

MADERO

STEAK HOUSE

The best burger in the world



GRUPO MADERO

EARNINGS RELEASE 2Q23

July 28, 2023

MADERO

JERONIMO
BURGER

DURSKI


ECOPARADA
MADERO

MADERO
CAFÉ

DUNDEE
CHICKEN & BURGERS

LEGNO
RISTORANTE ITALIANO
Chef Junior Durski

EMPÓRIO
MADERO

Curitiba, July 28, 2023 – Grupo Madero, one of the fastest-growing restaurant groups in Brazil – with a portfolio of 274 restaurants under multiple brands supported by a vertically-integrated production, distribution, and logistics platform – releases its results for 2Q23. Growth rates **reference 2Q22, except where otherwise indicated**. The financials herein are expressed in Reais (BRL), unless otherwise indicated, and in accordance with IFRS (International Financial Reporting Standards) issued by the IASB (International Accounting Standards Board) and with accounting practices adopted in Brazil.

2Q23 Highlights

Grupo Madero records Net Revenue of R\$411.2 million in 2Q23 and exceeds R\$ 1.6 billion in the last twelve months

Net Revenue of
+14.9%
compared to 2Q22

Consolidated SSS of
+11.4%
compared to 2Q19

Adjusted EBITDA¹ margin of
23.5%

Period Highlights	2Q23	2Q22	Var.	1H23	1H22	Var.
Financial (R\$ mm)						
Net Revenue	411.2	358.0	14.9%	804.2	677.9	18.6%
Net (Loss) Income	(28.0)	(34.9)	-19.8%	(71.5)	(89.2)	-19.9%
% margin (var. p.p.)	-6.8%	-9.8%	2.9	-8.9%	-13.2%	4.3
Adjusted EBITDA	96.8	89.0	8.7%	185.7	168.7	10.0%
% margin (var. p.p.)	23.5%	24.9%	-1.3	23.1%	24.9%	-1.8
Net Financial Debt (end of period)	880.3	876.8	0.4%	880.3	876.8	0.4%
Operating						
Restaurants Opened (units)	1	6	-83.3%	2	10	-80.0%
Restaurant Count (end of period)	274	267	2.6%	274	267	2.6%
SSS (% y/y) (var. p.p.)	6.9%	27.4%	-20.5	9.1%	27.9%	-18.9

¹ For the calculation of Adjusted EBITDA, the Company analyzes and excludes non-recurring items related to (i) Loss or Gain on sale of PP&E; (ii) pre-operational expenses; (iii) Deferred Revenue from Government Subsidies; (iv) Distribution to related parties; and (v) Share-based compensation plan, in addition to costs and expenses related to IPO preparation. Adjusted EBITDA margin is calculated by dividing Adjusted EBITDA by the Company's Total Net Revenue.

Management Letter

Grupo Madero achieved another quarter of strong performance in Q2, resulting in a positive star for the first half of 2023. 2Q23 sales totaled R\$ 411.2 million, representing 14.9% year-over-year growth vs. 2Q22, and Adjusted EBITDA totaled R\$ 96.8 million (+8.7% vs. 2Q22). Similar to prior quarters, sales growth was mainly driven by an improvement in traffic, higher average ticket size, and a slightly larger restaurant base. Notably, Same Restaurant Sales (SSS - Same Store Sales) grew 6.9% vs. 2Q22 and 11.4% vs. 2Q19. Adjusted EBITDA margin was 23.5%.

In addition to strong business performance, the Company also executed on several operational and financial objectives during the second quarter. On 11 May, we opened our 274th restaurant at Congonhas Airport in São Paulo. It is located favorably in the departures lounge, providing travelers with an excellent option, with the same quality and prices offered in all our other locations. In the first 30 days of operations, almost 50,000 customers were served, and the restaurant has become one of Madero's highest grossing restaurants even just one month after inauguration.

