

DP Eurasia N.V.

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

Trading Update for the ten months ended 31 October 2023 (the “Period”) ^{(1) (2)}

(millions of TRY, unless otherwise indicated)

	For the period ended 31 October			
	2023	2022	Change	
Number of stores				
Turkey (Domino’s)	678	637	41	
Turkey (COFFY)	67	22	45	
Azerbaijan	10	10	-	
Georgia	6	5	1	
Total continuing operations ⁽³⁾	761	674	87	
	2023	2022	Change	Change
Group system sales (after IAS 29) ⁽⁴⁾				(pre-IAS 29)
Turkey	5,772.3	4,283.2	34.8%	105.9%
Azerbaijan	99.9	99.8	0.0%	51.3%
Georgia	68.1	52.4	30.0%	94.4%
COFFY	263.9	66.1	299.3%	499.1%
Total continuing operations	6,204.2	4,501.5	37.8%	110.6%
System sales LfL growth ⁽⁵⁾	(after IAS 29)		(pre-IAS 29)	
	2023	2022	2023	2022
Turkey	30.0%	-8.2%	98.1%	58.3%
Azerbaijan (based on AZN)	7.7%	3.7%	7.7%	3.7%
Georgia (based on GEL)	5.0%	15.1%	5.0%	15.1%
Total continuing operations	29.4%	-7.8%	95.7%	57.1%

Highlights

- Strong overall performance with Group system sales for continuing operations up 37.8% (*pre-IAS 29: 110.6%*) or 29.4% on a LfL basis.
- Delivered excellent LfL growth in Turkey of 30.0% amid a sustained inflationary environment, reflecting our ongoing focus on network expansion, strategic pricing, product and service innovation.
- Azerbaijan and Georgia delivered LfL growth of 7.7% and 5.0% respectively (in local currencies).
- Online delivery system sales in Turkey increased to 84.2% (*2022: 80.6%*) as a share of delivery system sales⁽⁶⁾, reflecting robust positioning for the online ordering channel as Turkish online system sales grew by a solid 41.6% (*pre-IAS 29: 117.8%*). Like-for-like growth was also very strong at 37.4% (*pre-IAS 29: 110.8%*).
- Net new store opening momentum has been maintained:
 - 41 Domino's Pizza openings in Turkey year-on-year, reflecting the strong demand profile. In 2023, 23 net stores have been opened in Turkey so far. Given the accelerated pace of openings, we are confident to deliver our 35-40 net store guidance by FY23.
 - The COFFY network continues to grow rapidly. It has reached 67 stores, an increase of 45 year-on-year with 38 net openings in the current financial year. We are well on track with our guidance of 50-60 net COFFY openings in FY23.
- The growth opportunity for COFFY remains significant, with excellent market dynamics in Turkey for the coffee sub-segment. COFFY delivered TRY 264 million to Group system sales, up 299%.
- Liquidity position as of 31 October 2023: TRY 402 million cash and an undrawn bank facility of TRY 523 million. The Group paid off DP Russia's external debt of 159 million TRY out of existing cash resources.

Outlook

- The Group continues to trade in line with its formal guidance for FY23, which is set out below.
- FY23 guidance for LFL growth, store openings and capital expenditure has been maintained and is as follows:

<u>2023 guidance*</u>	
LfL growth rate	High teens (<i>pre IAS 29: 80-90%</i>)
Domino's Pizza net store openings	35 – 40
COFFY net store openings	50 - 60
Capital expenditure	TRY 200 million

**Russia excluded*

- The Group plans to disclose FY24 guidance within its preliminary results announcement in April 2024.

Unaudited

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

“Strong trading momentum has been maintained and we remain dedicated to our well-designed, targeted strategy. Execution of this enables us to continue to deliver solid growth, as we focus on three core areas – strategic pricing and product innovation, continued digital innovation, and operational efficiencies to generate sustainable profitability.

“We are pleased to report sustained like-for-like growth well above inflation as well as achieving continued network expansion while navigating geopolitical and macro uncertainties. Our strategy enables us to combat the high levels of volatility in the regions in which we operate and, as Q4 progresses, we are seeing the impact of our efforts becoming increasingly visible in terms of volume generation and customer acquisition.

“Our product innovation capabilities remain integral to support our strategic objectives. In October, we successfully launched the Domdom Burger, ensuring it took centre stage on our delivery channels via tailored campaigns. We have positioned it at a highly affordable price point of TRY50 (less than USD\$2). This led to a successful launch and contributed towards an increase in overall product mix and volume. The launch of the Domdom burger reflects our commitment to affordability – ensuring that we have suitable products at the lower price threshold allows us to continue to service demand from a very diverse range of consumers.

