



**International Conference Call
Zamp S/A (ZAMP3)
1Q23 Earnings Results
May 12th, 2023**

Operator: Good morning and welcome to the teleconference for the discussion of results referring to the first quarter of 2023.

Present with us are Mr. Ariel Grunkraut, Gabriel Guimarães and his investor relations teams. We inform that this event is being recorded and that all participants will only be listening to the telecom during Zamp's presentation. Afterwards, we'll start a Q&A session when more instructions shall be provided. In case any of you require any assistance during the telecom, please do request operator assistance typing star 0.

This event is also being transmitted simultaneously via the web being accessible at the address www.ri.Zamp.com.br, where you can find the presentation available. The slides will be controlled by us. The replay of this event will be available right after its closing.

Prior to continuing, we would like to clarify that any declarations which may be made during this call related to the business perspectives of Zamp, forecasts, operating goals, and financial goals are based on beliefs of the company management, as well as information currently available to Zamp. Future considerations are not guarantees of performance and involve risk, uncertainties, and premises assumptions because they deal with future events and therefore depend on circumstances which can or cannot happen, may or may not happen.

Investors and analysts should understand that general conditions, sector conditions, and other operating factors could affect the future numbers of Zamp and could lead to results which differ materially from those expressed herein.

I would like to now pass the word to Ariel Grunkraut, president of Zamp, who will start the presentation. Please, Ariel, you may begin.

Ariel Grunkraut: Thank you for the introduction, operator. Good morning, everyone and thank you for your interest in our company and for your participation on this result's call for Zamp for the first quarter of 2023.

It's with lots of excitements that I'd like to share with you our numbers for the 1Q, a general overview of our business and an update on important projects which are boosting our company into a strategic position in the fast-food market.

We have advanced in a consistent manner in the first quarter, and we continue balancing the taking back of sales with profitability even in a scenario which is still below in terms of traffic post-pandemic. We delivered a great revenue growth compared to the previous year and an expressive growth of gross



margin, we also took back our expansion plan opening up new facilities, specially for the Popeyes brand and we can see progress in the results of the new stores.

Going to the second slide, we're going to share the key characteristics of the first quarter of 2023. As far as net operating revenue, we've reached R\$885 million, record for the company in the first three months of the year which represents growth of over 10.5% versus the first quarter of 2022. We have reached a consolidated gross margin of 65% in the first quarter of 23, an advance of 120 basis points compared to the same period previous year. 45% of the Zamp's sales in the period are already identifiable, strategy which reinforces our data lake and allows us to advance in our hyper personalization and profitability efforts.

Beyond that, we got a growth of 35% of our digital sales versus the first quarter of 22. Our adjusted EBITDA ex-IFRS 16 showed a growth of 15.4% compared to the same period in the previous year.

Finally, we have opened 15 new facilities, 13 of them are Popeyes and 2 are Burger King. We closed 5 [inaudible – audio failure] of our portfolio towards profitability. In this quarter we reached the milestone of 1.000 stores in Brazil.

Going into the next slide, we see the financial performance of the first quarter. Zamp reached an operating revenue of 885 million, a growth of 10.5% compared to the first quarter of 22. Besides that, our digital sales for another quarter present relevance reaching the revenue of R\$350 million, a growth of 35% compared to the same period of the previous year.

Zamp's gross margin was 65%, a growth of 120 basis points when compared to the previous year showing that the strategies of revenue management, strategic sourcing and digitalization of the company have proven incrementally sound semester after semester, and after the sales bounce back control of the expenses and the advance of our digitalization, we have reached in the first quarter of 23 an adjusted EBITDA IFRS 16 over 51 million, a growth of 18.4% reinforcing once again our consistent progress growing our profits in another quarter. In this quarter, the same store sales recorded by the BK brand were 6% and the Popeyes brand 9%.

With that, I would like to pass the word to my partner and CFO Gabriel Guimarães so that he may cover important aspects of the financial performance of the company.

Gabriel Guimarães: Thank you, Ariel, and thank you everyone. On slide four, we have presented the progress of our restaurant portfolio. In the first quarter of 2023, we have concluded the opening of 15 new restaurants, and we closed five restaurants as part of our optimization strategy. For the Burger King brand, the openings recorded in this quarter were 2 restaurants, one same store and one franchise. Besides that, as part of our nationalization brand, we have



opened 13 Popeyes brands, all of them in the food court format. That way, we have ended the quarter with a total of 1.000 stores all throughout Brazil.

