 31, 2022, there were no balances payable.

(j) Various benefits, such as: healthcare assistance, transportation, life insurance, and a corporate card for exclusive use in the Company's restaurants.

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 accrued for and/or paid to key management personnel for their services in the year ended December 31, 2022 totaled R$ 19,092 (R$ 15,916 at December 31, 2021).

8. INVENTORIES

	Parent		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Finished products	53,790	47,632	53,790	47,632
Products for resale	5,642	22,408	5,642	22,408
Raw materials	4,928	12,096	4,928	12,096
Work in progress	7,227	1,658	7,227	1,658
	71,587	83,794	71,587	83,794

At December 31, 2022, a provision for loss on finished product inventory was recorded in the amount of R$ 1,009 (R$ 2,344 at December 31, 2021) relating to products not expected to be used or sold, in addition to a provision for loss on raw-material inventory of R$ 7,135 at December 31, 2022 (R$ 5,635 at December 31, 2021).

9. TAXES RECOVERABLE

	Parent		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
State Value-Added Tax (ICMS) (a)	25,239	19,919	25,239	19,919
Social Integration Program (PIS) and Social Contribution on Revenues (COFINS) (b)	837	2,339	837	2,339
Income Tax (IRPJ) and Social Contribution (CSLL)	2,351	1,696	2,351	1,696
Others	345	310	345	310
	28,772	24,264	28,772	24,264
Current assets	12,888	18,165	12,888	18,165
Non-current assets	15,884	6,099	15,884	6,099
Total	28,772	24,264	28,772	24,264

(a) In 2021, the amounts mainly related to ICMS Recoverable from Manufacturing and to the Control of ICMS Credits from Permanent Assets (CIAP). The Company has defined a plan for using the accumulated tax credits over the next three years.

(b) In 2022, the Company recognized PIS and COFINS credits of previous years in the amount of R$ 7,495, related to property, plant and equipment items.

10. OTHER ASSETS

	Parent		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Advances to suppliers and employees	8,067	7,515	8,067	7,515
Insurance premium	1,835	1,299	1,835	1,299
Unallocated licenses	822	-	822	-
Others	6,981	3,211	6,981	3,210
	17,705	12,025	17,705	12,024
Current	14,119	11,324	14,119	11,323
Non-current	3,586	701	3,586	701
	17,705	12,025	17,705	12,024

11. INVESTMENTS

Changes in investments

	12/31/2022		12/31/2021	
Parent	Equity	Investment amount	Equity	Investment amount
Mila Adm. de Imóveis	2,941	2,939	2,844	2,841
Total ownership interest	2,941	2,939	2,844	2,841

	Balance at 01/01/2021	Equity in the results of subsidiaries	Balance at 12/31/2021	Equity in the results of subsidiaries	Balance at 12/31/2022
Mila Adm. de Imóveis	2,790	52	2,841	97	2,939
Total investments in subsidiaries	2,790	52	2,841	97	2,939

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

The Company leases various properties for different periods of use. The average period for offices and restaurants is 120 months (10 years), and for employee housing, 36 months (3 years). The lease agreements provide for annual indexation based on the General Market Price Index (IGPM), Amplified Consumer Price Index (IPCA), National Consumer Price Index (INPC), and Market Price Index – Internal Availability (IGP-DI). Changes in the balance for the year ended December 31, 2022 were as follows:

Non-current assets	Parent and Consolidated
At 01/01/2021 (restated)	537,882
(+) Additions	120,406
(+) Remeasurement	118,473
(-) Disposals	(3,407)
(-) Depreciation	(78,954)
At 12/31/2021 (restated)	694,400
(+) Additions	27,530
(+) Remeasurement	66,880
(-) Remeasurement due to discount	(9,064)
(-) Depreciation	(90,278)
(+) Acquisition of units	9,211
(-) Disposals	(1,865)
At 12/31/2022	696,814

Liabilities	Parent and Consolidated
At 01/01/2021 (restated)	563,088
(+) Additions	120,406
(+) Remeasurement	118,473
(+) Financial charges	55,893
(-) Repayment of interest	(55,893)
(-) Repayment of the principal amount	(29,170)
(-) Discounts obtained	(24,638)
(-) Disposals	(3,626)
At 12/31/2021 (restated)	744,533
(+) Additions	27,530
(+) Remeasurement	66,880
(+) Financial charges	67,733
(-) Repayment of interest	(67,733)
(-) Repayment of the principal amount	(54,868)
(-) Discounts obtained	(9,014)
(+) Acquisition of units	12,245
(-) Disposals	(2,462)
At 12/31/2022	784,844
Current liabilities	116,924
Non-current liabilities	667,920
	784,844

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

Adjustment index	12/31/2022	12/31/2021	01/01/2021
		Restatement	Restatement
General Market Price Index (IGPM)	537,138	502,145	380,350
Market Price Index – Internal Availability (IGP-DI)	184,539	187,655	152,413
National Consumer Price Index (INPC)	19,294	17,686	17,296
Amplified Consumer Price Index (IPCA)	43,873	37,047	13,029
Total	784,844	744,533	563,088

