Arcos Dorados

# 1st Quarter 2026 Results

May 20, 2026


15 YEARS

ARCO LISTED NYSE

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# Agenda

1 Quarter **Highlights**

2 Marketing, Digital & **Divisional Revenue**

3 Profitability & **Margins**

4 Balance Sheet & **Development**

5 Final **Thoughts**

6 Supplemental **Information**

# 1 Quarter Highlights

1st Quarter 2026

# First Quarter 2026
# Key Highlights

| 1Q 2026 Total Revenue | Systemwide Comparable Sales |
|---|---|
| **$1.2b** | **16.0%** |
| **1Q 2026 Adj. EBITDA** | **Digital Sales Contribution[1]** |
| **$118.0m** | **64%** |
| 9.7% margin | 26% Identified |
| **1Q 2026 Net Income** | **Restaurant Openings** |
| **$36.1m** | **19** |
| $0.17 per share | 13 Freestanding |

**Systemwide comparable sales underpinned by positive guest traffic in NOLAD and SLAD**

- SLAD's growth was fueled by both guest volume and average check, NOLAD 's growth continued to be driven by higher guest traffic and Brazil increased its average check.

**Adj. EBITDA growth of almost 30% and Net Income more than 2.5x prior year, in US dollars**

- Profitability was driven mainly by solid revenue growth, strong consolidated margin expansion and sub-franchised restaurant transactions in NOLAD and SLAD.
- Profitability improved in all three divisions, especially in Brazil and SLAD, while NOLAD's result was helped by income from a sub-franchised restaurant transaction.
- Adjusted Free Cash Flow improved by more than $112 million in the last twelve months versus the prior comparable period.

**Marketing leveraged brand strength to support profitability and expand market share**

- Marketing efforts focused on the Brand's connection with guests through core, affordability and partnerships.
- Market share expanded across the region supported by strong brand equity scores.

**Restaurant growth was in-line with the plan for the year**

- Total capital expenditures reached $36.8 million, including $16.7 million for new units.