In July, we completed the renegotiation of a number of bank debt contracts, and debentures. The final agreement includes a reduction in interest rates and the extension of the amortization grace period, which postpones the first amortization installment from September 2023 to September 2024. Amortization payments for the period between September 2023 and August 2024 have been incorporated to the last instalment, due March 2027. The remaining unchanged debt is mainly composed of the CRA, which has amortization beginning in September 2023. The process was conducted with the full support of our lenders, which include the biggest commercial banks in the country.

Nonetheless, we continue to manage our capital very carefully, focused not only on cash preservation but also on incremental efficiency initiatives that would benefit the Company's profitability and allow us to continue to invest in sustainable growth in the long term.

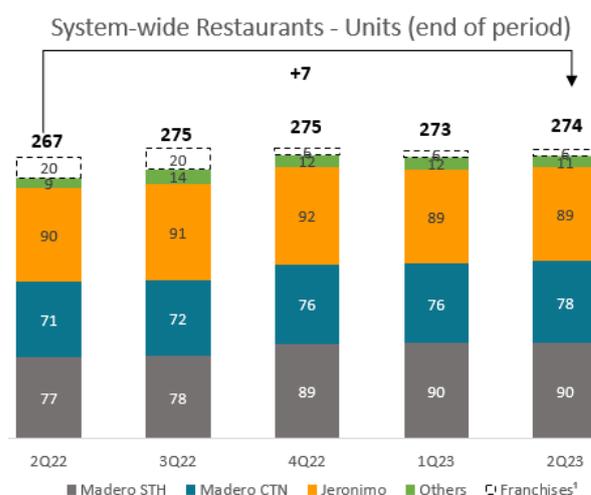
Luiz Renato Durski Junior

Chief Executive Officer

Operational Performance

Restaurant Network

As of June 30, 2023, there were **274** restaurants across the chain: **92 Madero Steak House**, **81 Madero Container**, **89 Jeronimo**, **1 Durski**, **2 Ecoparadas** (with 10 operations), and **1 Dundee Chicken & Burgers**.



¹ Franchises: 1 Durski, 2 Madero Steak House and 3 Madero CTN.

Financial Performance

Net Revenue

2Q23 Net Revenue totaled R\$ 411.2 million, representing an **increase of 14.9%**. In the last twelve months, net revenue exceeded R\$ 1.6 billion. The key drivers of improvement throughout the period include: (i) improved traffic; (ii) higher average ticket; and (iii) a larger restaurant base.

Net Revenue (R\$ mm)	2Q23	2Q22	Var. (%)	1H23	1H22	Var. (%)	Breakdown					
							2Q23	2Q22	Var. (p.p.)	1H23	1H22	Var. (p.p.)
Madero Steak House	212.4	166.3	27.7%	408.5	313.7	30.2%	51.6%	46.5%	5.2	50.8%	46.3%	4.5
Madero Container	84.2	71.6	17.6%	165.8	141.5	17.1%	20.5%	20.0%	0.5	20.6%	20.9%	-0.3
Jeronimo	100.5	96.6	4.0%	198.4	179.6	10.4%	24.4%	27.0%	-2.5	24.7%	26.5%	-1.8
Others	14.2	23.5	-39.8%	31.5	43.0	-26.7%	3.4%	6.6%	-3.1	3.9%	6.3%	-2.4
Total Net Revenue	411.2	358.0	14.9%	804.2	677.9	18.6%	100.0%	100.0%	0.0	100.0%	100.0%	0.0

Notably, the Madero Steak House brand represented a higher portion of the Company's total Net Revenue (+5.2 p.p.).

Same Restaurants Sales (SSS)

The comparable restaurant sales (SSS – Same Store Sales), for restaurants that have been open for at least 12 months, **grew 6.9% in 2Q23 compared to 2Q22**, demonstrating strong and consistent growth over the past several quarters.

