Domino's

Delivering happiness through taste

DP Eurasia N.V.

Annual Report and Accounts 2021

About us

DP Eurasia N.V. is the exclusive master franchisee of the Domino's Pizza brand in Turkey, Russia, Azerbaijan and Georgia.

Domino's Pizza is one of the most successful fast-food brands worldwide and a global leader in home delivery.

Our values

- Ambition
- Integrity
- Cohesion
- Team spirit

Our priorities

People

Find out more on page 14

Product

Find out more on page 18

Digital

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Food at your fingertips

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Aslan Saranga
CEO

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Record breakers

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COMPLIANCE STATEMENT
This document is the PDF/printed version of the 2021 Annual Report of DP Eurasia and has been prepared for ease of use. The 2021 Annual Report was made publicly available, and was filed with the NSM in European single electronic reporting format (the ESEF package). The ESEF package is available on the company's website at www.dpeurasia.com and includes a human readable XHMTL version of the 2021 Annual Report. In any case of discrepancies between this PDF version and the ESEF package, the latter prevails.

At a glance

Domino's Pizza is one of the most successful fast-food brands and an international leader in home delivery with global retail sales of nearly USD 17.8 billion in 2021. DP Eurasia is the fifth-largest franchisee of the Domino's Pizza brand owned by Domino's Pizza, Inc.

Vision

The Group's vision is to be an international leader in the areas in which it operates by utilising the best market practices and continually innovating to provide excellent services to both customers and the community.

Mission

The Group's mission is to create value for shareholders and respect the community in a socially responsible way.

Values

Underpinning the Group's ethical principles and business conduct are its core values of ambition, integrity, cohesion and team spirit.

The Group operates through its corporate stores and franchised stores (together, its "system stores"). As of 31 December 2021, 24% of the Group's system stores were corporate stores, principally located in densely populated cities, and 76% were franchised stores.

The Group intends to continue to rapidly expand its store network in the future.

The Group offers consumers high quality, freshly made pizzas, which it tailors to local tastes, at attractive prices, delivered within 30 minutes of ordering.

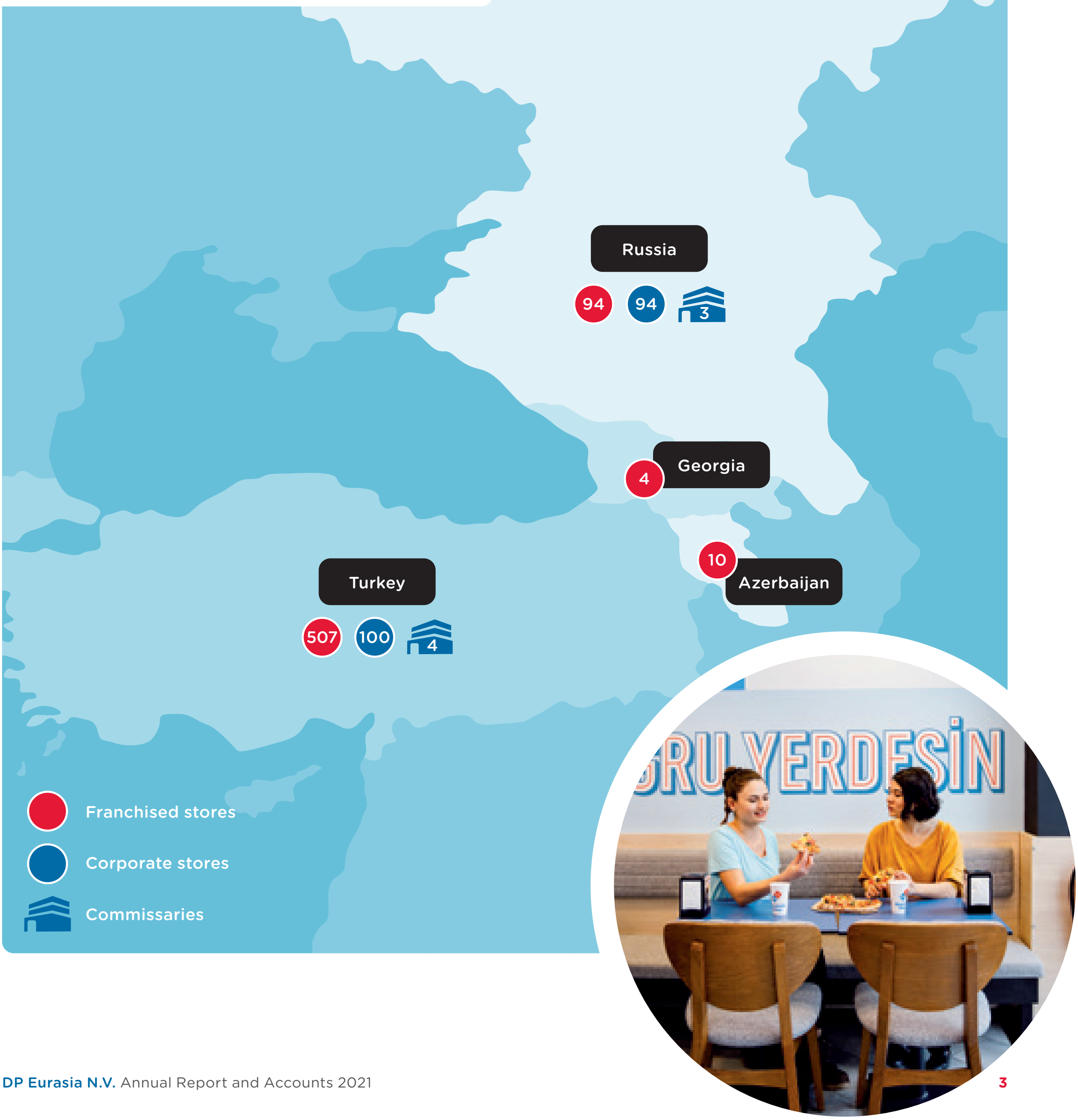
TRY 2.4 billion system sales

809 stores across 4 countries

76% franchised store mix

80% of delivery online

Where we operate Domino's



Highlights

Financial highlights

- Group revenue up 46.9% and system sales up 51.5%, driven by like-for-like growth and store openings
  - Turkish systems sales growth of 59.4%
  - Russian system sales growth of 33.5% (7.8% based on RUB)
- Adjusted EBITDA up 58.5% to TRY 208.4 million (2020: TRY 131.5 million)
- Adjusted net income of TRY 23.9 million versus an adjusted net loss of TRY 94.0 million in 2020
- Strong liquidity position – TRY 200 million of cash on hand, including the promissory note in Sberbank, and additional available bank lines of TRY 186 million as at 31 December 2021

Operational highlights

- 38 net store openings in the year for the Company and a record year in Turkey since 2014, with 39 openings
- Online delivery system sales(6) as a share of delivery system sales reached 80% (2020: 75%), reflecting our strong online offering and positioning
- Group online system sales(7) growth of 66.9%
  - Turkish online system sales(7) growth of 84.2%
  - Russian online system sales(7) growth of 37.6% (11.0% based on RUB)
- Product innovation and focused offering continues to attract a diverse and growing customer base
- Launch of new coffee-related brand in Turkey, COFFY, represents important growth opportunity in the long term

(1) System sales are sales generated by the Group's corporate and franchised stores to external customers and do not represent revenue of the Group.

(2) Like-for-like growth is a comparison of sales between two periods that compares system sales of existing system stores. The Group's system stores that are included in like-for-like system sales comparisons are those that have operated for at least 52 weeks preceding the beginning of the first month of the period used in the like-for-like comparisons for a certain reporting period, assuming the relevant system store has not subsequently closed or been "split" (which involves the Group opening an additional store within the same map of an existing store or in an overlapping area).

(3) EBITDA, adjusted EBITDA and non-recurring and non-trade income/expenses are not defined by IFRS. These items are determined by the principles defined by the Group management and comprise income/expenses which are assumed by the Group management to not be part of the normal course of business and are non-trading items. These items which are not defined by IFRS are disclosed by the Group management separately for a better understanding and measurement of the sustainable performance of the Group. Please refer to Note 3 in the Consolidated Financial statements for a reconciliation of these items with IFRS.

(4) Adjusted net income is not defined by IFRS. Adjusted net income excludes income and expenses which are not part of the normal course of business and are non-recurring items. Management uses this measurement basis to focus on core trading activities of the business segments and to assist it in evaluating underlying business performance. Please refer to Note 3 in the Consolidated Financial statements for a reconciliation of this item with IFRS.

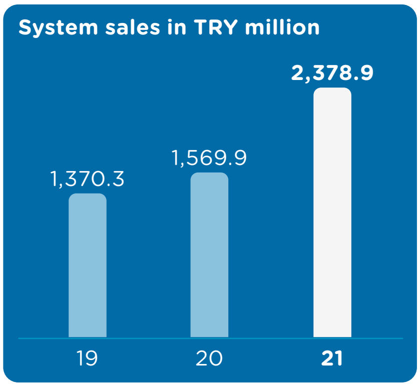
(5) Net debt and adjusted net debt are not defined by IFRS. Adjusted net debt includes cash deposits used as a loan guarantee and cash paid, but not collected during the non-working day at the year end. Management uses these numbers to focus on net debt including deposits not otherwise considered cash and cash equivalents under IFRS. Please refer to Note 18 in the Consolidated Financial statements for a reconciliation of these items with IFRS.

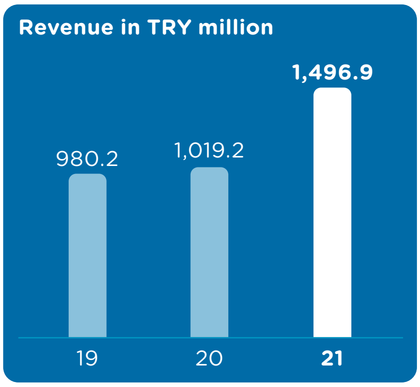
(6) Delivery system sales are system sales of the Group generated through the Group's delivery distribution channel.

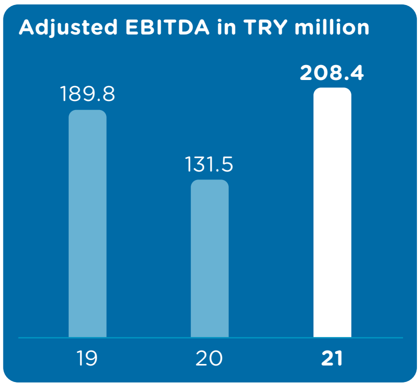
(7) Online system sales are system sales of the Group generated through its online ordering channel.

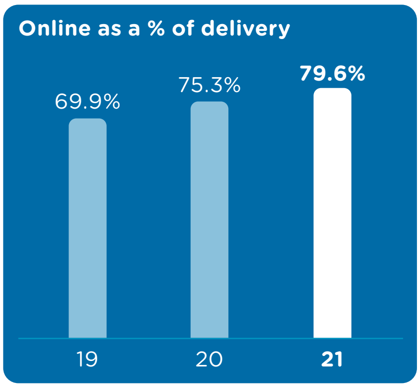
(8) Group like-for-like growth is a weighted average of the country like-for-like growth rates based on store numbers as described in Note (2) above.

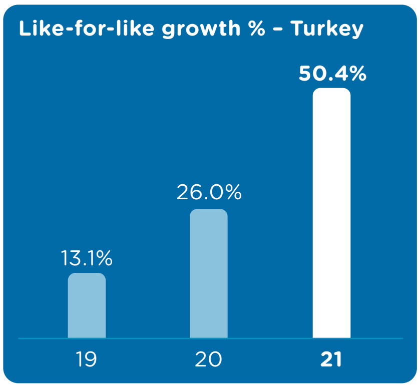
Key financial figures

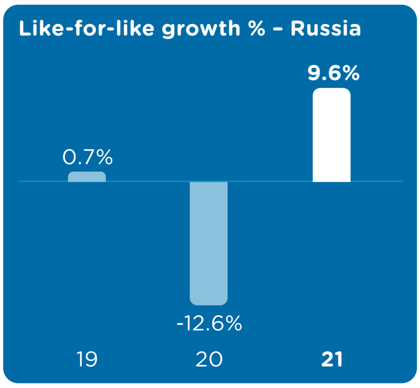












For the year ended 31 December (in millions of TRY, unless otherwise indicated)	2021	2020	Change
Domino's store count	**809**	771	38
Group system sales[1]			
Group	**2,378.9**	1,569.9	51.5%
Turkey	**1,704.2**	1,069.1	59.4%
Russia	**629.4**	471.6	33.5%
Azerbaijan and Georgia	**45.3**	29.2	55.3%
Group system sales like-for-like growth[2]			
Group[8]	**40.6%**	17.4%	
Turkey	**50.4%**	26.0%	
Russia (based on RUB)	**9.6%**	(12.6)%	
Group revenue	**1,496.9**	1,019.2	46.9%
Turkey adjusted EBITDA[3]	**202.4**	140.9	43.6%
Russia adjusted EBITDA[3]	**23.2**	2.3	907.0%
Adjusted EBITDA[3]	**208.4**	131.5	58.5%
Adjusted net income[4]	**23.9**	(94.0)	n.m.
Adjusted net debt[5]	**622.3**	415.0	50.0%

Chairman's statement

> **This year, we reflect on the serious challenges and uncertainty our business and our colleagues have faced but also on another year of strong performance.**
>
> Peter Williams
> Chairman

This year, we reflect on the serious challenges and uncertainty our business and our colleagues have faced but also on another year of strong performance, despite this challenging environment. The Board is committed to keep the focus on developing the business by continuing to invest in people, technology and products.

Financial results

The strength of our business model and the Domino's brand underpins our resilient financial results in 2021. Group revenue is up by 46.9% and system sales are up 51.5%, driven by like-for-like growth and store openings.

Adjusted EBITDA increased by 58.5% to TRY 208.4 million (2021: TRY 131.5 million). The Group has a strong liquidity position of TRY 200 million cash on hand including a promissory note in Sberbank and additional available bank lines of TRY 186 million as at 31 December 2021. A net 38 stores were added to the Group in the year, with a record 39 opening in Turkey, the highest since 2014. The total number of stores in the Group now stands at 809.

Our focus

Innovation, in respect of both our products and technology, continues to be the main driver of our strong performance with significant revenue increases in both of our markets. Online ordering as a percentage of delivery has now reached 80%. In 2021 the Group remained focused on maintaining Domino's unique local cultural elements in food and integrating them with new technology-driven business needs. DP Eurasia continues to make a difference through its mission to become a tech company selling pizza.

Corporate governance

As a Board, we have had to hold all our meetings virtually since March 2020. The executive team have kept us well informed of developments within each of the Group's markets and operating businesses with regular video conference calls. We are planning to resume physical meetings as soon as possible subject to local restrictions.

We continue to strive for transparency for shareholders and other stakeholders, with a view to maintaining and enhancing our corporate culture and governance framework.

Key events

We never closed our doors; working for our community continuously, even including the tough pandemic period.

January 2021

- **January:** Paketos launch campaign
- **February:** Chicken category relaunch

March 2021

- **March:** Tostilla launch
- **April:** QR dine-in menu integration to restaurants

May 2021

- **May:** Makarnos line launch
- **June:** Domino's – New aggregator collaboration launch

The corporate governance report set out on pages 70 to 81 provides details on how we are continuing to foster an environment of entrepreneurial leadership and innovation in a framework of responsible governance and risk management.

Change of major shareholder

In March 2021, the sale was completed pursuant to which Turkish Private Equity Fund II L.P. sold its (at that time) 32.81% shareholding in the Company to Jubilant FoodWorks Limited together with its wholly owned subsidiary Jubilant FoodWorks Netherlands B.V. Jubilant FoodWorks Limited is the master franchisee of Domino's Pizza in India, Sri Lanka, Bangladesh and Nepal.

Following completion of the sale in March and pursuant to the relationship agreement between the Company and Fides Food Systems Coöperatief U.A., the General Meeting appointed Mr Shyam S. Bhartia, Mr Hari S. Bhartia and Mr Pratik R. Pota as Non-Executive Directors at the Extraordinary General Meeting held in April 2021.

Minority shareholder protection

An independent committee, comprising David Adams and myself, also addressed certain concerns of shareholders communicated during Jubilant's recent reverse bookbuild process in October 2021. As a result of shareholder feedback during that process, it had become clear that the UK Takeover Code and the Dutch takeover rules were no longer applying to the Company, as a consequence of Brexit. This was a situation that had to be urgently addressed. The Board has therefore unanimously proposed additional takeover protection for minority shareholders.

As a temporary measure, the Company has entered into an amendment to the existing relationship agreement (the "Relationship Agreement"). Under the Relationship Agreement, Fides or a nominee in its group must (subject to certain exceptions) launch a takeover offer for all of the issued share capital of the Company if it, its affiliates or such persons acting in concert with it, own shares resulting in their aggregate holding being 50% or more of the Company's issued share capital. As a longer-term measure, the Company has convened a General Meeting for 13 April 2022, at which it will propose that such shareholder protection is embedded in the Articles.

Changes to the Board

We also welcomed Mr David Adams as an independent Non-Executive Director, who was also appointed at the EGM in April. He took over the roles of Mr Tom Singer who stepped down from his roles as Senior Independent Director, Audit Committee Chairman and Remuneration Committee Chairman as of the AGM 2021. I would like to take this opportunity to thank Tom for all his hard work and wise counsel over the four years he has been on the Board of the Company. He has been a very supportive member of the Board and has provided significant direction to the executive team through his chairmanship of both the Audit and Remuneration Committees.

People

These results are a tribute to the ongoing dedication and commitment of Aslan and his teams during the past year and, especially, managing the business so well through the COVID-19 period. I would like to thank Aslan and all of our employees and franchisees for their valuable contribution and determination to succeed.

Situation regarding Russia

As announced earlier, the Board is shocked and saddened by the conflict and the effect it has had on all of the innocent civilians across the region. The safety and welfare of all of the employees, franchisees and customers remains a primary priority. The Board will continue to monitor and review the rapidly developing geopolitical situation.

Outlook

The Board has been closely monitoring the Group's strategy as well as the financial and operational performance throughout the year.

We believe that with a sound management team and with committed franchisees, the Group is in a solid position to continue its growth strategy. We thank you for your trust and commitment in the months and years ahead.

Peter Williams
Chairman

4 April 2022

July:
4 Seasons Pizza Launch

August 2021

September:
Euroleague sponsorship continues for season 2021-2022

October 2021

October:
First TV campaign with aggregator

November:
600th store opening in Turkey /800th store in DPEU

December 2021

December:
FR NSO Launch out of Moscow (Yaroslavl)

December:
Ocakbaşı pizza launch/
Dönerli Dürümos renovation
8th COFFY store opening

Message from the CEO

> **On behalf of the Board, I am pleased to report another set of strong results for 2021. We increased our Group system sales and adjusted EBITDA by 51.5% and 58.5%, respectively.**
>
> Aslan Saranga
> CEO

The Turkish business continues to build on its very strong performance since the second half of 2020 with a like-for-like growth rate exceeding 50% in 2021, and 2022 has started strongly as well, achieving a like-for-like growth rate of 50.3% for the twelve weeks ended 27 March 2022.

In Russia, 2021 was a strong recovery year in which we alleviated the negative developments of the previous year. We returned to a positive like-for-like growth rate of almost 10% and increased our adjusted EBITDA. Although 2022 started somewhat sluggishly with a like-for-like growth rate of -4.7% for the twelve weeks ended 27 March 2022, it is important to note that early 2021 trading was especially strong and the corresponding period in 2022 also saw a spike in COVID-19 Omicron cases. Our Russian like-for-like growth rate for the twelve weeks ended 27 March 2022 compared to pre-COVID 2020 was 7.6%. Both markets continued to benefit from the COVID-19 inspired shift to home delivery in 2021.

Post-year end, we have been shocked and saddened to witness the unfolding conflict involving Russia and Ukraine and the effect it has had on all of the innocent civilians across the region. The safety and welfare of all of the Group's employees and customers remains our primary priority at this time and we continue to monitor the situation closely.

Product innovation continued in both markets. In Turkey, we introduced new pizzas, like Ocakbaşı that we mentioned in our latest trading update, as well as new side offerings, such as the extension of the oven-baked sandwich line, new chicken offerings and Döner (chawarma) products ranges. In Russia, new product launches included the pear-and-blue cheese pizza, half-and-half pizza, and a range of breads.

Once again 2021 saw online delivery system sales increase as a percentage of total delivery system sales and both markets reached all-time high figures with 76.5% in Turkey and 92.9% in Russia. The steady increase of this mix is beneficial for us as we get to know our customers and tailor our approach with better-focused offerings.

I am also very excited to announce the launch of our new coffee shop and product brand, COFFY, which has opened eleven stores in Turkey. I believe COFFY will be an important contributor to our growth in the Turkish market over the coming years.

Whilst the pandemic seems to have lost momentum in recent months, we expect general inflationary pressures and recent geopolitical developments in the region to create headwinds in 2022. Whilst the Board is cognisant of these facts, it expects a resilient performance for 2022.

Aslan Saranga
Chief Executive Officer

4 April 2022

Competitive advantages

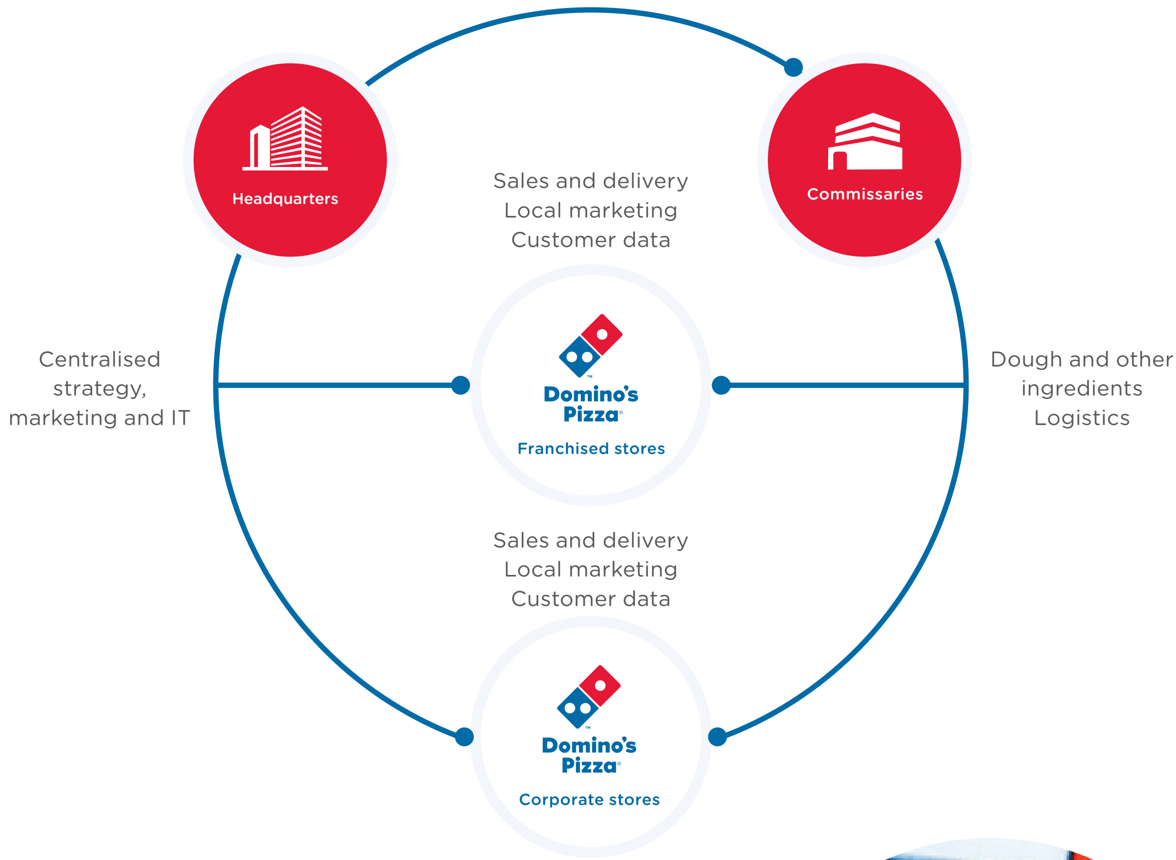
DP Eurasia is well positioned to continue delivering against its strategy with its unique competitive advantages.

- Leading market positions
- Strong online capabilities underpin DP Eurasia's growth
- Simple and scalable, asset-light business model
- Track record of resilient and profitable growth as well as strong cash conversion
- Highly attractive, underpenetrated markets with substantial growth potential in the Group's addressable segments
- Globally proven business model successfully applied and adapted to DP Eurasia's local markets
- Highly attractive customer proposition and strong brand equity
- Founder-led, experienced management team

Business model

Our asset-light and scalable business model allows for continuous investment in our people, our product and our digital platforms, delivering value to all our stakeholders.

Our business model



Competitive strengths

Globally recognised brand

Large-scale network

Low-cost centralised supply chain

Disciplined approach

Our stakeholders

Customers

Shareholders

Franchisees

Employees

Community

Suppliers

Priorities

People

Investment in our workforce – continuing to serve communities while working remotely

Product

Investment in product innovation for local tastes, leading to improved customer loyalty

Digital

Investment in superior online capabilities and platform drives improved user experience and order frequency

Underpinned by our culture

Ambition | Integrity | Cohesion | Team spirit

Our purpose and strategy

Through focusing on our goals, we are able to deliver our purpose through investing in our priorities of people, product and digital.

Our purpose

DP Eurasia's objective is to be a tech company delivering pizza. Our purpose is to create value by bringing people together through our collaborative workplaces, intuitive digital platforms and popular range of products, enabling us to reinvest in our priorities: people, product and digital.

Domino's is Turkey's most-downloaded restaurant app(1)

Domino's is the number one pizza chain that reaches the greatest number of individuals in Turkey(2)

(1) Source: Sensor Tower Data (Total download number between Jan'14-Oct'21; including Android & iOS; excluding aggregator apps).

(2) Source: Ipsos Food&Beverage Consumption Research Report_Q4 2021.

Our priorities

People

Find out more on page 14

Product

Find out more on page 18

Digital

Find out more on page 20

Strategic pillars

1 Focus on innovation and online ordering to drive like-for-like growth

Like-for-like growth 2021

Group
40.6%

Turkey ↑ 50.4%
Russia ↑ 9.6%

As the online channel becomes more prominent in the Group's sales mix and continues to drive like-for-like growth, the Group's ordering channel strategy is focused on development of proprietary online ordering platforms for delivery and takeaway.

The Group's online delivery system sales as a percentage of delivery system sales has reached 80%, with Russia exceeding 90% in 2021.

2 Store network growth

New stores 2021

+38

The Group plans to capitalise on its strong market positions in its existing markets, where it believes there is significant capacity for further Domino's Pizza store locations. It intends to open new corporate and franchised stores, including "splits" of existing stores where demand supports further profitable growth. The Group evaluates its store locations from the perspective of potential sales, level of competition, number of households and GDP per capita.

By pursuing its "castle" strategy, the Group is able to rapidly roll out clusters of complementary corporate and franchised stores, establishing greater area coverage, fulfilling its 30-minute delivery.

3 Leveraging scale advantage to further improve profitability

Adjusted EBITDA as a % of system sales

Turkey 11.6% ↓ 1.2%
Russia 3.7% ↑ 3.2%

The Group believes that the operating leverage in its business in Turkey can create further value as the store and online footprint continues to increase. The nationwide scale of the Group's operations reinforces brand awareness, making Domino's Pizza a household name in Turkish fast food, thereby further driving sales and the system stores' contribution to the Group's national advertising initiatives. In Russia, the Group expects to extract similar value from the operating leverage as the franchise grows.

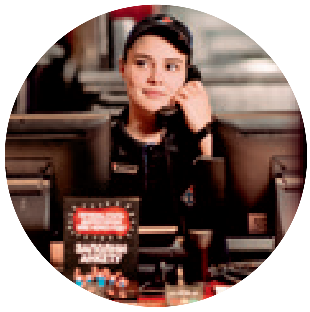
4 Potential for further international and brand expansion

While the Group's current focus is on the development of the business in its current markets, the Group may consider acquiring other master franchise licences and expanding to territories currently unpenetrated by the Domino's System as well as expanding with new brands in its existing markets.

Such international or brand expansion is a discretionary strategy that the Group will consider and pursue on an opportunistic basis should valuations prove attractive.

People

In 2021, the Group focused on keeping Domino's High Volume Mentality as a unique cultural element to grow.



Culture

Ever since the world has been getting used to living alongside COVID-19, we, the Group, have been focusing on what we do best. We believe that our culture is the only thing that unifies us towards a common target, which is created through team collaboration. High Volume Mentality ("HVM") is a powerful tool that supports our growth mindset by focusing on creating the best possible operation for customer engagement and inspiring team members to further their careers.

We have worked to internalise the HVM in every part of our organisation and have inspired more Domino's employees to adopt our manifesto in 2021. We prepared the HVM manifesto and have made it a central focus within our internal communications. These are some of the steps from the HVM deployment plan:

- we shot videos of the senior management team embracing each item in the HVM manifesto;
- we included each of the nine items from the HVM manifesto in our training programme;
- after the launch, we shared HVM posters with each store, which were to be used in rush meetings;
- we organised visits to stores that achieved extraordinary results and shared their best practices with the rest of the Group; and
- we prepared symbolic HVM badges: our successful teammates love badges and feel it is an honour to put them on their hats.

DP Eurasia's culture is driven by entrepreneurial spirit: it is also one of the principles of HVM. The Group supports this culture with numerous practices, such as supporting "homegrowns", franchisees who have worked in stores previously. In 2021, the "School of Entrepreneurship" was held for the third time. The twelve participants learnt about franchise system dynamics, profitability models and other fundamentals over the three-day course. We are proud to grow with them.

Engagement

In the face of the pandemic and its challenges, we had to adapt human resources management practices quickly. We started to adapt to "the new normal" during 2020 and we improved our practices for the best results in 2021.

We have continued to operate following the rules and regulations set by the authorities in 2021, and our headquarters experienced a remote working percentage of over 70% at the height of the incident curve of the pandemic. During the work-from-home era, it was important to create new communication channels, monitor morale and motivation and to take action to understand the needs of the ecosystem. We regularly organised our meetings on Townhall and Dashboard to share more with each other online.

The Domino's Rally is one of the largest and the most important of our communication events. The Rally was held with much success online in 2021. The large virtual gathering, which is held for franchisees and team members across the network, is an opportunity to share annual strategic plans and to inspire colleagues with spectacular opening shows, surprise stage shows, and an awards ceremony.

Slogan meetings were held online every Monday to start the week enthusiastically and to share weekly updates from several departments. Within these meetings, all Domino's employees could align their learning and goals, and had a chance to collaborate on actions to achieve Group targets. We used virtual formats to our advantage, with our store managers able to participate even more frequently.

At DP Eurasia, all new employees go through an onboarding process called Pizza Prep School to learn about the Company and its culture. We continued our Pizza Prep School, starting it from the second half of the year during the COVID-19 pandemic, as learning how to make pizza is an essential part of our onboarding process. In 2021, the Pizza Prep School was strengthened with the participation of the management team at each event.

Our most exciting event, "Fastest Pizza Maker", is an integral part of our Domino's culture and generates exceptional enthusiasm, where the top performers are selected to represent their local team in regional and global Domino's competitions. The contest, which is organised as a tournament, was run virtually in 2021.

As we all experienced, companies had to create or adapt their delivery methods throughout the COVID-19 pandemic, and this new approach created a labour shortage of drivers in the ecosystem. Like in other Domino's countries, DP Eurasia was affected by this, so developed some plans to hire and retain drivers. As a best practice in the Domino's System, we organised detailed research to look deeper into the life of Domino's drivers, to understand their preferences, expectations, daily working practices and gain an insight into the engagement strategy. As a result of this research, we put in place several initiatives, such as new or revised incentives, piloting new working models and preparing new learning opportunities based on employees' needs. We are still working to improve our practices to mitigate the risk of a labour shortage.

Development

At DP Eurasia, one of the key pillars of our human resources policy is to recruit new team members who have future potential; to develop them alongside the Group's strategy, and prepare them for promotion throughout several roles within the Group. For this reason, we create different development programmes for different needs, and all of them are structured to enable rollout across all our sites including selection, development, evaluation, and follow-up phases.

In 2021, we hired junior talent to develop into mid-level managers for our operations. The MIT (management in training) Programme ran throughout the year, including both functional operational training and detailed onboarding of the Domino's System. We aim to continue with similar programmes to continue to develop future store leaders.

We continued the "A-Team" Development Programme, designed specifically to prepare high-calibre store managers for the role of Area Manager with operation training, soft skill training, online training, and individual studies. We completed the 11th "A Team" Development Programme and started the 12th in 2021. The programme, which was completed in five months with a total of 86 hours of training per person, saw five out of eleven graduates appointed as Area Managers, starting a new chapter in their career with Domino's.

People continued

Development continued

We also focused on current leaders in 2021, completing two major programmes:

1. the High-Performance Area Managers' Development Programme was designed for current Area Managers: 17 Area Managers completed 60 hours of training per person. The programme was developed after the assessment process across eight competencies and consisted of online training, workshops, webinars and one-to-one feedback interviews, as well as homework on the online platform before and after the studies; and
2. the Grand Master Programme was designed for eight Franchise Advisors working within the franchise operation. They had the opportunity to receive dedicated, specialised training for the first time, consisting of four different topics and 15 sessions of individual assessments, practice assignments, feedback and case studies.

These development programmes are currently held for Turkey's operations team, and will be adapted to Russian operations. We're determined to make the most of the opportunity to share our leadership culture throughout the Group, from the highest levels to every member of our teams around the world.

The digitalisation of HR

Fast adaptation creates the difference

We revised our recruitment approach and focused on digital processes in 2021. We also tried to increase applicant numbers by using several sources such as professional social media channels.

Turkey's onboarding system, Onboar'D, is our digital innovative HR tool with which we can create various tasks and briefings. This tool transforms the first 90 days into a journey to facilitate the adaptation of a new employee into the Company culture. With Onboar'D, we were awarded with a silver medal in the Brilliance in Innovative Use of Technology category at the BOC International Brilliance Awards 2021.

Digital file management

As an important step in the digitalisation of internal processes, we switched to a digital archiving system for all our employees' files. We are now able to store and manage large volumes of employee data, including sensitive personal and professional information of our employees, in digital environments. Thanks to digital file management, we were also able to save countless man-hours.

Creativity in next-generation education

After moving to a new, technologically, and structurally more advanced version of our online training system in Turkey, we made learning accessible from anywhere, whether from your mobile device or your computer. In 2021, we ensured all our store employees were able to access all functional training through our online training platform as e-training.

Prepare for the future

In order to strengthen our organisation to reach future goals, we made critical structural changes and hired high-calibre talent. Daniel Rubinowski was hired as CEO of DP Russia in 2021 and the Russian leadership team was refreshed. Kerem Ciritçi was also appointed as CEO of DP Turkey, and Pınar Togay appointed as Group Chief Sales & Marketing Officer as of January 2022.

International awards

DP Eurasia won several awards in the Domino's world; 73 stores had also been awarded the Rolex, a valuable award which is delivered to those with the most consecutive sales success. Also, Domino's Turkey won the International Rookie Manager Award in 2021.

Health and safety

The Group aims to create a comfortable working environment for employees through an integrated safety programme which continuously monitors and improves labour conditions and accelerates efforts to upgrade work processes. Our dedicated Anti-COVID Committee worked during 2021 with a similar structure to 2020, ensuring that we followed new rules and regulations set by the authorities. This included organising business units under these regulations, designing special training programmes and safety manuals, and closely monitoring all incidents.

Regular Health and Safety Committee meetings were held online during 2021. All cases were reviewed, and precautions were suggested on a frequent basis to further reduce risk. As one of the results of these discussions, we worked with Turkey's leading Driving Academy to prepare safe driving training videos to prevent possible accidents in traffic. We provided this video training for all drivers through our online training platform. At the same time, we trained a group of our senior drivers as master trainers by providing them with safe driving techniques and trainer capability.

Human rights

We do not discriminate on the basis of gender, colour, ethnicity, religion or disability and provide equal opportunities in all areas of work including employment, wage policy and career development. We recognise these rights in our Code of Conduct document and all employees are required to take an online course to ensure expectations and behaviours are aligned to our Company values.

Workforce engagement

The Group has incorporated different ways to engage with its workforce. In 2021, most activities were held online like the previous year and virtual meetings were held regularly to keep communication channels open.

We intend to engage with all employees, but for certain activities, different people are invited every year to offer new perspectives, or only a certain target group will be invited. The feedback received helps the Group to better understand the visions, standpoints and comments on the Group's human resource policy and the general business operations. Below is an overview of the different activities enrolled to engage with the Group's employees and franchisees:

- councils: online meetings including multiple departments. These meetings are organised around a specific subject such as operational improvements or product development. Councils discuss current practices, improvement areas and new innovations. Franchisees are also invited to these councils. These meetings are a great opportunity to hear different voices from all over the organisation and empower employees to improve business processes;
- regular employee meetings: monthly online meetings with all restaurant managers to update them on new developments and to receive their feedback on the operational calendar;
- regular franchisee meetings: online meetings with franchisees to update them about business plans;
- regular headquarters employee meetings: monthly online meetings with each functional department head, held by HR business partners;
- quarterly top ten restaurant employee online meetings: high-performing restaurants come together with management to celebrate successes and to receive suggestions on marketing, people practices and operational plans;
- regular employee meetings: online meetings with each headquarters department. Although these online meetings were initially instigated to improve the bonds of trust between HR and the other departments, it is also another informal way to hear the voices of individual employees or the input or concerns of a certain department;
- Job Security and Safety Committee meetings: bi-monthly online meetings in which representatives from certain stores are invited to attend in order to understand and share their opinions about the current safety practices in place;
- HR business partner observations: a regular activity in which dedicated partners spend time with employees in one-to-one interviews. Their observations are shared with senior management;
- feedback surveys: sent after every activity to understand satisfaction and get ideas for the next event;
- pulse surveys: organised for headquarters employees to get feedback about their morale and motivation; and
- focus groups: organised for specific subjects when needed.

Product

The Group’s store menu offers globally recognised pizza products, which are tailored to local tastes.

It also offers and extends products that can be chosen instead of pizza, such as oven-baked sandwiches, wraps with size option, wide chicken offers and a variety of pasta options. There are complementary products such as desserts and other side dishes, some of which have been developed by the Group’s innovation centre in Istanbul and subsequently adopted by other master franchisees of Domino’s Pizza around the world.

New product innovations of the Group in 2021 began with the extension of the Paketos offering by adding a new large size to the Paketos line. The launch increased sales of Paketos by taking a 4% share from the pizza mix and an impressive 85% satisfaction rating by consumers.

The chicken category was also renewed with new menu segmentation. The number of options was increased to 17 offers. Chicken options are divided by a piece and box approach. This innovation increased the product mix by 2% among all categories.

As a market-leading brand, Domino’s caught the digital trend of the “Tortilla challenge” launching three options with bestseller toppings such as sausage, roasted meat and pastrami combined with selected cheese variations.

The Group also launched pasta as the first QSR brand in Turkey. Four options were launched – Spicy Arrabiatta, Chicken with sauces, Triple cheese, Bol malzemeli – using multiple ingredients such as sausages and vegetables. This change realised a 2% product mix among all categories.

The Group extended the dessert category with Çokominos which is the perfect combination of chocolate and mozzarella. The delicacy takes a 10% mix within the dessert category.

In July, a further extension of the chicken category launched two types of chicken finger and potato combinations. Chicken finger was one of the best sellers among other chicken options. These two options were differentiated with different sauces, including barbecue sauce, mozzarella cheese and cheddar cheese with mayonnaise. It has reached 3% product mix within its category.

Also in July, the Vegi, Callypso and Social pizzas were reconfigured due to low taste scores. With these reconfigurations, the product mix of these pizzas increased by one point and the taste scores rose to nine points.

In October, Pizza with Domino’s including “Bol Malzemos with Domino’s Sauce”, “Sucuksever with BBQ Sauce”, and “Chicken Pizza with Honey Mustard”, were relaunched due to their limited release in the earlier part of the pandemic. During the relaunch period, the total sales of these pizzas increased by 20%.

This year was also a breakthrough for Russian operations; ultra-thin dough and the chocolate soufflé were localised, and a mainstream four seasons pizza and premium segment pear and blue cheese pizza were launched. Additionally, Sweet Chili Chicken was launched in both chicken alone and wrap formats, to catch the growing trend in the exotic and spicy tastes. Two additional products extended the dessert category. Finally, a hot drink – Raspberry Punch – was added to the drinks category as a delicacy.

The Group maintains a focused menu in all the countries in which it operates, presenting a value-based, attractive and high-quality offering to customers, while simplifying and expediting the order-taking and food preparation processes. The Group believes that its focused menu creates a strong identity for its products among consumers, as well as improving operating efficiency and maintaining food quality and consistency. The Group's system stores purchase their ingredients such as pizza dough, sauces and toppings, their supplies such as beverages and their materials such as pizza boxes, menus and uniforms from the Group's commissaries. In Azerbaijan and Georgia, the Group sometimes approves locally sourced substitutes.

Thus, the Group seeks to centralise the supply of key ingredients, which gives its products a consistent taste and presentation across all geographies.

"I have one piece of advice: you must eat Domino's Cheese Bread before you die... I can eat it every day, every hour, every minute"

Customer feedback via Twitter, 2021

The Group adapts its product offering to the various cultures and consumption patterns in the different countries in which it is present. For example, pork products are not used in the system stores in Azerbaijan and Turkey.

The Group believes that its disciplined approach to product innovation is a key differentiator from its competitors and is based on:

- an understanding of customer preferences based on data from the Group's customer relationship management ("CRM") database, direct customer questionnaires in stores and market research;
- strict food cost and ingredient planning in creating new recipes;
- field tests before in-store pilot testing with consumers who visit the store; and
- in-store pilot testing for four to eight weeks before rollout across the system stores.

The Group's system stores offer a variety of side dishes, which use the same oven equipment as pizzas, expanding its total offering and contributing to increased average ticket price. The Group offers soft drinks from Coca-Cola Company brands in Turkey, Georgia and Azerbaijan and PepsiCo brands in Russia. The Group's dessert selection features items such as mosaic cakes (chocolate bites) and a chocolate soufflé product, another Group innovation which has been adopted in other territories within the worldwide Domino's System.

Digital

DP Eurasia's online capabilities and platform offer many tangible benefits, including ease of ordering, higher-order frequency, lower in-store labour costs and increased consumer loyalty and brand awareness.

The Group's online approach uses a single backend platform for each country in which it operates, thereby centrally driving sales to its stores. The digital solution development process has been centralised in Turkey to develop multilingual, in-house, multi-tenant applications, including responsive and attractive desktop/mobile website functionality, that strives to deliver a superior user experience for all countries of operation.

Personalised user experience

The increase in the usage rates of online channels with the effect of the pandemic has made the user experience essential. With improvements to the user experience made in online channels, efforts have been made to increase conversion rates, to optimise increases in market share across all sales channels.

The main goal has been to customise the user experience according to customers' behaviour and purchasing experience. It adds improvements for additional product recommendations, especially in online channels, by referencing customers' product choices and purchase behaviours.

Specifically, it increases upsell sales opportunities by making developments that provide the right campaign strategy for the right customer.

New omnichannel e-commerce platform

Omnichannel is a lead user engagement approach in which a company gives access to its products, offers and support services to customers across all channels, platforms and devices. With the Group's new omnichannel platform project customers will experience the same platform across Domino's and other brands, in all countries.

The development of the new e-commerce platform will work on multi-cloud platforms with Microservice architecture. Product management, payment systems, loyalty structures, campaigns and offer suggestions are designed to be used by more than one brand on this platform by transforming them into independent products.

Payment options diversity

The diversity of payment systems is one of the important factors that increase user engagement. Turkey Domino's, in partnership with Sodexho, has added Sodexho mobile payment to its online payment systems. Additionally, projects have been developed and implemented which add different credit cards payment options.

Co-operation with aggregators

The Group aims to increase collaboration with online food platforms by keeping its digital platform shares in the market. As one of the inevitable digital transformation steps, the platform maintains its channels while ensuring collaborations. Delivery Club managed to keep the Group's web and mobile application channels stable, while the Getir platforms provided integrations. The Group will continue to determine its technology investments and roadmap, taking into account the sales performance in its channels and the implementation of new sales channels.

Information technology

The monitoring infrastructure has been established to effectively monitor all platforms so that all security and performance actions are tracked and reviewed quickly. The Group has improved its security measures on platforms such as the SAP ecosystem and Azure Cloud. It is fully transformed into Kubernetes technology and has become auto scale, real-time and a fault-tolerant elastic cloud architecture.

Store infrastructure improvement

The Group continued to invest in the infrastructure of the stores in its restaurants network, with 800 stores in operation. The sales application of the store has upgraded the PULSE™ software and the renovation of store infrastructure continues, with the aim of providing a seamless customer experience.

Business intelligence

The Group renewed the reporting platform by increasing its co-operation with Microsoft and implemented a project to share data analysis with relevant stakeholders via PowerBI. Franchisees and corporate restaurants consider their KPIs through the new reporting platform, including channel sales performance.

Cyber security

Cyber security is increasing rapidly worldwide with countries within the Group experiencing a growing number of cyber-attacks. The Group has expanded its cyber security investment to protect customer data and ensure business continuity. Security awareness has gained importance and pace in the Group. It has strengthened its infrastructure with its experienced business partners in cyber security worldwide and continues with ongoing control measures.

The Group owns all online ordering platforms and related software, including website-based and mobile-based platforms, mobile apps and a mobile-optimised website.

Strategic initiative: COFFY

COFFY's story began with a simple idea: everyone deserves to enjoy great coffee at reasonable prices.

Everything COFFY does, it does to fulfil this idea. Coffee-based beverages are too expensive for most people to enjoy regularly, and the Group saw an opportunity in creating a rival business plan that drives prices down by 40%.

COFFY set out to democratise the coffee ecosystem by cutting costs, simplifying its menu and using technology.

While the competition aims to offer a home away from home, COFFY focuses on the product – meaning COFFY does not need big spaces, expensive furniture nor a high headcount to produce and serve high-quality coffee.

COFFY also aims to make it easier for customers to understand and order from the menu by creating single price points for each size, rather than different price points for each beverage at every size. It has only three price points, whereas its rivals have more than 25. This lean approach is the core of COFFY's business. It provides quality coffee without the excessive price tag.

COFFY is a pioneer in using technology. It uses technology to serve its customers better by running a loyalty programme via the app and by partnering with last-mile delivery companies to reach more people, as well as trialling robots for quick delivery – and in June 2021 it became the first company to deliver products with a robot. COFFY operates via its mobile app extensively, with the app already having 100K users, and we continue to innovate and develop its capabilities.

100,000
app users across Turkey

In short, COFFY is a ground-breaking coffee concept that offers great products at a reasonable single price; starting at just TRY 9.99. There are more than 20 coffee-related drinks, such as filter coffee, macchiato and espresso, served both hot and cold. Hot coffees are available at three different sizes at price points of TRY 9.99, 11.99 or 14.99. There are two different sizes for cold drinks at the two higher price points of TRY 11.99 and 14.99. Milk, skimmed milk, vegan milk, marshmallows and cookies can be added for the same fixed price. COFFY also sells water, fruit juices and other canned beverages. COFFY's food menu is made up of sandwiches, various bakery products, both sweet and salted, and various healthy snacks.

COFFY was established with a trial store at the end of 2020 at Istanbul's Kadıkoy district and now there are eleven stores around the country, five of which are corporate and six are franchise.

