For Immediate Release 11 September 2019

DP Eurasia N.V.

("DP Eurasia" or the "Company", and together with its subsidiaries, the "Group")

Interim Results for the Period Ended 30 June 2019

Strong top-line and network growth

Highlights

	For the period ended 30 June		
	2019	**2018**	**Change**
	(in millions of TRY, unless otherwise indicated)		
Number of stores	**736**	**672**	**64**
Group system sales [(1)]			
Turkey	386.4	351.6	9.9%
Russia	249.0	152.7	63.0%
Azerbaijan & Georgia	10.0	6.1	63.6%
Total	**645.4**	**510.4**	**26.4%**
Group system sales like-for-like growth[(2)]			
Turkey	7.7%	10.9%	
Russia (based on RUB)	4.7%	18.0%	
Revenue	**462.5**	**380.2**	**21.6%**
Turkey adjusted EBITDA[(3)]	**55.5**	**36.5**	**n.m.**
Turkey adjusted EBITDA[(3)] (excl. IFRS 16)	**41.3**	**36.5**	**13.3%**
Russia adjusted EBITDA[(3)]	**27.5**	**7.4**	**n.m.**
Russia adjusted EBITDA[(3)] (excl. IFRS 16)	**8.6**	**7.4**	**16.6%**
Adjusted EBITDA[(3)]	**79.6**	**40.3**	**n.m.**
Adjusted EBITDA[(3)](excl. IFRS 16)	**46.4**	**40.3**	**15.1%**
Adjusted net income [(4)]	**(12.1)**	**(9.1)**	**n.m.**
Adjusted net income [(4)] (excl. IFRS 16)	**(7.4)**	**(9.1)**	**n.m.**
Adjusted net debt[(5)] (excl. IFRS 16)	**224.9**		

Operational Highlights

- 64 new stores were added over the last 12 months, bringing the total number to 736
- Turkey and Russia continue to leverage the online ordering platforms - online delivery system sales as a share of delivery system sales reached 67.5% for the period (2018 H1: 59.3%)

- Group online system sales[7] growth of 42.5%
    - Turkish online system sales[7] growth of 24.9%
    - Russian online system sales[7] growth of 72.7% (37.9% based on RUB)

Financial Highlights

- Group revenue up 21.6% and system sales up 26.4%, driven by both like-for-like growth and store openings
    - Turkish systems sales growth of 9.9%
    - Russian system sales growth of 63.0% (30.1% based on RUB)
- Adjusted EBITDA (excl. IFRS 16) up 15.1% to TRY 46.4 million (2018 H1: TRY 40.3 million)
- Adjusted net loss (excl. IFRS 16) of TRY 7.4 million – slight improvement against the same period for the prior year
- The Board expects the full year Adjusted EBITDA[3] (excluding IFRS 16) for 2019 to be in line with expectations

Commenting on the results, Chief Executive Officer, Aslan Saranga said:

"We are pleased to report another strong set of results for the first half of 2019. Both Turkey and Russia recorded solid top-line growth accompanied by increased adjusted EBITDA. We've continued to grow our store portfolio, adding 64 stores over the last twelve months and reaching a total of 736 stores.

"Innovation, related to both our products and technology, continues to be the main driver of our strong performance. We have recently introduced a new wrap called Dürümos in Turkey which performed very well in terms of mix and creating incremental sales during the market tests. We have also initiated segmental pricing by store in take away in Turkey and will follow up with delivery. GPS Tracker, launched at the beginning of the year, is adding value to the business by enabling us to focus on improving delivery times for better service as well as increasing deliveries per driver. In Russia, we have introduced a dessert pizza with pineapple, which has been received enthusiastically by our customers.

"Digital continues to drive our business forward. Online ordering as a percentage of delivery has reached 67.5% - an increase of 8.2 percentage points from twelve months ago with significant increases in both markets.

"In Russia, like-for-like growth for the period was at mid-single digits, reflecting the strong comparables from the FIFA World Cup in 2018. We remain confident in delivering high single digit like-for-like growth in Russia as we moved to a simplified menu, increased investment in our digital channels and refocused local store marketing activities as of July.

"We remain on target for store openings for the full year in our markets and the Board expects the full year Adjusted EBITDA[3] (excluding the impact of IFRS 16) for 2019 to be in line with expectations."

Enquiries

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A meeting for analysts will be held at 9.30am, 11 September 2019 at the offices of Buchanan, 107 Cheapside, London, EC2V 6DN. A conference call dial-in will be available via the details below.

Conference call: UK Toll: +44 3333000804
UK Toll Free: 08003589473
Participant PIN code: 67082946#
URL for international dial in numbers:
http://events.arkadin.com/ev/docs/NE_W2_TF_Events_International_Access_List.pdf

For additional details and registration for the analyst briefing, please contact Buchanan on +44 20 7466 5000 / dp@buchanan.uk.com

DP Eurasia N.V.'s interim 2019 results and corporate presentation are available at www.dpeurasia.com. A conference call replay will be available on the website in due course.

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 Condensed 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 Condensed 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 15 in the Condensed 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.

Notes to Editors

DP Eurasia N.V. is the exclusive master franchisee of the Domino's Pizza brand in Turkey, Russia, Azerbaijan and Georgia. The Company was admitted to the premium listing segment of the Official List of the Financial Conduct Authority and to trading on the main market for listed securities of the London Stock Exchange plc on 3 July 2017. The Company (together with its subsidiaries, the "Group") is the largest pizza delivery company in Turkey and the third largest in Russia. The Group offers pizza delivery and takeaway/ eat-in facilities at its 736 stores (538 in Turkey, 187 in Russia, seven in Azerbaijan and four in Georgia as at 30 June 2019), and operates through its owned corporate stores (32%) and franchised stores (68%). The Group maintains a strategic balance between corporate and franchised stores, establishing networks of corporate stores in its most densely populated areas to provide a development platform upon which to promote best practice and maximise profitability. The Group has adapted the Domino's Pizza globally proven business model to its local markets.

Performance Review

System Sales	For the period ended 30 June		
	2019	2018	Change
	(in millions of TRY, unless otherwise indicated)		
Group system sales[1]			
Turkey	386.4	351.6	9.9%
Russia	249.0	152.7	63.0%
Azerbaijan & Georgia	10.0	6.1	63.6%
Total	**645.4**	**510.4**	**26.4%**
Group system sales like-for-like growth[2]			
Turkey	7.7%	10.9%	
Russia (based on RUB)	4.7%	18.0%	

Store Count	As at 30 June					
	2019			2018		
	Corporate	Franchised	Total	Corporate	Franchised	Total
Turkey	136	402	538	145	376	521
Russia	101	86	187	101	41	142
Azerbaijan	-	7	7	-	6	6
Georgia	-	4	4	-	3	3
Total	**237**	**499**	**736**	**246**	**426**	**672**

DP Eurasia achieved solid operational growth in the period, with 64 stores added to the store portfolio over the last twelve months. The Group increased its system sales by 26.4% year-on-year, driven by a combination of like-for-like sales growth and store openings.

The Turkish operations successfully overcame the slow start to the year, posting 7.7% like-for-like growth for the first half of 2019 versus 2.5% like-for-like growth over the first two months of the year, despite less than favourable macroeconomic conditions prevailing in the country. Our main strategy in response to increased inflation in Turkey has been to continue to increase our prices to preserve margins, which has not had a material effect on order volumes. Including Azerbaijan and Georgia, the Turkish segment added 19 stores over the last twelve months (four in the first half of 2019) through splits and opening stores in previously unpenetrated areas.

The Russian operations' system sales, which represent 39% of Group system sales, increased by 63.0% (30.1% based on RUB). This increase was driven primarily by store openings. The Russian operations achieved like-for-like sales growth of 4.7% for the period. The Group opened 45 stores in Russia over the last twelve months (eight in the first half of 2019). The Group also added its second dough production facility in Rostov to serve the southern cities of Rostov, Krasnodar and Voronezh. Russian franchise stores reached 86, representing 46% of the Russian store portfolio.

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 period ended 30 June					
		2019			2018		
		Turkey	**Russia**	**Total**	**Turkey**	**Russia**	**Total**
Store		34.0%	20.8%	30.0%	43.2%	25.7%	38.6%
Online	**Group's online platform**	30.1%	79.2%	48.0%	29.6%	74.3%	42.5%
	Aggregator	31.9%	-	19.5%	24.1%	-	16.8%
	Total online	62.0%	79.2%	67.5%	53.7%	74.3%	59.3%
Call centre		4.0%	-	2.5%	3.0%	-	2.1%
Total(6)		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 period ended 30 June	
	2019	**2018**
Group online system sales like-for-like growth(2)(7)		
Turkey	24.1%	42.8%
Russia (based on RUB)	16.9%	52.5%

The Group's like-for-like growth has been driven mainly by the performance of its online ordering platforms. Online delivery system sales as a share of delivery system sales was 67.5% for the period. This represented an 8.2 percentage point increase on a year-on-year basis.

