PRESS RELEASE

ROSINTER RESTAURANTS INCREASED REVENUE in accordance with IFRS BY 1.1% IN FINANCIAL STATEMENTS FOR 2019

Moscow, July 24, 2020: Rosinter Restaurants Holding PJSC (Rosinter or Rosinter Restaurants or the Company) is one of the major operators in the casual dining restaurant segment in Russia (MICEX-RTS: ticker ROST) announces its operating and financial performance for 2019, in accordance with IFRS.

FINANCIAL AND OPERATING HIGHLIGHTS AND CORPORATE EVENTS IN 2019

- In 2019, Rosinter increased revenue in accordance with IFRS [1] up to MRUB 7,732 or by 1.1% compared to 2018.

- The trend of growth in restaurant revenue in 2019 was the result of the mixed impact of multidirectional factors: the decrease in revenue due to the optimization portfolio (6.9%), as well as the positive impact of opening new and updated restaurants (9.3%).

- EBITDA before impairment and write-offs[2] amounted to MRUB 2,610 in 2019. The application of the new accounting standard IFRS 16 ''Lease'' from January 1, 2019 had an effect on EBITDA before impairment and write-offs. Adjusted[3] to IAS 17 EBITDA margin remained almost unchanged compared to the same indicator for 2018: MRUB 480 – in 2019, MRUB – 481 in 2018.

- Several solutions related to the Company's strategic development were made in the second half of 2019. Appointment of new President of Holding in November 2019, serious team renewal, some initiatives in operational performance, activity franchising projects development allowed to find the course of growth which got a financial support from Rosinter's shareholders.

Margarita Kosteeva, CEO, Rosinter Restaurants Holding PJSC:

In 2019 Rosinter Restaurants concentrated on improving efficiency of operational activity, which was due to the general market situation - a decrease in consumer demand and high competition in the casual dining segment. As a result of implementation of initiatives in the field of operational efficiency, development of the restaurant chain at transportation hubs, as well as the implementation of the franchising development strategy, Rosinter Restaurants increased system revenue [4] by 3% to 10.5 billion rubles, where 29% was the share of franchised restaurants.

During the 2019, 18 restaurants have been opened under the Rosinter brands, 8 of which were franchised. The Company has entered new regions - Vladivostok, Makhachkala (Dagestan), Dushanbe (Tajikistan) with the main brand - "IL Patio", and also has introduced the portfolio of brands into strategically important objects for future development - the new terminal C of the Sheremetyevo international airport and terminal T2 of the international airport Domodedovo, increasing the Company's presence at airports and railway stations in Russia to 65 restaurants. At the end of 2019, Rosinter's portfolio comprised 250 restaurants located in 28 cities of Russia, the CIS and Central Europe.

In the result of the implementation of new projects and operational initiatives, as well as a major team update, Rosinter started 2020 with increase of EBITDA, but faced a serious traffic outflow due to the influence of COVID-19 at the beginning of March , and then almost a complete shutdown of commercial activity due to the temporary closure of restaurants from March 28, 2020 throughout Russia.

Rosinter plans to restore at least 95% of the network after the cancellation of quarantine restrictions caused by the threat of spreading COVID-19. Currently restaurants are operating in Moscow, Moscow region, and at transport hubs (except restaurants located in sterile areas of international lines). As the Company obtain permits from authorities in the regions of Russia, restaurants will be opened in the cities where Rosinter restaurants operates.

Restarting restaurants in the context of macroeconomic situation caused by the COVID-19, as well as the threat of the second wave of the pandemic, requires to usage of other tools and approaching of other budgeting and cost management. "Rosinter" revised financial model of restaurants including the preservation of EBITDA margin and financial stability in postpandemic period expecting the drop in revenue due to the decrease in consumer demand and negative impact of macroeconomic factors.

The key costs of restarting restaurants are food cost, labor payment, and lease payment, also measures to disinfect and ensure the safety of guests and employees to prevent the spread of COVID-19.

- Rosinter managed to agree with the majority of landlords to review the rent cost and providing a discount on the lease in proportion to the revenue of restaurants for the recovery period in conditions of reduced consumer demand.
- Rosinter reached an agreement with banks to extend loans, which will allow the Company to fulfill its obligations during the period of commercial activity suspension, as well as to restart the network after the lifting of quarantine restrictions.
- Long-term partnerships and sales volume allow Rosinter to have constructive negotiations, with suppliers on prices, but the volatility of the exchange rate and the economic consequences of the pandemic affect the growth of purchase prices.