Going into slide five, we presented the progress of our net operating revenue and our same store sales for both brands. As we said, in this quarter the net operating revenue was R\$885 million, a growth of 10.5% versus the first quarter of 22 with same store sales of 6% for the Burger King brand and 9% for the Popeyes brand.

As we can see on the right-hand side, the net operating revenue recorded in the last 12 months was R\$3.7 billion, a growth of 25% compared to the results presented in the previous period.

Going into slide 6, we show the net sales for the Burger King brand, which reached R\$826 million in this quarter, a growth of 9% compared to the same period of the previous year and a record for the brand in a first quarter ever. This result was boosted by successful initiatives like the campaign in partnership with Nutella turning us into the first fast food chain to be able to use the Nutella brand together with the dessert category generating very expressive results for this growing platform.

On the other hand, a few campaigns – above all in the child and premium categories – did not have the performance aligned with our expectations in this quarter. These initiatives which are for a limited time have already been corrected and adjusted so that they may contribute positively with the results of the next few periods. As we have said, we'll continue to find the balance and finding the best balance between profitability growing revenue to maximize the operating results of our restaurants.

On slide 7, we see that the Popeyes brand in the first quarter of 2023 continues a strong expansion trajectory and it's present in 7 states plus the capital and it reached a net revenue of 48 million, a growth of 37% compared to the same period of 22. At Popeyes, as we grow, we are able to leverage our investments building the brand and in trials, which will be fundamental so that we may be ever more present in the Brazilian's consumer habits. By this strategy, we disclose the sponsorship by NBA in the campaign realized with our chef Henrique Fogaça. Although it contributed in a partial manner to the results, they will have a fundamental role in the results in the year's growth plan.

Going into slide 8, we can see the constant evolution of our digital channels represented by delivery, self-service totems and the app. In the first quarter of 23, the realized sales done through these channels totaled R\$350 million, a growth of 35% compared to the same period of the previous year and they represented approximately 40% of share over the total sales of the company, a progress of 730 basis points compared to the same quarter of last year.

on slide 9, we show you our digital ecosystem and its constant evolution. We closed the first quarter of 2023 with almost 17 million users recorded in our CRM and 45% of our sales identifiable. With the progress and the enrichment of



our data lake, we're able to know our consumers better and better and we're able to execute in a more precise manner individualized and hyper personalized offers. As we saw in the previous slide, our app basically double its number of sales compared to the previous quarter and it continues to be a huge opportunity for us to leverage efficiency, experience, and profitability.

Our self-service totems – an initiative which has combined a better user experience with gains in average ticket and gross margin – represented 20% of Zamp's revenues. We continue advancing with our rollout of this functionality for most of our restaurants. Besides that, we closed the first quarter of 2023 with 26 restaurants which have 100% of their service being done digitally, and until the end of the year we intend to have 100 restaurants in the automated format.

Delivery continues to be an important revenue driver for the company, and it represented 15.8 of our sales in the period. Comparing against the first quarter of 2022, the total delivery sales grew 160 basis points, which shows the strength of this channel and the opportunity to seek our revenue, incremental revenue. Our hybrid delivery, which didn't mean much to our revenues in the past, already means 55% of the channel share, boosting profitability and expanding our geographic coverage.

Finally, we present the data from our loyalty program, the BK Club, configured as the biggest loyal restaurant loyalty program in Latin America, at the end of this quarter we reached 12 million users. The program has contributed directly to the personalization strategy in the growth of the average ticket per user through specially a higher frequency.

Going into the next slide, we see our CMV and SG&A. You can see that the cost of goods sold maintained its progress and represented 35.4% of revenues in the first quarter of 23. This number was reached on 3 pillars: revenue management. strategic sourcing. and data. In the centerpiece of the slide, we can see that the cost of the sales expenses are also included and we saw a growth of 90 basis points compared to the first quarter of 22 followed by the increase in costs with labor related to the severance payments, more hours due to the new restaurants and also the reallocation of labor contingencies, which used to be accounted for in SG&A, but based on their nature are now accounted for in personnel expenses.