In Turkey, online system sales like-for-like growth for the period was 24.1%, as a result of which online delivery system sales as a share of delivery system sales reached 62.0% for the period, an 8.3 percentage point increase from a year ago, surpassing the 60% threshold for the first time, aided also by an increase in volumes through the aggregator.

In Russia, online system sales like-for-like growth for the period was 6.9%, as a result of which online delivery system sales as a share of delivery system sales reached 79.2% for the period, a 4.9 percentage point increase from a year ago.

Online system sales continued to outpace the overall system sales growth at 42.5% for the Group. Turkish online system sales grew by 24.9%, while Russian online system sales grew by 72.7% (37.9% based on RUB).

Financial Review

	For the period ended 30 June		
	2019	**2018**	**Change**
	(in millions of TRY)		
Revenue	**462.5**	**380.2**	**21.6%**
Cost of sales (excl. IFRS 16)	(314.5)	(251.8)	24.9%
Gross Profit (excl. IFRS 16)	**148.0**	**128.5**	**15.2%**
General administrative expenses (excl. IFRS 16)	(72.1)	(63.0)	14.4%
Marketing and selling expenses	(63.8)	(50.0)	27.5%
Other operating expenses, net (excl. IFRS 16)	3.3	(0.6)	n.m.
Operating profit (excl. IFRS 16)	**15.5**	**14.9**	**4.1%**
Foreign exchange (losses)/gains (excl. IFRS 16)	2.8	(8.6)	n.m.
Financial income (excl. IFRS 16)	3.2	0.5	494.7%
Financial expense (excl. IFRS 16)	(25.1)	(16.8)	48.8%
(Loss)/Profit before income tax (excl. IFRS 16)	**(3.5)**	**(10.0)**	**(64.7)%**
Tax expense (excl. IFRS 16)	(5.3)	(0.3)	n.m.
(Loss)/Profit after tax (excl. IFRS 16)	**(8.9)**	**(10.3)**	**n.m.**
Turkey adjusted EBITDA(3)	**55.5**	**36.5**	**n.m.**
Turkey adjusted EBITDA(3) (excl. IFRS 16)	**41.3**	**36.5**	**13.3%**
Russia adjusted EBITDA(3)	**27.5**	**7.4**	**n.m.**
Russia adjusted EBITDA(3) (excl. IFRS 16)	**8.6**	**7.4**	**16.6%**
Adjusted EBITDA(3)	**79.6**	**40.3**	**n.m.**
Adjusted EBITDA(3) (excl. IFRS 16)	**46.4**	**40.3**	**15.1%**
Adjusted net income (4)	**(12.1)**	**(9.1)**	**n.m.**
Adjusted net income (4) (excl. IFRS 16)	**(7.4)**	**(9.1)**	**(18.7%)**
Adjusted net debt(5) (excl. IFRS 16)	**224.9**		

Revenue

Group revenue grew by 21.6% to TRY 462.5 million. Turkish segment revenue grew by 14.3% to TRY 261.0 million, while Russian segment revenue grew by 32.6% to reach TRY 201.5 million.

Adjusted EBITDA

The Board maintains that adjusted EBITDA is the most relevant indicator of the Group's profitability at this stage of its development. The Group has adopted IFRS 16 from 1 January 2019 but has not restated comparatives for the 2018 reporting period, as permitted under the specific transition provisions in the standard, the Group has applied the modified retrospective method for adoption. As such, the Board believes that analysing the adjusted EBITDA (excluding IFRS 16) serves as a better comparative for the prior period.

The Group's adjusted EBITDA (excluding IFRS 16) grew by 15.1% to TRY 46.4 million. Adjusted EBITDA (excluding IFRS 16) for the Turkish segment, which includes the Azerbaijani and Georgian businesses, was TRY 41.3 million, a year-on-year increase of 13.3%, and adjusted EBITDA (excluding IFRS 16) for the Russian segment was TRY 8.6 million, a year-on-year increase of 16.6% (a decrease of 7.8% based on RUB). Additionally, costs relating to our Dutch corporate expenses (excluding those that relate to our initial public offering) reduced adjusted EBITDA by TRY 3.5 million in the first half of 2019. The comparable adverse effect of this item was also TRY 3.5 million for the same period in 2018.

For the period ended 30 June 2019, the Group's adjusted EBITDA (excluding IFRS 16) margin as a percentage of system sales was 7.2% compared to 7.9% over the same period in 2018. The main reasons for the decrease were the reduction in the Russian segment margin and the mix effect associated with the Russia segment becoming a larger part of the business.

Adjusted EBITDA (excluding IFRS 16) margin as a percentage of system sales for the Turkish segment (including Azerbaijan and Georgia as the revenues from these franchisees are booked at the Turkish subsidiaries) increased to 10.4% from 10.2% as the Group was successful in preserving margins.

The Russian segment margin decreased to 3.4% from 4.8%. The main reason for the decrease is the lower like-for-like growth in Russia due to like-for-like growth rates averaging over 30% for the last four years and increased competition in Moscow. The Group will acquire approximately fifteen regional stores from the franchisees to establish the store economics before looking to refranchise them in the future as done in the Greater Moscow expansion. Going forward, the Group will deploy a three-pronged approach for further growth in the regions: i) through corporate stores, ii) incentivising successful Greater Moscow franchisees to open stores, and iii) continue with local franchisees one store at a time. The Group is also reviewing its aggregator strategy and beverage agreement in addition to switching to a more efficient supply chain and introducing tailored local store marketing in the regions. The Group's search for a CEO of its Russian Operations is continuing. The Board remains confident on the medium- and long-term potential of the Russian market for DP Eurasia.

Adjusted Net Income

For the period ended 30 June 2019, adjusted net loss (excluding IFRS 16) was TRY 7.4 million. Financial expense (excluding IFRS 16) recorded an increase due to interest rates in both countries. In Turkey, due to the macroeconomic volatility, interest rates varied between 23% – 26.75%. In Russia, while denominated in Euros the Group's bank borrowings had lower interest rates in the first half of 2018 compared to the same period in 2019 when bank borrowings were denominated in Roubles. The Group also recorded a higher tax expense. However, both these increases were more than offset in the foreign exchange result and financial income resulting in a slightly improved adjusted net loss (excluding IFRS 16) compared to the previous period. Despite not having any hard currency denominated loans, the Group recorded a foreign exchange gain of TRY 2.3 million due to the intragroup loans made from Turkey to Russia.

Capital expenditure and Cash conversion

The Group incurred TRY 29.6 million of capital expenditure in the period ended 30 June 2019. The Turkish segment capital expenditure amounted to TRY 19.2 million and the Russian segment capital expenditures amounted to TRY 10.4 million (RUB 121 million).

Cash conversion (defined as (adjusted EBITDA (excluding IFRS 16)- capital expenditure)/adjusted EBITDA (excluding IFRS 16)) for the period was 36.3% for the Group and 53.6% for the Turkish segment. The Russian segment had negative cash conversion as it is in a period of rapid expansion relative to its size.

Adjusted net debt and Leverage

Excluding the impact of IFRS 16, the Group's adjusted net debt as at 30 June 2019 was TRY 224.9 million. Following the refinancing of its Euro denominated loans in Russia with a Rouble denominated bank facility the Group does not carry any hard currency denominated loans on its balance sheet; 32.8% of the Group's bank borrowings is denominated in Turkish Liras and 67.2% is denominated in Roubles. The increase in the net debt was mainly due to the translation effect of the appreciation of the Russian Rouble against the Turkish Lira and capital expenditure.

The Group continues its prudent and conservative approach to debt and its leverage ratio (defined as adjusted net debt (excluding IFRS 16)/adjusted EBITDA excluding IFRS 16)) was 1.9x as of 30 June 2019.

Board compliance statement

The Board of DP Eurasia N.V. declares that, to the best of their knowledge, the attached condensed combined and consolidated financial statements give a true and fair view of the assets, liabilities, financial position and the result of DP Eurasia N.V. and its subsidiaries included in the attached condensed combined and consolidated financial statements and the interim report includes a fair review of the information required pursuant to section 5:25d, subsections 8 and 9 of the Dutch Financial Markets Supervision Act (Wet op het financieel toezicht).

Amsterdam, 11 September 2019

The Directors of DP Eurasia N.V. as at the date of this announcement are as set out below:

Peter Williams*
Aslan Saranga, Chief Executive Officer
Frederieke Slot, Company Secretary
Seymur Tarı*
Izzet Talu*
Aksel Şahin*
Thomas Singer*

* Non-executive Directors

Auditor's Involvement

This Interim Report for the six months ended 30 June 2019, and the attached condensed consolidated financial statements included herein have been reviewed but not audited by an external auditor.