In the second half of 2020, Rosinter will continue implementing projects that were started before the quarantine period:

- Active development of franchising to expand the geographical presence. Company is working on optimization of the standard business model of the IL Patio brand, which will reduce investment costs for the construction of restaurants and to make it more accessible and applicable for scaling when entering new regions.

- As passenger traffic recovers, constructed restaurants will be put into operation in terminal C of Sheremetyevo airport, which were planned to launch in the I-II quarter of 2020, but were delayed due to the closure of airports for the period of quarantine. In addition, as the terminal launches and passenger traffic recovers, restaurants will be opened in the new terminal 2 of Domodedovo international airport.
- Development of online and offline sales channels: delivery systems based on our own logistics service and Honored Guest loyalty program.
- Updating the concept of promoting restaurant brands in the direction of greater emotionality, atmosphere, changing the visual component, tone and tools of communication with the target audience

The Company will continue to focus on improving operational efficiency, expanding the franchise geography, and increasing loyalty to Rosinter's brands. We expect that the ongoing initiatives to optimize the menu for the capabilities and preferences of guests in conditions of low purchasing power and to ensure strict safety measures, with a positive development of economic recovery after the crisis, will restore demand by 2021, and will return to normal growth of business and implementation of strategic initiatives to strengthen the company's position in the market in a year.

In this press-release we use indicators for the 2019 without the IFRS 16 effect due to absence of comparative data from previous comparable periods.

(RUB) thousands	12M 2019		12M 2018		% Change, Y-o-Y	p.p. change, Y-o-Y
Net revenue	**7,731,627**	***100.0 %***	**7,650,799**	***100.0 %***	***1.1 %***	**-**
Incl. Revenue from restaurants	*7,450,286*	*96.4 %*	*7,368,526*	*96.3 %*	*1.1 %*	*0.1 %*
Incl. Revenue from franchising	*208,576*	*2.7 %*	*211,385*	*2.8 %*	*(1.3)%*	*(0.1)%*
Cost of sales	**6,677,004**	***86.4 %***	**6,375,472**	***83.3 %***	***4.7 %***	***3.1 %***
Incl. Food and beverages	*1,562,647*	*20.2 %*	*1,628,377*	*21.3 %*	*(4.0)%*	*(1.1)%*
Incl. Rent	*2,177,111*	*28.2 %*	*1,982,658*	*25.9 %*	*9.8 %*	*2.3 %*
Gross profit	**1,054,623**	***13.6 %***	**1,275,327**	***16.7 %***	***(17.3)%***	***(3.1)%***
SG&A Expenses	814,004	*10.5 %*	843,689	*11.0 %*	*(3.5)%*	*(0.5)%*
Start-up expenses for restaurants	80,139	*1.0 %*	150,724	*2.0 %*	*(46.8)%*	*(1.0)%*
Other gains	19,016	*0.2 %*	9,363	*0.1 %*	*103.1 %*	*0.1 %*
Other losses	83,381	*1.1 %*	102,530	*1.3 %*	*(18.7)%*	*(0.2)%*
Incl. Loss on disposal of non-current assets	*53,328*	*0.7 %*	*62,413*	*0.8 %*	*(14.6)%*	*(0.1)%*
Profit from operating activities before impairment	**96,115**	***1.2 %***	**187,747**	***2.5 %***	***(48.8)%***	***(1.3)%***
Loss from impairment of operating assets	27,802	*0.4 %*	20,807	*0.3 %*	*33.6 %*	*0.1 %*
Profit from operating activities after impairment	**68,313**	***0.9 %***	**166,940**	***2.2 %***	***(59.1)%***	***(1.3)%***
Financial expenses, net	445,778	*5.8 %*	288,871	*3.8 %*	*54.3 %*	*2.0 %*
Foreign exchange gain, net	6,428	*0.1 %*	1,121	-	*473.4 %*	*0.1%*
Loss before income tax	**(371,037)**	***(4.8)%***	**(120,810)**	***(1.6)%***	***207.1 %***	***(3.2)%***
Income tax (expense)/benefit	(82,345)	*(1.1)%*	38,175	*0.5 %*	*(315.7)%*	*(1.6)%*
Net loss	**(453,382)**	***(5.9)%***	**(82,635)**	***(1.1)%***	***448.7 %***	***(4.8)%***
Profit from operating activities before impairment	96,115	*1.2 %*	187,747	*2.5 %*	*(48.8)%*	*(1.3)%*
Depreciation and amortization	330,835	*4.3 %*	230,890	*3.0 %*	*43.3 %*	*1.3 %*
Loss on disposal of non-current assets	53,328	*0.7 %*	62,413	*0.8 %*	*(14.6)%*	*(0.1)%*
EBITDA before impairment and write-offs	**480,278**	***6.2 %***	**481,050**	***6.3 %***	***(0.2)%***	***(0.1)%***

