



Dodo Brands Reports First Quarter 2022 Results

Moscow, Russia - 11 July 2022 12:00 AM GMT - DP Global Group Limited (“Dodo Brands” or the “Company”), home of Dodo Pizza, the largest pizza chain in Russia and the fastest-growing pizza chain in the world, announces its financial results in accordance with International Financial Reporting Standards (IFRS) for the quarter ended 31 March 2022.

Q1 2022 Key Financial Highlights

- Global system sales increased by 45% to RUB 12.8bn.
- Added 31 net new units in the first quarter 2022. Finished the quarter with 802 units in 16 countries.
- Eurasia comparable system sales in the first quarter 2022 increased by 29.0%; International Master Franchising comparable system sales increased by 27.3%.
- Adjusted EBITDA amounted to RUB 65.9 million for the first quarter 2022 vs RUB 156.9 million in the first quarter 2021.
- Free Cash Flow of RUB (22) million for the first quarter 2022 vs RUB 119 million for the first quarter 2021.
- RUB 104 million net cash (ex. IFRS 16) as of March 31, 2021.

Key Financial Metrics

RUB '000	Q1 2022	Q1 2021	change
Revenue and income	1,679,325	1,148,421	+46.2%
Royalties	554,663	386,307	+43.6%
Retail sales	599,608	418,550	+43.3%
Marketing fee	312,274	182,203	+71.4%
Other revenue and income	212,780	161,361	+31.9%
Adjusted EBITDA	65,899	156,928¹	(58.0%)
EBITDA margin %	3.9%	13.7%	(974bps)
Free Cash Flow	(21,754)	119,415	n.a.
FCF margin %	(1.3%)	+10.4%	(1,169bps)
Net Debt / (Cash) ex. IFRS 16	(103,993)	(131,412)	(20.9%)
Store Count	31/03/2022	31/12/2021	change
Eurasia	748	720	+28
Corporate	35	34	+1
Franchised	713	686	+27
IMF	43	40	+3
Startups	11	11	+0
TOTAL	802	771	+31

¹ The amount has been changed retrospectively due to changes in accounting policy disclosed in Note *Change in accounting policy for income from marketing fee*. The adjustment to EBITDA regarding the Marketing fund has been canceled.

System Sales, RUB million	Q1 2022	Q1 2021	% change
Eurasia	12,048	8,331	+44.6%
International Master Franchising	672	451	+49.0%
Startups	64	47	+36.2%
TOTAL	12,784	8,829	+44.8%

Comparable Sales Growth	Q1 2022	Q1 2021
Eurasia	+29.0%	+26.3%
International Master Franchising	+27.3%	+42.9%
Startups	+8.9%	+5.1%
TOTAL	+28.6%	+26.8%

Notes

System sales are sales generated by the Company's corporate and franchised stores to external customers (including VAT) and do not represent revenue of the Group.

Comparable sales growth is a comparison of sales between two periods that compares system sales of existing system stores. The Company's system stores that are included in comparable sales calculation are those that have operated for at least 12 full calendar months preceding the beginning of the first month of the period used in the comparable sales for a certain reporting period, assuming the relevant system store has not subsequently closed.

Net debt, adjusted EBITDA and one-off income/expenses are not defined by IFRS. These items are determined by the principles defined by the Company's management. These items which are not defined by IFRS are disclosed by the Company management separately for a better understanding and measurement of the sustainable performance of the Company.

Eurasia business unit includes Dodo Pizza business in Russia, Kazakhstan and Belarus.

International Master Franchising business unit includes Dodo Pizza business in Romania, Lithuania, Estonia, Slovenia, Germany, Kyrgyzstan, Uzbekistan, Tajikistan, Nigeria, China, Poland and Vietnam.

Startups segment combines three business units - Dodo Pizza UK, Drink It and Doner 42.

Change in accounting policy for income from marketing fee

Management approved the retrospective change in accounting policy regarding the revenue from the marketing fee which did not cause a material effect on the Financial statements for the 2021 and 2020 FY.

Old policy: Revenue from marketing fee was calculated as a percentage of retail sales of each franchise-owned store with a monthly recognition. The amount of recognition was determined as a percentage of store-level retail revenue for each month.

Rationale: Due to the terms of advertising contracts with franchisees the marketing services are provided to franchised-owned stores on a quarterly basis. The amount of revenue is determined as actual amount of services allocated to each franchisee. According to IFRS 15 *Revenue from contracts with customers* the Group has to recognise revenue when a performance obligation is satisfied by transferring a promised service to a customer.

Adjusted policy: The income of the Group is based on actual amount of marketing services provided and allocated to each franchisee. The Group recognises revenue only when the service is provided to a partner.

Effect: In accordance with the terms of the old policy, the revenue recognised from marketing services and actually provided services had a time gap, which led to a discrepancy in PL amount of income and expense related to this income (satisfying of the performance obligation). This in turn led to the effect on the financial result, which was misleading for the user. Therefore the retrospective change in accounting policy helped to overcome this discrepancy and to improve the data in Financial Statements.