SSS 12 months (vs. previous year)	2Q23	2Q22	Var. (p.p.)	1H23	1H22	Var. (p.p.)
Madero Steak House	9.1%	41.9%	-32.9	11.3%	43.2%	-31.9
Madero Container	9.8%	11.2%	-1.4	9.8%	12.8%	-2.6
Jeronimo	0.3%	18.0%	-17.7	3.8%	12.3%	-8.5
Total	6.9%	27.4%	-20.5	9.1%	27.9%	-18.9

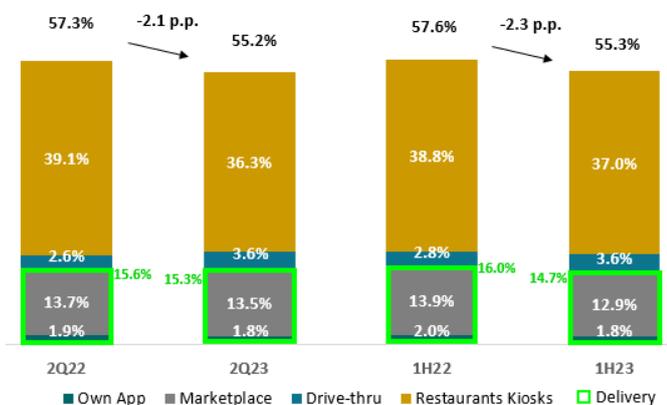
The 2Q22 and 1H22 basis of comparison (2Q21 and 1H21, respectively) was affected by restrictions due to the COVID-19 pandemic. SSS growth in 2Q23 vs. 2Q19 was 11.4%.

Digital Channels and Delivery

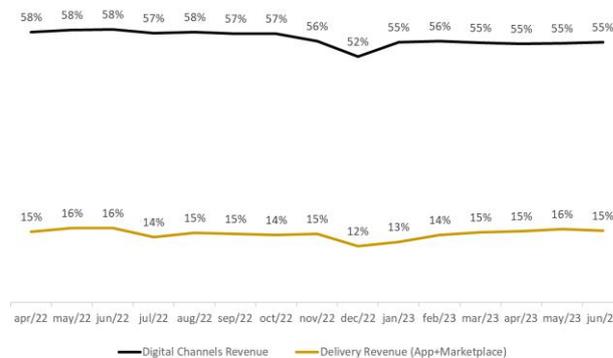
Revenue from digital channels, comprised of self-service kiosks in restaurants, drive-thru locations, marketplaces, and our delivery app, accounted for 55.2% of restaurant revenue. This revenue contribution decreased by 2.1 p.p. vs. 2Q22, primarily due to improved traffic and on-premise sales (+0.2 p.p.).

We highlight the effect of COVID-related restrictions that were in place in 1H22, including the closing of certain restaurants, which drove outperformance in the digital channel and, in particular, delivery revenue share. In 2Q22, when most restrictions were lifted, delivery represented 15.6% of restaurant revenue. In **2Q23**, this share decreased modestly to **15.3%**, which is the level at which we expect revenue contribution from delivery to stabilize.

Revenue from Digital Channels
(% of Restaurants Revenues)



Digital Channels and Delivery Evolution
(% of Restaurants Revenues)

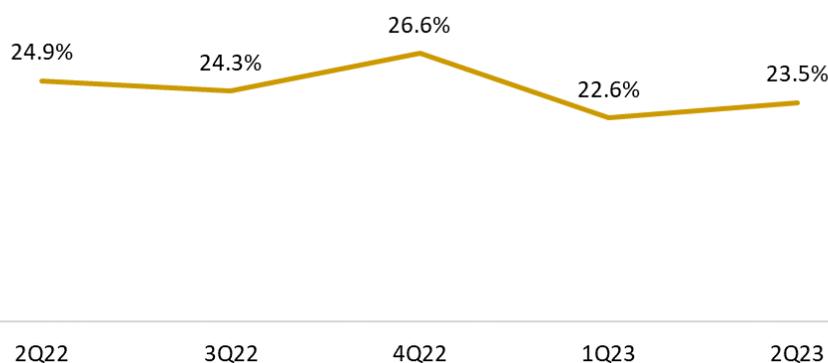


Adjusted EBITDA

The Company recorded **Adjusted EBITDA of R\$ 96.8 million in 2Q23**. This represented a **margin of 23.5%** (-1.3 p.p. vs. 2Q22).

