Quarterly Report for Brödernas Group AB (publ)

Q4 2024

Key highlights Q4 2024

Management comments

General business development and market overview:

- Continued challenging market conditions during Q4, with a negative impact on sales
- Beginning of 2025 shows somewhat improved like-for-like sales figures
- Several sales initiatives are being implemented across the restaurant network, focusing on driving ticket volumes and average tickets
- In January, the Stockholm District Court approved the continuation of Brödernas Group AB (publ)'s company restructuring together with most of the group companies

Sales development:

- Sales during the quarter amounted to SEK 111 million, corresponding to a change of (10)% vs last year
- Full-year sales amounted to SEK 465 million, representing a change of (8)% vs last year

Margin development:

- Gross margin II decreased by 0.9 %-points in the quarter vs same quarter last year, mainly due to continued high share of delivery sales and ongoing campaigns
- Direct restaurant expenses decreased by 7% vs last year, primarily due to social fees on personnel expenses being lower during initial phase of company restructuring period, with remainder of expense items in line with last year
- EBITDA during the quarter amounted to SEK 2 million (2% margin) vs SEK 4 million (3% margin) last year
- Full-year EBITDA amounted to SEK 13 million (3%) vs SEK 29 million (6%) last year

Financial position:

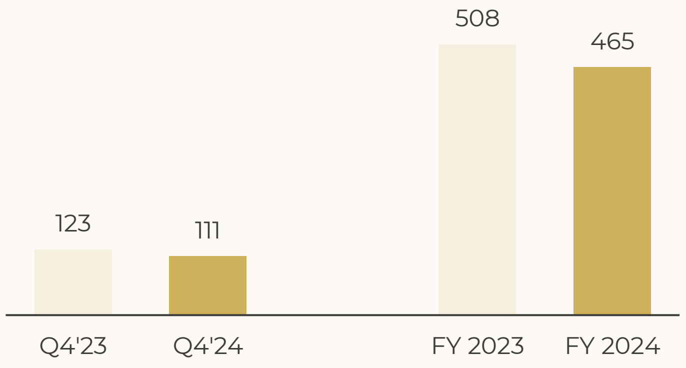
- As of 31 December 2024, Brödernas' cash position amounted to SEK 50 million and net debt was in excess of 6.0x EBITDA (on a rolling 12-month basis)

Stockholm, 28 February 2025

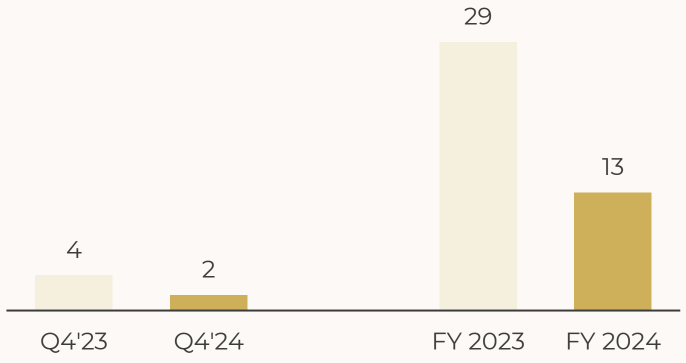
Richard Forsshéll, CEO at Brödernas

Key financials

Sales (SEKm)



Adj. EBITDA (SEKm)



Note: Unaudited financials, adjusted for discontinued operations, divested subsidiaries, lease expenses and non-recurring items

Corporate restructuring and liquidity update

Management comments

Corporate restructuring status:

- Since mid October 2024, the company is executing a strategic turnaround involving liquidity stabilization, unit prioritization, IT cost reductions, rental renegotiations and legal restructuring. The corporate restructuring process is legally supported by court decisions (Sw. Företagsrekonstruktion). In January, the process was extended by another three months to at least mid-April 2025.
- Restructuring decisions (including bankruptcies of specific group companies) are being taken carefully to minimize damage to the group's overall financial integrity.

Liquidity and financial impact:

- The liquidity position in Brödernas group has been significantly improved, primarily due to initial withholding of payments (permitted under restructuring law), closure of business units with negative cash flows and the operational action plan for turnaround.
- Moreover, in conjunction with somewhat improved like-for-like sales from remaining business entities, liquidity has stabilized for the group

Key actions undertaken:

- <u>Operational consolidation:</u> Some locations have been closed where sustainable operations could not be achieved in the medium-term. The process for closures has included bankruptcies (x23 during Q4, x2 during Q1 '25). Currently ca 56 units remain operational, and the lion share of closings should have been completed by now unless unexpected problems arise
- <u>Commercial initiatives:</u> Work ongoing to adjust, optimize and re-new the group's value proposition (menu, service and pricing) to drive sales increase (both ticket volumes and average tickets) across the group
- <u>Rental negotiations:</u> Ca 50 landlord negotiations are ongoing with expected agreement updates to be implemented during Q2 2025
- <u>Lease evaluations:</u> Long-term leases for restaurant equipment, furniture and IT equipment are investigated and renegotiated to optimize financial outcomes
- <u>General contracts overhaul:</u> Contracts are evaluated, negotiated, and terminated, with a focus on IT systems and the technology setup
- <u>Broader reorganization:</u> The group's restaurant network and overall structure are reviewed to align with long-term profitability goals

Liquidity projections:

- <u>Short-term outlook (1-3 months):</u> Liquidity has improved due to restructuring measures, including withheld payments, reduced operational burdens and streamlined operations. The liquidity position should benefit further from the stronger current trading.
- <u>Long-term outlook:</u> Profitability and liquidity are expected to benefit from improved contract terms, the closure of underperforming units and the broader reorganization strategy. An updated view on the mid-to-long term forecast will be included in the reconstruction plan.

Key financials

Adjusted P&L[1]

SEKm	FY 2024	FY 2023
Net sales	**465**	**508**
COGS	(121)	(133)
Gross profit I	**344**	**374**
Platform fees	(42)	(39)
Gross profit II	**302**	**335**
Personnel expenses	(139)	(152)
Premises	(47)	(45)
Other direct operating expenses	(61)	(62)
Restaurant EBITDA	**55**	**76**
Overhead expenses	(42)	(47)
EBITDA	**13**	**29**
Lease expenses [2]	(15)	(14)
EBITDA after leasing expenses	**(2)**	**15**
Selected key metrics:		
Gross margin I	74%	74%
Gross margin II	65%	66%
Restaurant EBITDA margin	12%	15%
EBITDA margin	3%	6%

Reconciliation of EBITDA

SEKm	FY 2024	FY 2023
EBITDA after leasing expenses	**(2)**	**15**
(-) Lease expense in discontinued operations	(1)	(3)
(-) Extraordinary items and non-recurring items	(8)	--
(-) Historical Exceptional Items	(9)	(16)
(-) Transaction Costs	(20)	(4)
(-) Divested Subsidiaries	--	(0)
Reported EBITDA	**(40)**	**(8)**

Net debt specification[2]

SEKm	Dec 2024
(+) Senior Secured Bond 24/27	191
(-) Own bond holdings	(10)
(-) Cash & cash equivalents	(50)
Net Interest-bearing Debt	**131**

(1) Adjusted for discontinued operations, divested subsidiaries and non-recurring items; (2) Due to ongoing corporate restructuring and leasing negotiations, Brödernas has chosen to include lease expenses in the Adjusted Profit & Loss statement instead of including the corresponding leasing debt in the Net Interest-bearing Debt calculation
Note: Interim financials are unaudited financials and based on management accounts

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