*[1]Mobile App, Delivery and Self-order Kiosks (systemwide)*


# 2 Marketing, Digital & Divisional Revenue

Organic Growth Drivers

Marketing, Digital & Loyalty

## Leveraging the Brand, Supporting Profitability & Gaining Share


### Total Digital Sales Penetration

| ~59% | ~64% |
|---|---|
| 1Q 2025 | 1Q 2026 |

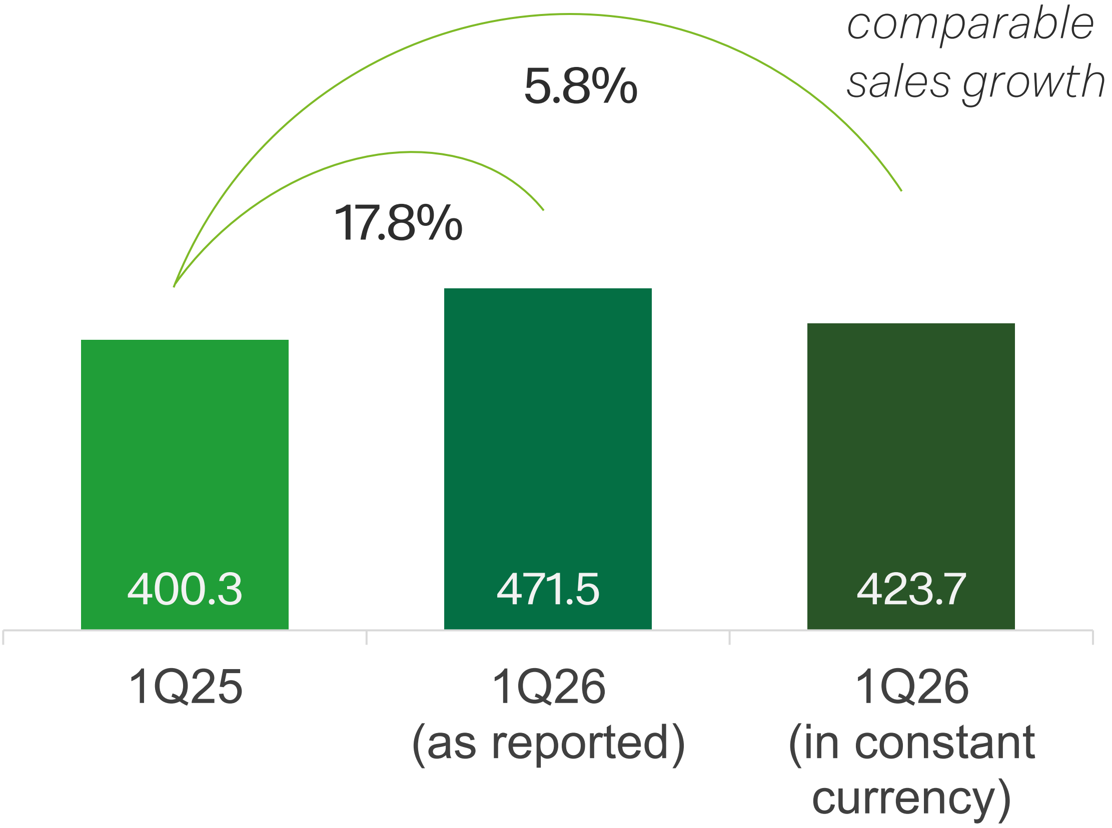
### Loyalty Program Registered Members

| 18.8m | 30.4m |
|---|---|
| 1Q 2025 | 1Q 2026 |

# First Quarter 2026
## Total Revenues by Division

### BRAZIL
*($million)*

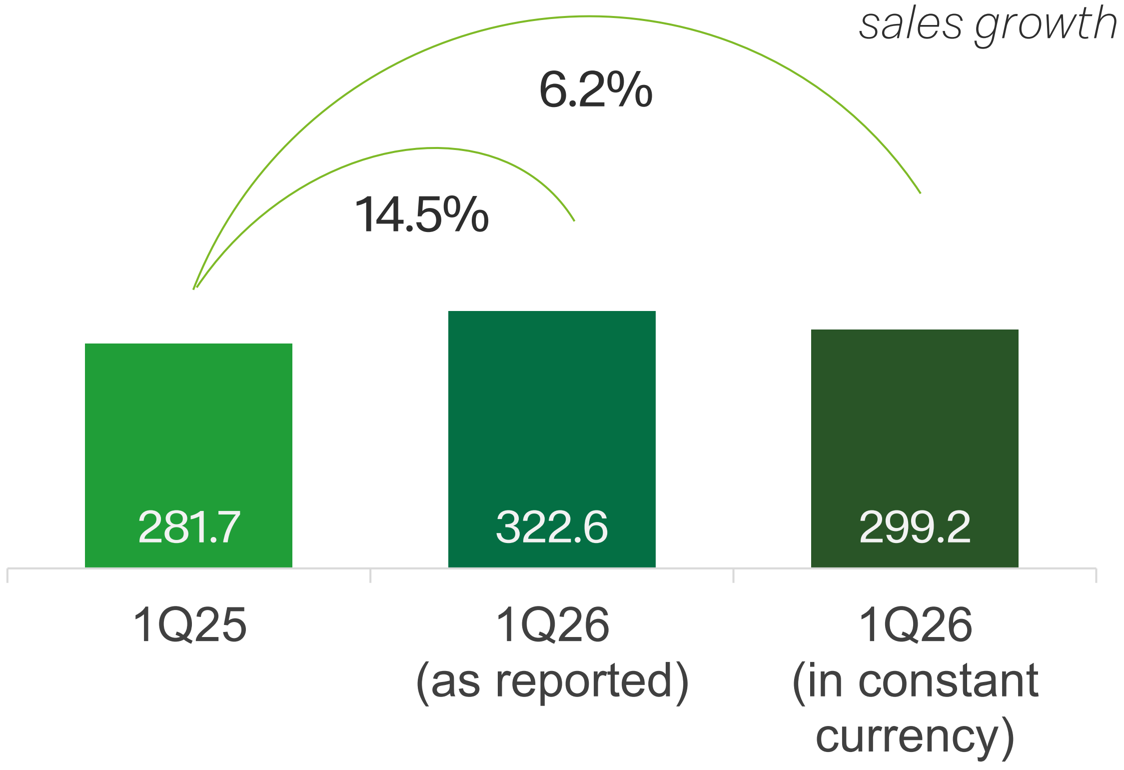
0.5%
*Systemwide comparable sales growth*




- Total revenue growth in US dollars reflects a stronger local currency, higher average check and restaurant openings.
- Marketing focused on brand love and offering compelling value to guests.
- Guest volume share expanded versus 1Q25, based on the CREST study.

### NOLAD
*($million)*

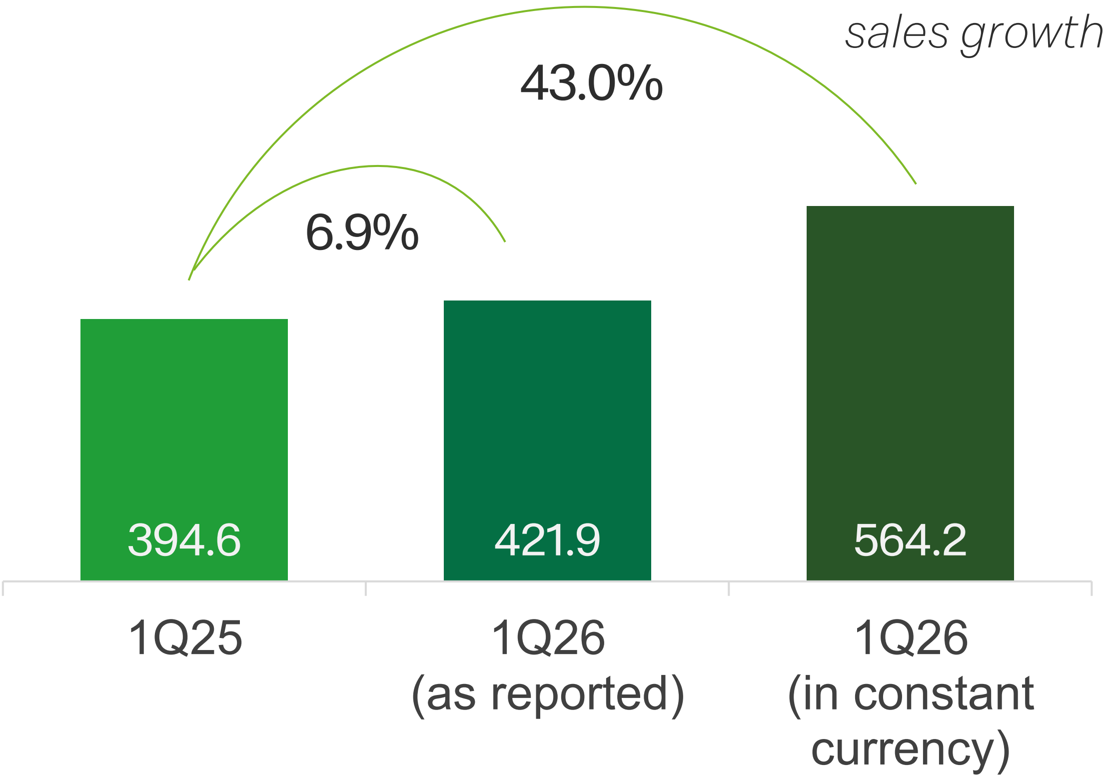
1.6%
*Systemwide comparable sales growth*




- Comp sales grew with higher guest traffic.
- Mexico's comparable sales grew 4.6%, also driven by higher transaction volume.
- US dollar revenue growth helped by stronger FX in Mexico and Costa Rica.
- Marketing focused on value platforms, core menu items and strong licenses.

