

Dodo Brands Reports Full Year and Fourth Quarter 2020 Results

Moscow, Russia - 6 April 2021 11:00 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 fourth quarter and the fiscal year ended 31 December 2020.

Key Financial Highlights

- Global system sales increased by 38.2% in the fourth quarter; 27.1% in fiscal 2020.
- Added 28 net new units in the fourth quarter; 103 net new units in the fiscal 2020. Finished the year with 679 units in 14 countries.
- Eurasia (Russia, Kazakhstan, Belarus) comparable system sales increased 17.6% in the fourth quarter; 5.3% in fiscal 2020.
- International Master Franchising (IMF) comparable system sales increased 33.9% in the fourth quarter; 11.3% in fiscal 2020.
- Adjusted EBITDA (ex. IFRS 16) increased to RUB 202 million for fiscal 2020 vs negative RUB (12) million for fiscal 2019.
- Free Cash Flow of negative RUB (28) million for fiscal 2020 vs negative RUB (41) million for fiscal 2019.
- RUB 111 million net cash (ex. IFRS 16) as of end of fiscal 2020.

Significant Events

- Dodo Pizza was recognized as the fastest-growing pizza chain in the world by Technomic.
- Dodo Pizza shared the #1 position as the most trusted foodservice brand in Russia as per the Romir agency.
- Launched the first franchised Dodo Pizza unit in Munich, Germany, our 14th market of presence.
- Launched our first company-owned unit in Royal Leamington Spa, the U.K.
- Opened a second corporate unit and an R & D laboratory in Hangzhou, China.
- Started transformation into the digital-first franchising platform by launching first units of new foodservice concepts - coffee brand Drinkit and better doner brand Doner 42.
- On 1 April 2021 the newly composed Board of Directors met for the first time. In addition to the founder and CEO Fyodor Ovchinnikov and Executive Directors Andrey Petelin (COO) and Kirill Vyrypaev (CFO) three new Independent Directors - Elena Shifrina, Alexey Marey and Vassilli Phillipov - joined the Board.

Fyodor Ovchinnikov, founder and CEO of Dodo Brands, commented, “When I launched my first pizza shop ten years ago in Syktyvkar I had a vision to transform pizza and franchising markets with the help of technology and build a global brand. Over the recent years our vision has become even more ambitious as we decided to go beyond pizza and started our transformation into a digital-first franchising platform. I am happy that last year we continued to execute on that vision despite the market conditions.

2020 was a challenging year in many ways but we managed to continue rapid expansion driven by the strong momentum in the online delivery and collection ordering. And just this month, we agreed internally on a 3-year plan that assumes that our system sales will grow over 2x by 2024. We believe that Dodo Brands will be a strong candidate for an IPO by early 2024 and if market conditions allow we will consider taking the company public. Improving corporate governance in line with international standards is an important part of that journey and I am happy to welcome new Independent Directors to our Board.”

Store Count	2020YE	2019YE	change
Eurasia	639	549	+90
Corporate	30	25	+5
Franchised	609	524	+85
International Master Franchising	30	21	+9
Startups	10	6	+4
TOTAL	679	576	+103

System Sales, RUB million	Q4 2020	Q4 2019	% change	FY 2020	FY 2019	% change
Eurasia	7,306	5,349	+36.6%	24,322	19,355	+25.7%
International Master Franchising	408	236	+73.2%	1,250	811	+54.2%
Startups	46	31	+48.5%	153	78	+95.9%
TOTAL	7,761	5,615	+38.2%	25,724	20,244	+27.1%

Comparable Sales Growth	Q4 2020	Q4 2019	FY 2020	FY 2019
Eurasia	17.6%	5.2%	5.3%	9.3%
International Master Franchising	33.9%	16.9%	11.3%	16.7%
Startups	20.8%	12.8%	9.5%	n.a.
TOTAL	18.2%	5.5%	5.4%	9.4%