Impact on profit (loss) for the year

Parent and Consolidated	12/31/2022	12/31/2021
Amortization of right-of-use assets	(90,278)	(78,954)
Charges on lease liabilities	(67,733)	(55,893)
Discounts obtained	9,014	24,638
	(148,997)	(110,209)

Contract maturity dates

Installment maturity dates	12/31/2022	12/31/2021	01/01/2021
Less than 1 year	133,316	124,021	89,754
From 1 to 2 years	129,434	120,287	87,502
From 2 to 3 years	122,569	116,699	84,824
From 3 to 4 years	114,938	110,687	81,942
Over 4 years	760,502	721,791	535,753
Undiscounted amounts	1,260,759	1,193,485	879,775
Built-in interest	(475,915)	(448,952)	(316,687)
Total	784,844	744,533	563,088

The Company has lease agreements which include variable payment clauses linked to the revenue of certain restaurants. In 2022, the amount paid for these leases totaled R$ 6,492 (R$ 4,140 at December 31, 2021).

13. PROPERTY, PLANT AND EQUIPMENT

Parent			12/31/2022	12/31/2021	01/01/2021
Item	Cost	Accumulated depreciation	Net	Net	Net
Land	42,310	-	42,310	42,310	23,339
Buildings	268,846	(7,958)	260,888	250,969	221,318
Machinery and equipment	322,354	(73,089)	249,265	257,769	201,552
IT equipment	101,793	(48,273)	53,520	70,130	51,763
Furniture and fixtures	76,539	(18,000)	58,539	54,699	40,365
Vehicles (a)	66,068	(25,420)	40,648	37,677	48,221
Leasehold improvements (b)	881,263	(206,030)	675,233	591,638	418,910
Construction in progress (c)	11,002	-	11,002	14,755	101,861
Total	1,770,175	(378,770)	1,391,405	1,319,948	1,107,329

Consolidated			12/31/2022	12/31/2021	01/01/2021
Item	Cost	Accumulated depreciation	Net	Net	Net
Land	42,584	-	42,584	42,584	23,612
Buildings	271,351	(7,958)	263,393	253,474	223,823
Machinery and equipment	322,354	(73,089)	249,265	257,769	201,552
IT equipment	101,793	(48,273)	53,520	70,130	51,763
Furniture and fixtures	76,539	(18,000)	58,539	54,699	40,365
Vehicles (a)	66,068	(25,420)	40,648	37,677	48,221
Leasehold improvements (b)	881,263	(206,030)	675,233	591,638	418,910
Construction in progress (c)	11,001	-	11,001	14,755	101,861
Total	1,772,953	(378,770)	1,394,183	1,322,726	1,110,107

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

(b) Relates to improvements, renovations, furnishings, and other fixtures in the restaurants.

(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 items, amounting to R$ 1,902, were capitalized at the average rate of 1.3% at December 31, 2022 (R$ 8,072 in the year ended December 31, 2021).

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

Parent	12/31/2021 (Net of depreciation)	Purchases	Disposals	Transfer of taxes recoverable	Depreciation	Transfers	Acquisition of units	12/31/2022 (Net of depreciation)
Land	42,310	-	-	-	-	-	-	42,310
Buildings	250,970	5,710	-	-	(3,491)	7,700	-	260,888
Machinery and equipment	257,769	11,256	(2,816)	-	(24,457)	4,933	2,579	249,265
IT equipment	70,130	12,646	(1,203)	-	(16,479)	(11,574)	-	53,520
Furniture and fixtures	54,699	4,943	(251)	-	(6,426)	5,040	534	58,539
Vehicles	37,677	1,732	(2,718)	-	(7,196)	10,747	406	40,648
Leasehold improvements	591,638	40,204	(258)	-	(54,102)	88,847	8,904	675,233
Construction in progress	14,755	107,711	-	(7,495)	-	(105,693)	1,724	11,002
Total	1,319,948	184,202	(7,246)	(7,495)	(112,150)	0	14,147	1,391,405

Consolidated	12/31/2021 (Net of depreciation)	Purchases	Disposals	Transfer of taxes recoverable	Depreciation	Transfers	Acquisition of units	12/31/2022 (Net of depreciation)
Land	42,584	-	-	-	-	-	-	42,584
Buildings	253,474	5,710	-	-	(3,491)	7,700	-	263,393
Machinery and equipment	257,769	11,256	(2,816)	-	(24,457)	4,933	2,579	249,265
IT equipment	70,130	12,646	(1,203)	-	(16,479)	(11,574)	-	53,520
Furniture and fixtures	54,699	4,943	(251)	-	(6,426)	5,040	534	58,539
Vehicles	37,677	1,732	(2,718)	-	(7,196)	10,747	406	40,648
Leasehold improvements	591,638	40,204	(258)	-	(54,102)	88,847	8,904	675,233
Construction in progress	14,755	107,711	-	(7,495)	-	(105,693)	1,724	11,002
Total	1,322,726	184,202	(7,246)	(7,495)	(112,150)	0	14,147	1,394,183

