



# ARS Consolidated Budget and Activity Plan

## Proposal for Year 2022



## Macroeconomic environment

- The current budget proposal includes the effects generated by Covid-19;
- RON will continue a slight depreciation trend against EUR, due to further deterioration of the current account deficit;
- We expect overall inflation around 10% in 2022;
- Minimum wage increase starting with January 2022.

## Restaurant Sales

- We estimate an increase in total sales of 45% versus previous year. Starting with Q2, gradual recovery is considered, Q1 continuing being affected by restrictions imposed by the state and by local authorities due to pandemic situation.
- The delivery will continue to have a significant weight in total sales of around 47%.

## Restaurant Operational Expenses

- Food and Material cost: inflationary increase in food and material costs has been covered by the increase in prices within the year and, as a result, the weight of food and material costs in net sales is almost in line with the previous year.
- Cost of labor will be calibrated in order to match the ramp-up of the sales throughout of year.

## G&A expenses

- The weight of normalized G&A expenses in total sales is lower than 2021, due to inelasticity of these costs in relation with activity volume increase.

## Development Plan

- The development plan will focus on the opening of 4 Pizza Hut restaurants (both Fast Casual Delivery and Express stores), with an estimated capex of approximately EUR 1.7mn.
- Store remodeling and digital solutions' implementation are assumed around EUR 0.4mn, these being part of Yum! deal negotiated.
- In 2022, the Group will continue to focus on sustainability and, mid this year, a new Sustainability Report for 2020 and 2021 will be published.

*The budget has been approved by Board of Directors and this will be discussed in Annual General Meeting on 28<sup>th</sup> of April 2022.*

*All the assumptions mentioned above are taking into consideration only the current evolution of the Covid-19 pandemic, based on information available at this moment. We cannot anticipate accurately the further evolution of the pandemic; however, we are taking all actions to respond promptly to any such evolution and revise our plans accordingly.*

Indicator	Budget 2022		Actual 2021		Budget 2022 vs Actual 2021
	RON millions (mn)	% Sales	RON millions	% Sales	
<b>Restaurant Sales</b>	<b>130.8</b>	<b>100.0%</b>	<b>90.0</b>	<b>100.0%</b>	<b>45.3%</b>
<b>Other Income</b>	-	-	<b>1.3</b>	<b>1.5%</b>	-
Food and Material	37.4	28.6%	24.5	27.2%	52.9%
<b>Restaurant Gross Margin</b>	<b>93.4</b>	<b>71.4%</b>	<b>66.8</b>	<b>74.3%</b>	<b>39.7%</b>
Restaurant Operational Expenses	88.5	67.7%	63.3	70.3%	39.8%
<b>Restaurant Operating Profit</b>	<b>4.9</b>	<b>3.7%</b>	<b>3.6</b>	<b>3.9%</b>	<b>-37.2%</b>
G&A expenses	7.8	6.0%	7.1	7.9%	10.0%
<b>EBITDA (normalized)</b>	<b>(2.9)</b>	<b>-2.2%</b>	<b>(3.5)</b>	<b>-3.9%</b>	<b>17.4%</b>