EBITDA Conciliation (R\$ mm)	2Q23	2Q22	Var.	1H23	1H22	Var.
EBIT	40.5	30.9	31.1%	75.2	53.4	40.7%
(+) Depreciation and Amortization	54.2	54.3	-0.2%	107.1	106.9	0.2%
EBITDA	94.6	85.2	11.1%	182.2	160.3	13.7%
EBITDA Margin (var. p.p.)	23.0%	23.8%	-0.8	22.7%	23.7%	-1.0
(+) Loss (gain) on Disposal of Property and Equipment	0.9	0.2	514.5%	0.9	0.1	1200.7%
(+) Pre-opening costs	-	2.6	-100.0%	-	6.1	-100.0%
(+) (Revenue) deferred	(0.1)	(0.2)	-57.3%	(0.2)	(0.5)	-57.3%
(+) Share-based Compensation Plan	1.3	1.3	-0.3%	2.7	2.7	1.0%
Adjusted EBITDA	96.8	89.0	8.7%	185.7	168.7	10.0%
Adjusted EBITDA Margin (var. p.p.)	23.5%	24.9%	-1.3	23.1%	24.9%	-1.8

The Adjusted EBITDA in the last twelve months was R\$ 391.1 million (+10.7% vs. the same period last year).

Adjusted EBITDA Margin

In 2Q23, leasing expenses were R\$ 28.6 million (vs. R\$ 32.5 million in 2Q22). Burdening the income statement with these expenses would result in Adjusted EBITDA ex-IFRS16 of R\$ 68.2 million, with a margin of 16.6% in 2Q23 (vs. R\$ 56.6 million and 15.8% in 2Q22).

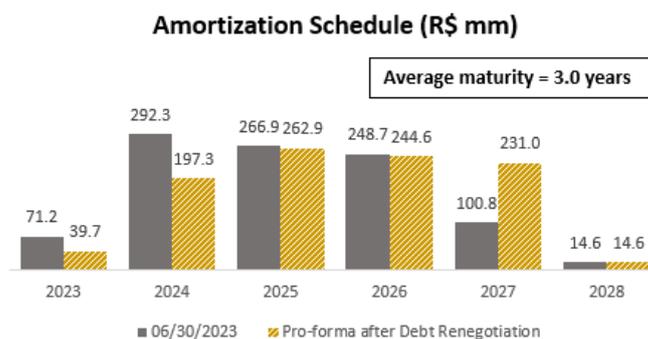
Indebtedness

In July, 2023, the Company concluded the renegotiation of its debt amortization schedule (“Debt Renegotiation Plan”) of its main tranches of bank debt and of its 4th Issuance of Debentures, significantly improving its near-term liquidity profile.

The instruments involved in the Plan are (i) CCB 719/20 (Banco BTG Pactual), (ii) CCB 340.403.515 (Banco do Brasil), (iii) CDCA 002/2019 (Banco Bradesco), (iv) CDCA 003/ 2019 (Banco Bradesco) and (v) 4th Issuance of Debentures of the Company (initially issued solely to Banco Itaú), which totaled R\$ 436.1 million as of June 30, 2023. The main conditions agreed with lenders are as follows:

- interest rate reduction to CDI + 6.5%;
- extension of the grace period by 12 months. The amounts that were initially to be paid in 12 installments between September 2023 and August 2024, are now to be paid along with the final installment in March 2027;
- addition of a covenant limiting Gross Debt to R\$ 1.2 billion, which ceases to exist if the ratio of net debt to LTM EBITDA (sum of EBITDA for the last four quarters) is less than, or equal to, 1.80 or in the event of an IPO.