Parent	01/01/2021 (Net of depreciation)	Purchases	Disposals	Depreciation	Transfers	12/31/2021 (Net of depreciation)
Land	23,339	18,972	-	-	-	42,311
Buildings	221,318	25,981	-	(1,595)	5,265	250,969
Machinery and equipment	201,552	52,013	(418)	(17,387)	22,009	257,769
IT equipment	51,763	25,752	(846)	(12,055)	5,516	70,130
Furniture and fixtures	40,365	15,272	(296)	(4,784)	4,142	54,699
Vehicles	48,221	7,880	(10,647)	(7,802)	25	37,677
Leasehold improvements	418,910	160,337	(380)	(37,378)	50,149	591,638
Construction in progress	101,861	-	-	-	(87,106)	14,755
Total	1,107,329	306,207	(12,587)	(81,001)	-	1,319,948

Consolidated	01/01/2021 (net of depreciation)	Purchases	Disposals	Depreciation	Transfers	12/31/2021 (net of depreciation)
Land	23,612	18,972	-	-	-	42,584
Buildings	223,823	25,981	-	(1,595)	5,265	253,474
Machinery and equipment	201,552	52,013	(418)	(17,387)	22,009	257,769
IT equipment	51,763	25,752	(846)	(12,055)	5,516	70,130
Furniture and fixtures	40,365	15,272	(296)	(4,784)	4,142	54,699
Vehicles	48,221	7,880	(10,647)	(7,802)	25	37,677
Leasehold improvements	418,910	160,337	(380)	(37,378)	50,149	591,638
Construction in progress	101,861	-	-	-	(87,106)	14,755
Total	1,110,107	306,207	(12,587)	(81,001)	-	1,322,726

14. INTANGIBLE ASSETS

Changes in intangible assets in the years ended December 31, 2022 and 2021 were as follows:

Parent and Consolidated	Rate (%)	12/31/2021	Write-offs	Additions	Acquisition of units	Amortization	12/31/2022
Goodwill (a)	10	1,945	-	-	440	(835)	1,550
Software and systems (b)	20	34,262	(935)	11,011	78	(7,911)	36,505
Non-compete agreement (d)	20	8,358	-	-	-	(5,900)	2,458
Fair value of franchise agreements (e)		5,025	-	-	-	(1,770)	3,255
Goodwill on acquisition of restaurants		17,147	-	-	-	-	17,147
Total		66,737	(935)	11,011	518	(16,415)	60,915

Parent and Consolidated	Rate (%)	01/01/2021	Additions	Write-offs	Transfers	Amortization	12/31/2021
Goodwill (a)	10	2,988	-	(180)	-	(863)	1,945
Software and systems (b)	20	10,015	14,720	(73)	14,239	(4,639)	34,262
Software under development (c)		14,239	-	-	(14,239)	-	-
Non-compete agreement (d)	20	14,259	-	-	-	(5,901)	8,358
Fair value of franchise agreements (e)		7,224	-	-	-	(2,199)	5,025
Goodwill on acquisition of restaurants		17,147	-	-	-	-	17,147
Total		65,872	14,720	(253)	-	(13,602)	66,737

(a) Right to use the commercial location of restaurants.

(b) Software licenses.

(c) ERP Protheus implementation costs.

(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) Refers to reacquired rights related to acquisitions of franchised restaurants.

15. IMPAIRMENT

The Company performs impairment tests annually in the fourth quarter. However, should the need arise before this period, impairment tests will be performed as appropriate.

For the year ended December 31, 2022, the Company tested for impairment 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.

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.

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 CGUs operate. 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 a cost inflation rate of 4% p.a. for the Madero segment, and 5% p.a. for Jeronimo and Others.

The estimated future cash flows were discounted at the weighted average cost of capital (WACC) rate of 14.0% p.a.

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	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Trade payables	64,773	68,806	64,773	68,806
	64,773	68,806	64,773	68,806

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 years ended December 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	Interest accrued	12/31/2022
Working capital, CDC and CDCA	CDI + 6.5	772,717	85,000	(327,128)	(817)	(458,749)	(37,678)	51,443	84,788
Rescheduling of Working capital, CCB and CDCA	CDI + 7.18	-	-	327,128	(2,798)	-	(45,569)	46,012	324,773
CRA - 1st series	IPCA + 9.17	-	200,888	-	(19,502)	-	(13,585)	22,869	190,670
CRA 2nd series	CDI + 3.5	-	299,112	-	(23,071)	-	(35,043)	36,940	277,938
Debentures	7.13	160,925	-	(110,409)	-	(51,763)	(5,348)	6,595	-
Debentures - rescheduling	CDI + 7.18	-	-	110,409	(930)		(17,686)	19,000	110,793
Promissory Note	7.34	81,748	-	-		(80,000)	(4,563)	2,815	-
Finame//BNDES	7.06	3,726	-	-	-	(3,513)	(455)	242	-
Others	13.49	3,699	-	-	-	(3,586)	(404)	291	-
		1,022,815	585,000	-	(47,118)	(597,611)	(160,331)	186,207	988,962
Current liabilities		706,878							84,667
Non-current liabilities		315,937							904,295