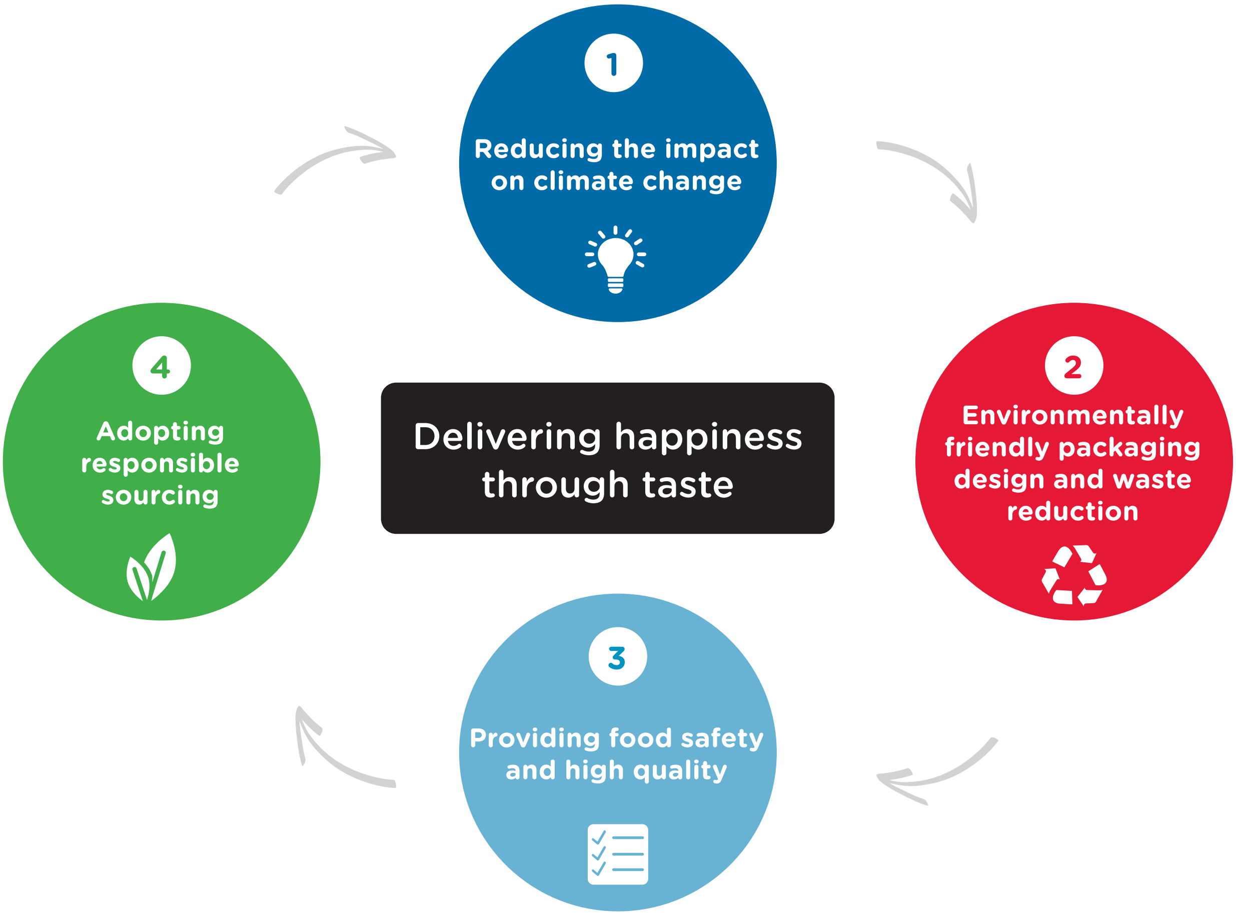
11
Coffy outlets across Turkey

COFFY locations(1)

(1) As at 31 March 2022.

Our sustainability approach

The Group's efforts and interest in sustainability continues to grow with new and existing projects.



DP Eurasia's contribution to sustainability is driven by the Group's efforts and interest by initiating new projects, adapting our strategy to current regulations and investing in future generations. Our aim is to strengthen and incorporate our sustainability strategy throughout all of our operations. The expectations of our stakeholders commands a greater focus on sustainability and in business this is not an option, but an obligation. Alongside our stakeholders, the expectations and interests of companies are also aligned to sustainability concerns such as climate change and employee welfare. As the business starts to adopt sustainability as a core value, we empower and grow our strategy according to business demands and trends. Yet this is not only a business requirement, but an issue of evolving global consciousness. Consequently, we are pleased to announce that 2021 has been a remarkable year for us in terms of complying with our business model from a sustainability perspective.

Our strategy and goals will be a driving success for the business and will create value for all our stakeholders. We are highly motivated to decrease our environmental impacts and will take continued action to mitigate and adapt to the possible impacts of climate change through our Eurasia operations. On that account, we are lining up our reporting with an external framework that is promoted by the Sustainability Accounting Standards Board ("SASB") and the Task Force on Climate-Related Financial Disclosures ("TCFD"). This part of the report displays information on DP Eurasia's actions, assessments and related application towards aligning the recommendations of the TCFD, which is the first self-standing risk assessment in line with this framework.

By publishing this report, we aim to summarise the progress we have made by including climate change risks and opportunities into our overall business strategy. Our communications on this progress include the different geographic locations where DP Eurasia operations are conducted. Regarding the different dimensions of operations, some countries are taking the lead in building their understanding of climate risks and opportunities. We are glad to announce that we are not alone in this journey, since the Group's efforts and interest in sustainability continues to grow with the new and existing projects and initiatives. As a consequence, this report represents an important development which will enhance and expand our sustainability understanding towards our stakeholders.

DP Eurasia has committed itself to achieving net zero emissions by 2050. This part of the report discloses our first year emissions assessments and targets according to our baseline year, which is 2021.

The methodology of defining DP Eurasia's focus climate-related areas

For the first step of the study, both the global and local agenda, and sectoral best practice examples, were discussed in the analysis of sustainability trends and climate-related risks. Industry-specific materiality issues recommended by the Sustainability Accounting Standards Board ("SASB") and the World Economic Forum's global risk projections were reviewed in depth.

In the next step of the study, climate-related risk assessments and actions were discussed in the ESG meetings, where it was highlighted by the participation of the top Board members, Chairs of related committees, department leaders and operational managers.

In the respect of primary operational action plans, climate-related risks were determined. Annual actions and prioritised targets were evaluated and, by doing so, four main climate-related focus areas were decided upon by taking four different geographical operations of DP Eurasia. As has been reported, the risk assessment was decided in regard to the operation size, dynamics and potential opportunities, and an annual target plan within the scope of environmental metrics was also established for DP Eurasia.

The four highlighted themes are being tracked by DP Eurasia's Sustainability Committee. The committee has a leading role in connecting related activities and targets by aligning them with TCFD recommendations and managing the operation at a global level.

Our governance structure

Our sustainability approach continued

Task Force on Climate-related Financial Disclosures ("TCFD")

Governance

DP Eurasia N.V. is a limited liability company incorporated under the laws of the Netherlands on 18 October 2016. The principal activity of DP Eurasia consists of acting as a holding company.

Given the importance of the TCFD recommendations, the entire Board has committed to taking further action in accordance with the climate-related risks and opportunities by combining them to net zero emissions targets. DP Eurasia strongly believes that good governance is the objective in achieving success and furthering sustainable development in the business. Embracing environmental, social and governance issues is about having good governance; therefore, DP Eurasia brings ESG topics to the forefront by aligning them with TCFD recommendations. Climate-related issues, risks and opportunities are elevated by the Board of Directors, and a management mechanism is initiated in order to respond to possible climate-related risks and opportunities. On the other hand, the Board of Directors needs to be ready for risks that our sector may, or will, face for the upcoming period. For that reason, not all climate-related risks and opportunities are managed by the Board, but relevant risks and opportunities are managed meticulously by the Board members.

Consequently, all climate risks, opportunities and trends are monitored and reviewed by associated working groups. Afterwards, the issues are elevated to Board level and appropriate actions and initiatives are taken accordingly.

Governance	
Disclose the organisation's governance around climate-related risks and opportunities.	
a) Describe the Board's oversight of climate-related actions, risks and opportunities.	The Group believes that the oversight of the climate-related risks, actions and opportunities will bring success in business and put DP Eurasia one step forward. Oversight of the environmental, social and governance issues is taken into account by Board members and meticulously detailed and analysed in order to take further steps. Identifying the climate-related risks and opportunities and contributing employee awareness in terms of expanding our ESG understanding through responsible citizen profile is already on the agenda for the Board of Directors. Stakeholders take the significant role to transform determined climate-related risks into opportunities in our operation. The Board encloses the climate-related risks in terms of their possible effects that could cause business interruptions to Group operations. The Board is working on updating its business continuity policies in order to be more prepared for the potential climate change impacts: 1. crisis management; 2. disaster recovery plans; and 3. business continuity management.

Governance	
Disclose the organisation's governance around climate-related risks and opportunities.	
b) Describe management's role in assessing and managing climate-related risks and opportunities.	The Group has already established an ESG Committee that consists of Board members and several working groups. Each working group under the ESG Committee deals with particular climate-related issues. Working group heads are assigned by the Board members and leaders are selected from high-level executives in order to co-ordinate climate-related risks and actions. In the 2022 agenda, climate-related topics will be periodically discussed through meetings that will be initiated by the Board of Directors; these topics will be tracked by the responsible leaders of the related Sustainability Committee members. After determining the action plans, the outcomes and financial impacts will be reviewed closely by Board members, comprising the CEO, CFO, Investor Relations Director and Internal Audit Director. In order to follow the climate-related strategy, Board members will be adding additional C-level KPIs for the upcoming years. The following KPIs are being tracked at managerial level and above and the ESG Committee is periodically reporting to Board level. • **KPI #1: Scope 1 emissions** Responsible: Corporate Leader, Co & Supply Chain Leader, Administrative Affairs Leader, Franchise Leader • **KPI #2: Scope 2 emissions** Responsible: Corporate Leader, Co & Supply Chain Leader, Administrative Affairs Leader, Franchise Leader • **KPI #3: Amount of purchased renewable energy** Responsible: Management team (in 2023 and beyond) In general, the Board is responsible for: 1. decreasing effects of climate-related risks in business; 2. focusing on the sustainable model of business by taking financial outcomes into consideration; 3. the Group operating in line with sustainable roadmaps by including further climate-related actions into its business area; and 4. working closely with the Audit Committee in order to track the Company's commitments and actions.

Our sustainability approach continued

Task Force on Climate-related Financial Disclosures ("TCFD") continued

Strategy

At DP Eurasia, our commitment to strengthen and broaden our climate-related activities to identify risks and opportunities is the first step to frame our sustainability strategy. Without identification of the risks, we do not believe that measures will be taken accordingly. Identifications can be described as the first step towards shaping the sustainability strategy. As a second step, DP Eurasia assumes that risk assessment plays a crucial role in embedding outcomes to our risk management framework. Regarding the operational outputs, the TCFD framework describes the general outlines of our strategy and the four focus areas represent core departure points for our climate commitments.

Our climate-related risks and opportunities and net zero emissions targets are integrated in order to augment our sustainability strategy as well as our risk management process.

Strategy

Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning.

a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term.

Based on the main operation points, transition and physical risks recommended by TCFD were mapped by matching the medium, long and short-term actions under the framework of four determined themes.

Regulatory transition risk: Policy and legal risks are defined under the umbrella of climate-related regulations that must be followed.

Market risk: Changes and unpredictability in the market increases the cost of raw materials and energy prices; this also changes the customers' consuming habits as climate change risks are considered in the scope of market.

Technology risk: Innovations in agricultural practices, operations and supply chains and alternative technological solutions to delivery are identified as technology risk. Our evaluation is based on tracking green and clean technologies.

Reputation risk: Changes in client preferences, and adaptation to new sectoral changes, are considered as top priority risks related to reputation.

Also, the service quality and the feedback of consumers in line with our sustainable practices could be evaluated.

Acute risk: Due to extreme weather events or natural disasters, increases in insurance premiums and operational disruptions are defined as acute risks. Our evaluation generally comprehends the effects of possible extreme weather events on our supply chain and operations.

Chronic risk: Longer-term climate shifts can result in the deterioration in quality of raw materials. We are highly bound to wheat quality due to our core product, "pizza".

Stores

- With a total of 194 corporate and 615 franchise stores located in different countries, climate-related risk assessments are more likely to be related to local impacts, particularly for regulatory and physical risks.
- Our stores located in cold climate conditions are more sensitive to acute risks due to intense weather conditions. At the same time, the stores located at moderate climatic conditions are classified as more sensitive to chronic risks due to temperature rises. Both defined climate-related risks have been assessed.

Suppliers

- The sensitivity of our suppliers to acute physical events is similar to our stores in more fragile locations and predominantly non-resistant to weather shifts. The sensitivity to chronic physical events is greatest in Russia.
- Our risk assessments of suppliers are location based due to different geographical conditions that can result in different impacts and outcomes in our supply chain.

Strategy	
Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning.	
b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning.	The financial impact assessments for the selected risk scenarios have not been completed. Evaluations of the risks and relative material topics are being tracked by department leaders. Action plans against the selected risks are shared at the following parts. DP Eurasia is responsive to climate-related risks through identification of opportunities to mitigate the different location-based operations and adapt to climate-related risk factors. TCFD recommended categories for climate-related opportunities primarily include: • providing food safety and quality management; • ability to access new market trends; • pursuing lower emission goods and energy resources; and • pursuing enhanced resilience within the supply chain and material procurement. No financial impact has been encountered so far, but new alternatives and solutions are constantly sought to reduce or minimise these risks.
c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Scenario analysis does not predict the future but it does help to mitigate potential risks of climate change and be ready for what the future can hold. Scenario analysis is a crucial tool for strategic planning, risk management and assessing the Group's strategic resilience. For the upcoming years, DP Eurasia commits itself to follow TCFD scenario analysis. The main goal will be towards cutting gas emissions generated by stores.

Our sustainability approach continued

Task Force on Climate-related Financial Disclosures (“TCFD”) continued

Strategy continued

Focused themes	TCFD climate-related risks						
	Transition risks				Physical risks		
Main climate-related risks and actions of DP Eurasia	Regulations	Market	Reputation	Technology	Acute	Chronic	Time horizon (short, mid or long term)[1]
Climate change							
Switching to electrical vehicles				●			Mid term
Route optimisation				●			Short term
GPS project to track kms, fuel consumption				●			Short term
Partly switching to renewable energy resources			●		●	●	Mid term
New warehouse installations at critic delivery points within the geography					●	●	Mid term
Energy efficient equipment range at the kitchens				●			Long term
Adapting the climate-related regulations (Paris Agreement and Green Deal)	●						Long term
Packing and waste							
Redesign of packaging (reduction in surface area of boxes, increase in the number of products per box)	●	●					Short term
Reducing the use of plastic cutlery		●					Short term
Digital menu application instead of paper based (QR)				●			Short term

Focused themes	TCFD climate-related risks						
	Transition risks				Physical risks		
Main climate-related risks and actions of DP Eurasia	Regulations	Market	Reputation	Technology	Acute	Chronic	Time horizon (short, mid or long term)(1)
Food safety and quality							
Client voice (surveys for healthy product range and options)	●						Short term(2)
30-min delivery			●				Short term(2)
Using food grade and recyclable materials (pizza papers) through craft		●	●				Mid term
Understanding of "All from Oven"		●					Short term(2)
Responsible sourcing							
Localisation of raw material procurement (primarily wheat and corn)		●			●	●	Short term
Enhancing the menu options regarding client preferences that also include performing R&D processes towards plant-based meat and vegan choices		●					Short term
Training farmers, suppliers and monitoring the agriculture within the sustainability framework					●	●	Mid term
Shelf-life management, preventing food waste and at the same time providing a high quality of service			●				Short term
Dual sourcing (alternative suppliers)					●	●	Short term

(1) Short term: 0-2 years, Mid term: 2-12 years, Long term: 12+ years.

(2) The time horizon is taken as short term. However, regarding risk assessment of the potential demand, actions have already been taken and started to be implemented at the operational level.

Task Force on Climate-related Financial Disclosures ("TCFD") continued

Risk management

Climate-related risks and opportunities are managed, evaluated and monitored by DP Eurasia risk management operations in order to formulate a comprehensive and effective climate-related strategy that covers DP Eurasia's four main climate-related focus areas. Climate change-related risks are managed by the risk management team and filtered through our organisational and operational scope in order to identify and respond to risks which have a direct impact on our business/sector.

<table>
<tr><th colspan="2">Risk management</th></tr>
<tr><th colspan="2">Disclose how the organisation identifies, assesses and manages climate-related risks.</th></tr>
<tr><td>a) Describe the organisation's processes for identifying and assessing climate-related risks.</td><td>The Group, and in particular the supply chain team and other relevant stakeholders, continuously try to identify and monitor principal and emerging risks and implement mitigation actions to minimise or eliminate their potential impact.

Risks are categorised under four areas:
1. strategic risks: the Group is willing to take a certain level of risk by assessing a risk/return approach when doing business;
2. operational risks: the Group has a responsible approach to operational risk management. High quality products, customer satisfaction and continuity of production are the prioritised areas;
3. financial risks: the Group continuously assesses its financial risks and seeks for the mitigations to minimise the potential impact; and
4. compliance risks: compliance with laws and regulations is essential for the Group, which does not tolerate non-compliance with laws.</td></tr>
<tr><td>b) Describe the Company's processes for managing climate-related risks.</td><td>The identified risks are managed by using supply risk assessment methodology depending on the supply chain team. The corporate leadership team and newly established ESG Committee will be leading the further management progress.

The corporate leadership team has the following remit:
• designing and implementing an overall risk management process for the organisation, which includes an analysis of the financial impacts on the Company when risks occur;
• performing a risk assessment: analysing current risks and identifying potential risks that are affecting the Company;
• performing a risk evaluation: evaluating the Company's previous handling of risks, and comparing potential risks with criteria set out by the Company such as costs and legal requirement;
• establishing the level of risk the Company is willing to take;
• preparing risk management and insurance budgets;
• creating business continuity plans to limit risks;
• implementing health and safety measures, and purchasing insurance including cyber security insurance;
• conducting policy and compliance audits, which will include liaising with internal and external auditors;
• maintaining records of insurance policies and claims;
• reviewing any new major contracts or internal business proposals; and
• building risk awareness amongst staff by providing support and training within the Company.</td></tr>
</table>

Risk management	
Disclose how the organisation identifies, assesses and manages climate-related risks.	
c) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the Company's overall risk management.	The risks represent a snapshot of the Group's principal risks. The 2021 risk assessment has been managed through the potential climate change effects that may cause business interruption on DP Eurasia's operations. The Company's risk management processes identify, prioritise and address a broad range of risks that can directly or indirectly impact the organisation in the short, medium and long term, and we tier risks accordingly. The Audit Committee and management monitor the risk management, effectiveness and timely implementation of the internal controls and provide guidance for prioritisation and further improvement. A risk-based management approach and a continuous culture of improvement are integral to the Group's strategy and business management. The Group registers the principal risks to the risk inventory and regularly evaluates these risks. Within the DP Eurasia risk management framework, the DP Eurasia Risk Management and Control Framework is based on the "COSO 2017 Enterprise Risk Management – Integrated Framework", managing financial, operational and compliance risks to meet the business strategy. As a key element of a robust risk management and control framework, the internal audit functions are carried out independently by the DP Eurasia Internal Audit and Risk Management Directorate, which directly reports to the Audit Committee and has full access to all Group entities. The significant risk areas, audit issues and effectiveness of management action plans are periodically reported to the Audit Committee of DP Eurasia. The Audit Committee and management monitor the risk management, effectiveness and timely implementation of the internal controls and provide guidance for prioritisation and further improvement. The risks represent a snapshot of the Group's principal risks that lay the foundation for the Group's risk footprint. Moreover, the Group has ISO 22000, HACCP and, ISO 10002 standards and is carrying out its ISO audits according to these standards as well.

Our sustainability approach continued

Task Force on Climate-related Financial Disclosures (“TCFD”) continued

Risk management continued

Within the TCFD framework the risks are determined as below.

TCFD risks	DP Eurasia’s definition
Transition risks	
Policy and legal	Policy and legal risks are defined under the umbrella of new climate-related regulations such as the Climate Change Action Plan of Turkey, Paris Agreement and Green Deal. Also, increased costs from fines and judgements are taken into consideration under policy and legal risks. At DP Eurasia, we are ready to take all preventive measures in order to mitigate risks. However, note that in Russia there are no obligatory regulations adopted; therefore, policy and legal risks will be evaluated for upcoming years.
Market	Market risks emerge from the unpredictability due to the potential increase in costs (energy, raw materials, etc.) or changing customer preferences related with inadequate climate actions of the Company. DP Eurasia’s approach focused on the competitor and sector analysis and customer feedback about health and safety issues.
Technology	Technology risks are evaluated as more green or digital innovations in agricultural practices, and solutions regarding delivery or alternative options in the operations and supply chain.
Reputation	Reputational risks are described as related shifts in customer preferences due to insufficient fulfilment in climate requirements. DP Eurasia’s evaluation focuses on adaptation to sectoral changes and feedback as well as waste management. It should be noted that in Russia’s operations, recycled material usage is forbidden; therefore, waste management has a crucial risk assessment process for the product range.
Physical risks	
Acute	Acute driven risks include severe weather conditions and natural disasters that could harm the operation and supply chain. DP Eurasia’s evaluation concentrates on operational disruption and increases in insurance premiums against such unexpected climate events. Particularly for the supply chain, such weather events could result in a shortage or interruption in the availability of certain food products or supplies (especially wheat-related agricultural practices).
Chronic	Chronic risks are evaluated as long-term climate risks that could cause operational disruption, a decrease in the raw material portfolio and product quality for agriculture in the supply chain.

Metrics and targets

Metrics and targets	
Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities.	

a) Disclose the metrics used by the Company to assess climate-related risks and opportunities in line with its strategy and risk management process.

b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas ("GHG") emissions, and the related risks.

c) Describe the targets used by the Company to manage climate-related risks and opportunities and performance against targets.

DP Eurasia has completed the step of collecting the most important environment metrics that are being tracked by Franchise, Corporate, Co & Supply Chain and General Management building.

The Company publicly discloses annual Scope 1, 2 and 3 GHG emissions data. For the upcoming reporting periods, the relevant KPIs have been determined for responsible leaders.

The KPIs that will be tracked are:

- **KPI #1:** electricity consumption/number of pizzas
  Responsible authority: corporate operation manager
  Time horizon: short term
  Target: reducing the amount of Scope 2 emissions
- **KPI #2:** electricity consumption/number of pizzas
  Responsible authority: franchise operation manager
  Time horizon: mid term
  Target: reducing the amount of Scope 3 emissions
- **KPI #3:** electricity consumption/number of crates
  Responsible authority: Co & Supply Chain Manager
  Time horizon: short term
  Target: 3% electricity consumption decrease in supply chain below 2021 level
- **KPI #4:** electricity consumption/number of employees
  Responsible authority: administrative affairs manager/unit
  Time horizon: mid term
  Target: reducing the amount of scope 2 emissions

GHG emission scope	2021 Value (tonCO_2e)
Gross direct (Scope 1)(1)	12,873.29
Gross indirect (Scope 2 – Location Based)(2)	23,284.31
Other indirect (Scope 3)(3)	
• Franchise (Buildings Scope 1 and Scope 2)	6,301.88

DP Eurasia is committed to the following climate-related targets in the mid term:

1. implement water usage standards in each store;
2. by 2030, reduce Scope 1 and 2 GHG emissions generated by corporate stores and offices to 9% below 2019 levels in line with National Russian Standards;
3. 3% electricity consumption decrease per crate in Supply Chain below 2021 level;
4. aspiration to reach net zero emissions by 2050;
5. 4% decrease in water consumption per crate in Supply Chain below 2021 level;
6. decrease natural gas consumption by 3% per crate below 2021 level; and
7. developing energy efficient projects for upcoming periods in terms of energy saving and offsetting our carbon footprint.

The given KPIs will be periodically reviewed under the internal and external circumstances. The relevant data and given targets will be updated at least every five years, if necessary.

(1) Scope 1 consists of direct GHG emissions from sources that are owned or controlled by DP Eurasia.
(2) Scope 2 relates to indirect emissions resulting from the generation of electricity, heat or steam purchased by DP Eurasia.
(3) Scope 3 relates to indirect emissions from sources not owned or directly controlled by DP Eurasia but related to the Company's activities, such as franchisee and supplier operation. Note that only related consumptions of franchise stores are covered under the Scope 3 emissions.

Our sustainability approach continued

Task Force on Climate-related Financial Disclosures ("TCFD") continued

Metrics and targets continued

DP Eurasia environmental metrics

DP Eurasia also publicly discloses the metrics used to assess and manage relevant climate-related risks and opportunities. Annual Scope 1, 2 and 3 GHG emissions data within the Annual Report has been reported as below. The relevant data reporting is being tracked monthly and reporting has been attached in the "Appendix" section.

The following represents the last three years' values:

	Total energy consumption			
DP Eurasia	Unit	2019	2020	**2021**
Scope 1				
Natural gas	m^3	900,374	788,849	**765,188**
LPG	lt	–	–	**–**
Generator fuel – gasoline	lt	1,995	1,725	**1,530**
R404a	kg	676.8	542.8	**472.8**
CO_2	kg	259.5	190.5	**207.0**
FM200	kg	–	20.00	**–**
Transportation (leased cars) – petrol	lt	1,339,535	1,309,503	**1,277,463**
Transportation (leased cars) – diesel	lt	1,783,942	1,834,006	**2,165,137**
Transportation (owned cars)	lt	3,250	4,100	**6,450**
Adblue (leased)	lt	59,580	62,330	**71,500**
Electricity used for electric vehicles	kWh	–	–	**1,021**
Scope 2				
Purchased electricity	kWh	29,910,279	28,817,438	**28,710,768**
Centralised hot water	Gcal	3,365.19	3,273.81	**3,095.84**
Scope 3				
Franchisees (Buildings Scope 1 and 2)				
Natural gas	m^3	2,280,845	2,390,966	**2,879,793**
Centralised hot water	Gcal	1,785.11	1,793.28	**1,404.42**
LPG	lt	3,240	3,240	**3,240**
Generator fuel – gasoline	lt	5,940	6,255	**7,080**
R404a	kg	317	334	**378**
CO_2	kg	594	626	**708**
Purchased electricity	kWh	30,643,904	30,826,856	**36,095,991**
Transportation (leased cars) – petrol	lt	1,364,130	1,436,471	**1,625,933**
Transportation (leased cars) – diesel	lt	–	–	**–**
Electricity used for electric vehicles (leased)	lt	–	–	**13,500**

Strategic review

Record online sales performance and resilient outlook.

Performance review

System sales (in millions of TRY, unless otherwise indicated)	For the year ended 31 December 2021	2020	Change
Group system sales[1]			
Group	**2,378.9**	1,569.9	51.5%
Turkey	**1,704.2**	1,069.1	59.4%
Russia	**629.4**	471.6	33.5%
Azerbaijan and Georgia	**45.3**	29.2	55.3%
Group system sales like-for-like growth[2]			
Group[8]	**40.6%**	17.4%	
Turkey	**50.4%**	26.0%	
Russia (based on RUB)	**9.6%**	(12.6)%	

	As at 31 December					
	2021			2020		
Domino's store count	Corporate	Franchised	Total	Corporate	Franchised	Total
Turkey	**100**	**507**	**607**	106	462	568
Russia	**94**	**94**	**188**	115	75	190
Azerbaijan	**—**	**10**	**10**	—	9	9
Georgia	**—**	**4**	**4**	—	4	4
Total	**194**	**615**	**809**	221	550	771

DP Eurasia increased its net store count by 38 in 2021, primarily through Turkey. The Group increased its system sales by 51.5% year-on-year, driven by the strong like-for-like sales growth in Turkey and with like-for-like sales growth returning to positive territory in Russia.

The Turkish operations' system sales, representing 72% of Group system sales, increased by 59.4%. Despite the macroeconomic volatility, especially in the last quarter of the year, the Turkish business recorded very strong like-for-like growth rate throughout the year. The creative marketing campaigns stressing value-for-money, Euroleague brand sponsorship and new product launches were key to the very strong top line performance. As a result, the Turkish operations posted a like-for-like growth rate of 50.4% for the year, even though the temporary VAT reduction ended at the end of the third quarter. The Turkish store count increased by 39, the Group's best year in terms of store openings in Turkey since 2014 on the back of robust franchisee demand. Active management and optimisation of the Turkish estate, which is ordinary course of business for the Group, continued in 2021. Six stores were transferred from corporate to franchisee ownership.

The Russian operations' system sales, representing 26% of Group system sales, increased by 33.5% (7.8% based on RUB). The Russian operations had like-for-like sales growth of 9.6% for the year. The improved management team under the newly appointed CEO started to bear fruit by improving the top line. Although the like-for-like store sales did not quite reach pre-COVID levels, the Russian business encouragingly posted a positive like-for-like growth rate for the period covering the last four months of the year compared to the same period in 2019. New product launches and more focused marketing were the main drivers in the recovery in sales. The Group focused on optimising the existing store coverage areas, which resulted in a decrease of two stores for the year. 17 stores were transferred from corporate to franchisee ownership, and four stores were transferred in the opposite direction. Russian franchised store count reached 94, representing 50% of the Russian store portfolio, for the first time.

Strategic review continued

Delivery channel mix and online like-for-like growth

The following table shows the Group's delivery system sales, analysed by ordering channel and by the Group's two largest countries in which it operates, as a percentage of delivery system sales:

	For the year ended 31 December					
	2021			2020		
	Turkey	Russia	Total	Turkey	Russia	Total
Store	**23.1%**	**7.1%**	**20.1%**	28.5%	10.3%	23.9%
Online						
– Group's online platform	**25.1%**	**69.1%**	**36.3%**	25.9%	71.4%	40.0%
– Aggregator	**51.4%**	**23.8%**	**43.2%**	44.3%	18.3%	35.3%
– Total online	**76.5%**	**92.9%**	**79.6%**	70.2%	89.7%	75.3%
Call centre	**0.4%**	**—**	**0.3%**	1.3%	—	0.9%
Total	**100%**	**100%**	**100%**	100%	100%	100%

The following table shows the Group's online like-for-like growth[2], analysed by the Group's two largest countries in which it operates:

	For the year ended 31 December	
	2021	2020
Group online system sales like-for-like growth[2,7]		
Group[8]	**48.8%**	45.2%
Turkey	**60.3%**	54.4%
Russia (based on RUB)	**12.4%**	13.1%

The Group's like-for-like growth continues to be driven mainly by the performance of its online ordering platforms. Online delivery system sales as a share of delivery system sales reached 79.6% for the year, which represents a 4.3 percentage point increase on a year-on-year basis.

In Turkey, online system sales like-for-like growth for the period was 60.3%, as a result of which online delivery system sales as a share of delivery system sales reached 76.5% for the period, a 6.3 percentage point increase from a year ago, aided also by introducing two new aggregators to the system.

In Russia, online system sales like-for-like growth for the period was 12.4%, as a result of which online delivery system sales as a share of delivery system sales reached 92.9% for the period, a 3.2 percentage point increase from a year ago, aided also by an increase in volumes through the aggregator.

Online system sales continued to outpace the overall system sales growth at 66.9% for the Group. Turkish online system sales grew by 84.2%, while Russian online system sales grew by 37.6% (11.0% based on RUB).

New brand launch: COFFY

During the year, the Group launched a new coffee shop brand, COFFY, in the Turkish market. There are currently a total of eleven stores in Istanbul and Ankara with six of the stores being franchises. The brand's concept is to introduce reasonably priced high-quality coffee to consumers at three different prices depending on the size of the product, including the food products.

Financial review

(in millions of TRY)	For the year ended 31 December 2021	2020	Change
Revenue	**1,496.9**	1,019.2	46.9%
Cost of sales	**(986.1)**	(689.8)	43.0%
Gross profit	**510.8**	329.4	55.1%
General administrative expenses	**(215.7)**	(161.7)	33.4%
Marketing and selling expenses	**(252.2)**	(169.5)	48.8%
Other operating expenses, net	**(11.4)**	(7.7)	48.6%
Operating profit/(loss)	**31.5**	(9.5)	n.m.
Foreign exchange gains/(losses)	**82.2**	(16.4)	n.m.
Financial income	**18.8**	23.2	n.m.
Financial expense	**(99.8)**	(90.8)	9.9%
Profit/(loss) before income tax	**32.7**	(93.6)	(18.9%)
Tax expense	**(48.7)**	(14.0)	248.9%
Loss for the period	**(16.0)**	(107.6)	n.m.
Turkey adjusted EBITDA(3)	**202.4**	140.9	43.6%
Russia adjusted EBITDA(3)	**23.2**	2.3	907.0%
Adjusted EBITDA(3)	**208.4**	131.5	58.5%
Adjusted net income(4)	**23.9**	(94.0)	n.m.
Adjusted net debt(5)	**622.3**	415.0	50.0%

Revenue

Group revenue grew by 46.9% to TRY 1,496.9 million. In the Group's Turkish segment, which includes the Azerbaijani and Georgian businesses, revenue grew by 53.2% to TRY 1,031.6 million, whilst Russian segment revenue increased by 34.6% to TRY 465.3 million.

Adjusted EBITDA

The Group's adjusted EBITDA increased by 58.5% to TRY 208.4 million. Adjusted EBITDA for the Turkish segment was TRY 202.4 million, a year-on-year increase of 43.6%, and adjusted EBITDA for the Russian segment was TRY 23.2 million, a significant increase from the almost breakeven level of TRY 2.3 million a year ago. Additionally, costs relating to our Dutch corporate expenses reduced adjusted EBITDA by TRY 17.3 million in 2021. The comparable adverse effect of this item was TRY 11.7 million in 2020, with the increase in 2021 primarily due to the devaluation of the TRY against the EUR and the GBP.

In 2021, the Group's adjusted EBITDA margin as a percentage of system sales was 8.8% compared to 8.4% in 2020. The main reason for the slight increase was the improved performance in Russia.

Adjusted EBITDA margin as a percentage of system sales for the Turkish segment recorded a decrease to 11.6% from 12.8%, primarily due to increased marketing and inflationary pressure in supply costs.

The Russian segment margin increased to 3.7% from 0.5%. The main reason for the increase is the operating leverage created on the fixed costs through increase in sales. The Board continues to remain confident in the medium and long-term potential of the Russian market for DP Eurasia subject to the resolution of the conflict in Ukraine.

Adjusted net income

For the year ended 31 December 2021, adjusted net income turned positive at TRY 23.9 million. The main reasons for the improvement were the improved adjusted EBITDA performance as explained previously, the switch to a foreign exchange gain in 2021 from a foreign exchange loss in 2020 and an increase in financial income. The Group does not have any hard currency denominated bank borrowings; however, the Group recorded a foreign exchange gain of TRY 82.2 million due to the intragroup loans made between different jurisdictions versus a foreign exchange loss of TRY 16.4 million in the previous year.

Strategic review continued

Capital expenditure and cash conversion

The Group invested TRY 55.5 million of capital expenditure in 2021. The Turkish segment capital expenditure was TRY 39.8 million and the Russian segment capital expenditure amounted to TRY 15.7 million (RUB 132 million).

Cash conversion (defined as (adjusted EBITDA (excluding IFRS 16) - capital expenditure)/(adjusted EBITDA (excluding IFRS 16))) for the period was 58.6% (2020: 39.2%) for the Group as a result of prudent capital expenditure management and improved adjusted EBITDA performance and 77.7% (2020: 75.8%) for the Turkish segment as a result of its strong performance. The Russian segment had negative cash conversion due to its negative adjusted EBITDA.

Adjusted net debt and leverage

The Group's adjusted net debt at 31 December 2021 was TRY 622.3 million, representing an increase of 50.0% from 31 December 2020. The Group's bank borrowings continue to be denominated in its operational currencies of TRY and RUB. As at 31 December 2021, 61% of the Group's bank borrowings were denominated in TRY, while the remainder is denominated in RUB.

The Group continues its prudent and conservative approach to debt management. Its leverage ratio (defined as adjusted net debt/adjusted EBITDA) was 3.0x as at 31 December 2021 (2020: 3.2x). Whilst the Group's leverage ratio had decreased to 2.5x as at 30 June 2021, the increase in the second half of the year was primarily due to the appreciation of the RUB against the TRY and increased inventory and advance levels to limit the upward pressure in supply prices.

The Group continues to have a strong liquidity position, having access to cash at hand and additional borrowing capacity available from its Turkish banks. As at 31 December 2021, the Group had TRY 200 million of cash on hand, including the promissory note in Sberbank, and additional available bank lines of TRY 186 million.

The Group's sufficient liquidity position enables it to prepay its bank borrowings in Russia, despite the recent devaluation of TRY, if required, and still maintain a strong liquidity position. The Group obtained a waiver from Sberbank with respect to its covenants for all four quarters of 2022. The principal outstanding under the Sberbank loan currently amounts to RUB 0.9 billion, of which RUB 0.2 billion is supported by a cash collateral deposit.

Shareholder update

Jubilant FoodWorks Limited ("JFL"), through its wholly-owned subsidiary Jubilant FoodWorks Netherlands B.V., increased its shareholding to 41.3% from their initial purchase of 32.8% on 9 March 2021 via a reverse bookbuild process and open market purchases.

Board composition

The Board has decided to appoint two additional Independent Non-Executive Directors and is in advanced stages of appointing the first. During this process and following the 2022 AGM, JFL has agreed to reduce their representation from three Board Directors to two.

Takeover protection for minority shareholders

As a temporary measure, the Company has entered into an amendment to the existing relationship agreement between it and its major shareholder, Fides Food Systems Coöperatief U.A. ("Fides") (an indirect subsidiary of JFL) (the "Relationship Agreement"). Under the Relationship Agreement, Fides or a nominee in its group must (subject to certain exceptions) launch a takeover offer for all of the issued share capital of the Company if it, its affiliates or such persons acting in concert with it, own shares resulting in their aggregate holding being 50% or more of the Company's issued share capital.

As a longer-term measure, the Company has agreed to convene an EGM on 13 April 2022 at which it will propose that such shareholder protection is embedded in the articles of association of the Company. Fides has agreed that it and its related parties shall vote in favour of such a resolution. If approved at the EGM, the requirement to launch a mandatory offer will be applicable to any investor (and not only Fides) which acquires 50% or more of the Company's issued share capital.

Current trading

System sales growth and like-for-like growth for the twelve weeks ended 27 March of 2022 compared to the same period in 2021 were as follows:

Group system sales growth[1]	For the twelve weeks ended 27 March 2022
Group	**56.0%**
Turkey	**56.5%**
Russia	**50.4%**
Azerbaijan and Georgia	**122.3%**
Group system sales like-for-like growth[2]	
Group[8]	**37.3%**
Turkey	**50.3%**
Russia (based on RUB)	**(4.7)%**

2022 outlook

Turkey has been experiencing high inflation over the last three years; however, the Group has consistently performed above the inflation rate during this period. Owing to management's experience in navigating through periods of high inflation, the Group expects to manage the situation to deliver long-term sustainable growth. The Group is tackling inflation via frequent price increases on its sales to consumers and franchisees whilst remaining mindful of keeping its best value for money consumer proposition and franchisee profitability.

At this stage there has been no material disruption to the Group's operations in Russia from the ongoing situation in Ukraine. Trading from the Group's 188 stores in Russia continues and the Group remains dedicated to the communities it serves. The Board has, however, determined it prudent to limit any further investment into its operations in Russia and will keep this under review going forward in light of the geopolitical situation. Furthermore, the Group has suspended royalty payments from its Russian operations until further notice.

Given the ongoing uncertainty around the geopolitical tensions regarding Russia and the high inflationary environment in Turkey, the Group is not able to provide meaningful guidance on the likely financial and operating results for the current year at this stage.

Notes

(1) System sales are sales generated by the Group's corporate and franchised stores to external customers and do not represent revenue of the Group.

(2) Like-for-like growth is a comparison of sales between two periods that compares system sales of existing system stores. The Group's system stores that are included in like-for-like system sales comparisons are those that have operated for at least 52 weeks preceding the beginning of the first month of the period used in the like-for-like comparisons for a certain reporting period, assuming the relevant system store has not subsequently closed or been "split" (which involves the Group opening an additional store within the same map of an existing store or in an overlapping area).

(3) EBITDA, adjusted EBITDA and non-recurring and non-trade income/expenses are not defined by IFRS. These items are determined by the principles defined by the Group management and comprise income/expenses which are assumed by the Group management to not be part of the normal course of business and are non-trading items. These items which are not defined by IFRS are disclosed by the Group management separately for a better understanding and measurement of the sustainable performance of the Group. Please refer to Note 3 in the Consolidated Financial statements for a reconciliation of these items with IFRS.

(4) Adjusted net income is not defined by IFRS. Adjusted net income excludes income and expenses which are not part of the normal course of business and are non-recurring items. Management uses this measurement basis to focus on core trading activities of the business segments and to assist it in evaluating underlying business performance. Please refer to Note 3 in the Consolidated Financial statements for a reconciliation of this item with IFRS.

(5) Net debt and adjusted net debt are not defined by IFRS. Adjusted net debt includes cash deposits used as a loan guarantee and cash paid, but not collected during the non-working day at the year end. Management uses these numbers to focus on net debt including deposits not otherwise considered cash and cash equivalents under IFRS. Please refer to Note 18 in the Consolidated Financial statements for a reconciliation of these items with IFRS.

(6) Delivery system sales are system sales of the Group generated through the Group's delivery distribution channel.

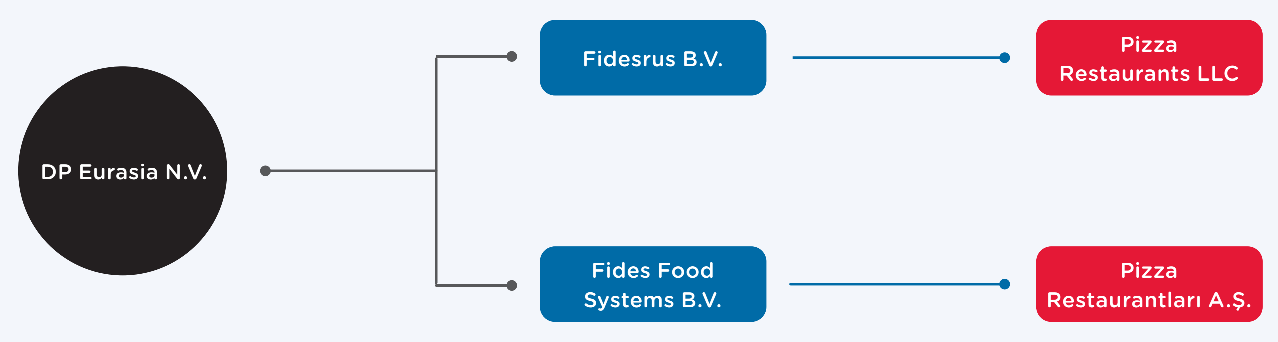
(7) Online system sales are system sales of the Group generated through its online ordering channel.

(8) Group like-for-like growth is a weighted average of the country like-for-like growth rates based on store numbers as described in Note (2) above.

Group structure

DP Eurasia is committed to conducting all of its business and relationships with dedication, professionalism and integrity. The business ethics of the Group are based on compliance with criteria which promote the values, culture and management model of DP Eurasia, encouraging respect for individuals and their rights.

Structure



Group and subsidiaries

The Group's organisation and nature of activities

DP Eurasia N.V. is a limited liability company (naamloze vennootschap) incorporated under the laws of the Netherlands on 18 October 2016. The principal activity of DP Eurasia consists of acting as a holding company.

DP Eurasia operates corporate stores and franchised stores in Turkey and Russia, including provision of technical support, control and consultancy services to the franchisees.

As at 31 December 2021, the Group operated 809 stores (615 franchised stores, including ten in Azerbaijan and four in Georgia, and 194 corporate stores).

Subsidiaries

DP Eurasia has a total of four fully owned subsidiaries. The entities included in the scope of the consolidated financial information and nature of their business are as follows:

Subsidiaries	2021 effective ownership (%)	2020 effective ownership (%)	Registered country	Nature of business
Pizza Restaurantları A.Ş. ("Domino's Turkey")	**100**	100	Turkey	Food delivery
Pizza Restaurants LLC ("Domino's Russia")	**100**	100	Russia	Food delivery
Fidesrus B.V. ("Fidesrus")	**100**	100	The Netherlands	Investment company
Fides Food Systems B.V. ("Fides Food")	**100**	100	The Netherlands	Investment company

Markets

27% app order share increase in RU

73% share of registered customers increase in RU

73% increased new user in total digital channel in TR

46% increased orders from app in TR

18% increase in OLO Take Away Share in TR

Turkey

The Group was founded in Turkey, with its first store opening in Istanbul in 1996. Since then the Group has expanded rapidly, opening its 100th store in Istanbul in 2008. The Group is the largest pizza delivery company in Turkey in terms of system sales and number of stores. As at 31 December 2021, based on the Group's data on competition, the Group's store network in Turkey was more than four times larger than the next largest chained competitor in the pizza sub-segment, and larger than the next seven chained pizza competitors combined, with 607 stores.

Russia

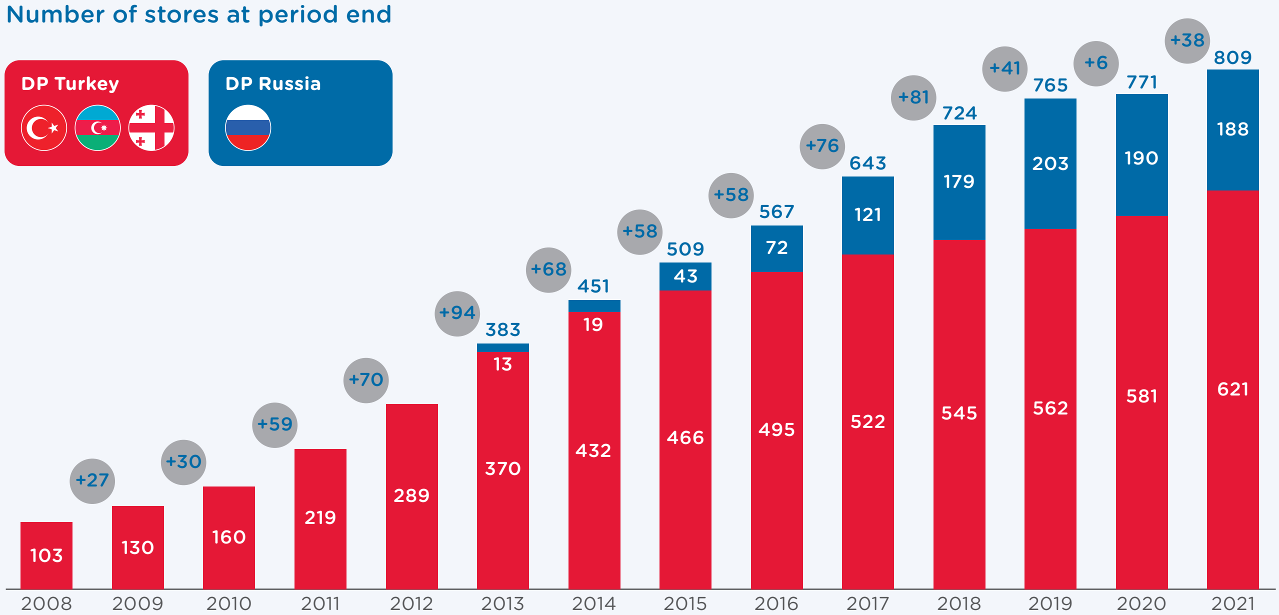
Russia is the Group's second largest market. The Group has improved its market position since acquiring the exclusive master franchise rights in 2012. As at 31 December 2021, based on the Group's data on competition, the Group had the third-largest store network in the chained pizza sub-segment in Russia with 188 stores, representing a more than ten times increase in the number of its stores since 2014. In Moscow and the Greater Moscow region, the Group estimates that it was the largest player by number of stores as at 31 December 2021. The Group started to expand outside of Greater Moscow in December 2017.

Azerbaijan and Georgia

The Group was granted the exclusive master franchise of the Domino's System for Azerbaijan and Georgia and has since gone on to open ten and four stores, respectively.