<i>Key Financial Metrics, RUB '000</i>	Q4 2020	Q4 2019	<i>change</i>	FY 2020	FY 2019	<i>change</i>
Revenue	1,016,658	702,617	+44.7%	3,065,746	2,420,324	+26.7%
Royalties	334,293	235,367	+42.0%	1,107,956	832,756	+33.0%
Retail sales	364,940	257,839	+41.5%	1,118,492	892,395	+25.3%
Marketing fee	159,167	117,757	+35.2%	340,632	339,575	+0.3%
Other revenue	158,258	91,654	+72.7%	498,666	355,598	+40.2%
Adjusted EBITDA	38,051	16,088	+136.5%	202,427	(12,437)	n.a.
EBITDA margin %	3.7%	2.3%	+145bps	6.6%	(0.5%)	+712bps
Free Cash Flow	(93,193)	26,588	n.a.	(28,206)	(41,127)	n.a.
FCF margin %	(9.2%)	3.8%	(1,295bps)	(0.9%)	(1.7%)	+78bps
Net Debt / (Cash) ex. IFRS 16	(110,801)	(126,235)	(12.2%)	(110,801)	(126,235)	(12.2%)

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 and the USA.

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

Appendix I: System Sales and Comparable Sales Growth by Channel

System Sales, RUB million	Q4 2020	Q4 2019	% change	FY 2020	FY 2019	% change
Delivery	5,339	3,279	+62.9%	17,914	11,588	+54.6%
<i>% delivery in total</i>	68.8%	58.4%		69.6%	57.2%	
Dine-in and takeaway	2,421	2,337	+3.6%	7,811	8,655	(9.8%)
TOTAL	7,761	5,615	+38.2%	25,724	20,244	+27.1%

Comparable Sales Growth	Q4 2020	Q4 2019	FY 2020	FY 2019
Delivery	40.8%	8.6%	30.2%	12.1%
Dine-in and takeaway	(13.7%)	1.0%	(28.2%)	5.7%
TOTAL	18.2%	5.5%	5.4%	9.4%

Appendix II: Financial Statements Highlights and Reconciliations

Profit & Loss Statement Highlights

<i>RUB '000</i>	Q4 2020	Q4 2019	change	FY 2020	FY 2019	change
Revenue	1,016,658	702,617	+44.7%	3,065,746	2,420,324	+26.7%
Royalties	334,293	235,367	+42.0%	1,107,956	832,756	+33.0%
Retail sales	364,940	257,839	+41.5%	1,118,492	892,395	+25.3%
Marketing fee	159,167	117,757	+35.2%	340,632	339,575	+0.3%
Other revenue	158,258	91,654	+72.7%	498,666	355,598	+40.2%
Operating Expenses	(933,623)	(651,990)	+43.2%	(2,898,356)	(2,394,804)	+21.0%
Raw materials and consumables	(162,689)	(94,541)	+72.1%	(422,534)	(332,209)	+27.2%
Employee benefits	(423,946)	(286,209)	+48.1%	(1,385,354)	(1,070,593)	+29.4%
Depreciation and amortization	(70,242)	(46,011)	+52.7%	(243,973)	(166,801)	+46.3%
Distribution and advertising	(148,107)	(91,026)	+62.7%	(384,104)	(318,945)	+20.4%
Other operating expenses	(128,639)	(134,203)	(4.1%)	(462,391)	(506,256)	(8.7%)
Operating Profit / (Loss)	83,035	50,627	+64.0%	167,390	25,520	+555.9%
Finance Income	40,598	24,585	+65.1%	7,244	78,976	(90.8%)
Finance Loss	(26,344)	(22,138)	+19.0%	(210,942)	(78,428)	+169.0%
Profit / (Loss) Before Tax	97,289	53,074	+83.3%	(36,308)	26,068	n.a.
Income tax expense	(39,534)	(19,284)	+105.0%	(41,799)	(39,369)	+6.2%
Net Income / (Loss)	57,755	33,790	+70.9%	(78,107)	(13,301)	n.a.