	Annual average rate - %	01/01/2021	New borrowings	Transaction costs	(-) Repayment of the principal amount	(-) Repayment of interest	Interest accrued	12/31/2021
Working capital, CDC, CDCA, and 4131	6.40	450,219	436,300	(22,922)	(104,511)	(69,929)	83,560	772,717
Debentures	5.52	158,544	-	(3,356)	-	(15,036)	20,773	160,925
Promissory Note	5.52	80,129	-	(1,981)		(2,886)	6,486	81,748
Finame/Proger/BNDES	8.30	5,545	-	-	(1,881)	(799)	861	3,726
Others	13.49	10,484	-	-	(6,930)	(568)	713	3,699
		704,921	436,300	(28,259)	(113,322)	(89,218)	112,393	1,022,815
Current liabilities		349,136	161,467	(17,967)	(113,322)	(89,218)	112,393	706,878
Non-current liabilities		355,785	274,833	(10,292)	-	-	-	315,937

Contract maturity dates

Installment maturity dates	12/31/2022
Less than 1 year	95,579
From 1 to 2 years	299,219
From 2 to 3 years	282,680
From 3 to 4 years	250,373
Over 4 years	108,229
Amounts net of transaction costs	1,036,080
Fee - transaction costs	(47,118)
Total	988,962

As part of its debt rescheduling strategy, in March 2022, the Company issued Agribusiness Receivable Certificates (CRAs) in the amount of R$ 500 million backed by debentures of the 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., Bank Credit Notes (CCB) with Banco do Brasil S.A., CCBs with Banco BTG Pactual S.A. and Agribusiness Credit Right Certificates (CDCA) 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. Banco do Brasil has an additional guarantee in the form of a reserve account, comprised of receivables 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 six 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 for 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.

d. Issue of private commercial papers:

i. In the second quarter, the Company repaid the R$ 54 million borrowing it had with BTG. On June 20, 2022, the Company carried out with Banco BTG Pactual S.A. the first issue of Commercial Papers, in a single series, with real guarantee, for private placement, in the amount of R$ 50 million, with a total term of 30 months and a grace period of 10 months for the amortization of principal and monthly payments of interest and principal. Currently, 100% of the Commercial Papers are owned by BTG.

ii. On December 19, 2022, the Company carried out with Banco BTG Pactual S.A. the second issue of Commercial Papers, in a single series, with real guarantee, for private placement, in the amount of R$ 35 million, with a total term of 30 months and a grace period of 10 months for the amortization of principal and monthly payments of interest and principal. The debt balance is indexed to CDI + 6.5% p.a.

17.1. Collateral

At December 31, 2022, the Company pledged as collateral:

a) Receivables of R$ 60,146 (R$ 89,549 at December 31, 2021), to be deposited in a restricted account operated exclusively by the trustee, between the first and last day of each month.

b) R$ 34,155 in reserve accounts with mandatory investment (R$ 16,105 at December 31, 2021), of which:

   i. R$ 34,155 are from investments related to the guarantee clause established in an assignment instrument of the CRA deed, which are equivalent to the amount required for the settlement of the six subsequent installments. The reserve, which has a maximum limit of 10% (ten percent) of the total value of the issue, starts to be formed as from the date of payment in full, until the end of the committed period. During the first six months from the payment date, resources equivalent to 1/6 of the value of the reserve must be invested.

c) No equipment was pledged as collateral in the year (R$ 5,584 at December 31, 2021).

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 (gross debt less cash and cash equivalents) by its Ebitda (gross profit before expenses with taxes, depreciation and amortization, finance costs and finance income, and non-operating result) 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 December 31, 2022, the Company had complied with both covenant clauses, as shown below:

Covenant	Gross debt	Net debt	Adjusted EBITDA (i)	Net debt/EBITDA	Compliance with the covenant
Clause A	988,962	898,815	354,801	2.53	Yes
Clause B	988,962	898,815			Yes

(i) Adjusted EBITDA is considered as the Operating profit plus Depreciation and Amortization and Losses or Gains on the sale of property, plant and equipment.

18. PAYROLL CHARGES

	Parent		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Salaries and payroll charges (a)	49,761	32,171	49,761	32,171
Provision for vacation pay and 13th month salary (a)	50,016	45,337	50,016	45,337
Social security installments (b)	19,278	16,498	19,278	16,498
Others	720	494	720	494
	119,775	94,500	119,775	94,500
Current liabilities	102,315	79,363	102,315	79,363
Non-current liabilities	17,460	15,137	17,460	15,137
	119,775	94,500	119,775	94,500

(a) The social security charges included in these accounts will be settled in installments. The Company’s request to pay the amount in 60 monthly installments has already been approved by the Brazilian Federal Revenue Service in February 2023.

(b) 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 balances of R$ 19,278 at December 31, 2022, R$ 16,498 at December 31, 2021 and R$ 18,031 at January 1, 2021 bear interest based on the SELIC rate (the Central Bank’s benchmark interest rate). Based on the amounts previously determined by the merged companies at the acquisition of the franchises, on October 31, 2022, the Company absorbed R$ 3,460 under the Special Program for Tax Regularization (PERT) relating to social security debts.

19. TAX OBLIGATIONS

	Parent		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Federal taxes payable (a)	58,050	12,633	58,058	12,633
State taxes payable (b)	18,863	28,619	18,863	28,619
Municipal taxes payable	98	148	98	154
Taxes payable in installments (c)	51,745	32,387	51,745	32,388
	128,756	73,787	128,764	73,794
Current liabilities	82,625	34,857	82,633	34,864
Non-current liabilities	46,131	38,930	46,131	38,930
	128,756	73,787	128,764	73,794

a) Relates mainly to Social Integration Program (PIS) and Social Contribution on Revenues (COFINS).

