



PRESS RELEASE

IN THE 1ST HALF OF 2023 ROSINTER INCREASED REVENUE BY 1.4% AND MAINTAINED EBITDA

Moscow, 28 August 2023: Rosinter Restaurants Holding PJSC (Rosinter, Rosinter Restaurants, the Company), one of the largest restaurants holding companies in Russia (Moscow Exchange MICEX-RTS: stock ticker ROST) announces its operating and financial results for the 1st half of 2023 in accordance with the International Financial Reporting Standards.

This press release presents notes to financial statements before the application of IFRS 16 “Leases” as, in the Company’s opinion, in this way the Holding Company’s financial situation is represented most accurately. Furthermore, in this press release the Holding Company presents non-IFRS financial measures that should be regarded as supplementary to those disclosed in the financial statements.

Consolidated statements of financial position, of profit and loss, and of cash flows, presented in the exhibit to this press release, have been prepared subject to the requirements of IFRS 16 “Leases”.

KEY FINANCIAL AND OPERATING RESULTS:

- At the end of the 1st half of 2023, EBITDA^[2] before impairment and write-offs grew by 0.5% to come to RUB 266 million. Compared with the pre-pandemic 2019, EBITDA grew 2.5 times.
- In the reporting period, Rosinter increased its revenue^[1] by 1.4% to RUB 3,325 million despite the fact that the guest traffic remains low in several locations with Rosinter’s restaurants. Primarily, these are malls that were abandoned by international brands, which caused a decline in the guest traffic. Then come locations in the international airport terminals with the continuing restrictions on travel to Europe and the US.
- The Company managed to maintain the cost to revenue ratio at the level of the first half of 2022 (81.9%) amid a high inflation rate (that, according to expert estimates, went as high as 10%) by implementing measures to control cost, update menus and adapt them to the current consumer demand as well as by focusing on managing supplier relationships in order to spot the most advantageous offers for the Company.
- Net loss increased by RUB 75 million due to the effect of exchange rate differences and an increase in financial expenses.
- The Company forecasts that in the second half of the year its revenue and EBITDA will grow by 10% (against similar measures for 2022). The growth will be boosted by the seasonality factor, the airport traffic recovery and the performance of three new Rosinter’s restaurants that opened in July of 2023 in the new Terminal 2 of the Domodedovo International Airport.

FINANCIAL RESULTS BY BUSINESS UNITS:

Restaurant business at airports and railway stations

Despite the maintained restrictions on international air travel to several European countries and the US, the negative trend of 2022 gave way to the passenger traffic growth in the first half of 2023. The traffic grew due to the increased domestic traffic within Russia and new flight routes. Considering seasonal factors, Rosinter expects to see the main effect on its revenue in this respect in the second half of 2023.

It is important to note that despite the positive passenger traffic growth trend, activities of the Company's 12 restaurants located in international travel areas remain suspended.

Revenues of restaurants located at airports and railway stations grew by 6% against 2022, and by 19% against the pre-Covid 2019. The profit margin grew by 0.7 percentage points, compared with the 1st half of 2022. Absolute restaurant-level EBITDA grew by 9% against the 1st half of 2022. Compared with 2019, restaurant-level EBITDA grew by 250%.

The highest growth of LFL revenue (36% against the pre-pandemic 2019) was observed in "Vkusno i Tochka" fast food outlets run by Rosinter under a franchise agreement.

Restaurant business in city locations

Revenues of city restaurants grew in the 1st half of 2023 by 2% against 2022. The growth was thanks to the Company's efforts to maintain, as much as practical, the menu prices amid rising inflation, which helped the Company to meet the needs of the target audience and to retain loyalty of regular customers. Revenue growth was boosted also by the menu update efforts, brand promotion activities, and a high level of restaurant service. The highest growth (+6%) was in the Shikari brand of Asian restaurants.

It is important to note that in the regions of Russia the situation is better than in the capital. Several regional restaurants increased their LFL revenue by 25% against 2019.