This effect had an impact of approximately 100 basis points for the quarters' results. We see constant progress in fixed expenses, especially in rental and utilities in a way that we've been able to get a severe reduction in expenses.

On the right we see SG&A. We saw a slight growth compared to the first quarter of 2022, especially due to a run-off of approximately R\$5 million. As we have said, we've made important investments and we have our corporate structure organized to reach the objectives of the company. Therefore, we will continue to make a progress to reach operating leverage in the next few quarters.



Going into the next slide, our adjusted EBITD IFRS 16 was R\$51 million in the first quarter of 2023, a margin of 5.8%. This result main take growth of 18.4% and a marginal growth of 40 basis points when compared to the same period of the previous year. Based on the sales growth and our efficiency we can see in the center chart that the Adjusted EBITDA for the last 12 months totaled R\$345 million with a margin of 9.3%.

To the right of the slide, we can see the loss in the quarter of R\$55 million, 24 million above the first quarter of 22 due to the growth of expenses with depreciation and amortization and a higher impact on the financial results coming from the interest rate curve and the new financing lines of the company, that the company is taking on.

Going to slide 12, we can see the operating cash flow reported in the first quarter of 2023, and it was R\$3.2 million, a reduction of 53 million in the cash generation, especially due to a temporary mismatch of working capital at the end of 2022. Looking at the last 12 months, we presented an EBITDA cash conversion above 77%.

Going into slide 13, the reported CapEx in the first quarter of 2023 reached R\$79 million, a growth of 32% compared to the first quarter of 2022, which supported the taking back of the expansion plan during this time with the inaugurations of 15 new restaurants and many other initiatives in our expansion plan.

Besides that, we maintained our investment in technology, maintenance, and the remodeling of a few assets, which represent important contributions to the operating results of the company.

In the following slide, we see our strong capital structure. At the end of the first quarter of 2023, our total gross debt reached the level of R\$1.99 billion, which resulted in a net debt of R\$642 million. The company continues its deleveraging curve with a net that EBITDA in 1.9 times, which puts us in a better position versus the first quarter of 2022.

And the below chart, we can see the aging of our debts and we can see that we have no significant overdue amounts in 2022 and we also reinforced our cash in R\$100 million in financing and this will give you to the good operation of the business. In this way, we closed our financial section, and I passed the word once again to Ariel to share with you our priorities for the next quarter and for the year of 2022.

Ariel Grunkraut: Thank you, Gabriel. Our brands, Burger King and Popeyes, have a strong licensing pipeline, an innovations pipeline scheduled for the year of 2023, which should boost trials, improve the frequency of purchases and improved foot traffic in our restaurants. Just like we did last year with Stranger Things and Bob Sponge, we are positive about our licensing efforts in the next few quarters. We'll continue having drivers to boost traffic and sales in our restaurants consistently.



With the maturing of the Popeyes brand and us going into new markets, we believe we'll reach revenue levels which are higher and higher and also sustainable. We should reinforce that our investments in important consumer platforms, fast food platforms like, for example, we're going to analyze cost benefit, convenience, and the actual superior quality of our food.

And we have constant commitment in having a best or a great capital allocation and we consistently do cost management in order to improve our margins ever more and we also manage our portfolio looking for the best results, to extract the best results.

In terms of technology at Zamp, technology will continue to represent a strong driver for our business collaborating especially in all areas of the company. We continue to reinforce our digital initiatives to provide the best experiences, increase sales and innovate in a very assertive manner more and more. All of this investment already represents and will continue to represent a constant progress of our brand awareness indicators bringing efficiency to various lines of our P&L.

We have shown that we are ready to take back our expansion plan focusing on the execution and growth of our Burger King and Popeyes restaurants. The mapping of new locales, opportunities and white space has been identified and we are prepared to capture the best opportunities and to allocate the capital in a diligent manner.

Thank you, guys. Operator, please, let's go to Q&A.

Question and Answer Session

Operator: Ladies and gentlemen, we will now start our Q&A session. To ask a question, please type star 1. To remove your question from the list, please type star 2.

Our first question comes from Mr. Tiago Bertoluci, Goldman Sachs.