Store growth

Number of stores at period end



Source: Company information

Remuneration report

Statement from the Chairman of the Remuneration Committee

Remuneration principles

Our remuneration arrangements are designed with the following key principles in mind:

- To provide alignment with Group strategy
- To complement our mission of delivering sustainable long-term value for shareholders
- To deliver remuneration levels that are justifiable to internal and external stakeholders
- To attract, motivate and retain outstanding talent

Dear Shareholder

I was delighted to be appointed as Chairman of the Remuneration Committee following the 2021 AGM.

I am pleased to present to you the Directors' Remuneration Report for the year ended 31 December 2021, which includes:

- The Directors' Remuneration Policy approved by shareholders at the 2021 AGM; and
- The Annual Remuneration Report. This outlines how we implemented the Remuneration Policy in 2021 and how we intend to apply it in 2022. This section of the Remuneration Report is subject to an advisory vote by shareholders at the 2022 AGM.

At the time of writing, there is considerable political and economic uncertainty arising from events in Ukraine. Full implications for our business and strategy are only likely to become clear during the coming months. Accordingly, the Remuneration Committee may, during the coming year, need to adapt aspects of our remuneration arrangements from those set out in this Remuneration Report to ensure they continue to deliver the remuneration principles set out above whilst remaining consistent with our remuneration policy.

Any such changes would be disclosed and explained in next year's remuneration report.

Performance and incentive outturn for 2021

Performance

As the Chief Executive Officer outlined in his message, 2021 has seen strong trading performance on the back of sustained strong demand in Turkey and improving performance in Russia. Group system sales increased by 51.5% and Group online system sales grew by 66.9%, both significantly outpacing inflation over the same period. The share of digital in our delivery system sales has improved to 80% (2020: 75%) reflecting the Group's strong online offering and positioning. We have also continued to build for the future with an increase in our net store count of 38 to 809 which represents a 42% increase since the IPO when the Group had 571 stores.

Incentive outturns

In 2021, the Chief Executive Officer's annual bonus was based 75% on Group EBITDA and 25% on strategic measures and the overall formulaic outcome of his bonus scorecard was 62% of maximum (full details of targets are on page 61). At its meeting of 15 February 2022, the Committee gave careful consideration to this outcome in the context of a broad range of factors, including the strong trading performance and strategic progress outlined above, share price performance and the experience of our other stakeholders during the year. Following this assessment, the Committee was satisfied that the bonus outcome was appropriate and that no discretionary adjustment was required.

The performance period for the Chief Executive Officer's 2019-21 LTIP award was completed at the end of 2021. As this award was based on cumulative Group EBITDA performance for a three-year period that was significantly impacted by the COVID-19 pandemic, the formulaic vesting outcome was inevitably zero. Whilst conscious that this outcome was not wholly consistent with the strong performance of the business prior to March 2020 and the resilient performance during the pandemic itself, the Committee agreed that discretion should not be applied and that the vesting outcome should remain at zero.

Other issues in 2021

- **Temporary salary/fee reductions** – Due to prevailing business conditions, the Company Secretary voluntarily agreed to a temporary 12% reduction in her salary for the period February – December 2021. For similar reasons, the Chairman agreed a temporary £25,000 reduction in his fee in 2021. Both of these voluntary reductions ceased at the end of 2021.
- **2021 LTIP award** – For the 2020 LTIP award, the Remuneration Committee used an extended 12-month average share price to determine the number of shares in the award to take account of share price volatility and avoid granting an award over an excessive number of shares. A similar analysis took place ahead of the 2021 LTIP award but, in this instance, reduced share price volatility meant that no adjustment was required and our standard methodology (based on share price at grant) was used to determine the number of shares. We will undertake a similar assessment ahead of the grant of the 2022 LTIP award.
- **Workforce remuneration** – We are firmly committed to a culture of pay for performance and our reward structure provides a close link between performance of individual businesses and incentive payouts. As a result, a particularly strong set of business results by DP Turkey in 2021 was reflected in above average levels of annual bonus outturn and LTIP vesting for employees in that business.

Chief Executive Officer's remuneration in 2022

The Board is acutely conscious of the importance of there being support for senior executive remuneration levels from employees, shareholders and society more widely. Accordingly, remuneration decisions include a consideration of factors including internal pay ratios and scenario analyses as well as feedback received from stakeholders. In this context, the Remuneration Committee has determined the Chief Executive Officer's remuneration for 2022 as detailed below which is consistent with our remuneration principles and the principles of provision 40 of the UK Corporate Governance Code.

Remuneration report continued

Chief Executive Officer's remuneration in 2022 continued

Fixed Remuneration	**2022 salary:** TRY 4,127,816 p.a. with effect from April 2022 (TRY 3,633,641 p.a with effect from January - March 2022) and €25,000 p.a. (2021 salary: TRY 2,752,758 p.a. and €25,000 p.a.)

- The element of the Chief Executive Officer's salary paid in Turkish Lira is reviewed by reference to the salary settlement for other employees based in Turkey and Turkish inflation. Given the current high level of Turkish inflation, periodic salary increases are possible for Turkish employees throughout 2022. The Chief Executive Officer's salary has been increased in line with the median increase for Turkish employees and will be subject to review and possible further increase(s) on a basis consistent with other Turkish employees during the remainder of 2022. Notwithstanding these adjustments, due to the significant depreciation of the Turkish Lira during 2021, the Chief Executive Officer's April 2022 salary is currently worth around 20% less in Pound Sterling than his 2021 salary was when set at the start of 2021.
- In common with other Turkish employees, the Chief Executive Officer does not receive any pension provision.

Variable Remuneration	**2022 Annual Bonus** • Maximum potential: 100% of salary (unchanged from 2021) • Paid in cash if compliant with shareholding guideline otherwise 40% deferred in shares • Currently intended to be based on EBITDA (75%) and strategic measures (25%) (unchanged from 2021) **2022-2024 LTIP** • Award level: 100% of salary (2021: 125% of salary) • Currently intended to be based on EBITDA (75%) and Adjusted LTIP EPS (25%) (unchanged from 2021) • Awards vest on the third anniversary of grant

- Our strategy in 2022 will be to continue to place emphasis on innovation and online growth, store growth, increased profitability and the achievement of profitable growth. It is currently intended that the diversified set of performance measures introduced in 2021 will be retained in 2022 as they remain aligned with this growth strategy.
- The Remuneration Committee has delayed the setting of performance targets for the 2022 annual bonus and 2022-24 LTIP until there is more certainty to enable the setting of robust targets. Those targets will be disclosed in the next remuneration report so long as they are not commercially sensitive at that time.
- The Chief Executive Officer's 2022 annual bonus opportunity and 2022-24 LTIP award level will be set in line with the normal maximum limits contained in the Remuneration Policy.
- One of our key remuneration principles is that remuneration should complement our mission of delivering sustainable long-term value for shareholders. In that context, the Remuneration Committee considered whether the Chief Executive Officer's 2022 bonus should be partially deferred in shares or whether a holding period should apply to his 2022-2024 LTIP award after vesting. However, given the Remuneration Policy requirement for the Chief Executive Officer to hold at least 5,000,000 shares, the Committee concluded he is already firmly aligned with other long-term shareholders and that, in his case, it would be unnecessary to add these further layers of alignment so long as he remains compliant with his shareholding requirement.

Shareholder engagement

I would like to thank shareholders and investor bodies for the constructive input and engagement that they provided as we developed our Remuneration Policy earlier in the year and I am grateful to shareholders for their support in approving both the Policy and Annual Remuneration Report at the 2021 AGM.

We value all feedback from shareholders and look forward to receiving your support at the forthcoming AGM where there will be a vote to approve our Annual Remuneration Report (pages 58 to 65).

David Adams
Chairman of the Remuneration Committee

4 April 2022

Directors' remuneration policy

DP Eurasia's current Directors' Remuneration Policy was approved at the 2021 AGM. It took effect immediately after the AGM with the intention that it will apply for three years although the Board may seek approval for a new Remuneration Policy at an earlier point, if it is considered appropriate. The Remuneration Policy is set out below with minor textual updates and also updated remuneration scenarios for 2022. The Remuneration Policy text as approved by shareholders is on pages 58 to 65 of the 2020 Annual Report available on our website.

The Remuneration Committee discussed the Remuneration Policy over a series of meetings which considered the strategic priorities of the Group, governance requirements, evolving market practice and remuneration practice amongst the wider workforce. Input was sought from the CEO while ensuring that conflicts of interest were suitably mitigated. An external perspective was provided by our major shareholders and our independent advisers, Deloitte.

Remuneration principles

The aim of DP Eurasia is to attract, retain and motivate the best talent to help ensure continued growth and success in the listed company environment.

The Remuneration Policy aims to align the interests of the Executive Directors to the long-term interests of shareholders and supports a high-performance culture with appropriate reward for superior performance without creating incentives that will encourage excessive risk taking or unsustainable performance. The Remuneration Policy also sets out the remuneration structure of the Non-Executive Directors.

In accordance with Dutch corporate governance, the remuneration of:

- the Executive Directors shall be determined by the Non-Executive Directors with due observance of the Remuneration Policy; and
- the Non-Executive Directors shall be determined by the General Meeting upon a proposal by the Board with due observance of the Remuneration Policy,

each at a level that is considered by the Remuneration Committee to be appropriate for the size and nature of the business, in order to ensure that the policies and remuneration structure are appropriate for the listed company environment.

The Remuneration Committee will review annually the remuneration arrangements for the Executive Directors and key senior employees by taking into consideration:

- business strategy over the period;
- overall corporate performance;
- market conditions affecting the Group;
- the recruitment market and the remuneration of the overall employee population;
- changing practice in the markets where the Group competes for talent;
- the pay ratios within the Group; and
- views of institutional shareholders and their representative bodies.

Remuneration components

The remuneration structure for the Executive Directors can consist of: (a) base salary; (b) benefits; (c) pension; (d) annual and deferred bonus; and (e) long-term incentive. To support this aim, the Board has adopted two incentive plans: the annual and deferred bonus plan (the "ADBP") and the long-term incentive plan (the "LTIP"). The remuneration structure of the Non-Executive Directors will consist of a fixed fee.

Directors’ remuneration policy continued

Remuneration Policy table for Executive Directors

Component/Purpose and link to strategy	Operation
Base salary Core element of remuneration set at a level to attract and retain Executive Directors with the experience and expertise needed to develop and implement DP Eurasia’s long-term strategy.	An Executive Director’s base salary is set on appointment and reviewed annually or when there is a change in position or responsibility. When determining an appropriate level of salary, the Non-Executive Directors consider: • the individual Executive Director’s role, experience and performance; • the general operational performance of the Group and individual performance (if applicable); • the economic environment and the sustainable development of the Group; • remuneration structures in companies that are comparable in terms of business activities, complexity and size; • any change in scope, role and responsibilities; and • remuneration practices within DP Eurasia. Individuals recruited or promoted to the Board may, on occasion, have their salaries set below the targeted policy level until they become established in their role. In such cases subsequent increases in salary may be higher than the general rises for employees until the target positioning is achieved.
Benefits To provide market-competitive benefits	Benefits are role specific and take into account local market practice. The Executive Directors are eligible to receive benefits (or an equivalent cash allowance) including private health cover, medical disability insurance, life assurance, education, communication and IT allowances, mobility allowance or a company car. Executive Directors are entitled to reimbursement of reasonable expenses. The Non-Executive Directors recognise the need to maintain suitable flexibility in the benefits provided to ensure they support the objective of attracting and retaining high-calibre personnel. Additional benefits may therefore be offered, such as reasonable tax advice/support, statutory payments required by local labour laws or consistent with established custom and practice in the local market, relocation allowances on recruitment and other reasonable costs incurred by an individual in relation to their appointment.
Pension To provide market-competitive retirement benefits.	Executive Directors are eligible to receive a contribution to their personal pension arrangements or direct to their pension plans. Alternatively, Executive Directors may receive a cash allowance in lieu of pension.

Maximum	Performance framework

To avoid setting the expectations of Executive Directors and other employees, there is no overall maximum salary for Executive Directors under the Remuneration Policy.
Any increase in salaries will be determined by the Non-Executive Directors, taking into account the factors stated in this table and the following principles:
• salary increases for Executive Directors will typically be in line with the average salary increase (in percentage of salary terms) for other permanent employees in the country in which the Executive Director is resident;
• increases may be made above this in certain circumstances, such as:
  • progression within the role;
  • increase in scope and responsibility of the role;
  • increase in experience where an individual has been recruited on a lower salary initially; and
  • increase in size and complexity of the Group.
	None

There is no overall maximum level, but benefits are set at an appropriate level for the specific nature of the role and depend on the annual cost of providing individual benefits.	None
Pension provision for Executive Directors will not exceed the standard rate for DP Eurasia employees in the country in which the Director is resident or 10% of salary if there is no relevant employee comparator in that country.	None

Directors’ remuneration policy continued

Remuneration Policy table for Executive Directors continued

Component/Purpose and link to strategy	Operation
LTIP To link reward to the achievement of long-term performance and strategic objectives of DP Eurasia and to retain Executive Directors.	The Executive Directors may receive LTIP awards which will usually be made in the form of a contingent award of shares or nil-cost options (and may also be granted as share options or settled in cash). Vesting of the award is dependent on the achievement of performance targets, typically measured over a three-year period. The Non-Executive Directors have the discretion to apply a holding period of two years post-vesting. An additional payment (in the form of cash or shares) may be made in respect of vested shares to reflect the value of dividends which would have been paid on those shares during the period since award (this payment may assume that dividends had been reinvested in DP Eurasia shares on a cumulative basis).
Annual and deferred bonus (“ADBP”) To link reward to the achievement of key business objectives of DP Eurasia for the year.	The Executive Directors may participate in the ADBP, which is reviewed annually to ensure bonus opportunity, performance measures and targets and objectives remain appropriate. The Non-Executive Directors determine the level of bonus to be awarded at their discretion, taking into account the extent to which the targets have been met and overall business and personal performance. Unless an Executive Director is already compliant with their shareholding guideline, 40% of their annual bonus will usually be delivered in shares deferred for two years. Deferred awards are usually granted in the form of a contingent award of shares or nil-cost options (and may also be settled in cash). An additional payment (in the form of cash or shares) may be made in respect of shares which vest under deferred awards to reflect the value of dividends which would have been paid on those shares during the deferral period (this payment may assume that dividends had been reinvested in DP Eurasia shares on a cumulative basis).
Shareholding guideline To provide long-term alignment with shareholder interests.	Whilst in employment, the current Chief Executive Officer will be required to retain a minimum of 5,000,000 shares and any other Executive Director that participates in equity plans will be expected to build up a shareholding worth 200% of salary. The Remuneration Committee will review progress towards the guideline on an annual basis and have the discretion to adjust the guideline in what it feels are appropriate circumstances. Executive Directors who participate in equity plans will also be required to maintain a shareholding worth 200% of salary for two years after stepping down as a Director. This requirement will apply to all equity awards (post-tax) that vest after the approval of this Remuneration Policy at the 2021 AGM. The Non-Executive Directors will retain discretion to amend or waive this guideline if it is not considered appropriate in the specific circumstances.

Maximum	Performance framework
Normal maximum value of 100% of annual base salary based on the market value at the date of grant. In exceptional circumstances, an award worth up to 150% of annual base salary may be granted.	Vesting of LTIP awards is dependent on the achievement of key financial, strategic, ESG and/or operational measures determined by the Non-Executive Directors ahead of each award. For achieving a "threshold" level of performance against a performance measure, no more than 25% of the award will vest. Vesting then increases on a sliding scale to 100% for achieving a stretching maximum performance target.
The maximum annual bonus potential is 100% of base salary. Levels of bonus payout for achieving threshold and on-target performance will be set each year by the Non-Executive Directors taking into account the degree of stretch in the performance targets.	The bonus is normally based on performance assessed over one year using appropriate financial, strategic, ESG, operational or other suitable business measures appropriate to the individual Director that are closely aligned with DP Eurasia's strategy and the creation of value for shareholders. The majority of the bonus will be determined by measure(s) of financial performance.
Not applicable	Not applicable

Directors’ remuneration policy continued

Fee arrangements for Non-Executive Directors

Purpose and link to strategy	Operation	Maximum
Provides a level of fees to support recruitment and retention of high calibre Non-Executive Directors with the necessary experience to advise and assist with establishing and monitoring DP Eurasia’s strategic objectives.	Shareholder approval was received at the 2021 AGM for a revised fee structure that applies to all Non Executive Directors. The Chairman of the Board receives an all-inclusive fee. Other Non-Executive Directors, apart from representatives of Jubilant FoodWorks Limited, receive a basic Board fee and an additional fee for additional responsibilities such as acting as the Senior Independent Director or for chairmanship of a Board Committee. Expenses incurred by the Non-Executive Directors reasonably required for the performance of their duties may be reimbursed. Non-Executive Directors do not participate in any variable remuneration arrangements and will not be awarded remuneration in the form of shares and/or rights to shares.	Fees are set at an appropriate level that is market competitive and reflective of the responsibilities and time commitment associated with specific roles.

Discretion

Non-Executive Directors will operate the ADBP and LTIP according to their respective rules, including flexibility in a number of regards. These include:

- when to make awards and payments;
- how to determine the size of an award or a payment, or when and how much of an award should vest;
- who receives an award or payment;
- how to deal with a change of control or restructuring of the Group;
- whether a participant is a good/bad leaver for incentive plan purposes, and whether and what proportion of awards vest and timing of delivery;
- how and whether an award (or an award of shares outlined in this Remuneration Policy that is yet to be granted) may be adjusted in certain circumstances (e.g. rights issues, corporate restructuring, events and special dividends); and
- what the weighting, measures and targets should be for the ADBP and LTIP from year to year.

If an event occurs which causes the Non-Executive Directors to determine that a performance condition is no longer appropriate, the Non-Executive Directors have discretion under the rules of the ADBP and LTIP to substitute or vary that performance condition in such manner as is reasonable in the circumstances and produces a fairer measure of performance that is not materially less difficult to satisfy than if the event had not occurred.

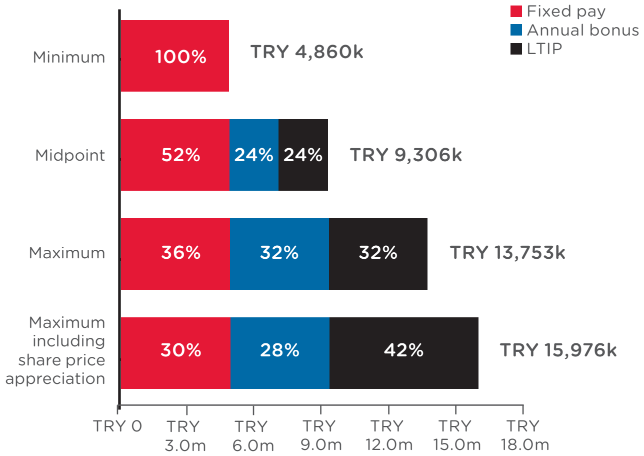
Prior to any payment or vesting under the ADBP and LTIP, the Non-Executive Directors will review the underlying financial performance of the Group over the performance period, and the non-financial performance of the Group and participants, to ensure the payment or vesting is justified. Following this review, the Non-Executive Directors have the discretion to amend the final payment/vesting level if they do not consider that it is appropriate.

The Non-Executive Directors may make minor amendments to the Remuneration Policy (for regulatory, exchange control, tax or administrative purposes or to take account of a change in legislation) without obtaining shareholder approval for that amendment.

Legacy awards

The Non-Executive Directors reserve the right to make any remuneration payments notwithstanding that they are not in line with this Remuneration Policy where the terms of the payment were agreed: (i) before this Remuneration Policy came into effect, provided that the terms of the payment were consistent with the approved Remuneration Policy at the time they were agreed; or (ii) at a time when the relevant individual was not an Executive Director of DP Eurasia and, in the opinion of the Non-Executive Directors, the payment was not in consideration for the individual becoming an Executive Director of DP Eurasia. For these purposes, “payments” includes the Non-Executive Directors satisfying awards of variable remuneration and, in relation to an award over shares, the terms of the payment are “agreed” at the time the award is granted.

Aslan Saranga



Frederieke Slot

Choice of performance measures and approach to target setting

Non-Executive Directors set performance metrics under both the ADBP and the LTIP which are clearly aligned to DP Eurasia's strategy and are usually part of its KPIs. Any personal objective performance measures within the ADBP are also directly linked to key strategic objectives.

Targets are set at the start of each performance period by the Non-Executive Directors taking into account relevant internal and external reference points and are designed to be appropriately stretching.

Remuneration scenarios

The charts on the left show hypothetical values of the 2022 remuneration package for the current Executive Directors in the Remuneration Policy under four assumed performance scenarios.

The Remuneration Committee regularly reviews the impact of different performance scenarios on the potential reward opportunity and payouts to be received by Executive Directors and the alignment of these with long-term value creation for shareholders.

The Remuneration Committee believes that the level of remuneration that can be delivered in the various scenarios is appropriate for the level of performance delivered and the value that would be delivered to shareholders.

Assumptions

Fixed pay

- Salary: as set out on page 58
- Pension: Frederieke Slot 10% of base salary
- Benefits: estimate based on 2021 reported taxable benefits

Variable pay

- ADBP: maximum of 100% of base salary for Aslan Saranga (assumed half of maximum paid as midpoint); Frederieke Slot will not participate in the ADBP in 2022.
- LTIP: maximum award of 100% of base salary for Aslan Saranga (assumed half of maximum vests as midpoint); Frederieke Slot will not receive an LTIP award in 2022.
- No share price growth or dividend accrual considered other than in the final scenario which shows the value if 50% share price appreciation is assumed over the three-year performance period of the LTIP awards.

Directors’ remuneration policy continued

New appointments

In the event of appointing a new Executive Director to the Board, the Non-Executive Directors will generally align their remuneration package with the Remuneration Policy table set out in this Remuneration Policy. Where appropriate, the Non-Executive Directors may apply their discretion in the following regards:

- ADBP – in the first year of employment, different performance measures and targets may be set to those of the other Executive Directors, depending on the timing and scope of any appointment. In order to facilitate the recruitment, the Non-Executive Directors may deem it necessary to guarantee a level of bonus, in compensation for any bonus forgone at their current employer. This guarantee will be limited to the bonus in relation to the first year of employment;
- LTIP – in the first year of employment, different performance measures and targets may be set for the LTIP to those of the other Executive Directors, depending on the timing and scope of any appointment;
- buy-out awards – to potentially facilitate the recruitment through the buy-out of existing awards and compensation arrangements that are forfeited on cessation of employment from their current employer, the Non-Executive Directors will retain the ability to make a one-off buy-out award. In doing so, the Non-Executive Directors will take account of all relevant factors, including any performance conditions attached to incentive awards, the likelihood of those conditions being met, the proportion of the vesting/performance period remaining and the form of the award (e.g. cash or shares). The overriding principle will be that any replacement buy-out award should be of comparable commercial value to the compensation which has been forfeited. Shareholders will be informed of any such payments at the time of appointment;
- in the case of internal appointments or appointments following the Group’s acquisition of or merger with another company or business, any variable pay element or legacy arrangements in respect of the prior role would normally be allowed to pay out according to its terms, adjusted as relevant to take into account the appointment; and
- in the event that a Non-Executive Director is required to temporarily take on the role of an Executive Director, his/her remuneration may include any of the elements listed in the Remuneration Policy table for Executive Directors.

In the event of the appointment of a new Non-Executive Director, his/her fee will be set in accordance with the fee arrangements for Non-Executive Directors as approved by the General Meeting.

Malus and clawback

Pursuant to Dutch law and best practice UK corporate governance, the Non-Executive Directors have the right to reduce payments that are not yet paid out and to reclaim payments pertaining to these events that have already been paid out. The Non-Executive Directors may furthermore adjust the variable remuneration to an appropriate level if payment thereof is unacceptable according to the requirements of reasonableness and fairness.

The ADBP and the LTIP include best practice malus and clawback provisions. Malus is the adjustment of unpaid bonus and deferred share awards under the ADBP and outstanding LTIP awards. The adjustment may result in the value being reduced to nil. Clawback is the recovery of payments or vested awards under the ADBP and vested LTIP awards. Malus and clawback can be enacted as a result of the occurrence of the following events:

- discovery of a material misstatement resulting in an adjustment in the audited accounts of the Group or any Group company;
- the assessment of any performance condition or condition in respect of an ADBP and LTIP award was based on error, or inaccurate or misleading information;
- the discovery that any information used to determine the cash payment under the ADBP or the number of shares subject to an ADBP or LTIP award was based on error, or inaccurate or misleading information;
- in the event of a business failure;
- action or conduct of a participant which amounts to fraud or gross misconduct; or
- events or the behaviour of a participant have led to the censure of a Group company by a regulatory authority or have had a significant detrimental impact on the reputation of any Group company provided that the Board is satisfied that the relevant participant was responsible for the censure or reputational damage and that the censure or reputational damage is attributable to the participant.

Clawback may apply to all or part of a participant’s award and may be affected, among other means, by requiring the transfer of shares, payment of cash or reduction of awards or bonuses.

Payment for loss of office

Pursuant to the UK Corporate Governance Code, Directors should retire and stand for re-election each year. Therefore, the management agreements have been concluded for a definite period ending by operation of law on the day after the Annual General Meeting to be held in the next year. If a Director is reappointed by the General Meeting in accordance with the Articles for an additional period of one year until the end of the Annual General Meeting to be held in the next year, the management agreement shall automatically be extended for such an additional period. This applies mutatis mutandis to any subsequent reappointments.

Executive Directors will, under their contract, not normally be entitled to be paid a severance payment upon termination that exceeds one year's annual base salary (the fixed remuneration) in the preceding financial year. No contractual severance payment will be awarded in the event of seriously culpable or negligent behaviour on the part of the Executive Director.

Aslan Saranga's contract provides for an additional compensation payment of one year's annual base salary payable only in the event that termination of his employment is due to him being unable to work because of a health condition. This is a legacy clause in Mr Saranga's Turkish contract which will not be replicated in any future Executive Director's contract.

Where a contract is to be terminated, the Non-Executive Directors will determine such mitigation (if required) as they consider fair and reasonable in each case. The Non-Executive Directors reserve the right to make additional payments where such payments are made in good faith in discharge of an existing statutory or legal obligation (or by way of damages for breach of such an obligation); or by way of settlement or compromise of any claim arising in connection with the termination of an Executive Director's office or employment. Any such payments may include, but are not limited to, paying statutory severance compensation, any fees for outplacement assistance and/or the Executive Director's legal and/or professional advice fees in connection with his or her cessation of office or employment. Payment would also be made for any outstanding vacation days unused at the date of cessation of employment.

The incentive schemes, the ADBP and the LTIP are subject to standard good/bad leaver terms. A good leaver reason is defined as cessation in the following circumstances: death, ill-health, injury or disability, retirement, redundancy, employing company ceasing to be a Group company, transfer of employment to a company which is not a Group company or at the discretion of the Non-Executive Directors.

Directors’ remuneration policy continued

Payment for loss of office continued

The table below provides a summary of the treatment of incentive remuneration in the event of cessation of employment or a change of control before awards vest or become exercisable (full details are contained in the ADBP and LTIP plan rules). Cessation of employment or a change of control during an award’s holding period does not affect an individual’s right to that award.

Plan	Treatment for good leaver	Treatment for any other leaver	Treatment on a change of control/voluntary winding up/ demerger
ADBP – cash bonus	Performance will usually be measured at the bonus measurement date based on appropriate performance measures as determined by the Remuneration Committee. Bonus will be pro-rated for the period worked during the financial year unless the Non-Executive Directors, at their discretion, determine otherwise. Any bonus may, at the Remuneration Committee’s discretion, be paid entirely in cash.	No bonus payable in relation to year of cessation.	The Non-Executive Directors have discretion to determine the bonus taking into account such factors as they consider appropriate, including the extent to which any applicable performance conditions have been satisfied. Bonus will be pro-rated for the period of the financial year elapsed unless the Non-Executive Directors, at their discretion, determine otherwise.
ADBP – deferred share bonus and LTIP	Awards will usually vest on a time-apportioned basis on the normal vesting date subject to any relevant performance condition(s) measured over the full performance period However, in the event of death, or at the Non-Executive Directors’ discretion, awards may vest early taking into account such factors as they consider appropriate including the extent to which any applicable performance conditions have been satisfied. The Non-Executive Directors have the discretion, acting fairly and reasonably, to dis-apply time apportionment.	Outstanding awards lapse.	The Non-Executive Directors have the discretion to determine the proportion of the award which vests taking into account, among other factors, the period of time the award has been held by the Executive Director and the extent to which any applicable performance conditions have been satisfied.

The Non-Executive Directors will apply discretion where there is an appropriate business case, which will be explained in full to shareholders. Payments in the event of a change of control will be subject to applicable law in force at the time of the change of control.

All Non-Executive Directors have an agreement with DP Eurasia ending at the end of the AGM in the third year following their appointment to the Board. No compensation is payable on termination, except for fees and expenses accrued to date.

Differences in remuneration between Executive Directors and other employees

The overall remuneration package for the Chief Executive Officer is structured so that the variable performance-related pay element forms a more significant portion compared to pay for other employees. This Remuneration Policy is to ensure there is a clear link between the individual and corporate performance achieved, the value this creates for shareholders and overall reward. The weighting of variable pay will vary based on the seniority of the individual, the role and specific responsibilities. Whilst annual bonuses are offered to a large number of employees, LTIP awards are targeted at individuals with roles that have the most influence on overall value creation.

Consideration of conditions elsewhere in DP Eurasia

Although there is no active consultation with employees on matters relating to the Directors' remuneration, the Remuneration Committee and other Non-Executive Directors are kept informed of employee pay and employment conditions and this is factored into deliberations when setting the Remuneration Policy for Executive Directors. The Group-wide salary increase budget and the proposed increase for employees of such country within which the Executive Directors operate or reside, will be considered by the Non-Executive Directors when determining any basic salary increase for Executive Directors.

Consideration of shareholder views

The Board members appointed by our longest shareholder at the time when the Remuneration Policy was discussed (Fides Food Systems) had representatives at the Remuneration Committee meetings; accordingly, the structure of this Remuneration Policy was subject to significant consultation with them. In addition, this Remuneration Policy has been structured with regard to the views of major institutional shareholders and leading advisory bodies.

Annual remuneration report

The annual remuneration report sets out how DP Eurasia's Remuneration Policy (pages 58 to 65) will be implemented in 2022 and how the existing Remuneration Policy was implemented in 2021.

Implementation of the Remuneration Policy in 2022

Executive Directors

DP Eurasia has two Executive Directors: the Chief Executive Officer (Aslan Saranga) and the Company Secretary (Frederieke Slot). Aslan Saranga has a remuneration package comprising a mixture of fixed pay and variable pay; Frederieke Slot solely receives fixed pay.

As described in the Statement from the Chairman of the Remuneration Committee, the Remuneration Committee reviews Aslan Saranga's base salary taking into consideration Turkish inflation and the salary settlement for other employees based in Turkey. Frederieke Slot's salary was reviewed with reference to inflation in the Netherlands.

Base salary

	Base Salary	
Executive Director	**Current**	2021
Aslan Saranga	**TRY 4,127,816[(1)]** **+EUR 25,000**	TRY 2,752,758 +EUR 25,000
Frederieke Slot	**EUR 129,245**	EUR 123,090[(2)]

(1) Aslan Saranga's salary was increased to TRY 3,633,641 with effect from 1 January 2022 and further increased to TRY 4,127,816 with effect from 1 April 2022. As outlined in the Statement from the Chairman of the Remuneration Committee, his salary will be subject to review and potential further amendment throughout 2022 on a basis consistent with other Turkish employees.

(2) Effective from 2021 AGM and before voluntary reduction.

Pension and benefits

Frederieke Slot receives a pension allowance worth 10% of base salary. Aslan Saranga receives no pension allowance. They will additionally both receive other benefits consistent with local market practice.

ADBP

In 2022, Aslan Saranga will be able to receive an annual bonus of up to 100% of salary. It is currently envisaged that it will be based on Group adjusted EBITDA (75%) and strategic measures (25%). 40% of any bonus earned will be deferred into shares for two years unless he is compliant with his "in-employment" shareholding requirement when the bonus is determined, in which case his bonus will be settled wholly in cash. Frederieke Slot will not participate in the ADBP in 2022.

The Remuneration Committee has discretion to override the formulaic outturn of the ADBP where such an approach is felt to be appropriate taking into account all relevant factors.

Malus and clawback may be applied to a bonus up to three years from the determination of the bonus.

LTIP

Aslan Saranga will receive an LTIP award over shares worth 100% of salary in 2022. Frederieke Slot will not receive an LTIP award in 2022.

It is currently envisaged that the award will vest on the third anniversary of grant subject to Group adjusted EBITDA (75%) and adjusted LTIP EPS (25%) measured over the period 2022-24. In order to ensure the EPS measure used in the LTIP is a fair representation of underlying Group performance, it will be defined so as to exclude non-recurring income/expenses which are not part of the normal course of business and income/expenses which are particularly volatile in a Turkish context (e.g. FX gains and losses; net interest expense). This is consistent with the approach adopted for the 2021-2023 LTIP.

The Remuneration Committee has discretion to override the formulaic outturn of the LTIP where such an approach is felt to be appropriate taking into account all relevant factors.

Malus and clawback may be applied to LTIP awards up to two years following the vesting date.

Variable remuneration targets

At the date of this report, there is significant political and economic uncertainty arising from recent events in Ukraine. Accordingly, the Remuneration Committee has delayed the setting of performance targets for the 2022 ADBP and 2022-24 LTIP until there is more certainty to enable the setting of robust targets. Those targets will be disclosed in the next remuneration report so long as they are not commercially sensitive at that time.

Non-Executive Directors

Non-Executive Director fees were determined by the General Meeting upon proposal of the Board. At the 2021 AGM, shareholders approved the fee table set out below.

	Annual fee (GBP)
Chairman of the Board	150,000
Basic Non-Executive Director fee	30,000
Audit Committee Chairman additional fee	2,000
Remuneration Committee Chairman additional fee	2,000
Senior Independent Director additional fee	2,000

In addition, the Non-Executive Directors are reimbursed for expenses that are reasonably required for the performance of their duties.

Annual remuneration report continued

Total remuneration

The following table sets out the total remuneration for Executive Directors and Non-Executive Directors for 2021.

	Executive Directors		Non-Executive Directors					
Year ending 31 December 2021	Aslan Saranga[1]	Frederieke Slot[2]	Peter Williams[3]	Tom Singer[4]	David Adams[5]	Shyam S.Bhartia	Hari S.Bhartia	Pratik R.Pota
Base salary and fees (TRY)	3,013,325	1,052,560	1,514,515	350,863	415,987	—	—	—
Benefits (TRY)	1,567,657	239,721	—	—	—	—	—	—
Pension (TRY)	—	21,930	—	—	—	—	—	—
Total fixed remuneration (TRY)	**4,580,982**	**1,314,211**	**1,514,515**	**350,863**	**415,987**	**—**	**—**	**—**
Total fixed remuneration (%)	**71%**	**100%**	**100%**	**100%**	**100%**	**—**	**—**	**—**
Annual bonus (TRY)	1,868,262	—	—	—	—	—	—	—
Long-term incentives (TRY)	—	—	—	—	—	—	—	—
Total variable remuneration (TRY)	**1,868,262**		**—**	**—**	**—**	**—**	**—**	**—**
Total variable remuneration (%)	**29%**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Total (TRY)	**6,449,244**	**1,314,211**	**1,514,515**	**350,863**	**415,987**	**—**	**—**	**—**
Total (local currency)	**₺6,449,244**	**€145,918**	**£125,000**	**£28,958**	**£34,333**		**—**	**—**

Local currency totals

Part of Aslan Saranga's remuneration and the whole of Frederieke Slot's remuneration are paid in Euros and Peter Williams, Tom Singer and David Adams remuneration is wholly paid in Pound Sterling. Total amounts received by each individual in local currency are recorded in the final line of the above table. In the other lines of the table, remuneration has been converted into Turkish Lira for consistency with the financial statements.

Notes to the table on page 60 – methodology

Base salary/fees

This represents the cash paid or receivable in respect of the financial year.

(1) Executive CEO Aslan Saranga's salary consists of both salary and €25,000 management fee.

(2) In local currency, Frederieke Slot's salary is €123,090 effective from 2021 AGM. She voluntarily accepted a 12% reduction in her salary starting from February to support the business.

(3) The Chairman, Peter Williams, voluntarily agreed to a temporary £25,000 reduction in his fee for 2021 to £125,000 in response to the economic size of the business, market cap and profitability.

(4) Tom Singer worked as Senior Independent Director, Audit Committee Chairman and Remuneration Committee Chairman for 5 months in 2021 and his fee is £69,500 annually (including additional fees for his positions).

(5) David Adams appointed as Audit Committee Chairman and Remuneration Committee Chairman effective from 2021 AGM.

Benefits

This represents the taxable value of all benefits paid or receivable in respect of the relevant financial year. Aslan Saranga's benefits included private health cover, company car, lunch ticket and a statutory payment of TRY 1,154k required under Turkish Labour Law to permit him to receive state pension. Frederieke Slot's benefits included medical disability allowance, mobility allowance and education, communication and IT allowances.

Pension

Aslan Saranga receives no pension provision; Frederieke Slot received a pension allowance worth 10% of base salary following the 2021 AGM (35.4% of base salary prior to the 2021 AGM).

Annual bonus

This represents the total bonus payable for the relevant financial year under the ADBP. In 2021, the Chief Executive Officer's annual bonus was based on 75% of the Group EBITDA and 25% on strategic measures.

1. Adjusted Group EBITDA (75% weighting)

Performance measure	Threshold performance	Maximum performance	Actual performance	% of max payable
Adjusted EBITDA (excluding IFRS 16)	TRY 117.7	TRY 147.1	TRY 134.1	56% (42% of salary)
	Zero payout	100% payout		

2. Strategic targets (25% weighting)

Targets set for the CEO for 2021 related to key areas of strategic development within our Russian and Turkish businesses.

1. Strategic development in Russian business (15% weighting)

   There was good progress in this area in 2021. Notable goals achieved during the year included the timely appointment and successful integration of a new CEO and management team for the Russian business, Board approval of a refreshed Russian strategic business plan and successful implementation of a Franchise Plan.

2. Strategic development in Turkish business (10% weighting)

   There was strong progress in this area in 2021. A particularly key strategic focus, overseen by the Group CEO, was the development of a successful internal succession plan for the Turkish CEO role. This was delivered to a high standard with the identification of high calibre talents in the Turkey business, coupled with implementation and successful management of a development programme. All participants completed the year with above average performance scores and have been assigned additional responsibilities or promotions within the Turkish business in 2022.

In aggregate, the Remuneration Committee agreed 80% achievement (20% of salary) for the Chief Executive Officer's performance against these strategic targets.

The overall formulaic outcome of the bonus was 62% of maximum available. At its meeting of 15 February 2022, the Remuneration Committee gave careful consideration to this outcome in the context of a broad range of factors, including the strong trading performance and strategic progress outlined elsewhere in the Annual Report, share price performance and the experience of our other stakeholders during the year. Following this assessment, the Committee was satisfied that the bonus outcome was appropriate, and that no discretionary adjustment was required.

	Maximum potential annual bonus	Actual bonus	
Total annual bonus	TRY 3,013,325	TRY 1,868,262	(62% of salary)

Long-term incentive

This column relates to the value of LTIP awards whose performance period ends in the period under review.

In May 2019, Aslan Saranga was granted an LTIP award over 332,706 shares vesting in May 2022 subject to achievement of adjusted EBITDA targets measured over the period 2019-2021. As the performance condition was not achieved, no shares will vest for Aslan Saranga in May 2022.

	Threshold (0% vests)	Maximum (100% vests)	Actual performance	% of award vesting
2019 LTIP award	TRY 434m	TRY 482m	TRY 328.2m	0%
	Cumulative adjusted EBITDA 2019-2021 (excluding IFRS 16)			Cumulative adjusted EBITDA 2019-2021 (excluding IFRS 16)

2020 Directors' remuneration table

Year ending 31 December 2020	Executive Directors: Aslan Saranga	Executive Directors: Frederieke Slot	Non-Executive Directors: Peter Williams	Non-Executive Directors: Tom Singer	Non-Executive Directors: Seymur Tari	Non-Executive Directors: Aksel Sahin
Base salary and fees (TRY)	2,514,253[1]	774,647[2]	1,302,397[2]	603,444[2]	—	—
Benefits (TRY)	217,338	184,312	—	—	—	—
Pension (TRY)	—	283,681	—	—	—	—
Total fixed remuneration (TRY)	2,731,591	1,242,640	1,302,397	603,444	—	—
Total fixed remuneration (%)	100%	100%	100%	100%	—	—
Annual bonus (TRY)	—	—	—	—	—	—
Long-term incentives (TRY)	—	—	—	—	—	—
Total variable remuneration (TRY)	—	—	—	—	—	—
Total variable remuneration (%)	—	—	—	—	—	—
Total (TRY)	2,731,591	1,242,640	1,302,397	603,444	—	—
Total (local currency)	₺2,731,591	€153,120	£145,000	£67,183	—	—

Notes to the table on page 62 – methodology

Base salary/fees

This represents the cash paid or receivable in respect of the financial year.

1. Executive CEO Aslan Saranga's salary consists of both salary and €25,000 management fee.
2. In local currency, Frederieke Slot's salary is €100,000, Peter Williams' fee as Chairman is £150,000 and Tom Singer's fee is £69,500 (including additional fees for his positions as Senior Independent Director, Audit Committee Chairman and Remuneration Committee Chairman). All of them voluntarily accepted a 20% reduction in their salary/fees for two months in 2020 to support the business.

Payments to past Directors and payments for loss of office

There were no payments to past Directors nor payments for loss of office to Directors during the year ended 31 December 2021.

Statement of Directors' shareholdings and share interests

The table below shows the Directors' share ownership as at 31 December 2021.

For the duration of the Remuneration Policy, the Chief Executive Officer is required to retain a minimum of 5,000,000 shares. He is currently compliant with this requirement. As the Company Secretary does not currently participate in the ADBP or LTIP, she is not currently subject to a shareholding guideline.

Director	Shares owned outright at 31 Dec 2021 (number of shares)	Outstanding share awards granted under LTIP at 31 Dec 2021 (number of shares)
Aslan Saranga[1]	8,106,310	1,312,489
Frederieke Slot	—	—
Peter Williams	131,776	—
Tom Singer	50,000	—
David Adams	—	—
Seymur Tarı	—	—
Aksel Şahin	—	—
Shyam S.Bhartia	—	—
Hari S.Bhartia	—	—
Pratik R.Pota	—	—

(1) Aslan Saranga owns shares through his wholly owned entity Vision Lovemark Coöperatief U.A.

Between 31 December 2021 and the date of this report, there were no changes in the shareholdings outlined in the above table.

Additionally, on 7 May 2021, Aslan Saranga was granted an LTIP conditional share award which will vest in May 2024 subject to achievement of a Group adjusted EBITDA (75%) and adjusted LTIP EPS (25%) target. Aslan Saranga was entitled to receive an award worth 125% of base salary which resulted in 473,571 shares with a face value of TRY 3,752,340 based on a share price of 68.9p (6 May 2021) and an exchange rate of GBP1: TRY11.5 (6 May 2021).

Performance conditions for the award, to be assessed over the three year period to 31 December 2023, are set out below.

	Cumulative adjusted Group EBITDA 2021-2023 TRY million 75% weighting	Cumulative adjusted LTIP EPS 2021-2023 TRY 25% weighting	Proportion vesting
Threshold	604.2	0.93	0%
Maximum	675.3	1.03	100%

Performance graph and Chief Executive Officer remuneration table

The chart compares the total shareholder return ("TSR") performance of DP Eurasia during the period since the IPO to the FTSE All-Share Index. This index has been chosen because it is a recognised equity market index of which DP Eurasia is a member.

DP Eurasia's total shareholder return compared against total shareholder return of the FTSE All-Share Index since Admission on 3 July 2017

The table below shows the total remuneration payable to the Chief Executive Officer as a percentage of the maximum opportunity.

	Year ended 31 Dec 2018	Year ended 31 Dec 2019	Year ended 31 Dec 2020	**Year ended 31 Dec 2021**
Chief Executive Officer total remuneration (TRY)	2,929,266	3,215,510	2,731,591	**6,449,244**
ADBP payout (% of maximum)	49%	41%	0%	**62%**
LTIP vesting	n/a (no award vested during 2018)	n/a (no award vested during 2019)	–	**–**

Annual remuneration report continued

Percentage change in remuneration of the DP Board members and average employee

The table below illustrates the percentage change in annual salary, benefits and bonus between 2018 and 2021 for all Board members including the Chairman and the average for all other Turkish headquarters employees. Since DP Eurasia has no employees in the parent company and the Chief Executive Officer resides in Turkey, Turkish employees are chosen as the comparator.

	Salary change			Benefits change			Annual bonus change		
	2018-2019	2019-2020	**2020-2021**	2018-2019	2019-2020	**2020-2021**	2018-2019	2019-2020	**2020-2021**
Average for all Turkish headquarters employees	22%	15%	**19%**	15%	10%	**28%**	(7%)	130%	**91%**
Executive Directors									
Aslan Saranga	15%	10%	**20%**	14%	27%	**621%**	(4%)	(100)%	**n/a**
Frederieke Slot	0%	(3%)	**1%**	0%	0%	**0%**	–	–	**–**
Chairman & Non-Executive Directors									
Peter Williams	0%	(3%)	**(14%)**	–	–	**–**	–	–	**–**
Tom Singer	0%	(3%)	**(57%)**	–	–	**–**	–	–	**–**
David Adams	–	–	**–**	–	–	**–**	–	–	**–**
Shyam S.Bhartia	–	–	**–**	–	–	**–**	–	–	**–**
Hari S.Bhartia	–	–	**–**	–	–	**–**	–	–	**–**
Pratik R.Pota	–	–	**–**	–	–	**–**	–	–	**–**

Notes to the table:

- This table compares data between 2018 and 2021.
- Changes are all in local currency and the increase in Turkish salaries and CEO salary reflect Turkish inflation.
- The Chief Executive Officer's salary change was determined in line with Turkish headquarters employees.
- Frederieke Slot agreed a 12% reduction in her salary starting from February 2021.
- Peter Williams agreed a GBP25,000 reduction in his fee for 2021.
- Tom Singer stepped down from his roles as Senior Independent Director, Audit Committee Chairman and Remuneration Committee Chairman as of AGM 2021.
- As explained in this report, the Chief Executive Officer's annual bonus is based on Group adjusted EBITDA (75%) and strategic targets (25%). It paid out at 62% of maximum for 2021 compared to zero for 2020 and accordingly no year-on-year percentage increase can be shown.
- The year-on-year change in the Chief Executive Officer's benefits relates to a statutory payment of TRY 1,154k required under Turkish Labour Law to permit him to receive state pension.
- All other Turkish employees benefit from a structured performance management system: the bonus earned is affected by both the performance of the Turkish business (measured by six KPIs) and success rates against individual targets. Company performance directly impacts the bonus amount to be distributed; above or below target realisation will increase or decrease the bonus pool accordingly. The bonus pool has grown in 2021 because of "over achievement" in the Turkish business company KPIs.

Internal pay ratio 2021

The internal pay ratio between the average pay of DP Eurasia employees vis-à-vis the average pay of the CEO and the Executive Directors was calculated based on the average remuneration (base salary and bonus) of the Group vis-à-vis the base salary and bonus of the CEO and average base salary and bonus of the Executive Directors in 2020. For the purposes of this ratio, total remuneration including all remuneration components has been taken into account in 2021 on a basis consistent with guidance issued in December 2020 by the Dutch Corporate Governance Monitoring Committee.