Consolidated revenues amounted to MRUB 7,732 in 2019 and increased by 1.1% compared to 2018.

Restaurant revenue also increased by 1.1% compared to 2018.

Cost of sales increased by 3.1% compared to 2018 driven by increase in rent cost (by 2.3%) and decrease in food cost (by 1.1%). All indicators were calculated as percentage of revenue.

The opening of new restaurants during 2018 and the reallocation of passenger traffic at transportation hubs in 2019 had an effect on increase of ***rent expenses*** percent to revenue in 2019.

The decrease of ***food cost*** mainly was the results of initiatives of the cooperation with suppliers to optimize purchase prices.

Gross profit margin amounted to 13.6% in 2019, decreased by 3.1% as percentage of revenue compared to the 16.7% in 2018 and generally related to the increase in rent costs and decrease in food cost.

Decrease in ***selling, general and administrative costs*** by 0.5% related to the improving of efficiency of business processes management. Calculated as percentage of revenue.

Decrease of ***the start-up expenses*** by 46.8% in comparison with 2018 resulted from the intensive development of the restaurant chain in 2018.

Other costs decreased by 18.7% mainly due to decrease in loss on disposal of non-current assets. The change of the indicator related to the completion of updating Rosinter's portfolio program in 2018.

Delay in launch of terminals in airports, where Rosinter built restaurants complex in 2018-2019, as well as reallocation of passenger traffic in some transportation hubs significantly influenced on Company's operational performance. Starting from 2019 the Company put into use objects built and cancelled capitalisation of interest expenses on target loans attracted for renovation and construction of restaurants in 2018 in accordance with IAS 23 "Borrowing costs". These circumstances among others were a result of ***net loss*** for 2019 in amounted to MRUB 453.

The application of the new accounting standard IFRS 16 ''Lease'' and its effect on the financial statement for the 2019

The Group has adopted IFRS 16 Leases from January 1, 2019, which has significant effect on the financial indicators. Under IFRS 16, lease expenses excluded from cost and SG&A, instead of it the cost of amortization right-of-use asset and interest expenses on lease liabilities were recognized. IFRS 16 was impact on financial statement for 2019 as following:

- Gross profit from operations increased by MRUB 457.
- EBITDA before impairment and write-offs increased by MRUB 2,610, that higher than adjusted EBITDA before impairment and write-offs by MRUB 2,130.
- Depreciation expenses of right-of-use asset increased by MRUB 1,669.
- Financial expenses increased by MRUB 860 due to interest expenses on lease liabilities.
- Foreign exchange gain increased by MRUB 440 due to revaluation of liabilities in foreign currency under currency lease agreements.

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[1] Revenue in accordance with IFRS is the consolidated revenue of the Rosinter Group calculated in accordance with international financial reporting standards (without VAT) and include sales of restaurants and corporate cafes, as well as revenue from subleasing premises, revenue from franchising operations and other components.

[2] EBITDA is calculated by adding back depreciation and amortization to profit from operating activities after impairment. EBITDA measures are not measurements of our operating performance under IFRS and should not be considered as an alternative to profit for the year, operating profit or any other performance measures derived in accordance with IFRS or as an alternative to cash flow from operating activities or as a measure of our liquidity. Our approach to calculating EBITDA may differ from the approach of other companies.

[3] Adjusted figures – financial indicators were corrected on the effect from the adoption of the new IFRS 16 "Lease" for comparability of previous period's data, as IFRS 16 applied in the first time from January 1, 2019 and comparable information didn't revised.

[4] Systemic revenue - is the total revenue (without VAT) of corporate and franchise restaurants, is calculated by the Company itself and is not an indicator of the audited consolidated financial statements.