In July 2022, the Company was authorized by the lower court to apply a zero-tax rate on its sales, in response to a preliminary injunction whereby the Company requested the inclusion of its line of business in the Emergency Program for the Recovery of the Events Sector granted by the federal government to companies in the tourism and events sector.

In December 2022, the 2nd Panel of the Federal Regional Court of the 4th Region rejected the writ of mandamus initially granted in favor of the Company, thereby determining that the tax liability is due and payable, in the amount of R$ 42,246, adjusted for inflation.. The tax debt will be settled in installments. The Company’s request to pay the amount in 60 monthly installments has already been approved by the Brazilian Federal Revenue Service in February 2023.

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), which extends 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, with a remaining balance of R$ 27,219 at December 31, 2022. Based on the amounts previously determined by the merged companies at the acquisition of the franchises, on October 31, 2022, the Company absorbed the amount of R$ 11,374 . The remaining amount of R$ 24,526 relates to various other taxes (PIS and COFINS) payable in installments, including those related to the merged companies.

20. DEFERRED REVENUE

	Parent		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Upfront revenue (a)	8,625	2,928	8,625	2,928
Government grants (b)	38,932	36,304	38,932	36,304
	47,557	39,232	47,557	39,232
Current liabilities	3,539	4,613	3,539	4,613
Non-current liabilities	44,018	34,619	44,018	34,619
	47,557	39,232	47,557	39,232

a) Exclusivity fee paid by certain suppliers for the 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 investment obligations required. In the first quarter of 2021, the Company was granted an additional piece of land by the municipal government of Ponta Grossa, to continue the expansion of the manufacturing plant. The grants are recognized as revenue over the useful life of the constructed asset (plant - to be depreciated over 56 years).

21. PROVISIONS FOR CONTINGENCIES

Based on the assessment of probable risks arising from civil, tax and labor lawsuits, the Company recorded the following provisions:

Parent and Consolidated	12/31/2021	Additions	Reductions	12/31/2022
Tax contingencies (a)	5,143	106	(95)	5,154
Labor contingencies	3,332	4,819	(3,551)	4,600
Civil contingencies	128	86	(49)	165
Total	8,603	5,011	(3,695)	9,919

Parent and Consolidated	01/01/2021	Additions	Reductions	12/31/2021
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	9,490	2,047	(2,027)	8,603

(a) These provisions relate 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 as follows the amounts of contingencies classified as involving possible loss:

	12/31/2022	12/31/2021
Tax contingencies (a)	35,540	64,165
Labor contingencies (b)	23,678	38,289
Civil contingencies	1,756	1,513
Total	60,974	103,967

(a) Relate mainly to taxes and contributions levied on prior periods' operations, in connection with the Company's corporate structure. Although the operations have been carried out 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, mainly related to dismissals arising from the normal course of their business, which involve a possible risk of loss estimated at R$ 23,678, based on the opinion of legal advisors.

22. OTHER LIABILITIES

	Parent		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Acquisition of units (a)	42,835	4,435	42,835	4,435
Provisions (b)	17,511	15,822	17,511	15,822
Non-compete agreement (c)	5,323	3,639	5,323	3,639
Others	1,800	7,769	1,800	7,769
	67,469	31,665	67,469	31,665
Current liabilities	31,122	13,329	31,122	13,329
Non-current liabilities	36,347	18,336	36,347	18,336
	67,469	31,665	67,469	31,665

(a) Relates mainly to the deferred consideration payable for acquisition of restaurants in 2019 and 2022.

(b) Relate 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.

23. EQUITY

Share capital

Authorized share capital is divided into 450,000 common shares. At December 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 January 1, 2021	317,246	722,964
Additional equity interest - Madrid (a)	29,115	299,804
At December 31, 2021	346,361	1,022,768
At December 31, 2022	346,361	1,022,768

All the shares issued were fully paid up at December 31, 2022. The Company has 314,820,171 common shares and 31,541,101 preferred shares.

(a) On November 29, 2021, the Company issued 29,115,000 new shares to Madrid Fundo de Investimento em Participações Multiestratégia ("Madrid") for the amount of R$ 299,804.

23.1. Loss per share

a) Basic loss per share

Basic loss per share is calculated by dividing the profit or loss attributable to the shareholders of the Company by the number of common shares outstanding during the years ended December 31:

	12/31/2022	12/31/2021 Restated (Note 2.23)
Numerator		
Loss for the year attributable to shareholders	(146,792)	(121,079)
Denominator		
Weighted average number of common shares outstanding (in thousands)	346,361	317,250
Basic loss per share (R$)	(0.42)	(0.38)

b) Diluted loss per share

Diluted 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 based on stock options (Note 24.2), which is the only category of the Company's common shares with potentially dilutive effects, were excluded from the calculation of diluted earnings per share because of their anti-dilutive effect.