Forward looking statements

This press release includes forward-looking statements which involve known and unknown risks and uncertainties, many of which are beyond the Group's control and all of which are based on the Directors' current beliefs and expectations about future events. They appear in a number of places throughout this press release and include all matters that are not historical facts and include predictions, statements regarding the intentions, beliefs or current expectations of the Directors or the Group concerning, among other things, the results of operations, financial condition, prospects, growth and strategies of the Group and the industry in which it operates.
No assurance can be given that such future results will be achieved; actual events or results may differ materially as a result of risks and uncertainties facing the Group. Such risks and uncertainties could cause actual results to vary materially from the future results indicated, expressed, or implied in such forward-looking statements.
Forward-looking statements contained in this press release speak only as of the date of this press release. The Company and the Directors expressly disclaim any obligation or undertaking to update these forward-looking statements contained in this press release to reflect any change in their expectations or any change in events, conditions, or circumstances on which such statements are based.

Appendices

Exchange Rates

	Period ended 30 June			
	2019		2018	
Currency	Period End	Period Average	Period End	Period Average
EUR/TRY	6.557	6.343	5.309	4.942
RUB/TRY	0.091	0.086	0.072	0.068
EUR/RUB	71.820	73.840	72.992	71.822

Delivery – Take away / Eat in mix

	For the period ended 30 June					
	2019			2018		
	Turkey	Russia	Total	Turkey	Russia	Total
Delivery	63.9%	60.3%	62.5%	63.9%	62.3%	63.3%
Take away / Eat in	36.1%	39.7%	37.5%	36.1%	37.7%	36.7%
Total[(2)]	100%	100%	100%	100%	100%	100%

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE PERIODS ENDED 30 JUNE 2019 AND 30 JUNE 2018
(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated.)

	Notes	30 June 2019	30 June 2018
INCOME OR LOSS			
Revenue	4	462,484	380,215
Cost of sales		(305,377)	(251,751)
GROSS PROFIT		**157,107**	**128,464**
General administrative expenses		(71,327)	(62,986)
Marketing and selling expenses		(63,751)	(50,002)
Other operating income/(expense)		1,585	(612)
OPERATING PROFIT		**23,614**	**14,864**
Foreign exchange gains/(losses)	6	2,277	(8,601)
Financial income	6	1,396	540
Financial expense	6	(37,761)	(16,849)
LOSS BEFORE INCOME TAX		**(10,474)**	**(10,046)**
Tax expense		**(3,110)**	**(337)**
Income tax expense		(3,712)	(3,297)
Deferred tax income		602	2,960
LOSS FOR THE PERIOD		**(13,584)**	**(10,383)**
OTHER COMPREHENSIVE (EXPENSE)/ INCOME		**(13,948)**	**3,244**
Items that will not be reclassified to profit or loss			
- Remeasurements of post-employment benefit obligations, net of tax		274	197
Items that may be reclassified to profit or loss			
- Currency translation differences		(14,222)	3,047
TOTAL COMPREHENSIVE LOSS		**(27,532)**	**(7,139)**
Loss per share	7	(0.09)	(0.07)

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

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AT 30 JUNE 2019 AND 31 DECEMBER 2018
(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated.)

ASSETS	**Notes**	**30 June 2019**	**31 December 2018**
Property and equipment	8	148,359	136,041
Intangible assets	9	50,415	48,514
Right-of-use assets	10	166,463	-
Goodwill	11	46,696	45,195
Trade receivables	13	20,011	20,761
Lease receivables	13	43,220	-
Deferred tax assets	20	14,727	12,187
Other non-current assets	16	40,498	25,389
Non-current assets		**530,389**	**288,087**
Cash and cash equivalents	12	21,542	28,444
Trade receivables	13	106,782	69,959
Lease receivables	13	13,640	-
Due from related parties	13	20	20
Inventories	15	81,124	77,619
Other current assets	16	59,353	45,584
Current assets		**282,461**	**221,626**
TOTAL ASSETS		**812,850**	**509,713**

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

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AT 30 JUNE 2019 AND 31 DECEMBER 2018
(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated.)

LIABILITIES	Notes	30 June 2019	31 December 2018
EQUITY			
Paid in share capital	19	36,353	36,353
Share premium		119,286	119,286
Contribution from shareholders	21	19,346	20,697
Other comprehensive income/expense that will not be reclassified to profit or loss			
- Remeasurements of post-employment benefit obligations		(2,210)	(2,484)
Other comprehensive expense that may be reclassified to profit or loss			
- Currency translation differences		(14,911)	(689)
Retained earnings		(46,106)	(34,714)
Total Equity		**111,758**	**138,449**
Financial liabilities	17	187,008	171,276
Lease liabilities	17	193,868	-
Deferred tax liability	20	-	565
Other non-current liabilities	16	32,777	30,038
Non - current liabilities		**413,653**	**201,879**
Financial liabilities	17	99,388	44,330
Lease liabilities	17	51,067	-
Trade payables	13	85,106	74,148
Due to related parties		146	-
Current income tax liabilities		2,172	6,971
Provisions		2,432	9,224
Other current liabilities	16	47,128	34,712
Current liabilities		**287,439**	**169,385**
Liabilities		**701,092**	**371,264**
TOTAL EQUITY AND LIABILITIES		**812,850**	**509,713**

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

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIODS ENDED 30 JUNE 2019 AND 30 JUNE 2018
(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated.)

	Share capital	Share premium	Contribution from shareholders	Remeasurement of post-employment benefit obligations	Currency translation differences	Retained earnings	Total Equity
Balances at 1 January 2018	**36,353**	**119,286**	**18,183**	**(2,193)**	**(10,993)**	**(23,623)**	**137,013**
Remeasurements of post-employment benefit obligations, net	-	-	-	197	-	-	197
Total loss for the period	-	-	-	-	-	(10,383)	(10,383)
Currency translation adjustments	-	-	-	-	3,047	-	3,047
Total comprehensive loss	-	-	-	*197*	*3,047*	*(10,383)*	*(7,139)*
Share-based incentive plans (Note 21)	-	-	1,068	-	-	-	1,068
Balances at 30 June 2018	**36,353**	**119,286**	**19,251**	**(1,996)**	**(7,946)**	**(34,006)**	**130,942**
Balances at 1 January 2019	**36,353**	**119,286**	**20,697**	**(2,484)**	**(689)**	**(34,714)**	**138,449**
Remeasurements of post-employment benefit obligations, net	-	-	-	274	-	-	274
Currency translation adjustments	-	-	-	-	(14,222)	-	(14,222)
Total loss for the period	-	-	-	-	-	(13,584)	(13,584)
Total comprehensive loss	-	-	-	*274*	*(14,222)*	*(13,584)*	*(27,532)*
Transfers (Note 21)	-	-	(2,192)	-	-	2,192	-
Share-based incentive plans (Note 21)	-	-	841	-	-	-	841
Balances at 30 June 2019	**36,353**	**119,286**	**19,346**	**(2,210)**	**(14,911)**	**(46,106)**	**111,758**

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

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIODS ENDED 30 JUNE 2019 AND 30 JUNE 2018
(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated.)

	Notes	30 June 2019	30 June 2018
Loss before income tax		**(10,474)**	**(10,046)**
Adjustments for			
Depreciation	8	20,388	16,749
Amortisation	9,10	34,103	7,422
Losses on sale of property and equipment		(1,097)	(170)
Provision for performance bonus		-	4,456
Non-cash employee benefits expense - share based payments	21	841	1,068
Interest income	6	(1,396)	(540)
Interest expense	6	37,676	16,087
Unrealised foreign exchange gains on borrowings		-	7,884
Changes in operating assets and liabilities			
Changes in trade receivables		(92,933)	(3,015)
Changes in other receivables and assets		(19,339)	(14,093)
Changes in inventories		(3,505)	(9,746)
Changes in contract assets		1,750	1,321
Changes in contract liabilities		3,798	4,064
Changes in trade payables		10,958	(2,427)
Changes in other payables and liabilities		(5,015)	2,342
Taxes paid		(3,372)	(3,342)
Performance bonuses paid		(7,010)	(5,576)
Cash flows generated (used in) / from operating activities		**(34,627)**	**12,438**
Payments for property and equipment	8	(20,184)	(18,330)
Payments for intangible assets	9	(9,051)	(12,385)
Proceeds from sale of tangible and intangible assets		5,543	4,562
Cash flows used in investing activities		**(23,692)**	**(26,153)**
Interest paid		(28,484)	(14,460)
Interest received		1,396	540
Loans obtained		612,918	529,270
Loans paid		(491,846)	(497,889)
Lease payments		(39,604)	(5,063)
Cash flows generated from financing activities		**54,380**	**12,398**
Effect of currency translation differences		(2,963)	12,241
Net (decrease)/increase in cash and cash equivalents		**(6,902)**	**10,924**
Cash and cash equivalents at the beginning of the period	**12**	**28,444**	**76,128**
Cash and cash equivalents at the end of the period	**12**	**21,542**	**87,052**

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

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

NOTE 1 - GROUP'S ORGANIZATION AND NATURE OF ACTIVITIES

DP Eurasia N.V. (the "Company"), public limited company, having its statutory seat in Amsterdam, the Netherlands, was incorporated under the law of the Netherlands on 18 October 2016. The Company has been incorporated by incorporating shares of Fides Food Systems Coöperatief U.A. and Vision Lovemark Coöperatief U.A. in Fidesrus B.V. and Fides Food Systems B.V. Acquisition occurred on 18 October 2016 when the Company acquired Fidesrus and Fides Foods and their subsidiaries and from this point forward consolidated Group was formed. This was a transaction under common control.