### SLAD
*($million)*

47.7%
*Systemwide comparable sales growth*



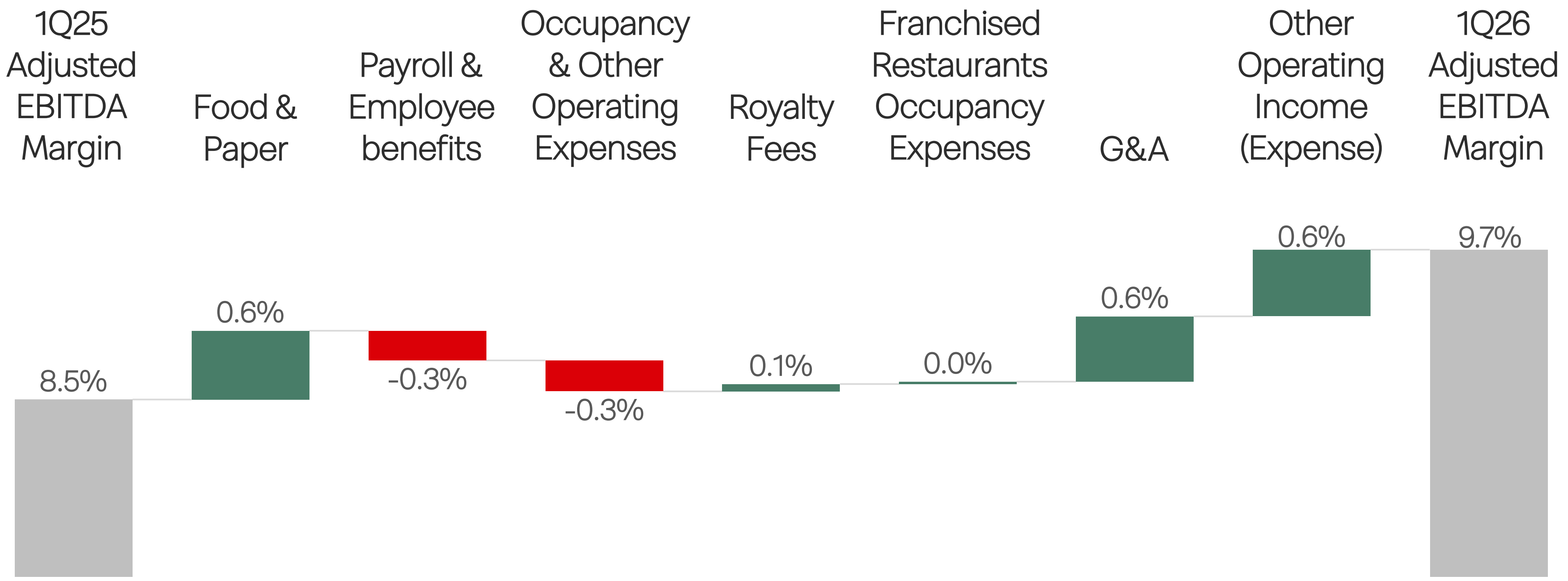

- Comp sales supported by positive guest traffic as well as higher average check.
- Solid US dollar revenue growth.
- Marketing included brand partnerships and innovation in chicken and desserts.
- Market share gains of more than 2 pp versus the prior year quarter.

# 3 Profitability & **Margins**

Adjusted EBITDA &
Margin Bridge

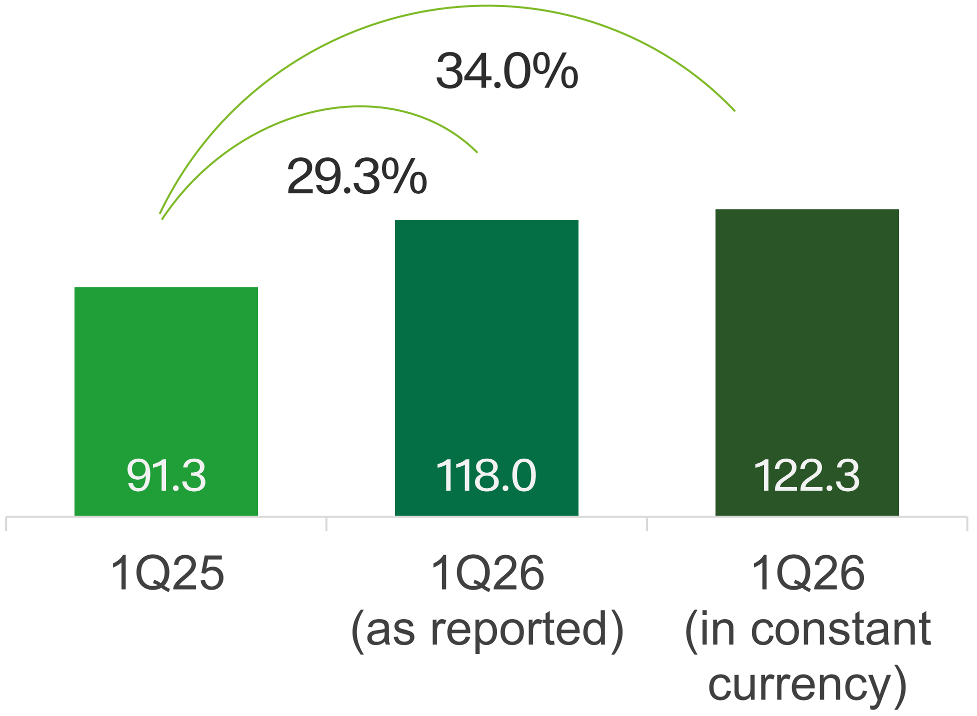
# First Quarter 2026
# Consolidated Adj. EBITDA Margin & Margin Bridge

## 1Q26 – Adj. EBITDA Margin Performance
*(% of total revenue)*




## 1Q26 – Consolidated Adj. EBITDA
*($million)*

9.7%
*margin*




- Consolidated Adjusted EBITDA grew strongly in US dollars, with margin expansion in all three divisions.
- Food & Paper costs as a percentage of revenue in Brazil and SLAD were lower and flattish in NOLAD.
- Payroll as a percentage of revenue was higher in Brazil and NOLAD, partly offset by lower expenses in SLAD.
- Occupancy and Other operating expenses generated modest margin pressure in all three divisions.
- G&A as percentage of revenue was lower in all divisions as well as in the corporate segment[1].
- Other operating income included $5.8 million income from sub-franchised restaurant transactions in NOLAD and SLAD.

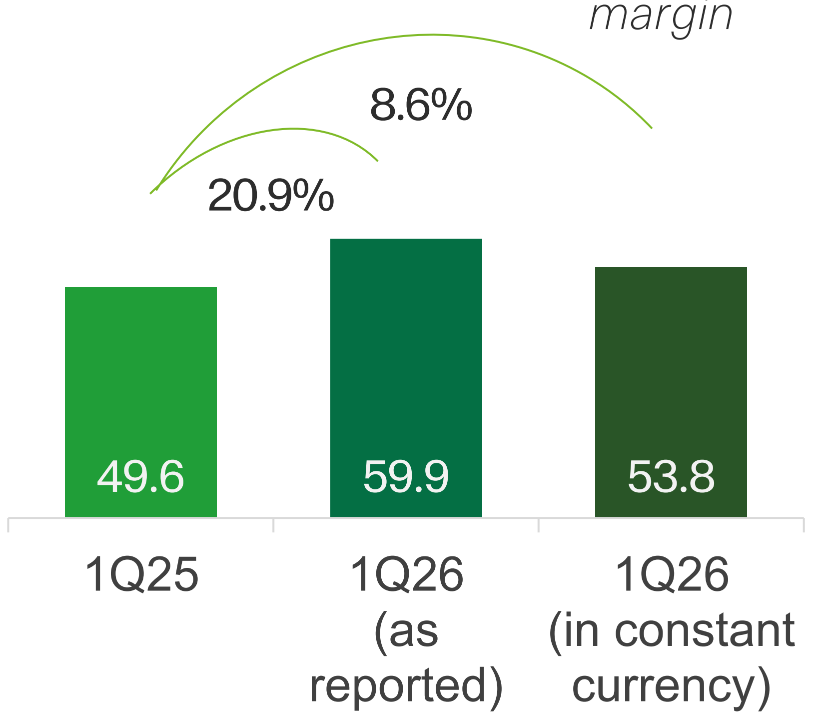


[1] *Reorganization and optimization plan expenses are excluded from G&A in the Adjusted EBITDA calculation.*

