



Dodo Brands Reports Third Quarter 2022 Results

Moscow, Russia - 27 December 2022 16:00 AM GMT - DP Global Group Limited ("Dodo Brands" or the "Company"), home of Dodo Pizza, one of 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 2022.

Q3 2022 Key Financial Highlights

- Global system sales increased by 45% to RUB 15.0bn.
- Added 19 net new units in the third quarter 2022. Finished the quarter with 850 units in 16 countries.
- Eurasia comparable system sales in the third quarter 2022 increased by 30.7%; International Master Franchising comparable system sales decreased by 5.5% (in RUB terms).
- Adjusted EBITDA amounted to RUB 241.0 million for the third quarter 2022 vs RUB 177.0 million in the third quarter 2021.
- Free Cash Flow of RUB 353 million for the third quarter 2022 vs RUB 85 million for the third quarter 2021.
- RUB 794 million net cash (ex. IFRS 16) as of September 30, 2022.

Key Financial Metrics

RUB '000	Q3 2022	Q3 2021	change	9M 2022	9M 2021	change
Revenue and income	1,750,980	1,285,781	+36.2%	5,128,153	3,679,325	+39.4%
Royalties	608,449	451,386	+34.8%	1,782,367	1,252,141	+42.3%
Retail sales	662,333	433,390	+52.8%	1,990,664	1,301,989	+52.9%
Marketing fee	255,266	212,214	+20.3%	700,001	589,417	+18.8%
Other revenue and income	224,932	188,791	+19.1%	655,121	535,778	+22.3%
Adjusted EBITDA	241,006	177,041	+36.1%	634,837	452,598	+40.3%
EBITDA margin %	13.8%	13.8%	(1bps)	12.4%	12.3%	+8bps
Free Cash Flow	352,832	84,511	+317.5%	709,728	325,774	n.a.
FCF margin %	20.2%	6.6%	+1,358bps	13.8%	8.9%	+499bps
Net Debt / (Cash) ex. IFRS 16	(794,390)	(358,051)	+121.9%	(794,390)	(358,051)	+121.9%

Store Count	30/09/2022	30/09/2021	change
Eurasia	785	696	+89
Corporate	35	30	+5
Franchised	750	666	+84
IMF	47	35	+12
Startups	18	10	+8
TOTAL	850	741	+109

System Sales, RUB million	Q3 2022	Q3 2021	% change	9M 2022	9M 2021	% change
Eurasia	14,347	9,769	+46.9%	40,468	27,089	+49.4%
International Master Franchising	540	479	+12.8%	1,751	1,373	+27.5%
Startups	91	62	+46.0%	240	188	+27.7%
TOTAL	14,978	10,311	+45.3%	42,459	28,650	+48.2%

Comparable Sales Growth	Q3 2022	Q3 2021
Eurasia	+30.7%	+38.3%
International Master Franchising	(5.5%)	+22.3%
Startups	(40.4%)	(8.3%)
TOTAL	+28.7%	+37.0%

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	Q3 2022	Q3 2021	% change	9M 2022	9M 2021	% change
Delivery	9,182	6,324	+45.2%	27,099	18,296	+48.1%
<i>% delivery in total</i>	61.3%	61.3%		63.8%	63.9%	
In-store	5,796	3,986	+45.4%	15,360	10,354	+48.3%
TOTAL	14,978	10,311	+45.3%	42,459	28,650	+48.2%

	System orders, thsd			Average ticket, RUB		
	Q3 2022	Q3 2021	% change	Q3 2022	Q3 2021	% change
Delivery	8,833	6,325	+39.7%	1,040	1,000	+4.0%
In-store	12,226	9,119	+34.1%	474	437	+8.5%
TOTAL	21,059	15,444	+36.4%	711	668	+6.5%

Appendix II: Financial Statements Highlights and Reconciliations

Profit & Loss Statement Highlights						
RUB '000	Q3 2022	Q3 2021	change	9M 2022	9M 2021	change
Revenue and income	1,750,980	1,285,781	+36.2%	5,128,153	3,679,325	+39.4%
Royalties	608,449	451,386	+34.8%	1,782,367	1,252,141	+42.3%
Retail sales	662,333	433,390	+52.8%	1,990,664	1,301,989	+52.9%
Marketing fee	255,266	212,214	+20.3%	700,001	589,417	+18.8%
Other revenue and income	224,932	188,791	+19.1%	655,121	535,778	+22.3%
Operating Expenses	(1,546,043)	(1,178,054)	+31.2%	(4,666,541)	(3,381,899)	+38.0%
Raw materials and consumables	(282,610)	(169,002)	+67.2%	(833,659)	(509,823)	+63.5%
Employee benefits	(653,743)	(571,417)	+14.4%	(2,037,537)	(1,533,906)	+32.8%
Depreciation and amortization	(96,376)	(72,782)	+32.4%	(285,691)	(209,916)	+36.1%
Distribution and advertising	(283,779)	(196,705)	+44.3%	(782,687)	(611,342)	+28.0%
Other operating expenses	(229,535)	(168,148)	+36.5%	(726,967)	(516,912)	+40.6%
Operating Profit / (Loss)	204,937	107,727	+90.2%	461,612	297,426	+55.2%
Finance Income	10,585	2,864	+269.6%	24,062	12,800	+88.0%
Finance costs	(35,631)	(30,658)	+16.2%	(98,808)	(75,237)	+31.3%
Income on disposal of subsidiary	-	-	<i>n.a.</i>	69,657	-	<i>n.a.</i>
Profit / (Loss) Before Tax	179,891	79,933	+125.1%	456,523	234,989	+94.3%
Income tax expense	(46,186)	(23,270)	+98.5%	(125,947)	(69,213)	+82.0%
Net Income / (Loss)	133,705	56,663	+136.0%	330,576	165,776	+99.4%