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

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

As at 30 June 2019, the Group operates in 736 stores (499 franchise stores, 237 company-owned stores) (31 December 2018: 724 stores (486 franchise stores, 238 company-owned stores). Split of stores based on operating countries are as follows:

	Turkey		Russia	
	30 June 2019	**31 December 2018**	**30 June 2019**	**31 December 2018**
Corporate	136	137	101	101
Franchisee	413	408	86	78
Total	**549**	**545**	**187**	**179**

Subsidiaries

The Company has a total of four fully-owned subsidiaries. The entities included in the scope of the condensed consolidated financial interim information and nature of their business is as follows:

Subsidiaries	**30 June 2019 Effective ownership (%)**	**30 June 2018 Effective ownership (%)**	**Registered country**	**Nature of business**
Fides Grup Gıda Restaurant İşletmeciliği A.Ş. ("Fides Turkey")	-	100	Turkey	Food delivery
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

Pizza Restaurants LLC is established in the Russian Federation. Domino's Russia is operating a pizza delivery network of company and franchise-owned stores in 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.

NOTE 1 - GROUP'S ORGANIZATION AND NATURE OF ACTIVITIES (Continued)

Fides Grup Gıda Restaurant İşletmeciliği A.Ş. and Pizza Restaurantları A.Ş. ("Fides Turkey" and "Domino's Turkey", respectively) are established in Turkey. Domino's Turkey is operating a pizza delivery network of company and franchise-owned stores in Turkey. Fides Turkey is an investment company, which has a Master Franchise Agreement (the "MFA Turkey") with Domino's Pizza International pizza delivery network in Turkey until 2032. The rights obtained under the MFA have been reassigned from Fides Turkey to Domino's Turkey in order for it to operate the pizza delivery network. Fides Turkey was merged with Domino's Turkey with all of its assets and liabilities as of 12 December 2018 through a tax-free legal merger.

Fides Food Systems BV and Fidesrus BV ("Fides Food Systems" and "Fidesrus", respectively) are established in the Netherlands. Both Fides Food Systems and Fidesrus are acting as investment companies.

Significant changes in the current reporting period

In spite of the challenging trading conditions in the first half of 2019, the Group remains well placed to grow revenues through a simplified menu, opening new stores, increased investment in our digital channels and refocused local store marketing activities. The Group has not identified any risks that could impact the financial performance or position of the Group as at 30 June 2019. It has sufficient headroom to enable it to conform to covenants on its existing borrowings and sufficient working capital and undrawn financing facilities to service its operating activities and ongoing investments.

NOTE 2 - BASIS OF PRESENTATION OF INTERIM FINANCIAL STATEMENTS

2.1 Basis of preparation

These condensed consolidated interim financial statements for the six months ended 30 June 2019 have been prepared in accordance with International Accounting Standard 34 ("IAS 34") Interim Financial Reporting.

The interim report does not include all the notes of the type normally included in annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2018 and any public announcements made by the Company during the interim reporting period.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the adoption of new and amended standards as set out at Note 2.3.

Seasonality of operations

There is no significant seasonality effect on the Group's revenue. According to financial year ended 31 December 2018, 48% of revenues accumulated in the first half year, with 52% accumulating in the second half.

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

NOTE 2 - BASIS OF PRESENTATION OF INTERIM FINANCIAL STATEMENTS (Continued)

2.1 Basis of preparation (Continued)

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:

	30 June 2019		31 December 2018		30 June 2018	
Currency	Period End	Period Average	Period End	Period Average	Period End	Period Average
Euros	6.5571	6.3429	6.0280	5.6751	5.3092	4.9417
Russian Rubles	0.0910	0.0860	0.0753	0.0760	0.0723	0.0683

2.2 New and amended international financial reporting standards as adopted by European Union

New and amended standards adopted by the Group, which are effective for the financial statements as at 30 June 2019

A number of new or amended standards became applicable for the current reporting period:

- Amendment to IFRS 9, 'Financial instruments'
- IFRS 16, 'Leases'
- IFRIC 23, 'Uncertainty over income tax treatments'
- Annual improvements 2015-2017
- Amendments to IAS 19, 'Employee benefits' on plan amendment, curtailment or settlement'

The impact of the adoption of the leasing standard IFRS 16 and the new related accounting policies are disclosed in note 2.3 below. The other standards did not have any impact on the Group's accounting policies and did not require retrospective adjustments.

The new standards, amendments and interpretations, which are issued but not effective for the financial statements as at 30 June 2019

- Amendments to IAS 1 and IAS 8 on the definition of material
- Amendments to IFRS 3 - definition of a business

NOTE 2 - BASIS OF PRESENTATION OF INTERIM FINANCIAL STATEMENTS (Continued)

2.3 Changes in accounting policies

This note explains the impact of the adoption of IFRS 16 Leases on the Group's financial statements and disclose the new accounting policies that have been applied as from 1 January 2019.

The Group has adopted IFRS 16 from 1 January 2019 but has not restated comparatives for the 2018 reporting period, as permitted under the specific transition provisions in the standard, the Group has applied the modified retrospective method for adoption. The reclassifications and the adjustments arising from the new lease accounting rules are therefore recognised in the opening balance sheet on 1 January 2019.

(a) Adjustments recognised on adoption of IFRS 16

On adoption of IFRS 16, the group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 23.12% for TRY and 9.7% for RUB.

For leases previously classified as finance leases, the Group recognised the carrying amount of lease assets and lease liability immediately before transition as the carrying amount of the right-of-use asset and the lease liability at the date of initial application. The measurement principles of IFRS 16 are only applied after that date. Any remeasurement in a lease contract is recognised as an adjustment to the related right-of-use of assets.

Definition of a lease

In accordance with IFRS 16, the Group recognises a lease liability reflecting future lease payments and a 'right of use asset' for all of its lease contracts. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group assesses whether a contract is, or contains, a lease at the inception date. The inception date is the earlier of the date of a lease agreement and the date of commitment by the parties to the principal terms and conditions of the lease.

Subleases

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 lease as required in IFRS 16.

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

Lease term

The lease term includes the non-cancellable period for which the lessee has the right to use an underlying asset. 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 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 INTERIM FINANCIAL STATEMENTS (Continued)

2.3 Changes in accounting policies (Continued)

Measurement

The lease liability is initially measured at the present value of the future lease payments that are not paid at the commencement date, discounting using an incremental borrowing rate. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate or the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised. The Group recognizes in the right-of-use asset an estimate of the costs to be incurred for dismantling, removal and/or restoration to the conditions required by the terms of the lease.

Impact on transition

The impact on transition to IFRS 16 is summarized in the table below. Accounts that were not affected by the changes have not been included. As a result, the sub-totals and the totals disclosed can not be recalculated from the numbers provided.

	31 December 2018	Impact IFRS 16	1 January 2019
Non-current assets			
Property and equipment	136,041		136,041
Intangible assets	48,514		48,514
Right-of-use assets	-	162,446	162,446
Lease receivables	-	44,569	44,569
Current assets			
Lease receivables	-	13,857	13,857
Non-current liabilities			
Lease liabilities	44,330	162,879	207,209
Current liabilities			
Lease liabilities	171,276	57,993	229,269

	2019
Operating lease commitments disclosed as at 31 December 2018	34,624
Discounted using the lessee’s incremental borrowing rate of at the date of initial application	23,825
Add/(Less): finance lease liabilities recognised as at 31 December 2018	57,270
Add/(Less): adjustments as a result of a different treatment of extension options	139,777
Lease liability recognised as at 1 January 2019	**220,872**

The changes in the accounting the policy affected the following items in balance sheet on 1 January 2019:

Current lease liabilities	57,993
Non-current lease liabilities	162,879
	220,872

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

NOTE 2 - BASIS OF PRESENTATION OF INTERIM FINANCIAL STATEMENTS (Continued)

2.3 Changes in accounting policies (Continued)

The associated right-of-use assets for property leases were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31 December 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The recognised net investment and right-of use of assets are as follows:

Lease receivables	58,426
Right of use of assets	162,446
	220,872

The recognised right-of-use assets relate to the following types of assets:

	30 June 2019	1 January 2019
Properties	150,933	145,624
Motor vehicles	15,530	16,822
Total right-of-use assets	**166,463**	**162,446**

(i) Impact on segment disclosures and earnings per share

Adjusted EBITDA, segment assets and segment liabilities for June 2019 all increased as a result of the change in accounting policy.