The pay ratio is 50:1 (2020: 41:1) for the CEO Aslan Saranga and 31:1 (2020: 27:1) for the Executive Directors. For reference, the above pay ratio disclosure is for compliance with Dutch corporate governance. As DP Eurasia has no UK employees, the Board decided that it was inappropriate to also include the pay ratio disclosures set out in UK legislation (The Companies (Miscellaneous Reporting) Regulations 2018).

Relative importance of the spend on pay

The table below illustrates the total expenditure on pay for all of the Group's employees compared to dividends payable to shareholders in respect of the year ending 31 December 2021. A 2020 comparative figure is also provided.

	Year ended 31 Dec 2021	Year ended 31 Dec 2020
Total staff costs (further details are provided in Note 5 to the consolidated financial statements (page 127))	**TRY 285.6m**	TRY 217.4m
Total dividends	**—**	—

Consideration by Directors of matters relating to Directors' remuneration

The Remuneration Committee is responsible for reviewing and making recommendations to the Board regarding the Remuneration Policy and for reviewing compliance with the Remuneration Policy. Remuneration Committee consisted of David Adams, Tom Singer (until the 2021 AGM) and Peter Williams during the year ending 31 December 2021, David Adams was appointed as Chairman of the Remuneration Committee to replace Tom Singer following the 2021 AGM, The Remuneration Committee met on three occasions during the period between 1 January 2021 and 31 December 2021.

Workforce engagement

DP Eurasia's approach to investing in, and engaging, the workforce is explained in the People section of this report on page 16.

The Remuneration Committee was also updated for Company-wide salary increases and levels of annual bonus for the general employee population so that they can compare the Executive Directors' total remuneration with the wider workforce.

Internal advice

The Chief Executive Officer, the Human Resources Director and representatives of DP Eurasia's major shareholder, Jubilant Foods, joined Remuneration Committee meetings to provide valuable input. The Company Secretary acted as secretary to the Remuneration Committee. No individual was present when their own remuneration was being discussed.

External advice

Following the IPO, Deloitte LLP was appointed by DP Eurasia to provide advice on executive remuneration matters and it continued to do so during 2021. The Remuneration Committee received independent and objective advice from Deloitte, principally on the preparation of the remuneration report, grant process, and on the queries raised by the Remuneration Committee Chairman. Deloitte also joined Remuneration Committee meetings by phone. In addition, Deloitte assisted DP Eurasia during the year with the UK Corporate Governance Code changes. Deloitte was paid £27,370 in fees during the period ending 31 December 2021 for these services to the Remuneration Committee (charged on a time plus expense basis). DP Eurasia also works with Deloitte in GDPR compliance regarding administrative and technical (IT) requirements. Deloitte is a founding member of the Remuneration Consultants Group and, as such, voluntarily operates under the code of conduct in relation to executive remuneration consulting in the UK. The Remuneration Committee is satisfied that the Deloitte engagement partner and advisory team that provide remuneration advice to the Committee do not have any connections with DP Eurasia or individual Directors that may impair their independence.

External Board appointments

Executive Directors are normally entitled to accept external appointments outside DP Eurasia with the consent of the Non-Executive Directors. Any fees received may be retained by the Executive Director. As at the date of this report, none of the Executive Directors held an external appointment for which they received a fee.

Shareholder voting on remuneration report resolutions

	Votes for	Votes against	Votes withheld
Approval of the Annual Report on Remuneration			
2021 AGM	81,981,304 (92.9%)	6,305,316 (7.1%)	0
Approval of Adoption of new Directors' Remuneration Policy			
2021 AGM	82,075,046 (93%)	6,211,574 (7%)	0

On behalf of the Board

David Adams
Chairman of Remuneration Committee

4 April 2022

Board

The Board aims to represent all stakeholders and to provide leadership and control in order to ensure the growth and development of a successful business.

Peter Williams

Chairman and Independent Non-Executive Director

Year of birth: 1953

Nationality: British

Initial appointment: July 2017

Mr Williams has spent over 30 years in both executive and non-executive positions in consumer-facing businesses comprising retail, leisure, media and consumer products.
Mr Williams also serves as Chairman of Mister Spex (a multi-channel eyewear retailer based in Berlin).
During the 13 years up to 2004, Mr Williams served as chief financial officer and then as chief executive of Selfridges. Amongst others, Mr Williams has served on the boards of ASOS plc, boohoo Group plc, Rightmove plc, Cineworld Group plc, Blacks Leisure Group plc, JJB Sports plc, U and I Group plc and Superdry plc. He is also a chartered accountant and has a bachelors degree in Mathematics from Bristol University.

AC RC SAC

Aslan Saranga

Chief Executive Officer and Executive Director

Year of birth: 1969

Nationality: Turkish

Initial appointment: June 2017

Mr Saranga is the Chief Executive Officer, having been appointed as the founding chief executive officer of the exclusive master franchisee of the Domino's System in Turkey on its inception in 1996. He also serves as the Chief Executive Officer of the Turkish Operations as well as the Chairman of the Domino's Russia Board of Directors. He currently sits as a board member of the Food Retailers Association, a leading industry group in Turkey, and is a member of Domino's Pizza General Management Council, which is comprised of the CEOs of the top ten countries in the global Domino's Pizza network. Mr Saranga has a masters degree in Finance from the University of Istanbul.

Frederieke Slot

Company Secretary and Executive Director

Year of birth: 1982

Nationality: Dutch

Initial appointment: July 2017

Ms Slot served as senior legal counsel of USG People between 2014 and 2017 (a large HR service provider that was listed on the Amsterdam Stock Exchange until June 2016). She spent the early part of her career as an attorney-at-law with various large Dutch law firms advising on restructuring, mergers and acquisitions and advising national and international companies on a wide range of strategic legal issues, corporate governance matters and legal and regulatory responsibilities. Ms Slot has a degree in Law from the University of Leiden.

Shyam S. Bhartia

Non-Executive Director

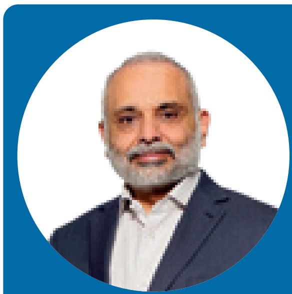
Year of birth: 1952

Nationality: Indian

Initial appointment: April 2021

Mr Shyam S Bhartia is Founder & Chairman, Jubilant Bhartia Group headquartered in New Delhi, India. With strong global presence in diverse sectors the Group has four companies listed on Indian Stock Exchanges.
Mr. Bhartia is Chairman – Jubilant Pharmova, Jubilant Ingrevia and Jubilant FoodWorks Limited (a food service company & master franchisee of Domino's Pizza in India, Sri Lanka, Bangladesh & Nepal).
He is also Chairman & MD of Jubilant Pharma, Singapore.
Mr Bhartia holds a bachelors' degree in commerce from St. Xavier's College, Calcutta University and is a qualified cost and works accountant.

SAC



Hari S. Bhartia

Non-Executive Director

Year of birth: 1956

Nationality: Indian

Initial appointment:
April 2021

Mr Hari S Bhartia is Founder & Co-Chairman, Jubilant Bhartia Group, headquartered in New Delhi, India. With strong global presence in diverse sectors the Group has four companies listed on Indian Stock Exchanges. Mr Bhartia is Co-Chairman & MD of Jubilant Pharmova, Co-Chairman of Jubilant Ingrevia & Jubilant FoodWorks Limited (a food service company & master franchisee of Domino's Pizza in India, Sri Lanka, Bangladesh & Nepal). He is a Chemical Engineering graduate from the Indian Institute of Technology (IIT), Delhi and former President of the Confederation of Indian Industry (CII). He is also a member of several educational, scientific & technological programs of the Government of India.

SAC

Pratik Pota

Non-Executive Director

Year of birth: 1968

Nationality: Indian

Initial appointment:
April 2021

Mr Pota is the Chief Executive Officer and Whole-time Director (Executive Director) at Jubilant FoodWorks Ltd ("JFL").

He is the Chairman of Jubilant Golden Harvest Ltd. and also serves as the Vice President of the National Restaurant Association of India ("NRAI").

Mr Pota has 30 years of diverse experience across sales, marketing and general management in leading large and established businesses, and also in managing turnarounds and start-ups. Prior to JFL, Mr Pota worked in leadership positions at PepsiCo, Airtel and Hindustan Unilever.

Mr Pota is an alumnus of the Indian Institute of Management, Kolkata from which he holds an MBA degree, and of BITS Pilani from which he holds a bachelor of engineering degree.

David Adams

Senior Independent Non-Executive Director

Year of birth: 1954

Nationality: British

Initial appointment:
April 2021

Mr Adams also serves as a non-executive director of Thinksmart plc (a financial technology company). In the last six years, Mr Adams has served on the boards of PizzaExpress UK, Halfords plc, Debenhams plc, Conviviality plc, Fever Tree Drinks plc, Hornby plc and Elegant Hotels plc.

He holds an MA from Edinburgh University and a Diploma in Business Administration from the Scottish Business School.

AC RC SAC

Key:

- AC Audit Committee
- RC Remuneration Committee
- SAC Selection and Appointment Committee

Leadership team

Aslan Saranga

Chief Executive Officer and Executive Director

See biography on page 66.

Neval Korucu Alpagut

Chief Financial Officer

Ms Alpagut became Chief Financial Officer in 2017. She joined the Group in 2006 as the Chief Financial Officer of the Turkish Operations. Ms Alpagut has a degree in Business Administration from İstanbul University (Turkey).

Kerem Ciritci

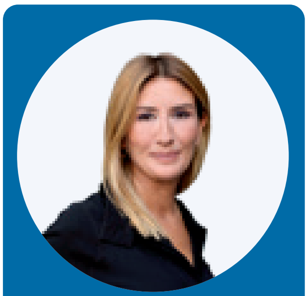
Chief Executive Officer of Turkish Operations

Mr Ciritci became Chief Growth Officer in 2018. Since 2010 he has been Business Development, Franchise Operations and International Development Director of the Turkish Operations. Mr Ciritci has a degree in Tourism Administration from Boğaziçi University (Turkey).

Daniel Rubinowski

Chief Executive Officer of Russian Operations

Mr Rubinowski was appointed as the CEO of Russian Operations in 2021. Prior to this, he was Marketing Director of KFC for Russia & CIS for over four years at Yum!.
Mr Rubinowski has a degree in Economics from Poznan University of Economics.



Pınar Togay

Chief Marketing & Digital Business Officer

Ms Togay became Chief Marketing & Digital Business Officer of Turkey and Russia Operations from January 2022. Since 2019, she had been Marketing Director of the Turkish Operations.
Ms Togay has a degree in International Relations from Galatasaray University (Turkey).

Board attendance and composition

During the year, Directors attended seven Board meetings, with some Directors attending meetings of committees established by the Board to conclude certain matters. Attendance at all of these meetings is shown below.

Board diversity

	Board	Executive Directors	Non-Executive Directors	Senior management
Women	14%	50%	0%	43%
Men	86%	50%	100%	57%

Directors’ skills and experience

Skills/experience	Number of Directors
Retail	6
Remuneration/people	2
Finance	2
Marketing/brand	4
Product specific	5
Listed entity experience	7
Legal, governance and compliance	1
IT/digital	2
International markets	6

Due to the travelling restrictions in connection with the COVID-19 pandemic, all Board meetings were held virtually.

	Date of possible reappointment	Duration of unexpired term of appointment	Attendance at planned Board meetings/calls	Attendance site visits	Attendance at meetings of the Audit and Remuneration Committees	Attendance at meetings of the Selection and Appointment Committee
Peter Williams	2022	2 months	7	1/1	7	2
Aslan Saranga	2022	2 months	7	1/1	n/a	n/a
Frederieke Slot	2022	2 months	7	1/1	n/a	n/a
Shyam Bhartia(1)	2022	2 months	5	1/1	n/a	n/a
Hari Bhartia(1)	2022	2 months	5	1/1	n/a	n/a
Pratik Pota(1)	2022	2 months	5	1/1	n/a	n/a
David Adams(1)	2022	2 months	5	1/1	4	1
Seymur Tarı(2)	n/a	n/a	2	n/a	n/a	n/a
Aksel Şahin(2)	n/a	n/a	2	n/a	n/a	n/a
Neil Harper(2)	n/a	n/a	2	n/a	n/a	n/a
Thomas Singer(3)	n/a	n/a	4	n/a	5	1

(1) Shyam Bhartia, Hari Bhartia, Pratik Pota and David Adams joined the Board on 21 April 2021.

(2) Seymur Tari, Aksel Şahin and Neil Harper ceased to be Directors in April 2021.

(3) Thomas Singer ceased to be a Director in June 2021.

Corporate governance report

The Board is committed to maintaining a governance framework that is appropriate to the business, supports effective decision-making and promotes decisions focused on the long-term success of the Group.

Corporate governance

DP Eurasia is a limited liability company incorporated under the laws of the Netherlands. DP Eurasia has a premium listing of ordinary shares on the London Stock Exchange. The Company has a one-tier Board structure.

The following sections explain how the Company applies the main provisions set out in the UK Corporate Governance Code and the Dutch Corporate Governance Code and have been prepared in line with the UK Listing Authority Listing Rules (the "Listing Rules").

This part of the Annual Report covers:

- the structure and role of the Board and its committees; Page 72
- relations with the Company's shareholders and the General Meeting; Page 101
- the reports of the Audit Committee, the Remuneration Committee and the Selection and Appointment Committee; and Page 74
- information that needs to be included pursuant to the Listing Rules, if not included in the consolidated financial statements, the remuneration report (payment for loss of office) and the shares and shareholders paragraph (Relationship Agreement and the controlling shareholder). Pages 55 and 101

Corporate governance statement

The information required to be included in this corporate governance statement as described in articles 3, 3a and 3b of the Dutch Decree on the contents of Directors' Report ("the Decree") is incorporated and published in the corporate governance section of the Company's website.

The Board

This section of the corporate governance report explains how the Board has fulfilled its duties and obligations during the year 2021.

On 21 April 2021, during an Extraordinary General Meeting of Shareholders ("EGM"), Mr Shyam Bhartia, Mr Hari Bhartia and Mr Pratik Pota were appointed as Non-Executive Directors, replacing Mr Seymur Tari, Ms Aksel Şahin and Mr Neil Harper as shareholder representatives pursuant to the Relationship Agreement between the Company and Fides Food Systems. At that same EGM, Mr David Adams was appointed as Non-Executive Director in order to replace Mr Thomas Singer as Senior Independent Non-Executive Director, who retired from the Board at the end of the 2021 AGM. All Executive Directors and the Chairman were reappointed at the Annual General Meeting on 8 June 2021.

Role and responsibilities

The Board is a one-tier board and the Directors have joint powers and responsibilities. The Directors share responsibility for all decisions, resolutions and acts of the Board and for the acts of each Director. Each Director has a duty towards the Company to properly perform the duties assigned to him or her. In performing their duties, each Director is guided by the interests of the Company and its business enterprise, taking into consideration the interests of stakeholders (which include, but are not limited to, consumers, franchisees, employees, creditors and shareholders).

The composition of the Board in 2021 was in line with its profile, as published on the Company's corporate website, in terms of experience, expertise, nationality, and age. Regarding gender diversity, as at 31 December 2021, the Board has no female Non-Executive Directors. Addressing gender diversity will be a priority when the Board considers to appoint another Non-Executive Director.

At any time, the Board, as a whole, is entitled to represent and act on behalf of the Company. Additionally, the Chief Executive Officer and another Executive Director acting jointly are authorised to represent and act on behalf of the Company. The majority of the Directors are Non-Executive Directors who essentially have a supervisory role.

The names and biographical details of the serving Directors, their role on the Board, their dates of appointment and their other major appointments can be found on pages 66 and 67.

The Board is responsible for the management, general affairs, strategy and operations of the Company. The Board may perform all acts necessary or useful for achieving the Company's corporate objectives, except for actions and resolutions expressly attributed to the General Meeting as a matter of Dutch law or pursuant to the Company's articles of association.

Since 31 January 2020, the United Kingdom has ceased to be a member of the European Union. Following the end of the United Kingdom's transition period for leaving the European Union on 31 December 2020, Euroclear UK & Ireland Limited ("EUI"), the central securities depository ("CSD") established in the United Kingdom, is no longer recognised as an EU CSD, but is recognised as a third-country CSD.

This means that EUI can no longer provide central maintenance services in respect of the shares of the Company (having its corporate seat in the Netherlands), which are represented in the EUI CREST system by means of depositary interests. The Company had until 30 June 2021 to arrange for the eligibility of the shares in an EU CSD. The Company has decided to transfer its shares to Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V., trading under the name Euroclear Nederland, the CSD established in the Netherlands ("Euroclear Nederland"). To facilitate this transfer, technical changes had to be made to the articles. During the EGM on 3 February 2021, the shareholders approved the amendment to the articles. On 25 June 2021, the Company's articles of association were amended.

Our culture

Ambition

The Group is committed to improving and demonstrating an eagerness to develop to overcome new challenges in order to contribute to its growth.

Integrity

The Group is dedicated to choosing the path which strengthens its principles of honesty, truth, loyalty, rectitude and justice in the daily conduct of all workers.

Cohesion

The Group aims to guarantee that the ambitious goals it sets are achieved through the contribution of all business units.

Team spirit

The Group operates globally in culturally diverse contexts and encourages, amongst all workers, a sense of belonging, respect for differences, loyalty and reciprocity.

Board committees and roles

Shareholders
107 shareholders as at 31 December 2021

Board

Selection and Appointment Committee

The Selection and Appointment Committee assists and advises the Board and prepares the Board's decision-making. The Selection and Appointment Committee, among other things, focuses on: (a) drawing up selection criteria and appointment procedures for Directors; (b) periodically assessing the size and composition of the Board, and making a proposal for a composition profile of the Board; (c) periodically assessing the functioning of individual Directors, and reporting on this to the Board; (d) drawing up a plan for the succession of Directors; (e) making proposals for appointments and reappointments; and (f) supervising the policy of the Board regarding the selection criteria and appointment procedures for senior management.

See Selection and Appointment Committee report on page 76.

Audit Committee

The Audit Committee assists and advises the Board and prepares the decision-making of the Board on the supervision of the integrity and quality of the Company's audit, accounting and financial reporting processes and the effectiveness of the Company's internal risk management and control systems. Among other things, it focuses on monitoring the Board with regard to: (a) relations with, and compliance with recommendations and following up of comments by, the internal and external auditors; (b) the funding of the Company; and (c) the application of information and communication technology by the Company, including risks relating to cybersecurity.

See Audit Committee report on pages 74 and 75.

Remuneration Committee

The Remuneration Committee assists and advises the Board and prepares the Board's decision-making regarding the determination of remuneration of the Executive Directors, the proposed target for the LTIP and the review and monitoring of overall remuneration packages for senior management.

See Remuneration Committee report on page 76.

Executive team

Chief Executive Officer

- Chief Financial Officer
- Chief Strategy Officer and Head of IR
- Chief Growth Officer
- CEO Russia
- COO Russia
- CFO Russia
- Company Secretary

Appointment, dismissal and suspension

Pursuant to the Company's articles of association, the Board must consist of at least one Executive Director and one Non-Executive Director. The Board determines the total number of Directors. The General Meeting appoints, suspends and dismisses each Director. For so long as there is a controlling shareholder (for the purposes of the Listing Rules), the Board rules allow for the election or re-election of any independent Director to be approved by separate resolutions of: (i) the Company's shareholders; and (ii) the Company's shareholders excluding any controlling shareholder. If either of the resolutions is defeated, the Company may propose a further resolution to elect or re-elect the proposed independent Director, which (a) may be voted on within a period commencing 90 days and ending 120 days from the original vote, and (b) may be passed by a vote of the shareholders of the Company voting as a single class.

Each Executive Director may at any time be suspended by the Board.

The General Meeting determines the term of appointment for each Director. A Director's appointment may be renewed at General Meetings, with due observance to the rules and regulations as applicable to the Company. Ultimately, the Directors' main responsibility is to promote the long-term success of the Company, acting in shareholders' best interests. All of our Directors submit themselves for re-election at each AGM and we provide shareholders with sufficient information in the meeting papers for them to decide whether their commitment and performance warrant a further year in office. At the 2021 AGM, each serving Director was re-elected.

A resolution of the General Meeting to appoint, suspend or dismiss a Director requires an absolute majority of the votes cast. The General Meeting can suspend or dismiss a Director at any time. Board resolutions to suspend or dismiss an Executive Director require an absolute majority of the votes cast.

Fides Food Systems will be able to nominate for appointment up to three Non-Executive Directors to the Board, for so long as it and its associates are entitled to exercise or to control the exercise of 10% or more of the votes able to be cast on all or substantially all General Meetings. More information relating to the nomination rights of Fides Food Systems can be found on pages 101 and 102.

Executive Directors

The Board has delegated the operational running of the Group to the Executive Directors with the exception of the following matters which are reserved for the full Board: structural and constitutional matters; corporate governance matters; dividend proposals; developing and approval of the overall strategy and decisions on managing the corporate portfolio; approval of the business plan and budget; oversight of the operational and financial performance of the business; review and approval of any publication by the Company of any information required by applicable laws and regulations; approval of significant transactions or arrangements in relation to mergers, acquisitions, joint ventures and disposals; approval of changes made to franchise agreements or other significant agreements; settlement of material litigation issues, significant financial injections and capital expenditures; and approval of material changes to pension liabilities.

Non-Executive Directors

The Non-Executive Directors share full responsibility for the execution of the Board's duties. Within this broad responsibility, the Non-Executive Directors are essentially supervising and advising the Board and management regarding the strategy, the implementation of the strategy and the principal risks associated with it and focus on the effectiveness of the Company's internal risk management and control systems and the integrity and quality of the financial reporting.

Further, the Non-Executive Directors scrutinise the performance of management in meeting the agreed goals and objectives and supervise the relations with shareholders. The Board acknowledges that it is important that the Non-Executive Directors develop an understanding of the views of major minority shareholders about the Company. In relation herewith, the Non-Executive Directors are regularly provided with analysts' updates and briefings and are invited to join meetings with major minority shareholders. In carrying out their duties, the Non-Executive Directors are guided by the Dutch Civil Code, the Dutch Corporate Governance Code, the UK Corporate Governance Code, the Company's articles of association, and the overall interests of the Group, its business and stakeholders.

Corporate governance report continued

The Board continued

Non-Executive Directors continued

Each Non-Executive Director has committed to the Company that they are able to allocate sufficient time to the Company to discharge their responsibilities effectively. At the 2022 AGM, it is proposed that the current Executive Directors, Non-Executive Directors and Chairman will be reappointed.

The Board recognised that it will require additional Independent Non-Executive Directors to comply with the applicable corporate governance best practice principles. This has been discussed in both the Board as well as the meetings of the Selection and Appointment Committee. The Board has decided to appoint two additional independent Non-Executive Directors and is in advanced stages of appointing the first. During this process and following the 2022 AGM, Jubilant has agreed to reduce their representation from three Directors to two.

The Board has taken into account the other demands of the relevant Directors and has no concerns on their time commitment using the prior year as a reference point. Any additional appointments Directors are contemplating taking on are discussed with the Chairman in advance, including the likely time commitment and whether these could in any way constitute a conflict of interest.

Committees

The Company has established three committees: an Audit Committee, a Remuneration Committee and a Selection and Appointment Committee. These committees each have written terms of reference, and are currently composed as described below. The members of each of these three committees are appointed from among the Non-Executive Directors. From time to time, separate committees may be established by the Board to consider specific issues when the need arises. The committees operate pursuant to the terms of reference approved by the Board in accordance with the law, the Dutch Corporate Governance Code and the UK Corporate Governance Code. The terms of reference were revised in January 2019 and further reviewed by each committee during the year. The committees' terms of reference are available on the Company's corporate governance website, including attendance at meetings in 2021, which can be found on page 69.

Audit Committee

Meetings in 2021: 4

Members: Thomas Singer (Chair until June 2021), David Adams (Chair from June 2021), Peter Williams

The Audit Committee met four times in 2021. In general, all meetings of the Audit Committee are attended by the CEO, the CFO, the Internal Audit and Risk Management Director and the external auditor. The Company Secretary attends meetings in her capacity as Secretary of the Audit Committee. At the end of each meeting, it was chosen to discuss matters without management being present and there is regular dialogue with the audit partner. The Chief Strategy Officer and Head of Investor Relations joined the meetings during which the press releases regarding annual and half-year results were discussed.

Other members of the Board and senior management were invited when necessary or appropriate. The Audit Committee is chaired by Mr Adams and its other member is Mr Williams.

The UK Corporate Governance Code recommends that the Audit Committee has a minimum of two members, taking into account that the Company is seen as a smaller company, and that all members of the Audit Committee be Non-Executive Directors, independent in character and judgement and free from any relationship or circumstance which may, could or would be likely to, or appear to, affect their judgement.

The Dutch Corporate Governance Code requires that all members of the Audit Committee be Non-Executive Directors and that more than half of the members should be independent. The Board considers that the Company complies with the independence requirements of the UK Corporate Governance Code and the Dutch Corporate Governance Code as to the composition of the Audit Committee, because it comprises two independent Non-Executive Directors. The UK Corporate Governance Code also recommends that the Chairman of the Board should not be a member of the Audit Committee.
The Company cannot comply with this principle.
More information on the accountability regarding this best practice provision of the UK Corporate Governance Code can be found on page 79.

The Audit Committee's focus in 2021 was, among other things, on overseeing the integrity and quality of the Group's financial reporting, the effectiveness of the internal risk and control systems, the relevant 2021 tax matters, debt covenant compliance and the impact and consequences of COVID-19. The Audit Committee reviewed the Company's annual and interim financial statements and related press releases, as well as the outcomes of the year-end audit.

The Audit Committee discussed relevant accounting principles and the recoverability of deferred tax assets ("DTA") from carry forward tax losses of DP Russia. Another item that was discussed in more depth was the overall cyber security of the Group, including the 2022 cyber security projects, disaster recovery cycles, the 2022 IT budget and the cyber insurance agreement.

Furthermore, the Audit Committee reviewed and approved the audit plans of the internal and external auditors, with a focus on scoping, materiality and key risks. The Audit Committee monitored the progress of the internal and external audit activities, including a review of observations identified as a result of the internal audit activities during the quarter, quarterly procedures performed by the external auditor and the audit performed at year end by the external auditor. The Audit Committee oversaw follow-up by management on the recommendations made by the internal and external audit reports.

The Audit Committee extensively discussed the effectiveness of the internal control framework. Each quarter, the agenda includes a discussion on current control topics, including internal audit findings and the external auditor's reflections on the control framework. These discussions guided management and internal audit to focus on the right priorities throughout the year and to build a relevant internal audit plan for 2021.

The Audit Committee provided advice to the Board on whether the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's financial position and performance, business model and strategy. Each Director was also asked to provide this confirmation. When doing so, both the Audit Committee and the individual Directors were provided by management with a formal assessment of the key messages included in the Annual Report and Accounts. This assessment was designed to test the quality of reporting and to enable the Directors to satisfy themselves that the levels of disclosure were appropriate.

The Audit Committee has reviewed the independence, effectiveness and objectivity of the external auditor, PwC, and considers that PwC possesses the skill and experience required to fulfil its duties effectively and efficiently. The Audit Committee's review of the effectiveness of PwC as the external auditor is based on the interaction of the Audit Committee with PwC, discussions with the senior finance team, discussions with the lead audit partner and his team, robustness of the audit and the quality of reporting to the Audit Committee.

PwC has monitored its compliance with external standards, the PwC Global Independence Policy and DP Eurasia's independence policy with respect to services provided in 2021 and confirmed that it has been and is compliant with these independence requirements. With respect to the external auditor's Board report on the 2021 financial year, the Audit Committee confirms that the Board report contained no significant items that need to be mentioned in this report.

DP Eurasia N.V. was incorporated on 18 October 2016 and listed its shares on the London Stock Exchange as of 3 July 2017.

As a consequence, PricewaterhouseCoopers Accountants N.V. was appointed as the statutory auditor of the listed entity. Prior to the listing, PwC Turkey was already the statutory auditor of the consolidated financial information of all the operating entities since 31 December 2014. The shareholders reappointed PwC during the AGM on 8 June 2021.

The Audit Committee agrees the fees for the external auditor and has agreed strict rules regarding the provision of non-audit services by the external auditor. These include specific pre-approvals for proposed non-audit work.

Corporate governance report continued

Remuneration Committee

Meetings in 2021: 3

Members: Thomas Singer (Chair until June 2021), David Adams (Chair from June 2021), Peter Williams

The Remuneration Committee is chaired by Mr Adams and its other member is Mr Williams. Members of the Remuneration Committee are appointed by the Board. The UK Corporate Governance Code recommends that all members of the Remuneration Committee be Non-Executive Directors, independent in character and judgement and free from any relationship or circumstance which may, could or would be likely to, or appear to, affect their judgement. The Dutch Corporate Governance Code requires that all members of the Remuneration Committee be Non-Executive Directors and that more than half of the members be independent. The Board considers that the Company complies with the requirements of the UK Corporate Governance Code and the Dutch Corporate Governance Code as to the composition of the Remuneration Committee because the Remuneration Committee comprises two independent Non-Executive Directors. In 2021, the Remuneration Committee met three times. The meetings of the Remuneration Committee were attended by the CEO and the Human Resources Director (by phone and in person) whenever necessary. The Company Secretary attends meetings in her capacity as Secretary of the Remuneration Committee.

Other members of the Board and senior management were invited when necessary or appropriate. In the case of topics concerning the remuneration of the Chief Executive Officer, it was chosen to discuss these matters without the Chief Executive Officer being present. Further detail on remuneration of the Board can be found on pages 58 to 65 in the remuneration report, which includes a further explanation of the Remuneration Policy and the actual remuneration and relationship between remuneration and performance of the Executive Directors for 2021.

Selection and Appointment Committee

Meetings in 2021: 2

Members: Peter Williams (Chair), Thomas Singer (until June 2021), David Adams (Chair from June 2021) and Hari Bhartia

The Selection and Appointment Committee is chaired by Mr Williams and its other members are Mr Adams and Mr H. Bhartia. Members of the Selection and Appointment Committee are appointed by the Board. The UK Corporate Governance Code recommends that a majority of the Selection and Appointment Committee be Non-Executive Directors, independent in character and judgement and free from any relationship or circumstance which may, could or would be likely to, or appear to, affect their judgement, and the Dutch Corporate Governance Code requires that all members of the Selection and Appointment Committee be Non-Executive Directors and that more than half of the members be independent.

The Board considers that the Company complies with the requirements of the UK Corporate Governance Code and the requirements of the Dutch Corporate Governance Code as to its composition of the Selection and Appointment Committee because the Selection and Appointment Committee comprises two independent Non-Executive Directors and one non-independent Non-Executive Director.

The Selection and Appointment Committee met two times in 2021. The meetings of the Selection and Appointment Committee were attended by the Chief Executive Officer and the Company Secretary in her capacity as Secretary of the Selection and Appointment Committee.

The Selection and Appointment Committee discussed the possible succession planning of Executive Directors, Non-Executive Directors and the executives in Turkey and Russia. The Selection and Appointment Committee also discussed the Board's approach to its annual self-assessment on Board effectiveness the appointment of additional Non-Executive Directors and the composition of the Board in general. Further, the committee reviewed the performance of the Directors seeking re-election at the 2022 AGM.

The Board recognises its responsibility of having Directors with the appropriate balance of educational background, experience, independence and knowledge of the Company to enable them to discharge their respective duties and responsibilities effectively. The Board has a key role to protect shareholders' interests by ensuring that the Board and management are challenged, constructively and effectively, and it is important that they do so from a range of perspectives. Fortunately, our business is diverse and people are recruited regardless of their gender, nationality or possible other characteristics to make sure that people are recruited from the widest pool of talent.

Details of the Group-wide diversity data are shown on page 69.

Board effectiveness

Activities of the Board

In general, a minimum of four face-to-face meetings are planned throughout the calendar year to consider, for example, the half-year and full-year results announcements of the Group and the strategy of the Group. Meetings of the Board are held in Amsterdam, with two to three site visits to Moscow and Istanbul a year. The Chairman sets the Board's agenda, ensures the Directors receive accurate, timely and clear information, and promotes effective relationships and open communication between the Executive and Non-Executive Directors. Due to the travelling restrictions in connection with the COVID-19 pandemic, the Board held only one face-to-face meeting and the rest were held via video conference. It is the Board's intention to resume face-to-face meetings and meetings in Amsterdam as soon as practically possible.

The virtual meetings were held with all Directors present. Throughout the year, the Chairman and other Non-Executive Directors had regular contact with the Chief Executive Officer. None of the Non-Executive Directors were frequently absent, and in all meetings there was sufficient presence to constitute a valid quorum. The table showing the attendance of Directors at Board meetings in 2021 can be found on page 69.

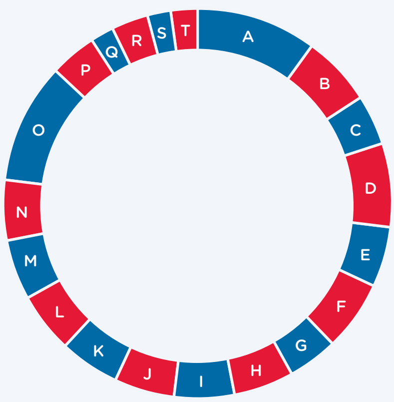
At each Board meeting and with respect to any proposed resolution submitted to the Board, each Director holds the right to cast one vote provided that such Director does not have a conflict of interest with respect to the proposed resolution. Where the articles of association or the Board Rules do not prescribe a larger majority, all resolutions submitted to a Board meeting may only be adopted by a majority of the votes cast in such a meeting. In the event of a tie, the proposed resolution will be deemed to have been rejected.

The meetings addressed routine commercial, operational and financial matters and focused on key resource levels and strategic implementation. As well as day-to-day matters, the Non-Executive Directors paid particular attention to the activities regarding investors.

Main matters discussed during the year's Board meetings:

- developing and approval of the overall strategy;
- the impact and consequences of COVID-19;
- progress on implementing the overall strategy;
- cyber security;
- long-term value creation and the strategy for realisation;
- budget for 2022;
- oversight of the operational and financial performance of the business;
- review of risks and internal risk management and control systems;
- potential collaborations and acquisition opportunities;
- investor relations activities;
- capital structure;
- significant human resources matters;
- major capital investments;
- the half-year results, including the announcement and investor presentations of these half-year results; and
- innovation.

Board activities



A	Strategy (financial and operational)	10%
B	Remuneration Policy and approach	6%
C	Investments, shareholder returns and dividends	4%
D	Performance conditions and employee share scheme awards, including executive management oversight and performance	7%
E	Risk management and mitigation	5%
F	Budgeting	6%
G	Investor relations	4%
H	Compliance	5%
I	Key policies and governance arrangements	5%
J	Board composition	5%
K	Auditor reports, appointments and fees	5%
L	Going concern and viability statement	5%
M	Board evaluation	5%
N	Annual Report	5%
O	Trading updates and financial performance	10%
P	Innovation	4%
Q	Cyber security	2%
R	COVID-19	3%
S	Situation in Russia	2%
T	Impact of sanctions	2%

Corporate governance report continued

Board effectiveness continued

Board evaluation

The Board is required to assess its own effectiveness. This is a healthy process for the Board as a whole, the committees, and the individual Directors. The Board discussed the 2021 annual internal evaluation and determined that, since the majority of the Directors had only been in function for a few meetings, it would assess its own functioning again in 2022. After this first assessment, the Board will discuss the elements assessed and lessons learnt together. However, the Board has discussed whether any immediate improvements or changes should be made. The Board's view was that a good start had been made in working together.

The internal control procedures are described in more detail on page 82 of this report. The Board is of the opinion that these fulfil the needs of the Group.

Non-Executive Director meetings

The Non-Executive Directors meet as a group, without the Executive Directors present, to consider specific agenda items set by them at least once a year, including to review the performance of the Chairman, the committees and the Executive Directors. The Chairman, or in his absence the Senior Independent Director, chairs such meetings.

Composition and diversity of the Board

The composition of the Board, including the Non-Executive Directors, can be found on pages 66 and 67.

The Board has a diverse composition in terms of educational background, professional expertise, age and nationality. In this respect, DP Eurasia's ambition is to have a blend of industry knowledge and financial, legal, executive and non-executive expertise. The target for a balanced Board composition is a minimum of 30% female representatives. This target is currently met by DP Eurasia for the Executive Directors (50%), but not for the Non-Executive Directors. DP Eurasia, however, regards the full Board as being well balanced in terms of knowledge, experience and diversity. The Selection and Appointment Committee will strive for a diverse composition in the process of appointing and reappointing members to the Board in the future. At the same time, necessary knowledge of the Company, franchise, digital retail and the Company's key market areas will stay as key appointment criteria. With regard to the appointments of Messrs Shyam Bhartia, Hari Bhartia, Pratik Pota and David Adams, the Selection and Appointment Committee has not used an external search agency to look for a suitable Director.

The Board endeavours to ensure that the composition of the Board is such that its members are able to act critically and independently of one another, the Executive Board and any particular interest.

The Board reviews the independence of its Non-Executive Directors annually. In assessing the independence of each Director, the Board considers whether each is independent in character and judgement and whether there are relationships or circumstances which are likely to affect, or could appear to affect, the Director's judgement. The Board has considered the independence of the current Non-Executive Directors. It does not regard that Mr Shyam Bhartia, Mr Hari Bhartia and Mr Pratik Pota are independent as they are appointed upon the nomination of Fides Food Systems, the controlling shareholder.

Director induction

All the new Directors participated in an induction programme when they joined the Board. The Chairman ensures that ongoing training is provided for Directors by way of site visits and presentations. All Directors have access to the services of the Company Secretary, and the opportunity to seek independent professional advice at the Company's expense where they judge it necessary to discharge their responsibilities as Directors or as members of Board Committees. The Board is supplied with information in a form and of a quality appropriate to enable it to discharge its duties effectively. This is provided in good time ahead of all meetings and decisions, and Non-Executive Directors are encouraged to seek clarification from management whenever they feel appropriate.

Indemnification

The terms of the indemnification granted to the Directors are set out in the Company's articles of association. An excess Directors' and Officers' Liability and Corporate Reimbursement Insurance was in place for all Directors in 2021 and is currently in force.

Conflicts of interest

Any conflict of interest by a member of the Board shall immediately be reported to the Board. In the event that a Director is uncertain whether or not he has a conflict of interest, he may request the Chairman to have the Non-Executive Directors determine whether there is a conflict of interest. A Director may not participate in the deliberation and decision-making process if he or she has a conflict of interest. In 2021, no transactions were reported under which a Director had a conflict of interest which was of material significance to the Company or to the individual Director.

Insider dealing code

The Board has adopted a code of securities dealings in relation to the shares and a policy with respect to the entry into of transactions with persons related to the Group. The code is based on the rules of the UK Market Abuse Regulation and will apply to the Directors and other relevant employees of the Group. The policy is based on the mandatory provisions of the Listing Rules which apply to the Group.

Accountability: Takeover Directive (Article 10) Decree

The relevant information referred to in Section 1 of the Takeover Directive (Article 10) Decree is included in the Annual Report on page 73 (Appointment, dismissal and suspension), page 101 (Our shares), pages 102 and 104 (Controlling shareholder and Relationship Agreement) and page 122 (Share-based incentives).

Accountability: UK and Dutch Corporate Governance Codes

UK Corporate Governance Code

The Company complies with and, except in the case of any future deviation, subject to explanation thereof at the relevant time, intends to continue to comply with the relevant recommendations of the UK Corporate Governance Code. The UK Corporate Governance Code contains 18 main principles, which are expanded on in supporting principles and detailed provisions. Together, these set out the key components of effective Board practice and corporate governance, and we explain in this report how we have applied these during the year.

Fides Food Systems is the largest holder of shares in the Company and a subsidiary of Jubilant FoodWorks Netherlands B.V. ("Jubilant"), the wholly owned subsidiary of Jubilant FoodWorks Limited. The Company will continue to represent a significant investment for Fides Food Systems.

The Board and Fides Food Systems are mindful of the need to consider the interests of the Company's minority investors and the Group believes the composition of the Board and the committees, with the independent Chairman (being Mr Peter Williams) and the independent Non-Executive Director (being Mr David Adams), will provide the appropriate corporate governance balance and the interests of both Fides Food Systems and minority shareholders.

Pursuant to the Relationship Agreement (see page 104), Fides Food Systems will be able to nominate three Non-Executive Directors to the Board for so long as it and its associates are entitled to exercise or to control the exercise of 30% or more of the votes able to be cast on all, or substantially all, matters at General Meetings; two Non-Executive Directors for so long as it and its associates are entitled to exercise or control the exercise of 20% or more; and one Non-Executive Director for so long as it and its associates are entitled to exercise or control the exercise of 10% or more. The current appointees are Messrs Shyam Bhartia, Hari Bhartia and Pratik Pota.

The UK Corporate Governance Code recommends that the board of directors of a company with a premium listing on the Official List of the FCA should appoint one of the non-executive directors to be the senior independent director to provide a sounding board for the chairman and to serve as an intermediary for the other directors when necessary. The senior independent director should be available to shareholders if they have concerns which contact through the normal channels of chairman or executive directors has failed to resolve or for which such contact is inappropriate. Mr Thomas Singer had been appointed as Senior Independent Director until his retirement from the Board at the end of the 2021 AGM. At the 2021 AGM, Mr David Adams was appointed as Senior Independent Director.

The Board will follow the recommendation of the UK Corporate Governance Code that an Executive Director is expected to build up a shareholding worth 100% or a significant amount of their salary. Pursuant to the Remuneration Policy 2018-2020, the Chief Executive Officer will be required to retain a minimum of 5,000,000 shares (based on the Group's share price as at 31 December 2020, this equates to a value of c.£2.25 million) subject to remaining as an employee.

Corporate governance report continued

Accountability: UK and Dutch Corporate Governance Codes continued

UK Corporate Governance Code continued

The Company does not currently comply with the following principles and best practice provisions of the UK Corporate Governance Code:

Best practice provision 11 ("Independence of the Board")

The Company does not comply with best practice provision 11, which determines that at least half of the Board, excluding the Chairman, should be considered independent by the Board. As long as Fides Food Systems holds at least 30% of the shares, it shall have the right to nominate three of the five Non-Executive Directors, and the nominees do not need to be "independent".

The Company believes this deviation is justified by Fides Food Systems' shareholding in the Company due to the specific knowledge and experience of the business of the Company held by these Directors. Further, in order to comply with this best practice provision and with the agreement that was made with Fides Food Systems, the Company should appoint three additional independent Non-Executive Directors so it will have a Board consisting of ten Board members. The Company believes that this would not be feasible taking into account the size and resources of the Company.

However, the Company recognises that it should take steps to comply with this best practice provision and is in the advanced stages of recruiting two additional Independent Non-Executive Directors and is in the advanced stages of appointing the first. During this process and following the 2022 AGM, Jubilant agreed to reduce their representation from three Directors to two.

Best practice provision 24 ("Audit Committee")

The Company does not comply with best practice provision 24, which determines that the Chairman of the Board should not be a member of the Audit Committee. The Company believes that the members of the Audit Committee should be independent Non-Executive Directors with relevant recent financial experience and therefore believes it justified that Mr Williams remains as a member of the Audit Committee taking into account the size and resources of the Company and the right of Fides Food Systems to nominate three Non-Executive Directors.

Dutch Corporate Governance Code

The Dutch Corporate Governance Code, dated 8 December 2016, became effective on 1 January 2017 and has its statutory basis in Book 2 of the Dutch Civil Code. Dutch companies whose shares are listed on a regulated market (such as the London Stock Exchange) are required under Dutch law to disclose in their annual reports whether or not they apply the provisions of the Dutch Corporate Governance Code and, in the event that they do not apply a certain provision, to explain the reasons why. The Board has reviewed the Dutch Corporate Governance Code and supports the best practice provisions thereof.

Therefore, except: (i) where the Dutch Corporate Governance Code cannot be reconciled to the UK Corporate Governance Code; (ii) as noted below; or (iii) in the case of any future deviation, subject to explanation thereof at the relevant time, the Company intends to comply with the relevant best practice provisions of the Dutch Corporate Governance Code (publicly available at **www.mccg.nl**).

The Company will not comply with the following principles and best practice provisions of the Dutch Corporate Governance Code:

Best practice provision 2.1.7 ("Independence of the Supervisory Board")

The Company does not comply with best practice provision 2.1.7, which determines, inter alia, that more than half of the total number of Non-Executive Directors should meet the independence criteria as defined in the Dutch Corporate Governance Code. As long as Fides Food Systems holds at least 30% of the shares, it shall have the right to nominate three of the five Non-Executive Directors, and the nominees do not need to be "independent".

The Company believes this deviation is justified by Fides Food Systems' shareholding in the Company due to the specific knowledge and experience of the business of the Company held by these Directors. Further, in order to comply with this best practice provision and with the agreement that was made with Fides Food Systems, the Company should appoint two additional independent Non-Executive Directors so it will have a Board consisting of nine Board members. The Company believes that this would not be feasible taking into account the size and resources of the Company.

However, the Company recognises that it should take steps to comply with this best practice provision and is in the advanced stages of recruiting two additional Independent Non-Executive Directors and is in the advanced stages of appointing the first. During this process and following the 2022 AGM, Jubilant agreed to reduce their representation from three Directors to two.

Best practice provision 2.7.5 ("Accountability regarding transactions: majority shareholders")

The Company does not comply with best practice provision 2.7.5, which determines, inter alia, that all transactions between the Company and legal or natural persons who hold at least 10% of the shares must be agreed on terms that are customary in the market and require the approval of the Supervisory Board (or the Non-Executive Directors in a one-tier board). The Company will alternatively comply with Listing Rule 11, which requires shareholder approval for related party transactions which, by value, exceed a de minimis threshold.

The Company believes this deviation is justified because the Listing Rules requirements are mandatory.

Best practice provision 3.1.2 ("Remuneration Policy")

The Company does not comply with best practice provision 3.1.2 (vi), which determines that shares should be held for at least five years after they are awarded. The Company felt it important to demonstrate to the executive team that the scheme would deliver value in the first three years to build confidence in this unfamiliar type of arrangement for Turkish and Russian executives. Having a five-year delay in getting any benefits would reduce its effectiveness. However, for the duration of the 2018-2020 Remuneration Policy, the Chief Executive Officer will be required to retain a minimum of 5,000,000 shares. The Company believes that a further two-year holding period provides little additional incentive given the size of his minimum shareholding, subject to remaining an employee. The Company believes that with the current Remuneration Policy, it ensured an alignment with the interests of the shareholders.

Best practice provision 3.2.3 ("Severance payments")

The Company does not comply with best practice provision 3.2.3, which determines, inter alia, that remuneration in the event of dismissal of employees should not exceed one year's salary. Although, in the Company's case, the Executive Directors will normally under their contracts not be entitled to be paid a severance payment upon termination that exceeds one year's annual base salary (the fixed remuneration) in the preceding financial year and no contractual severance payment will be awarded in the event of seriously culpable or negligent behaviour on the part of the Executive Director, Mr Saranga's contract provides for an additional compensation payment of one year's annual base salary payable only in the event that termination of his employment is due to him being unable to work because of a health condition. Where a contract is terminated, the Company reserves the right to make additional payments where such payments are made in good faith in discharge of an existing statutory or legal obligation (or by way of damages for breach of such an obligation) or by way of settlement or compromise of any claim arising in connection with the termination of an Executive Director's office or employment. Any such payments may include, but are not limited to, paying statutory severance compensation, any fees for outplacement assistance and/or the Executive Director's legal and/or professional advice fees in connection with his or her cessation of office or employment. Payment would also be made for any outstanding vacation days unused at the date of cessation of employment.

Peter Williams
Chairman

4 April 2022

Risk management

The Audit Committee and management monitor the risk management, effectiveness and timely implementation of the internal controls and provide guidance for prioritisation and further improvement.

How we manage risk

The Board, Audit Committee and management continued to monitor risks and implementation of the internal controls to mitigate risks throughout the year. A risk-based management approach and a continuous culture of improvement are integral to the Group's strategy and business management. The Group registers the principal risks to the risk inventory and regularly evaluates these risks.

