

Dodo Brands Reports Third Quarter 2021 Results

Moscow, Russia - 3 December 2021 10:00 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 three months ended 30 September 2021.

Fyodor Ovchinnikov, founder and CEO, commented on the results “In the third quarter 2021 we once again exceeded 50% growth rate in system sales. I am particularly happy with the fact that after a long delay caused by the ongoing pandemic we continued launching new international master-franchised markets and welcomed our first guests in Poland and Vietnam. Our key challenge for the rest of the year is to maintain high service levels amidst strong demand growth and labour shortages while also navigating various coronavirus-related restrictions and regulations. To ensure that we are launching multiple HR initiatives to support and retain store-level staff, for example we are the first foodservice and retail brand in Russia to launch a free chat-based emotional support helpline for our employees. Together with our franchising partners we are also redirecting part of our national marketing fund towards additional staff bonuses and rewards.”

Q3 2021 Key Financial Highlights

- Global system sales increased by 56% to RUB 10.3bn.
- Added 27 net new units in the third quarter 2021 and entered two new markets - Poland and Vietnam. Finished the third quarter with 741 units in 15 countries.
- Eurasia comparable system sales in the third quarter 2021 increased by 38.3%; International Master Franchising comparable system sales increased by 22.3%.
- Adjusted EBITDA increased to RUB 95.7 million for the third quarter 2021 vs RUB 62 million in the third quarter 2020.
- Free Cash Flow of RUB 84.5 million for the third quarter 2021 vs RUB 21.6 million for the third quarter 2020.
- RUB 437 million net cash (ex. IFRS 16) as of September 30, 2021.

Key Financial Metrics

RUB '000	Q3 2021	Q3 2020	change	9M 2021	9M 2020	change
Revenue and income	1,285,781	798,057	+61.1%	3,679,325	2,049,088	+79.6%
Royalties	451,386	287,002	+57.3%	1,252,141	773,663	+61.8%
Retail sales	433,390	286,473	+51.3%	1,301,989	753,552	+72.8%
Marketing fee	212,214	93,304	+127.4%	589,417	181,465	+224.8%
Other revenue and income	188,791	131,278	+43.8%	535,778	340,408	+57.4%
Adjusted EBITDA	95,755	62,213	+53.9%	309,606	158,856	+94.9%
EBITDA margin %	7.4%	7.8%	(35bps)	8.4%	7.8%	+66bps
Free Cash Flow	84,511	21,602	+291.2%	325,774	64,988	n.a.
FCF margin %	6.6%	2.7%	+387bps	8.9%	3.2%	+568bps
Net Debt / (Cash) ex. IFRS 16	(437,258)	(110,801)	n.a.	(437,258)	(110,801)	n.a.

Store Count	30/09/2021	30/09/2020	change
Eurasia	696	615	+81
Corporate	30	29	+1
Franchised	666	586	+80
IMF	36	31	+5
Startups	9	5	+4
Dodo Pizza UK	5	4	+1
Drink It	3	1	+2
Doner 42	1	-	+1
TOTAL	741	651	+90

System Sales, RUB million	Q3 2021	Q3 2020	% change	9M 2021	9M 2020	% change
Eurasia	9,769	6,251	+56.3%	27,089	17,015	+59.2%
International Master Franchising	479	334	+43.2%	1,373	841	+63.2%
Startups	62	36	+73.5%	188	107	+76.4%
TOTAL	10,311	6,621	+55.7%	28,650	17,963	+59.5%

Comparable Sales Growth	Q3 2021	Q3 2020
Eurasia	+38.3%	+8.3%
International Master Franchising	+22.3%	+20.8%
Startups	(23.1%)	+32.6%
TOTAL	37.0%	+8.8%

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, Nigeria, China, Poland, Vietnam and the USA.