Impact for the period

	without IFRS 16 30 June 2019	IFRS 16 effect	with IFRS 16 30 June 2019
Revenue	462,484	-	462,484
Cost of sales (-)	(314,485)	9,108	(305,377)
Gross profit	**147,999**	**9,108**	**157,107**
General administrative expenses (-)	(72,081)	754	(71,327)
Marketing and selling expenses (-)	(63,751)	-	(63,751)
Other operating expense, net	3,301	(1,716)	1,585
Operating profit	15,468	8,146	23,614
Foreign exchange gains/(losses)	2,846	(569)	2,277
Financial income	3,212	(1,816)	1,396
Financial expense (-)	(25,070)	(12,691)	(37,761)
Profit before income tax	**(3,544)**	**(6,930)**	**(10,474)**
Tax expense (-)	(5,311)	2,201	(3,110)
Profit for the year	**(8,855)**	**(4,729)**	**(13,584)**
Adjusted EBITDA	**46,420**	**33,145**	**79,565**

NOTE 2 - BASIS OF PRESENTATION OF INTERIM FINANCIAL STATEMENTS (Continued)

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

2.3 Changes in accounting policies (Continued)

Liabilities	**without IFRS 16 30 June 2019**	**IFRS 16 effect**	**with IFRS 16 30 June 2019**
Non - current liabilities			
Financial liabilities	194,443	-	194,443
Lease liabilities	-	186,433	186,433
Other non-current liabilities	30,631	259	30,890
Current liabilities			
Financial liabilities	107,729	-	107,729
Lease liabilities	-	42,725	42,725
Other current liabilities	47,002	127	47,129

Assets	**without IFRS 16 30 June 2019**	**IFRS 16 effect**	**with IFRS 16 30 June 2019**
Non-current assets			
Property and equipment	148,359	-	148,359
Intangible assets	50,415	-	50,415
Right-of-use assets	-	166,463	166,463
Net investment in lease	-	43,220	43,220
Deferred tax assets	13,235	1,492	14,727
Current assets	**319,214**	**211,175**	**530,389**
Net investment in lease	-	13,640	13,640
		-	

(ii) Practical expedients applied

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- The use of a various discount rates to a portfolio of leases with reasonably similar characteristics
- Reliance on previous assessments on whether leases are onerous
- The exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains, a lease at the date of initial application. Instead, contracts entered into before the transition date the Group relied on its assessment made appliying IAS 17 and IFRIC 4 Determining whether an Arrangement contains a Lease.

NOTE 2 - BASIS OF PRESENTATION OF INTERIM FINANCIAL STATEMENTS (Continued)

2.3 Changes in accounting policies (Continued)

(b) The group's leasing activities and how these are accounted for

The group leases various offices, warehouses, retail stores and cars. Rental contracts are typically made for fixed periods of 3 to 5 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. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until the 2018 financial year, leases of property, plant and equipment were classified as either finance or operating leases. Payments made under operating leases were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. 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. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments),
- Variable lease payment that are based on an index or a rate
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments 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.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability
- Any lease payments made at or before the commencement date less any lease incentives received
- Any initial direct costs, and
- Restoration costs.

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

NOTE 2 - BASIS OF PRESENTATION OF INTERIM FINANCIAL STATEMENTS (Continued)

2.3 Impact of adoption of new standards (Continued)

(i) Extension, termination options

The lease term includes the non-cancellable period for which the lessee has the right to use an underlying asset. 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 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.

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.

Critical judgements in determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). Potential future cash outflows have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated).

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee. During the current financial year, there were no revisions related to the lease liabilities.

(ii) Discount rates used

Incremental borrowing rate is used - rates that the Group would borrow if they wanted to purchase an asset for the relative periods.

(iii) Variable elements used

Variable element is the rent increase rate and its calculated based on Consumer Price Index (“CPI”), Producer Price Index (“PPI”) or an average of both. Variable lease payments based on an index or a rate 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 consumer price index, producer price index 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 5% increase in the consumer price index and producer price index indices would increase total lease payments by approximately TRY12,247.

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

NOTE 3 - SEGMENT REPORTING

The business operations of the Group are organized and managed with respect to geographical positions of its operations. The information regarding the business activities of the Group as of 30 June 2019, 31 December 2018 and 30 June 2018 comprise the performance and the management of Turkish and Russian operations and Head Office.

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 the economic conditions and geographical positions in terms of risks and returns.

The segment analysis for the period ended 30 June 2019 and June 2018 are as follows:

1 January - 30 June 2019	**Turkey**	**Russia**	**Other**	**Elimination**	**Total**
Corporate revenue	99,232	144,538	-	-	243,770
Franchise revenue and royalty			-	-	
revenue obtained from franchisees	143,069	43,920	-	-	186,989
Other revenue	18,730	12,995	-	-	31,725
Total revenue	261,031	201,453	-	-	462,484
- At a point in time	***258,632***	***200,615***	***-***	***-***	***459,247***
- Over time	***2,399***	***838***	***-***	***-***	***3,237***
Operating profit	31,487	(4,417)	(3,456)	-	23,614
Capital expenditures	19,178	10,392	-	-	29,570
Tangible and intangible disposals	(1,840)	(2,602)	-	-	(4,442)
Depreciation and amortization					
Expenses	(23,356)	(31,135)	-	-	(54,491)
Adjusted EBITDA	55,547	27,474	(3,456)	-	79,565

30 June 2019	**Turkey**	**Russia**	**Other**	**Elimination**	**Total**
Borrowings					
TRY	94,000	-	-	-	94,000
RUB	-	192,396	-	-	192,396
	94,000	**192,396**	**-**	**-**	**286,396**
Lease liabilities					
TRY	94,958	-	-	-	94,958
RUB	-	149,977	-	-	149,977
	94,958	**149,977**	**-**	**-**	**244,935**
Total	**188,958**	**342,373**	**-**	**-**	**531,331**

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

NOTE 3 - SEGMENT REPORTING (Continued)

1 January - 30 June 2018	**Turkey**	**Russia**	**Other**	**Elimination**	**Total**
Corporate revenue	99,190	123,076	-	-	222,266
Franchise revenue and royalty			-	-	
revenue obtained from franchisees	121,462	13,503	-	-	134,965
Other revenue	7,637	15,347	-	-	22,984
Total revenue	228,289	151,926	-	-	380,215
- At a point in time	***227,176***	***150,342***	***-***	***-***	***377,518***
- Over time	***1,113***	***1,584***	***-***	***-***	***2,697***
Operating profit	22,061	(3,599)	(3,598)	-	14,864
Capital expenditures	20,956	12,538	-	-	33,494
Tangible and intangible disposals	(1,413)	(2,979)		-	(4,392)
Depreciation and amortization					
expenses	(14,040)	(10,131)		-	(24,171)
Adjusted EBITDA	36,456	7,350	(3,488)	-	40,318

30 June 2018	**Turkey**	**Russia**	**Other**	**Elimination**	**Total**
Borrowings					
TRY	86,689	-	-	-	86,689
EUR	27,420	154,988	-	-	182,408
RUB	-	14,712	-	-	14,712
Total	**114,109**	**169,700**	**-**	**-**	**283,809**

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 the Group management comprises incomes/expenses which are assumed by the Group management that are not part of the normal course of business and are non-recurring 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.