The DP Eurasia Risk Management and Control Framework is based on the "COSO 2017 Enterprise Risk Management – Integrated Framework", managing financial, operational and compliance risks to meet the business strategy.

As a key element of a robust risk management and control framework, the internal audit functions are carried out independently by the DP Eurasia Internal Audit and Risk Management Directorate ("Internal Audit"), which directly reports to the Audit Committee and has full access to all Group entities. Internal Audit provides reasonable assurance to the Audit Committee and the Board on the design and effectiveness of the business processes and internal controls.

The significant risk areas, audit issues and effectiveness of management action plans are periodically reported to the Audit Committee.

The Audit Committee and management monitor the risk management, effectiveness and timely implementation of the internal controls and provide guidance for prioritisation and further improvement.

Corporate governance and ethics culture

The Group continues to develop its corporate governance by implementing awareness programmes, conducting training and standardising business processes. The Group's values, "doing the right thing" principle and "tone at the top as well as in the middle" approach are key drivers of the corporate governance strategy.

The Code of Ethics and Business Conduct Policy, Anti-Corruption and Anti-Bribery Policy and Whistleblower Policy are the key elements of the Group's corporate governance framework. As clearly highlighted in the policies, the Group respects and promotes human rights in all the cultural, socioeconomic, and geographic contexts in which it operates, respecting the traditions and cultures of, and providing support for, local communities in accordance with specific interests in each region.

Also, the Group prohibits any situation involving or pertaining to child or forced labour. Our employees as well as our business partners and suppliers are required to comply with the corporate governance policies.

All incidents of actual or suspected integrity-related cases reported through the hotline or other resources are promptly and thoroughly investigated. In 2021, we have received, investigated and reported 258 cases. To the best of our knowledge, we had no cases of fraud, bribery or corruption which would have a significant impact on our business.

Although we are thus occasionally confronted with less desirable behaviour, we consider the Code of Ethics and Business Conduct Policy, the Anti-Corruption and Anti-Bribery Policy and the Whistleblower Policy to be effective. We aim to address such less desirable behaviour effectively, appropriately and securely, for instance by ensuring new or revised policies and procedures are put into place to mitigate such occurrences in the future.

Personal data protection

The Group has established policies regarding personal data protection law in accordance with the applicable legislation of the related countries where it operates. These policies explain the principles of personal data management in line with security and processing measures.

The Group closely follows the regulative requirements and takes technical and administrative actions defined in the legislations accordingly. Penetration tests, class trainings and e-learning classes are conducted in order to increase employee awareness on the personal data protection law requirements.

The Group's risk assessment

In 2021, no major failings in the risk management and control systems were identified. The Group will continue to identify and monitor principal and emerging risks and implement mitigation actions to minimise or eliminate their potential impact.

The Group categorises risks into four types:

Strategic risks

The Group is willing to take a certain level of risk by assessing a risk/return approach when doing business.

Operational risks

The Group has a responsible approach to operational risk management. High quality products, customer satisfaction and continuity to production are the prioritised areas.

Financial risks

The Group continuously assesses its financial risks and seeks for the mitigations to minimise the potential impact.

Compliance risks

Compliance with laws and regulations is essential for the Group, which does not tolerate non-compliance with laws.

The risks represent a snapshot of the Group's principal risks.

Risk management continued

Risk appetite

Our risk appetite is defined by our Board, Audit Committee and Executive Team members and is integrated into the businesses through our strategy, policies, procedures, controls and budgets. Our appetite for each risk is determined by considering key opportunities and potential threats to achieving our strategic objectives and can be categorised as follows:

Strategic risks originate from trends, developments or events that could prevent us from executing and realising our strategic objectives.

Risk appetite: Medium. DP Eurasia has a diverse geographic footprint and business structure. Because of this, it is critically important that we manage risks in a proactive and responsible way to ensure we can deliver on our strategy. We use fact-based analysis that derives insights from our different markets and brands to support our strategic decision-making process in a way that considers the financial, economic, social and political developments that may impact our ability to achieve our strategic objectives.

Operational risks include unforeseen incidents that could result from failures in internal processes or systems, human error or adverse external events and could negatively impact the day-to-day operation of our business.

Risk appetite: Medium. We strive to minimise the possibility of business disruptions and the related impact of operational failures.

We establish and manage a Governance, Risk, Management and Compliance ("GRC") framework with policies, procedures and standards that regulate the achievement of our objectives. We constantly review and invest in our structure and processes to ensure they are fit for purpose and address any identified operational risk.

Financial risks include uncertainty of financial returns on investments, reduction in liquidity, erosion of profits, potential financial losses due to financing policies, and other external factors such as the macroeconomic environment, unreliability of suppliers, economic restrictions, and reduction of customer base.

Risk appetite: Medium. We are averse to any risks that could jeopardise the integrity of our financial reporting.

Compliance risks relate to unanticipated failures to comply with applicable laws and regulations as well as our own policies and procedures.

Risk appetite: Medium. At DP Eurasia, our values are an essential part of our strategic framework. "Integrity" is one of our key values. We strive for full compliance with laws and regulations and with our policies and procedures everywhere we do business. The GRC framework incorporates risk assessment, control activities and monitoring into our business practices at entity-wide and functional levels. We have adopted a "three lines of defence" model to provide reasonable assurance that risks to achieving important objectives are identified and mitigated.

Strategic risks

1 Business dependency on Master Franchise Agreements ("MFAs")

Potential impact
High

Likelihood
Low

Ownership
DPE CEO, DPT CEO, DPR CEO

Change from 2020
→

Group risk

- Expiration or termination of an MFA due to a breach of the agreement or store franchise agreements may affect the Group's business operationally and financially.

Mitigation

- The Group has strong relations with Domino's Pizza International.
- Since the Group's ability to renew the MFAs is dependent upon the good standing of the Group with respect to its contractual relationships with the Master Franchisors (including under the store franchise agreements) and its ability to agree a revised development plan in the relevant country, the KPIs (e.g. store openings, royalty performance etc.) are monitored very closely by management and the Board, and required actions are taken in order to mitigate the risks.

2 Operations and growth strategy dependency on the success of the sub-franchisees

Potential impact
Medium

Likelihood
Low

Ownership
DPT Lead Team,
DPR Lead Team

Change from 2020

Group risk
- The Group is reliant on the performance of sub-franchisees in successfully opening and operating franchised stores and paying for supplies, royalties and other fees to the Group on a timely basis.
- Franchise system risks are failure of sub-franchisees to make payments to the Group, sub-franchisee independence that may result in conflicts with Group standards or financial performance issues going undetected, non-renewal of a store franchise agreement with sub-franchisees, etc.

Mitigation
- The Group spends significant efforts on pricing strategies to increase profitability of the franchised stores.
- The franchised stores' financial and operating performance is continually monitored.
- The payment performance of the stores is monitored by management and remediation actions are taken to boost the low-performing stores.
- Stores are regularly audited to prevent or detect any financial, operational or compliance risks.
- Domino's Pizza International and the Group have started to conduct Food Safety Evaluation Audits in the stores to monitor compliance.
- The Group has increased the marketing, advertisement and consultancy support on the existing sub-franchisees to ensure strong business management, profit and loss management and cash flow.

3 Growth strategy dependency on opening profitable new system stores

Potential impact
Medium

Likelihood
Low

Ownership
DPT Lead Team,
DPR Lead Team

Change from 2020

Group risk
- Failure to identify key geographical areas to open stores may result in failure to meet future expectations.
- Market saturation may become significant in the future and could adversely affect system store sales growth.

Mitigation
- The Group spends significant efforts on obtaining and training sub-franchisees and personnel, creating customer awareness by advertising and marketing activities.
- The Group continuously monitors the pipeline of proposed store openings in terms of strategic location and profitability.
- Franchisee development programmes are continuously improving to support the franchised stores.
- The Group works on improving the premise assessment and rental process.

Risk management continued

Strategic risks

4 The Group's dependency on infrastructure and internal systems to support the Group's planned growth and strategy: Digitalisation, disruptive technology and other innovation

Potential impact
High

Likelihood
Low

Ownership
DPE Marketing &
IT Directors

Change from 2020
→

Group risk

- Failure to enhance the Group's existing internal systems and controls, distribution and delivery networks and information technology systems may adversely affect the planned expansion.
- Failure to locate, hire, train and retain management and operating personnel may result in not responding on a timely basis to the changing demands of the Group, operating the existing business less effectively.

Mitigation

- The Group has launched the data lake project providing profound data analysis for a better understanding on customer behaviour and proactive approach.
- The Group is continuously developing its information technology ("IT") architecture to strengthen the system's capacity and ensure business continuity.
- The Group periodically monitors its IT restructuring needs in order to serve the rapidly changing challenges of the digital world.
- The IT team continuously analyses the system security requirements, planning and taking actions accordingly.
- The increase in the Group's online presence in different channels and better customer experience on online ordering platforms distinctly improve access to consumers and penetration.
- The Group is strengthening and improving its online platform technology in order to serve increasing consumer demands and follow technological and innovative changes.
- The desktop and mobile web platforms run at the Microsoft Azure Cloud environment which provides security, scalability, availability and performance, and consequently serves growth.
- The DP Eurasia Internal Audit and Risk Management Directorate conducts business process audits, performs risk assessments and evaluates design and effectiveness of the process controls. They monitor the remediation actions in terms of preventive/detective and manual/system controls and provide consultancy services to standardise the processes in order to mitigate the risks. Additionally, IT General Control Audits are periodically conducted to define the improvement areas and follow up management action implementation to mitigate the risks.
- The Group moves the manual processes into the Workflow and Document Management Platform which will enable business process standardisation, preventive and detective control implementation to the business processes and significant risk mitigation. Business processes to be implemented to this platform are subject to risk-based prioritisation and best practice benchmarks.
- As part of the system security actions, ERP System Access Rights are reviewed periodically.

5 Reliance on successful marketing initiatives

Potential impact
Medium

Likelihood
Low

Ownership
DPE Marketing Directors

Change from 2020
→

Group risk
- Failure to succeed in marketing initiatives may result in not generating higher sales.
- The Group's spending of significant time and resources in product innovation, advertising campaigns and store designs and refurbishments may not generate increased sales or profits.

Mitigation
- The Group has an agile and responsive working model as a retailer.
- Closely monitoring its competitors and adopting best practice benchmarks enables the Group to implement new opportunities quickly and maximise the benefit from the marketing and product innovation efforts.
- The Group continuously works on new product innovation projects and performs pilot tests to enhance and expand the product portfolio, consequently serving sales increase.
- The Group enhances the pricing methodology to meet customer needs and expectations with a layered and sound model including big data analysis.
- The Group works on restructuring and enhancing new product development and product enhancement processes to ensure agility, instant responsiveness and a wide variety.
- The Group is enhancing its product trial assessment processes to accelerate the success criteria assessment and subsequent selection decisions.
- The Group provides sufficient resources for the marketing and advertisement activities and new product development to implement proactive actions as well as meet the customer expectations.

6 Climate change

Potential impact
Medium

Likelihood
Medium

Ownership
ESG Committee

Change from 2020
→

Group risk
- Climate change effects may cause business interruption on the Group's operations.

Mitigation
- The Group is working on updating its business continuity policies in order to be more prepared for the potential climate change impacts:
  - crisis management;
  - disaster recovery plan; and
  - business continuity management.
- A new ESG Committee was established to monitor climate change related risks and KPIs. A roadmap is instituted to follow the TCFD requirements.

Risk management continued

Strategic risks

7 The Domino's Pizza brand and the Group's reputation are critical to its business and success

Potential impact
Medium

Likelihood
Medium

Ownership
DPE Lead Team

Change from 2020

Group risk

- The Group's business could be negatively affected if brand or reputation is harmed.
- Any negative incident that affects consumer loyalty to the brand could significantly reduce its value and damage the Group's business, such as:
  - food safety concerns, including food tampering or contamination;
  - incidents of food-borne illness;
  - the quality of ingredients and food products;
  - employee or customer injury, including driver accidents causing serious injury; and/or
  - employment-related claims relating to alleged employment discrimination, wage and hour violations, labour standards or healthcare and benefit issues.

Mitigation

- The Group conducts random audits in stores and on the supplier sites, monitors the results and takes the required actions.
- Stores are regularly audited to prevent or detect any financial, operational or compliance risks (food safety audits, operational evaluation reviews, store audits, mystery shopper audits, etc.).
- Domino's Pizza International and the Group have started to conduct Food Safety Evaluation Audits in stores to monitor compliance with standards.
- Commissaries are audited annually by Domino's Pizza International in terms of quality, food safety and occupational health and safety.
- In Russia, the Moscow commissary and stores are certified to HACCP (Hazard Analysis and Critical Control Point). HACCP is an internationally recognised system for reducing the risk of safety hazards in food.
- In Turkey, the four commissaries are certified to ISO 22000. ISO 22000 is a food safety management system.
- The Group monitors health and safety compliance requirements in its corporate stores and premises and takes preventive and detective actions accordingly.

8 Competition from other pizza chains and fast-food restaurant chains may adversely affect the Group's business

Potential impact
Medium

Likelihood
Medium

Ownership
DPE Lead Team

Change from 2020
➔

Group risk
- Increased presence and competition from aggregators (which provide a food ordering and delivery platform by offering access to multiple delivery restaurants through a single online portal) supplying food ordering platforms could lead to an increased level of competition for the Group, as they improve access to delivery food options for consumers.

Mitigation
- The Group closely monitors its competitors and markets to prioritise significant challenges and focuses on increasing the positive impact of its marketing, product innovation, online channels and suitable store location efforts accordingly.
- The increase in the Group's online presence in different channels and better customer experience on online ordering platforms distinctly improve access to consumers and penetration.
- The Group has launched a comprehensive price policy restructuring project to enhance and implement pricing methodology depending on different factors.
- Regular price perception research is conducted to analyse consumer behaviour.
- Regular competitor price analyses are conducted and monitored closely to take related actions.

9 Changes in consumer preferences

Potential impact
Medium

Likelihood
Medium

Ownership
DPE Marketing Directors

Change from 2020
➔

Group risk
- The fast-food restaurant market is affected by consumer preferences and perceptions, and changes in these preferences and perceptions may reduce the demand for the Group's products.
- Consumers' expectations and health consciousness is increasing, which may require the Group to adopt changes to products.
- New generation consumers' expectations are becoming more challenging.

Mitigation
- The Group works consistently on enhancing and diversifying the products and menu in order to meet customer preferences.
- Qualitative and quantitative marketing tests are frequently used for analysis.
- The Group works on restructuring and enhancing the new product development and product enhancement processes to ensure agility, instant responsiveness and wide variety.
- The Group is enhancing the product trial assessment process to ensure speeding up the success criteria assessment and replacement decisions.
- The Group is working on different projects to meet changing customer demands such as expanding online payment options, contactless delivery, wallet, pizza tracker, faster delivery opportunities etc.

Risk management continued

Strategic risks

10 The Group's dependency on key members of its senior management

Potential impact
Low

Likelihood
Medium

Ownership
DPE HR Directors

Change from 2020

Group risk
- The Group's successful implementation of its strategy is dependent on its ability to recruit, retain and motivate high quality senior management and other personnel with extensive knowledge in the fast food restaurant industry.
- The loss of the services of any of the Group's senior managers could have a material adverse effect on its business plans, product development, growth strategy, marketing and other plans.

Mitigation
- The Group's Selection and Appointment Committee focuses on drawing up selection criteria and appointment procedures for its Directors and senior managers.
- The Selection and Appointment Committee periodically assesses the size and composition of the Board and makes a proposal for a composition profile of the Board, periodically assesses the functioning of individual senior managers, and reports on this to the Board.
- The Selection and Appointment Committee draws up a plan for the succession of Directors and senior managers, makes proposals for appointments and reappointments and supervises the policy of the Board regarding the selection criteria and appointment procedures for Directors and senior managers to improve employee retention and mitigate the risk of losing services of the Directors and/or senior managers.

11 Macroeconomic and political developments

Potential impact
Medium

Likelihood
High

Ownership
DPE Lead Team

Change from 2020
↑

Group risk
- Macroeconomic and political developments in the world and in Turkey, Russia and the other jurisdictions in which the Group operates may negatively affect the Group's business, results of operations, financial condition, cash flows and prospects.
- The Group's operations are located in Turkey, Russia, Azerbaijan and Georgia, which are generally categorised as emerging markets. Emerging markets are generally subject to greater risk of being perceived negatively by investors based upon external events than more developed markets, and financial turmoil in any emerging market (or global markets generally) could disrupt the business environment of the jurisdictions in which the Group operates.
- Financial or political turmoil in one emerging market country tends to adversely affect prices in credit, equity and foreign exchange markets in other emerging market countries, as investors move their money to more stable and developed markets.

Mitigation
- Macroeconomic and political changes are closely monitored by the Group in order to mitigate or eliminate the potential effects by implementing business continuity planning and crisis management and incorporating those risks into the Group's business strategies.

Risk management continued

Strategic risks

12 Impact of continuing to live in a pandemic environment

Potential impact
High

Likelihood
Medium

Ownership
DPE Lead Team

Change from 2020

Group risk

The Group could be adversely affected by the global COVID-19 pandemic.

- We see increased uncertainties following the COVID-19 worldwide outbreak and market volatility, which have no relation to the business operations in the year to date.
- While our stores are open and operating under the ordinary course of business currently, we believe our business could be impacted for a period of time. These impacts could vary from reduced store operating hours to cancellation of eat-in and/or takeaway, to complete store closures for an unspecified period of time at the extreme.
- These conditions could indicate the possible existence of a material uncertainty which may cast significant doubt on the entity's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Mitigation

- The Group assesses the potential impact/worst case scenarios and takes many measures to ensure business continuity. The main focus areas are:
  - people;
  - operations;
  - supply chain;
  - suppliers; and
  - finance.
- As part of the Group's crisis management policy, the crisis management teams are taking the required measures, and closely following the guidelines announced by global and local health authorities.
- The Group has adopted the strategic and regulatory changes encouraged in 2020 by different parties (e.g. governmental authorities, consumers, suppliers, employees etc.) promptly and widely into the business.
- The changing needs and requirements are continuously monitored to ensure timely and effective adoption.
- Some of the changes which emerged during the 2020 pandemic have become a regular part of daily business management and risk assessment.

Operational risks

1 Reliance on third-party suppliers

Potential impact
Medium

Likelihood
Low

Ownership
DPE Supply Chain Directors

Change from 2020

Group risk

- Reliance on third-party suppliers and service providers may result in shortages or interruptions in the supply of raw materials, ingredients or complementary products.
- The Group's and its sub-franchisees' business is dependent on frequent deliveries from third-party suppliers of raw materials, ingredients and complementary products that meet the Group's specifications. Suppliers may fail to provide necessary products on a timely basis or to the agreed-upon standard, may discontinue or limit their products or may seek to charge the Group higher prices.
- Shortages or interruptions from suppliers may be caused by unanticipated demand, problems in production or distribution, inclement weather or other conditions.

Mitigation

- The Group periodically seeks alternative suppliers for critical materials and services to prevent any material shortages in case of a disruption in our principal suppliers' operations.
- The Group also has emergency plans in place in the event of a disruption of operations at our commissaries or suppliers.
- Supplier audits are periodically performed in order to monitor supplier performance and compliance.
- Supplier evaluation is performed annually to monitor the supplier performance as per the risk criteria and take the required actions.
- The Group assesses suppliers' business continuity plans to strengthen the contingency plans.

Risk management continued

Operational risks

2 Labour shortages

Potential impact
Low

Likelihood
High

Ownership
DPE HR Directors and Operations Directors

Change from 2020

Group risk

Labour shortages or increased labour costs would negatively affect the Group's business.

- Labour is a significant component in the cost of operating the Group's corporate stores. If the Group faces labour shortages or increased labour costs because of increases in competition for employees, employee turnover, employee benefits costs, minimum wage raises or changes in employment law requirements in the countries in which the Group operates, its operating expenses could increase and the Group's growth and profitability could be adversely affected.

Mitigation

- The Group is employing different engagement activities to decrease employee turnover, and attract, motivate and retain qualified employees.
- The Group also closely monitors and anticipates governmental laws and government incentives in order to obtain an advantage in potential labour cost increases.
- The Group is implementing new technologies such as its GPS project to monitor operating effectiveness and take the required measures.
- The Group is working on alternative models like a premium/bonus system or reward/incentives etc. for employee retention in the stores to mitigate business continuity risk.
- The Group is working on alternative delivery models to mitigate labour shortages by increasing variety in work structures.

Financial risks

1 Increase in food cost and other supplies

Potential impact
Medium

Likelihood
High

Ownership
DPE Supply Chain Directors and CFO

Change from 2020
↑

Group risk

Increased costs of food and other supplies could decrease the Group's operating margins or cause the Group to limit or otherwise modify its product variety.

- The Group's profitability depends in part on its ability to manage changes in the price and availability of food (including dairy, meat, poultry and flour) and other commodities such as cardboard. Prices may be affected by market movements, seasonality, increased competition, the general risk of inflation, shortages or interruptions in supply due to the weather, disease or other conditions beyond the Group's control.
- These events, combined with other more general economic and demographic conditions, could impact the Group's pricing and negatively affect the Group's system sales, the Group's commissary sales and operating margins.

Mitigation

The Group continuously looks for ways to partially offset inflation and other changes in the costs of core raw materials by:

- applying efficient purchasing practices;
- productivity improvements;
- greater economies of scale; and
- gradually increasing certain product prices.

Risk management continued

Financial risks

2 Exchange rate fluctuations and cash flow management

Potential impact
Low

Likelihood
Medium

Ownership
DPE CFO

Change from 2020

Group risk

Exchange rate fluctuations could have an adverse effect on the Group.

- The Group's financial condition and results of operations have been, and will continue to be, affected by changes in the value of the Turkish Lira (the Group's presentation currency) against the Russian Rouble or Euro and between the Euro and the Russian Rouble, because a portion of the Group's revenue and costs is linked to these currencies.
- Cash flow risk and not meeting the debt covenant may adversely affect the business.

Mitigation

- The Group mitigates this risk by agreeing fixed exchange rates with its suppliers, wherever possible.
- The Group controls exposure to the exchange rate fluctuations by minimising the foreign currency nominated borrowing.
- The Group's bank loans consist of TRY and RUB currencies (related to the country's local currency) in order to eliminate hard currency risk.
- The Group currently utilises internal cash flow and bank borrowings in Turkey and Russia for its financing needs. The Group has debt covenants with respect to its bank borrowings in Russia. The Group's strong liquidity position enables it to prepay its bank borrowings in Russia, despite the recent devaluation of TRY, if required, and still maintain a strong liquidity position. The Group obtained a waiver from Sberbank with respect to its covenants for the first quarter of 2022 and is in negotiations to reset the covenants or repay the remaining loan.

Compliance risks

1 Risk of litigation from customers, sub-franchisees, employees and others in the ordinary course of business

Potential impact
Medium

Likelihood
Low

Ownership
DPE HR Directors and Operations Directors

Change from 2020

Group risk

- Risk of litigation from customers, sub-franchisees, employees and others in the ordinary course of business, which diverts financial and management resources.
- Claims of illness or injury relating to food quality or food handling are common in the food service industry. In addition, class action lawsuits have been filed, and may continue to be filed, against various fast-food restaurants alleging, among other things, that fast-food restaurants have engaged in deceptive advertising, sales and promotions which encourage obesity.
- Further, the Group may be subject to employee, sub-franchisee and other claims in the future based on, among other things, discrimination, harassment, wrongful termination, wages and overtime compensation as well as rest break and meal break issues. Such claims and disputes may divert management resources, create adverse publicity and could lead to an adverse judgement against the Group, which could adversely affect the Group's business, results of operations, financial condition, cash flows and prospects.

Mitigation

- Stores are regularly audited to prevent or detect any financial, operational or compliance risks (food safety audits, operational evaluation reviews, store audits, mystery shopper audits, etc.).
- Employees are regularly trained on the Group Code of Conduct, corporate governance policies, changing laws and regulations as needed to increase awareness.
- The legal and regulative requirements based on changing laws and regulations are reflected in the contracts via additional protocols to prevent any disputes.
- The supplier Code of Conduct is shared with all suppliers as part of the contract to ensure compliance and increase awareness.
- The Group has an independent hotline enabling internal and external parties to report Code of Conduct conflicts such as potential monetary frauds, quality concerns, wrongful termination, wages issues, etc. The cases are investigated by the Internal Audit and Risk Management Directorate and preventive/ detective actions are taken in order to enhance business processes and prevent repetition of these cases.
- Both Turkey and Russia have in-house lawyers on top of an external law firm to work closely with business units and mitigate litigation cases.

Risk management continued

Compliance risks

2 Violation of data protection laws

Potential impact
Medium

Likelihood
Medium

Ownership
DPE IT Director

Change from 2020

Group risk

Violations of data protection laws carry fines and expose the Group and its employees to criminal sanctions and civil suits.

- Non-compliance with data protection laws could expose the Group to regulatory investigations, which could result in fines and penalties.
- Regulators may issue orders to stop processing personal data in addition to imposing fines, which could disrupt operations.
- The Group could be subject to litigation from persons or corporations allegedly affected by data protection violations.
- Any violation of these laws could harm the Group's reputation, which could have a material adverse effect on the Group's earnings, cash flows and financial condition.

Mitigation

- The Group periodically reviews data protection law compliance with internal and external support and takes required actions as needed.
- Personal data protection law compliance audits are conducted annually.
- System security requirements regarding data protection laws are continuously assessed by the IT team to take the required measures.

3 Violation of changing regulations

Potential impact
Medium

Likelihood
Low

Ownership
DPE CFO

Change from 2020

Group risk

- Regulatory changes (e.g. personal data protection law, quality regulations, product regulations etc.) are affecting the business processes and non-compliance may result in penalties and reputation risk.

Mitigation

- The Group is closely monitoring the changes in regulatory requirements and taking necessary measures in order to ensure compliance.
- Online or class training is conducted for our employees to increase awareness and ensure compliance related to new regulations or laws.
- Consultancy services are received from third parties with expertise related to regulatory or legal changes

4 Reliance on information technology and risk of security breaches or failures

Potential impact
High

Likelihood
Medium

Ownership
DPE IT Director

Change from 2020
➔

Group risk
- The Group is heavily reliant, as part of its online strategy, on information systems, including for online ordering platforms, point of sale processing in its system stores, management of its supply chain, accounting, payment of obligations, collection of cash, processing of credit and debit card transactions and other processes and procedures.
- Breaches of the Group's cybersecurity measures could result in unauthorised access to the Group's systems, misappropriation of information or data, including personal information, deletion or modification of user information, or a denial-of-service or other interruption to the Group's business operations.
- As techniques used to obtain unauthorised access to, or sabotage, systems change frequently and may not be known until launched against the Group or the Group's third-party service providers, the Group may be unable to anticipate, or implement adequate measures to protect against, these attacks.

Mitigation
- The Group is continuously developing the information technology ("IT") architecture to strengthen the system capacity and ensure business continuity.
- The IT team continuously analyses the system security requirements, plans and takes action accordingly.
- A data leak prevention system is used for prevention and detection of data leaks in enterprise business applications.
- A data classification project has started, to create the data inventory and ensure stronger data management and protection with preventive and detective actions.
- IT General Control Audits are periodically conducted to define the improvement areas and follow up management action implementation to mitigate the risks.
- As part of the system security actions, ERP System Access Rights are reviewed periodically.
- The Group has significantly increased system security investment to provide a safer IT environment for employees and customers. Moreover, the IT security team has expanded to meet the rapidly changing needs on technology.
- The security projects are monitored closely by management to ensure effective implementation and to prevent or mitigate potential risks.
- DP Eurasia is committed to the highest standards of accountability and transparency, and the Group proactively works to ensure the safety and security of its customers and networks in an evolving landscape of online threats. Its investment in cyber security related issues allows the IT security team to continue to take significant steps to enhance the security where payment card and bank data are not kept in DP Eurasia's database which means in case of such a cyber attack there is no risk for payment card and bank data to be stolen.

Board declaration

The Board of DP Eurasia N.V. hereby declares, in accordance with article 5:25c of the Dutch Act on Financial Supervision and best practice provision 1.4.3 of the Dutch Corporate Governance Code, that to the best of its knowledge:

- the financial statements as included on pages 106 to 155 of the Annual Report provide a true and fair view of the assets, liabilities and financial position as at 31 December 2021 as well as the profit or loss of DP Eurasia N.V. and all the business undertakings included in the consolidation in accordance with IFRS as adopted in the European Union and Part 9 of Book 2 of the Dutch Civil Code;
- the management report included in this Annual Report provides a true and fair view of the condition on the balance sheet date and of the business performance during the financial year of DP Eurasia N.V. and the companies associated with it whose details are included in the financial statements, together with a description of the main risks DP Eurasia N.V. faces. The members of the Board have signed the financial statements pursuant to their statutory obligation under article 2:101(2) of the Dutch Civil Code;
- the Board is responsible for preparing the Annual Report in accordance with applicable laws and regulations and the Board considers that the Annual Report, taken as a whole, is fair, balanced and understandable and provides information necessary for shareholders to assess the Company's position and performance, business model and strategy;
- based on their assessment of prospects and viability, the Board confirms it has a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the next twelve months;
- the management report included in this Annual Report provides sufficient insights into any failings and the effectiveness of the internal risk management and control systems, whose systems provide reasonable assurance that the financial reporting does not contain any material inaccuracies. The Board confirms that in 2021 no major failings in the risk management and control systems were identified;
- based on the current state of affairs, it is justified that the financial reporting is prepared on a going concern basis; and
- the management report included in this Annual Report states those material risks and uncertainties that are relevant to the expectation of the Company's continuity for the period of twelve months after the preparation of this management report.

By order of:

Aslan Saranga
(Chief Executive Officer)

Frederieke Slot
(Executive Director)

Peter Williams
(Non-Executive Director)

Shyam Bhartia
(Non-Executive Director)

Hari Bhartia
(Non-Executive Director)

Pratik Pota
(Non-Executive Director)

David Adams
(Non-Executive Director)

4 April 2022

Shares and shareholders

Shares

Our shares

The shares that are traded on the London Stock Exchange are traded under the symbol DPEU with ISIN code NL0012328801. DP Eurasia is included in the FTSE SmallCap and FTSE All-Share indices.

The authorised capital of the Company comprises a single class of registered shares. Shares that are traded via the CREST system, the paperless settlement system of the London Stock Exchange, are registered under the name and address of Link Market Services Trustee Limited (the "Depositary"). All issued shares are fully paid up and each share confers the right to cast a single vote in the General Meeting. DP Eurasia's issued share capital on 31 December 2021 was €17,444,689.68, consisting of 145,372,414 ordinary shares of €0.12 each.

At the 2021 AGM, the Board was designated as the corporate body authorised to issue shares or to grant rights to subscribe for shares limited to a maximum of one-third of the issued share capital of the Company as at 8 June 2021 and to restrict or exclude pre-emptive rights accruing to shareholders of the Company: (i) in connection with the issuance of shares limited to a maximum of 5% of the issued share capital as at 8 June 2021 but so that such authorisation may be used only for general corporate purposes; and (ii) in connection with the issuance of shares limited to a maximum of 5% of the issued share capital as at 8 June 2021, but so that such authorisation may be used only for the purposes of financing (or refinancing, if the authorisation is to be used within six months after the original transaction) a transaction which the Board determines to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the UK Pre-Emption Group prior to the date of the 2021 AGM.

By virtue of its authorisation by the General Meeting, the Board is also authorised to acquire fully paid-up shares in the capital of the Company, up to a maximum of 10% of the issued share capital, provided that the Company will not hold more shares in its own capital than a maximum of 50% of the issued capital of the Company, either through a purchase on a stock exchange or otherwise, the repurchase can take place for a minimal price, excluding expenses, of the nominal value of the shares and a maximum price of the higher of: (i) an amount equal to 5% above the average of the middle market quotations for the shares taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which such shares are contracted to be purchased; and (ii) the highest current independent bid on the London Stock Exchange Daily Official List at the time that the purchase is carried out as stipulated by the Commission – adopted Regulatory Technical Standards pursuant to Article 5 paragraph 6 of the Market Abuse Regulation.

These designations and authorisations have been given for a period of 15 months ending on the earlier of the conclusion of the 2022 AGM or the close of business on 8 September 2022. Such authorities are renewed annually and authority will be sought at the 2022 AGM.

Dividend policy

The Group does not expect to declare any dividends in 2022. In future years, the Group will consider the payout of dividends, taking into account the amount of profits, the need for cash for capital expenditure and further expansion and its debt profile.

As such, while the Group's policy is to eventually pay out dividends in the appropriate circumstances, there is no immediate prospect of dividends being paid out, nor can there be any assurance as to when and in what amount any dividends may be eventually paid out.

Shareholders

Major shareholders

At the IPO, shares were offered to institutional investors in the UK and certain other jurisdictions. The listing significantly broadened the Company's shareholder base, and the Company's shares are widely spread over a large number of shareholders in various countries.

Shareholder structure

Under UK law, shareholders must disclose percentage holdings in the capital and/or voting rights in the Company to the issuer when such holding reaches, exceeds or falls below 5%, 10%, 15%, 20%, 25%, 30%, 50%, 75% and 95%.

Such shareholders must notify the Company as soon as possible and in any event within four trading days. The Company must notify the market by the end of the third trading day after it receives the notification. As at 4 April 2022, the Company had been notified, in accordance with the FCA's Disclosure, Guidance and Transparency Rules (DTR 5.3.1R(1)), of the following holdings of voting rights attaching to the Company's shares:

4 April 2022	Share/vote %	Amount
Jubilant FoodWorks Netherlands B.V.(1)	41.32	60,072,476
Jeffrey R. Fieler	13.17	19,139,873
Mr Saranga	5.57	8,106,310
Barca Global Master Fund, LP	5.52	8,020,544
Wellington Management Group LLP	5.05	7,342,756

(1) Fides Food Systems Coöperatief U.A. merged with Jubilant FoodWorks Netherlands B.V. (acquiring entity) on 2 March 2022.

Shares and shareholders continued

General Meeting

The Company will organise a General Meeting at least once a year. The agenda with notes and the registration process are published with the notice convening the meeting at least 42 days beforehand and are also available on the Company's website. The notes contain all relevant information with regard to the resolutions on the agenda. Each shareholder may attend General Meetings, address the General Meeting and exercise voting rights pro rata to his shareholding, either in person or by proxy. Shareholders may exercise these rights if they are the holders of shares on the record date, which is the 28th day before the day of the General Meeting, and they or their proxy have notified the Company of their intention to attend the General Meeting. The Company shall give shareholders and other persons entitled to vote the possibility of issuing proxy votes to an independent third party. All proxy votes received are counted with the balance for and against and any votes withheld announced at the General Meeting and published on the Company's website after the meeting.

The Company's articles of association set out in detail the power of the General Meeting. Resolutions requiring the prior approval of the General Meeting are, amongst others:

- adoption of the Company's annual accounts;
- amendments to the articles of association;
- deciding on the remuneration policy of the Board;
- appointment and dismissal of Board members;
- appropriation of profits to the extent not added to the reserves;
- appointing the external auditor;
- transferring the Company or virtually the entire Company to a third party; and
- dissolution of the Company.

Subject to certain exceptions as set forth by law or the articles of association, resolutions of the General Meeting are passed by an absolute majority of the votes cast.

Draft minutes of the meeting will be released within three months of the meeting and will be available for comments for three months thereafter. The final minutes will be published on the Company's website. This year, the AGM is scheduled to be held on 8 June 2022 in Amsterdam, the Netherlands.

Controlling shareholder

For so long as there is a controlling shareholder (defined in the Listing Rules as any person who exercises or controls on their own or together with any person with whom they are acting in concert, 30% or more of the votes able to be cast on all or substantially all matters at general meetings of a company), the Board rules allow for the election or re-election of any independent Director to be approved by separate resolutions of: (i) the Company's shareholders; and (ii) the Company's shareholders excluding any controlling shareholder. If either of the resolutions is defeated, the Company may propose a further resolution to elect or re-elect the proposed independent Director, which: (a) may be voted on within a period commencing 90 days and ending 120 days from the original vote; and (b) may be passed by a vote of the shareholders of the Company voting as a single class.

Furthermore, in the event that the Company wishes the FCA to cancel the listing of the shares on the premium listing segment of the Official List or transfer the shares to the standard listing segment of the Official List, the Company must obtain at a General Meeting prior approval of:

(i) a majority of not less than 75% of the votes attaching to the shares voted on the resolution; and

(ii) a majority of the votes attaching to the shares voted on the resolution excluding any shares voted by a controlling shareholder. In all other circumstances, controlling shareholders have and will have the same voting rights attached to the shares as all other shareholders.

Impact of Brexit on the Group and minority shareholder protection

As a result of Brexit, companies which formerly had their registered office in one EEA member state and their shares admitted to trading on a regulated market in the UK have now fallen outside the "shared jurisdiction" regime. The shared jurisdiction regime provided that, for such companies, certain rules from the UK Takeover Code and certain rules of the state in which the Company is registered apply to takeover activity. Following the end of the transition period at midnight on 31 December 2020, this regime no longer applies such that neither the UK Takeover Code regime nor the home state regime applies.

Certain jurisdictions, such as Ireland, reacted unilaterally by extending the reach of their local takeover regime in order to fill the void. The Netherlands did not do this.

As a result of this, neither the Dutch nor the UK takeover codes now apply to the Company, and consequently the minority protections contained in the takeover codes no longer apply to the Company's shareholders. For example, a shareholder will no longer be required to make a mandatory offer to all shareholders when it reaches the threshold of holding 30% of the Company's shares and the price at which such a shareholder would acquire shares would be negotiated.

The principal protections applying to the Company will be those contained in:

- the Company's articles of association;
- the indirect undertakings of the controlling shareholder via the Relationship Agreement between the Company and Fides Food Systems;
- the UK legal regime applying to premium listed companies (in particular, as contained in the Listing Rules); and
- Dutch corporate law.

An independent committee of the Board of the Company, comprised of Peter Williams (Chairman) and David Adams (Senior Independent Non-Executive Director), (the "Independent Committee") assured shareholders that it would seek to address greater minority shareholder protection with the wider Board. To a certain extent, some of the concerns of shareholders communicated during the recent reverse bookbuild process were addressed by the reduction in free float requirements under the Listing Rules to 10%, from 25%, in December 2021 – thereby lessening the risk of de-listing in circumstances where a controlling shareholder seeks to increase its shareholding. However, as a result of shareholder feedback during that process, it had become clear that the UK Takeover Code and the Dutch takeover rules no longer applying to the Company, as a consequence of Brexit, was a situation that should be addressed as soon as possible.

The Board has proposed additional takeover protection for minority shareholders. As a temporary measure, the Company has entered into an amendment to the existing relationship agreement between it and its major shareholder, Fides Food Systems (an indirect subsidiary of Jubilant FoodWorks Limited ("Jubilant")) (the "Relationship Agreement"). Under the Relationship Agreement, Fides Food Systems or a nominee in its group must (subject to certain exceptions) launch a takeover offer for all of the issued share capital of the Company if it, its affiliates or such persons acting in concert with it, own shares resulting in their aggregate holding being 50% or more of the Company's issued share capital.

These amendments to the Relationship Agreement have taken effect from 15 February 2022 and will apply until the date of the EGM. As a longer-term measure, the Company has convened an Extraordinary General Meeting on 13 April 2022 (the "EGM"), at which it is proposed that such shareholder protection is embedded in the Company's articles of association. Fides Food Systems has agreed that it and its related parties shall vote in favour of such a resolution. If approved at the EGM, the requirement to launch a mandatory offer will be applicable to any investor (and not only Fides Food Systems) which acquires 50% or more of the Company's issued share capital. Pursuant to the above, minority shareholder protection measures will be provided in the Relationship Agreement for the interim period and in the articles for the longer term. From 15 February 2022, Jubilant continues to be entitled to increase its stake to a level below 50% without triggering a requirement to make a mandatory offer. On the date of the EGM, the changes to the Relationship Agreement will lapse. If the changes to the articles are approved, the takeover protection will apply to all shareholders and, consequently, all shareholders will be entitled to increase their shareholding to a level below 50% without triggering a requirement to make a mandatory offer.

Shares and shareholders continued

Relationship Agreement and the controlling shareholder

The Company considers that Jubilant, through its subsidiary Fides Food Systems[1], exercises or controls on its own, or together with any person with whom it is acting in concert, more than 30% of the votes to be cast on all or substantially all matters at General Meetings. In order to ensure that the Company can carry on as an independent business as its main activity, on 28 June 2017, the Company and Fides Food Systems entered into a Relationship Agreement which regulates the ongoing relationship between the Company and Fides Food Systems and its associates, including Jubilant. The Relationship Agreement was amended by a deed of amendment dated 29 September 2021 between the parties, in order to govern the relationship between the controlling shareholder and the Company after Jubilant acquired the shareholding in Fides Food Systems and in order to comply with Listing Rule 6.1.4BR(1) which requires that the Company and the controlling shareholder had in place a written and legally binding agreement upon admission which is intended to ensure that the controlling shareholder and the Company comply with the independence provisions set out in Listing Rule 6.1.4DR. Another amendment to the Relationship Agreement was agreed on 15 February 2022 to include additional takeover protection for minority shareholders.

The Relationship Agreement contains, among others, undertakings from Fides Food Systems that: (i) transactions and arrangements with it (and/or any of its associates (including Jubilant)) will be conducted at arm's length and on normal commercial terms; (ii) neither it nor any of its associates will take any action that would have the effect of preventing the Company from complying with its obligations under the Listing Rules; (iii) neither it nor any of its associates will propose or procure the proposal of a shareholder resolution which is intended or appears to be intended to circumvent the proper application of the Listing Rules; (iv) neither Fides Food Systems nor any of its associates will take any action that would affect the ability of the Company to carry on its business independently of Fides Food Systems; and (v) it will not cause or authorise to be done anything which would prejudice either the Company's status as a company whose shares are admitted to the premium listing segment of the Official List and to trading on the London Stock Exchange's main market for listed securities or its suitability for listing (the "Independence Provisions").

The Relationship Agreement will continue for so long as: (a) the shares are listed on the premium listing segment of the Official List and traded on the London Stock Exchange's main market for listed securities; and (b) Fides Food Systems, together with its associates, is entitled to exercise or to control the exercise of 10% or more of the votes able to be cast on all, or substantially all, matters at General Meetings. The Group believes that the terms of the Relationship Agreement will enable the Group to carry on its business independently of Jubilant.

(1) Please refer to page 101 or Note 25 in the financial statements for an explanation.

Furthermore, Fides Food Systems has agreed to procure the compliance of its associates (including Jubilant) with the Independence Provisions.

The Company has complied with, and so far as the Company is aware, Fides Food Systems has complied with, sub-paragraphs (i), (ii) and (iii) of the Independence Provisions set out above.

Conflicts of interest

Save as set out under "Relationship Agreement and the controlling shareholder"), there are no potential conflicts of interest between any duties owed by the Directors or senior managers to the Company and their private interests or other duties.

Investor relations policy

The Company is committed to maintaining an open and constructive dialogue with the investment community. The Company is aiming to keep its shareholders updated by informing them equally, simultaneously, clearly and accurately about the Company's strategy, performance and other Company matters and developments that could be relevant to investors' decisions.

The Company will act in accordance with applicable rules and regulations, including provisions on price-sensitive information, fair and non-selective disclosure and equal treatment of shareholders that are in the same position.

The Company communicates with all of its investors and analysts through organising or attending meetings such as the AGM, roadshows, broker conferences and capital market days. Furthermore, the Company publishes Annual Reports, Half-yearly Reports and trading updates.

Meetings

Briefings are given to update the market after each quarterly announcement via Group meetings or teleconference and are accessible by telephone or through the internet. Meetings with investors (bilateral and general) are held regularly to ensure that the investment community receives a balanced and complete view of the Company's performance and the issues faced by the business, while always observing applicable rules concerning selective disclosure, equal treatment of shareholders and insider trading.

Analysts' reports and valuations are not assessed, commented upon or corrected, other than factually, by the Company. DP Eurasia does not pay any fee(s) to parties for carrying out research for analysts' reports or for the production or publication of analysts' reports. Contacts with the capital markets are dealt with by the Chief Executive Officer, the Chief Strategy Officer and Head of Investor Relations and, from time to time, certain Non-Executive Directors.

Consolidated statement of comprehensive income

For the years ended 31 December 2021 and 2020

	Notes	2021	2020
Revenue	4	**1,496,914**	1,019,163
Cost of sales	4	**(986,106)**	(689,762)
Gross profit		**510,808**	329,401
General administrative expenses		**(215,679)**	(161,728)
Marketing and selling expenses		**(252,157)**	(169,515)
Other operating income	6	**31,235**	15,053
Other operating expense	6	**(42,665)**	(22,743)
Operating profit/(loss)		**31,542**	(9,532)
Foreign exchange income/(losses)	7	**82,166**	(16,419)
Financial income	7	**18,798**	23,166
Financial expense	7	**(99,790)**	(90,829)
Profit/(loss) before income tax		**32,716**	(93,614)
Income tax expense	21	**(38,591)**	(22,201)
Deferred tax income	21	**(10,148)**	8,232
Loss for the period		**(16,023)**	(107,583)
Other comprehensive (expense)/income		**(121,586)**	10,162
Items that will not be reclassified to profit or loss			
– Remeasurements of post-employment benefit obligations		**(1,307)**	(1,179)
– Tax income of these obligations		**327**	236
– Remeasurements of post-employment benefit obligations, net		**(980)**	(943)
Items that may be reclassified to profit or loss			
– Currency translation differences		**(120,606)**	11,105
Total comprehensive loss		**(137,609)**	(97,421)
Loss per share[1]	8	**(0.1102)**	(0.7401)

(1) Amounts represent the basic and diluted earnings per share.

The accompanying notes form an integral part of these consolidated financial statements.

(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated.)

Consolidated statement of financial position

At 31 December 2021

	Notes	31 Dec 2021	31 Dec 2020
Assets			
Trade receivables	14	**13,657**	16,707
Lease receivables	17	**69,455**	24,674
Right-of-use assets	11	**151,725**	112,895
Property and equipment	9	**139,295**	131,203
Intangible assets	10	**75,803**	73,516
Goodwill	12	**54,575**	47,413
Deferred tax assets	21	**30,019**	26,500
Other non-current assets	17	**40,257**	40,256
Non-current assets		**574,786**	473,164
Cash and cash equivalents	13	**164,412**	109,036
Trade receivables	14	**159,970**	107,760
Lease receivables	17	**22,057**	16,621
Inventories	16	**133,088**	61,744
Other current assets	17	**116,610**	73,488
Current assets		**596,137**	368,649
Total assets		**1,170,923**	841,813
Equity			
Paid in share capital	23	**36,353**	36,353
Share premium		**119,286**	119,286
Contribution from shareholders		**22,573**	20,600
Other reserves not to be reclassified to profit or loss			
– Remeasurements of post-employment benefit obligations		**(4,514)**	(3,534)
Other reserves to be reclassified to profit or loss			
– Currency translation differences		**(131,789)**	(11,183)
Retained earnings		**(163,938)**	(147,915)
Total equity		**(122,029)**	13,607
Liabilities			
Financial liabilities	18	**204,320**	193,015
Lease liabilities	18	**211,226**	110,549
Long-term provisions for employee benefits	17	**4,190**	2,874
Other non-current liabilities	17	**50,775**	39,867
Non-current liabilities		**470,511**	346,305
Financial liabilities	18	**336,178**	167,181
Lease liabilities	18	**70,523**	72,476
Trade payables	14	**297,548**	173,359
Current income tax liabilities	21	**12,791**	8,931
Provisions	19	**5,421**	5,740
Other current liabilities	17	**99,980**	54,214
Current liabilities		**822,441**	481,901
Total liabilities		**1,292,952**	828,206
Total liabilities and equity		**1,170,923**	841,813

The accompanying notes form an integral part of these consolidated financial statements.