# First Quarter 2026
## Adjusted EBITDA by Division

**BRAZIL**
*($million)*

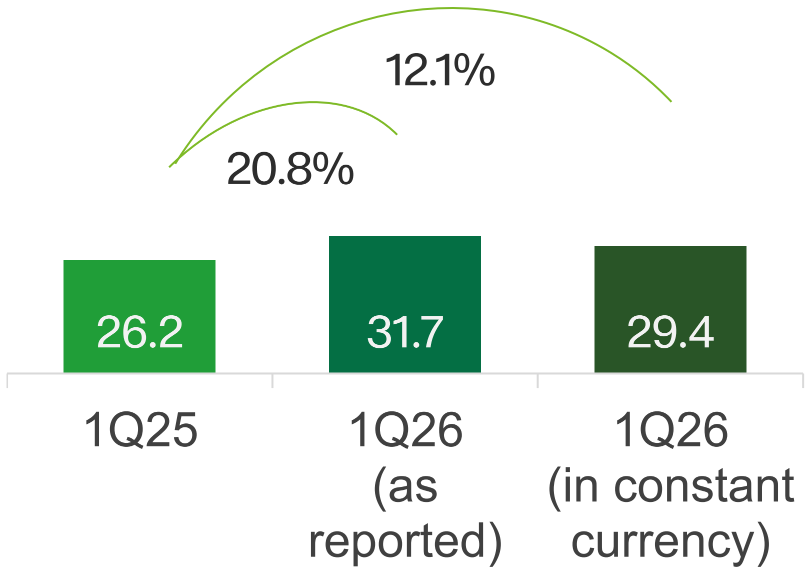
12.7%
*Adj. EBITDA margin*




- F&P: improved strongly versus 1Q25.
- Payroll: pressure from higher hourly crew cost.
- Occupancy and other operating expenses: modest pressure from various line items.
- G&A: leverage from strong revenue growth and reduced headcount.

**NOLAD**
*($million)*

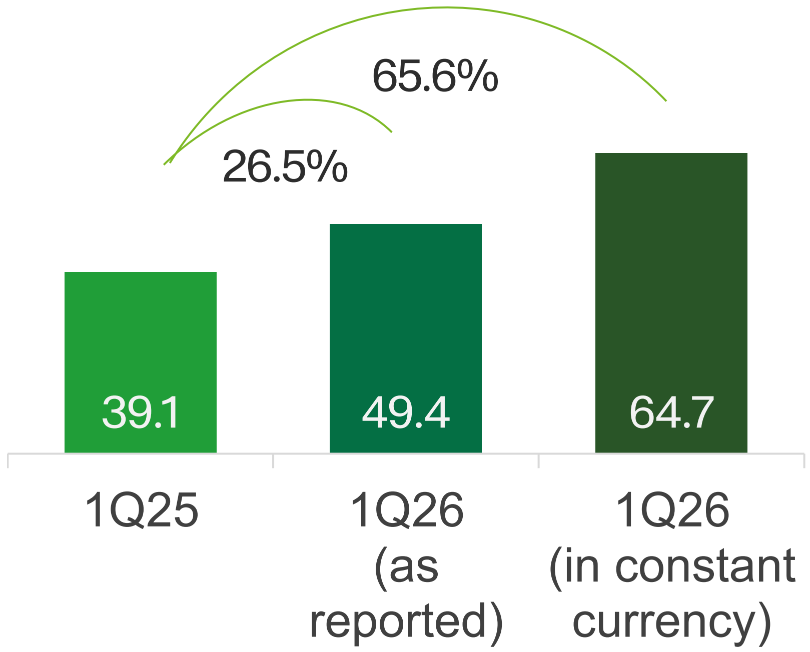
9.8%
*Adj. EBITDA margin*




- F&P: flattish versus the prior year quarter.
- Payroll: modest hourly crew cost pressure.
- Occupancy and other operating expenses: modest pressure from various line items.
- G&A: leverage from strong revenue growth and reduced headcount.
- Other operating income: $3.1 million from a sub-franchised restaurant transaction.