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

NOTE 3 - SEGMENT REPORTING (Continued)

The reconciliation of adjusted EBITDAs as of 30 June 2019 and June 2018 is as follows:

TURKEY	**30 June 2019**	**30 June 2018**
Adjusted EBITDA	**55,547**	**36,456**
Non-recurring and non-trade (income)/expenses per Group Management		
One off non-trading costs	129	105
Share-based incentives	575	250
EBITDA	**54,843**	**36,101**
Depreciation and amortization	23,356	14,040
Operating profit	**31,487**	**22,061**

RUSSIA	**30 June 2019**	**30 June 2018**
Adjusted EBITDA	**27,474**	**7,350**
Non-recurring and non-trade (income)/expenses per Group Management		
One off non-trading costs	489	-
Share-based incentives	267	818
EBITDA	**26,718**	**6,532**
Depreciation and amortization	31,135	10,131
Operating loss	**(4,417)**	**(3,599)**

OTHER	**30 June 2019**	**30 June 2018**
Adjusted EBITDA	**(3,456)**	**(3,488)**
Non-recurring and non-trade (income)/expenses per Group Management		
One off non-trading costs	-	*110*
EBITDA	**(3,456)**	**(3,598)**
Depreciation and amortization	-	-
Operating loss	**(3,456)**	**(3,598)**

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

NOTE 3 - SEGMENT REPORTING (Continued)

The reconciliation of adjusted net debt as of 30 June 2019 and 31 December 2018 is as follows:

	2019	2018
Short term bank borrowings	94,000	24,820
Short-term lease liabilities	51,067	7,789
Short-term portions of long-term borrowings	5,388	11,721
Long-term bank borrowings	187,008	161,600
Long-term financial lease borrowings	193,868	9,676
Total borrowings	**531,331**	**215,606**
Cash and cash equivalents (-)	(21,542)	(28,444)
Net debt	**509,789**	**187,162**
Non-recurring items per Group Management		
Long term deposit for loan guarantee	(41,334)	(32,537)
Adjusting delay in collection/payment day coinciding on a weekend	(14,424)	-
Adjusted net debt	454,031	154,625

The reconciliation of adjusted net income as of 30 June 2019 and 2018 is as follows:

	30 June 2019	30 June 2018
Loss for the period as reported	(13,584)	(10,383)
Non-recurring and non-trade (income)/expenses per Group Management		
Share-based incentives	841	1,068
One-off expenses	618	215
Adjusted net loss for the period	**(12,125)**	**(9,100)**

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

NOTE 4 - REVENUE AND COST OF SALES

	30 June 2019	30 June 2018
Corporate revenue	243,770	222,266
Franchise revenue and royalty revenue obtained from franchisees	186,989	134,965
Other revenue	31,725	22,984
Revenue	**462,484**	**380,215**
Cost of sales	(305,377)	(251,751)
Gross profit	**157,107**	**128,464**

NOTE 5 - EXPENSES BY NATURE

	30 June 2019	30 June 2018
Personnel expenses	(96,681)	(90,643)
Depreciation and amortization expenses	(54,491)	(24,171)
	(151,172)	**(114,814)**

NOTE 6 - FOREIGN EXCHANGE LOSSES, FINANCIAL INCOME AND EXPENSES

	30 June 2019	30 June 2018
Foreign exchange gains/(losses)	2,277	(8,601)
	2,277	**(8,601)**

	30 June 2019	30 June 2018
Interest income	1,396	540
	1,396	**540**

	30 June 2019	30 June 2018
Interest expense	(22,587)	(16,087)
Interest expense on lease liabilities	(15,089)	-
Other	(85)	(762)
	(37,761)	**(16,849)**

NOTE 7 - EARNINGS PER SHARE

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

The reconciliation of adjusted earnings per share as of 30 June 2019 and 2018 is as follows:

	30 June 2019	**30 June 2018**
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	(13,584)	(10,383)
Earnings per share	**(0.09)**	**(0.07)**

The reconciliation of adjusted earnings per share as of 30 June 2019 and 2018 is as follows:

	30 June 2019	**30 June 2018**
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	(13,584)	(10,383)
Non-recurring and non-trade expenses per Group Management (*)		
Share-based incentives	841	1,068
One-off expenses	618	215
Adjusted net loss for the period attributable to equity holders of the parent	(12,125)	(9,100)
Adjusted Earnings per share (*)	**(0.09)**	**(0.06)**

(*) Adjusted earnings per share 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 the Group management comprises incomes/expenses which are assumed by the Group management that are not part of the normal course of business and are non-recurring 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.

There are no shares or options with a dilutive effect and hence the basic and diluted earnings per share are the same.

The earning per share presented for the period ended 30 June 2019 is based on the issued share capital of DP Eurasia N.V. at the date of its incorporation.

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

NOTE 8 - PROPERTY AND EQUIPMENT

	1 January 2019	Additions	Disposals	Transfers	Currency translation adjustments	30 June 2019
Cost						
Machinery and equipment	55,668	2,960	(3,290)	1,738	9,822	66,898
Motor vehicles	32,963	334	(8,023)	-	4,843	30,117
Furniture and fixtures	62,109	3,858	(2,018)	-	523	64,472
Leasehold improvements	91,207	5,957	(3,416)	-	9,621	103,369
Construction in progress	3,024	7,409	-	(1,738)	635	9,330
	244,971	**20,518**	**(16,747)**	**-**	**25,444**	**274,186**
Accumulated depreciation						
Machinery and equipment	(17,975)	(5,113)	2,091	-	(3,110)	(24,107)
Motor vehicles	(18,218)	(4,287)	7,038	-	(2,354)	(17,821)
Furniture and fixtures	(27,848)	(3,694)	1,040	-	(187)	(30,689)
Leasehold improvements	(44,889)	(7,294)	2,260	-	(3,287)	(53,210)
	(108,930)	**(20,388)**	**12,429**	**-**	**(8,938)**	**(125,827)**
Net book value	**136,041**					**148,359**

For the period ended 30 June 2019, depreciation expense of TRY16,722 has been charged in cost of sales and TRY3,666 has been charged in general administrative expenses.

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

NOTE 8 - PROPERTY AND EQUIPMENT (Continued)

	1 January 2018	Additions	Disposals	Transfers	Currency translation adjustments	30 June 2018
Cost						
Machinery and equipment	42,094	5,147	(2,589)	96	3,998	48,746
Motor vehicles	26,277	2,779	(405)	-	2,063	30,714
Furniture and fixtures	58,646	3,209	(4,744)	1,475	204	58,790
Leasehold improvements	77,499	5,157	(4,186)	183	4,079	82,732
Construction in progress	10,211	4,817	(8)	(2,137)	453	13,336
	214,727	**21,109**	**(11,932)**	**(383)**	**10,797**	**234,318**
Accumulated depreciation						
Machinery and equipment	(11,494)	(3,480)	938	-	(1,070)	(15,106)
Motor vehicles	(11,042)	(3,676)	393	-	(728)	(15,053)
Furniture and fixtures	(26,953)	(3,374)	3,812	-	(58)	(26,573)
Leasehold improvements	(36,842)	(6,219)	2,497	-	(1,090)	(41,654)
	(86,331)	**(16,749)**	**7,640**	**-**	**(2,946)**	**(98,386)**
Net book value	**128,396**					**135,932**

For the period ended 30 June 2018, depreciation expense of TRY13,746 has been charged in cost of sales and TRY3,003 has been charged in general administrative expenses.

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

NOTE 9 - INTANGIBLE ASSETS

	1 January 2019	Additions	Disposals	Currency translation adjustments	Transfers	30 June 2019
Cost						
Key money	17,456	3,519	(503)	1,948	-	22,420
Computer software	45,573	5,532	(136)	741	-	51,710
Franchise contracts	48,485	-	-	-	-	48,485
	111,514	**9,051**	**(639)**	**2,689**	**-**	**122,615**
Accumulated amortization						
Key money	(5,342)	(3,126)	503	(582)	-	(8,547)
Computer software	(17,178)	(3,363)	8	-	-	(20,533)
Franchise contracts	(40,480)	(2,614)	-	(26)	-	(43,120)
	(63,000)	**(9,103)**	**511**	**(608)**	**-**	**(72,200)**
Net book value	**48,514**					**50,415**

For the period ended 30 June 2019, amortisation expense of TRY4,507 has been charged in cost of sales and TRY4,596 has been charged in general administrative expenses.

	1 January 2018	Additions	Disposals	Currency translation adjustments	Transfers	30 June 2018
Cost						
Key money	8,755	6,291	(45)	97	-	15,098
Computer software	31,502	6,094	(146)	678	383	38,511
Franchise contracts	48,485	-	-	-	-	48,485
	88,742	**12,385**	**(191)**	**775**	**383**	**102,094**
Accumulated amortization						
Key money	(2,001)	(1,124)	45	-	-	(3,080)
Computer software	(10,855)	(3,874)	46	(188)	-	(14,871)
Franchise contracts	(35,555)	(2,424)	-	-	-	(37,979)
	(48,411)	**(7,422)**	**91**	**(188)**	**-**	**(55,930)**
Net book value	**40,331**					**46,164**

For the period ended 30 June 2018, amortisation expense of TRY4,229 has been charged in cost of sales and TRY3,193 has been charged in general administrative expenses.

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

NOTE 10 - RIGHT OF USE ASSETS

The movement of right-of-use assets as of 30 June 2019 is as follows:

	2019
Opening - 1 January (Note 2.3)	**162,446**
Amortization	(25,000)
Current year additions	15,438
Current year disposals	(8,640)
Currency translation adjustments	22,219
Closing - 30 June	**166,463**

For the period ended 30 June 2019, amortisation expense of TRY24,229 has been charged in cost of sales and TRY771 has been charged in general administrative expenses.