	12/31/2022	12/31/2021
		Restated (Note 2.23)
Numerator		
Loss for the year attributable to shareholders	(146,792)	(121,079)
Denominator		
Weighted average number of common shares outstanding (in thousands)	346,361	317,250
Dilutive effects	-	-
Number of common shares outstanding adjusted for dilutive effects (in thousands)	346,361	317,250
Diluted loss per share (in reais)	(0.42)	(0.38)

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

	12/31/2022	12/31/2021
Denominator (In thousands of shares)		
Assumed conversion of convertible debt	-	-
Madrid agreement	-	-
Stock options	6,980	6,151
Weighted average number of common shares for diluted earnings per share (thousands)	6,980	6,151

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) the agreement provides 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 annually applied to equal tranches over a ten-year period.

(ii) 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.

At the grant date, the fair value of the 2017 Executive Bonus was estimated at approximately R$ 36.7 million. In the last quarter of 2022, one of the officers left the Company, and accordingly, the Bonus for the base date changed to R$ 32 million. The related expense is being recognized on a gradual basis over the 10-year vesting schedule. In the years ended December 31, 2022 and 2021, the compensation expense incurred amounted to approximately R$ 2,235 and R$ 3,097, respectively. At December 31, 2022, the balance to be appropriated was R$ 2.6 million.

24.1.1. 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, with the estimated fair value of each of them to be determined at the grant date, using the Black & Scholes model. Key information on each plan is shown below:

Amounts in 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.	25% during the IPO (*), and 25% on each anniversary.	20% during the IPO (*), and 20% on each anniversary.
Cash settlement	The beneficiaries are entitled to an indemnity in the event they leave the Company before the IPO. (**)	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 can only be sold six months after the IPO.

(**) Termination indemnity is calculated based on an increasing EBITDA multiple over the first nine anniversaries of the grant date. The right to indemnity expires at the completion of an IPO.

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$ 12,105 at December 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 a 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$ 12.5 million of unvested stock options at December 31, 2022.

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	R$ 0.10	1,317,990	R$ 9.84	599,070
Granted			R$ 9.84	529,350
Forfeited	R$ 0.10	(131,050)	-	-
At January 1, 2021	R$ 0.10	1,186,940	R$ 9.84	1,128,420
Forfeited	-	(18,720)	R$ 9.84	(698,070)
Granted	-	-	R$ 9.84	1,630,000
At December 31, 2021	R$ 0.10	1,168,220	R$ 9.84	2,060,350
Forfeited	-	(235,891)	R$ 9.84	(449,000)
Granted	-	-	-	-
At December 31, 2022	R$ 0.10	932,329	R$ 9.84	1,611,350

At December 31, 2022, the balance to be appropriated relating to the cost of options granted was R$ 58.8 million. If the consummation of an IPO were considered as probable at December 31, 2022, approximately R$ 1 million would have been immediately recognized as a compensation expense, and approximately R$ 13.4 million, R$ 13.7 million, R$ 13.9 million, and R$ 4.7 million would be recognized for each of the years ended December 31, 2023, 2024, 2025 and 2026.

25. NET OPERATING REVENUE

The reconciliation between gross and net revenue is as follows:

	Parent		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Sales revenue (Note 25.1)	1,687,373	1,311,524	1,687,373	1,311,524
Service revenue (Note 25.2)	15,080	14,690	15,200	14,723
Gross operating revenue	1,702,453	1,326,214	1,702,573	1,326,247
Taxes and contributions (Note 25.3)	(186,962)	(152,142)	(186,967)	(152,144)
Returns and rebates	(32,678)	(27,866)	(32,678)	(27,867)
	1,482,813	1,146,206	1,482,928	1,146,236

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. Service revenue

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) Administrative fee: 5% of billings.

25.3 Taxes and contributions/returns and discounts

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

26. COSTS AND EXPENSES BY NATURE

	Parent		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
		Restated (Note 2.23)		Restated (Note 2.23)
Raw materials and goods for resale	(415,153)	(334,083)	(415,153)	(334,083)
Labor	(21,735)	(17,035)	(21,735)	(17,035)
Electric power	(8,698)	(8,092)	(8,698)	(8,092)
Other costs	(18,831)	(9,924)	(18,830)	(9,924)
Depreciation and amortization	(18,636)	(10,121)	(18,636)	(10,121)
Cost of products and goods sold	(483,053)	(379,255)	(483,053)	(379,255)
Marketing	(51,307)	(49,353)	(51,307)	(49,353)
Labor	(258,981)	(231,030)	(258,981)	(231,030)
Delivery costs	(46,689)	(57,165)	(46,689)	(57,165)
Occupancy	(42,392)	(22,262)	(42,392)	(22,262)
Utilities	(63,867)	(53,838)	(63,867)	(53,838)
Cleaning tools and materials	(27,084)	(25,655)	(27,084)	(25,655)
Other expenditures	(58,383)	(32,315)	(58,391)	(32,315)
Depreciation and amortization	(159,116)	(125,259)	(159,116)	(125,259)
Pre-operating expenses (a)	(11,414)	(12,669)	(11,414)	(12,669)
Restaurant and selling expenses	(719,233)	(609,546)	(719,241)	(609,546)
Personnel	(79,434)	(70,745)	(79,434)	(70,745)
Occupancy and utilities	(2,924)	752	(2,954)	786
General and administrative expenses	(12,890)	(18,656)	(12,897)	(18,664)
Other expenditures	(20,576)	(14,455)	(20,538)	(14,455)
Depreciation and amortization	(41,091)	(25,555)	(41,091)	(25,555)
General and administrative expenses	(156,915)	(128,659)	(156,914)	(128,633)