(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated.)

Consolidated statement of changes in equity

For the year ended 31 December 2021

	Share capital	Share premium	Contribution from shareholders	Remeasurement of post-employment benefit obligations	Currency translation differences	Retained earnings	Total equity
Balances at 1 January 2020	36,353	119,286	19,970	(2,591)	(22,288)	(40,332)	110,398
Remeasurements of post-employment benefit obligations, net	—	—	—	(943)	—	—	(943)
Currency translation adjustments	—	—	—	—	11,105	—	11,105
Total loss for the period	—	—	—	—	—	(107,583)	(107,583)
Total comprehensive loss	—	—	—	(943)	11,105	(107,583)	(97,421)
Share-based incentive plans cancelled	—	—	(833)	—	—	—	(833)
Share-based incentive plans (Note 22)	—	—	1,463	—	—	—	1,463
Balances at 31 December 2020	36,353	119,286	20,600	(3,534)	(11,183)	(147,915)	13,607
Balances at 1 January 2021	**36,353**	**119,286**	**20,600**	**(3,534)**	**(11,183)**	**(147,915)**	**13,607**
Remeasurements of post-employment benefit obligations, net	**—**	**—**	**—**	**(980)**	**—**	**—**	**(980)**
Currency translation adjustments	**—**	**—**	**—**	**—**	**(120,606)**	**—**	**(120,606)**
Total loss for the period	**—**	**—**	**—**	**—**	**—**	**(16,023)**	**(16,023)**
Total comprehensive (loss)/profit	**—**	**—**	**—**	**(980)**	**(120,606)**	**(16,023)**	**(137,609)**
Share-based incentive plans cancelled	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Share-based incentive plans (Note 22)	**—**	**—**	**1,973**	**—**	**—**	**—**	**1,973**
Balances at 31 December 2021	**36,353**	**119,286**	**22,573**	**(4,514)**	**(131,789)**	**(163,938)**	**(122,029)**

The accompanying notes form an integral part of these consolidated financial statements.

(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated.)

Consolidated statement of cash flows

For the year ended 31 December 2021

	Notes	31 Dec 2021	31 Dec 2020
Profit/(loss) before income tax		**32,716**	(93,614)
Adjustments for:			
Depreciation	9-11	**106,766**	98,185
Amortisation	10	**34,807**	29,237
Adjustments for doubtful receivables	14	**(2,128)**	2,183
(Gain)/loss on sale of property and equipment	6	**489**	753
Performance bonus accrual	17	**18,650**	9,619
Non-cash employee benefits expense – share-based payments	22	**1,973**	630
Interest income	7	**(18,798)**	(23,166)
Interest expense	7	**83,527**	85,986
Impairment of tangible and intangible assets	6	**20,576**	11,118
Changes in operating assets and liabilities			
Changes in trade receivables	14	**(47,032)**	11,489
Changes in other receivables and assets	17	**(38,885)**	(11,148)
Changes in inventories	16	**(71,344)**	8,318
Changes in contract assets	17	**(4,238)**	(502)
Changes in contract liabilities	17	**21,568**	6,411
Changes in trade payables	14	**124,189**	52,181
Changes in other payables and liabilities	17	**25,765**	(18,071)
Income taxes paid	21	**(34,731)**	(22,224)
Performance bonuses paid		**(9,619)**	(4,047)
Cash flows generated from operating activities		**244,251**	143,338
Purchases of property and equipment	9	**(21,319)**	(15,915)
Purchases of intangible assets	10	**(34,192)**	(26,450)
Disposals from sale of tangible and intangible assets	9-10	**13,232**	2,967
Cash flows used in investing activities		**(42,279)**	(39,398)
Interest paid	18	**(46,648)**	(39,894)
Interest on leases paid	18	**(5,159)**	(5,311)
Interest received	18	**6,936**	9,953
Loans obtained	18	**302,054**	299,497
Loans paid	18	**(209,513)**	(286,386)
Payment of lease liabilities	18	**(72,634)**	(50,911)
Cash flows (used in)/generated from financing activities		**(24,964)**	(73,052)
Effect of currency translation differences		**(121,632)**	7,220
Net increase in cash and cash equivalents		**55,376**	38,108
Cash and cash equivalents at the beginning of the period	13	**109,036**	70,928
Cash and cash equivalents at the end of the period	13	**164,412**	109,036

The accompanying notes form an integral part of these consolidated financial statements.

(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated.)

Notes to the consolidated financial statements
For the year ended 31 December 2021

Note 1 – The Group's organisation and nature of activities

DP Eurasia N.V. (the "Company"), a public limited company, having its statutory seat in Amsterdam, the Netherlands, was incorporated under the law of the Netherlands on 18 October 2016. Upon incorporation, Fides Food Systems Coöperatief U.A. and Vision Lovemark Coöperatief U.A. contributed and transferred all shares in Fidesrus B.V. and Fides Food Systems B.V. and their subsidiaries to the Company. From this point forward, the consolidated Group was formed. This was a transaction under common control.

The consolidated financial statements of DP Eurasia N.V. have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union. The consolidated financial statements also comply with the financial reporting requirements included in Title 9 of Book 2 of the Dutch Civil Code, as far as applicable.

The Company's registered address is: Herikerbergweg 238, Amsterdam, the Netherlands.

The management report within the meaning of Article 391 of Book 2 of the Dutch Civil Code consists of the following parts of the Annual Report:

- Overview: At a glance, Highlights and Key financial figures;
- Management report: Chairman's statement, Competitive advantages, Vision and strategy, Message from the CEO, Key events, Business model, People, Product, Digital, Strategic review, Group structure and Markets, Remuneration report, Directors' remuneration policy, Annual remuneration report, Board, Leadership team, Board attendance and composition, Corporate governance report, How we manage risk, Board declaration and Shares and shareholders;
- Group financial statements: Consolidated statement of comprehensive income, Consolidated statement of financial position, Consolidated statement of changes in equity, Consolidated statement of cash flows and Notes to the consolidated financial statements;
- Company financial statements: Company income statement, Company balance sheet and Notes to the Company financial statements; and
- Additional information: Independent auditor's report, Contacts and Glossary.

The Company and its subsidiaries (together referred to as the "Group") perform its activities in corporate-owned and franchised stores in Turkey and the Russian Federation, including providing technical support, control and consultancy services to the franchisees.

As at 31 December 2021, the Group holds franchise operating and sub-franchising rights in 809 stores (615 franchised stores, 194 corporate-owned stores) (31 December 2020: 771 stores (550 franchised stores, 221 corporate-owned stores)).

The consolidated financial statements as at and for the period ended 31 December 2021 have been approved and authorised for issue on 4 April 2022 by authorisation of the Board. The financial statements are subject to adoption by the Annual General Meeting.

On 19 February 2021, Jubilant FoodWorks Limited, the largest food service company in India, and Fides Food Systems Coöperatief U.A. announced that Jubilant FoodWorks Limited and its wholly owned subsidiary, Jubilant FoodWorks Netherlands B.V., had entered into a purchase agreement with Turkish Private Equity Fund II L.P. to fully acquire Fides Food Systems Coöperatief U.A., which holds 32.81% of the ordinary share capital of DP Eurasia, for a price of approximately GBP 24.80 million. The transaction was closed on 9 March 2021.

Subsidiaries

The Company has a total of four fully owned subsidiaries. These entities and the nature of their businesses are as follows:

Subsidiaries	**2021 Effective ownership (%)**	2020 Effective ownership (%)	Registered country	Nature of business
Pizza Restaurantları A.Ş. ("Domino's Turkey")	**100**	100	Turkey	Food delivery
Pizza Restaurants LLC ("Domino's Russia")	**100**	100	Russia	Food delivery
Fidesrus B.V. ("Fidesrus")	**100**	100	The Netherlands	Investment company
Fides Food Systems B.V. ("Fides Food")	**100**	100	The Netherlands	Investment company

Domino's Russia is established in the Russian Federation. Domino's Russia is operating a pizza delivery network of corporate and franchised stores in the Russian Federation. Domino's Russia has a Master Franchise Agreement (the "MFA Russia") with Domino's Pizza International for the pizza delivery network in Russia until 2030.

(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated.)

Domino's Turkey is established in Turkey. Domino's Turkey is operating a pizza delivery network of corporate and franchised stores in Turkey. Domino's Turkey is a food delivery company, which has a Master Franchise Agreement (the "MFA Turkey") with Domino's Pizza International for the pizza delivery network in Turkey until 2032. The Group expects the terms of the MFAs to be extended.

Fides Food and Fidesrus are established in the Netherlands; both Fides Food Systems and Fidesrus are acting as investment companies.

Note 2 – Basis of presentation of consolidated financial statements

2.1 Financial reporting standards

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS as adopted by EU") and interpretations issued by the IFRS Interpretations Committee ("IFRS IC") applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board ("IASB") and Title 9 of Book 2 of the Dutch Civil Code. The policies set out below have been consistently applied to all the periods and the years presented, unless otherwise stated. The consolidated financial statements have been prepared under the historical cost convention.

Domino's Turkey is registered in Turkey; it individually maintains its accounting records in TRY and prepares its statutory financial statements in accordance with the Turkish Financial Reporting Standards ("TFRS").
The stand-alone financial statements of Domino's Turkey are based on the statutory accounting records, with adjustments and reclassifications recorded for the purpose of fair presentation in accordance with IFRS as adopted by the EU.

Domino's Russia is registered in the Russian Federation; it individually maintains its accounting records in RUB and prepares its statutory financial statements in accordance with the Regulations on Accounting and Reporting ("RAR") of the Russian Federation. The stand-alone financial statements of Domino's Russia are based on the statutory accounting records, with adjustments and reclassifications recorded for the purpose of fair presentation in accordance with IFRS as adopted by the EU.

Going concern assumption

The consolidated financial statements have been prepared assuming that the Group will continue as a going concern and be able to realise its assets and discharge its liabilities in the normal course of business.

Risks and uncertainties

At this stage there has been no material disruption to the Group's operations in Russia from the ongoing situation in Ukraine.

Sanctions and business continuity

The conflict between Russia and Ukraine has been increasing the tension in the region, negatively affecting commodity and financial markets and increasing volatility, especially the exchange rates. In addition to this, Russian economy has faced heavy sanctions imposed mainly by the Western countries.

From a DP Eurasia perspective, the right to close/cease the operation in Russia belongs to DP Eurasia (not DP International) as per the Master Franchisee Agreement and the Group management is determined to continue to operate in Russia. Suspension of all international settlements with counterparties not from Russia is not expected to have a material impact on the Company since the operations are run and supplied locally. 95% of the raw materials are supplied locally, sanctions or disruptions in imports will likely have an insignificant impact on operations. DPI also made an announcement on 9 March 2022 to declare the continuity of business in Russia. The Company does not have any significant contracts that are at the peril of cancellation or failure to be carried out. The Company does not expect a decline in customer demand on this respect.

(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated.)

Note 2 – Basis of presentation of consolidated financial statements continued

2.1 Financial reporting standards continued

Going concern assumption continued

Actions on capex and expenditures

The Board has determined it prudent to limit any further investment into its operations and will keep this under review going forward in light of the geopolitical situation. In addition, the Group announced that royalty payments from its Russian operations have been suspended until further notice. The Company also took actions to minimise fixed costs and capital expenditures, together with the postponement of royalties.

Risk assessment

As per the sensitivity test run with different pessimistic scenarios in case of (zero sales growth and 10% decrease of sales, together with postponement of royalty payments), the Company is still able to operate with its own cash flow. If there is any further cash needed, this can be funded by intra-group cash injections, and loan guarantees from its Turkish affiliate.

Impairment of long-lived assets, goodwill and indefinite-lived intangibles

In preparation of the consolidated financial statements as of 31 December 2021, the Group has assessed the possible impacts of the ongoing situation in Russia on the financial statements and reviewed the critical estimates and assumptions. Within this scope, the Group has tested the property and equipment, intangible assets, goodwill, deferred tax assets and trade receivables for possible impairment.

Impact on financial liabilities and liquidity

The Company obtained waivers for all quarters of 2022 from Sberbank regarding its loan. The Group currently utilises internally generated cash flow and bank borrowings in Turkey and Russia to meet its financing needs. The Group's Turkish operations are well established and cash generative and act as a source of liquidity for the wider Group.

The Group has additional borrowing capacity available from Turkish banks, which it can draw down for liquidity needs and to cure any potential covenant breaches with respect to its bank borrowings in Russia. The Group's Russian business does not yet generate cash so is funded by local bank borrowings and intra-group cash injections and loan guarantees from its Turkish subsidiary.

In addition, the Group announced that royalty payments from its Russian operations have been suspended until further notice – this is expected to have a positive impact on liquidity of the Russian operations. In the future, there may be a recall of RUB-based loans because of possible additional sanctions; however, since the Group has a sufficient liquidity position, it can make repayments promptly. The Group has a liquidity position of TRY 200 million cash on hand including a promissory note in Sberbank and additional available bank lines of TRY 186 million as at 31 December 2021.

2.2 Principles of consolidation

The consolidated financial statements include the parent company, DP Eurasia N.V. and its subsidiaries for the year ended 31 December 2021. Subsidiaries are fully consolidated from the date on which control is transferred to the Company (the "acquisition date").

Basis of consolidation

The consolidated financial statements include the accounts of the Group on the basis set out in the sections below. The financial results of the subsidiaries are fully consolidated from the date on which control is transferred to the Group or deconsolidated from the date that control ceases.

Subsidiaries are all companies over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and can affect those returns through its power to direct the activities of the entity.

(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated.)

The subsidiaries fully consolidated, the proportion of ownership interest and the effective interest of the Group in these subsidiaries as of 31 December 2021 are disclosed in Note 1.

The result of operations of subsidiaries acquired or sold during the year are included in the consolidated statement of comprehensive income from the acquisition date or until the date of sale.

The statements of financial position and statements of comprehensive income of the subsidiaries are consolidated on a line-by-line basis and the carrying value of the investment held by the Company and its subsidiaries are eliminated against the related shareholders' equity. Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Consolidation of foreign subsidiaries

Financial statements of subsidiaries operating in foreign countries are prepared in the currency of the primary economic environment in which they operate. Assets and liabilities in financial statements prepared according to the Group's accounting policies are translated into the Group's presentation currency, Turkish Liras, from the foreign exchange rate at the statement of financial position date whereas income and expenses are translated into TRY at the average foreign exchange rate. Exchange differences arising from the translation are included in the "currency translation differences" under shareholders' equity.

The foreign currency exchange rates used in the translation of the foreign operations within the scope of consolidation are as follows:

	31 Dec 2021		31 Dec 2020	
Currency	Period end	Period average	Period end	Period average
Euros ("EUR")	**14.6823**	**10.4408**	9.0079	8.0138
Russian Roubles ("RUB")	**0.1730**	**0.1196**	0.0984	0.0964

2.3 New and amended international financial reporting standards

New and amended standards adopted by the Group, which are applicable for the financial statements as at 31 December 2021

A number of new or amended standards became applicable for the current reporting period and the Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2021:

- amendments to IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform Phase 2; effective from annual periods beginning on or after 1 January 2021. The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one. The Phase 2 amendments provide additional temporary reliefs from applying specific IAS 39 and IFRS 9 hedge accounting requirements to hedging relationships directly affected by IBOR reform; and
- amendments to IFRS 4, 'Insurance Contracts' – deferral of IFRS 9.

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

The new standards, amendments and interpretations, which are issued but not effective for the financial statements as at 31 December 2021:

- amendment to IFRS 16, 'Leases' – COVID-19 related rent concessions, Extension of the Practical expedient;
- IFRS 17, 'Insurance contracts';
- amendments to IAS 1, 'Presentation of financial statements' on classification of liabilities
- a number of narrow-scope amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16;
- narrow scope amendments to IAS 1, Practice statement 2 and IAS 8; and
- amendment to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction.

The amendments are not expected to have an impact on the financial position or performance of the Group.

(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated.)

Note 2 – Basis of presentation of consolidated financial statements continued

2.4 Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"), see Note 2.5 for the accounting of foreign currency transactions.

Foreign currency transactions are translated using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated using the exchange rates at the balance sheet date. Foreign exchange gains and losses resulting from trading activities (trade receivables and payables) denominated in foreign currencies of the Group companies have been accounted for under "other operating income/expenses" whereas foreign exchange gains and losses resulting from the translation of other monetary assets and liabilities denominated in foreign currencies have been accounted for under "financial income/expenses" in the consolidated income statement.

The consolidated financial statements are presented in TRY, which is the Group's presentation currency.

2.5 Summary of significant accounting policies

Revenue recognition

(i) Sale of goods – wholesale

The Group sells raw materials and equipment to franchise-owned stores. Sales are recognised at a point in time when control of the products has transferred, being when the products are delivered to the franchisees. The franchisees have full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the franchisees' acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the franchisee, and either the franchisee has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied. The financing component is only taken into consideration when the length of the time between the transfer of services and the related consideration is expected to exceed one year, and the effect is material. The Group adjusts the promised amount of consideration for the effects of the time value of money when the timing of payments agreed provides either the customer or the entity with a significant benefit of financing. Revenue generated from sale of raw materials and equipment to franchise-owned stores is classified under "Franchise revenue and royalty revenue obtained from franchisees" in Notes 3 and 4.

(ii) Sale of goods – retail

The Group operates a chain of stores selling and delivering pizza. Revenue from the sale of goods is recognised at a point in time when the store sells a product to the customer. Revenue generated from chain stores selling and delivering pizza is classified under "Corporate revenues" in Notes 3 and 4.

Payment of the transaction price is due immediately when the customer purchases the pizza and the pizza is delivered to the customer.

(iii) Revenue from royalties

Royalties are calculated based on franchise-owned store sales to customers, which are recognised on the same basis as the corporate (retail) sales by the Group. Royalties are recognised in the period the related sale occurs. Revenue generated from royalties is classified under "Franchise revenue and royalty revenue obtained from franchisees" in Notes 3 and 4.

(iv) Sale of goods – customer loyalty programme

The Group operates a loyalty programme where retail customers accumulate points for purchases made which entitle them to discounts on future purchases. A contract liability for the award points is recognised at the time of the sale. Revenue is recognised when the points are redeemed or when they expire twelve months after the initial sale.

The points provide a material right to customers that they would not receive without entering a contract. Therefore, the promise to provide points to the customer is a separate performance obligation. The transaction price is allocated to the product and the points on a relative stand-alone selling price basis. Management estimates the stand-alone selling price per point based on the discount granted when the points are redeemed and based on the likelihood of redemption, based on past experience. The stand-alone selling price of the product sold is estimated based on the retail price. Other discounts are not considered as they are only given in rare circumstances.

A contract liability is recognised until the points are redeemed or expire.

(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated.)

(v) Revenue from franchise fees

The Group receives a franchise fee from each franchise that joins the Group and operates under the name of Domino's Pizza; however, the performance obligation of the Group is related to the services provided during the agreement. These franchise fee revenues are deferred during the period of the franchise agreement and those deferred revenues are included in the other non-current liabilities. Revenue generated from royalties is classified under "Other revenues" in Notes 3 and 4.

Franchise arrangement involves the right to operate in a specific location as well as other goods and services, such as point-of-sale systems, restaurant concept, menus and benefits from national advertising campaigns. Revenues generated from franchise fees are generated in proportion to time passed since the inception of the franchise contract.

In determining the transaction price, the Group adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed to by the parties to the contract provides the customer or the Group with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component.

(vi) Costs to fulfil a contract

The Group incurs certain costs with Domino's Pizza International related to set up of each franchise contract and IT systems used for recording of franchise revenue. The costs relate directly to the franchise contract, generate resources used in satisfying the contract and are expected to be recovered. They are therefore capitalised as costs to fulfil a contract and are expensed over the life of the contract. Costs to fulfil a contract are classified under "Other assets" in the statement of financial position.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances, credit card receivables and cash at banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less and that are subject to an insignificant risk of change in value.

Trade receivables

Trade receivables, that are recognised by way of providing goods or services directly to a debtor, are accounted for initially at fair value and subsequently measured at amortised cost, using the effective interest method, less allowance for expected credit losses, if any.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. The allowance for expected credit losses ("ECL") of trade receivables is based on individual assessments of expected non-recoverable receivables as well as on expected credit losses estimated using a provision matrix by reference to past default experience on the trade receivables.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Trade and other payables

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade payables are recognised initially at fair value and subsequently measured at amortised cost. Trade payables are classified as current liabilities if payment is due within one year or less, otherwise they are presented as non-current liabilities.

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds and the redemption value is recognised in the income statement over the period of borrowing using the effective interest rate method.

Inventories

Raw materials and trade goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure; costs are assigned to individual items of inventory based on weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated.)

Note 2 – Basis of presentation of consolidated financial statements continued

2.5 Summary of significant accounting policies continued

Financial investments

Classification and measurement

The Group classifies its financial assets in three categories: financial assets carried at amortised cost, financial assets carried at fair value through profit or loss and financial assets carried at fair value through other comprehensive income. Classification is performed in accordance with the business model determined based on the purpose of benefits from financial assets and expected cash flows. Management performs the classification of financial assets at the acquisition date.

Financial assets measured at amortised cost are non-derivative financial assets that are held as part of a business model that aims to collect contractual cash flows and that have cash flows that include interest payments on principal dates and principal balances on certain dates under contractual terms.

The Group's financial assets which are recognised at amortised cost include cash and cash equivalents, trade receivables, lease receivables and other receivables. The assets are measured at their fair values in the initial recognition of financial assets and discounted values by using the effective interest rate method in the subsequent accounting. Gains and losses resulting from the valuation of non-derivative financial assets measured at amortised cost are recognised in the consolidated statement of profit and loss.

Financial assets carried at amortised cost

Impairment

The Group has applied a simplified approach for the calculation of impairment on its receivables carried at amortised cost. In accordance with this method, if no provision has been recognised on the trade receivables, lease receivables and other receivables because of a specific event, the Group measures the expected credit loss from these receivables by the lifetime expected credit loss. The calculation of expected credit loss is performed based on the experience of the Group and its expectation based on the macroeconomic indications.

Financial assets carried at fair value

Assets that are held by management for collection of contractual cash flows and/or for selling the financial assets are measured at their fair value. If management does not plan to dispose of these assets in twelve months after the balance sheet date, they are classified as non-current assets. The Group makes a choice for the equity instruments during the initial recognition and elects profit or loss or other comprehensive income for the presentation of fair value gain and loss. The Group has no financial assets carried at fair value in the current financial statements.

(i) Financial assets carried at fair value through profit or loss

Financial assets carried at fair value through profit or loss comprise of "derivative instruments" in the statement of financial position. Derivative instruments are recognised as an asset when the fair value of the instrument is positive, and as a liability when the fair value of the instrument is negative.

(ii) Financial assets carried at fair value through other comprehensive income

Financial assets carried at fair value through other comprehensive income comprise "financial assets" in the statement of financial position. When the financial assets carried at fair value through other comprehensive income are sold, the fair value gain or loss classified in other comprehensive income is classified to retained earnings.

Property and equipment

Property and equipment are carried at cost less accumulated depreciation and any impairment in value. When assets are sold or retired, their cost and accumulated depreciation are eliminated from the related accounts and any gain or loss resulting from their disposal is included in the income statement.

The initial cost of property and equipment comprises its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset ready for use. Expenditures incurred after the fixed assets have been put into operation, such as repairs and maintenance, are normally charged to the income statement in the year the costs are incurred. If the asset recognition criteria are met, the expenditures are capitalised as an additional cost of property and equipment.

(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated.)

Except for the construction in progress, depreciation is computed on a straight-line basis over the estimated useful lives. The depreciation terms are as follows:

	Useful life (years)
Machinery and equipment	3-40
Motor vehicles	3
Furniture and fixtures	6-10
Leasehold improvements	5

The expected useful life, residual value and depreciation method are evaluated every year for the probable effects of changes arising in the expectations and are accounted for prospectively.

Property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Fair value less cost to sell is the amount obtainable from the sale of an asset less the costs of disposal.

Gains or losses on disposals or suspension of property and equipment are determined by sale revenue less net book value and collected amount and included in the related other income or other expense accounts, as appropriate.

Intangible assets

Key money

Key money comprises payments made to former franchisees of the Group to obtain franchising rights back from them (e.g.) the area map and related rights). Key money is capitalised as long-lived assets and amortised over five years on a straight-line basis and subject to impairment reviews. Impairment reviews for key money are undertaken if events or changes in circumstances indicate a potential impairment.

Franchise contracts

Franchise contracts are composed of fees paid for the acquisition of the master franchise for the markets in which the Group operates. These are carried at cost less accumulated amortisation and any impairment loss. The useful economic lives of the assets are ten years and are amortised on a straight-line basis.

Software

Computer software, amongst others for online customer interface and financial reporting, is carried at cost less accumulated amortisation and any impairment loss. Externally acquired computer software and software licences are capitalised at the cost incurred to acquire and bring into use the specific software. Internally developed computer software programmes are capitalised to the extent that costs can be separately identified and attributed to software programmes, measured reliably, and that the asset developed can be shown to generate future economic benefits. These assets are considered to have finite useful lives and are amortised on a straight-line basis over the estimated useful economic lives of each of the assets, considered to be between three and five years. Estimated useful lives and the amortisation method are reviewed at the end of each year and the effect of any change in the estimate is accounted for prospectively.

Advertising, promotion and marketing costs are not capitalised and are recognised in the income statement.

Business combinations and goodwill

A business combination is the bringing together of separate entities or businesses into one reporting entity. Business combinations are accounted for using the acquisition method in accordance with IFRS 3.

The consideration transferred for a business combination is the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer, in exchange for control of the acquired business and in addition, any costs directly attributable to the business combination. The cost of the business combination at the date of the acquisition is adjusted if a business combination contract includes clauses that enable adjustments to the cost of the business combination depending on events after the acquisition date, and the adjustment is measurable more probable than not. Costs of the acquisition are recognised in the related period.

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquire and the fair value of the non-controlling interest in the acquire.

(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated.)

Note 2 – Basis of presentation of consolidated financial statements continued

2.5 Summary of significant accounting policies continued

Business combinations and goodwill continued

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or group of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level. Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Goodwill is not amortised, but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Impairment of non-financial assets

The carrying values of assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment loss is recognised at the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. Value in use is the present value of estimated future cash flows expected to arise from the use of an asset and from its disposal at the end of its useful life while the fair value less cost to sell is the amount that will be collected from the sale of the asset less costs of disposal.

Estimated future cash flows are typically based on five-year forecasts and terminal values are considered where the asset has an indefinite useful economic life. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash flows from other assets or group of assets.

Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised on the income statement. Foreign exchange gains and losses related to operational activities are classified above operating profit, whereas foreign exchange gains and losses related to financing are classified below operating profit. See Note 2.4 regarding presentation currency.

Lease transactions

The Group as the lessee

The Group leases various offices, warehouses, retail stores and cars. Rental contracts are typically entered into for fixed periods of three to five years but may have extension options as described in (i) below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Lease agreements are not included in net debt calculations on loan covenants, and therefore do not affect the covenant ratios of the Group.

In terms of cash outflows, each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Lease transactions are subject to the same rules as other temporary differences. The Company considers the lease as a single transaction in which the asset and liability are integrally linked, so there is no net temporary difference at inception. Subsequently, as differences arise on settlement of the liability and the amortisation of the leased asset, there will be a net temporary difference on which deferred tax is recognised.

Right-of-use assets

Right-of-use assets comprising mainly of stores and vehicles are measured at cost less accumulated depreciation and impairment losses. The right-of-use asset is initially recognised at cost, comprising:

a. amount of the initial measurement of the lease liability;
b. any lease payments made at or before the commencement date, less any lease incentives received;
c. any initial direct costs incurred by the Group; and
d. an estimate of costs to be incurred by the lessee for restoring the underlying asset to the condition required by the terms and conditions of the lease (unless those costs are incurred to produce inventories).

(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated.)

The Group performs subsequent measurement for the right-of-use asset by:

a. netting-off depreciation and reducing impairment losses from the right-of-use assets; and
b. adjusting for certain remeasurements of the lease liability recognised at the present value.

Depreciation is computed on a straight-line basis over the estimated useful lives, weighing the estimated life of the asset, future economic benefits expected and lease term of the asset and chooses the shorter of the three. The depreciation terms are as follows:

	Useful life (years)
Properties	5
Motor vehicles	4-5

For the purpose of impairment testing, right-of-use assets are allocated to each of the stores. Each store to which the right-of-use assets are allocated represents the lowest level within the entity at which the right-of-use assets are monitored for internal management purposes. Right-of-use assets are monitored at the store level. Impairment reviews for right-of-use assets are undertaken if events or changes in circumstances indicate a potential impairment. An impairment loss is recognised at the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Fair value less cost to sell is the amount obtainable from the sale of an asset less the costs of disposal.

Payments associated with the leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. There are no residual value guarantees and the initial direct costs are negligible.

Sub-leases

The Group operates as intermediate lessor for a significant proportion of its leases. The Group has evaluated its rent agreements and classified its sub-leases as financial leases as required in IFRS 16.

Where the Group recognised a leasing agreement from a sub-lease transaction, classified as financial leasing, the right-of-use asset from the head-lease is derecognised and a lease receivable equal to the derecognised right-of-use assets is recognised.

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. Lease liabilities are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Lease payments included in the measurement of the lease liability comprise the following:

a. fixed payments, including in-substance fixed payments; and
b. variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date.

After initial recognition, the lease liability is measured by:

a. increasing the carrying amount to reflect interest on the lease liability;
b. reducing the carrying amount to reflect the lease payments made; and
c. remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

(i) Extension and termination options

In determining the lease liability, the Group considers the extension and termination options. Most of the extension and termination options held are exercisable both by the Group and by the respective lessor.

Extension options are available for all contracts. In more than 90% of the contracts, DP Eurasia has the right to extend the contract unilaterally, which does not need the consent of the landlord. Periods covered by an option to extend the lease term are included in the lease term if the lessee is reasonably certain to exercise that option. The same rationale applies to termination options. The term covered by a termination option is not included in the lease term if the lessee is reasonably certain not to exercise the option. Otherwise, the lease term ends at the point in time when the lessee can exercise the termination option.

(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated.)

Note 2 – Basis of presentation of consolidated financial statements continued

2.5 Summary of significant accounting policies continued

Lease liability continued

(i) Extension and termination options continued

(i) Critical judgements in determining the lease term

Lease terms are generally negotiated locally. Contracts are negotiated on an individual basis and contain a wide range of terms and conditions, such as early termination clauses and renewal rights. Termination clauses and renewal rights are included in several leases across the Group's lease agreements. They are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise a renewal right, or not exercise a termination clause. Both options are only included in the lease term if the lease is reasonably certain to be extended or not terminated.

After the commencement date, the Group reassesses the lease term for each contract if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew. Critical judgements used in determining the lease terms are:

- the Group extends the lease term of properties' lease contracts between one and five years; and
- the Group does not extend the lease term on the vehicles' lease contracts.

During the current financial year, there were no revisions related to initially recognised lease liabilities.

The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. Factors that are considered in terminating or renewing leases include, amongst others:

- location of the store;
- leasehold improvements made with a significant remaining value; and
- costs and business disruption required to replace a leased asset.

(ii) Discount rates used

The discount rate to be used should be the interest rate implicit in the lease, if that rate can be readily determined. This is the rate of interest that causes the present value of: (a) lease payments; and (b) the unguaranteed residual value to equal the sum of: (i) the fair value of the underlying asset; and (ii) any initial direct costs of the lessor. However, since the implicit rate cannot be readily determined, the incremental borrowing rate is used in calculating the present value of lease payments during the lease terms that are not paid at that date. Incremental borrowing rate is the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

The incremental borrowing rate is calculated separately for each operating company, based on currencies that lease agreements are based on. The rate is calculated based on a build-up approach whereby each category of leases has an incremental borrowing rate based on the country (and currency) of the lessee and the lease term. The Group uses recent third-party financing from banks and adjusts (if necessary) to reflect changes in financing conditions.

The discount rate is a key variable for lease liabilities and a 1% increase or decrease in the discount rate would decrease or increase total lease liabilities approximately by TRY 3,684 and TRY (4,055), respectively.

(iii) Variable elements used

The variable element is the rent increase rate and is calculated based on the Consumer Price Index ("CPI"), Producer Price Index ("PPI") or an average of both. Variable lease payments are based on an index or a rate and are initially measured using the index or the rate at the commencement date.

Estimation uncertainty arising from variable lease payments

The Group does not forecast future changes of the index/rate; these changes are considered when the lease payments change. Variable lease payments that are not based on an index or a rate are not part of the lease liability, but they are recognised in the income statement when the event or condition that triggers those payments occurs.

Nearly 90% of future lease payments for stores are linked to CPI, PPI or an average of both. Variable payment terms are mostly used to make up for the volatile inflation rates in a country, an average of a 5% increase in the CPI.

(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated.)

Exemptions and simplifications

Payments for leases of low-value assets such as IT equipment (mainly printers, laptops and mobile phones etc.) are not included in the measurement of the lease liabilities within the scope of IFRS 16. Lease payments of these contracts continue to be recognised in profit or loss in the related period.

Provisions, contingent assets and liabilities

Provisions are recognised in the consolidated financial statements when the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation. The discount rate used to calculate the present value of the provision should be the pre-tax rate reflecting the functional current market assessments of the time value of money and the risks specific to the liability. The discount rate shall not reflect risks for which future cash flow estimates have been adjusted.

A possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group have not been recognised in these consolidated financial statements and are treated as contingent liabilities and contingent assets.

Volume rebate advances

Volume rebates received in advance are recognised as income within cost of sales on an accruals basis on the expected entitlement earned up to the statement of financial position date. Up-front fees received as volume rebates are recognised as a liability in the financial statements.

Performance bonus accruals

Realisation of the performance bonus depends on the financial and non-financial performance of the Group. Performance bonus accrual is recognised when the Group achieves its minimum requirements and recognised within related payroll expense accounts.

Related parties

Key management personnel, including Directors of the Company and its subsidiaries and members of the senior leadership team, together with their families and companies controlled by or affiliated with them, are considered and referred to as related parties. The Group has determined key management personnel as Executive Directors, members of the Board of Directors and the leadership team. All transactions between related parties have been made considering an arm's length policy.

Parties are considered related to the Group if directly, or indirectly through one or more intermediaries, the party:

- is an associate of the Group;
- is a joint venture in which the Group is a venture;
- is a member of the key management personnel of the Group or its parent;
- is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to; and
- has a post-employment benefit plan for the benefit of employees of the Group, or of an entity that is a related party of the Group.

Taxes

Current and deferred tax

Taxes on income for the year comprise current tax and the change in deferred income taxes. Current year tax liability consists of the taxes calculated over the taxable portion of the current year income by reference to corporate income tax rates enacted as of the date of the statement of financial position and adjustments provided for the previous years' income tax liabilities.

Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated.)

Note 2 – Basis of presentation of consolidated financial statements continued

2.5 Summary of significant accounting policies continued

Taxes continued

Current and deferred tax continued

The Group recognises tax assets for the tax losses carried forward to the extent that the realisation of the related tax benefit through the future taxable profits is probable.

Deferred income tax liabilities are recognised for all taxable temporary differences, whereas deferred income tax assets resulting from deductible temporary differences are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilised.

Deferred income tax assets and deferred income tax liabilities related to income taxes levied by the same taxation authority are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities.

Employment termination benefit

Provision for employment termination benefits, as required by Turkish labour law, represents the estimated present value of the total reserve of the future probable obligation of the Group companies operating in Turkey arising in case of the retirement of the employees, termination of employment without due cause or call for military service. The provision is based upon actuarial estimations using the estimated liability method. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recorded to the income statement and movements through the statement of changes in equity in the period in which they arise.

Wages, salaries, contributions to the Russian Federation state pension and social insurance funds, paid annual leave and sick leave and bonuses are accrued in the year in which the associated services are rendered by the employees. The Group has no legal or constructive obligation to make pension or similar benefit payments beyond the unified social tax for its employees in its Russian operations.

Unused vacation rights

Unused vacation rights accrued in the consolidated financial statements represent the estimated total liabilities related to employees' unused vacation days as of the statement of financial position date.

Share-based incentives

Share-based compensation benefits are provided to members of management via various incentive plans. Information relating to the equity-settled incentive scheme is set out in Note 22.

The fair value of options and share awards granted are recognised as a share-based payment expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the awards granted:

- including any market performance conditions (e.g. the entity's share price); and
- excluding the impact of any service and non-market performance vesting conditions (e.g. remaining an employee of the Group over a specified time).

The total expense is recognised over the vesting period, which is the period over which all the specified vesting conditions are to be satisfied. At the end of each period, the Group revises its estimates of the number of awards that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

When options are exercised, the proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

Earnings/(loss) per share

Earnings per share disclosed in the consolidated income statement is determined by dividing net income/(loss) by the weighted average number of shares circulating during the year concerned.

Statement of cash flows

The Group has used the indirect method to prepare the consolidated statement of cash flows. Cash flows in foreign currencies have been translated at transaction rates.

Subsequent events

The Group adjusts the amounts recognised in the consolidated financial statements to reflect the adjusting events after the statement of financial position date. If non-adjusting events after the statement of financial position date have material influences on the economic decisions of users of the consolidated financial statements, they are disclosed in the notes to the consolidated financial statements.

(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated.)

One-off items

Regarding the one-off items policy approved by the Group management, in the presentation of the consolidated income statement, the Group separates one-off items in order to disclose significant non-recurring items and income/expenses which are assumed by the Group management as not part of the normal course of business.

A one-off item is a one-time cost or gain, or series of connected costs or gains, greater than TRY 500 that is non-recurring, does not arise in the ordinary course of business, but from circumstances or events that are approved by Group management such as:

- business combinations (including integration and restructuring costs);
- public offerings;
- litigation settlements;
- significant disposals of assets and businesses;
- other non-recurring events such as:
  - share-based incentives; or
  - excess pension charges such as those arising from a change in legislation and income arising from curtailments of pension plans.

One-off items are applied on a consistent and accrual basis in the consolidated financial statements. In the presentation of the consolidated income statement, the Group separates one-off items in order to disclose significant non-recurring items and income/expenses which are assumed by the Group management as not part of the normal course of business. The principal events which may give rise to a one-off item include the restructuring and integration of businesses, public offerings, material litigation costs/gains, the cost of implementing a cost containment programme, income and expenses arising from significant disposals of assets and businesses, sheltered abnormal cost and other specific income and expenses such as share-based incentives and excess pension charges. The Group discloses the consolidated income statement in this way as it provides relevant information which is more closely aligned to how management monitors the performance of the Group.

Segment reporting

The Group has two business segments, determined by management according to the information used for the evaluation of performance and the allocation of resources: the Turkish and Russian operations. These segments are managed separately because they are affected by economic conditions and geographical positions in terms of risks and returns.

IFRS 8 requires operating segments to be reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the management team, including the Chief Executive Officer, Chief Strategy Officer and Chief Financial Officer.

The Group management assesses the performance of operating segments by the earnings before interest, tax, depreciation and amortisation (“EBITDA”), adjusted net debt, adjusted net income and adjusted earnings per share figures generated by adjusting the EBITDA, net debt, net income and earnings per share calculated based on the financial statements prepared in accordance with IFRS with necessary adjustments and reclassifications. Those adjustments and reclassifications are adding back the net effect of the time difference and foreign exchange gains and losses generated from commercial operations in accordance with IFRS and the one-off items policy as reflected above. EBITDA calculated based on this approach is defined as “adjusted EBITDA”. Management primarily uses the adjusted EBITDA measure when making decisions about the Group’s activities. As EBITDA and adjusted EBITDA are non-GAAP measures, adjusted EBITDA and adjusted operating profit measures used by other entities may not be calculated in the same way and hence not directly comparable.

Group management assesses liquidity and levels of borrowing by net debt (total borrowings less cash and cash equivalents) and by additionally removing the effect of long-term guarantee deposits and cash in transit not included in the year-end cash balance to arrive at adjusted net debt. Management primarily uses the adjusted net debt measure when making decisions about the Group’s financing. As net debt and adjusted net debt are non-GAAP measures, adjusted net debt measures used by other entities may not be calculated in the same way and hence not directly comparable.

(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated.)

Note 2 – Basis of presentation of consolidated financial statements continued

2.6 Significant accounting estimates

The preparation of consolidated financial statements requires estimates and assumptions to be made regarding the amounts for assets and liabilities at the statement of financial position date, and bases for the contingent assets and liabilities as well as the amounts of income and expenses realised in the reporting period. The Group makes estimates and assumptions concerning the future, which, by definition, may not equate to the related actual results. The estimates and assumptions that may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial period are addressed below:

The areas involving significant estimates or judgements are:

- impairment tests for goodwill (Note 12);
- impairment tests for tangible and intangible assets (Notes 9 and 10);
- deferred income tax assets recognition of Fidesrus (Note 21); and
- right-of-use assets, lease receivables and liabilities (Note 11).

Significant judgements or estimates are disclosed in the related notes.

Note 3 – Segment reporting

The business operations of the Group are organised and managed with respect to geographical positions of its operations. The information regarding the business activities of the Group as of 31 December 2021 and 2020 comprise the performance and the management of its Turkish and Russian operations and headquarters.

The Group has two business segments, determined by management according to the information used for the evaluation of performance and the allocation of resources, the Turkish and Russian operations. Other operations are composed of corporate expenses of Dutch companies. These segments are managed separately because they are affected by economic conditions and geographical positions in terms of risks and returns.

The segment analysis for the periods ended 31 December 2021 and 2020 is as follows:

1 January - 31 December 2021	Turkey	Russia	Other	Total
Corporate revenue	283,016	301,357	—	584,373
Franchise revenue and royalty revenue obtained from franchisees	682,849	141,798	—	824,647
Other revenue	65,723	22,171	—	87,894
Total revenue	1,031,588	465,326	—	1,496,914
— At a point in time	*1,022,988*	*462,456*	—	*1,485,444*
— Over time	*8,600*	*2,870*	—	*11,470*
Operating profit/(loss)	146,849	(94,876)	(20,431)	31,542
Capital expenditures	39,836	15,675	—	55,511
Tangible and intangible disposals	(4,339)	(29,958)	—	(34,297)
Depreciation and amortisation expenses	(53,583)	(87,990)	—	(141,573)
Adjusted EBITDA[1]	202,405	23,248	(17,268)	208,385

31 December 2021	Turkey	Russia	Other	Total
Borrowings				
TRY	329,177	—	—	329,177
RUB	—	148,827	62,494	211,321
	329,177	148,827	62,494	540,498
Lease liabilities				
TRY	142,518	—	—	142,518
RUB	—	139,231	—	139,231
	142,518	139,231	—	281,749
Total	471,695	288,058	62,494	822,247

(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated.)

1 January - 31 December 2020	Turkey	Russia	Other	Total
Corporate revenue	219,499	240,199	—	459,698
Franchise revenue and royalty revenue obtained from franchisees	423,490	98,020	—	521,510
Other revenue	30,566	7,389	—	37,955
Total revenue	673,555	345,608	—	1,019,163
— At a point in time	*666,218*	*343,102*	—	*1,009,320*
— Over time	*7,337*	*2,506*	—	*9,843*
Operating profit/(loss)	91,905	(88,996)	(12,441)	(9,532)
Capital expenditures	28,733	13,632	—	42,365
Tangible and intangible disposals	(5,548)	(9,290)	—	(14,838)
Depreciation and amortisation expenses	(46,787)	(80,635)	—	(127,422)
Adjusted EBITDA[1]	140,903	2,309	(11,696)	131,516

31 December 2020	Turkey	Russia	Other	Total
Borrowings				
TRY	264,001	—	—	264,001
RUB	—	96,195	—	96,195
	264,001	96,195	—	360,196
Lease liabilities				
TRY	62,390	—	—	62,390
RUB	—	120,635	—	120,635
	62,390	120,635	—	183,025
Total	326,391	216,830	—	543,221

EBITDA, adjusted EBITDA, net debt, adjusted net debt, adjusted net income and non-recurring and non-trade income/expenses are not defined by IFRS. The amounts provided with respect to operating segments are measured in a manner consistent with that of the financial statements. These items, determined by the principles defined by Group management, comprise income/expenses which are assumed by the Group management to not be part of the normal course of business and are non-recurring items. These items, which are not defined by IFRS, are disclosed by Group management separately for a better understanding and measurement of the sustainable performance of the Group.

The reconciliation of adjusted EBITDA for 2021 and 2020 is as follows:

Turkey	2021	2020
Adjusted EBITDA[1]	**202,405**	140,903
Non-recurring and non-trade (income)/expenses per Group management[1]		
One-off non-trading costs[2]	**—**	1,449
Share-based incentives	**1,973**	762
EBITDA	**200,432**	138,692
Depreciation and amortisation	**(53,583)**	(46,787)
Operating profit	**146,849**	91,905

Russia	2021	2020
Adjusted EBITDA[1]	**23,248**	2,309
Non-recurring and non-trade (income)/expenses per Group management[1]		
One-off non-trading costs[2]	**30,134**	11,547
Share-based incentives	**—**	(877)
EBITDA	**(6,886)**	(8,361)
Depreciation and amortisation	**(87,990)**	(80,635)
Operating (loss)/profit	**(94,876)**	(88,996)

(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated.)

Note 3 – Segment reporting continued

Other	2021	2020
Adjusted EBITDA[1]	**(17,268)**	(11,696)
Non-recurring and non-trade (income)/expenses per Group management[1]		
Share-based incentives	–	745
One-off non-trading costs[2]	**3,163**	–
EBITDA	**(20,431)**	(12,441)
Depreciation and amortisation	–	–
Operating loss	**(20,431)**	(12,441)

(1) EBITDA, adjusted EBITDA and non-recurring and non-trade income/expenses are not defined by IFRS. These items are determined by the principles defined by Group management and comprise income/expenses which are assumed by Group management to not be part of the normal course of business and are non-trading items. These items, which are not defined by IFRS, are disclosed by Group management separately for a better understanding and measurement of the sustainable performance of the Group.

(2) The reason for the significant increase in one-off non-trading costs is mainly related to impairment expenses of the tangible and intangible assets and consultancy expenses.

The reconciliation of adjusted net income/(loss) as of 31 December 2021 and 2020 is as follows:

	2021	2020
(Loss) for the period as reported	**(16,023)**	(107,583)
Non-recurring and non-trade (income)/expenses per Group management		
Share-based incentives	**1,973**	630
One-off expenses/(income)[1]	**37,905**	12,996
Adjusted net income/(loss) for the period[2]	**23,855**	(93,957)

(1) As of 31 December 2021, the one-off expenses include TRY 20,576 impairment expense of tangible and intangible assets and TRY 1,501 severance payment expenses.

(2) Adjusted net income and non-recurring and non-trade income/expenses are not defined by IFRS. Adjusted net income excludes income and expenses which are not part of the normal course of business and are non-recurring items. Management uses this measurement basis to focus on core trading activities of the business segments, and to assist it in evaluating underlying business performance.

The average headcount for the Group is as follows:

	2021			2020		
Category of activities	Turkey	Russia	Netherlands	Turkey	Russia	Netherlands
Executive and senior management	**11**	**9**	**3**	11	9	3
Store employees	**1,288**	**974**	**–**	1,243	1,745	–
Support employees	**227**	**116**	**–**	205	128	–
Commissary employees	**44**	**22**	**–**	43	24	–
Total	**1,570**	**1,121**	**3**	1,502	1,906	3

(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated.)

Note 4 – Revenue and cost of sales

	2021	2020
Corporate revenue	584,373	459,698
Franchise revenue and royalty revenue obtained from franchisees	824,647	521,510
Other revenue(1)	87,894	37,955
Revenue	**1,496,914**	1,019,163
Cost of sales	(986,106)	(689,762)
Gross profit	**510,808**	329,401

(1) Other revenue mainly includes handover income, IT income and other income from franchisees.