NOTE 11 - GOODWILL

The goodwill balance amounts to TRY 46,696 (including the currency translation adjustment amounting to TRY1,501) in the condensed consolidated financial information as of 30 June 2019 (31 December 2018: TRY45,195).

Acquisition of Pizza Restaurantları A.Ş.

On 1 September 2010, the Group acquired the shares of Pizza Restaurantları A.Ş., which operates in pizza delivery business with a network of company and franchise-owned stores in Turkey. Following the acquisition, goodwill amounting to TRY37,961 was recognized in the condensed consolidated financial information-based acquisition accounting applied under IFRS 3 “Business Combinations”.

Acquisition of Russian Operations

On 15 February 2013, the Group acquired the fixed assets of a pizza network operating in Moscow, Russia. Although the Group did not acquire shares of a company, the acquisition is treated as a business combination in accordance with IFRS 3 “Business Combinations” as the inputs and operational processes that have the ability to create outputs, have been transferred to the Group.

TRY8,735 (including currency translation adjustment amounting to TRY1,501) of the goodwill recognised in the condensed consolidated financial information has arisen from acquisition of the Russian pizza delivery network. The access to the related market and creation of synergy with the wider Group are the main reasons behind the recognised goodwill.

As there were no indicators for impairment, the management of the Group has not updated any of the impairment testing calculations performed as at 31 December 2018.

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

NOTE 12 - CASH AND CASH EQUIVALENTS

The details of cash and cash equivalents as of 30 June 2019 and 31 December 2018 are as follows:

	30 June 2019	31 December 2018
Cash	1,459	818
Banks	7,554	16,367
Credit card receivables	12,529	11,259
	21,542	**28,444**

Maturity term of credit card receivables are 30 days on average (31 December 2018: 30 days).

NOTE 13 - TRADE RECEIVABLES AND PAYABLES

a) Short-term trade receivables

	30 June 2019	31 December 2018
Trade receivables	81,366	50,903
Lease receivables	13,640	-
Cheques received	25,503	19,148
Receivables from related parties	20	20
	120,529	**70,071**
Less: Doubtful trade receivable	(87)	(92)
Short-term trade and other receivables, net	**120,442**	**69,979**

The average collection period for trade receivables is between 30 and 60 days (2018: 30 and 60 days).

b) Long-term trade receivables

	30 June 2019	31 December 2018
Lease receivables	43,220	-
Trade receivables	9,287	10,729
Cheques received	10,724	10,032
	63,231	**20,761**

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

NOTE 13 - TRADE RECEIVABLES AND PAYABLES (Continued)

c) Short-term trade and other payables

	30 June 2019	31 December 2018
Payables to suppliers	82,592	70,635
Other payables	2,514	3,513
	85,106	**74,148**

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

NOTE 14 - TRANSACTIONS WITH RELATED PARTIES

Key management compensation

	30 June 2019	30 June 2018
Short-term employee benefits	9,780	8,111
Share-based incentives (Note 21)	841	1,068
	10,621	**9,179**

There are no loans, advance payments or guarantees given to key management.

NOTE 15 - INVENTORIES

	30 June 2019	31 December 2018
Raw materials	77,624	75,248
Other inventory	3,500	2,371
	81,124	**77,619**

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

NOTE 16 - OTHER ASSETS AND LIABILITIES

Other current assets

	30 June 2019	31 December 2018
Advance payments	22,506	9,687
Deposits for loan guarantees (*)	19,278	24,195
Prepaid rent expenses	3,427	3,912
Prepaid taxes and VAT receivable	3,374	3,177
Prepaid consultancy expenses	2,614	-
Prepaid insurance expenses	1,493	945
Prepaid marketing expenses	1,236	2,018
Contract assets related to franchising contracts (**)	257	438
Other	5,168	1,212
	59,353	**45,584**

(*) In July 2018, the Group refinanced its Euro denominated loans in Russia with a Rouble denominated loan. The RUB 2.2 billion facility has a 76-month term with a 12-month grace period and carries an interest rate of 9.7%. The loan carries a 31,643 TRY (RUB 420 million) cash deposit condition that was made as collateral by the Russian operating company. Annual interest rate is 6%. The principal of 31,643 TRY is repayable in accordance with the schedule specified in the agreement.

(**) The Group incurs certain costs with DP International related to set up of each franchise contract and IT systems used for recording of franchise revenue.

Other non-current assets

	30 June 2019	31 December 2018
Deposits for loan guarantees (*)	21,146	8,342
Deposits given	8,810	5,909
Prepaid marketing expenses	8,175	7,173
Contract assets related to franchising contracts (**)	2,367	3,936
Other	-	29
Total	**40,498**	**25,389**

(*) In July 2018, the Group refinanced its Euro denominated loans in Russia with a Rouble denominated loan. The RUB 2.2 billion facility has a 76-month term with a 12-month grace period and carries an interest rate of 9.7%. The loan carries a 31,643 TRY (RUB 420 million) cash deposit condition that was made as collateral by the Russian operating company. Annual interest rate is 6%. The principal of 31,643 TRY is repayable in accordance with the schedule specified in the agreement.

(**) The Group incurs certain costs with DP International related to set up of each franchise contract and IT systems used for recording of franchise revenue.

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

NOTE 16 - OTHER ASSETS AND LIABILITIES (Continued)

Other current liabilities

	30 June 2019	31 December 2018
Unused vacation liabilities	8,015	6,404
Contract liabilities from franchising contracts (*)	8,022	5,727
Taxes and funds payable	6,373	6,047
Social security premiums payable	6,223	3,588
Payable to personnel	5,885	6,970
Advances received from franchisees	4,816	2,243
Volume rebate advances	1,388	942
Other expense accruals	6,406	2,791
Total	**47,128**	**34,712**

(*) The Group incurs certain revenue with set up of each franchise contract and these franchise fee revenues are deferred over the period of the franchise agreement.

Other non-current liabilities

	30 June 2019	31 December 2018
Contract liabilities from franchising contracts (*)	29,102	27,599
Long term provisions for employee benefits	1,885	1,665
Other	1,790	774
Total	**32,777**	**30,038**

(*) The Group incurs certain revenue with 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 17 - FINANCIAL LIABILITIES

	30 June 2019	31 December 2018
Short term bank borrowings	94,000	24,820
Short-term financial liabilities	**94,000**	**24,820**
Lease liabilities	51,067	7,789
Short-term portions of long-term borrowings	5,388	11,721
Current portion of long-term financial liabilities	**56,455**	**19,510**
Short term financial liabilities	**150,455**	**44,330**
Long-term lease liabilities	193,868	9,676
Long-term bank borrowings	187,008	161,600
Long-term financial liabilities	**380,876**	**171,276**
Total financial liabilities	**531,331**	**215,606**

30 June 2019

Currency	Maturity	Interest rate (%)	Short-term	Long-term
RUB borrowings	2024	9.7	5,388	187,008
TRY borrowings	Revolving	23.00-26.75	94,000	-
			99,388	**187,008**

31 December 2018

Currency	Maturity	Interest rate (%)	Short-term	Long-term
RUB borrowings	2024	9.7	11,721	161,600
TRY borrowings	Revolving	24.71	24,820	-
			36,541	**161,600**

The loan agreement between Sberbank Moscow and Domino’s Russia is subject to covenant clauses whereby Group, Turkish and Russian Divisions are required to meet certain ratios.

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

NOTE 17 - FINANCIAL LIABILITIES (Continued)

Throughout the period the Group, Domino's Russia and Domino`s Turkey have met covenant clauses of Sberbank Moscow.

Details of the short- and long-term financial lease liabilities according to is as follows;

Currency	Maturity	Interest rate (%)	Short-term	Long-term
RUB financial lease liabilities	2019-2029	9.7	38,955	111,022
TRY financial lease liabilities	2019-2029	21.50-24.50	12,112	82,846
			51,067	**193,868**

The redemption schedule of the borrowings as of 30 June 2019 and 31 December 2018 is as follows:

	30 June 2019	31 December 2018
To be paid in 1 year	99,388	36,541
To be paid between 1-2 years	45,138	19,044
To be paid between 2-3 years	42,525	25,404
To be paid between 3 years and more	99,344	117,152
	286,395	**198,141**

The details of the finance lease liabilities as of 31 December 2018 and 2017 are as follows:

	30 June 2019	31 December 2018
Total financial lease payments	299,589	25,209
Interest to be paid in upcoming years	(54,654)	(7,744)
	244,935	**17,465**
Financial lease liabilities to be paid in 1 year	51,067	7,789
Financial lease liabilities to be paid between 1-2 years	54,234	6,128
Financial lease liabilities to be paid between 2-3 years	65,324	3,548
Financial lease liabilities to be paid between 3 years and more	74,310	-
	244,935	**17,465**

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

NOTE 18 - COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

a) Guarantees given to third parties as of 30 June 2019 and December 2018 are as follows;

	30 June 2019	**31 December 2018**
Guarantee letters given	4,327	3,671
	4,327	**3,671**

b) Guarantees received for trade receivables are as follows:

	30 June 2019	**31 December 2018**
Guarantee notes received	36,164	34,008
Guarantee letters received	33,290	23,295
	69,454	**57,303**

c) Tax contingencies

Russian tax legislation which was enacted or substantively enacted at the end of the reporting period, is subject to varying interpretations when being applied to the transactions and activities of the Group. Consequently, tax positions taken by management and the formal documentation supporting the tax positions may be challenged by tax authorities. The Russian tax administration is gradually strengthening, including the fact that there is a higher risk of review of tax transactions without a clear business purpose or with tax incompliant counterparties.