Some information in this review based on "forward-looking statements" which include all statements other than statements of historical fact. Such forward-looking statements can often be identified by words such as “plans”, “believes”, “anticipates”, “expects”, “intends”, “estimates”, “will”, “may”, “continue”, “should” and similar expressions. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond the Company's and/or its Management control that could cause the actual results, performance or achievements of the Company to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Company will operate in the future. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. These forward-looking statements speak only as at the date as of which they are made, and the Company and/or its Management does not intend and has no duty or obligation to supplement, amend, update or revise any of the forward-looking statements contained herein to reflect any change in the Company's and/or its Management expectations with regard thereto or any change in events, conditions or circumstances on which any such statements are based. The information and opinions contained in this review are provided as at the date of this review and are subject to change by the Company's own discretion without notice of any kind and form.

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Note to Editors:

As of June 30, 2020 PJSC Rosinter Restaurants Holding is the leading casual dining restaurant company in Russia and CIS, which operates 247 outlets in 29 cities in Russia, CIS and Central Europe, including Baltic countries. The chain has 145 corporate restaurants and 102 franchised restaurants. The Company develops its own brands IL Patio, Planet Sushi, Shikari, American Bar and Grill, Mama Rasha, and operates under franchise agreements a chain of American restaurants TGI FRIDAYS and a chain of British coffee shops Costa Coffee. In March 2012 Razvitie ROST LLC (a subsidiary of PJSC Rosinter Restaurants Holding) has acquired the right to develop McDonald’s brand on a franchise basis in Moscow and Saint Petersburg transportation hubs. Rosinter Restaurants Holding is listed on the Moscow Exchange MICEX-RTS (www.moex.com) under the stock ticker ROST.

Company site: www.rosinter.com

APPENDIX

Consolidated statement of financial position

At December 31, 2019

(All amounts are in thousands of Russian roubles, unless specified otherwise)

	Notes	December 31, 2019	December 31, 2018
ASSETS			
Non-current assets			
Property and equipment	6	2,506,940	1,941,211
Right-of-use assets	7	6,279,995	–
Intangible assets	8	570,317	479,806
Goodwill	9	143,137	143,137
Long-term loans due from related parties	10	6,600	13,800
Deferred income tax asset	11	337,241	299,208
Rent deposits and other non-current assets		170,235	625,535
		10,014,465	**3,502,697**
Current assets			
Inventories	12	151,649	200,885
VAT and other taxes recoverable		62,997	55,431
Income tax receivable		5,447	5,327
Trade and other receivables	13	174,772	231,284
Advances issued	14	293,362	213,123
Receivables from related parties	10	149,043	170,828
Short-term loans		1,700	1,261
Short-term loans due from related parties	10	14,415	21,965
Cash and cash equivalents	15	149,773	148,385
		1,003,158	**1,048,489**
Assets classified as a held for sale	16	–	**230,542**
TOTAL ASSETS		**11,017,623**	**4,781,728**
EQUITY AND LIABILITIES			
Equity			
Equity attributable to equity holders of the parent entity			
Share capital	17	2,767,015	2,767,015
Additional paid-in capital	17	1,885,061	2,090,217
Treasury shares	17	(39,841)	(269,337)
Other capital reserves		706	1,148
Accumulated losses		(5,471,917)	(5,031,600)
Translation difference		(427,563)	(404,310)
		(1,286,539)	**(846,867)**
Non-controlling interests		2,680	2,706
		(1,283,859)	**(844,161)**
Non-current liabilities			
Long-term loans and borrowings	19	3,560,355	2,951,835
Long-term lease obligation	20	4,976,411	–
Long-term debt due to related parties	10	10,965	–
Finance lease liabilities		–	76
Deferred income tax liabilities	11	201,307	88,008
		8,749,038	**3,039,919**
Current liabilities			
Trade and other payables	22	1,489,038	1,479,349
Short-term loans and borrowings	19	730,524	982,978
Short-term lease obligations	20	1,227,950	–
Payables to related parties	10	13,736	11,657
Short-term loans due to related parties	10	30,119	11,051
Current portion of finance lease liabilities		–	357
Short-term liabilities to partners	21	256	198
Deferred income		4,036	19,968
Income tax payable		56,785	80,412
		3,552,444	**2,585,970**
TOTAL EQUITY AND LIABILITIES		**11,017,623**	**4,781,728**

Consolidated statement of profit or loss

For the year ended December 31, 2019

(All amounts are in thousands of Russian roubles, unless specified otherwise)