**SLAD**
*($million)*

11.7%
*Adj. EBITDA margin*



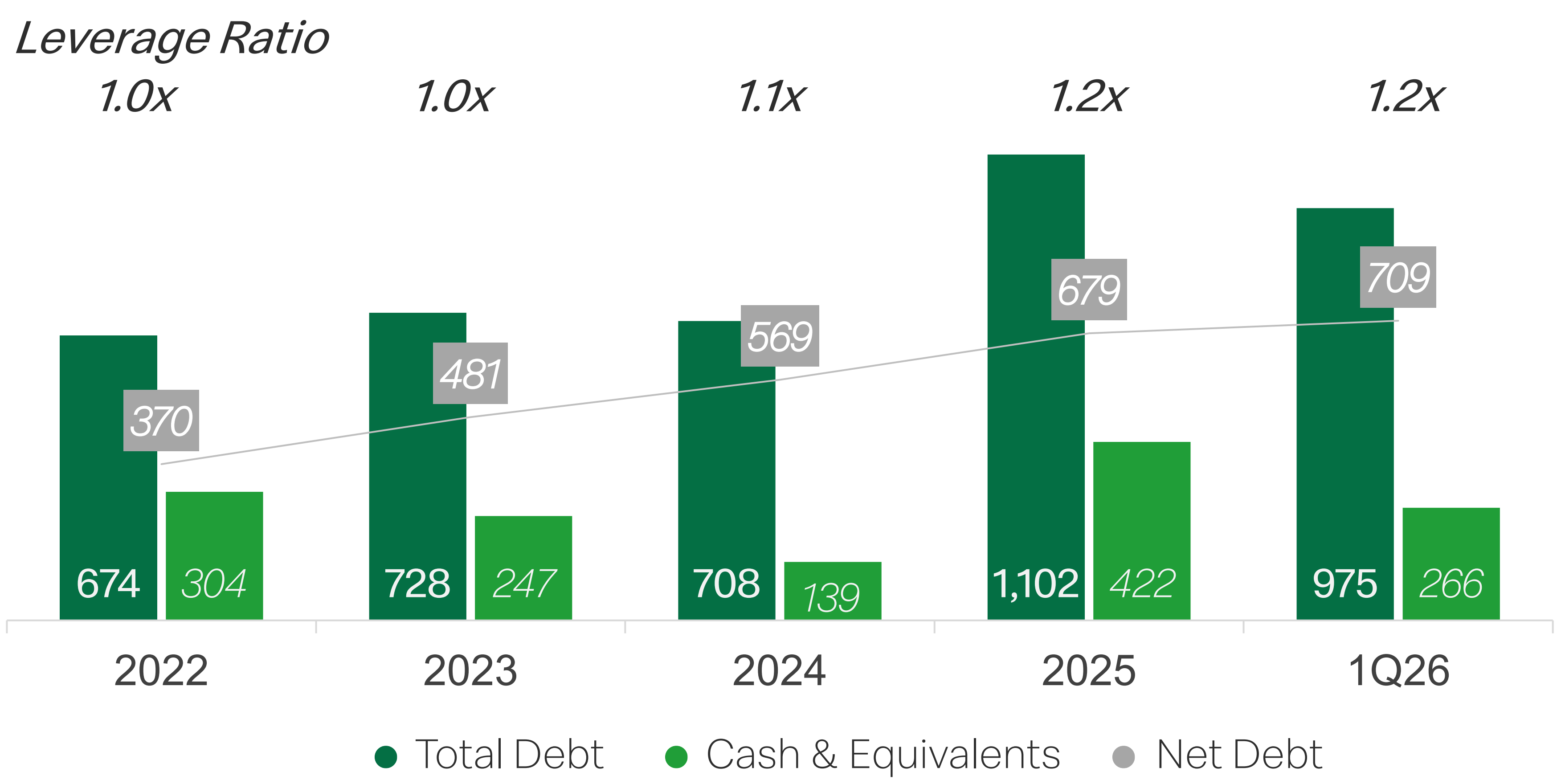

- F&P: improved versus 1Q25.
- Payroll: leverage from strong revenue growth.
- Occupancy and other operating expenses: flattish versus the prior year.
- G&A: leverage from strong revenue growth and reduced headcount.
- Other operating income: $2.7 million from a sub-franchised restaurant transaction.

# 4 Balance Sheet & Development

Capital Allocation

# Healthy Balance Sheet & Cash Flow to Support Future Growth
## Strong Cash Generation

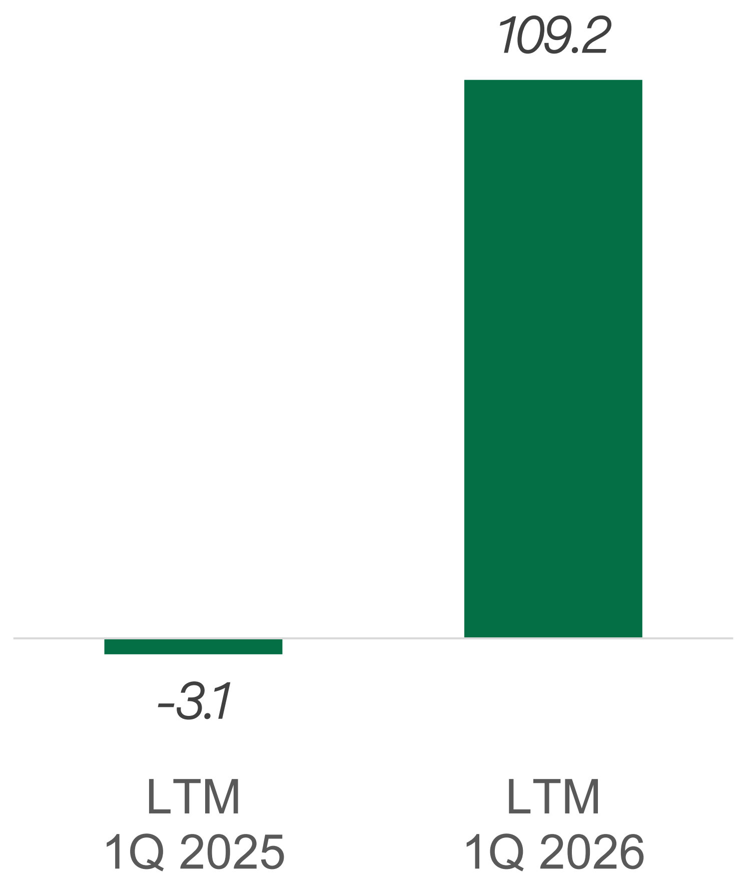
### Key Debt Metrics – at period end
*($million)*




FitchRatings
**BBB-**
Stable

S&P Global Ratings
**BBB-**
Stable

### Adjusted Free Cash Flow
*($million)*




*Notes*
- *Total financial debt includes long-term debt, accrued interest payable and derivative instruments (net of asset portion)*
- *Net Debt = Total financial debt less cash and cash equivalents*
- *Leverage ratio = Net financial debt / LTM adjusted EBITDA*

- Strong LTM (last twelve months) EBITDA conversion, combined with lower capex, drove a material improvement in cash generation

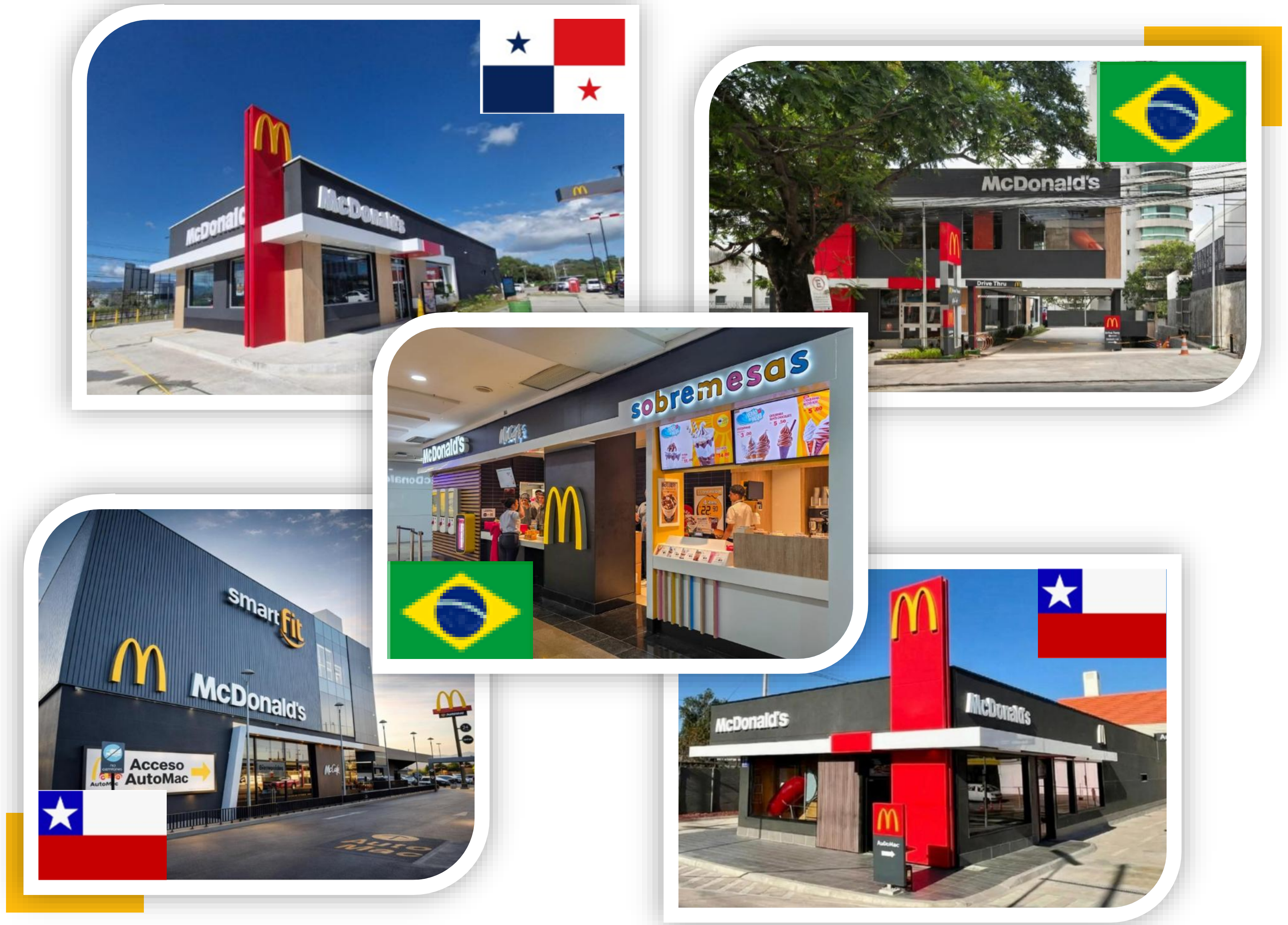
# Development & Capital Allocation
## Growth and Modernization