Among the positive impacts of this Plan are the increase of average debt maturity to 3 years and the reduction of short-term debt by 44%, as shown in the amortization schedule below:

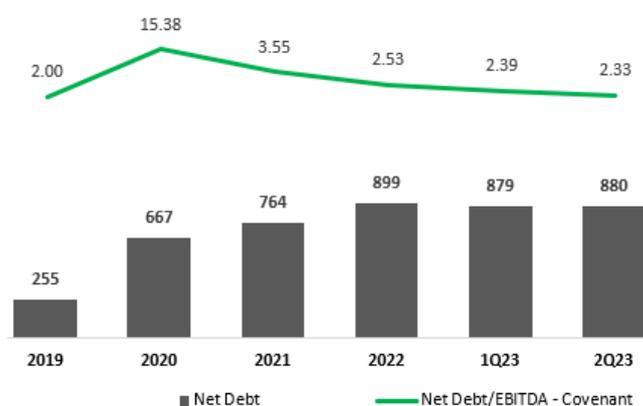


The remainder of the Company's debt that is unchanged is comprised of Commercial Notes (R\$ 78 million) and the CRA (R\$480 million). The amortization of the CRA will begin in September 2023, as scheduled.

Financial Covenants

As of June 30, 2023, the Company was in full compliance with its existing net leverage covenant, which is defined as the ratio of net debt to the sum of EBITDA for the last four quarters. This ratio was to be less than 3.0 by 2022 and less than 2.5 in 2023 and onwards.

In 2Q23, net debt was R\$ 880.3 million and EBITDA for the last four quarters totaled R\$ 379.0 million, therefore, the covenant ratio was 2.33. The following chart shows the evolution of the net leverage ratio and net debt levels in recent periods:



The sustained improvement in the leverage ratio over the last few periods is a result of consistent EBITDA growth and the Company's conservative cash management policy.

Capex

In 2Q23, the Company invested only R\$ 12.7 million, a reduction of 79.0% compared to 2Q22, demonstrating the Company's prudent cash management.

Capex (R\$ mm)	Breakdown											
	2Q23	2Q22	Var. (%)	1H23	1H22	Var. (%)	2Q23	2Q22	Var. (p.p.)	1H23	1H22	Var. (p.p.)
New Restaurants	4.1	38.7	-89.4%	11.0	79.0	-86.0%	32.3%	64.0%	-31.7	37.6%	64.7%	-27.1
Central Kitchen	1.4	1.3	6.6%	3.5	3.9	-11.8%	10.7%	2.1%	8.6	11.8%	3.2%	8.6
Corporate	2.2	8.0	-72.1%	3.9	13.7	-71.9%	17.6%	13.2%	4.4	13.2%	11.2%	1.9
Maintenance	5.0	12.5	-59.9%	11.0	25.5	-56.9%	39.4%	20.6%	18.8	37.4%	20.9%	16.6
Total	12.7	60.4	-79.0%	29.4	122.2	-76.0%	100.0%	100.0%	0.0	100.0%	100.0%	0.0

Investor Relations Contact Info

IR Office

Marcelo Gil Aldenucci

marcelo.a@grupomadero.com.br

+55 (41) 98749-7596

João Garrido

joao.garrido@grupomadero.com.br

+55 (41) 99840-2852

Media Relations

Giusti Comunicação

Maria Rita Teixeira

mariarita.teixeira@giusticom.com.br

+55 (11) 97664-7232

Caroline Novaes

caroline.novaes@giusticom.com.br

+55 (11) 97245-4441

ri.grupomadero.com.br/en

ir@grupomadero.com.br

Income Statement (R\$ mil)