	Notes	2019	2018
Revenue	23	7,731,627	7,650,799
Cost of sales	24	(6,220,061)	(6,375,472)
Gross profit		**1,511,566**	**1,275,327**
Selling, general and administrative expenses	25	(808,912)	(843,689)
Start-up expenses for restaurants		(80,139)	(150,724)
Other gains	26	17,518	9,363
Other losses	26	(91,553)	(102,530)
Profit from operating activities before impairment		**548,480**	**187,747**
Loss from impairment of operating assets	27	(27,802)	(20,807)
Profit from operating activities after impairment		**520,678**	**166,940**
Financial income	28	1,319	2,544
Financial expense	28	(1,306,899)	(291,415)
Foreign exchange gain, net		446,409	1,121
Loss before income tax		**(338,493)**	**(120,810)**
Income tax (expense)/ benefit	11	(100,950)	38,175
Net loss for the year		**(439,443)**	**(82,635)**
Attributable to:			
Equity holders of the parent entity		(440,317)	(83,459)
Non-controlling interests		874	824
Loss per share	18		
Basic, loss per share, roubles		(27.31)	(5.27)
Diluted, loss per share, roubles		(27.27)	(5.25)

Consolidated statement of cash flows

For the year ended December 31, 2019

(All amounts are in thousands of Russian roubles, unless specified otherwise)

	Notes	2019	2018
Operating activities			
Loss before tax		(338,493)	(120,810)
Adjustments to reconcile loss before tax to net cash provided by operating activities:			
Depreciation and amortization	24, 25	2,000,297	230,890
Foreign exchange gain, net		(446,409)	(1,121)
Financial income	28	(1,319)	(2,544)
Financial expense	28	1,306,899	291,415
(Decrease)/ increase in the allowance for expected credit losses of advances paid, taxes recoverable and receivables	25	(18,941)	20,826
Allowance for impairment of inventories to net realisable value	12	10,951	919
Loss on disposal of operating assets	26	61,500	62,413
Loss from impairment of assets	27	27,802	20,807
Write-off of trade and other payables	26	(1,511)	(6,853)
(Reversal)/accrual of provision for contingent claims	26	(8,429)	6,596
Share-based payment benefit	29	(4,276)	(2,299)
		2,588,071	**500,239**
Changes in operating assets and liabilities:			
Decrease/(increase) in inventories		37,836	(41,171)
Decrease/(increase) in advances, taxes recoverable, receivables, rent deposits and other non-current assets		437,093	(247,493)
Decrease in receivables from related parties		10,569	21,232
Increase in payables to related parties		2,441	3,132
Increase in trade and other payables		96,156	528,029
Net cash generated from operations		**3,172,166**	**763,968**
Interest paid		(1,254,744)	(349,026)
Interest received		154	1,100
Income tax paid		(41,256)	(34,512)
Net cash flows generated from operating activities		**1,876,320**	**381,530**
Investing activities			
Purchases of property and equipment		(913,030)	(833,652)
Issuance of loans to third parties		(7,540)	–
Purchase of intangible assets		(89,478)	(384,483)
Issuance of loans to related parties		(8,233)	(15,325)
Proceeds from disposal of property and equipment		3,210	4,301
Proceeds from repayment of loans issued to third parties		2,400	–
Net cash flows used in investing activities		**(1,012,671)**	**(1,229,159)**

Continued on the next page

Consolidated statement of cash flows (continued)

(All amounts are in thousands of Russian roubles, unless specified otherwise)

	Notes	2019	2018
Financing activities			
Proceeds from bank loans		735,107	1,680,724
Repayment of bank loans		(579,043)	(837,332)
Proceeds from third party loan		200,000	–
Repayment of related party loans		(104,144)	(1,745)
Proceeds from related party loans		133,841	2,730
Repayment of lease liabilities	20	(1,271,771)	–
Repayment of finance lease obligation		–	(1,518)
Sale of treasury shares	17	24,340	–
Dividends paid to shareholders		(783)	(404)
Net cash flows (used in)/generated from financing activities		**(862,453)**	**842,455**
Effect of exchange rate on cash and cash equivalents		192	1,183
Net increase/(decrease) in cash and cash equivalents		**1,388**	**(3,991)**
Cash and cash equivalents at beginning of the year		**148,385**	**152,376**
Cash and cash equivalents at end of the year		**149,773**	**148,385**