As there are quite many franchise restaurants in tourist cities and in the south of Russia, Rosinter expects revenue to continue to grow in the second half of 2023 due to the expansion of the domestic tourism industry.

MARGARITA KOSTEEVA, PRESIDENT OF ROSINTER RESTAURANTS HOLDING PJSC, SAYS:

"In the first half of 2023, we see the consumer demand recovery. Thanks to this trend as well as to the cost management and menu update efforts and marketing activities, we managed to maintain our financial performance at the level of 2022 amid rising inflation. By the end of the 1st half of 2023, Rosinter's revenue grew by 1.4%. The Company maintained the margin at 18.1% and EBITDA at RUB 266 million.

The main achievement is, in our opinion, that the Holding Company managed to get back to the pre-Covid 2019 performance. Restaurants' LFL revenue grew by 6.5%. Thanks to the right strategy and financial model, Rosinter has kept its business, team, and brand portfolio. The results that have been achieved will let the Company to get back with time to the progressive development scheme.

The main focus in the tough economic period was on refreshing brands, improving the guest loyalty, and offering the best menu, service and hospitality standards. Popular dishes on the menus of IL Patio and TGI FRIDAY'S won gold in the international "Quality Guarantee" competition. In April 2023, the IL Patio (Italian cuisine) brand won the prestigious "Golden Palm in Restaurant Business" national award.

An important event of the first half of 2023 was the relaunching of the programme of the development of restaurants in transportation hubs. In April 2023, Rosinter opened a new IL Patio restaurant in Pulkovo. In July 2023, 3 Mama Russia, IL Patio and TGI FRIDAY'S restaurants opened in the new International Terminal 2 of the Domodedovo Airport. It is currently the largest restaurant project on the new terminal site (the total restaurant area is 730 m²). Besides, before the end of the year the Company plans to open two more Rosinter locations.

At the end of 2022, the Costa Coffee brand left Russia and was no longer in the Holding Company's franchising portfolio. Today, Rosinter is getting ready to launch a new brand of coffee shops that customers will see both in the city formats and in transportation hubs.

In 2023, the Company opened 5 new franchise restaurants, specifically, IL Patio and Planet Sushi in the landmark tourist location "The Sun of Moscow" at VDNKh (Exhibition of Achievements of the National Economy). The Planet Sushi brand was launched for the first time in Tajikistan (Dushanbe). The Company intends to continue expanding its business footprint on the domestic market and in CIS countries through partnerships with local businessmen as the brand and local business synergy produces a powerful economic effect.

The results of the first half of the year show that the Company has chosen the right qualitative growth strategy focused on improving the value offer. Further on, it will provide a basis for the accomplishment of the ambitious goals to extend the network, promote restaurant brands, and implement innovative projects".

