

Dodo Brands Reports Fourth Quarter 2023 Results

Moscow, Russia - 18 March 2024 10:00 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 year ended 31 December 2023.

Q4 2023 Key Financial Highlights

- Global system sales increased by 49.4% to RUB 24.2 bn.
- Added 46 net new units in the fourth quarter 2023. Finished the quarter with 1027 units in 18 countries.
- Eurasia comparable system sales in the fourth quarter 2023 increased by 33.4%; International Master Franchising comparable system sales increased by 53.7% (in RUB terms).
- Adjusted EBITDA amounted to RUB 221 million for the fourth quarter 2023 vs RUB 162 million in the fourth quarter 2022.
- Free Cash Flow of RUB (211.2) million for the fourth quarter 2023 vs RUB 8.9 million for the fourth quarter 2022.
- RUB 1,200 million net cash (ex. IFRS 16) as of December 31, 2023.

Key Financial Metrics

RUB '000	Q4 2023	Q4 2022	change	FY 2023	FY 2022	change
Revenue and Income	2,918,938	2,046,774	+42.6%	10,038,323	7,174,927	+39.9%
Royalties	1,068,689	653,652	+63.5%	3,791,104	2,436,019	+55.6%
Retail sales	937,475	740,317	+26.6%	3,227,553	2,730,981	+18.2%
Marketing fee	634,336	404,870	+56.7%	1,828,733	1,104,871	+65.5%
Other revenue and income	278,438	247,935	+12.3%	1,190,933	903,056	+31.9%
Adjusted EBITDA	220,958	162,035	+36.4%	1,176,552	821,716	+43.2%
<i>EBITDA margin %</i>	<i>7.6%</i>	<i>7.9%</i>	<i>(35bps)</i>	<i>11.7%</i>	<i>11.5%</i>	<i>+27bps</i>
Free Cash Flow	(211,230)	8,942	<i>n.a.</i>	591,625	698,450	(15.3%)
<i>FCF margin %</i>	<i>(7.2%)</i>	<i>0.4%</i>	<i>(767bps)</i>	<i>5.9%</i>	<i>9.7%</i>	<i>(384bps)</i>
Net Cash ex. IFRS 16	(1,199,932)	(802,558)	+49.5%	(1,199,932)	(802,558)	+49.5%

Store Count	31 December 2023	31 December 2022	change
Eurasia	929	824	+105
Corporate	39	36	+3
Franchised	890	788	+102
IMF	71	49	+22
Startups	27	20	+7
TOTAL	1027	893	+134

System Sales, RUB million	Q4 2023	Q4 2022	change	FY 2023	FY 2022	change
Eurasia	22,876	15,484	+47.7%	79,967	55,952	+42.9%
International Master Franchising	1,230	660	+86.4%	3,879	2,417	+60.5%
Startups	135	80	+68.8%	494	314	+57.3%
TOTAL	24,241	16,224	+49.4%	84,340	58,683	+43.7%

Comparable Sales Growth	Q4 2023	Q4 2022
Eurasia	+33.4%	+27.6%
International Master Franchising	+53.7%	+3.5%
Startups	(32.1%)	(39.1%)
TOTAL	+34.0%	+26.1%

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 Armenia, Kyrgyzstan, Tajikistan, Uzbekistan, Cyprus, Estonia, Germany, Lithuania, Romania, Poland, Slovenia, Turkiye, Nigeria and Vietnam.

Startups segment combines five business units - Dodo Pizza UAE, DrinkIt, Drinkit UAE and Kebster (inc. Doner 42).