Revenue recognised in relation to contract liabilities

The movements of performance obligations and revenue recognised in relation to contract liabilities for the years ended 31 December 2021 and 2020 are as follows:

	2021	2020
As of 1 January	**38,813**	32,905
Recognised as revenue	(11,470)	(9,843)
Increases due to new franchise agreements entered	28,800	15,751
As of 31 December	**56,143**	38,813

Unsatisfied long-term franchisee contracts

The amount of performance obligations relating to ongoing contracts of the Group that will be recognised in the future is TRY 65,551 (31 December 2020: TRY 43,983). The Group expects that this amount will be recorded as revenue within 10 to 15 years.

Note 5 – Expenses by nature

	2021	2020
Employee benefit expenses(1)	285,621	217,368
Depreciation and amortisation expenses(1)	141,573	127,422
	427,194	344,790

(1) These expenses are accounted for in cost of sales, general administration expenses and marketing expenses.

Note 6 – Other operating income and expenses

Other income	2021	2020
Foreign exchange gains	12,741	2,921
Marketing service income(1)	5,079	4,054
Interest income arising from sales with extended terms	4,098	3,831
Gain from sale of property and equipment	383	447
Other	8,934	3,800
	31,235	15,053

(1) The marketing income mainly includes cross-promotion income.

Other expense	2021	2020
Impairment expenses(1)	20,576	11,118
Foreign exchange losses	11,557	2,757
Losses from sale of property and equipment	872	1,200
Other	9,660	7,668
	42,665	22,743
Other operating (expense)/income, net	**(11,430)**	(7,690)

(1) Impairment expenses includes write-offs related to long-term assets of low-performing stores.

(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated.)

Note 7 – Financial income and expenses

Foreign exchange (losses)/gains	2021	2020
Foreign exchange (losses)/gains, net	**82,485**	(16,357)
Foreign exchange losses on lease liabilities	**(319)**	(62)
	82,166	(16,419)

Financial income	2021	2020
Interest income on lease receivables	**15,839**	13,804
Interest income	**2,959**	9,362
	18,798	23,166

Financial expense	2021	2020
Interest expense	**(52,476)**	(51,401)
Interest expense on lease liabilities	**(31,051)**	(34,585)
Other	**(16,263)**	(4,843)
	(99,790)	(90,829)

Note 8 – Loss per share

	31 Dec 2021	31 Dec 2020
Average number of shares existing during the period	**145,372,414**	145,372,414
Net loss for the period attributable to equity holders of the parent	**(16,023)**	(107,583)
Loss per share	**(0.1102)**	(0.7401)

The reconciliation of adjusted earnings per share as of 31 December 2021 and 2020 is as follows:

	31 Dec 2021	31 Dec 2020
Average number of shares existing during the period	**145,372,414**	145,372,414
Net loss for the period attributable to equity holders of the parent	**(16,023)**	(107,583)
Non-recurring and non-trade expenses per Group management(1)		
Share-based incentives	**1,973**	630
One-off expenses	**37,905**	12,996
Adjusted net earnings for the period attributable to equity holders of the parent	**23,855**	(93,957)
Adjusted income/(loss) per share(1)	**0.1641**	(0.6463)

(1) Adjusted earnings per share and non-recurring and non-trade income/expenses are not defined by IFRS. The amounts provided with respect to operating segments are measured in a manner consistent with that of the financial statements. These items, determined by the principles defined by Group management, comprise income/expenses which are assumed by Group management to not be part of the normal course of business and are non-recurring items. These items, which are not defined by IFRS, are disclosed by Group management separately for a better understanding and measurement of the sustainable performance of the Group.

There are no shares or options with a dilutive effect and hence the basic and diluted earnings per share are the same.

(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated.)

Note 9 – Property and equipment

	1 Jan 2021	Additions	Disposals	Transfers	Currency translation adjustments	31 Dec 2021
Cost						
Machinery and equipment	83,020	5,815	(16,967)	(191)	48,530	120,207
Motor vehicles	37,421	10,774	(13,598)	–	22,596	57,193
Furniture and fixtures	64,109	9,390	(3,404)	2,357	3,467	75,919
Leasehold improvements	110,348	5,772	(30,164)	(679)	37,040	122,317
Construction in progress	4,509	342	(236)	(1,487)	2,081	5,209
	299,407	32,093	(64,369)	–	113,714	380,845
Accumulated depreciation						
Machinery and equipment	(39,691)	(13,259)	11,465	–	(27,111)	(68,596)
Motor vehicles	(28,820)	(8,859)	12,042	–	(19,176)	(44,813)
Furniture and fixtures	(33,310)	(8,472)	2,074	–	(2,053)	(41,761)
Leasehold improvements	(66,383)	(15,803)	19,046	–	(23,240)	(86,380)
	(168,204)	(46,393)	44,627	–	(71,580)	(241,550)
Net book value	131,203					139,295

(1) As of 31 December 2021, disposals include an impairment charge of TRY 6,575 (31 December 2020: TRY 5,109).

Depreciation expense of TRY 37,145 has been charged in cost of sales and TRY 9,248 has been charged in general administrative expenses.

	1 Jan 2020	Additions	Disposals	Transfers	Currency translation adjustments	31 Dec 2020
Cost						
Machinery and equipment	76,825	2,681	(548)	1,942	2,120	83,020
Motor vehicles	29,975	6,594	(87)	–	939	37,421
Furniture and fixtures	62,552	6,364	(4,945)	–	138	64,109
Leasehold improvements	113,118	6,119	(12,631)	1,789	1,953	110,348
Construction in progress	7,425	751	(98)	(3,731)	162	4,509
	289,895	22,509	(18,309)	–	5,312	299,407
Accumulated depreciation						
Machinery and equipment	(26,380)	(12,652)	258	–	(917)	(39,691)
Motor vehicles	(19,601)	(8,618)	87	–	(688)	(28,820)
Furniture and fixtures	(28,778)	(7,418)	2,947	–	(61)	(33,310)
Leasehold improvements	(55,093)	(16,644)	6,303	–	(949)	(66,383)
	(129,852)	(45,332)	9,595	–	(2,615)	(168,204)
Net book value	160,043					131,203

Amortisation expense of TRY 37,079 has been charged in cost of sales and TRY 8,253 has been charged in general administrative expenses.

(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated.)

Notes to the consolidated financial statements continued

For the year ended 31 December 2021

Note 10 – Intangible assets

	1 Jan 2021	Additions	Disposals	Transfers	Currency translation adjustments	31 Dec 2021
Cost						
Key money	44,742	5,145	(22,184)	—	16,650	44,353
Computer software	89,947	29,047	(3,765)	—	14,894	130,123
Franchise contracts	48,485	—	—	—	—	48,485
	183,174	34,192	(25,949)	—	31,544	222,961
Accumulated amortisation						
Key money	(17,431)	(10,316)	7,924	—	(7,459)	(27,282)
Computer software	(43,742)	(24,491)	3,470	—	(6,628)	(71,391)
Franchise contracts	(48,485)	—	—	—	—	(48,485)
	(109,658)	(34,807)	11,394	—	(14,087)	(147,158)
Net book value	73,516					75,803

As at 31 December 2021, disposals include an impairment charge of TRY 14,001 (31 December 2020: TRY 6,009).

Amortisation expense of TRY 16,001 has been charged in cost of sales and TRY 18,806 has been charged in general administrative expenses.

	1 Jan 2020	Additions	Disposals	Transfers	Currency translation adjustments	31 Dec 2020
Cost						
Key money	50,622	800	(7,183)	—	503	44,742
Computer software	68,672	25,650	(5,326)	—	951	89,947
Franchise contracts	48,485	—	—	—	—	48,485
	167,779	26,450	(12,509)	—	1,454	183,174
Accumulated amortisation						
Key money	(12,038)	(7,257)	1,942	—	(78)	(17,431)
Computer software	(28,989)	(18,823)	4,443	—	(373)	(43,742)
Franchise contracts	(45,328)	(3,157)	—	—	—	(48,485)
	(86,355)	(29,237)	6,385	—	(451)	(109,658)
Net book value	81,424					73,516

Amortisation expense of TRY 14,520 has been charged in cost of sales and TRY 14,717 has been charged in general administrative expenses.

The Group does not have any intangible assets with an indefinite useful life.

Franchise contracts

The Group has recognised franchise contracts resulting from a business combination on 26 January 2011 amounting to TRY 48,485 and accounted for them as intangible assets in its consolidated financial statements.

Note 11 – Right-of-use assets

Details of right-of-use assets as of 31 December 2021 and 2020 are as follows:

	31 Dec 2021	31 Dec 2020
Right-of-use assets		
Stores and buildings	139,037	104,426
Cars	12,688	8,469
	151,725	112,895

(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated.)

Details of lease receivable, as of 31 December 2021 and 2020 are as follows:

	31 Dec 2021	31 Dec 2020
Lease receivables		
Current	**22,057**	16,621
Non-current	**69,455**	24,674
	91,512	41,295

Details of lease liabilities as of 31 December 2021 and 2020 are as follows:

	31 Dec 2021	31 Dec 2020
Lease liabilities		
Current	**70,523**	72,476
Non-current	**211,226**	110,549
	281,749	183,025

Movement of right-of-use assets

	1 Jan 2021	Additions	Disposals	Currency translation adjustments	31 Dec 2021
Right-of-use assets					
Stores and buildings	**167,003**	**57,296**	**(57,475)**	**100,582**	**267,406**
Cars	**37,798**	**7,350**	**(14)**	**—**	**45,134**
	204,801	**64,646**	**(57,489)**	**100,582**	**312,540**
Depreciation charge of right-of-use assets					
Stores and buildings	**(62,577)**	**(57,254)**	**42,013**	**(50,551)**	**(128,369)**
Cars	**(29,329)**	**(3,119)**	**2**	**—**	**(32,446)**
	(91,906)	**(60,373)**	**42,015**	**(50,551)**	**(160,815)**
	112,895				**151,725**

For the year ended 31 December 2021, depreciation expense of TRY 52,386 has been charged to the cost of sales and TRY 7,987 has been charged to general administrative expenses. (31 December 2020: TRY 45,655 and TRY 7,198 respectively).

	1 Jan 2020	Additions	Disposals	Currency translation adjustments	31 Dec 2020
Right-of-use assets					
Stores and buildings	195,285	13,285	(45,409)	3,842	167,003
Cars	34,147	2,814	(87)	924	37,798
	229,432	16,099	(45,496)	4,766	204,801
Depreciation charge of right-of-use assets					
Stores and buildings	(29,145)	(44,164)	11,648	(916)	(62,577)
Cars	(20,051)	(8,689)	87	(676)	(29,329)
	(49,196)	(52,853)	11,735	(1,592)	(91,906)
	180,236				112,895

In 2021, interest expense on lease liabilities is TRY 31,051 and the total amount of interest of sub-lease expense is TRY 15,839 (31 December 2020: interest expense on lease liabilities TRY 34,585 and TRY 13,804 respectively).

In 2021, the total cash outflow for principal of leases and interest of leases is TRY 72,634 and TRY 31,051, respectively. In 2021, the total cash inflow for interest of leases is TRY 15,839, (31 December 2020: TRY 50,911, TRY 34,585 and TRY 13,804 respectively).

There are no low-value assets in 2021 (31 December 2020: TRY 62).

(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated.)

Note 12 – Goodwill

Movement of goodwill is as follows:

	31 Dec 2021	31 Dec 2020
1 January	**47,413**	47,133
Currency translation impact	**7,162**	280
31 December	**54,575**	47,413

The goodwill relates to Turkish and Russian CGUs at the amounts TRY 36,023 and TRY 18,552 (RUB 96,016) respectively (31 December 2020: TRY 36,023 and TRY 11,390 (RUB 96,016) respectively).

Goodwill impairment test

In accordance with IFRS and the accounting policies explained in Note 2.5, the Group performs impairment tests on goodwill to assess whether impairment exists. The Group is obliged to test goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired, as goodwill is deemed to have an indefinite useful life.

In order to perform this test, management is required to compare the carrying value of the relevant cash-generating unit (“CGU”), defined as stores of the Group including goodwill with its recoverable amount. The recoverable amounts of the CGU are determined based on a value in use calculation.

These calculations require estimations and use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. For the purpose of assessing impairment, the discounted cash flows calculated based on the Group’s revenue projections for five years are compared to the carrying value of all assets in CGUs, including allocated goodwill.

The Group prepares pre-tax cash flow forecasts derived from the most recent financial budgets approved by management for the next five years and extrapolates cash flows for the remaining term based on the average long-term growth rate of 23.2% for the Turkish market and 3.1% for the Russian market (31 December 2020: 9.5% for the Turkish market and 3.1% for the Russian market). The impact of IFRS 16 has been included in the discounted cash flow models and resulted in an increase in weighted average cost of capital.

Other key assumptions applied in the impairment tests include the expected product price, capital expenditures, demand for the products, product cost and related expenses which are reflected in the sales growth rate for the upcoming years. Management used sales growth projection rates of 28.7% for Turkey and 15.1% for Russia respectively (31 December 2020: 18.9% for Turkey and 14.6% for Russia). Growth projections include inflation expectations for the related CGUs; management determined these key assumptions based on past performance and its expectations on market development. Further, management applied capital expenditure increases of 5% for both Turkey and Russia operations, pre-tax discount rates of 29.8% for 2021, 20% for 2020 for Turkey and 17.2% for 2021 and 15.8% for 2020 for the Russian Federation to reflect country-specific Group risks.

Sensitivities – Turkish operations

The assumptions used for value in use calculations to which the recoverable amount is more sensitive are growth rate beyond five years and pre-tax discount rate. Management determined these key assumptions based on past performance and its expectations on market development. Further, management adopts different discount rates each year that reflect specific risks related to the Group as discount rates. Impairment loss has not been recognised as a result of the impairment tests performed with the above assumptions as at 31 December 2021. A further test with 5% increase in WACC or 5% decreases in growth rate to the above assumptions did not result in any impairment loss, either.

Sensitivities – Russian operations

The assumptions used for value in use calculations to which the recoverable amount is more sensitive are growth rate beyond five years and pre-tax discount rate. Management determined these key assumptions based on past performance and its expectations on market development.

Impairment loss has not been recognised as a result of the impairment tests performed with the above assumptions as at 31 December 2021. A further test with a 5% adverse change to the above assumptions did not result in any impairment loss, either.

(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated.)

Note 13 – Cash and cash equivalents

The details of cash and cash equivalents as of 31 December 2021 and 2020 are as follows:

	31 Dec 2021	31 Dec 2020
Cash	1,917	1,249
Banks	80,250	19,867
Term bank deposits (less than three months)	73,000	69,500
Credit card receivables[1]	9,245	18,420
	164,412	109,036

(1) Maturity term of credit card receivables are 30 days on average (31 December 2020: 30 days).

There is no restricted cash as of 31 December 2021 and 2020.

The details of currency of the banks are as follows:

	31 Dec 2021	31 Dec 2020
Turkish Liras	93,448	75,546
Russian Roubles	17,402	1,490
US Dollars	38,479	12,057
Euro	3,921	274
	153,250	89,367

Note 14 – Trade receivables and payables

a) Short-term trade receivables

	31 Dec 2021	31 Dec 2020
Trade receivables	138,634	89,091
Post-dated cheques[1]	23,471	22,932
	162,105	112,023
Less: Doubtful trade receivables	(2,135)	(4,263)
Short-term trade receivables, net	159,970	107,760

(1) Post-dated cheques are the receivables from franchisees resulting from store openings.

The average collection period for trade receivables is between 30 and 60 days (2020: between 30 and 60 days).

Movement of provision for doubtful receivables is as follows:

	2021	2020
1 January	4,263	2,080
Current year (reversals)/charges	(2,128)	2,657
Write-off	—	(474)
31 December	2,135	4,263

The Group applied IFRS 9 simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for all trade, lease and other receivables based on historical losses. The Group analysed the impact of IFRS 9 and the historical losses that were incurred in 2021 also impacted the expected credit losses going forward, resulting in a disposal of TRY 588 recorded as provision for doubtful receivables (31 December 2020: TRY 955). The Group also assessed whether the historic pattern would change materially in the future. The expected credit loss applied per ageing bucket is shown as below:

Not due	0-30 days	31-90 days	91-180 days	181-360 days	Over 360 days
0.14%	1.64%	3.73%	7.50%	17.17%	46.55%

Lease receivables have no history if default and expected credit loss percentages are close to zero and its effect is immaterial, so the table below consists of only trade and other receivables.

(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated.)

Note 14 – Trade receivables and payables continued

b) Long-term trade receivables

	31 Dec 2021	31 Dec 2020
Trade receivables	**2,042**	539
Post-dated cheques[(1)]	**11,615**	16,168
	13,657	16,707

(1) Post-dated cheques are the receivables from franchisees resulting from store openings.

c) Short-term trade and other payables

	31 Dec 2021	31 Dec 2020
Trade payables	**290,954**	168,329
Other payables	**6,594**	5,030
	297,548	173,359

The weighted average term of trade payables is less than three months; short-term payables with no stated interest are measured at original invoice amount unless the effect of imputing interest is significant (31 December 2021 and 2020: less than three months).

Note 15 – Transactions and balances with related parties

The details of receivables and payables from related parties as of 31 December 2021 and 2020 and transactions are as follows:

a) Key management compensation

	31 Dec 2021	31 Dec 2020
Short-term employee benefits	**36,075**	22,399
Share-based incentives	**1,973**	1,463
	38,048	23,862

There are no loans, advance payments or guarantees given to key management.

b) Board compensation

	Executive Directors		Non-Executive Directors					
Year ending 31 December 2021	**Aslan Saranga**	**Frederieke Slot**	**Peter Williams**	**Tom Singer**	**David Adams**	**Shyam S. Bhartia**	**Hari S. Bhartia**	**Pratik R. Pota**
Base salary (TRY)	**3,013,325**	**1,052,560**	**1,514,515**	**350,863**	**415,987**	**—**	**—**	**—**
Benefits (TRY)	**1,567,657**	**239,721**	**—**	**—**	**—**	**—**	**—**	**—**
Pension (TRY)	**—**	**21,930**	**—**	**—**	**—**	**—**	**—**	**—**
Annual bonus (TRY)	**1,868,262**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Long-term incentives (TRY)	**1,164,469**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Total (TRY)	**7,613,713**	**1,314,211**	**1,514,515**	**350,863**	**415,987**	**—**	**—**	**—**
Total (local currency)	**₺7,613,713**	**€145,918**	**£125,000**	**£28,953**	**£34,333**	**—**	**—**	**—**

	Executive Directors		Non-Executive Directors				
Year ending 31 December 2020	Aslan Saranga	Frederieke Slot	Peter Williams	Tom Singer	Seymur Tari	İzzet Talu	Aksel Sahin
Base salary (TRY)	2,514,253	774,647	1,302,397	603,444	—	—	—
Benefits (TRY)	217,338	184,312	—	—	—	—	—
Pension (TRY)	—	283,681	—	—	—	—	—
Annual bonus (TRY)	—	—	—	—	—	—	—
Long-term incentives (TRY)	544,131	—	—	—	—	—	—
Total (TRY)	3,275,722	1,242,640	1,302,397	603,444	—	—	—
Total (local currency)	₺3,275,722	€153,120	£145,000	£67,183	—	—	—

(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated.)

Notes to the table – methodology

Base salary

This represents the cash paid or receivable in respect of the financial year.

Benefits

This represents the taxable value of all benefits paid or receivable in respect of the relevant financial year. Aslan Saranga's benefits included private health cover and company car. Frederieke Slot's benefits included medical disability allowance, mobility allowance and education, communication and IT allowances.

Pension

Frederieke Slot receives a pension allowance worth 2% of base salary. Aslan Saranga receives no pension allowance. They will additionally both receive other benefits consistent with local market practice.

Annual bonus

This represents the total bonus payable for the relevant financial year under the ADBP. In 2021, the Chief Executive Officer's annual bonus was based on 75% of the Group EBITDA and 25% on strategic measures.

Long-term incentives

This row relates to the expense recognised for the LTIP awards during the period in accordance with IFRS. Please note that in the remuneration report on pages 60 and 62, the value of vested LTIP awards is included in the remuneration table. Since no LTIP awards have been vested to Executive Directors during the period, this column has a zero figure in the remuneration report.

In May 2019, Aslan Saranga was granted an LTIP award over 332,706 shares vesting in May 2022 subject to achievement of adjusted EBITDA targets measured over the period 2019-2021. As the performance condition was not achieved, no shares will vest for Aslan Saranga in May 2022.

Local currency totals

Part of Aslan Saranga's remuneration and the whole of Frederieke Slot's remuneration is paid in Euros and Peter Williams' and Tom Singer's remuneration is wholly paid in Pound Sterling. Total amounts received by each individual in local currency are shown in the final row of the above table. In the other columns of the table, remuneration has been converted into Turkish Lira for consistency with the financial statements.

Note 16 – Inventories

	31 Dec 2021	31 Dec 2020
Raw materials	**126,459**	57,292
Other inventory	**6,629**	4,452
Total	**133,088**	61,744

The cost of inventories recognised as expense and included in "cost of sales" amounted to TRY 656,091 in 2021 (2020: TRY 406,069).

(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated.)

Note 17 – Other current/non-current receivables, assets and liabilities

Other current receivables and assets	31 Dec 2021	31 Dec 2020
Advance payments[1]	**69,411**	56,208
Deposits for loan guarantees[2]	**35,527**	1,437
Lease receivables	**22,057**	16,621
Prepaid marketing expenses	**3,275**	3,001
Contract assets related to franchising contracts[3]	**1,317**	879
Prepaid insurance expenses	**1,105**	1,532
Prepaid taxes and VAT receivable	**17**	4,175
Other[4]	**5,958**	6,256
Total	**138,667**	90,109

(1) As of 31 December 2021 and 2020, advance payments are composed of advances given to suppliers for purchasing raw materials and other services.

(2) In 2021, the Group repaid a portion of its loans to Sberbank Moscow and the TRY 35,527 (RUB 205 million) cash deposit condition that was made as collateral by Fidesrus.

(3) The Group incurs certain costs with Domino's Pizza International related to the set up of each franchise contract and IT systems used for recording of franchise revenue.

(4) As of 31 December 2021 and 2020, other includes job and personnel advances, short-term security deposits and other prepayments such as subscriptions and travel expenses.

Other non-current receivables and assets	31 Dec 2021	31 Dec 2020
Lease receivables	**69,455**	24,674
Prepaid marketing expenses	**22,259**	12,620
Deposits given	**9,907**	5,585
Contract assets related to franchising contracts[1]	**8,091**	4,291
Long-term deposits for loan guarantees	**—**	17,760
Total	**109,712**	64,930

(1) The Group incurs certain costs with DP International related to the set up of each franchise contract and IT systems used for recording of franchise revenue.

Other current liabilities	31 Dec 2021	31 Dec 2020
Performance bonuses	**18,650**	9,619
Contract liabilities from franchising contracts[1]	**17,633**	5,672
Payable to personnel	**12,322**	6,368
Unused vacation liabilities	**11,839**	7,977
Taxes and funds payable	**8,755**	5,212
Social security premiums payable	**6,113**	4,077
Advances received from franchisees	**4,918**	4,239
Volume rebate advances	**3,424**	5,364
Other expense accruals	**16,326**	5,686
Total	**99,980**	54,214

(1) The Group incurs certain revenue with the set up of each franchise contract and these franchise fee revenues are deferred over the period of the franchise agreement.

Other non-current liabilities	31 Dec 2021	31 Dec 2020
Contract liabilities from franchising contracts[1]	**47,918**	38,311
Unearned revenue	**155**	170
Long-term provisions for employee benefits	**4,190**	2,874
Other	**2,702**	1,386
Total	**54,965**	42,741

(1) The Group incurs certain revenue with the set up of each franchise contract and these franchise fee revenues are deferred over the period of the franchise agreement.

(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated.)

Note 18 – Financial liabilities

	31 Dec 2021	31 Dec 2020
Short-term bank borrowings	226,342	54,088
Short-term financial liabilities	**226,342**	54,088
Short-term portions of long-term borrowings	109,836	113,093
Short-term portions of long-term leases	70,523	72,476
Current portion of long-term financial liabilities	**180,359**	185,569
Total short-term financial liabilities	**406,701**	239,657
Long-term bank borrowings	204,320	193,015
Long-term leases	211,226	110,549
Long-term financial liabilities	**415,546**	303,564
Total financial liabilities	**822,247**	543,221

As of 31 December 2021, the fair value of the financial liabilities is TRY 740,308 (31 December 2020: TRY 532,408).

The summary information of short-term and long-term bank borrowings is as follows:

31 December 2021 Currency	Maturity	Interest rate (%)	Short-term	Long-term
TRY borrowings	**Revolving**	**19.14%**	**288,914**	**40,263**
RUB borrowings	**2024**	**9.70%-14.30%**	**47,264**	**164,057**
			336,178	**204,320**

31 December 2020 Currency	Maturity	Interest rate (%)	Short-term	Long-term
TRY borrowings	Revolving	10.48%	154,960	109,041
RUB borrowings	2024	9.70%	12,221	83,974
			167,181	193,015

The loan agreement between Sberbank Moscow and Domino's Russia is subject to covenant clauses whereby the Group, Domino's Turkey and Domino's Russia are required to meet certain ratios. The financial indicator of:

- Domino's Russia, which requires the ratio of financial debt to adjusted EBITDA for the relevant period, should not be more than 3.0;
- Domino's Turkey, which requires the ratio of financial debt to adjusted EBITDA for the relevant period, should not be more than 2.5; and
- the Group, which requires the ratio of financial debt to adjusted EBITDA for the relevant period, should not be more than 3.5.

As of 31 December 2021, Sberbank has waived the covenant conditions for 2021, as well as for all quarters of 2022.

The redemption schedule of the borrowings as of 31 December 2021 and 2020 is as follows:

	31 Dec 2021	31 Dec 2020
To be paid in one year	336,178	167,181
To be paid between one to two years	95,076	63,762
To be paid between two to three years	109,244	76,941
To be paid in three years and more	—	52,312
	540,498	360,196

(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated.)

Note 18 – Financial liabilities continued

The redemption schedule of the leases as of 31 December 2021 and 2020 is as follows:

	31 Dec 2021	31 Dec 2020
Leases to be paid in one year	70,523	72,470
Leases to be paid between one to two years	69,684	37,051
Leases to be paid between two to three years	58,067	28,403
Leases to be paid in three years and more	83,475	45,101
	281,749	183,025

Please refer to Note 24 for financial risk management disclosures.

As of 31 December 2021 and 2020, the net financial liabilities reconciliation is as follows:

	31 Dec 2021	31 Dec 2020
Cash and cash equivalents	164,412	109,036
Financial liabilities and leases to be paid in one year	(406,701)	(239,651)
Financial liabilities and leases to be paid in one to five years	(415,546)	(303,570)
	(657,835)	(434,185)

	31 Dec 2021	31 Dec 2020
Cash and cash equivalents	164,412	109,036
Financial liabilities and leases – fixed rate	(822,247)	(543,221)
	(657,835)	(434,185)

31 December 2021	Short-term financial liabilities and leases	Long-term financial liabilities and leases	Total
1 January financial liabilities	(239,657)	(303,564)	(543,221)
Net cash flow effect, loans received	(336,018)	33,963	(302,054)
Net cash flow effect, loans paid	209,512	—	209,512
Net cash flow effect, leasing payments	72,634	—	72,634
Other non-cash transactions(1)	(62,229)	(64,646)	(126,875)
Currency translation adjustments	(50,943)	(81,299)	(132,242)
31 December financial liabilities	(406,701)	(415,546)	(822,247)

(1) Other non-cash transactions are comprised of new lease additions, cancellations and/or modifications.

31 December 2020	Short-term financial liabilities and leases	Long-term financial liabilities and leases	Total
1 January financial liabilities	(236,281)	(337,867)	(574,148)
Net cash flow effect, loans received	(201,166)	(98,331)	(299,497)
Net cash flow effect, loans paid	151,867	134,519	286,386
Net cash flow effect, leasing payments	50,911	—	50,911
Other non-cash transactions	2,966	—	2,966
Currency translation adjustments	(7,954)	(1,885)	(9,839)
31 December financial liabilities	(239,657)	(303,564)	(543,221)

(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated.)

The reconciliation of adjusted net debt as of 31 December 2021 and 2020 is as follows:

	31 Dec 2021	31 Dec 2020
Short-term bank borrowings	226,342	54,088
Short-term portions of long-term lease borrowings	180,359	185,569
Long-term bank borrowings	204,320	193,015
Long-term lease and borrowings	211,226	110,549
Total borrowings	822,247	543,221
Cash and cash equivalents (-)	(164,412)	(109,036)
Net debt	657,835	434,185
Non-recurring items per Group management		
Long-term deposit for loan guarantee	(35,527)	(19,197)
Adjusted net debt(1)	622,308	414,988

(1) Net debt, adjusted net debt and non-recurring and non-trade items are not defined by IFRS. Adjusted net debt includes cash deposits used as a loan guarantee and cash paid, but not collected, during the non-working day at the year end. Management uses these numbers to focus on net debt to take into account deposits not otherwise considered cash and cash equivalents under IFRS.

Note 19 – Provision

Short-term provisions

	31 Dec 2021	31 Dec 2020
Legal provisions and other	5,421	5,740
	5,421	5,740

Legal provisions are mostly resulting from labour and rent disputes.

The movement of provisions as of 31 December 2021 and 2020 is as follows:

	2021	2020
Balance at 1 January	5,740	5,354
Provision set during the period	93	1,547
Paid during the period	(412)	(1,161)
Balance as at 31 December	5,421	5,740

Note 20 – Commitments, contingent assets and liabilities

a) Guarantees given and received for trade receivables are as follows:

	31 Dec 2021	31 Dec 2020
Guarantee letters given	47,447	4,451
	47,447	4,451

	31 Dec 2021	31 Dec 2020
Guarantee notes received	75,349	54,174
Guarantee letters received	73,533	23,315
	148,882	77,489

Guarantee notes and letters are received as collateral for trade receivables.

(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated.)

Note 20 – Commitments, contingent assets and liabilities continued

b) Tax contingencies

The Russian transfer pricing legislation is generally aligned with the international transfer pricing principles developed by the Organisation for Economic Co-operation and Development ("OECD") but has specific characteristics. This legislation provides the possibility for tax authorities to make transfer pricing adjustments and impose additional tax liabilities in respect of controlled transactions (transactions with related parties and some types of transactions with unrelated parties), provided that the transaction price is not arm's length.

Tax liabilities arising from transactions between companies within the Group are determined using actual transaction prices. It is possible, with the evolution of the interpretation of the transfer pricing rules, that such transfer prices could be challenged. The impact of any such challenge cannot be reliably estimated; however, it may be significant to the financial position and/or the overall operations of the Group.

The Group includes companies incorporated outside of Russia. The tax liabilities of the Group are determined on the assumption that these companies are not subject to Russian profits tax, because they do not have a permanent establishment in Russia. This interpretation of relevant legislation may be challenged but the impact of any such challenge cannot be reliably estimated currently; however, it may be significant to the financial position and/or the overall operations of the Group.

As Russian tax legislation does not provide definitive guidance in certain areas, the Group adopts, from time to time, interpretations of such uncertain areas that reduce the overall tax rate of the Group. While management currently estimates that the tax positions and interpretations that it has taken can probably be sustained, there is a possible risk that an outflow of resources will be required should such tax positions and interpretations be challenged by the tax authorities. The impact of any such challenge cannot be reliably estimated; however, it may be significant to the financial position and/or the overall operations of the Group.

Management will vigorously defend the Group's positions and interpretations that were applied in determining taxes recognised in these consolidated financial statements if these are challenged by the authorities.

c) Legal cases

The Group does not expect any material risk in any current legal cases in accordance with the opinions of its legal advisers; therefore, it has not recognised any provision for these legal cases in the consolidated financial statements as of 31 December 2021.

Note 21 – Tax assets, liabilities and tax expense

Corporate tax

The Group is subject to taxation in accordance with the tax regulations and the legislation effective in the countries in which the Group companies operate. Therefore, provision for taxes, as reflected in the consolidated financial statements, has been calculated on a separate-entity basis.

The Netherlands

Dutch tax legislation does not permit a Dutch parent company and its foreign subsidiaries to file a consolidated Dutch tax return. Dutch resident companies are taxed on their worldwide income for corporate income tax purposes at a statutory rate of 25%. No further taxes are payable on this profit unless the profit is distributed.

Services incurred by Dutch parent companies may generally be divided into two kinds of services, being group services for which costs are incurred for the economic and commercial benefit of subsidiaries and shareholder services for which costs are incurred for activities provided in the capacity of the shareholder. All costs incurred by the Company are shareholder services (costs incurred for activities provided in the capacity of shareholder) and not group services (costs incurred for the economic or commercial benefit of subsidiaries).

Since shareholder services are not for the benefit of any one specific subsidiary, it is not required to re-charge these fees or costs to a subsidiary or to subsidiaries.

If certain conditions are met, income derived from foreign subsidiaries is tax exempted in the Netherlands under the rules of the Dutch participation exemption. However, certain costs such as acquisition costs are not deductible for Dutch corporate income tax purposes. Furthermore, in some cases the interest payable on loans to affiliated companies is non-deductible.

When income derived by a Dutch company is subject to taxation in the Netherlands as well as in other countries, generally avoidance of double taxation can be obtained under the extensive Dutch tax treaty network or under Dutch domestic law.

Dividend distributions are subject to 15% Dutch withholding tax. However, under the Netherlands' extensive tax treaty network, this rate can, in many cases, be significantly reduced if certain conditions are met.

(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated.)

Turkey

The Corporate Tax Law was amended by Law No, 5520, dated 13 June 2006. Most of the articles of the new Corporate Tax Law (No 5520) came into force on 1 January 2006. Corporate tax is payable at a rate of 25% (31 December 2020: 22%) on the total income of the Group after adjusting for certain disallowable expenses, exempt income and investment and other allowances (e.g. research and development allowance). No further tax is payable unless the profit is distributed (except for withholding tax at the rate of 19.8%, calculated on an exemption amount if an investment allowance is granted in the scope of Income Tax Law Temporary Article 61).

In accordance with the amendment to the Corporate Tax Law published in the Official Gazette numbered 31462 on 22 April 2021, the corporate tax rate in Turkey, which was 20% as of 31 March 2021, was increased to 25% for 2021 and 23% for 2022. The amendment is effective from 1 January 2021.

Companies are required to pay advance corporate tax quarterly at the rate of 25% on their corporate income in Turkey. Advance tax is payable by the 17th of the second month following each calendar quarter end. Advance tax paid by corporations is credited against the annual corporate tax liability. If, despite offsetting, there remains a paid advance tax amount, it may be refunded or offset against other liabilities to the government.

Russia

Income taxes have been provided for in the consolidated financial statements in accordance with legislation enacted or substantively enacted by the end of the reporting period. The income tax charge comprises current tax and deferred tax and is recognised in profit or loss for the year, except if it is recognised in other comprehensive income or directly in equity because it relates to transactions that are also recognised, in the same or a different period, in other comprehensive income or directly in equity.

Current tax is the amount expected to be paid to, or recovered from, the taxation authorities in respect of taxable profits or losses for the current and prior periods. Taxable profits or losses are based on estimates if financial statements are authorised prior to filing relevant tax returns. Taxes other than on income are recorded within operating expenses as established in Chapter 25 of the Tax Code of the Russian Federation. Corporate tax is payable at a rate of 20% (31 December 2020: 20%) as identified in Article 247 of the Tax Code of the Russian Federation. Special rules may apply in cases where a different from 20% tax rate is used.

Deferred income tax is provided using the balance sheet liability method for tax loss carry forwards and temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. In accordance with the initial recognition exemption, deferred taxes are not recorded for temporary differences on initial recognition of an asset or a liability in a transaction other than a business combination if the transaction, when initially recorded, affects neither accounting nor taxable profit. Deferred tax balances are measured at tax rates enacted or substantively enacted at the end of the reporting period, which are expected to apply to the period when the temporary differences will reverse, or the tax loss carry forwards will be utilised.

Corporate tax liability for the year consists of the following:

	31 Dec 2021	31 Dec 2020
Corporate tax calculated	**38,591**	22,201
Prepaid taxes (-)	**(25,800)**	(13,270)
Tax liability	**12,791**	8,931

Tax income and expenses included in the statement of comprehensive income are as follows:

	2021	2020
Current period corporate tax expense	**(38,591)**	(22,201)
Deferred tax income/(expense)	**(10,148)**	8,232
Total tax expense	**(48,739)**	(13,969)

(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated.)

Notes to the consolidated financial statements continued

For the year ended 31 December 2021

Note 21 – Tax assets, liabilities and tax expense continued

Russia continued

The reconciliation of the tax expense in the statement of comprehensive income is as follows:

	2021	2020
Profit/(loss) before tax	32,716	(93,614)
Corporate tax at statutory rates (25%)	(8,179)	23,404
Disallowable expenses	(28,021)	(15,672)
Unrecognised tax losses	(5,369)	(15,623)
Differences in tax rates	(4,969)	(5,351)
Other, net	(2,201)	(727)
Total tax expense	(48,739)	(13,969)

The breakdown of cumulative temporary differences and the resulting deferred income tax assets/liabilities at 31 December 2021 and 2020 using statutory tax rates are as follows:

	31 December 2021		31 December 2020	
	Temporary differences	Deferred tax assets/ (liabilities)	Temporary differences	Deferred tax assets/ (liabilities)
Carry forward tax losses[(1)]	72,427	14,485	52,462	10,492
Contract liabilities from franchising contracts	65,551	13,110	43,983	8,797
Right-of-use assets and lease liabilities	38,512	7,702	28,835	5,767
Expense accruals	16,326	4,082	5,686	1,137
Performance bonuses accruals	18,650	4,663	9,132	1,826
Legal provisions	5,421	1,084	5,740	1,148
Unused vacation liabilities	11,839	2,960	4,021	804
Provision for employee termination benefit	4,190	838	2,874	575
Other	(64,910)	(12,982)	4,441	1,507
	168,006	35,942	157,174	32,053
Property, equipment and intangible assets	(19,421)	(5,923)	(27,763)	(5,553)
	(19,421)	(5,923)	(27,763)	(5,553)
Deferred income tax assets, net		30,019		26,500

(1) Consists of carry forward losses of Domino's Russia. Domino's Russia has not recognised any additional tax assets on carry forward losses in 2020 and 2021, the change is the result of the currency translation differences between Russian Roubles and Turkish Lira.

Deferred income tax assets recognition of Fidesrus

Deferred tax assets are reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Various factors are considered to assess the probability of the future utilisation of deferred tax assets, including past operating results, operational plan, expiration of tax losses carried forward, and tax planning strategies. If actual results differ from these estimates or if these estimates must be adjusted in future periods, the financial position, results of operations and cash flows may be negatively affected. If the assessment of future utilisation of deferred tax assets must be reduced, this reduction will be recognised in the income statement.

Based on the change in the tax code in the Russian Federation after 31 December 2015, previously applied limitation on carry forward tax losses for a ten-year period has been abolished and any losses incurred since 2007 will be carried forward until fully recognised.

Domino's Russia recognises tax assets for the tax losses carried forward to the extent that the realisation of the related tax benefit through the future taxable profits is probable. Domino's Russia recognises deferred income tax assets arising from tax losses, tax discounts and other temporary differences with the estimates and assumptions relying on Domino's Russia management's ten-year business plan and potential growth opportunities in Russia.

(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated.)

Movement of the deferred tax for the years ended 31 December 2021 and 2020 are as follows:

	31 Dec 2021	31 Dec 2020
Balance at the beginning of the year	26,500	18,060
Charged to the statement of income	(10,148)	8,232
Currency translation difference	13,340	(28)
Charged to other comprehensive income	327	236
Balance at the end of the year	**30,019**	26,500

Note 22 – Share-based payments

The Phantom Option Scheme

The Phantom Option Scheme was put in place prior to the initial public offering in 2017 to incentivise senior members of management. The incentive plan entitles the employees to a cash payment at the date of an exit by shareholders. The amount payable will be determined based on the difference between the equity value of the entities at the time of exit and their grant dates. Granted options will only vest if certain conditions are met, including continued employment with the Group, and if there is an event of a 100% exit by Fides Food Systems Coöperatief U.A. and Vision Lovemark Coöperatief U.A. The Phantom Option Scheme was completed after the 100% stake sale by Turkish Private Equity Fund II L.P. (Note 1).

Senior management long-term incentive plan

A new share incentive scheme was put in place on 8 May 2018. According to the incentive scheme, employees were granted an option to acquire shares, at a strike price of GBP 1.85 with an expiry date of 8 May 2021, based on performance targets of the Group for the upcoming three years, and continuing employment until the date of vesting. The shares under the option will vest at the end of the scheme period.

Vesting of the 2018-2020 LTIP cycle was completed as of 8 May 2021. No shares vested for Aslan Saranga or other employees as the performance condition was not met for the 2018-2020 cycle.

In May 2019, Aslan Saranga was granted an LTIP award over 332,706 shares vesting in May 2022 subject to achievement of adjusted EBITDA targets measured over the period 2019-2021. As the performance condition was not achieved, no shares will vest for Aslan Saranga in May 2022. On 14 May 2020, Aslan Saranga was granted an LTIP award amounting to 506,212 shares (fair value equal to share price GBP 0.59) which will vest in May 2023 subject to achievement of an EBITDA growth target.

Additionally, on 7 May 2021, Aslan Saranga was granted an LTIP conditional share award which will vest in May 2024 subject to achievement of a Group adjusted EBITDA (75%) and adjusted LTIP EPS (25%) target. Aslan Saranga was entitled to receive an award worth 125% of base salary which resulted in 473,571 shares with a fair value of TRY 3,752,340 based on a share price of GBP 0.689 (6 May 2021) and an exchange rate of GBP: TRY11.5 (6 May 2021).

Long-term incentive plan for new Board Adviser

On 7 September 2020, Andrew Rennie, Domino's Pizza Enterprises Limited's ex-CEO of European Operations, agreed to join the Group as Board Adviser. He obtained a call option from the major shareholder Fides Coop for 4 million DPEU shares at a strike price of GBP 1.05 with an expiry date of 30 September 2022.

The weighted-average fair value of the options granted under the plan is TRY 190 per option and has been estimated using the Black-Scholes option pricing model:

- expected average option term in years: 2.6 years;
- expected volatility: 54.6%;
- expected dividend yield: 0%; and
- risk-free interest rate: 0.001%.

Under these three existing plans, an amount of TRY 1,973 has been charged for 2021, whereas TRY 1,463 has been charged for 2020 and the cumulative charge is TRY 22,572 as at 31 December 2021 (31 December 2020: TRY 20,600).

(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated.)

Note 23 – Equity

The shareholders and the shareholding structure of the Group at 31 December 2021 and 2020 are as follows:

	31 Dec 2021		31 Dec 2020	
	Share (%)	Amount	Share (%)	Amount
Fides Food Systems Coöperatief U.A.	**40.3**	**14,670**	32.8	11,928
Public shares	**54.6**	**19,849**	62.1	22,591
Vision Lovemark Coöperatief U.A.	**4.9**	**1,777**	4.9	1,777
Other	**0.2**	**57**	0.2	57
		36,353		36,353

As of 31 December 2021, the Group's 145,372,414 (31 December 2020: 145,372,414) shares are issued and fully paid for.

On 3 July 2017, just prior to the IPO, the Company issued (i) 13,046,726 ordinary shares, with a nominal value of EUR 0.12 each, in the capital of the Company to Vision Lovemark Coöperatief U.A. and (ii) 117,420,534 ordinary shares, with a nominal value of EUR 0.12 each, in the capital of the Company to Fides Food Systems Coöperatief U.A., which was paid up by debiting the Company's share premium reserve by TRY 31,239. Also, on 3 July 2017, as part of its IPO, the Company issued 10,372,414 new ordinary shares with a nominal value of EUR 0.12 each. As a result, the Company's issued and outstanding share capital increased to TRY 36,353 (divided into 145,372,414 ordinary shares). After the IPO, 52.1% of the shares became public. The net proceeds received by the Company from the IPO is TRY 94,132 (TRY 9,075 per share). DP Eurasia's authorised share capital is EUR 60,000,000.

In February 2019, Fides Food Systems Coöperatief U.A. sold 14,537,241 million existing ordinary shares in DP Eurasia N.V. in an accelerated bookbuild offering addressed to institutional investors. After this transaction, 62.1% of the shares became public.

Share amount	2021	2020
1 January	**145,372,414**	145,372,414
Addition	**–**	–
31 December	**145,372,414**	145,372,414

The nominal value of each share is EUR 0.12 (2020: EUR 0.12). There is no preference stock.

Share premium

Share premium represents differences resulting from the incorporation of Fides Food by Fides Food Systems Coöperatief U.A. at a price exceeding the face value of those shares and differences between the face value and the fair value of shares issued at the IPO.

Ultimate controlling party

The ultimate controlling party of the Company is Jubilant FoodWorks Limited. There is no individual ultimately controlling the Group.

(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated.)

Note 24 – Financial instruments and financial risk management

a) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

To maintain or re-arrange the capital and debt structure, the Group may change the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets.

Group management decided the capital structure by reference to the adjusted net debt by dividing the adjusted EBITDA.

	31 Dec 2021	31 Dec 2020
Total borrowings and lease liabilities	**822,247**	543,221
Cash and cash equivalents (-)	**(164,412)**	(109,036)
Net debt	**657,835**	434,185
Non-recurring items per Group management		
Short and long-term deposit for loan guarantee	**(35,527)**	(19,197)
Adjusted net debt[1]	**622,308**	414,988
Adjusted EBITDA[1]	**208,385**	131,516
Adjusted net debt/adjusted EBITDA	**2.99x**	3.16x

(1) EBITDA, adjusted EBITDA, net debt, adjusted net debt, adjusted net income and non-recurring and non-trade income/expenses are not defined by IFRS. The amounts provided with respect to operating segments are measured in a manner consistent with that of the financial statements. These items, determined by the principles defined by Group management, comprise income/expenses which are assumed by the Group management to not be part of the normal course of business and are non-recurring items. These items, which are not defined by IFRS, are disclosed by Group management separately for a better understanding and measurement of the sustainable performance of the Group.

b) Financial risk factors

The Group is exposed to a variety of financial risks due to its operations. These risks include credit risk, market risk (foreign exchange risk, price risk and interest rate risk) and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial position and performance.

b.1) Credit risk

The Group considers its maximum credit risk at 31 December 2021 to be TRY 182,563 (31 December 2020: TRY 124,917), which is the total of the Group's financial assets.

Credit risk is managed on a Group basis, except for credit risk relating to trade receivable and other receivable balances. Each local entity is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Risk control assesses the credit quality of the customer, considering its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board. It is Group policy that deposits are made with repositories of BA2 credit rating or higher as defined by Moody's.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables, lease receivables, other receivables and contract assets. To measure the expected credit losses, trade receivables, lease receivables, other receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to payments to Domino's Pizza International and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated.)

Note 24 – Financial instruments and financial risk management continued

b) Financial risk factors continued

b.1) Credit risk continued

The ageing of past due but not impaired financial assets is as follows:

	31 Dec 2021	31 Dec 2020
Less than a month	**2,834**	2,599
One to three months	**1,436**	377
Three to six months	**505**	288
Over six months	**23**	233
Total	**4,798**	3,497

	31 Dec 2021	31 Dec 2020
Trade receivables		
Counterparties without external credit rating		
Group 1	**4,294**	1,555
Group 2	**169,333**	122,912
Group 3	**2,135**	4,263
Total	**175,762**	128,730

- Group 1 – New customers (less than six months);
- Group 2 – Existing customers (more than six months) with no defaults in the past; and
- Group 3 – Existing customers (more than six months) with some defaults in the past.

b.2) Liquidity risk

The Group uses banks as well as its suppliers and shareholders as funding resources. The Group's liquidity risk is continuously evaluated through determining and monitoring changes in funding conditions required for achieving the targets set in the Group's strategy.