Appendix I: System Sales and Comparable Sales Growth by Channel

System Sales, RUB million	Q1 2022	Q1 2021	% change
Delivery	8,777	6,067	+44.7%
<i>% delivery in total</i>	68.7%	68.7%	
In-store	4,006	2,763	+45.0%
TOTAL	12,783	8,830	+44.8%

	System orders, thsd			Average ticket, RUB		
	Q1 2022	Q1 2021	% change	Q1 2022	Q1 2021	% change
Delivery	8,118	6,102	+33.0%	1,081	994	+8.7%
In-store	8,474	6,605	+28.3%	473	418	+13.0%
TOTAL	16,592	12,707	+30.6%	770	695	+10.9%

Appendix II: Financial Statements Highlights and Reconciliations

Profit & Loss Statement Highlights

<i>RUB '000</i>	Q1 2022	Q1 2021	change
Revenue and income	1,679,325	1,148,421	+46.2%
Royalties	554,663	386,307	+43.6%
Retail sales	599,608	418,550	+43.3%
Marketing fee	312,274	182,203	+71.4%
Other revenue and income	212,780	161,361	+31.9%
Operating Expenses	(1,715,451)	(1,031,592)	+66.3%
Raw materials and consumables	(249,806)	(166,248)	+50.3%
Employee benefits	(725,869)	(462,504)	+56.9%
Depreciation and amortization	(96,104)	(70,801)	+35.7%
Distribution and advertising	(342,024)	(176,740)	+93.5%
Other operating expenses	(301,648)	(155,299)	+94.2%
Operating Profit / (Loss)	(36,126)	116,829	n.a.
Finance Income	5,566	1,265	+340.0%
Finance costs	(35,838)	(34,716)	+3.2%
Profit / (Loss) Before Tax	(66,398)	83,378	n.a.
Income tax expense	(23,508)	(21,125)	+11.3%
Net Income / (Loss)	(89,906)	62,253	n.a.

Adjusted EBITDA Calculation

<i>RUB '000</i>	Q1 2022	Q1 2021	change
Operating Profit / (Loss)	(36,126)	116,829	n.a.
<i>operating margin %</i>	<i>(2.2%)</i>	<i>+10.2%</i>	<i>(1,232bps)</i>
Add: Depreciation and amortization	96,104	70,801	+35.7%
Less: IFRS16 to IAS17 adjustment	(73,912)	(52,148)	+41.7%
Add: Share-based payments expense	46,848	27,497	+70.4%
Add: Derecognition and impairment of non-current assets	37,665	6,557	+474.4%
Less: income on government grants	(1,983)	(13,357)	(85.2%)
Add: Other one-off expenses / (income)	(2,697)	749	n.a.
Adjusted EBITDA	65,899	156,928	(58.0%)
<i>EBITDA margin %</i>	<i>3.9%</i>	<i>13.7%</i>	<i>(974bps)</i>

Cash Flow Statement Highlights

<i>RUB '000</i>	Q1 2022	Q1 2021	change
Net Income / (Loss) before tax	(66,398)	83,378	<i>n.a.</i>
Add: Depreciation and amortization	96,104	70,801	+35.7%
Add: Share-based payments expense	46,848	27,497	+70.4%
Add: Derecognition and impairment of non-current assets	37,665	6,557	+474.4%
Change in working capital	5,351	(22,135)	<i>n.a.</i>
Income Tax Paid	(24,126)	(12,153)	+98.5%
Other adjustments	64,393	44,639	+44.3%
Operating Cash Flow	159,837	198,584	(19.5%)
Purchase of property and equipment	(101,395)	(22,766)	+345.4%
Purchase of intangible assets	(3,692)	(1)	<i>n.a.</i>
Other investing cash flows	605	2,366	(74.4%)
Investing Cash Flow	(104,482)	(20,401)	+412.1%
Interest paid on financial loans received	(2,592)	(4,254)	(39.1%)
Payment of lease liabilities and related interest	(74,397)	(52,633)	+41.4%
Net increase / (decrease) in financial debt	28,325	(10,720)	<i>n.a.</i>
Financing Cash Flow	(48,664)	(67,607)	(28.0%)
Net change in cash and equivalents	6,691	110,576	(93.9%)
Net foreign exchange difference and credit losses	(2,988)	6,284	<i>n.a.</i>
Cash and equivalents beginning of period	309,734	303,598	+2.0%
Cash and equivalents end of period	313,437	420,458	(25.5%)

Free Cash Flow Calculation

<i>RUB '000</i>	Q1 2022	Q1 2021	change
Adjusted EBITDA	65,899	156,928	(58.0%)
Purchase of property and equipment	(101,395)	(22,766)	+345.4%
Purchase of intangible assets	(3,692)	(1)	<i>n.a.</i>
Change in Working Capital	5,351	(22,135)	<i>n.a.</i>
Change in balance of government grants	1,983	13,357	(85.2%)
Income Tax Paid	(24,126)	(12,153)	+98.5%
Interest paid on financial loans received	(2,592)	(4,254)	(39.1%)
Inventory loss (surplus)	18,903	6,632	+185.0%
Other adjustments	17,915	3,807	+370.6%
Free cash flow	(21,754)	119,415	<i>n.a.</i>

Net Debt Calculation

RUB '000	Q1 2022	2021 YE	change
Interest-bearing loans and borrowings	209,444	178,322	+17.5%
Current	159,444	128,322	+24.3%
Non-current	50,000	50,000	+0.0%
Cash and equivalents	(313,437)	(309,734)	+1.2%
Net debt / (cash) ex. IFRS 16	(103,993)	(131,412)	(20.9%)