FINANCIAL AND OPERATING RESULTS OF THE 1ST HALF OF 2023

(RUB) thousands	6M 2023		6M 2022		% change	p.p.-change
Revenue	3,325,471	100.0 %	3,280,087	100.0 %	1.4 %	-
<i>Incl. Revenue from restaurants</i>	3,202,844	96.3 %	3,136,088	95.6 %	2.1 %	0.7 %
<i>Incl. Revenue from franchising</i>	81,603	2.5 %	84,375	2.6 %	(3.3)%	(0.1)%
Cost of sales	2,722,058	81.9 %	2,685,195	81.9 %	1.4 %	-
<i>Incl. Food and beverages</i>	677,624	20.4 %	747,935	22.8 %	(9.4)%	(2.4)%
<i>Incl. Payroll and related taxes</i>	673,692	20.3 %	645,034	19.7 %	4.4 %	0.6 %
<i>Incl. Rent</i>	830,840	25.0 %	791,167	24.1 %	5.0 %	0.9 %
Gross profit	603,413	18.1 %	594,892	18.1 %	1.4 %	-
SG&A Expenses	446,635	13.4 %	458,558	14.0 %	(2.6)%	(0.6)%
Start-up expenses for restaurants	7,177	0.2 %	7,033	0.2 %	2.0 %	-
Other gains	5,192	0.2 %	6,430	0.2 %	(19.3)%	-
Other losses	8,275	0.2 %	18,315	0.6 %	(54.8)%	(0.4)%
<i>Incl. Loss on disposal of non-current assets</i>	2,622	0.1 %	7,782	0.2 %	(66.3)%	(0.1)%
Gains from operating activities before impairment	146,518	4.4 %	117,416	3.6 %	24.8 %	0.8 %
Reversal of impairment of operating assets	23,499	0.7 %	838	-	2705.2 %	0.7 %
Gains from operating activities after impairment	123,019	3.7 %	116,578	3.6 %	5.5 %	0.1 %
Financial expenses, net	282,857	8.5 %	270,075	8.2 %	4.7 %	0.3 %
Foreign exchange gain, net	(13,023)	(0.4)%	58,263	1.8 %	(122.4)%	(2.2)%
Loss before income tax	(172,861)	(5.2)%	(95,234)	(2.9)%	81.5 %	(2.3)%
Income tax benefit	(21,911)	(0.7)%	(24,992)	(0.8)%	(12.3)%	0.1 %
Net profit	(194,772)	(5.9)%	(120,226)	(3.7)%	62.0 %	(2.2)%
EBITDA before impairment and write-offs	266,215	8.0 %	264,965	8.1 %	0.5 %	(0.1)%

The comments to the table are given before the application of IFRS 16 "Leases"

Consolidated revenue increased in the 1st half of 2023 by 1.4% compared with the similar period of 2022 and amounted to RUB 3,325 million; restaurants' revenue grew by 2.1%.

Cost of sales remained the same as in the 1st half of 2022 (the figure is calculated as a percentage of the revenues) and came to 81.9%.

Food costs decreased by 2.4% (the figure is calculated as a percentage of the revenues), mainly thanks to the implementation of a number of supplier relationship management, purchase prices optimization and menu re-engineering measures.

Labour costs increased by 4.4% against the 1st half of 2022, which was due to the need to increase the payroll fund, mainly, for worker occupations, amid the overall personnel crisis in Russia and an especially serious shortage of personnel in public catering.

Lease costs increased in the 1st half of 2023 by 5 percentage points as a result of the increase in the rent rates under lease agreements for airport locations, payments under which depend on the passenger traffic levels. The costs grew also because of the increase in the rent rates under lease agreements with foreign currency-denominated obligations due to changes in the exchange rate of the rouble to other currencies.

Gross profit margin is at the level of the 1st half of 2022 and accounts for 18.1%. The figure is calculated as a percentage of the revenues.

Restaurant start-up expenses remained at the level of the 1st half of 2023 and came to RUB 7 million.

Other income remained at the level of the 1st half of 2022 and amounted to 0.2% (the figure is calculated as a percentage of the revenues).

Other expenses decreased against the 1st half of 2022 by 0.4% as a percentage of the revenues, mainly as a result of the reduction of loss from disposal of non-current assets.

Foreign exchange loss amounted in the 1st half of 2023 to RUB 13 million, against RUB 58 million of foreign exchange gains in the 1st half of 2022, which was due to the changes in the exchange rate of the rouble to other currencies.

Loss from reversal of impairment of operating assets amounted in the current period to RUB 24 million, compared with impairment loss of RUB 0.8 million in the 1st half of 2022. Impairment was due to changes in the accounting estimates used to measure the recoverable value of assets in the 1st half of 2023.

Net loss came in the 1st half of 2023 to RUB 195 million against RUB 120 million in the first half of 2022. Loss increased mainly due to the exchange rate differences as a result of fluctuations in the exchange rate of the rouble to other currencies (which increased loss by RUB 75 million).

EBITDA before impairment and write-offs remained at the level for the similar period of 2022, at RUB 266 million.