### 1Q 2026 Quarter-end Restaurant Footprint

| Division | Store Type | | | Total Restaurants | McCafé | Dessert Centers |
|---|---|---|---|---|---|---|
| | Freestanding | In Store | MS & FC | | | |
| BRAZIL | 684 | 90 | 467 | 1,241 | 214 | 2,019 |
| NOLAD | 427 | 48 | 195 | 670 | 20 | 524 |
| SLAD | 286 | 124 | 215 | 625 | 248 | 740 |
| TOTAL | 1,397 | 262 | 877 | 2,536 | 482 | 3,283 |

### 1Q26 Openings
- 19 restaurant openings.
- 12 restaurant openings in Brazil.
- 13 free-standing openings.

### 1Q26 Capital Allocation
- $36.8 million capital expenditures.
- Including $16.7 million for unit growth.




75% of systemwide restaurant portfolio offers the most modernized restaurant experience in the Latin America and Caribbean QSR

# 5 Wrap Up

Closing Remarks

# Closing Remarks

## Uniquely positioned within the Latin American consumer space:

- Key segment of the economy, meeting a basic need.
- Significant competitive advantages spanning brand, sales channels and capital structure.
- A foundation of operational excellence on which the business is built.

## 2025 Social Impact and Sustainable Development Report

- Update on the six pillars of the Recipe for the Future.
- Achievement of 2029 Senior Notes' Sustainability Performance Targets.
- To be published in coming weeks on www.recipeforthefuture.com

## 2026 Arcos Dorados Investor Day

- October 1, 2026, in New York City.
- Executive leadership team update on the business' pillars: Today, Growth and Tomorrow.
- Details on how to participate to be released in coming weeks.

## Key Messages

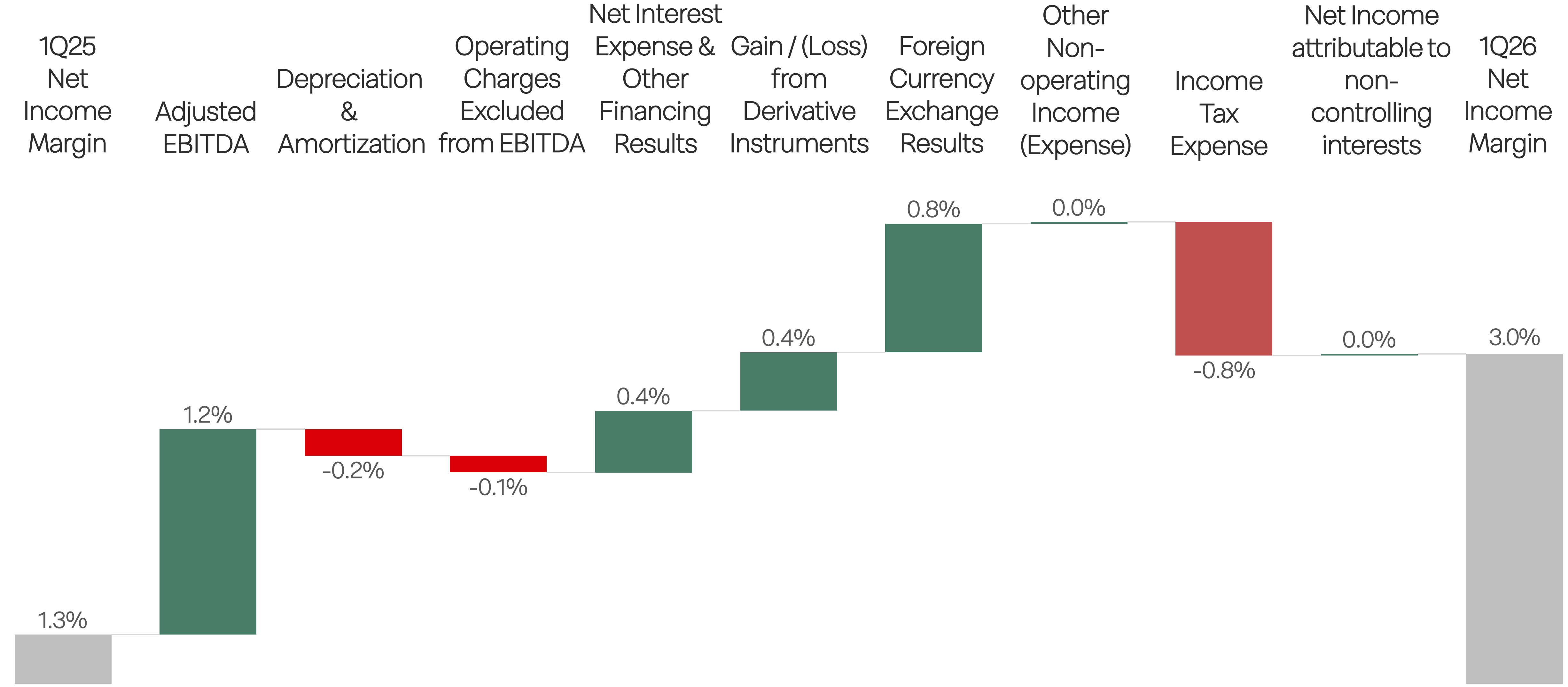
- 2026 Plan designed to optimize sales growth drivers and capture efficiencies to improve profitability.
- Generate Adjusted Free Cash Flow to create additional shareholder value.
- Second quarter 2026 is off to a good start.