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

Appendix I: System Sales and Comparable Sales Growth by Channel

System Sales, RUB million	Q3 2021	Q3 2020	% change	9M 2021	9M 2020	% change
Delivery	6,324	4,353	+45.3%	18,295	12,574	+45.5%
<i>% delivery in total</i>	61.3%	65.8%		63.9%	70.0%	
In-store	3,986	2,268	+75.8%	10,354	5,389	+92.1%
TOTAL	10,311	6,621	+55.7%	28,650	17,963	+59.5%

Comparable Sales Growth	Q3 2021	Q3 2020
Delivery	+29.4%	+34.1%
In-Store	+51.8%	(21.1%)
TOTAL	+37.0%	+8.8%

Appendix II: Financial Statements Highlights and Reconciliations

Profit & Loss Statement Highlights

<i>RUB '000</i>	Q3 2021	Q3 2020	change	9M 2021	9M 2020	change
Revenue and income	1,285,781	798,057	+61.1%	3,679,325	2,049,088	+79.6%
Royalties	451,386	287,002	+57.3%	1,252,141	773,663	+61.8%
Retail sales	433,390	286,473	+51.3%	1,301,989	753,552	+72.8%
Marketing fee	212,214	93,304	+127.4%	589,417	181,465	+224.8%
Other revenue and income	188,791	131,278	+43.8%	535,778	340,408	+57.4%
Operating Expenses	(1,178,054)	(706,007)	+66.9%	(3,381,899)	(1,964,733)	+72.1%
Raw materials and consumables	(169,002)	(101,321)	+66.8%	(509,823)	(259,845)	+96.2%
Employee benefits	(571,417)	(338,675)	+68.7%	(1,533,906)	(961,408)	+59.5%
Depreciation and amortization	(72,782)	(57,322)	+27.0%	(209,916)	(173,731)	+20.8%
Distribution and advertising	(196,705)	(88,386)	+122.6%	(611,342)	(235,997)	+159.0%
Other operating expenses	(168,148)	(120,303)	+39.8%	(516,912)	(333,752)	+54.9%
Operating Profit / (Loss)	107,727	92,050	+17.0%	297,426	84,355	+252.6%
Finance Income	2,864	2,060	+39.0%	12,800	5,567	+129.9%
Finance Loss	(30,658)	(98,419)	(68.8%)	(75,237)	(223,519)	(66.3%)
Profit / (Loss) Before Tax	79,933	(4,309)	n.a.	234,989	(133,597)	n.a.
Income tax expense	(23,270)	(5,611)	+314.7%	(69,213)	(2,265)	n.a.
Net Income / (Loss)	56,663	(9,920)	n.a.	165,776	(135,862)	n.a.

Adjusted EBITDA Calculation

<i>RUB '000</i>	Q3 2021	Q3 2020	change	9M 2021	9M 2020	change
Operating Profit / (Loss)	107,727	92,050	+17.0%	297,426	84,355	+252.6%
<i>operating margin %</i>	+8.4%	+11.5%	(316bps)	+8.1%	+4.1%	+397bps
Add: Depreciation and amortization	72,782	57,322	+27.0%	209,916	173,731	+20.8%
Less: IFRS16 to IAS17 adjustment	(57,603)	(45,363)	+27.0%	(167,183)	(109,647)	+52.5%
Add: Share-based payments expense	56,830	9,289	+511.8%	107,634	61,418	+75.2%
Less: Marketing fund adjustment	(81,286)	(46,892)	+73.3%	(142,992)	(41,372)	+245.6%
Add: Impairment of non-current assets	-	-	n.a.	36,550	-	n.a.
Less: income on government grants	(473)	(3,533)	(86.6%)	(27,336)	(3,533)	+673.7%
Add: Other one-off expenses / (income)	(2,222)	(659)	+237.0%	(4,409)	(6,096)	(27.7%)
Adjusted EBITDA	95,755	62,213	+53.9%	309,606	158,856	+94.9%
<i>EBITDA margin %</i>	7.4%	7.8%	(35bps)	8.4%	7.8%	+66bps