The Group manages its liquidity risk by monitoring expected and actual cash flows on a regular basis and by maintaining continuity of funds, borrowings and reserves through matching the maturities of financial assets and liabilities. The Group periodically reviews its covenant compliance and uses loans between Group companies to ensure there is enough liquidity to carry out its operations.

As of 31 December 2021 and 2020, the liquidity risks arising from the Group's financial liabilities consisted of the following:

	31 December 2021					
Maturities in accordance with agreements	**Carrying value**	**Total cash outflows in accordance with contract**	**Less than 3 months**	**3-12 months**	**1-5 years**	**Over 5 years**
Non-derivative financial liabilities						
Borrowings	**540,498**	**605,218**	**94,365**	**291,252**	**219,601**	**—**
Leases	**281,749**	**365,802**	**25,070**	**75,270**	**233,585**	**31,877**
Third-party trade payables	**297,548**	**297,548**	**297,548**	**—**	**—**	**—**
Total	**1,119,795**	**1,268,567**	**416,983**	**366,522**	**453,186**	**31,877**

(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated.)

Maturities in accordance with agreements	31 December 2020 Carrying value	Total cash outflows in accordance with contract	Less than 3 months	3-12 months	1-5 years	Over 5 years
Non-derivative financial liabilities						
Borrowings	360,196	387,504	77,424	106,291	203,789	—
Leases	183,025	212,353	22,226	61,443	122,864	5,820
Third-party trade payables	173,359	173,359	173,359	—	—	—
Total	716,580	773,216	273,009	167,734	326,653	5,820

Loans from banks comprise short-term loans obtained for working capital needs and other long-term loans. The total amount includes accrued interest and the related loans.

As of 31 December 2021 and 2020, the categories of financial instruments of the Group is as follows:

31 December 2021	Note	**Assets and liabilities at amortised cost**	**Loans and receivables**	**Available for sale financial assets**	**Financial assets or liabilities at fair value through profit or loss**	**Carrying value**
Financial assets		**164,412**	**233,346**	—	—	**397,758**
Cash and cash equivalents	13	**164,412**	—	—	—	**164,412**
Trade receivables	14	—	**175,762**	—	—	**175,762**
Lease receivables	17	—	**22,057**	—	—	**22,057**
Other current assets	17	—	**35,527**	—	—	**35,527**
Financial liabilities		**1,119,795**	—	—	—	**1,119,795**
Financial liabilities	18	**540,498**	—	—	—	**540,498**
Leases	18	**281,749**	—	—	—	**281,749**
Trade and other payables	14	**297,548**	—	—	—	**297,548**

31 December 2020	Note	Assets and liabilities at amortised cost	Loans and receivables	Available for sale financial assets	Financial assets or liabilities at fair value through profit or loss	Carrying value
Financial assets		109,036	146,788	—	—	255,824
Cash and cash equivalents	13	109,036	—	—	—	109,036
Trade receivables	14	—	128,730	—	—	128,730
Lease receivables	17	—	16,621	—	—	16,621
Other current assets	17	—	1,437	—	—	1,437
Financial liabilities		716,580	—	—	—	716,580
Financial liabilities	18	360,196	—	—	—	360,196
Leases	18	183,025	—	—	—	183,025
Trade and other payables	14	173,359	—	—	—	173,359

b.3) Market risk

The Group's activities also expose it to market risk, including interest rate risk, foreign currency risk, and price risk. The Group doesn't carry any loans in currencies other than the operating company currencies on its balance sheet.

The Group manages its financial instruments centrally in accordance with the Group's risk policies via the Treasury Group in the Finance Department. The Group's cash inflows and outflows are monitored on a regular basis and compared to the monthly and yearly cash flow budgets and forecasts.

(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated.)

Note 24 – Financial instruments and financial risk management continued

b) Financial risk factors continued

b.3) Market risk continued

Interest rate risk

The Group is exposed to market interest rate fluctuations on its floating rate debt. Increases in benchmark interest rates could increase the interest cost of floating rate debt and increase the cost of future borrowings. The Group's ability to manage interest costs also has an impact on reported results.

On 31 December 2021, interest rates were fixed on approximately 100% of the net debt for 2021 (100% for 2020). The average interest rate on short-term borrowings in 2021 was 14.38% (2020: 10.09%).

The financial instruments of the Group which are sensitive to interest rates are stated in the following table:

	31 Dec 2021	31 Dec 2020
Financial instruments with floating interest		
Financial liabilities	—	—
Financial instruments with fixed interest		
Financial liabilities – repricing dates	**822,247**	543,221
– six months or less	**140,460**	162,225
– six to twelve months	**266,241**	77,432
– one to five years	**415,546**	303,564
	822,247	543,221

Assuming that all other variables remain constant, a 1.0 percentage point increase in floating interest rates on a full-year basis as of 31 December 2021 would have led to no additional finance costs (2020: no additional finance costs), a 1.0 percentage point decrease in floating interest rates on a full-year basis would have an equal but opposite effect.

The Group's objective is to minimise net interest cost and balance the amounts of debt at fixed and floating rates over time. Most of the debt has interest charged at a fixed rate. This limits the impact that changes to floating rates have on the Group's finance expenses.

Foreign currency risk

The Group is operating in multiple countries and is subject to the risk that changes in foreign currency values impact the value of the Group's sales, purchases, assets and borrowings. On 31 December 2021, the exposure to the Group from companies holding assets and liabilities other than in their functional currency amounted to TRY 15,482 (31 December 2020: TRY 19,418).

As an estimation of the approximate impact of the residual risk, with respect to financial instruments, the Group has calculated the impact of a 20% change in exchange rates.

Impact on income statement

A 20% strengthening of the Euro against key currencies to which the Group is exposed would have led to approximately an additional TRY 3,142 gain in the income statement (2020: TRY 209 gain).

A 20% weakening of the Euro against these currencies would have led to an equal but opposite effect.

Price risk

As of 31 December 2021, the Group does not have financial instruments classified as available for sale, or fair value through profit and loss, which are exposed to market price fluctuations. Price risk does arise from an increase in commodity prices. This price risk is managed locally where advanced purchases of raw materials are made to achieve lower prices and bulk purchases are made to achieve discounts from suppliers.

Note 25 – Subsequent events

Conflict in Ukraine

The conflict between Russia and Ukraine has been increasing the tension in the region, negatively affecting commodity and financial markets and increasing volatility, especially the exchange rates. In addition to this, Russian economy has faced heavy sanctions imposed mainly by the Western countries.

To minimise the impact of unstable market conditions and sanctions, the Russian financial authorities introduced new measures to support domestic financial stability and protect the national currency. However, so far, precautions which have been taken could not bring stability to the markets and prevent the depreciation on RUB.

(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated.)

As of the report's signing date, RUB has lost more than 8% of its value against USD compared to the year-end rates.

The European Union announced an important financial restriction on Russia with a new ban that blocks several Russian banks from using SWIFT system. As of reporting date, the Group maintains its financial operations in this territory through its subsidiaries established and operating in the Russian Federation. Accordingly, none of the sanctions announced to date preclude the Group's Russian subsidiaries to carry out any transactions with those financial institutions that have been subjected to the financial restrictions. The Group is closely monitoring the additional regulations and its contractual undertakings to ensure its continued compliance with the legal and contractual framework. The Group has limited dollar/ euro dependency. The Group already announced that royalty payments from its Russian operations have been suspended until further notice.

In terms of the Group's financial position, devaluation of RUB does not constitute a threat to the Group with regards to the financial liabilities. As of reporting date; 39% of the bank borrowings are in RUB all of which are attributable to the borrowings of DP Russia where the functional currency of the Company is RUB. On the other hand, on the operational perspective, depreciation of RUB will bring considerable increase in price of raw materials. As of 31 December 2021, the share of RUB revenue in all over the Group is 31% and the negative effect of RUB devaluation is limited. Furthermore, sales performance of Russian operation, is in positive trend, compared to pre-ongoing situation in Russia.

Given the recent developments, Central Bank of Russia ("CBR") made a 20% hike to its key rate on 28 February 2022. Accordingly, CBR's key rate had risen from 9.5% to 20%. The Group's effective RUB borrowing cost is between 9.7% and 14.3% and despite the increased interest rates on loans, according to the Group's cash flow pattern, no event of default on repayment or any debt service shortfall is expected.

Lastly, the Group assets' performance is linked to general economic conditions in the country. As of the reporting date, due to the increase in the CBR interest rates, the values arrived using the discounted cash flow models may be less than the accounted fair values for the assets in Russia. Parallel to the uncertainties, it is not certain how much of the value of assets will decline or recover in the near future.

The Group's management analysed the possible impact of changing micro and macroeconomic conditions on the Group's financial position and results of operations, parallel with the developments on a daily basis and planning and implementing business continuity measures for various adverse scenarios.

If the geopolitical situation in Russia persists or continues to develop adversely, there might be a material uncertainty in the Russian subsidiary's financial position and performance. Currently, the Group cannot reliably estimate the magnitude of the impact, if any. However, this is not expected to impact the Group's ability to continue as a going concern.

Other events

The regulations included in the Law No. 7352 published in the Official Gazette dated 29 January 2022 and No. 31734 provide various tax advantages for accounts converted into Turkish Lira within the scope of supporting the conversion to Turkish Lira deposit and participation accounts. For accounts that have been converted to Turkish Lira between 31 December 2021 and the date the financial statements are approved for issue, Domino's Turkey has incurred a tax advantage of TRY 1.6 million for the last quarter of 2021. However, the aforementioned law was not in effect as of 31 December 2021, and in accordance with IAS 10, 'Events After the Reporting Period', the tax advantage of TRY 1.6 million has not been reflected as adjusting subsequent events.

The tax advantage amount in question will be reflected in the financial statements in the following accounting period.

On 7 February 2022, Jubilant FoodWorks Netherlands B.V. acquired a total of 961,339 ordinary shares, at an average 87 pence (in Sterling) per share, in DP Eurasia N.V. from market purchases.

In addition, on 10 February 2022, Jubilant FoodWorks Netherlands B.V. acquired additional 547,783 ordinary shares, at an average 81 pence (in Sterling) per share, giving Jubilant and its group undertakings 60,072,476 ordinary shares in total. As at 13 February 2022, Fides and its parent owned 41.32% of the Company's issued share capital.

On 2 March 2022, Fides Foodsystems Coöperatief U.A. merged into Jubilant FoodWorks Netherlands B.V., which is now the holder of a total of 60,072,476 ordinary shares in DP Eurasia N.V.

According to an amendment to the Sberbank Loan Agreement signed by the Group's Russian subsidiary and Sberbank, an inter-credit agreement subordinating all borrowings from the Group and DP Turkey should be signed by 30 September 2022. The Group expects no difficulty in meeting this requirement.

(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated.)

Company income statement

For the years ended 31 December 2021 and 2020

	Notes	2021	2020
Income statement			
General administrative expenses	6	**(20,431)**	(12,441)
Operating profit		**(20,431)**	(12,441)
Foreign exchange income/(losses)		**629**	(192)
Financial income/(expense)		**(1,675)**	1,839
Net income/(loss) from subsidiaries	2	**5,454**	(96,789)
Loss before income tax		**(16,023)**	(107,583)
Tax expense		**—**	—
Loss for the year		**(16,023)**	(107,583)

The accompanying notes form an integral part of these financial statements.

(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated.)

Company balance sheet

As at 31 December 2021 (before appropriation of profit)

	Notes	31 Dec 2021	31 Dec 2020
Assets			
Subsidiaries	2	512,066	267,671
Non-current assets		512,066	267,671
Cash and cash equivalents	3	3,365	77
Trade receivables		64	—
Due from related parties	4	142,159	68,982
Other current assets		694	382
Current assets		146,282	69,441
Total assets		658,348	337,112
Equity			
Paid in share capital	5	36,353	36,353
Share premium		141,859	139,886
Other legal reserves		(131,789)	(11,183)
Retained earnings		(152,429)	(43,866)
Result for the year		(16,023)	(107,583)
Total equity		(122,029)	13,607
Liabilities			
Subsidiaries	2	715,765	322,229
Financial liabilities		48,429	—
Non-current liabilities		764,194	322,229
Financial liabilities		14,065	—
Accounts payable		1,750	453
Other current liabilities		369	823
Current liabilities		16,184	1,276
Total liabilities		780,378	323,505
Total liabilities and equity		658,349	337,112

The accompanying notes form an integral part of these financial statements.

(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated.)

Notes to the Company financial statements

For the year ended 31 December 2021

Note 1 – Basis of presentation of statutory financial statements

1.1 Basis of preparation

The Company financial statements of DP Eurasia N.V. (hereafter, the "Company") have been prepared in accordance with Part 9, Book 2 of the Dutch Civil Code. In accordance with sub 8 of article 362, Book 2 of the Dutch Civil Code, the Company's financial statements are prepared based on the accounting principles of recognition, measurement and determination of profit, as applied in the consolidated financial statements. These principles also include the classification and presentation of financial instruments, being equity instruments or financial liabilities.

The Company has prepared its Annual Report in accordance with EU directives as implemented in Part 9, Book 2 of the Dutch Civil Code and the firm pronouncements in the Guidelines for Annual Reporting in the Netherlands as issued by the Dutch Accounting Standards Board for the year ended 31 December 2021.

In case no other policies are mentioned, refer to the accounting policies in the consolidated financial statements of this Annual Report. For an appropriate interpretation, the Company financial statements of DP Eurasia N.V. should be read in conjunction with the consolidated financial statements.

The Company is registered with the trade register of the Chamber of Commerce in the Netherlands under the number 67090753.

The Company prepared its consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

The remuneration paragraph is included in the remuneration section of the consolidated financial statements.

1.2 Summary of significant accounting policies

Investments in consolidated subsidiaries

Consolidated subsidiaries are all entities (including intermediate subsidiaries) over which the Company has control. The Company controls an entity when it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. Subsidiaries are recognised from the date on which control is transferred to the Company or its intermediate holding entities. They are derecognised from the date that control ceases. Investments in consolidated subsidiaries are measured at net asset value. Net asset value is based on the measurement of assets, provisions and liabilities and determination of profit based on the principles applied in the consolidated financial statements.

The Company applies the acquisition method to account for acquiring subsidiaries, consistent with the approach identified in the consolidated financial statements. The consideration transferred for the acquisition of a subsidiary is the fair value of assets transferred by the Company, liabilities incurred to the former owners of the acquiree and the equity interests issued by the Company. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired, and liabilities and contingent liabilities assumed, in an acquisition are measured initially at their fair values at the acquisition date and are subsumed in the net asset value of the investment in consolidated subsidiaries. Acquisition-related costs are expensed as incurred.

Note 2 – Subsidiaries

The movement schedule for the investment in subsidiaries as of 31 December 2021 and 2020 is as follows:

1 January 2020	51,604
Net income from subsidiaries	(96,789)
Currency translation difference	(8,315)
Remeasurement of post-employment benefit obligations	(943)
Share-based incentive plans	718
Cancellation of share-based incentive plans	(833)
1 January 2021	(54,558)
Net income from subsidiaries	**5,454**
Currency translation difference	**(155,587)**
Remeasurement of post-employment benefit obligations	**(980)**
Share-based incentive plans	**1,973**
Cancellation of share-based incentive plans	**—**
31 December 2021	**(203,698)**

(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated.)

Note 3 – Cash and cash equivalents

The details of cash and cash equivalents as of 31 December 2021 and 2020 are as follows:

	31 Dec 2021	31 Dec 2020
Cash	**3,365**	77
	3,365	77

	31 Dec 2021	31 Dec 2020
Euro	**3,078**	68
US Dollars	**16**	9
Russian Roubles	**235**	–
Other	**35**	–
	3,364	77

Note 4 – Due to/from related parties

The details of due from related parties as of 31 December 2021 and 2020 are as follows:

	31 Dec 2021	31 Dec 2020
Pizza Restaurants LLC(1)	**162,217**	57,606
Pizza Restaurantları A.Ş.(1)	**(20,898)**	11,071
Fidesrus B.V.	**407**	111
Fides Food Systems B.V.	**432**	194
	142,158	68,982

(1) There is an average 4.5% interest increase on the Pizza Restaurants LLC balance.

Carrying and fair value of the receivables due from related parties approximate each other.

Note 5 – Equity

The movements in shareholders' equity are as follows:

	Share capital	Share premium	Currency translation reserves	Retained earnings	Result for the year	Total equity
Balances 1 January 2020	36,353	139,256	(22,288)	(37,307)	(5,616)	110,398
Remeasurements of post-employment benefit obligations, net	–	–	–	(943)	–	(943)
Appropriation of the result preceding year	–	–	–	(5,616)	5,616	–
Currency translation adjustments	–	–	11,105	–	–	11,105
Share-based incentive plans	–	1,463	–	–	–	1,463
Cancellation of share-based incentive plans	–	(833)	–	–	–	(833)
Total loss for the year	–	–	–	–	(107,583)	(107,583)
Balances at 31 December 2020	36,353	139,886	(11,183)	(43,866)	(107,583)	13,607
Remeasurements of post-employment benefit obligations, net	**–**	**–**	**–**	**(980)**	**–**	**(980)**
Appropriation of the result preceding year	**–**	**–**	**–**	**(107,583)**	**107,583**	**–**
Currency translation adjustments	**–**	**–**	**(120,606)**	**–**	**–**	**(120,606)**
Share-based incentive plans	**–**	**1,973**	**–**	**–**	**–**	**1,973**
Cancellation of share-based incentive plans	**–**	**–**	**–**	**–**	**–**	**–**
Total loss for the year	**–**	**–**	**–**	**–**	**(16,023)**	**(16,023)**
Balances at 31 December 2021	**36,353**	**141,859**	**(131,789)**	**(152,429)**	**(16,023)**	**(122,029)**

The Group has no dividend payment to the Company as of 31 December 2021 (31 December 2020: none).

(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated.)

Note 5 – Equity continued

The shareholders and the shareholding structure of the Company at 31 December 2021 and 2020 are as follows:

	31 December 2021		31 December 2020	
	Share (%)	Amount	Share (%)	Amount
Fides Food Systems Coöperatief U.A.	**40.3**	**14,670**	32.8	11,928
Public shares	**54.6**	**19,849**	62.1	22,591
Vision Lovemark Coöperatief U.A.	**4.9**	**1,777**	4.9	1,777
Other	**0.2**	**57**	0.2	57
		36,353		36,353

As of 31 December 2021, the Company's 145,372,414 (31 December 2020: 145,372,414) shares are issued and fully paid for.

On 3 July 2017, just prior to the IPO, the Company issued (i) 13,046,726 ordinary shares, with a nominal value of EUR 0.12 each, in the capital of the Company to Vision Lovemark Coöperatief U.A. and (ii) 117,420,534 ordinary shares, with a nominal value of EUR 0.12 each, in the capital of the Company to Fides Food Systems Coöperatief U.A., which was paid up by debiting the Company's share premium reserve by TRY 31,239. Also, on 3 July 2017, as part of its IPO, the Company issued 10,372,414 new ordinary shares with a nominal value of EUR 0.12 each. As a result, the Company's issued and outstanding share capital increased to TRY 36,353 (divided into 145,372,414 ordinary shares). After the IPO, 52.1% of the shares became public. The net proceeds received by the Company from the IPO is TRY 94,132 (TRY 9,075 per share). DP Eurasia's authorised share capital is EUR 60,000,000.

In February 2019, Fides Food Systems Coöperatief U.A. sold 14,537,241 million existing ordinary shares in DP Eurasia N.V. in an accelerated bookbuild offering addressed to institutional investors. After this transaction, 62.1% of the shares became public.

	2021	2020
1 January	**145,372,414**	145,372,414
Addition	**–**	–
31 December	**145,372,414**	145,372,414

The nominal value of each share is EUR 0.12 (2020: EUR 0.12). There is no preference stock.

Share premium

Share premium represents the total of differences resulting from the contribution of Fides Food Systems by Fides Food Systems Coöperatief U.A. at a price exceeding the face value of those shares and differences between the face value and the fair value of shares issued for acquired companies and the differences between the proceeds and the nominal value of the shares issued at the IPO.

Retained earnings

The Board determined the result over 2020 as follows:

	2020
Retained earnings	(107,583)
Net result for the year	**(107,583)**

Note 6 – General administrative expenses

	2021	2020
Consultancy expenses	**11,549**	4,452
Payroll expenses	**3,640**	4,274
Miscellaneous expenses(1)	**2,299**	2,044
Management expenses	**168**	284
Other	**2,775**	1,387
Total	**20,431**	12,441

(1) Miscellaneous expenses mainly include the travel, accommodation and other expenses of Domino's Turkey personnel.

(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated.)

Note 7 – Audit fees

For the year ended 31 Dec 2021	PwC NL	Other PwC network	Total PwC network
Audit of financial statements	**1,211**	**1,069**	**2,280**
Other audit service	**277**	**876**	**1,153**
Total audit services	**1,488**	**1,945**	**3,432**
Tax services	**—**	**184**	**184**
Other non-audit services	**—**	**750**	**750**
Total	**1,488**	**2,879**	**4,365**

The fees listed above relate to the procedures applied to the Company and its consolidated Group entities by accounting firms and external auditors as referred to in article 1(1) of the Dutch Accounting Firms Oversight Act (Dutch acronym: "Wta") as well as by Dutch and foreign-based accounting firms, including their tax services and advisory groups.

These fees relate to the audit of the 2021 financial statements, regardless of whether the work was performed during the financial year.

For the year ended 31 Dec 2020	PwC NL	Other PwC network	Total PwC network
Audit of financial statements	704	818	522
Other audit service	210	274	484
Total audit services	914	1,092	2,006
Tax services	—	154	154
Other non-audit services	—	—	—
Total	914	1,246	2,160

Note 8 – Employees

During 2021, the average number of employees, based on full-time equivalents, was three (2020: three).

Of these, two employees are working outside of the Netherlands.

Note 9 – Commitments and contingencies not included in the balance sheet

Tax group liability

The Company is the parent of the Group's fiscal unity in the Netherlands and is therefore liable for the liabilities of said fiscal unity as a whole. The fiscal unity consists of DP Eurasia N.V., Fidesrus B.V. and Fides Food Systems B.V.

Other information

Proposal for profit allocation

With due observance of Dutch law and the articles of association, it is proposed that the net loss of TRY (16,023) is deducted from the retained earnings. Furthermore, with due observance of article 43, paragraph 7, it is proposed that no dividend payment will be paid over 2021.

Details of special shareholder rights

DP Eurasia N.V. shareholders have no special rights, see Corporate governance for more information about voting rights.

Details of shares without profit rights and non-voting rights

DP Eurasia N.V. has no common shares without profit rights and no non-voting shares.

Amsterdam, the Netherlands 4 April 2022

Management Board

Aslan Saranga
Frederieke Slot

Supervisory Board

Peter Williams
Shyam Bhartia
Hari Bhartia
Pratik Pota
David Adams

(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated.)

Independent auditor's report

To: the general meeting and the Board of Directors of DP Eurasia N.V.

Report on the financial statements 2021

Our opinion

In our opinion:

- the group financial statements of DP Eurasia N.V. ('the Company') give a true and fair view of the financial position of the Company and the Group (the company together with its subsidiaries) as at 31 December 2021, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union ('EU-IFRS') and with Part 9 of Book 2 of the Dutch Civil Code.
- the company financial statements of DP Eurasia N.V. ('the Company') give a true and fair view of the financial position of the Company as at 31 December 2021 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the accompanying financial statements 2021 of DP Eurasia N.V., Amsterdam. The financial statements include the group financial statements and the company financial statements.

The group financial statements comprise:

- the consolidated statement of financial position as at 31 December 2021;
- the following consolidated statements for 2021: the statements of comprehensive income, changes in equity and cash flows; and
- the notes to the consolidated financial statements, comprising the significant accounting policies and other explanatory information.

The company financial statements comprise:

- the company balance sheet as at 31 December 2021;
- the company income statement for the year then ended;
- the notes to the company financial statements, comprising the accounting policies applied and other explanatory information.

The financial reporting framework applied in the preparation of the financial statements is EU-IFRS and the relevant provisions of Part 9 of Book 2 of the Dutch Civil Code for the group financial statements and Part 9 of Book 2 of the Dutch Civil Code for the company financial statements.

The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. We have further described our responsibilities under those standards in the section 'Our responsibilities for the audit of the financial statements' of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of DP Eurasia N.V. in accordance with the European Union Regulation on specific requirements regarding statutory audit of public-interest entities, the 'Wet toezicht accountantsorganisaties' (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

Our audit approach

We designed our audit procedures in the context of our audit of the financial statements as a whole and forming our opinion thereon. The information in support of our opinion, e.g. comments and observations regarding individual key audit matters, our audit approach regarding fraud risks and our audit approach regarding going concern was set up in this context and we do not provide a separate opinion or conclusion on these matters.

Overview and context

DP Eurasia N.V. is a public limited company, having its statutory seat in Amsterdam, the Netherlands. The Company and its subsidiaries operate company-owned stores in Turkey, the Russian Federation, Azerbaijan and Georgia. Furthermore, the Group provides technical support and consultancy services to franchise stores in these regions. The Group is comprised of several components and therefore we considered our group audit scope and approach as set out in the section 'The scope of our group audit'. We paid specific attention to the areas of focus driven by the operations of the Group, as set out below.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the board of directors made important judgements, for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. In paragraph 2.6 of the financial statements the Company describes the areas of judgement in applying accounting policies and the key sources of estimation uncertainty. Given the significant estimation uncertainty and the related higher inherent risks of material misstatement in the recoverability of deferred tax assets at Pizza Restaurants LLC ('Domino's Russia') and the valuation of goodwill, we considered these matters as key audit matters as set out in the section 'Key audit matters' of this report.

Other areas of focus, that were not considered as key audit matters were valuation of intangible assets, the impact of COVID 19 on the business, revenue recognition and debt covenant compliance at Domino's Russia. The potential impact of the conflict in Ukraine on the business has not been considered a key audit matter, as the impact on the going concern of DP Eurasia N.V. is not expected to be significant.

We ensured that the audit teams both at group and at component level included the appropriate skills and competences that are needed for the audit of a group operating in the retail and consumer industry. We included specialists in the areas of IT audit and income tax and experts in the areas of valuations and share-based payments in our team.

The outline of our audit approach was as follows:

Materiality

- Overall materiality: TRY 15 million (2020: TRY 10.2 million)

Audit scope

- We conducted audit work in Turkey, Russia and the Netherlands.
- As a result of COVID-19, no physical site visits were conducted. We fulfilled our oversight obligations through frequent virtual meetings with our component auditors, as well as virtual meetings with group and local management.
- Audit coverage: 100% of consolidated revenue, 100% of consolidated total assets and 100% of consolidated profit before tax.

Key audit matters

- Valuation of Goodwill
- Recoverability of deferred tax assets at Pizza Restaurants LLC ("Domino's Russia")

Our audit approach continued

Materiality

The scope of our audit was influenced by the application of materiality, which is further explained in the section 'Our responsibilities for the audit of the financial statements'.

Based on our professional judgement we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and to evaluate the effect of identified misstatements, both individually and in aggregate, on the financial statements as a whole and on our opinion.

Overall group materiality	TRY 15 million (2020: TRY 10.2 million).
Basis for determining materiality	We used our professional judgement to determine overall materiality. As a basis for our judgement we used 1% of revenues (2020: 1% of revenues).
Rationale for benchmark applied	We used total revenues as the primary benchmark, based on our analysis of the common information needs of users of the financial statements. We believe that total revenues is an important metric for the financial performance of the Group. Although we believe that the profit of the business is one of the ultimate key performance measures, at this stage of expansion through foreign markets, the key stakeholders are focused on the entity's growth in revenue. After evaluating alternative benchmarks together with the generally accepted benchmark of profit before tax, we believe that total revenue is an appropriate benchmark.
Component materiality	To each component in our audit scope, we, based on our judgement, allocate materiality that is less than our overall group materiality. The range of materiality allocated across components was between TRY 10 million and TRY 10.5 million.

We also take misstatements and/or possible misstatements into account that, in our judgement, are material for qualitative reasons.

We agreed with the audit committee that we would report to them any misstatement identified during our audit above TRY 750 thousand (2020: TRY 509 thousand) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

The scope of our group audit

DP Eurasia N.V. is the parent company of a group of entities. The financial information of this group is included in the consolidated financial statements of DP Eurasia N.V.

We tailored the scope of our audit to ensure that we, in aggregate, provide sufficient coverage of the financial statements for us to be able to give an opinion on the financial statements as a whole, taking into account the management structure of the Group, the nature of operations of its components, the accounting processes and controls, and the markets in which the components of the Group operate. In establishing the overall group audit strategy and plan, we determined the type of work required to be performed at component level by the group engagement team and by each component auditor.

The group audit primarily focussed on the significant components: Pizza Restaurantları A.Ş. ('Domino's Turkey') and Pizza Restaurants LLC ('Domino's Russia'), and these were subjected to audits of their complete financial information, as those components are individually financially significant to the Group. Additionally, we selected one component, the DP Eurasia N.V. stand-alone entity, for audit procedures to achieve appropriate coverage on financial line items in the group financial statements.

In total, in performing these procedures, we achieved the following coverage on the financial line items:

Revenue	100%
Total assets	100%
Profit before tax	99%

For group entities DP Eurasia N.V. and Domino's Turkey the group engagement team performed the audit work in the Netherlands and Turkey. For Domino's Russia, we used a component auditor who is familiar with the local laws and regulations to perform the audit work.

Where the component auditor performed the work, we determined the level of involvement we needed to have in their audit work to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the group financial statements as a whole.

We issued instructions to the Domino's Turkey component audit team and the Russia component audit team. These instructions included among others our risk analysis, materiality and scope of the work. We explained to the component audit team the structure of the group, the main developments that are relevant for the component auditor, the risks identified, the materiality levels to be applied and our group audit approach. We had calls with the component audit team and local management, during the audit as well as upon completion of their audit work. During these calls, we discussed the significant accounting and audit issues identified by the component auditor, the reports of the component auditor, the findings of their procedures and other matters, which could be of relevance for the group financial statements. We reviewed selected working papers remotely.

The financial statement disclosures and a number of complex items were audited by the group engagement team at the head office. These include share-based payments, as well as compliance with Dutch law disclosure requirements.

By performing the procedures above at components, combined with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence on the Group's financial information, as a whole, to provide a basis for our opinion on the financial statements.

The impact of climate change on our audit

DP Eurasia N.V. assessed the possible effects of climate change on its financial position, refer to 'Our sustainability approach' and 'Risk management' sections of the Management report. The Company committed to measure, manage and reduce their environmental impacts from carbon emissions. The impact of climate change and the Company's commitments to reach their targets are of significant importance for the Company and its stakeholders. We discussed the Company's assessment and governance thereof with management and evaluated the potential impact on the financial position. The impact of climate related risks is not considered to be a separate key audit matter in the audit of 2021.

Audit approach on fraud risk

We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of the entity and its environment and the components of the system of internal control, including the risk assessment process and management's process for responding to the risks of fraud and monitoring the system of internal control and how the audit committee and the board of directors exercises oversight, as well as the outcomes.

We evaluated the design and relevant aspects of the system of internal control and in particular the fraud risk assessment, as well as among others the code of conduct, whistle blower procedures and incident registration. We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness, of internal controls designed to mitigate fraud risks.

We incorporated an element of unpredictability in our audit and we reviewed the lawyer's letters. During the audit we remained alert to indications of fraud. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance of laws and regulations. Whenever we identified any indications of fraud, we re-evaluated our fraud risk assessment and its impact on our audit procedures.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption. We evaluated whether these factors indicate that a risk of material misstatement due fraud is present.

Independent auditor's report continued

To: the general meeting and the Board of Directors of DP Eurasia N.V.

Our audit approach continued

Audit approach on fraud risk continued

We identified the following fraud risks and performed the following specific procedures:

Fraud risk	Audit procedures and observations
Risk of fraud through management override of controls As in all of our audits, we address the risk of management override of controls. This includes evaluating whether there is evidence of bias by management that may represent a risk of material misstatement due to fraud. In this context, we paid particular attention to the significant estimates and judgments made by management. Management may perceive pressure to manipulate accounting estimates that require significant judgment in order to improve results. Additionally, inappropriate accounting policies and treatments may be adopted to achieve the desired outcomes.	Where relevant to our audit, we have evaluated the design of the internal control measures that are intended to mitigate the risk of management override of controls and assessed the effectiveness of those measures in the processes of generating and processing journal entries and forming estimates. We also paid specific attention to the access safeguards in the IT system and the possibility of functional segregation as a result. We selected journal entries on the basis of risk criteria and performed specific audit procedures on them. We assessed significant judgments made by management, unusual transactions, related party transactions. We assessed the appropriateness and accurate application of accounting policies in accordance with EU-IFRS. We did not identify any specific indications of fraud or suspicion of fraud in respect of management override of controls.
Risk of fraud in revenue recognition As part of our risk assessment and based on a presumption that there are risks of fraud in revenue recognition, we addressed the risk of fraud in revenue recognition. This relates to the presumed management incentive that exists to overstate revenue. As the majority of the company's revenue is recorded at the time of sale, much of which is recorded through point of sales systems and payment is made at the time of sale, there is limited risk of management manipulation. Rather, the risk of fraud in revenue recognition is focused on the occurrence of inappropriate manual transactions.	Where relevant to our audit, we have evaluated the design of the internal control measures that are intended to mitigate the risk of fraud and error in revenue recognition and assessed the effectiveness of those measures. We also paid specific attention to the processes surrounding the relevant IT systems. Through data analysis, we tested both expected and unexpected journal entries and performed relevant testing on revenue transactions throughout the year and the receivable balances at year end. We did not identify any specific indications of fraud or suspicion of fraud in respect of revenue recognition.

Audit approach on going concern

Management prepared the financial statements on the assumption that the entity is a going concern and that it will continue its operations for the foreseeable future. Our procedures to evaluate management's going concern assessment included, amongst others:

- Considering whether management's going concern assessment includes all relevant information of which we are aware as a result of our audit, inquired with management regarding management's most important assumptions underlying their going concern assessment and considering whether management identified events or conditions that may cast significant doubt on the Company's ability to continue as a going concern;
- Analyzing the financial position per balance sheet date in relation to the financial position per prior year balance sheet date to assess whether events or circumstances exist that may lead to a going concern risk;
- Analyzing whether the current and the required financing has been secured to enable the continuation of the entirety of the entity's operations, including compliance with relevant covenants;
- Evaluating management's current budget including cash flows in comparison with the prior year, current developments in the industry and all relevant information of which we are aware as a result of our audit; and
- Performing inquiries of management as to their knowledge of going concern risks beyond the period of management's assessment.

Our procedures did not result in outcomes contrary to management's assumptions and judgments used in the application of the going concern assumption.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements. We have communicated the key audit matters to the board of directors. The key audit matters are not a comprehensive reflection of all matters identified by our audit and that we discussed. In this section, we described the key audit matters and included a summary of the audit procedures we performed on those matters.

We addressed the key audit matters in the context of our audit of the financial statements as a whole, and in forming our opinion thereon. We do not provide separate opinions on these matters or on specific elements of the financial statements. Any comment or observation we made on the results of our procedures should be read in this context.

Key audit matter	Our audit work and observations
Valuation of Goodwill **The Group describes its accounting policies concerning business combinations and goodwill within note 2.5 and provides details on the carrying amount of goodwill and significant accounting estimates involved in notes 2.6 and 12.** We focused on this area due to the significance of the goodwill balance of TRY 54.5 million to the financial statements and because the assessment of management of the recoverable amount of the Group's Cash Generating Units ('CGU') involves judgements and estimates such as the future results of the business and the discount rates applied to future cash flow forecasts. In particular, we focused our audit effort on goodwill recognised in relation to the acquisition of Pizza Restaurantları A.Ş. in Turkey amounting to TRY 36 million in 2010. The Group prepared a goodwill impairment assessment as required by IAS36. Key assumptions applied in the impairment assessment include amongst others, the expected (average) product price, revenue growth rates, product cost and related expenses. Management determined these key assumptions based on past performance and its expectations on market developments. Additionally, management applies discount rates, which reflects country specific risks. Management concluded that there is sufficient headroom between the recoverable amount of the CGUs and the carrying values.	We evaluated and challenged the composition of management's future cash flow forecasts, the process by which they were drawn up, and the consistency with the by the board of directors approved budgets. We compared the current year actual results with the 2021 figures as included in the prior year forecast and concluded that the forecasts included assumptions that, with hindsight, had been realistic. With the support of our valuation expert, we benchmarked key market related assumptions in management's valuation model used to determine recoverable amounts against external data, including assumptions of future prices, revenue growth rates and discount rates. Furthermore, we checked the mathematical accuracy of management's valuation model and agreed relevant data, including assumptions on timing and future capital and operating expenditure, to the latest plans and budgets. We assessed whether possible changes in the key assumptions could lead to an impairment of the recognised goodwill and assessed the likelihood of such a change occurring given past and forecasted performance. We found the Group's estimates and judgements used in the goodwill impairment assessment to be supported by the available evidence and have not noted material exceptions.

Key audit matter	Our audit work and observations
Recoverability of Deferred tax assets at Pizza restaurants LLC ('Domino Russia') **The Group describes its accounting policies concerning deferred tax assets recognition within note 2.5 under 'Taxes' and provides details on deferred tax positions and accumulated tax losses within note 21, section 'Deferred income tax assets recognition of Fidesrus', to the consolidated financial statements.** As of 31 December 2021, Domino's Russia has carry forward tax losses amounting to TRY 72.4 million, which relate to the years 2013 to 2018. Management considers that, despite the losses incurred over past years, there is sufficient evidence that the Company will be able to earn taxable profits in the near future, which can be used to offset the carry forward tax losses. In reaching this conclusion, management considered the approved budgets, their track record in meeting the budgets, its expansion strategy with own stores as well as franchise-owned stores and the results in the first three months of 2022. Based on the expected taxable income and considering the related and inherent risk of uncertainty related to future taxable profits, Domino's Russia's recognition of deferred tax assets amounts to TRY 14.5 million. Due to the inherent level of uncertainty, the potential limitations in the recoverability of deferred tax assets and the significant management's judgement involved, we considered this a key audit matter for our audit.	Management provided us with a breakdown of the historic losses by year and the composition of the carry-forward deferred tax assets relating to tax losses. With the support from our income tax specialists, we evaluated and tested corporate income tax positions taken by management and coordinated local tax issues. We examined supporting documentation of the deferred tax assets and assessed the recoverability through agreeing the forecasted future taxable profits with the approved business plan. We assessed whether management's five years business plan and potential growth opportunities used in the forecasts were consistent with those used in the impairment tests, including the goodwill impairment assessment and found no inconsistencies. We have challenged the underlying assumptions forecasted revenues and costs, ascertained inclusion of all required elements in the forecasts and recalculated taxable profits based on the applicable tax rates in Russia. We also assessed the past performance and current year results against previous business plans used by Domino's Russia to determine the future taxable income. With the procedures performed above, we determined that the methodologies and assumptions used by the Group to assess recoverability of deferred tax assets as at 31 December 2021 are reasonable.

Emphasis of matter – subsequent events ('Conflict in Ukraine')

We draw attention to the subsequent events paragraph ('Conflict in Ukraine') in the notes on page 149 of the financial statements which describes the potential impact of the conflict in Ukraine on the business and the financial position of the company. Our opinion is not modified in respect of this matter.

Report on the other information included in the annual report

The annual report contains other information. This includes all information in the annual report in addition to the financial statements and our auditor's report thereon.

Based on the procedures performed as set out below, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains all the information regarding the directors' report and the other information that is required by Part 9 of Book 2 and regarding the remuneration report required by the sections 2:135b and 2:145 subsection 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and the understanding obtained in our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing our procedures, we comply with the requirements of Part 9 of Book 2 and section 2:135b subsection 7 of the Dutch Civil Code and the Dutch Standard 720. The scope of such procedures was substantially less than the scope of those procedures performed in our audit of the financial statements.

The board of directors is responsible for the preparation of the other information, including the directors' report and the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code. The board of directors are responsible for ensuring that the remuneration report is drawn up and published in accordance with sections 2:135b and 2:145 subsection 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements and ESEF

Our appointment

We were appointed as auditors of DP Eurasia N.V. since 2017 following the passing of a resolution by the board of directors. Our appointment has been renewed annually by the shareholders representing a total period of uninterrupted engagement appointment of five years.

European Single Electronic Format (ESEF)

DP Eurasia N.V. has prepared the annual report, including the financial statements, in ESEF. The requirements for this format are set out in the Commission Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (these requirements are hereinafter referred to as: the RTS on ESEF).

In our opinion, the annual report prepared in XHTML format, including the partially tagged consolidated financial statements as included in the reporting package by DP Eurasia N.V., has been prepared in all material respects in accordance with the RTS on ESEF.

The board of directors is responsible for preparing the annual report, including the financial statements, in accordance with the RTS on ESEF, whereby the board of directors combines the various components into a single reporting package. Our responsibility is to obtain reasonable assurance for our opinion whether the annual report in this reporting package, is in accordance with the RTS on ESEF.

Our procedures, taking into account Alert 43 of the NBA (Royal Netherlands Institute of Chartered Accountants), included amongst others:

- Obtaining an understanding of the entity's financial reporting process, including the preparation of the reporting package.
- Obtaining the reporting package and performing validations to determine whether the reporting package, containing the Inline XBRL instance document and the XBRL extension taxonomy files, has been prepared, in all material respects, in accordance with the technical specifications as included in the RTS on ESEF.
- Examining the information related to the consolidated financial statements in the reporting package to determine whether all required taggings have been applied and whether these are in accordance with the RTS on ESEF.

No prohibited non-audit services

To the best of our knowledge and belief, we have not provided prohibited non-audit services as referred to in article 5(1) of the European Regulation on specific requirements regarding statutory audit of public-interest entities.

Services rendered

The services, in addition to the audit, that we have provided to the Company or its controlled entities, for the period to which our statutory audit relates, are disclosed in note 7 to the company financial statements.

Independent auditor's report continued

To: the general meeting and the Board of Directors of DP Eurasia N.V.

Responsibilities for the financial statements and the audit

Responsibilities of the board of directors for the financial statements

The board of directors is responsible for:

- the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code; and for
- such internal control as the board of directors determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the board of directors is responsible for assessing the Company's ability to continue as a going-concern. Based on the financial reporting frameworks mentioned, the board of directors should prepare the financial statements using the going-concern basis of accounting unless the board of directors either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so. The board of directors should disclose in the financial statements any event and circumstances that may cast significant doubt on the Company's ability to continue as a going concern.

The board of directors is responsible for overseeing the Company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high but not absolute level of assurance, which makes it possible that we may not detect all material misstatements. Misstatements may arise due to fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is set out in the appendix to our report.

PricewaterhouseCoopers Accountants N.V.

B.A.A. Verhoeven RA
Amsterdam, the Netherlands, 4 April 2022

Appendix to our auditor's report on the financial statements 2021 of DP Eurasia N.V.

In addition to what is included in our auditor's report, we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

The auditor's responsibilities for the audit of the financial statements

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit consisted, among other things of the following:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors.
- Concluding on the appropriateness of the board of directors' use of the going-concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Considering our ultimate responsibility for the opinion on the consolidated financial statements, we are responsible for the direction, supervision and performance of the group audit. In this context, we have determined the nature and extent of the audit procedures for components of the Group to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole. Determining factors are the geographic structure of the Group, the significance and/or risk profile of group entities or activities, the accounting processes and controls, and the industry in which the Group operates. On this basis, we selected group entities for which an audit or review of financial information or specific balances was considered necessary.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. In this respect, we also issue an additional report to the audit committee in accordance with article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related actions taken to eliminate threats or safeguards applied.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

ESG appendix

Reporting Guidance for environment metrics

Key Definitions and Reporting Scope

For the purpose of this report, the Company defines:

Natural gas consumption (m^3)	This indicator reflects the total purchased natural gas (volume – m^3) consumption used for heating, cooking and other business operations that require natural gas, at the relevant locations (Corporate, Co & Supply Chain, Franchise), of the Company during the reporting period. It is reported in m^3 on a consolidated basis.
Generator fuel – diesel (l)	This indicator reflects the total purchased diesel consumption used for generators at the relevant locations of the Company during the reporting period. It is reported in litres on a consolidated basis.
Diesel consumption (l)	This indicator reflects the total purchased diesel (volume – l) consumption used for Company-leased cars at the relevant locations of the Company during the reporting period. It is reported in litres on a consolidated basis.
Gasoline consumption (l)	This indicator reflects the total purchased gasoline (volume – l) consumption used for generators at the relevant locations of the Company during the reporting period. It is reported in litres on a consolidated basis.
Petrol & Super Grade consumption (l)	This indicator reflects the total purchased Petrol & Super Grade consumption used for Company-leased cars at the relevant locations of the Company during the reporting period. It is reported in litres on a consolidated basis.
Electricity consumption (kWh)	This indicator reflects the total purchased electricity consumption used for air conditioning, lighting, electrical equipment uses and other business operations that require electricity, at the relevant locations of the Company during the reporting period. It is reported in MWh on a consolidated basis.
LPG consumption (l)	This indicator reflects the total purchased LPG for the locations if the store does not have natural gas purchase.
Cooling gas (kg)	This indicator reflects the amount of R404a refrigerant purchased and used at relevant locations.
Fire extinguisher (kg)	This indicator reflects the amount of CO_2 extinguisher purchased and used in the relevant locations.
Direct (Scope 1) greenhouse gas emissions (tCO_2e)	This indicator reflects the emissions of greenhouse gases due to the use of natural gas, diesel, gasoline consumption, SF6 and refrigerant gases and fire extinguishing devices at the relevant locations of the Company during the reporting period.
Energy-related indirect (Scope 2) greenhouse gas emissions (tCO_2e)	This indicator reflects the emissions of greenhouse gases due to the use of purchased electricity at the relevant locations of the Company during the reporting period.
Other indirect (Scope 3) greenhouse gas emissions (tCO_2e)	This indicator reflects the emissions of greenhouse gases due to non-Company and non-directly controlled sources of franchise stores such as electricity, natural gas, LPG, diesel, which are not considered under Scope 1 and Scope 2 during the reporting period.
Total water consumption (m^3)	This indicator reflects the total water withdrawal by source (volume – m^3) at the relevant locations of the Company during the reporting period.

Glossary

ADBP Annual and deferred bonus plan

AFM Dutch Authority for the Financial Markets

AGM Annual General Meeting

Board The Board of the Company

CEO Chief Executive Officer

CGU Cash-generating unit

Company DP Eurasia N.V.

Domino's Turkey Pizza Restaurantları A.Ş.

Domino's Russia Pizza Restaurants LLC

DP Eurasia DP Eurasia N.V.

EBITDA Earnings before interest, tax, depreciation and amortisation

EUR Euro

Fides Food Fides Food Systems B.V.

Fides Food Systems Fides Food Systems Coöperatief U.A. As per 2 March 2022, Fides Food Systems (disappearing entity) merged with Jubilant FoodWorks Netherlands B.V. (acquiring entity)

Fidesrus Fidesrus B.V.

Founding Shareholders Fides Food Systems Coöperatief U.A. and Vision Lovemark Coöperatief U.A.

GBP Great British Pound

General Meeting General Meeting of shareholders of the Company

Group The Company and its subsidiaries

IFRS International Financial Reporting Standards as adopted in the European Union

IPO The initial public offering of the Company and the admission of its shares to trading on the main market of the London Stock Exchange

LTIP Long-term incentive plan

Master Franchisors Domino's Pizza International Franchising Inc. and, prior to the assignment to DPIF in 2012, Domino's Pizza Overseas Franchising B.V.

MFA Master Franchise Agreement

OLO Online ordering

PwC PricewaterhouseCoopers Accountants N.V.

PwC Turkey PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş

RUB Russian Rouble

System stores Corporate stores and franchised stores

TPEF II Turkish Private Equity Fund II L.P.

TRY Turkish Lira

USD US Dollar

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