“Elevating the end-to-end customer experience across all brands remains a crucial element of our strategy. We continue to improve the online proportion of our sales, with digital innovation an important enabler for enhancing the customer experience and solidifying our robust online position. We have increased the share of online ordering in takeaway this financial year while maintaining attractive pricing, enabling us to reduce cost per order.

“We retain a fundamental commitment to ensuring franchisees remain profitable. As a result, franchisee demand for both Domino’s Pizza and COFFY continues to be very healthy. We have a strong pipeline of new sites and are confident that we will deliver on our 2023 store opening guidance as well as embarking on another solid year of network expansion in 2024.

“Demand for COFFY remains very strong with improving sales performance. Its distinctive value proposition continues to attract new consumers. COFFY’s main growth driver will be the opening of new stores, predominantly through franchising and with various store concepts that fit in with local circumstance.

“To uphold our commitment to consumers, we will continue to prioritise the development of new, fashionable products and creating app-first digital experiences. Recognising that the coffee business is a new venture for us, we will invest in essential processes and capabilities while striving to attain our ambitious targets.

“This has been another excellent period for the Group, and we look forward to a strong end to the financial year.”

Enquiries

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A conference call for investors and analysts will be held at 9.00am this morning, which will be accessible using the following details:

Conference call dial-in UK-Wide: +44 (0) 33 0551 0200
 UK Toll Free: 0808 109 0700

Password: Quote 'DP Eurasia Trading Update'

For further details, please contact Buchanan on +44 20 7466 5000 / dp@buchanan.uk.com.

Notes to Editors

DP Eurasia N.V. is the exclusive master franchisee of the Domino's Pizza brand in Turkey, 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. The Group offers pizza delivery and takeaway/ eat-in facilities at its 694 stores (678 in Turkey, 10 in Azerbaijan and 6 in Georgia) as of 31 October 2023 and operates through its owned corporate stores (12%) and franchised stores (88%). In addition to its pizza delivery business, the Group also has its own coffee brand, COFFY, which trades from 67 stores at period-end, 52 of which are franchised. 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.

In line with the announcement on 21 August 2023, the Company has initiated the steps to file for DP Russia's bankruptcy. This was preceded by the announcement on 28 December 2022, which confirmed that the Company was evaluating its presence in Russia, the impact of sanctions and its continuing ability to serve its customers in Russia. In this connection, the Russian segment was classified as discontinued operations within the Company's audited financial statements for the year ended 31 December 2022 and also within the (unaudited) financial statements for the period ended 30 June 2023.

Unaudited

Performance Review

Store count

For the period ended 31 October

	2023			2022		
	Corporate	Franchised	Total	Corporate	Franchised	Total
Turkey (Domino's)	82	596	678	93	544	637
Azerbaijan	-	10	10	-	10	10
Georgia	-	6	6	-	5	5
COFFY	15	52	67	7	15	22
Total	97	664	761	100	574	674

Sales channel mix

		2023	2022
Store		29.5%	34.7%
Online	Total online	70.0%	64.8%
	Group's online platform	23.0%	23.6%
	Aggregator	47.0%	41.2%
Call centre		0.5%	0.5%
Total		100%	100%

Delivery – Take away / Eat in mix

	2023	2022
Delivery	72.3%	73.5%
Take away / Eat in	27.7%	26.5%
Total	100%	100%

Unaudited

Notes

⁽¹⁾ COFFY numbers are included in all Turkey and Group figures, unless presented separately. Like-for-like figures exclude COFFY. These numbers are not audited.

⁽²⁾ IAS 29 'Financial Reporting in Hyperinflationary Economies' is currently applicable in Turkey. Company's preliminary results for the year ended 31 December 2022 and also for the (unaudited) financial statements for the period ended 30 June 2023.

⁽³⁾ As announced on 21 August 2023, the Group initiated bankruptcy proceedings for its Russian subsidiary. As the operations have been suspended accordingly, Russia is not included in the numbers. Please note that there were 171 Russian stores in the system a year ago.

⁽⁴⁾ System sales are sales generated by the Group's corporate and franchised stores to external customers and do not represent revenue of the Group.

⁽⁵⁾ 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 the Group considers to be mature operations. The Group considers mature stores to be those stores 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). This is a non-IFRS measure and non-IFRS measures are not audited.

⁽⁶⁾ Online system sales are system sales of the Group generated through its online ordering channel.

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.