Statement of Income (R\$ K)	Consolidated					
	2Q23	2Q22 (Restated)	Var.%	1H23	1H22 (Restated)	Var.%
Net operating revenue	411,214	357,963	14.9%	804,117	677,878	18.6%
Cost os products and goods sold	(124,337)	(119,882)	3.7%	(247,310)	(228,350)	8.3%
Gross income	286,877	238,081	20.5%	556,807	449,528	23.9%
Restaurant and selling expenses	(216,389)	(174,053)	24.3%	(421,635)	(336,138)	25.4%
General and administrative expenses	(31,636)	(34,571)	-8.5%	(62,480)	(62,468)	0.0%
Other operating results	1,609	1,434	12.2%	2,459	2,517	-2.3%
Operating income (loss)	40,461	30,891	31.0%	75,151	53,439	40.6%
Finance income (loss)	(68,478)	(65,785)	4.1%	(146,622)	(142,620)	2.8%
Loss before income tax and social contribution	(28,017)	(34,894)	-19.7%	(71,471)	(89,181)	-19.9%
Current taxes	(2)	(3)	-46.4%	(4)	(5)	-20.0%
Income tax and social contribution	(2)	(3)	-46.4%	(4)	(5)	-20.0%
Income (loss) for the period	(28,019)	(34,897)	-19.7%	(71,475)	(89,186)	-19.9%

Balance Sheet - Assets (R\$ thousand)

ASSETS	Consolidated	
	06/30/2023	12/31/2022
CURRENT ASSETS		
Cash and cash equivalents	63,872	55,992
Trade receivables	78,317	104,602
Inventories	78,212	71,587
Income tax and social contribution recoverable	14,236	12,888
Other assets	10,741	14,119
Total current assets	245,378	259,188
NON-CURRENT ASSETS		
Financial investments	50,356	34,155
Income tax and social contribution recoverable	18,128	15,884
Other assets	5,289	3,586
Right-of-use assets	626,176	696,814
Property, plant and equipment	1,359,108	1,394,183
Intangible assets	53,608	60,915
TOTAL NON-CURRENT ASSETS	2,112,665	2,205,537
TOTAL ASSETS	2,358,043	2,464,725

Balance Sheet - Liabilities (R\$ thousand)

LIABILITIES AND EQUITY	Consolidated	
	06/30/2023	12/31/2022
CURRENT LIABILITIES		
Trade payables	56,471	64,773
Borrowings	239,262	84,667
Lease liabilities	107,238	116,924
Social security charges	105,137	102,315
Tax liabilities	50,529	82,633
Deferred revenue	3,539	3,539
Other liabilities	21,210	31,122
Total current liabilities	583,386	485,973
NON-CURRENT LIABILITIES		
Borrowings	755,228	904,295
Lease liabilities	624,474	667,920
Social security charges	34,379	17,460
Tax liabilities	91,135	46,131
Deferred revenue	40,224	44,018
Provision for contingencies	12,039	9,919
Other liabilities	35,322	36,347
Total non-current liabilities	1,592,801	1,726,090
	2,176,187	2,212,063
EQUITY		
Share capital	1,022,768	1,022,768
Capital reserve	(14,046)	(14,714)
Accumulated deficit	(826,869)	(755,394)
Equity	181,853	252,660
Non-controlling interest	3	3
Total equity	181,856	252,663
TOTAL LIABILITIES AND EQUITY	2,358,043	2,464,725

Cash Flow Statement (R\$ mil)