Adjusted EBITDA Calculation

<i>RUB '000</i>	Q4 2020	Q4 2019	change	FY 2020	FY 2019	change
Operating Profit / (Loss)	83,035	50,627	+64.0%	167,390	25,520	+555.9%
<i>operating margin %</i>	8.2%	7.2%	+96bps	5.5%	1.1%	+441bps
Add: Depreciation and amortization	70,242	46,011	+52.7%	243,973	166,801	+46.3%
Less: IFRS16 to IAS17 adjustment	(63,650)	(46,282)	+37.5%	(173,297)	(141,187)	+22.7%
Add: Share-based payments expense	20,662	8,932	+131.3%	82,080	47,544	+72.6%
Less: Marketing fund adjustment	(55,328)	(60,326)	(8.3%)	(96,700)	(129,526)	(25.3%)
Add: Other one-off expenses / (income)	(16,910)	17,126	n.a.	(21,019)	18,411	n.a.
Adjusted EBITDA	38,051	16,088	+136.5%	202,427	(12,437)	n.a.
<i>EBITDA margin %</i>	3.7%	2.3%	+145bps	6.6%	(0.5%)	+712bps

Cash Flow Statement Highlights

<i>RUB '000</i>	Q4 2020	Q4 2019	<i>change</i>	2020YE	2019YE	<i>change</i>
Net Income / (Loss) before tax	97,289	53,074	+83.3%	(36,308)	26,068	<i>n.a.</i>
Add: Depreciation and amortization	70,242	46,011	+52.7%	243,973	166,801	+46.3%
Add: Share-based payments expense	20,662	8,932	+131.3%	82,080	47,544	+72.6%
Change in working capital	(104,072)	(912)	<i>n.a.</i>	(92,002)	30,538	<i>n.a.</i>
Income Tax Paid	(7,056)	(303)	<i>n.a.</i>	(53,101)	(33,537)	+58.3%
Other operating cash flows adjustments	(20,491)	11,611	<i>n.a.</i>	186,032	32,926	+465.0%
Operating Cash Flow	56,574	118,413	(52.2%)	330,674	270,340	+22.3%
Purchase of property, plant and equipment	(82,210)	(44,855)	+83.3%	(174,824)	(166,765)	+4.8%
Purchase of intangible assets	(4)	0	<i>n.a.</i>	(192)	(2,136)	(91.0%)
Other investing cash flows	5,168	(3,197)	<i>n.a.</i>	6,358	102	<i>n.a.</i>
Investing Cash Flow	(77,046)	(48,052)	<i>n.a.</i>	(168,658)	(168,799)	<i>n.a.</i>
Interest paid on financial loans received	(3,904)	(688)	+467.4%	(10,567)	(1,379)	+666.3%
Payment of lease liabilities and related interest	(64,135)	(46,643)	+37.5%	(174,914)	(142,661)	+22.6%
Net increase / (decrease) in financial debt	(14,310)	93,511	<i>n.a.</i>	90,818	100,000	(9.2%)
Financing Cash Flow	(82,349)	46,180	<i>n.a.</i>	(94,663)	(44,040)	<i>n.a.</i>
Net change in cash and equivalents	(102,821)	116,541	<i>n.a.</i>	67,353	57,501	+17.1%
Net foreign exchange difference	854	(895)	<i>n.a.</i>	9,886	(4,845)	<i>n.a.</i>
Cash and equivalents beginning of period	405,565	110,713	+266.3%	226,359	173,703	+30.3%
Cash and equivalents end of period	303,598	226,359	+34.1%	303,598	226,359	+34.1%

Free Cash Flow Calculation

<i>RUB '000</i>	Q4 2020	Q4 2019	<i>change</i>	2020YE	2019YE	<i>change</i>
Adjusted EBITDA	38,051	16,088	+136.5%	202,427	(12,437)	<i>n.a.</i>
Purchase of property, plant and equipment	(82,210)	(44,855)	+83.3%	(174,824)	(166,765)	+4.8%
Purchase of intangible assets	(4)	0	<i>n.a.</i>	(192)	(2,136)	(91.0%)
Adjusted change in Working Capital	(48,744)	59,414	<i>n.a.</i>	4,698	160,064	(97.1%)
Income Tax Paid	(7,056)	(303)	<i>n.a.</i>	(53,101)	(33,537)	+58.3%
Interest paid on financial loans received	(3,904)	(688)	+467.4%	(10,567)	(1,379)	+666.3%
Other adjustments	10,674	(3,068)	<i>n.a.</i>	3,353	15,063	(77.7%)
Free cash flow	(93,193)	26,588	<i>n.a.</i>	(28,206)	(41,127)	<i>n.a.</i>