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	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Other operating expenses				
Cost of sale of property, plant and equipment	(4,636)	(12,586)	(4,636)	(12,586)
Others	(3,616)	(718)	(3,616)	(718)
	(8,252)	(13,304)	(8,252)	(13,304)
Other operating revenue				
Proceeds from sale of property, plant and equipment	6,182	16,276	6,182	16,276
Recognition of deferred revenue	846	4,729	846	4,729
Sale of electricity surpluses	371	2,675	371	2,675
Others	14,695	6,566	14,695	6,058
	22,094	30,246	22,094	29,738
Other operating income and expenses, net	13,842	16,942	13,842	16,434

28. FINANCE RESULT

	Parent		Consolidated	
	12/31/2022	12/31/2021 Restated (Note 2.23)	12/31/2022	12/31/2021 Restated (Note 2.23)
Finance costs				
Interest on financing	(176,202)	(112,393)	(176,200)	(112,393)
(+) Capitalized financial charges	1,902	8,072	1,902	8,072
Net of interest on financing	(174,300)	(104,321)	(174,298)	(104,321)
Structuring costs	(23,572)	-	(23,571)	-
Inflation adjustment of taxes	(11,822)	(7,110)	(11,822)	(7,110)
Cost of factoring receivables	(1,706)	(789)	(1,706)	(789)
Charges on lease liabilities	(68,390)	(55,893)	(68,390)	(55,893)
Other expenses	(10,948)	(1,555)	(10,953)	(1,558)
	(290,738)	(169,668)	(290,740)	(169,671)
Finance income				
Discounts and bonuses obtained	12	118	13	118
Income from financial investments	6,523	3,243	6,523	3,243
	6,535	3,361	6,536	3,361
Finance income (costs) net	(284,203)	(166,307)	(284,204)	(166,310)

29. INCOME TAX AND SOCIAL CONTRIBUTION

29.1. Deferred

Unrecognized deferred tax assets are shown below:

Parent and Consolidated	12/31/2022	12/31/2021
Description		Restated
Assets		(Note 2.23)
Tax loss carryforwards	489,444	451,272
Provision for losses on inventories	8,144	6
Provision for labor contingencies	4,600	2,848
Provision for tax contingencies	5,154	-
Provision for indemnities - Group 1/SOP	12,105	8,985
Provision for effects of right-of-use assets and lease liabilities	35,221	49,784
Other provisions	21,309	12,574
Total tax credits, net	575,977	525,469
Unrecognized deferred tax assets	195,832	178,659

29.2. Current

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

	Parent		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
		Restated		Restated
		(Note 2.23)		(Note 2.23)
Loss before income tax and social contribution	(146,652)	(121,079)	(146,642)	(121,074)
Income tax and social contribution at the standard federal tax rate in Brazil - 34%	49,862	41,167	49,858	41,165
Revenue (expenses) not deductible for tax purposes	6,397	3,151	6,397	3,151
Transfers of tax losses (unrecognized tax losses)	(56,259)	(44,318)	(56,255)	(44,316)
Effect of taxation under the deemed profit regime in subsidiaries	(138)	-	(149)	(5)
	(138)	-	(149)	(5)
Effective rate	0.1%	0.0%	0.1%	0.0%
Current income tax and social contribution	(138)	-	(149)	(5)
Deferred income tax and social contribution	-	-	-	-

30. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

	Parent			Consolidated		
	12/31/2022	12/31/2021	01/01/2021 Restated (Note 2.23)	12/31/2022	12/31/2021	01/01/2021 Restated (Note 2.23)
	Amortized cost	Amortized cost	Amortized cost	Amortized cost	Amortized cost	Amortized cost
Assets						
Cash and cash equivalents	55,871	236,931	37,504	55,992	236,934	37,520
Trade receivables	104,552	79,368	41,859	104,602	79,437	41,892
	Fair value through profit or loss	Fair value through profit or loss	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	34,155	21,585	15,130	34,155	21,585	15,130
Total assets	194,578	337,884	94,493	194,749	337,956	94,542
	Amortized cost	Amortized cost	Amortized cost	Amortized cost	Amortized cost	Amortized cost
Liabilities						
Trade payables	(64,773)	(68,806)	(138,744)	(64,773)	(68,806)	(138,775)
Borrowings	(988,962)	(1,022,815)	(704,921)	(988,962)	(1,022,815)	(704,921)
Social security liabilities (a)	(19,278)	(17,006)	(18,031)	(19,278)	(17,006)	(18,031)
Tax liabilities (a)	(39,273)	(40,890)	(45,064)	(39,273)	(40,890)	(45,064)
Other liabilities (b)	(48,099)	(14,413)	(54,051)	(48,099)	(14,413)	(54,051)
Lease liabilities	(784,844)	(744,533)	(563,088)	(784,844)	(744,533)	(563,088)
Total liabilities	(1,945,229)	(1,908,463)	(1,523,899)	(1,945,229)	(1,908,463)	(1,523,930)

(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 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, linked to the establishment of control systems and the determination of position limits. The Company does not enter into derivative financial instruments for speculative purposes.