Tiago Bertoluci: Wonderful, thank you guys, thank you for your presentation and for taking your questions. I have two questions that I would like to talk about. The first one is the buildup of BK in the quarter. Please, correct me if I'm wrong, based on the conversation and channel chats that we had, it seems like you started January/February in a very good wave and the industry saw deacceleration in March and your same store sales almost were flat during the month and the first question is to understand your buildup of same store sales. And the question is trying to quantify the impact of the campaigns.

You mentioned that you had a slowdown due to a few campaigns, one child campaign and one premium campaign in the quarter, right? And so, when I think about the make of your revenue, how significant were these seasonal campaigns for the growth and for the volume of the year? Because specially if I



compared to your competitor, I think that they have a core portfolio a little bit more scalable, and this gives you more forecast ability.

So, I mean, the first question was just to understand the buildup of the quarter and how much of that was due to the campaigns and how significant are those campaigns to your revenues and what kind of impact can you see in the future regarding campaigns.

And second, in terms of expenses and here I see that your G&A reported increased 20 basis points year over year, at the same time Gabriel said that the reclassification of the contingencies made worsen the situation 100 basis points. And so, if I try to do the calculation, does it make sense that your G&A grew 120 basis points? And what is the factor for that growth, for that deleveraging? How should we look at this? Those are the questions, thank you.

Ariel Grunkraut: Hey, Tiago, thank you so much for your questions. I'm going to start answering your first one. First, you are right with your calculation, we did start the year a bit stronger, and yes, as we had been reinforcing for some time, we've been trying to always balance the ideal combination between growth and revenue and the gross margin in order to maximize our numbers.

We did see the result on the revenues, or the impacted on the revenues slightly below what we had expected very much due to the performance of a few campaigns, which were launched during February and March, especially in the premium and kids categories which did not perform as we had expected, and as Gabriel said, these platforms they have already been adjusted now in the second quarter recently, and they coincide with a very important period which is a high seasonality period, which is Mother's Day here, so we go in better prepared into this day in order to make up the results of our sales.

Our retail business, Tiago, depends on various platforms, therefore, I have a bit of a challenge in telling you how it would behave, how our competitors behave, the apps behave and platforms behave, but yes, we do depend on the retail of you having to be consistently getting it right more than you're getting it wrong at these platforms. Gabriel said that it desserts we are the first restaurant network to have a partnership with Nutella, for example, and this brought us a very significant result, so there are many platforms which end up being leveraged or deleveraged according to their performance and we had two important ones which were premium and kids, which did not perform that well.

So, that is what I see and what I see is that we have to find a balance and therefore we're not going to try to gain more market share and lose profitability, our objective is to have a good balance.

And finally, I think the digital sales, like Gabriel said, also continue to be [unintelligible – audio failure], and we continue firmly in our plan to deliver at the closing of the year a same store sales above the nominal GDP and with the margin better providing you the best number possible, and the first quarter



shows a little bit of this strategy and gives us the platform to grow over 20% in our adjusted EBITDA.

I hope that I have answered your question, and now let Gabriel talk about the expenses.

Gabriel Guimarães: Good morning, Tiago, thank you for your question. You are right in your calculation, first to balance things off we ended up reclassifying an expense with labor contingencies that we understood that due to the nature of it, due to the nature of these expenses, they would be more connected to labor expenses, therefore, they started to be a component to our EBITDA growth and it provided an important impact of almost 100 basis points. But when you look at nominal terms, since this is an expense line which is fixed, in nominal terms the fourth quarter of last year versus the first quarter of this year basically saw no difference between the two and only there was a story of the labor contingencies which reach an amount of R\$10 million in the quarter, and therefore, when you reconcile it'll show you that difference and that is combined to a one-off effect that we had in the quarter, as I said before, of approximately R\$5 million.

So, that's a non-recurring effect related to expenses which happened in the third quarter of last year, so in comparable basis we should have an important benefit looking forward, but with the mindset on marginal growth, but this is a line that, as I said, we already have this structure set up and we've made important investments throughout 2022 and therefore the level that we closed last year is already higher than that we closed this year, but higher than what we did last year, but now we should start to see important operating leverage with the growth of the revenue way about the inflation.

Tiago Bertoluci: If I could just ask a follow-up question, can you tell us more about these non-recurring R\$5 million?