# Questions & Answers

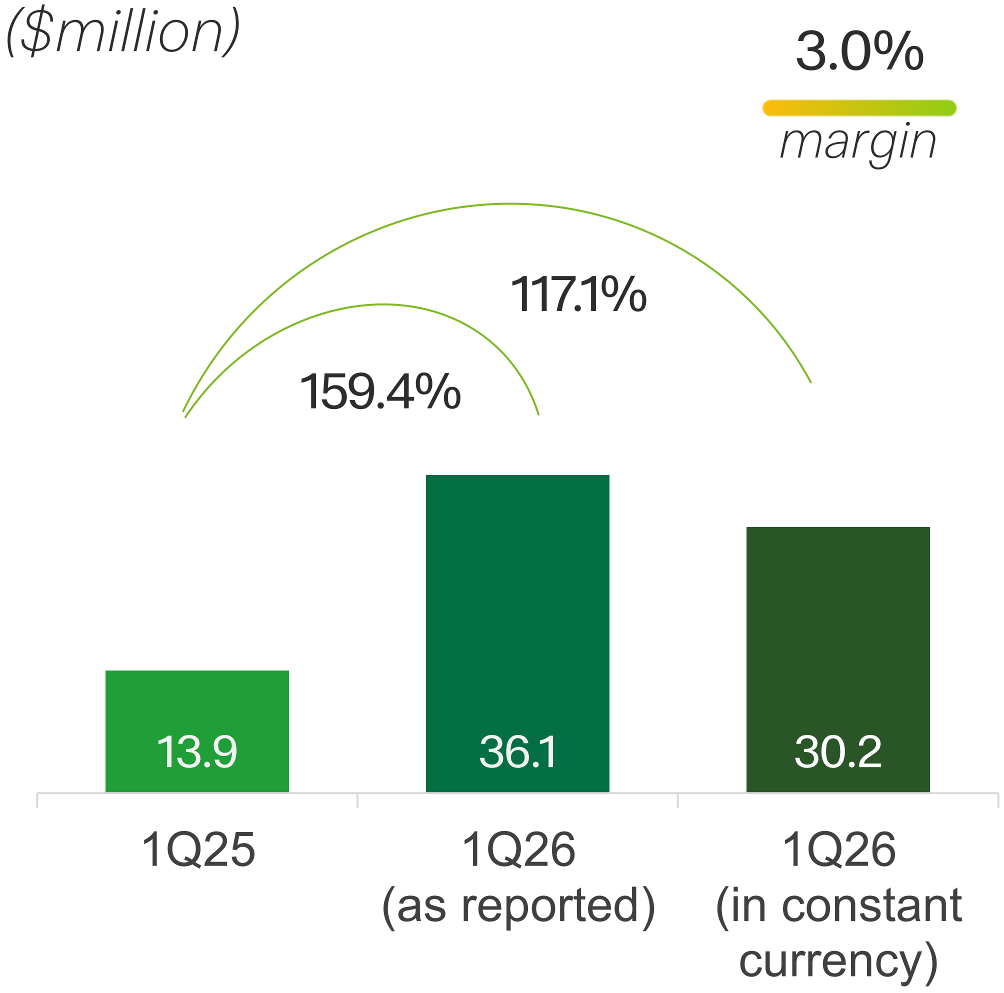

# 6 Supplemental Information

# First Quarter 2026
## Consolidated Net Income Growth & Margin Bridge

### 1Q26 – Net Income Margin Performance
*(% of total revenue)*

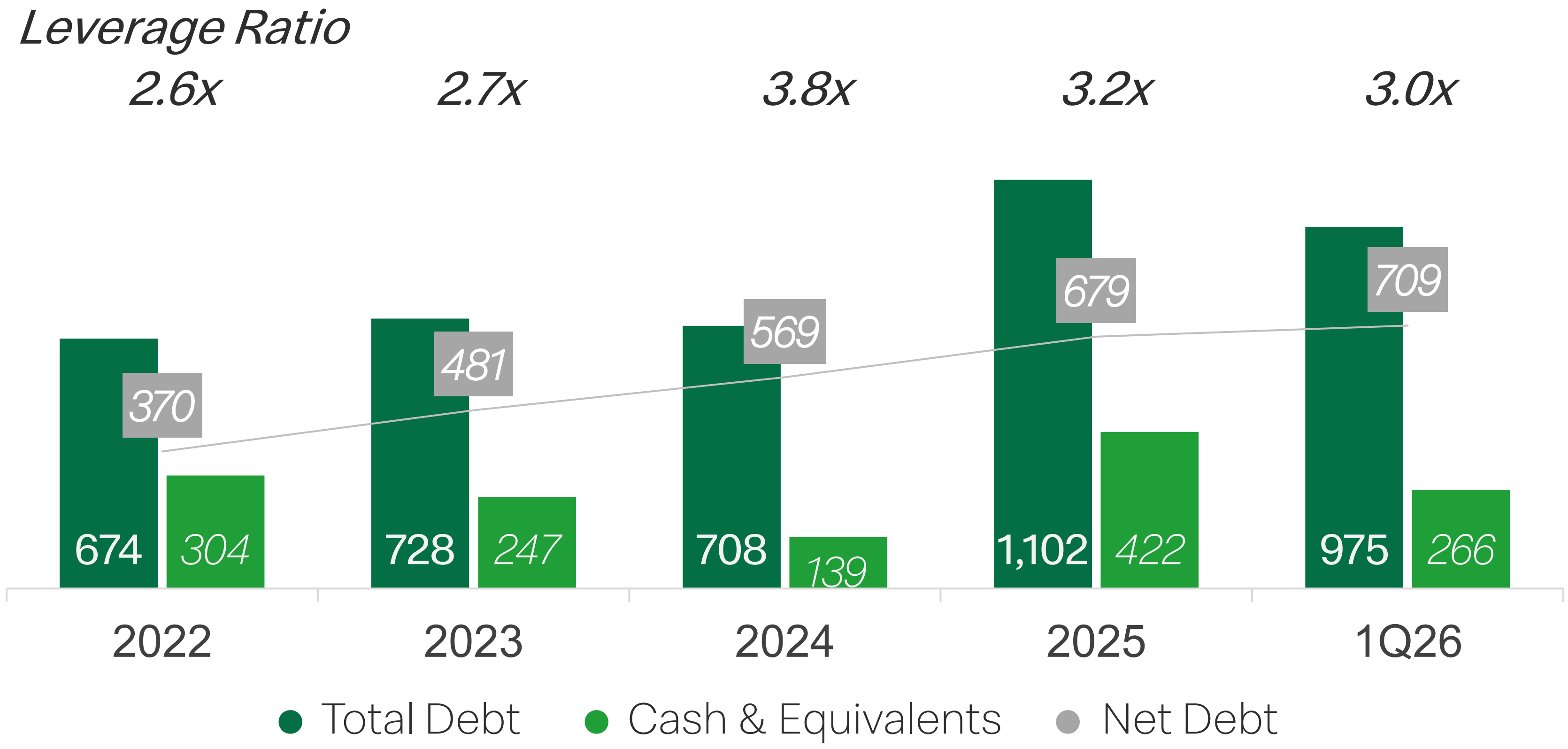



### 1Q26 – Net Income, attributable to AD
*($million)*



# Net Debt to Net Income & Adjusted Free Cash Flow Reconciliation

## Key Debt Metrics – at period end
*($million)*




- *Total financial debt includes long-term debt, accrued interest payable, and derivatives instruments (net of asset portion)*
- *Net Debt = Total financial debt less cash and cash equivalents*
- *Leverage ratio = Net financial debt / Last Twelve-Month Net Income*