Cash Flow Statement Highlights

<i>RUB '000</i>	Q3 2021	Q3 2020	change	9M 2021	9M 2020	change
Net Income / (Loss) before tax	79,933	(4,309)	<i>n.a.</i>	234,989	(133,597)	<i>n.a.</i>
Add: Depreciation and amortization	72,782	57,322	+27.0%	209,916	173,731	+20.8%
Add: Share-based payments expense	56,830	9,289	+511.8%	107,634	61,418	+75.2%
Change in working capital	(59,847)	(16,678)	+258.8%	(33,899)	12,070	<i>n.a.</i>
Income Tax Paid	(8,596)	(31,361)	(72.6%)	(57,084)	(46,045)	+24.0%
Other adjustments	42,400	97,656	(56.6%)	121,204	206,523	(41.3%)
Operating Cash Flow	183,502	111,919	+64.0%	582,760	274,100	+112.6%
Purchase of property and equipment	(37,844)	(41,137)	(8.0%)	(77,958)	(92,614)	(15.8%)
Purchase of intangible assets	-	(188)	(100.0%)	(108)	(188)	(42.6%)
Other investing cash flows	(2,705)	115	<i>n.a.</i>	3,032	1,190	+154.8%
Investing Cash Flow	(40,549)	(41,210)	(1.6%)	(75,034)	(91,612)	(18.1%)
Interest paid on financial loans received	(3,544)	(3,629)	(2.3%)	(11,737)	(6,663)	+76.2%
Payment of lease liabilities and related interest	(58,088)	(45,848)	+26.7%	(168,513)	(110,779)	+52.1%
Net increase / (decrease) in financial debt	70,194	(10,710)	<i>n.a.</i>	(8,396)	105,128	<i>n.a.</i>
Financing Cash Flow	8,562	(60,187)	<i>n.a.</i>	(188,646)	(12,314)	<i>n.a.</i>
Net change in cash and equivalents	151,515	10,522	<i>n.a.</i>	319,080	170,174	+87.5%
Net foreign exchange difference	(5,967)	4,157	<i>n.a.</i>	(4,872)	9,032	<i>n.a.</i>
Cash and equivalents beginning of period	420,458	274,293	+53.3%	303,598	226,359	+34.1%
Cash and equivalents end of period	617,806	405,565	+52.3%	617,806	405,565	+52.3%

Free Cash Flow Calculation

<i>RUB '000</i>	Q3 2021	Q3 2020	change	9M 2021	9M 2020	change
Adjusted EBITDA	95,755	62,213	+53.9%	309,606	158,856	+94.9%
Purchase of property and equipment	(37,844)	(41,137)	(8.0%)	(77,958)	(92,614)	(15.8%)
Purchase of intangible assets	-	(188)	(100.0%)	(108)	(188)	(42.6%)
Adjusted change in Working Capital	21,912	(1,092)	<i>n.a.</i>	136,429	22,136	+516.3%
Income Tax Paid	(8,596)	(31,361)	(72.6%)	(57,084)	(46,045)	+24.0%
Interest paid on financial loans received	(3,544)	(3,629)	(2.3%)	(11,737)	(6,663)	+76.2%
Inventory loss (surplus)	10,695	9,617	+11.2%	25,630	18,110	+41.5%
Other adjustments	6,133	27,178	(77.4%)	996	11,396	(91.3%)
Free cash flow	84,511	21,602	+291.2%	325,774	64,988	+401.3%

Net Debt Calculation

<i>RUB '000</i>	Q3 2021	2020 YE	change
Interest-bearing loans and borrowings	180,548	192,797	(6.4%)
Current	130,548	117,797	+10.8%
Non-current	50,000	75,000	(33.3%)
Cash and equivalents	(617,806)	(303,598)	+103.5%
Net debt / (cash) ex. IFRS 16	(437,258)	(110,801)	<i>n.a.</i>