The Company is exposed to the following risks:

(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, as well as from 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, bank borrowings and other sources of financing that are deemed appropriate based on the continuous monitoring of 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 December 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	(64,773)	-	-	-	-	(64,773)
Borrowings (a)	(262,146)	(429,136)	(360,674)	(282,560)	(93,813)	(1,428,329)
Payroll charges	(5,823)	(6,169)	(6,169)	(6,169)	(13,579)	(37,909)
Tax liabilities	(28,231)	(21,667)	(18,395)	(20,174)	(37,609)	(126,076)
Other liabilities	(20,410)	(19,222)	(10,324)	-	-	(49,956)
Lease liabilities	(133,316)	(129,434)	(122,569)	(114,938)	(760,502)	(1,260,759)
	(514,699)	(605,628)	(518,131)	(423,841)	(905,503)	(2,967,802)

(a) The undiscounted amount was calculated based on the forward yield curve of the benchmark rates to which the financial instruments 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 ability to honor previously assumed commitments. 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.

(ii) Credit risk

This risk arises from the hypothesis of possible difficulties for the Company to raise external funds that enable its business strategy, which may consequently affect its expansion capacity and operational performance.

(iii) Sensitivity analysis

Below we present potential impacts arising from a variation in the interest rate linked to the Company’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 in the General Market Price Index (IGPM). The other risk factors were considered immaterial to the result of financial instruments.

	Risk factor	12/31/2022	Rate	Probable
				+15%
Financial investments	Increase in the CDI rate	78,253	13.75%	12,374
Borrowings	Increase in the CDI rate	(988,962)	13.75%	(156,380)
		(910,709)		**(144,006)**
Lease liability	Increase in IGP-M	(784,844)	5.42%	(48,919)

(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 less cash and cash equivalents and financial investments.

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

	Parent		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
		Restated (Note 2.23)		Restated (Note 2.23)
Borrowings	988,962	1,022,815	988,962	1,022,815
Less: cash and cash equivalents	(55,871)	(236,931)	(55,992)	(236,934)
Less: financial investments	(34,155)	(21,585)	(34,155)	(21,585)
Net debt	898,936	764,299	898,815	764,296
Equity	252,660	457,952	252,663	457,953
Net debt/equity ratio	3.56	1.67	3.56	1.67

Net debt was determined based on the existing borrowing contracts (not including lease liabilities).

31. INSURANCE (UNAUDITED)

The Company insures assets against risks at amounts considered sufficient by management to cover any losses, taking into account 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 an audit of annual financial statements. Consequently, these assumptions have not been audited by the independent auditors.

The Company's insurance coverage is presented below:

	12/31/2022
Property insurance	1,833,829
Loss of profits	140,480
Civil liability	42,025
	2,016,334

32. NON-CASH TRANSACTIONS

Non-cash financing and investment transactions	12/31/2022	12/31/2021
		Restated (Note 2.23)
Government grant for property acquisition purposes	-	18,972
Additions to property, plant and equipment, and suppliers	15,619	-
Acquisition of restaurants	56,800	-
Taxes recoverable	7,495	-
Additions and remeasurements - IFRS 16 (Note 12)	85,346	238,879
	165,260	257,851

33. SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting 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 meat, hamburgers, and a variety of traditional Brazilian dishes in a laid-back setting, suitable for families and business events. The second concept, of fast casual dining, offers a reduced menu with a focus on hamburgers, in a smaller location.

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) Others: 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:

						12-month period ended
At December 31, 2022	**Madero**	**Jeronimo**	**Others**	**Total segment**	**Unallocated**	**Total**
Segment revenue	1,000,393	389,448	93,087	1,482,928	-	1,482,928
Costs	(295,593)	(140,863)	(46,595)	(483,051)	-	(483,051)
Personnel costs and expenses	(186,956)	(71,590)	(12,093)	(270,639)	(74,040)	(344,679)
Occupancy and other expenses	(132,733)	(60,809)	(4,043)	(197,585)	(102,006)	(299,591)
Depreciation and amortization	(95,752)	(55,160)	(26,808)	(177,720)	(40,324)	(218,044)
Operating profit (loss)	**289,359**	**61,025**	**3,548**	**353,932**	**(216,370)**	**137,562**
(-) Segment IFRS 16	(69,944)	(35,238)	(5,127)	(110,309)	-	(110,309)

						12-month period ended
At December 31, 2021 - restated	**Madero**	**Jeronimo**	**Others**	**Total segment**	**Unallocated**	**Total**
Segment revenue	786,714	288,082	71,441	1,146,236	-	1,146,236
Costs	(225,260)	(100,661)	(36,050)	(361,971)	-	(361,971)
Personnel costs and expenses	(163,564)	(60,471)	(8,387)	(232,423)	(70,499)	(302,922)
Occupancy and other expenses	(116,408)	(57,539)	(6,837)	(180,784)	(81,885)	(262,669)
Depreciation and amortization	(86,268)	(35,965)	(51,210)	(173,443)	-	(173,443)
Operating profit (loss)	**195,213**	**33,445**	**(31,043)**	**197,615**	**(152,384)**	**45,236**
(-) Segment IFRS 16	(50,029)	(22,288)	(3,745)	(76,061)	-	(76,061)