The Russian transfer pricing legislation is generally aligned with the international transfer pricing principles developed by the Organisation for Economic Cooperation 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.

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

NOTE 18 - COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Continued)

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.

Domino's Russia is in the process of undergoing a tax audit for 2015-2017. No reasonable estimate of the impact can be made yet as the outcome is currently uncertain.

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.

NOTE 19 - EQUITY

The shareholders and the shareholding structure of the Group at 30 June 2019 and 31 December 2018 are as follows:

	30 June 2019		31 December 2018	
	Share (%)	Amount	Share (%)	Amount
Fides Food Systems Coöperatief U.A.	32.8	11,928	42.8	15,562
Public shares	62.1	22,591	52.1	18,944
Vision Lovemark Coöperatief U.A.	4.9	1,777	4.9	1,774
Other	0.2	57	0.2	73
		36,353		**36,353**

As of 30 June 2019, the Group's 145,372,414 shares are issued and fully paid for.

The nominal value of each share is EUR0.12 (2018: EUR0.12). There is no preference stock.

As of 30 June 2019, the Group's 145,372,414 (30 June 2018: 145,372,414) shares are issued and fully paid for.

On 3 July 2017, just prior to Admission, 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) 138,037,219 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 IPO 52,1% of the shares become public. The net proceeds received by the Company from the IPO is TRY 94,132 (TRY 9,075 per share). DP Eurasia's authorized share capital is EUR 60,000,000.

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

NOTE 19 - EQUITY (Continued)

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 Turkish Private Equity Fund II L.P. There is no individual ultimately controlling the Group.

NOTE 20 - INCOME 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 condensed consolidated financial information, has been calculated on a separate-entity basis. The tax rate used for the period to 30 June 2019 is 25% (31 December 2018: 25%).

The breakdown of cumulative temporary differences and the resulting deferred income tax assets/liabilities at 30 June 2019 and 31 December 2018 using statutory tax rates are as follows:

	30 June 2019		**31 December 2018**	
	Temporary differences	**Deferred tax assets/ (liabilities)**	**Temporary differences**	**Deferred tax assets/ (liabilities)**
Carry forward tax losses (*)	45,885	9,177	38,001	7,600
Property, equipment and intangible assets	(34,377)	(7,635)	(39,727)	(7,861)
Deferred revenue	28,942	6,220	28,943	6,367
Expense accruals	13,965	2,793	9,515	2,093
Unused vacation liabilities	3,288	723	2,663	586
Provision for employee termination benefit	1,885	415	1,665	366
Financial leases (IFRS 16)	9,554	1,970	-	-
Other	5,067	1,064	12,204	2,471
Deferred income tax assets, net		**14,727**		**11,622**

(*) 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 10-year period has been abolished and any losses incurred since 2007 will be carried forward until fully recognised.

NOTE 21 - SHARE BASED PAYMENTS

The Phantom Option Scheme

The Phantom Option Scheme was put in place 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 100% exit by Fides Food Systems Coöperatief UA. and Vision Lovemark Coöperatief UA. However, shareholders have the right to exercise these plans even if they do not exit 100% of their stake and may determine the amount payable to employee’s pro rata their exited shareholding.

Based on this scheme, the difference between the grant equity value and the exit value of the entities have been allocated for Pizza Restaurantları A.Ş. and Pizza Restaurants LLC separately and multiplied by the respective option amount of each individual.

Options are granted under the plan for no consideration and carry no dividend or voting rights.

When exercised, the whole pay-out will be made by the ultimate shareholders of the Group in cash and any taxes, fees or any other costs related to the incentive will be borne by employees within the incentive plan. As a result, the phantom options are accounted for as equity-settled share-based payment awards.

The Company uses the Black-Scholes option valuation model to calculate the fair value of the Phantom Option at the date of grant. Option pricing models require the input of highly subjective assumptions, including the expected price volatility. The fair value at grant date is determined using an adjusted form of the Black Scholes Model that takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield, the risk free interest rate for the term of the option. The expected price volatility is based on the historic volatility of the peer group companies. The fair value of the options is then recognized over the vesting period of the options granted.

The fair value of the options granted in 2010, 2012 and 2015 have been estimated using the Black Scholes option pricing model based on the following weighted-average assumptions:

Expected average option term in years: 8.8 years
Expected volatility: 42.6%
Expected dividend yield: 0%
Risk-free interest rate: 2.6%

In relation with the IPO, the shareholders used their right to partly settle the options outstanding under these plans, and 48.6% of the outstanding phantom options were settled in August 2017. As a result, this portion of the outstanding share-based incentives is fully expensed as at 31 December 2017. Subsequently, in relation with the stake sale by Fides Food Systems Coöperatief UA in February 2019, Fides Food Systems Coöperatief UA. used its right to partly settle the options outstanding pro-rata their stake sold and additional 10.8% of the outstanding phantom options were settled in the first half of 2019. The unrecognised portion of the total grant date fair value for the remaining 40.6% of the options amounts to TRY 114 and will be expensed over the remainder of the estimated vesting period.

NOTE 21 - SHARE BASED PAYMENTS (Continued)

Russian CEO Share Incentive Scheme

A share incentive scheme was put in place at the time of the IPO on 3 July 2017. According to the incentive scheme an employee was granted an option to acquire 2,700,000 shares. The price payable per share on exercise of the option is GBP 2.00. The shares under the option will vest in equal instalments on each anniversary of the award, with the final instalment vesting on the fifth anniversary of Admission. The option will only vest if he has not ceased to be an employee of the Group and is not under notice to terminate his employment with the Group. On 4 June 2019 an employee terminated his employment contract. He retained his vested awards for 2018 totalling 540,000 shares, however, the remaining unvested awards were lapsed due to cessation of employment prior to vesting. TRY2,192 corresponding to the unvested part of the accrued share-based incentive has been transferred to retained earnings as of 30 June 2019.

New LTIP Scheme

New share incentive scheme as put in place on 7 May 2018. According to the incentive scheme employees was granted an option to acquire shares, based on performance targets of the Group for the upcoming three years, and continuing employment till the vesting time. The shares under the option will vest at the end of scheme period.

The weighted-average fair value of the options granted under the LTIP Scheme in 2018 amounted to TRY 349 per option, which has been estimated using the Black-Scholes option pricing model based on the following weighted-average assumptions. Abovementioned share options are still outstanding.

Share price on the grant date: GBP 1.85;
Expected average option term in years: three years;
Expected volatility: 36.6%;
Expected dividend yield: 0%; and
Risk-free interest rate: 0.9%.

The expected volatility for each of the vesting installments has been determined based on the annualized volatility of historical data for a group of relevant comparator companies, measured over the expected life of the installments.

Under these two existing plans, amounting to TRY841 has been charged for 30 June 2019, whereas TRY2,514 for 2018 and the cumulative charge is TRY19,346 as at 31 December 2018 (31 December 2018: TRY20,697).

Review report

To: the board of directors of DP Eurasia N.V.

Introduction

We have reviewed the accompanying condensed consolidated interim financial statements for the six-months period ended 30 June 2019 of DP Eurasia N.V., Amsterdam, which comprises the condensed consolidated statement of financial position as at 30 June 2019, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity, the condensed consolidated statement of cash flows for the period then ended and the selected explanatory notes. The board of directors is responsible for the preparation and presentation of the (condensed) consolidated interim financial statements in accordance with IAS 34, ‘Interim Financial Reporting’ as adopted by the European Union. Our responsibility is to express a conclusion on the interim financial statements based on our review.

Scope

We conducted our review in accordance with Dutch law including standard 2410, ‘Review of Interim Financial Information Performed by the Independent Auditor of the entity’. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying (condensed) consolidated interim financial statements for the six-month period ended 30 June 2019 are not prepared, in all material respects, in accordance with IAS 34, ‘Interim Financial Reporting’ as adopted by the European Union.

Amsterdam, 10 September 2019
PricewaterhouseCoopers Accountants N.V.

Original has been signed by R.P.R. Jagbandhan RA

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