Appendix I: System Sales and Comparable Sales Growth by Channel

System Sales, RUB million	Q4 2023	Q4 2022	change	FY 2023	FY 2022	change
Delivery	16,068	10,912	+47.3%	54,004	38,012	+42.1%
<i>% delivery in total</i>	66.3%	67.3%		64.0%	64.8%	
In-store	8,173	5,312	+53.9%	30,336	20,672	+46.7%
TOTAL	24,241	16,224	+49.4%	84,340	58,684	+43.7%

	System orders, thsd			Average ticket, RUB		
	Q4 2023	Q4 2022	change	Q4 2023	Q4 2022	change
Delivery	13,557	10,346	+31.0%	1,185	1,055	+12.4%
In-store	14,887	11,498	+29.5%	549	462	+18.8%
TOTAL	28,444	21,844	+30.2%	852	743	+14.7%

Appendix II: Financial Statements Highlights and Reconciliations

Profit & Loss Statement Highlights

<i>RUB '000</i>	Q4 2023	Q4 2022	<i>change</i>	FY 2023	FY 2022	<i>change</i>
Revenue and income	2,918,938	2,046,774	+42.6%	10,038,323	7,174,927	+39.9%
Royalties	1,068,689	653,652	+63.5%	3,791,104	2,436,019	+55.6%
Retail sales	937,475	740,317	+26.6%	3,227,553	2,730,981	+18.2%
Marketing fee	634,336	404,870	+56.7%	1,828,733	1,104,871	+65.5%
Other revenue and income	278,438	247,935	+12.3%	1,190,933	903,056	+31.9%
Operating Expenses	(2,759,316)	(1,890,748)	+45.9%	(9,106,593)	(6,557,290)	+38.9%
Raw materials and consumables	(376,352)	(320,458)	+17.4%	(1,303,735)	(1,154,117)	+13.0%
Employee benefits	(1,118,610)	(718,379)	+55.7%	(3,803,269)	(2,755,916)	+38.0%
Depreciation and amortization	(124,864)	(73,750)	+69.3%	(446,640)	(359,442)	+24.3%
Distribution and advertising	(670,004)	(500,276)	+33.9%	(2,017,449)	(1,282,963)	+57.2%
Other operating expenses	(469,486)	(277,885)	+68.9%	(1,535,500)	(1,004,852)	+52.8%
Operating Profit	159,622	156,026	+2.3%	931,730	617,637	+50.9%
Finance Income	35,078	25,371	+38.3%	115,976	49,433	+134.6%
Finance costs	(98,288)	(29,990)	+227.7%	(129,455)	(128,798)	+0.5%
Profit before Tax	96,412	151,407	(36.3%)	918,251	538,272	+70.6%
Income tax expense	(64,837)	(44,995)	+44.1%	(230,319)	(170,942)	+34.7%
Net Income	31,575	106,412	(70.3%)	687,932	367,330	+87.3%

Adjusted EBITDA Calculation

<i>RUB '000</i>	Q4 2023	Q4 2022	<i>change</i>	FY 2023	FY 2022	<i>change</i>
Operating Profit	159,622	156,026	+2.3%	931,730	617,637	+50.9%
<i>operating margin %</i>	5.5%	7.6%	(215bps)	9.3%	8.6%	+67bps
Add: Depreciation and amortization	124,864	73,750	+69.3%	446,640	359,442	+24.3%
Less: IFRS16 to IAS17 adjustment	(119,351)	(93,873)	+27.1%	(388,838)	(329,090)	+18.2%
Add: Share-based payments expense	54,991	23,831	+130.8%	186,236	144,796	+28.6%
Add: Derecognition and impairment of non-current assets	360	164	+119.5%	7,864	38,611	(79.6%)
Add: Other one-off expenses / (income)	472	2,137	(77.9%)	(7,080)	(9,680)	(26.9%)
Adjusted EBITDA	220,958	162,035	+36.4%	1,176,552	821,716	+43.2%
<i>EBITDA margin %</i>	7.6%	7.9%	(35bps)	11.7%	11.5%	+27bps