Gabriel Guimarães: Well, non-recurring is an event at the company, an important annual company event and a few other initiatives which happened in the third quarter this year, we anticipated into the first quarter therefore there is a mismatch in periods.

Tiago Bertoluci: Great, thank you.

Operator: Our next question comes from Vinicius Ireto, from Bank of America.

Vinicius Ireto: Good morning, Ariel, Gabriel. Congrats on the numbers. We see another quarter with the growth in the digital self-service, self-service totems, and all. What kind of efficiency are you able to capture with these digital initiatives and where the other opportunities, especially in terms of the self-service totem? How do you see the NPS score for customers which are using totems, especially in these stores which are 100% digital?



And in terms of store closings, we want to know if given the location and profile of these restaurants do you think that there's a potential for them to be absorbed by other restaurants of yours. And I know it's recent, but using your current customer base, do you have any indication that those sales are being absorbed by the other stores?

Ariel Grunkraut: Vinicius, thank you for your question. Well, let's go. In terms of digital sales what is important to highlight here, what is perhaps a little bit different from other peers, our digital sales have shown to be more profitable sales than the non-digital sales, this due to various aspects, but mainly I would like to highlight that through artificial intelligence within our totems we're able to find an average ticket, we're able to get a higher average ticket and we're able to push more profitable products, so we're not only focusing on average ticket, but also profitability, and this benefit is also used in our app all based on artificial intelligence.

What we have seen through our investment in technology is that the NPS, the digital NPS is above the experience with the human, the traditional human experience, therefore, we see again that we already see especially in the 100% digital stores where the consumer seems more satisfied with the interaction, and we can measure that in a transactional manner. That means by receipt.

Another gain that is also very important for us is the gain in labor. Today just so you have an idea, around 15 to 20% of our restaurants' labor is the front desk labor, therefore, in the restaurants where we can see the digital sale, or 100% digital sale, you also see labor efficiency gain and finally you also see higher availability. Therefore, we also saw that at these stores with 100% of totems that we can capture a higher number of transactions than when the store didn't have the 100% of totem.

So, when we made the changes in these 30 restaurants which are already fully self-service, we've been monitoring these restaurants for some time and that's why we presented in our last investor day our plan to get to the end of the year with 100 restaurants which are totally self-service.

So, we're also going through the store modeling as well as expansion those new stores with 100% digital model. So, that's the way you should start to see us in the next few quarters, and you should start to see more efficiency on the labor line and that should also allow a higher knowledge and higher NPS score in this retrofit, our CRM initiatives.

I'm going to let Gabriel speak a little bit about your second question.

Gabriel Guimarães: Vinicius, regarding the 5 closings that we had in the quarter, the main purpose of the closing of these assets is obviously because there is a mismatch between the level of revenue and the operating deleveraging with expenses and therefore the focus is profitability and they have a very important effect on the company numbers because they have very low sales these assets specifically and which therefore were not profitable



therefore they are part of a strategy of portfolio management which will continue still very active, especially in the second quarter, and we still have a few adjustments to be made in order to improve the performance of the working capital.

It's hard to say if the residual volume of these restaurants has been divided into all the other stores which are within the same radius because these are stores with a low average ticket, so it's hard to say if we're able to capture as a brand that small volume of these assets that we ended up closing, but the view is a view towards profitability. And delivery as a component of this eventual loss of space on the street, it ends of compensating, mitigating this total volume loss given that many times they can through the digital channel guarantee that the person who wants a Burger King experience have access even though there's not a physical store close by.

Operator: Our next question comes from Laura Hirata, from Santander Bank.

Laura Hirata: Good morning, everyone, thank you, thank you for taking my question. First, I have a follow-up question in terms of your portfolio management. I would like to know how I can think about this quantitatively, how can I think about the impact of these store closings on EBITDA margin if we were to reconcile these stores? How could we do that? How could we think about doing that, how could we think about these variables?

Besides that, another question regarding Popeyes, which has progressed beyond São Paulo, how has the acceptance of the brand been in other regions and what do you see in terms of the speed of maturity of these stores? And that's it.