Adjusted EBITDA Calculation						
RUB '000	Q3 2022	Q3 2021	change	9M 2022	9M 2021	change
Operating Profit / (Loss)	204,937	107,727	+90.2%	461,612	297,426	+55.2%
<i>operating margin %</i>	<i>11.7%</i>	<i>8.4%</i>	<i>+333bps</i>	<i>9.0%</i>	<i>8.1%</i>	<i>+92bps</i>
Add: Depreciation and amortization	96,376	72,782	+32.4%	285,691	209,916	+36.1%
Less: IFRS16 to IAS17 adjustment	(80,356)	(57,603)	+39.5%	(235,217)	(167,183)	+40.7%
Add: Share-based payments expense	25,305	56,830	(55.5%)	96,121	107,634	(10.7%)
Add: Derecognition and impairment of non-current assets	2,644	-	<i>n.a.</i>	38,447	36,550	+5.2%
Less: income on government grants	(1,417)	(473)	+199.6%	(5,217)	(27,336)	(80.9%)
Add: Other one-off expenses / (income)	(6,483)	(2,222)	+191.8%	(6,600)	(4,409)	+49.7%
Adjusted EBITDA	241,006	177,041	+36.1%	634,837	452,598	+40.3%
<i>EBITDA margin %</i>	<i>13.8%</i>	<i>13.8%</i>	<i>(1bps)</i>	<i>12.4%</i>	<i>12.3%</i>	<i>+8bps</i>

Cash Flow Statement Highlights

RUB '000	Q3 2022	Q3 2021	change	9M 2022	9M 2021	change
Net Income / (Loss) before tax	179,891	79,933	+125.1%	456,523	234,989	+94.3%
Add: Depreciation and amortization	96,376	72,782	+32.4%	285,691	209,916	+36.1%
Add: Share-based payments expense	25,305	56,830	(55.5%)	96,121	107,634	(10.7%)
Add: Derecognition and impairment of non-current assets	2,644	-	n.a.	38,447	36,550	+5.2%
Less: Income on disposal of subsidiary	-	-	n.a.	(69,657)	-	n.a.
Change in working capital	197,316	(48,679)	n.a.	335,008	3,579	n.a.
Income Tax Paid	(56,799)	(8,596)	+560.8%	(125,349)	(57,084)	+119.6%
Net interest accrued less interest received	33,792	30,059	+12.4%	93,696	66,696	+40.5%
Other adjustments	578	1,173	(50.7%)	13,678	(19,520)	n.a.
Operating Cash Flow	479,103	183,502	+161.1%	1,124,158	582,760	+92.9%
Purchase of property and equipment	(43,905)	(37,844)	+16.0%	(166,785)	(77,958)	+113.9%
Purchase of intangible assets	(58)	-	n.a.	(5,605)	(108)	n.a.
Cash balance disposed as a part of subsidiary disposed	-	-	n.a.	(20,221)	-	n.a.
Other investing cash flows	(2,710)	(2,705)	+0.2%	(1,216)	3,032	n.a.
Investing Cash Flow	(46,673)	(40,549)	+15.1%	(193,827)	(75,034)	+158.3%
Interest paid on loans received	(1,952)	(3,544)	(44.9%)	(6,823)	(11,737)	(41.9%)
Shares buyback	(14,125)	-	n.a.	(14,125)	-	n.a.
Payment of lease liabilities and related interest	(80,841)	(58,088)	+39.2%	(236,672)	(168,513)	+40.4%
Net increase / (decrease) in financial debt	(37,514)	70,194	n.a.	(73,369)	(8,396)	+773.9%
Financing Cash Flow	(134,432)	8,562	n.a.	(330,989)	(188,646)	+75.5%
Net change in cash and equivalents	297,998	151,515	+96.7%	599,342	319,080	+87.8%
Net foreign exchange difference and credit losses	(205)	(5,967)	(96.6%)	(3,609)	(4,872)	(25.9%)
Cash and equivalents beginning of period	607,674	472,258	+28.7%	309,734	303,598	+2.0%
Cash and equivalents end of period	905,467	617,806	+46.6%	905,467	617,806	+46.6%

Free Cash Flow Calculation

<i>RUB '000</i>	Q3 2022	Q3 2021	change	9M 2022	9M 2021	change
Adjusted EBITDA	241,006	177,041	+36.1%	634,837	452,598	+40.3%
Purchase of property and equipment	(43,905)	(37,844)	+16.0%	(166,785)	(77,958)	+113.9%
Purchase of intangible assets	(58)	-	n.a.	(5,605)	(108)	n.a.
Change in Working Capital	197,316	(48,679)	n.a.	335,008	3,579	n.a.
Income from government grants	1,417	473	+199.6%	5,217	27,336	(80.9%)
Income Tax Paid	(56,799)	(8,596)	+560.8%	(125,349)	(57,084)	+119.6%
Interest paid on loans received	(1,952)	(3,544)	(44.9%)	(6,823)	(11,737)	(41.9%)
Inventory loss (surplus)	17,091	10,695	+59.8%	48,923	25,630	+90.9%
Other adjustments	(1,284)	(5,035)	(74.5%)	(9,695)	(36,482)	(73.4%)
Free cash flow	352,832	84,511	+317.5%	709,728	325,774	+117.9%

Net Debt Calculation

<i>RUB '000</i>	Q3 2022	2021 YE	change
Interest-bearing loans and borrowings	111,077	178,322	(37.7%)
Current	111,077	128,322	(13.4%)
Non-current	0	50,000	(100.0%)
Cash and equivalents	(905,467)	(309,734)	+192.3%
Net debt / (cash) ex. IFRS 16	(794,390)	(131,412)	+504.5%