## Adjusted Free Cash Flow Reconciliation
*($million)*

| ($ million) | LTM ended Mar 31, 2026 | LTM ended Mar 31, 2025 |
|---|---|---|
| **Net cash provided by operating activities** | **327,906** | **262,799** |
| Interest paid | 76,452 | 55,358 |
| Interest collected | (20,182) | (11,072) |
| **Adjusted net cash provided by operating activities** | **384,176** | **307,085** |
| Property and equipment expenditures | (269,369) | (315,232) |
| Purchases of restaurant business paid at acquisition date | (10,557) | (1,060) |
| Proceeds from sales of property and equipment, restaurant businesses and related advances | 4,919 | 6,091 |
| **Adjusted Free Cash Flow** | **109,169** | **(3,116)** |

# Adjusted EBITDA
## Reconciliation

| ($million) | For Three-Months March 31, | |
|---|---|---|
| | 2026 | 2025 |
| **Net income attributable to Arcos Dorados Holdings Inc.** | 36,141 | 13,930 |
| Net income attributable to non-controlling interests | 90 | 147 |
| Income tax expense, net | 23,815 | 12,505 |
| Other non-operating expenses, net | 16 | 122 |
| Foreign currency exchange results | (7,187) | 1,961 |
| Gain from derivative instruments | (4,369) | (110) |
| Net interest expense and other financing results | 14,258 | 16,592 |
| Depreciation and amortization | 54,261 | 46,295 |
| Operating charges excluded from EBITDA computation | 984 | (163) |
| **Adjusted EBITDA** | **118,009** | **91,279** |
| **Adjusted EBITDA Margin as % of total revenues** | **9.7%** | **8.5%** |

# Definitions

In addition to financial measures prepared in accordance with generally accepted accounting principles (GAAP), management analyzes business trends using a variety of performance, financial and liquidity measures, which are considered non-GAAP. This presentation and the accompanying tables use the following non-GAAP measures: Adjusted EBITDA, Adjusted net cash provided by operating activities, Adjusted Free Cash Flow, Constant Currency basis, Systemwide sales, and Systemwide comparable sales growth.

Adjusted EBITDA: Management uses Adjusted EBITDA to facilitate operating performance comparisons from period to period.
Adjusted EBITDA is defined as the Company's operating income plus depreciation and amortization plus/minus the following losses/gains: gains from sale or insurance recovery of property and equipment, write-offs of long-lived assets, impairment of long-lived assets, and reorganization and optimization plan expenses.
Management believes Adjusted EBITDA facilitates company-to-company operating performance comparisons by backing out potential differences caused by variations such as capital structures (affecting net interest expense and other financing results), taxation (affecting income tax expense) and the age and book depreciation of facilities and equipment (affecting relative depreciation expense), which may vary for different companies for reasons unrelated to operating performance. Slide 22 of this presentation includes a reconciliation of Adjusted EBITDA to Net Income attributable to Arcos Dorados. For more information, please see the Adjusted EBITDA reconciliation in Note 8 – Segment and geographic information – of our financial statements filed today with the Securities and Exchange Commission (the "SEC") on Form 6-K.

Adjusted net cash provided by operating activities and Adjusted free cash flow: Management uses Adjusted net cash provided by operating activities and Adjusted Free Cash Flow as supplemental measure to facilitate the analysis of the Company's cash generation performance and liquidity from period to period.
Adjusted net cash provided by operating activities is defined as net cash provided by (used in) operating activities plus interest paid less interest collected. Adjusted Free Cash Flow is defined as Adjusted net cash provided by operating activities less property and equipment expenditures, and purchases of restaurant businesses paid at acquisition date plus proceeds from sales of property and equipment, restaurant businesses and related advances.
Management believes Adjusted net cash provided by operating activities and Adjusted Free Cash Flow provide useful information to investors, when considered together with GAAP measures, in evaluating the Company's ability to generate cash to fund capital expenditures and financing activities. Management evaluates these measures prior to investing and financing decisions.
Adjusted net cash provided by operating activities and Adjusted Free Cash Flow are non-GAAP financial measures and should not be considered as an alternative to net cash provided by operating activities or any other measure of financial performance or liquidity prepared in accordance with GAAP. These non-GAAP financial measures are not defined in the same manner by all companies and may not be comparable to similarly titled measures used by other companies. Slide 20 of this presentation includes a reconciliation of Adjusted Free Cash Flow to net cash provided by operating activities.

# Definitions

**Constant Currency basis:** refers to amounts calculated using the same exchange rate over the periods under comparison to remove the effects of currency fluctuations from this trend analysis. To better discern underlying business trends, this release uses non-GAAP financial measures that segregate year-over-year growth into two categories: (i) Currency translation reflects the impact on growth of the appreciation or depreciation of the local currencies in which the Company conducts its business against the US dollar (the currency in which the Company's financial statements are prepared). (ii) Constant currency growth reflects the underlying growth of the business excluding the effect from currency translation. The Company also calculates variations as a percentage in constant currency, which are also considered to be non-GAAP measures, to provide a more meaningful analysis of its business by identifying the underlying business trends, without distortion from the effect of foreign currency fluctuations.

**Systemwide sales:** Systemwide sales represent measures for both Company-operated and sub-franchised restaurants. While sales by sub-franchisees are not recorded as revenues by the Company, management believes the information is important in understanding its financial performance because these sales are the basis on which it calculates and records sub-franchised restaurant revenues and are indicative of the financial health of its sub-franchisee base.

**Systemwide comparable sales growth:** this non-GAAP measure, refers to the change, on a constant currency basis, in Company-operated and sub-franchised restaurant sales in one period from a comparable period for restaurants that have been open for thirteen months or longer (year-over-year basis) including those temporarily closed. Management believes it is a key performance indicator used within the retail industry and is indicative of the success of the Company's initiatives as well as local economic, competitive and consumer trends. Sales by sub-franchisees are not recorded as revenues by the Company.

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