CASH FLOW STATEMENT	2Q23	2Q22 (Restated)	Var.%	1H23	1H22 (Restated)	Var.%
CASH FLOWS FROM OPERATING ACTIVITIES						
Result before taxation	(28,017)	(34,894)	-19.7%	(71,471)	(89,181)	-19.9%
Reconciliation of profit to cash provided by operating activities:						
Depreciation and amortization	32,891	32,115	2.4%	66,658	62,941	5.9%
Amortization of right-of-use assets	21,263	22,175	-4.1%	40,432	43,982	-8.1%
Discounts of lease liabilities	-	(2,567)	-100.0%	-	(9,044)	-100.0%
Constitution (reversal) of provision for contingencies	73	(566)	-112.9%	1,221	(1,142)	-206.9%
Allocation of deferred revenue	665	(696)	-195.5%	1,329	(1,489)	-189.2%
Arrangement with non-controlling interests	335	551	-39.2%	668	1,104	-39.5%
Loss (gain) on disposal of property, plant and equipment	938	153	512.9%	939	72	1203.7%
Interest on borrowings	47,902	45,711	4.8%	96,811	106,584	-9.2%
Interest on taxes payable in installments	4,723	1,866	153.1%	18,016	3,377	433.5%
Charges on lease liabilities	16,375	17,160	-4.6%	32,684	34,107	-4.2%
	97,148	81,008	19.9%	187,287	151,311	23.8%
(Increase) decrease in operating assets:						
Trade receivables	1,914	(17,208)	-111.1%	26,285	2,877	813.6%
Inventories	(2,765)	(17,821)	-84.5%	(5,727)	3,348	-271.1%
Income tax and social contribution recoverable	(1,394)	(2,376)	-41.3%	(2,336)	(1,989)	17.4%
Other assets	2,137	(4,512)	-147.4%	1,673	(2,975)	-156.2%
Increase (decrease) in operating liabilities:						
Trade payables	(7,322)	10,735	-168.2%	(11,334)	5,470	-307.2%
Tax liabilities	(6,557)	11,285	-158.1%	(5,116)	(3,967)	29.0%
Social security charges	7,873	11,752	-33.0%	19,741	10,555	87.0%
Deferred revenue	(1,330)	175	-860.0%	(2,658)	438	-706.8%
Other liabilities	(5,640)	421	-1439.7%	(10,937)	(115)	9410.4%
Cash from operations	84,064	73,459	14.4%	196,878	164,953	19.4%
Payment of interest on lease liabilities	(16,375)	(17,160)	-4.6%	(32,684)	(34,107)	-4.2%
Payment of interest on borrowings	(42,000)	(38,654)	8.7%	(84,140)	(80,031)	5.1%
Payment of interest	(58,375)	(55,814)	4.6%	(116,824)	(114,138)	2.4%
Net cash used in operating activities	25,689	17,645	45.6%	80,054	50,815	57.5%
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchase of property, plant and equipment	(8,745)	(43,787)	-80.0%	(26,078)	(101,485)	-74.3%
Disposals of property, plant and equipment	572	1,191	-52.0%	740	2,420	-69.4%
Acquisition of intangible assets	(158)	(4,184)	-96.2%	(566)	(7,628)	-92.6%
Financial investments	(15,102)	(16,303)	-7.4%	(16,201)	(5,809)	178.9%
Net cash provided by investing activities	(23,433)	(63,083)	-62.9%	(42,105)	(112,502)	-62.6%
CASH FLOWS FROM FINANCING ACTIVITIES						
Proceeds from borrowings	-	50,000	-100.0%	-	550,000	-100.0%
Payment of transaction costs	-	(553)	-100.0%	-	(57,435)	-100.0%
Repayment of borrowings	(7,143)	(55,622)	-87.2%	(7,143)	(597,120)	-98.8%
Payment of lease liabilities	(12,263)	(12,786)	-4.1%	(22,926)	(21,262)	7.8%
Payment of taxes	-	(15,309)	-100.0%	-	(8,812)	-100.0%
Net cash provided by financing activities	(19,406)	(34,270)	-43.4%	(30,069)	(134,629)	-77.7%
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS	(17,150)	(79,708)	-78.5%	7,880	(196,316)	-104.0%
Cash and cash equivalents at the beginning of the period	81,022	120,326	-32.7%	55,992	236,934	-76.4%
Cash and cash equivalents at the end of the period	63,872	40,618	57.3%	63,872	40,618	57.3%