Cash Flow Statement Highlights

RUB '000	Q4 2023	Q4 2022	change	FY 2023	FY 2022	change
Net Income before Tax	96,412	151,407	(36.3%)	918,251	538,272	+70.6%
Add: Depreciation and amortization	124,864	73,750	+69.3%	446,640	359,442	+24.3%
Add: Share-based payments expense	54,991	23,831	+130.8%	186,236	144,796	+28.6%
Add: Derecognition and impairment of non-current assets	360	164	+119.5%	7,864	38,611	(79.6%)
Change in working capital	(202,302)	(19,638)	<i>n.a.</i>	44,562	315,371	(85.9%)
Income Tax Paid	(59,133)	(43,773)	+35.1%	(233,348)	(169,122)	+38.0%
Net finance cost	94,743	17,508	+441.1%	93,608	111,204	(15.8%)
Other adjustments	(34,020)	(1,637)	<i>n.a.</i>	(66,673)	(33,024)	+101.9%
Operating Cash Flow	75,915	201,612	(62.3%)	1,397,140	1,305,550	+7.0%
Purchase of property and equipment	(155,547)	(95,861)	+62.3%	(380,881)	(262,646)	+45.0%
Purchase of intangible assets	(11,229)	(1,238)	+807.0%	(31,266)	(6,843)	+356.9%
Other investing cash flows	(133,281)	841	<i>n.a.</i>	(130,396)	(375)	<i>n.a.</i>
Investing Cash Flow	(300,057)	(96,258)	+211.7%	(542,543)	(269,864)	+101.0%
Interest paid on loans received	(1,018)	(1,698)	(40.0%)	(4,530)	(8,521)	(46.8%)
Shares buyback	-	-	<i>n.a.</i>	(85,130)	(14,125)	+502.7%
Payment of lease liabilities and related interest	(120,218)	(94,358)	+27.4%	(391,820)	(331,030)	+18.4%
Net decrease in financial debt	(35,000)	(44,844)	(22.0%)	(67,296)	(118,213)	(43.1%)
Financing Cash Flow	(156,236)	(140,900)	+10.9%	(548,776)	(471,889)	+16.3%
Net change in cash and equivalents	(380,378)	(35,546)	<i>n.a.</i>	305,821	563,797	(45.8%)
Net foreign exchange difference and credit losses	(50,140)	(218)	<i>n.a.</i>	24,408	(3,828)	<i>n.a.</i>
Cash and equivalents at the beginning of period	1,630,450	905,467	+80.1%	869,703	309,734	+180.8%
Cash and equivalents at the end of period	1,199,932	869,703	+38.0%	1,199,932	869,703	+38.0%

Free Cash Flow Calculation

RUB '000	Q4 2023	Q4 2022	change	FY 2023	FY 2022	change
Adjusted EBITDA	220,958	162,035	+36.4%	1,176,552	821,716	+43.2%
Purchase of property and equipment	(155,547)	(95,861)	+62.3%	(380,881)	(262,646)	+45.0%
Purchase of intangible assets	(11,229)	(1,238)	+807.0%	(31,266)	(6,843)	+356.9%
Change in Working Capital	(202,302)	(19,638)	<i>n.a.</i>	44,562	315,371	(85.9%)
Income Tax Paid	(59,133)	(43,773)	+35.1%	(233,348)	(169,122)	+38.0%
Interest paid on loans received	(1,018)	(1,698)	(40.0%)	(4,530)	(8,521)	(46.8%)
Inventory loss	14,230	16,850	(15.5%)	58,685	65,773	(10.8%)
Other adjustments	(17,189)	(7,735)	+122.2%	(38,149)	(57,278)	(33.4%)
Free Cash Flow	(211,230)	8,942	<i>n.a.</i>	591,625	698,450	(15.3%)

Net Debt Calculation

<i>RUB '000</i>	FY 2023	FY 2022	<i>change</i>
Interest-bearing loans and borrowings (current)	-	67,145	(100.0%)
Cash and equivalents	(1,199,932)	(869,703)	+38.0%
Net Cash ex. IFRS 16	(1,199,932)	(802,558)	+49.5%