^[1] Revenue in accordance with IFRS is the consolidated revenue of the Rosinter Group calculated in accordance with international financial reporting standards (net of VAT) and includes sales of restaurants and corporate cafes, as well as revenue from sub-lease of 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 standard measures under IFRS and should not be considered as an alternative to the net profit, operating profit, operating cash flows or any other standard measures in accordance with IFRS. Our approach to calculating EBITDA may differ from the approach of other companies.

Information in this press release is based on "forward-looking statements", which include all statements other than statements of historical fact. Such forward-looking statements can be often identified by words such as "plans", "believes", "anticipates", "expects", "intends", "estimates", "will", "may", "required", "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's control that could cause the actual results to be materially different from those 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 events, conditions or circumstances on which any such statements are based. The information and opinions contained in this press release are only valid as at the date hereof and may be subsequently revised without notice of any kind and form.

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Note to Editors:

As at 30 June 2023, Rosinter Restaurants Holding PJSC is a major casual dining restaurant operator in Russia, running 211 retail outlets in 30 cities of Russia and CIS. The chain comprises 119 corporate restaurants and 92 franchised restaurants and cafes. The company develops its own brands IL Patio, Planet Sushi, Shikari, American Bar & Grill, and Mama Russia, and also operates under franchise agreements a chain of TGI FRIDAYS restaurants.

Rosinter Restaurants Holding is listed on the Moscow Exchange MICEX (www.moex.com) under the stock ticker ROST.

Investors and analysts enquiries:

Alexey Shorokhov
CFO

IR@rosinter.ru

Press enquiries:

Tatyana Zotova
PR Director

tzotova@rosinter.ru
Tel: +7 495 788 44 88 ext. 1560

Interim condensed consolidated statement of financial position (unaudited) as at 30 June 2023

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

	Notes	June 30, 2023, unaudited	December 31, 2022, audited
ASSETS			
Non-current assets			
Property and equipment	4	1,977,915	2,038,062
Right-of-use assets	5	3,078,729	2,306,499
Intangible assets		331,423	355,682
Goodwill		143,137	143,137
Long-term loans due from related parties	6	6,200	6,200
Deferred income tax asset		659,826	642,475
Rent deposits and other non-current assets		216,367	225,368
		6,413,597	5,717,423
Current assets			
Inventories		94,608	107,113
VAT recoverable and other taxes prepaid		18,034	19,655
Income tax prepaid		2,865	2,584
Trade and other receivables		229,312	266,721
Advances paid		384,895	382,048
Receivables from related parties	6	67,049	54,042
Short-term loans		663	–
Short-term loans due from related parties	6	9,215	9,215
Cash and cash equivalents		163,057	158,481
		969,698	999,859
TOTAL ASSETS		7,383,295	6,717,282
EQUITY AND LIABILITIES			
Equity			
Equity attributable to equity holders of the parent entity			
Share capital	7	2,767,015	2,767,015
Additional paid-in capital		1,885,685	1,885,685
Treasury shares	7	(35,969)	(35,969)
Accumulated losses		(7,071,782)	(6,885,425)
Translation difference		(403,245)	(423,007)
		(2,858,296)	(2,691,701)
Non-controlling interests		1,251	3,071
		(2,857,045)	(2,688,630)
Non-current liabilities			
Long-term loans and borrowings	9	2,925,046	3,185,257
Long-term lease obligation	10	2,227,418	1,760,110
Long-term loans due to related parties	6	355,140	350,964
Deferred income tax liabilities		101,128	73,361
		5,608,732	5,369,692
Current liabilities			
Trade and other payables		1,753,938	1,864,574
Short-term loans and borrowings	9	1,488,791	1,124,859
Short-term lease obligation	10	1,208,383	935,747
Short-term borrowings to related parties		67,274	24,667
Payables to related parties		96,261	84,323
Short-term liabilities to partners		127	163
Income tax liabilities		16,834	1,887
		4,631,608	4,036,220
TOTAL EQUITY AND LIABILITIES		7,383,295	6,717,282