Gabriel Guimarães: Tank you, Laura. I'm going to start with the portfolio management piece. Essentially, these are projects which have an average sale and a huge operating deleveraging way below a mature store in the portfolio. Trying to help you out get a reference helping you to quantify, 30 to 40% of underperformance versus a traditional store, and these assets many times due to the combination of these revenues due to the high rental costs and other fixed expenses at the restaurant which are not flexible, they end up seeing a negative EBITDA at the restaurant level, and obviously when you combine an outflow of revenue with an increase in nominal EBITDA, this has an important effect in the cash generation as well as the consolidated or year to date EBITDA of the company and therefore this is a very important initiative.

When we look throughout 2023, we saw the retailers taking the same actions, and this shouldn't happen in the next few years. A portfolio management for a company which grows this quickly will continue to be an initiative in our plans.

In terms of sales and Popeyes, I'm going to let Ariel answer that.

Ariel Grunkraut: Laura, like Gabriel had said, Popeyes starts to leave the São Paulo-Rio de Janeiro regions and start to expand in various other capitals very



aligned with our expansion plan with the opening of stores, all of them in malls. This is a brand which is still unknown to the Brazilian public, therefore, we've been in Rio and São Paulo more, but in the new regions like you asked we're still not very well known, but what is interesting to see is that if we consider the annual revenue – and this has worked out very well in other regions where we have launched the Popeyes brands –, but today we have restaurants making an average sales of R\$3.1 million per year, which puts us into one of the key fast food brands in Brazil even comparing to giants which have been here for a long time, like Burger King itself and direct competitors.

This shows our capability of execution and also shows a sustainable competitive advantage, which is the ability to advance into complementary revenue streams. Our expectation is that Popeyes could in the next few years be close to 80%, up to 90%, of the BK levels in the same places, this shows you that we still have lots of room to grow given that today Popeyes in comparable store sales is close to 60% of what a Burger King store performs.

What's the main driver? The main growth driver for Popeyes is trials, experimentation, and the gains of scale. Trials, experimentation because we believe that we have the best product in the category, and scale because as we have more and more restaurants proportionally, we also have more and more investments and the possibility of more consumers trying our brand.

One of the important highlights is that this year we started to see Popeyes more intensely in the media. You know, throughout the month of March, we launched a very interesting campaign with a popular chef here, Henrique Fogaça, launching a Popeyes' product and we had the launch of a few new sandwiches, NBA themed sandwiches for the teams which are in the playoffs, which have shown performance for the brand and revenue and for the trials.

Therefore, we understand that this Popeyes' growth will continue to happen, of course it's not equal to our BK, we're basically 60 basis points from a Burger King brand, but once Popeyes leaves these R\$3.1 million and they get to R\$4-4.5 million per store, then we start to see this EBITDA very aligned with BK brand, which is here and has great structure in Brazil and the sales leverage will provide great operating leverage since a great part of the cost that we have are fixed. Therefore, when we analyze the gross margin for Popeyes coming from the synergies that we have been able to gain from the BK brand, we see the gross margin for Popeyes being very close to the BK gross margin, therefore, the great uplift that we expect in the next few quarters is the growth of revenue and operating leverage of the restaurants expenses and costs.

Operator: Our next question comes from Ulisses Argote, JP Morgan.

Ulisses Argote: Good morning, Ariel, Gabriel. Just a quick follow-up regarding the closing of stores. Do you have a closing forecast for us? How many stores will be closed this year? Thank you.



Gabriel Guimarães: Thank you, Ulisses, thank you for your question. Look, until the end of 2019, we used to do something around 10 to 15 closings per year and we did a diagnostic after the pandemic since the contracts were inflation-adjusted and with the new sales volume, and there are a few places where we have to intervene and we should see another year where 10 to 15 Burger King assets will be closed, the first piece started in the first quarter and we will conclude these closings in the second quarter. And like I said, it's a kind of very relevant impact not only on the year-to-date margin of the company, but also on our return on investment.

Operator: Ladies and gentlemen, we remind you that to ask your question, type star 1.

Once again, to ask your question, please type star 1.

We now close the Q&A session. I would like to pass the word to Ariel for his final comments. Please, Ariel, you may continue.

Ariel Grunkraut: Well, we would like to close our call here thanking the participation and the question, thank you for your participation and questions, and we are at your disposal, us and the investor relations teams are at your disposal in case of any additional questions. Thank you and have a wonderful day.

Operator: Thank you. The Zamp call is now ended. Thank you for your participation and have a wonderful day.