Interim condensed consolidated statement of profit and loss (unaudited)
for six months ended on 30 June 2023

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

	Notes	For the six months ended June 30	
		2023	2022
		Unaudited	
Revenue	11	3,325,471	3,280,087
Cost of sales	12	(2,614,887)	(2,689,301)
Gross profit		710,584	590,786
Selling, general and administrative expenses	13	(442,325)	(462,516)
Start-up expenses for restaurants		(7,177)	(7,033)
Other gains	14	83,922	100,223
Other losses	14	(5,653)	(34,494)
Profit from operating activities before impairment		339,351	186,966
Loss from of impairment of operating assets	15	(23,499)	(838)
Profit from operating activities after impairment		315,852	186,128
Financial income		298	1,034
Financial expense	16	(469,401)	(567,805)
Foreign exchange (loss)/gain, net		(5,894)	438,813
(Loss)/profit before income tax		(159,145)	58,170
Income tax expense		(29,032)	(57,013)
Net (loss)/profit for the period		(188,177)	1,157
Attributable to:			
Equity holders of the parent entity		(186,357)	949
Non-controlling interests		(1,820)	208
(Loss)/profit earnings per share	8		
Basic, (loss)/profit per share, roubles		(11.46)	0.06
Diluted, (loss)/profit per share, roubles		(11.46)	0.06

Interim condensed consolidated statement of cash flows (unaudited)
for six months ended on 30 June 2023

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

	Notes	For the six months ended June 30	
		2023	2022
		Unaudited	
Operating activities			
(Loss)/profit before tax		(159,145)	58,170
<i>Adjustments to reconcile loss before tax to net cash provided by operating activities:</i>			
Depreciation and amortization	12,13	735,467	855,688
Foreign exchange loss/(gain), net		5,894	(438,813)
Financial income		(298)	(1,034)
Financial expense	16	469,401	567,805
Allowance for/(reversal of) impairment of advances paid, taxes recoverable and receivables	13	5,987	(10,168)
Allowance for impairment of inventories to net realizable value		1,134	3,750
Loss on disposal of inventory	14	–	126
Inventory shortage	14	20	155
(Gain)/loss on disposal of non-current assets	14	(79,262)	23,960
Write-off of trade and other payables	14	(4,212)	(105)
Loss from of impairment of operating assets	15	23,499	838
Discounts on lease contracts	14	–	(93,793)
		998,485	966,579
<i>Changes in operating assets and liabilities:</i>			
Decrease in inventories		11,687	23,810
Decrease in advances paid, taxes recoverable, receivables, rent deposits and other non-current assets		25,764	3,427
Decrease in receivables from related parties		1,328	2,933
Increase/(decrease) in payables to related parties		14,733	(3,009)
Decrease in trade and other payables		(95,772)	(32,927)
Net cash flows generated from operations		956,225	960,813
Interest paid		(482,240)	(438,613)
Interest received		–	16
Income tax paid		–	(14,230)
Net cash flows generated from operating activities		473,985	507,986
Investing activities			
Purchases of property and equipment	4	(40,685)	(88,456)
Purchase of intangible assets		(6,756)	(5,760)
Issuance of loans to third parties		(663)	–
Proceeds from disposal of property and equipment		509	387
Net cash flows used in investing activities		(47,595)	(93,829)

Interim condensed consolidated statement of cash flows (unaudited)
for six months ended on 30 June 2023

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

	For the six months ended June 30	
	2023	2022
	Notes	Unaudited
Financing activities		
Proceeds from bank loans		265,000
Repayment of bank loans		(161,279)
Payment of lease liabilities		(563,457)
Proceeds from related party loans		37,399
Repayment of related party loans		–
Net cash flows used in financing activities		(422,337)
Effect of exchange rate on cash and cash equivalents		523
Net increase/(decrease) in cash and cash equivalents		4,576
Cash and cash equivalents at beginning of the period		158,481
Cash and cash equivalents at end of the period		163,057